ALTEO Group

Sustainability Report 2024

TABLE OF CONTENTS

1 GENERAL INFORMATION

1.1 Basic principles for preparing the Sustainability Report

[BP-1]

General basis for preparing sustainability statements

This document is the 2024 (from January 1, 2024 to December 31, 2024) annual Sustainability Report of ALTEO Energiaszolgáltató Nyilvánosan Működő Részvénytársaság (hereinafter referred to as ALTEO Nyrt. or ALTEO) and its consolidated Subsidiaries (hereinafter collectively referred to as ALTEO Group or Company Group or Group), which aims to present our sustainability and transparency efforts and consolidated financial data to all our stakeholders.

The Sustainability Report has been prepared in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD) and the applicable European Sustainability Reporting Standards (ESRS), the sustainability statement set out therein and the sustainability reporting requirements set out in Act C of 2000 on Accounting.

Members of the Sustainability Reporting Working Group were involved in the preparation of our Sustainability Report as verifiers, and also the organization's data point officers participated in the preparation process. After expert and working group review, the Green Committee delivers its opinion on the report, and the final document is approved by the Board of Directors.

Showing our value chain in the Sustainability Report

In order to appropriately assess the impacts, risks and related opportunities of our activities, we have taken into account both the upstream and downstream value chains when preparing our Sustainability Report. Our double materiality assessment *(see the IRO-1 section for detailed results*) also covered our value chain, but in the course of the assessment, we found that we need to report relevant impacts, risks and opportunities primarily with regard to our relationship with our direct suppliers, our approach to selection and screening and our greenhouse gas emissions.

The Sustainability Report presents ALTEO Group and its value chain. Our Sustainability Report applies to ALTEO Group, and we always strive to prepare Group members in a timely manner to meet the reporting requirements.

Omitted information

[BP-1]

ESRS sustainability questions in the form of yes-no statements	BP-1
The undertaking is not required to prepare a financial report.	no
The Sustainability Report is prepared in accordance with Article 48i of Directive 2013/34/EU.	yes
The undertaking has opted for omitting information specific to intellectual property, know-how or the results of innovation.	no
The undertaking has made used the option that allows for an exemption from disclosure of impending developments or information concerning pending negotiations.	no
The scope of consolidation for the Consolidated Sustainability Report is the same as for the financial reports.	yes

Disclosures in relation to specific circumstances

[BP-2]

Sustainability is also part of our consolidation process, thus following its consolidation in 2023, our report for the year 2024 also includes FE-GROUP. The preparation of the Sustainability Report was supported by the experts of Deloitte Zrt.

In preparing this report, we have used estimates for the presentation of GHG emissions and EU ETS, which we believed to be adequately reliable in line with industry expectations. The estimates related to Scope 3 emissions have been prepared by Deloitte, the GHG inventory has been verified by the expert staff of ALTEO Nyrt.. Details of the estimation are described in more detail in the chapter on Scope 3 emissions.

Our report includes future projections (climate scenarios) in its presentation of climate change risks and opportunities, the considerations for which are described in detail in the section on IRO-1.

Our reporting practices has not changed compared to the previous reporting period since 2024 is the first year that we prepare and issue a report under ESRS.

During the preparation of the Report, due to the lack of the relevant Taxonomy, ALTEO Group was unable to prepare a machine-readable annotation of the sustainability content of the report.

Disclosures made using a reference document

In preparing our Sustainability Report, we do not refer to any additional documents in making our disclosures.

Application of deferrals under Appendix C

The number of employees of ALTEO Group does not exceed 750 and therefore, ALTEO Group entitled to apply the deferrals in accordance with Appendix 1 C of ESRS for relevant disclosures. Our aim is to prepare our Sustainability Report with the appropriate level of detail, including full disclosure of the necessary data, taking into account the applicable requirements.

For the 2024 report, we have applied a deferral in the following disclosures, which include our relevant objectives, governance documents and metrics for material topics:

- Disclosure requirement E1-9, data point 68
- E4-3
- S1-9
- S1-12
- S1-13
- S1-16

1.2 Corporate governance

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

[GOV-1] [GOV-2]

General Meeting

The main body of ALTEO is the General Meeting, which consists of all shareholders. It has an exclusive responsibility to make decisions regarding the management and operations of ALTEO. The Board of Directors shall convene the General Meeting at least once a year. The General Meeting does not deal directly with sustainability issues, but its decisions can indirectly influence them, for example through the election of the members of the Board of Directors and the Supervisory Board.

Board of Directors

The Board of Directors is the managing body of ALTEO. It exercises its rights and duties as a single body, its members are legal representatives (senior executives) of ALTEO. The Board of Directors coordinates and manages ALTEO Group, provides guidance and defines ALTEO's business and development concept. The Board of Directors consists of at least three and maximum nine natural persons, and elects its chairperson from among its members. The majority of the members of the Board of Directors (3 out of 4) are not employees of the company, which ensures the independence of the Board from the work organization. The members of the Board of Directors are elected by the General Meeting for a definite term of up to five years. The Board of Directors approves the annual Consolidated Sustainability Report, which includes the targets and the material impacts, risks and opportunities identified.

The Board of Directors had four members on December 31, 2024:

- Attila László Chikán, Chairman of the Board of Directors, CEO
- Dr. György Bacsa, Deputy Chairman of the Board of Directors (independent member)
- Ágnes Bencsik, Member of the Board of Directors (independent member) and
- Álmos Mikesy, Member of the Board of Directors (independent member).

One of the four members of the Board of Directors is a woman. This puts the ratio of women in senior management at **25%,** compared to **75%** ratio of men. Although women are at present underrepresented, we are committed to increasing diversity and inclusion.

The term in office for Attila Chikán terminates on April 30, 2025, whereas for other members of the Board on April 3, 2028.

The General Meeting has authorized the Board of Directors to make decisions on certain matters at its own discretion, within the limits of such authorization. These authorizations are presented in detail in Section 1.13 'Information on the ownership structure of the Company and voting rights' of the Annual Report.

Supervisory Board

The work of ALTEO's management is supervised by the Supervisory Board. Its objective is to ensure the protection of the owners' interests as well as to supervise the management of ALTEO. Although the Supervisory Board mainly assesses the Company's activities from a legal and financial perspective, it also takes sustainability aspects into consideration in the course of its work.

Members of the Supervisory Board on December 31, 2024:

- Dr. Ákos Székely, Chairman of the Supervisory Board (independent member);
- Péter Kaderják, Member of the Supervisory Board (independent member);
- Márton Oláh, Member of the Supervisory Board (independent member) and
- Attila Gyula Sütő, Occupational and Fire Safety Manager, ALTEO employee, Member of the Supervisory Board.

The term in office for Attila Gyula Sütő, Chairman of the Works Council, who represents ALTEO employees in the Supervisory Board, terminates on April 30, 2025, whereas the office of the other members of the Supervisory Board terminates on April 3, 2028. As required by law, the Supervisory Board is composed of a majority of non-employee members (3 out of 4), which ensures the independence of the Board from the work organization.

Audit Committee

The Audit Committee assists the Supervisory Board in monitoring the financial reporting system, appointing a permanent auditor, and cooperating with the permanent auditor. The Audit Committee has the right to request information from members of the Board of Directors or senior executives of ALTEO, who must provide written answers to such queries. Its primary focus is on the monitoring of financial processes, but its activities also cover sustainability aspects through the combined financial and sustainability reporting requirements, ensuring that the data reported in the Sustainability Report are consistent with those in the financial statements. The Audit Committee consists of three members, independent of the organization, elected by the General Meeting from among the members of the Supervisory Board.

Members of the Audit Committee on December 31, 2024:

- Dr. Ákos Székely, Chairman of the Audit Committee (independent member);
- Péter Kaderják, Member of the Audit Committee (independent member) and
- Márton Oláh, Member of the Audit Committee (independent member).

The term of office of the members of the Audit Committee expires on April 3, 2028.

Other key advisory and expert bodies on sustainability issues

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is a committee established by the Board of Directors to act as a body. The Remuneration and Nomination Committee is composed of at least 4 members, 3 of whom are elected from among the members of the Board of Directors and 1 from among the members of the Supervisory Board.

Its members are elected by the Board of Directors for an indefinite term, but their term of office lasts until the term of office of the elected members of the Board of Directors and the Supervisory Board. Its members may be recalled at any time and their remuneration is proposed by the Board of Directors and decided by the General Meeting.

Members of the Remuneration and Nomination Committee as at December 31, 2024:

- Dr. Ákos Székely, Chairman of the Remuneration and Nomination Committee;
- Dr. György Bacsa, Member of the Remuneration and Nomination Committee;
- Álmos Mikesy, Member of the Remuneration and Nomination Committee;
- Ágnes Bencsik, Member of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee makes proposals to the General Meeting concerning the election, recall and remuneration of the members of the Supervisory Board, the Audit Committee and the Board of Directors. It reviews and provides its opinion on the Remuneration Policy pursuant to Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization and provides its opinion on the Remuneration Report at least once a year prior to its submission to the General Meeting. It reviews the annual general salary increase and the compensation policy before the Board of Directors makes its decision thereon.

Green Committee

The Green Committee is an advisory body to the CEO, and plays a key role in integrating ESG considerations into corporate decision-making. The Green Committee meets quarterly, and its primary purpose is the preparation, monitoring and corporate implementation of ALTEO's sustainability strategy and efforts. The board of senior officers and staff members from specialist areas monitor and approve corporate policies and long-term objectives for sustainable development and ensure that the ESG approach and climate risks are kept on the agenda. The Green Committee also ensures that sustainability is consistently represented in ALTEO Group's external relations. The committee reviews the Sustainability Report and approves its content in terms of consistency with sustainability objectives and its presentation of ALTEO's environmental, social and corporate governance performance.

The Green Committee informs the Board of Directors on sustainability and ESG trends, and prepares an annual report on the implementation of ESG activities and the progress of approved programs.

Members of the Green Committee are appointed and recalled by the CEO. Membership lasts until recall, but no later than the termination of the Green Committee member's employment relationship. The main criteria for nomination for membership are that the areas of Sustainability and HSE, Controlling, HR, Energy Production and Services, Production Management and Business Development, M&A and Capital Markets, Legal, Ethics, Compliance and Control, and the Supervisory Board be represented. Members of the Green Committee may be recalled at any time.

Members of the Green Committee on December 31, 2024:

- Attila László Chikán, Chairman of the Green Committee;
- Márton Oláh, Member of the Supervisory Board;
- Anita Simon, Deputy CEO for Sustainability and Circular Economy
- László Hegedűs, Deputy CEO for Strategic HR and Communications
- Beatrix Szabó, Director of Sustainability and HSE
- Attila Gyökeres, Controlling Director
- Gábor Hohol, Director of Maintenance
- Attila Kiss, Director of Operations Director and Head of the North-East Hungary Region
- Csaba Fekete, Director of Business Development
- Balázs Szécsi, Transaction Manager
- Dr. Melinda Mészáros, Chief Legal Counsel
- Márta Osztroluczki, Director of Ethics, Compliance and Control
- Éva Klein-Stiller, Sustainability and IMS Manager, secretary of the Green Committee.

Executive Board

The Executive Board is responsible for the Company's operational management. The Deputy CEOs are executives appointed by the CEO and are responsible for the management of the area they are put in charge of. The CEO of ALTEO and the Deputy CEOs appointed by the CEO form the Executive Board, which is the advisory body to the CEO. They are responsible, in accordance with the Company's corporate strategy, for ALTEO Group's operational leadership, cost-effective operation, quality service delivery, provision of healthy and safe working conditions, the protection of the environment, and for ensuring compliance with current legal requirements in line with the provisions of the Company's Integrated Management System (IMS) and the currently effective sustainability and ESG (Environmental, Social, Governance) standards.

At the management overview convened once annually by the CEO, the management reviews and assesses fulfillment of the above requirements and defines development opportunities for the future. During the overview, the management monitors, among others, fulfillment of the tasks outlined in the Quality, Energy and HSE objectives and programs and sets new tasks where necessary.

As at December 31, 2024, the Executive Board consisted of 8 members (6 men and 2 women):

- Attila László Chikán, Chairman of the Board of Directors, CEO
- Zoltán Bodnár, Chief Financial Officer
- Domonkos Kovács, Deputy CEO for M&A and Capital Markets

- Péter Luczay, Deputy CEO for Production Management and Business Development
- Viktor Varga, Deputy CEO for Energy Production and Energy Supply
- Anita Simon, Deputy CEO for Sustainability and Circular Economy
- Magdolna Tokai, Deputy CEO for Corporate Support
- László Hegedűs, Deputy CEO for Strategic HR and Communications.

ALTEO Group's commitment to sustainability is also underlined by the fact that the Executive Board includes the Deputy CEO for Sustainability and Circular Economy as a representative of the ESG approach.

Compliance Committee

The Compliance Committee approves the annual risk analysis prepared by the Ethics, Compliance and Control Director and the annual compliance work plan prepared on the basis thereof, and takes a position in individual cases.

Works Council

Our company has a Works Council to represent the interests of employees, which provides an opportunity to strengthen cooperation between employees and management. Employees can send requests and queries via email, anonymously through internal communication channels, or at face-to-face meetings. In 2024, the Works Council again received a number of employee requests, which the Works Council, on behalf of the employees, presented to the Company's management. The Works Council meets twice a year in an organized manner, in addition to ongoing consultation between management and the Works Council on issues of concern to employees. The Chairman of the Works Council is a member of ALTEO's Supervisory Board.

The role of the administrative, management and supervisory bodies related to business conduct

[ESRS 2 GOV-1.-G1]

ALTEO Group's management and supervisory bodies work closely in cooperation to ensure that the Company's business conduct complies with the laws and good business practices. The members of the management, led by the CEO, participate in operational management and contribute to the implementation of the corporate strategy, taking into account the interests and values of the Company. As an independent body, the Supervisory Board monitors the management of the Company, thus promoting compliance with ethical standards. The Audit Committee monitors the process of financial reporting and assists the Supervisory Board in order to facilitate the appropriate control over the financial reporting system. Members of the Board of Directors, including the CEO, receive regular further training to keep them up to date with business ethics, legal requirements and company directives.

The expertise needed to address sustainability issues within ALTEO Group

[GOV-1] [GOV-2]

ALTEO Group was founded 17 years ago, in 2008, to exploit the new opportunities in the energy industry and to be part of the redefinition of this market, of which the adoption of a sustainability approach is an essential part. As an energy provider and trading company, the three pillars of our business activity are energy production based on renewable and natural gas as energy carriers, energy trading, and customized energy services and developments offered to companies. In 2019, our sphere of activity was extended to include a new waste management division.

It is of paramount importance for us to supply our customers with a reliable, environmentally-friendly energy based on renewable energy sources. At the heart of all you will find our Virtual Power Plant and our own diversified portfolio, enabling us to serve efficiently the needs of our small, medium and large corporate partners alike.

We have been a member of the Business Council for Sustainable Development in Hungary (BCSDH) for 12 years, ALTEO CEO Attila Chikán Jr. is also Chairman of the BCSDH.

The leadership and expert skills of Attila Chikán Jr. and Beatrix Szabó are closely related to the material impacts, risks and opportunities of ALTEO Group.

Attila Chikán Jr., Chair of the Green Committee and CEO of ALTEO Nyrt. He has extensive experience in the energy sector and in the field of sustainability. He is a member of the Presidential Committee on Sustainable Development of the Hungarian Academy of Sciences, serves as a member of the Supervisory Board of Blue Planet Climate Protection Investment Fund Management (Kék Bolygó Klímavédelmi Befektetési Alapkezelő Zrt.) and is also the Chairman of the Business Council for Sustainable Development in Hungary (BCSDH). As CEO of ALTEO Group, he is responsible for supervising the Company's strategic initiatives, including sustainable energy solutions and corporate sustainability practices.

Beatrix Szabó is the Director of Sustainability and HSE (Health, Safety and Environment) of ALTEO Group. Her professional background includes extensive experience in sustainability, environment, health and safety. In her role at ALTEO, she pays particular attention to integrating ESG (environmental, social and governance) aspects into corporate strategy, promoting sustainable development and long-term value creation.

Sustainability issues raised and addressed during the reporting period

[GOV-2]

ALTEO's Green Committee provides a regular forum to discuss sustainability issues at management level. The meetings, held four times a year, have discussed and presented a number of important issues in 2024, including the Company's decarbonization targets and the launching of the Sustainability Ambassador program at ALTEO. In addition, particular attention was given to the development of the ESG Action Plan and the current status of the Sustainability Strategy, as well as to the evaluation of the results of the 2023 ESG assessments, including the CDP and Sustainalytics assessments. Finally, the meetings also discussed the current status of the CSR strategy and the planning of programs for the coming year, as well as the creation of the new ESG Strategy, published at the beginning of 2025, its breakdown into interim targets and the preparation of the Biodiversity Strategy.

In addition to the above, ALTEO bodies adopted the following decisions in 2024:

- ALTEO Group continued its renewable energy and waste management activity, completed significant acquisitions and started the largest greenfield investment project in its history with the development of an energy storage facility worth nearly HUF 28 billion.
- ALTEO, in cooperation with MOL, has signed a service contract for the exploitation of the high inert natural gas extracted from the Csombárd gas wells, which requires an investment of HUF 820 million.
- On August 8, ALTEO's largest solar power plant, with a capacity of 20 MW, started operational production in the Tereske region.
- ALTEO was awarded a Silver rating by EcoVadis, placing the Company in the top 15% of the companies assessed for sustainability performance.
- On April 19, ALTEO adopted the 2026 ESOP General Remuneration Policy and the 2026 Executive Remuneration Policy [*]

ESRS sustainability questions in the form of yes-no statements	[GOV-1] [GOV-2]
The role of management in governance processes, controls and procedures for monitoring, managing and overseeing impacts, risks and opportunities is delegated to a specific management level position or committee.	yes
Dedicated controls and procedures are in place to manage impacts, risks and opportunities.	yes
The administrative, management and supervisory bodies are informed of the material impacts, risks and opportunities, the application of due diligence, and the results and effectiveness of the guidelines, measures, indicators and targets adopted to address these.	yes
The administrative, management and supervisory bodies have weighed and considered the trade-offs between impacts, risks and opportunities.	yes

Integration of sustainability-related performance in incentive schemes

[GOV-3]

The role of the administrative, management and supervisory bodies, like the independent members of the Board of Directors, the Supervisory Board and the Audit Committee receive a service fee, and there are no incentive mechanisms applicable to them. The Executive Board is the entity with the highest decision-making power in ALTEO Group's operations, and also involved in incentive mechanisms. One its members, Attila Chikán Jr. is also a member of the Board of Members, so the following shall apply to him.

In addition to meeting financial performance criteria, the objective of providing fringe compensation to the Executive Board and all our staff is to meet agreed non-financial and social responsibility criteria. These criteria are:

-CSR target (e.g. participation in the volunteers' day or the ALTEO Fitt program)

-HSE target (zero serious accident)

[*] ALTEO Group's remuneration policy covers a two-year period, during which we aim to encourage employee motivation and engagement through competitive pay and performance-based rewards, by providing long-term incentives, training opportunities and welfare benefits.

determined with a view to the business strategy, long-term interests and sustainability of the Company. Our Compensation Policy thus seeks to promote the Company's sustainability strategy alongside its business strategy. The Performance Assessment Bonus Scheme (PBS) and the Short-Term Incentive Scheme serving as the pillars of performance assessment.

On the other, in April 2024, ALTEO's Board of Directors adopted both the remuneration policy for the senior and middle management levels and the remuneration policy for talented young managers and experts. The aim of the remuneration policies adopted is to put in place a remuneration system that is in harmony with ALTEO's business strategy and is aimed at improving the ALTEO Group's performance and, thereby, increasing shareholder value, in line with the related HR strategy, ALTEO's long-term interests and corporate values, while also providing employees and associates (including members of senior management) with an attractive long-term incentive program. The Remuneration Policies also facilitate the enhancement of employee engagement and help them become interested parties in representing ALTEO's values by making their remuneration subject to an increase in corporate performance and, consequently, to an expected increase in shareholder value.

The annual performance management process starts with the target setting process at the beginning of the year. Setting ESG targets is mandatory for all Nyrt. employees participating in the Performance Assessment Bonus Scheme, and we also apply HSE targets for our staff members performing physical work. Their weight in the overall assessment is 5% each, meaning that there is a direct correlation between the achievement of ESG/HSE targets and the value of the bonus amount received on the basis of the performance assessment. In the case of FE-Group, a member of ALTEO Group, the establishment of the performance assessment process is currently ongoing, which will be guided by the processes of ALTEO Nyrt.

The draft Remuneration Policy is prepared by the Board of Directors, then the Remuneration and Nomination Committee provides its opinion, and is then submitted to the General Meeting for approval. At least every three years, the Board of Directors reviews the policy and, if it deems necessary, proposes amendments to the General Meeting after having obtained the prior opinion of the Remuneration and Nomination Committee. If the General Meeting rejects the proposed amendments, the Board of Directors must re-submit these at the next meeting. The CEO is responsible for implementing the policy and regularly informs the Board of Directors thereon. In addition, the Company discloses the remuneration of the Directors, including the implementation of the Remuneration Policy, in the annual Remuneration Report.

The Board of Directors reviewed and published a consolidated amendment to the Remuneration Policy[†] for the Annual General Meeting held on April 19, 2024. This is due to a change in the composition of the Board of Directors under Act LXVII of 2019 on the Encouragement of Long-Term Shareholder Engagement and the Amendment of Certain Acts with a View to Legislative Harmonization, and the adoption of remuneration policies affecting directors under the Employee Share Ownership Program. The General Meeting adopted the consolidated amendment to the Remuneration Policy and also approved the Company's Remuneration Report 2023.

One of the stated objectives of the Remuneration Policy is to contribute to the Company's business strategy, long-term interests and sustainability, and to ensure that the performance of officers defined is assessed using both financial and non-financial performance criteria, including, where appropriate, environmental, social and governance factors.

In addition to determining service time, and stipulating potential retention obligations (lock-up) or terms relating to alienation (minimum price, pre-emption rights, etc.), in the case of contribution to the business strategy, long-term interests and sustainability of the Company, the Company may determine share-based remuneration for Directors. Such share-based remuneration must be set out in the Remuneration Policy, and the benefit may only be granted based on it after an advisory vote by the General Meeting.

In exceptional cases, in order to ensure the long-term interests and sustainable operation of the Company or to ensure its viability, it is possible to deviate from the Remuneration Policy. Derogations are only possible in respect of basic salary and allowances and bonuses.

Performance is not assessed against specific sustainability targets, but against overall sustainability performance. These indicators and benchmark calculation methods have not been specified in detail.

Integration of climate change-related performance in incentive schemes

[ESRS 2 GOV-3.-E1.]

There are currently no performance metrics directly linked to climate change-related performance in the broader performance assessment system, commitment to ESG and HSE culture is an important expectation for us.

In 2024, there were no incentive mechanisms related to sustainability issues present in the remuneration mechanisms of administrative, management and supervisory bodies. In its ESG strategy, which is currently being revised, this issue is one of the priorities of the Group.

[†] The personal scope of the Remuneration Policy extends to directors as defined in Section 2(2) of Act LXVII of 2019, who at the time of the adoption of the Remuneration Policy shall include the members of ALTEO Group's Board of Directors (BoD) or Supervisory Board (SB), as well as the Chief Executive Officer and the executive employees acting as Deputy CEOs, provided they are not members of the Board of Directors or Supervisory Board.

ESRS sustainability questions in the form of yes-no statements	
There are incentive schemes and remuneration policies linked to sustainability issues for members of the administrative, management and supervisory bodies.	yes
Incentive schemes for members of the administrative, management and supervisory bodies take into account performance in relation to sustainability goals and/or impacts.	yes
Sustainability performance metrics play an important role and are used as guidelines and/or as part of remuneration policies.	yes

Statement on due diligence

[GOV-4]

We have compiled a table to simplify the presentation of the due diligence process applied by ALTEO Group with respect to sustainability issues, pursuant to Section 33 of ESRS GOV-4 which does not stipulate any specific behavioral requirements with regard to due diligence actions and does not apply to or modify the role of administrative, management and supervisory bodies prescribed by other laws or regulation.

Below, we present the due diligence processes the results of which serve as a basis for the assessment of the material impacts, risks and opportunities of ALTEO Group. These processes are used to identify, manage, prevent and mitigate the actual and potential negative impacts of our business activities on the environment and people. The due diligence processes in practice also help to identify risks and opportunities.

Statement on due diligence	
a) incorporating due diligence into governance, strategy and the business model	When conducting due diligence for business partners, the Company seeks to act with the utmost care. We perform an audit of new business partners in accordance with the Compliance Policy and the Pre-qualification of Suppliers procedure. The due diligence process at ALTEO Group included a review of sustainability issues required under ESRS which are incorporated into the ALTEO Group Strategy through the Sustainability Strategy.
b) cooperating with relevant stakeholders in all key steps of the due diligence	We strive to establish dialogues and long-term strategic partnerships with our suppliers. When conducting due diligence for business partners, the Company seeks to verify the reliability of the given businesses, that they actually pursue their activities at their registered office or business sites, have a sufficient number of qualified employees and references, and are capable of performing the services and activities undertaken. One of the key steps in the due diligence process is the assessment of each specialized area, including the issues of finance, controlling and biodiversity.
c) identifying and evaluating adverse impacts	We perform audit of business partners in accordance with the Compliance Policy and the Pre-qualification of Suppliers procedure. In 2024, we performed the mandatory compliance audit of 23 (21 Hungarian, 2 foreign) companies, and we screened out 6 companies that were deemed to be risky. Further harmful effects have been identified and assessed within the framework of the double materiality assessment which is presented in the report in detail.
d) implementing measures to address those adverse impacts	The Ethics, Compliance and Control Organization considers the findings of the assessments prior to taking the necessary measures, which may include terminating the partnership. In designing our sustainability measures identified harmful effects, be it actual or potential, compliance with our statutory obligations and the potentials to improve our activities are all taken into consideration.
e) monitoring the effectiveness of these efforts and communicating	To prepare its Compliance Risk Map, ALTEO Group completes a Compliance RISK questionnaire, and analyzes the findings every year. More information on the process is shared in disclosures G1-3 and G1-4 of the report.

Risk management and internal controls of sustainability reporting

[GOV-5]

Main features of the risk management and internal control system in relation to the sustainability reporting process

The preparation of the sustainability report is coordinated by ALTEO's Sustainability team. The checks built into the process are used to reduce risk, ensure accuracy and prevent errors or fraud. This significantly reduces the potential occurrence of errors, abuse and fraud. It also uses external professional consultation to prepare reporting.

1.3 Strategy

Our corporate strategy

[SBM-1]

We have been building our sustainability vision and strategy for a number of years now. In 2022, we presented these in a published form, adopting an ESG approach. Our long-term goal is to become leaders in the domestic market through our commitment to ESG and to cooperate with our stakeholders to facilitate change for more sustainable energy production. ALTEO's sustainability strategy covers different actions from clean energy through responsible consumption and production all the way to urgent action against climate change, which spectrum is presented in the following thematic chapters.

Sustainability is at the core of our strategy, and we aim to continuously expand our renewable power plant portfolio. The extension of our renewable production management business and the implementation of B2B renewable power plant projects in a PPA scheme are of particular importance to us. At the same time, we are placing great emphasis on the development of our AVPP virtual power plant and the provision of B2B decentralized complex energy services tailored to specific business needs, including energy production management, implementation and O&M services.

Beyond the energy base, supporting the circular economy is also a priority for our Group, especially in the areas of waste management and e-mobility. In the area of waste management, our focus is on the recovery of waste for energy, and the development of collection and recycling capabilities through acquisitions.

We are already present in the e-mobility market and our goal is to find a successful business model, mainly with a B2B focus, to serve company needs as efficiently as possible. In this area, we provide integrated services that include the distribution, deployment and operation of chargers for corporate customers.

Market trends show that there is a strong increase in demand for electricity, which makes the development of the Virtual Power Plant even more important as it has proven to be an excellent tool to deal with a volatile external environment. In addition to renewables, our planned capacity expansion projects focus on power plants and energy storage.

Our vision is to offer our partners a possibility for a sustainable business advantage by providing the best energy solutions today, and to be the companies of tomorrow together. This commitment is proof of ALTEO Group's belief in sustainable development. The impact of our strategy on and its relation to sustainability issues is presented, in line with international good practice, along the lines of the UN Sustainable Development Goals (SDGs).

Clean water and sanitation
The goal of ensuring sustainable water management and access to water and sanitation for all concerns ALTEO through water treatment, hydropower plants, heating power plants (district heating, hot water supply) and waste management.

Clean energy
The goal of ensuring access to affordable, reliable, sustainable and modern energy for all is the main goal that concerns ALTEO through the use of renewable energy sources, the expansion of its renewable portfolio and in increasing its energy efficiency.

Industry, innovation, infrastructure
ALTEO is linked to the SDGs aimed at building resilient infrastructures, supporting inclusive, sustainable industrialization and fostering innovation through RDI projects, environmentally-friendly technologies and innovation.

Sustainable cities and communities
In our case, the goal of making cities and human settlements inclusive, safe, adaptable, resilient and sustainable takes the form of promoting and supporting environmentally-friendly transport, reducing GHG emissions and waste from production. ALTEO's related projects primarily concern occupational health and CSR.

Responsible consumption and production
The goal to promote sustainable consumption and production patterns primarily concerns ALTEO's waste management activities and the implementation of the Green Office Program.

Climate action
This SDG, that includes urgent and inevitable measures to combat climate change and its impacts, concerns ALTEO's sustainability projects, through the reduction of our emissions and environmental impact. In addition to updating our business strategy, in 2022 we added strategic objectives and specific actions to our comprehensive sustainability strategy, as well as the metrics required to track those objectives and actions. Our sustainability strategy is available on our website: https://alteo.hu/fenntarthatosag/

Our ESG approach and Sustainability Strategy

ALTEO became the first company in the Hungarian energy sector to obtain an independent, international ESG certificate in February 2022. Based on the assessment by Sustainalytics, the Company performed better than the industry average, i.e. it achieved a lower risk rating already at that point in time.

ALTEO manages its high industry exposure with a strong risk management-based approach. The company retained its "medium" risk rating in the 2024 review. We were rated "Strong" in the category "Management of ESG Risk", which suggests that strong risk management is in place.

2022 was the first year when the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) were taken into account in preparing our report. As a first step, we completed the Company's first Climate Scenario Analysis. At the end of 2022, we published ALTEO Group's first EU Taxonomy Alignment Report for 2021[‡], and the report covering 2022 was made public as part of the integrated report. Similarly, our report on EU Taxonomy alignment for 2024 is disclosed as part of this Sustainability Report. Furthermore, ALTEO's Green Committee, created in 2022, continued to work with the aim of consolidating responsible, ESG-focused corporate governance.

ALTEO Group's reporting for the 2024 financial year is influenced by two strategies. The first one covers the 2022-2024 period and includes the sustainability objectives applicable for that period, with specific actions implemented in the year of the report. The second one is the strategy drawn up in 2024 for the period 2025-2030, and ESG is an integral part of that strategy. It is included here to present the future plans of ALTEO Group and the strategy formulation action implemented in 2024. Both strategies are detailed in the report to present both current and future targets and actions in line with the ESRS.

Overview of our sustainability strategy for 2022-2024[§] and a report on current status

<table>
<tr><th></th><th>ALTEO Group objectives</th><th>UN Sustainable Development Goals</th><th>Status</th></tr>
<tr><td>Carbon Footprint Reduction</td><td>
<table>
<tr><th>GHG emission reduction</th><th>2030</th><th>2050</th></tr>
<tr><td>Scope 1 *</td><td>20%</td><td>50%</td></tr>
<tr><td>Scope 2*</td><td>30%</td><td>75%</td></tr>
<tr><td>Scope 3**</td><td>55%</td><td>100%</td></tr>
</table>
*compared to the 2019 base year, ** compared to the 2021 base year

25% reduction in NO_x (nitrogen oxide) emissions by 2030

Increase of the share of renewable production management from 15% to 25% by 2025

Investment of HUF 35 billion in sustainable energy solutions by 2026

Annual disclosure of the total amount invested in renewables and the volume of energy produced from renewables</td><td> 


</td><td> 




 </td></tr>
<tr><td>E-mobility, greening of transport</td><td>Installation of 500 electric car chargers by 2023

Establishment of electric car charging infrastructure on Company sites by 2030</td><td> 
</td><td> 
 </td></tr>
<tr><td>Reducing waste</td><td>Paperless* office by 2030 (*up to the level of legal compliance)</td><td></td><td>  </td></tr>
</table>

[‡] EU Taxonomy Alignment Report for 2021: https://alteo.hu/fenntarthatosag/jelentesek-tenyek-adatok/fenntarthatosagi-jelentesek/

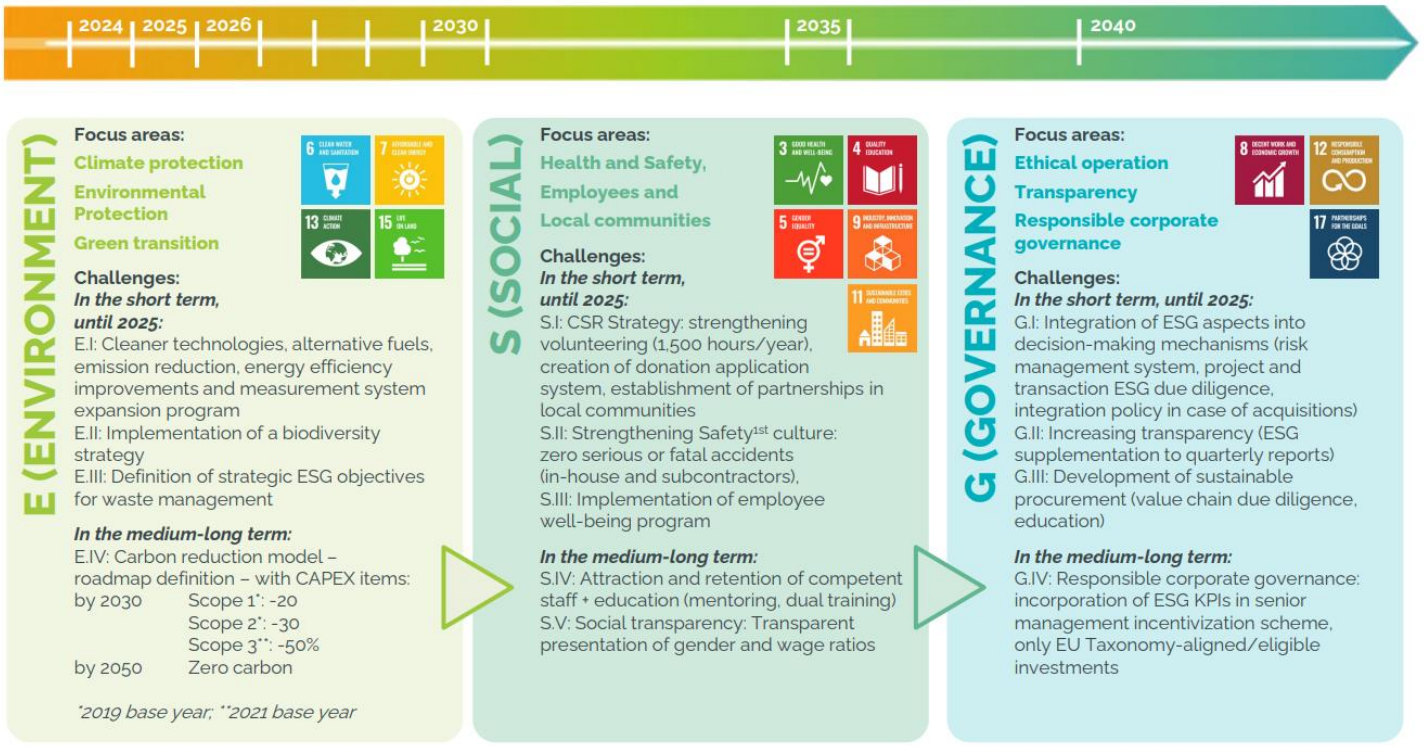
[§] Our Sustainability Strategy is also available on our website: https://alteo.hu/sustainability/?lang=en

	ALTEO Group objectives	UN Sustainable Development Goals	Status
	Achieving an operational waste recycling rate of at least 50% by 2030 Water-focused risk analysis by 2023 Q4 Completion of CDP “Water Security” questionnaire in 2024** Completion of biodiversity survey by 2023 Q4		
Education on sustainability	Implementation of TCFD reporting guidelines in our reporting structure from 2023 Development of an employee education program on sustainability issues by 2025 EcoVadis assessment from 2024		
CSR strategy with ESG focus	Maintenance of 0 LTIF (number of lost time work injuries per 1 million hours worked) result in respect of the Company’s own employees Achieving 0 LTIF for non-Company employees by 2025 Development of a detailed CSR plan by 2023 At least 500 hours/year of CSR activity throughout the whole ALTEO Group by 2025 Introduction of the ISO 27001 cyber security standard by 2023		

Completed In progress Shortfall

** CDP reporting was renewed, the “Water Security” questionnaire was incorporated into the general questionnaire, and this renewed and extended questionnaire was completed by ALTEO Group in 2024.

OUR SUSTAINABILITY STRATEGY FOR 2025-2030:

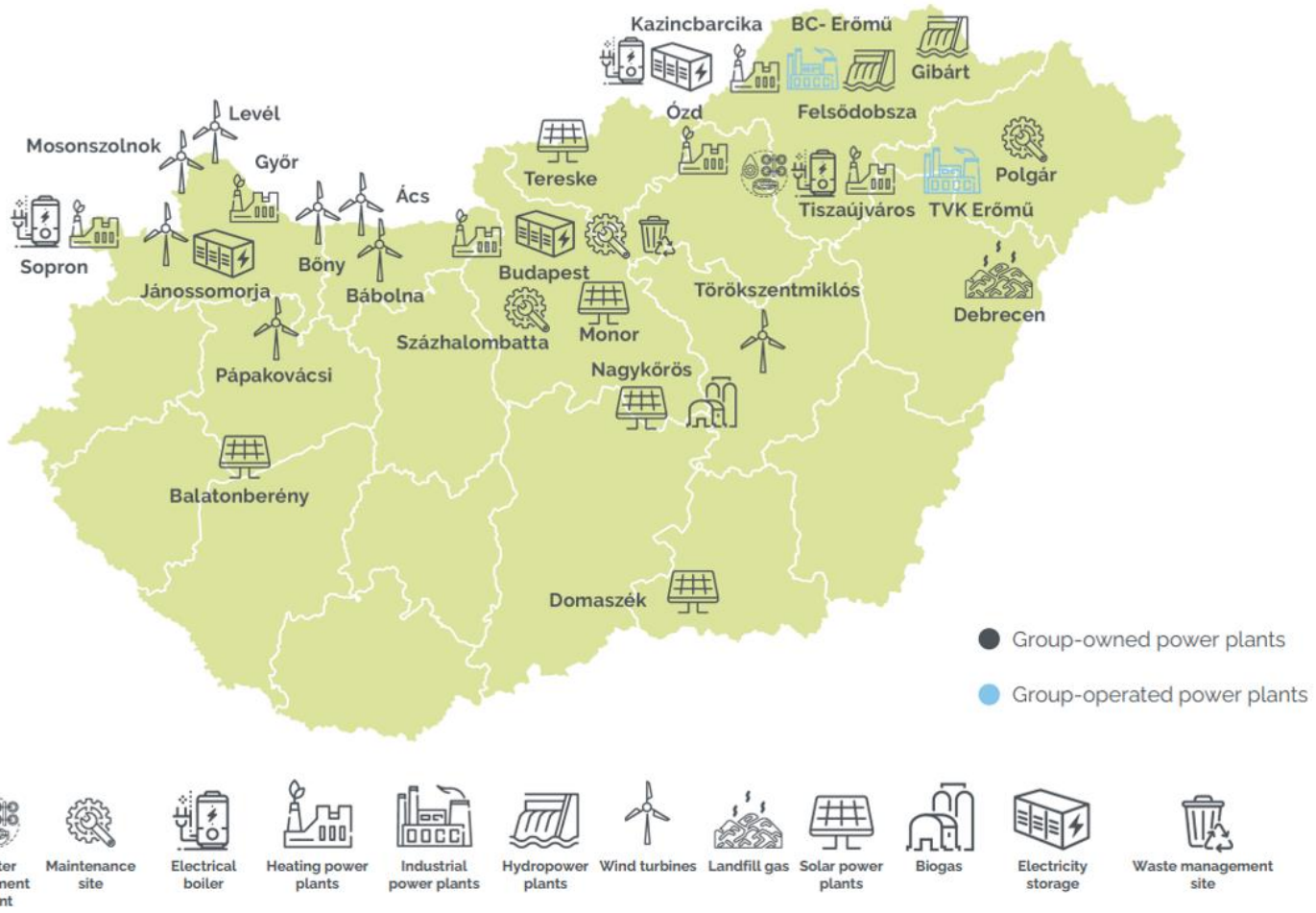


Our business model and value chain

[SBM-1]

ALTEO Group's business activities include renewables-based energy production and high-efficiency hydrocarbon-based cogeneration; energy wholesale and retail trade; and services to industrial companies, in particular installation, operation and maintenance of energy systems.

ALTEO GROUP'S OPERATIONS MAP ACCORDING TO THE DISTRIBUTION OF THE POWER PLANT PORTFOLIO



Energy production

Our power plants produced a total of 1,151 GWh in electricity and 8.61 million GJ of heat energy. 71% of the electricity produced came from industrial, 14.5% from heat and 14.5% from renewables-based power plants.

Electricity production

Site	Natural gas/renewable	Type	Installed electrical capacity (MW)	Electricity sales: Within the subsidized system, on the open market or by trading on the open market through the Virtual Power Plant (VPP)
Owned by ALTEO Group				
Győr	natural gas	heating power plant	23.9	VPP
Sopron	natural gas	heating power plant	9.25	VPP
Kazincbarcika	natural gas	heating power plant	9.3	VPP

Ózd	natural gas	heating power plant	4.9	VPP
Tiszaújváros	natural gas	heating power plant	9.4	VPP
Füredi utca	natural gas	heating power plant	18.6	VPP
Felsődobsza	renewable	hydropower plant	0.9	On the open market
Gibárt	renewable	hydropower plant	1.0	Subsidized
Ács	renewable	wind turbine	2.0	On the open market
Jánossomorja	renewable	wind turbine	2.0	On the open market
Pápakovácsi	renewable	wind turbine	2.0	On the open market
Törökszentmiklós	renewable	wind turbine	1.5	On the open market
Bőny	renewable	wind turbine	25.0	On the open market
Bábolna	renewable	wind turbine	15.0	Subsidized
Mov-R	renewable	wind turbine	24.0	On the open market
Domaszék	renewable	solar power plant	2.0	Subsidized
Monor	renewable	solar power plant	4.0	Subsidized
Balatonberény	renewable	solar power plant	6.2	Subsidized
Nagykőrös (solar power plant)	renewable	solar power plant	6.9	Subsidized
Tereske	renewable	solar power plant	19.5	Subsidized
Debrecen	renewable	landfill gas	1.1	On the open market
Nagykőrös	renewable	biogas	2.0	On the open market

Operated by ALTEO Group				
BC Power Plant	natural gas	industrial services	46.9	
BC Power	natural gas	industrial services	49.9	
TVK Power Plant	natural gas	industrial services	36.0	

Energy trading, balancing group services, scheduling

Volume of electricity sold in our trading activities in 2024: 500.2 GWh of retail sales and 655.1 GWh of wholesale sales. Most of the electricity sold was again wholesale in 2024, but the share of wholesale and retail in 2024 was around 40/60.

Natural gas retail

ALTEO Group Energiakereskedő launched retail sale of natural gas in the gas year beginning on October 1, 2016, and sales have been increasing dynamically. In the financial year 2024, we sold 196.8 GWh of natural gas.

E-mobility

In 2020, ALTEO Group started an E-mobility division through its subsidiary ALTE-GO, which sells, installs and operates electric charging equipment across Hungary, with a focus on office buildings, parking lots, business sites, and public charging stations.

ALTEO Group is a knowledge-based company in the energy sector and, accordingly, the most important element of its business model is attracting and retaining a workforce with the appropriate skills and qualities. With the right team of professionals, ALTEO Group can create technological solutions that enable it to be among the first to enter markets such solutions (like renewable production management service, energy storage, virtual power plant) and to serve its customers at a high level. The Company is committed to continuously training and developing its human resources.

External fund raising is of paramount importance for the growth of ALTEO Group and the operation of its business models. In addition to outstanding financial results, transparency and ethical operation are key to ALTEO Group's financeability.

Thanks to its structure, its strategy based on sustainability and renewable energy production, its diversified portfolio and its team of highly qualified professionals, ALTEO Group was able to actively exploit arising opportunities. The ability to operate quickly and flexibly enables ALTEO Group to react in a timely manner to market fluctuations, short and long-term trends and to identify opportunities in challenges.

The main segments of ALTEO Group's activities are: heat and power production and management, renewable energy production, energy services, waste management and energy retail. The business relationships and cost structures of these segments are described below:

Heat and electricity production and management

This segment includes heat and electricity generation from non-renewable sources, the Virtual Power Plant, as well as the Renewable Production Management (RPM) business. The Virtual Power Plant is responsible for planning and managing production in electricity and/or heat generating and storing facilities owned by the Group and by external partners connected to the Virtual Power Plant.

Electricity production: The operations of the Virtual Power Plant are recognized among the revenues of production, including the full management of scheduling services, MEKH and MAVIR data reporting and administration, and real-time production monitoring activities for our contracted partners' power generation units and trade commissions.

Heat sales: In the course of production, the Group produces the heat energy in its own power plants, and sells it to district heating companies under long-term contracts. The performance of the ALTEO Group under these contracts continues to be consistent and reliable.

Electricity ancillary services: In order to maintain balance in the system, the Hungarian system operator (MAVIR) procures various types of balancing reserve capacities (FCR, aFRR, mFRR) from market actors with the appropriate authorization; the capacity charge is the consideration. The consideration for the ability of the Group's generation facilities to alter such reserved, accredited load is recognized here. The revenue from

renewable production management is also included here. In terms of business relationships, ALTEO Group used the competences to launch through the Renewable Production Management (RPM) business, a smart, comprehensive scheduling service involving moderate risk for partners, which offers a solution to the challenges that renewable energy producers encounter.

The Group gives certain parts of its properties at the sites of ALTEO-Therm Kft. in Sopron and Győr to operating lease (based on lease agreements). Lease contracts are concluded for an indefinite term. The Group does not have any separate dedicated assets for leasing purposes; however, it leases some of its own assets.

Renewables-based energy production

The renewables-based energy production segment includes all of ALTEO Group's electricity production activities from renewable sources. This covers ALTEO Group's solar, wind, hydro and biogas power plants. Some of the production units sell electricity under the KÁT (Mandatory Offtake System) subsidy system and under the KÁT premium and METÁR (Renewable Energy Sources Support Scheme) schemes, while others sell all of their electricity subject to market terms and conditions.

Under the KÁT selling system, MAVIR, as buyer, sets fixed electricity feed-in tariffs for producers. Power plants selling under the METÁR system sell the electricity they produce to any buyer on the free market at free-market prices. Under METÁR system, after free-market sales, MAVIR makes price adjustments with a view to the difference between the contractual METÁR price and the market reference price as laid down by law in order to pay the corresponding amount to or collect such amount from producers (collectively: "price supplement").

Energy services

This segment includes power plant operation and construction services for third parties, maintenance services and e-mobility services. The Group also offers its customers engineering, project development and project management services, as well as main contractor construction services related to energy projects and developments, under individual orders and contracts. Furthermore, it contributes to expanding the production capacity of ALTEO Group's Energy Production division offering project management support.

In terms of business relationships, the greatest volume of services provided by the business line is used by major players in the Hungarian industry (e.g. MOL Petrolkémia, TVK Power Plant, BorsodChem, FŐTÁV, Heineken, Gönyü Power Plant, etc.), for whom the reliable and stable operation of energy infrastructure is critical. The services provided to them are typically implemented in the framework of construction and/or long-term operation and maintenance contracts with high added value.

In addition to the above, the Group also provides e-mobility services, including operation of licensed charging equipment and e-mobility services for residential and corporate customers.

Waste management

The waste management segment's activity is determined by the profits from the processing and management of organic and inorganic waste. After July 1, 2023, the Company's activities primarily consist of the collection and processing of electronic, paper and foil/film waste covered by the concession, as well as more complex waste management and komplex treatment services provided to third parties.

In terms of business relationships, MOHU MOL Hulladékgazdálkodási Zrt. has won the waste management concession tender announced by the Hungarian State, meaning that after July 01, 2023, as Concession Company, it will collect and handle municipal solid waste in Hungarian settlements for 35 years. FE-GROUP INVEST Zrt. participates in the process as a subcontractor of MOHU, having signed a two-year contract (plus two years of optional extension) on June 29, 2023. Despite the fact that a significant part of FE-GROUP INVEST Zrt.'s revenue is derived from activities related to concession waste processing, waste sales and the provision of complex services continue to play an important role and the Company is constantly looking for new potential customers and cooperation opportunities.

Retail energy trade

This segment includes the electricity and natural gas sales activities of ALTEO Group on the free market which means the resale of electricity and natural gas purchased within the Group and from other trading partners, to end-consumers. In 2024 key customers included GYŐR-SOPRON-EBENFURTI VASÚT Zrt, LEGO Manufacturing Kft., Transenergo Hungary Kft., NEO Property Services Zrt, Borgwarner Hungary Kft., Goodmills Magyarország Kft., BPW-Hungária Kft.

Cost structure

For the purpose of the business processes above, key items within material expenses include items attributable to the Group's core activity, and are not considered expenses connected to discontinued activities.

- Use of energy carriers, energy and natural gas in the power plants owned by the Group to produce electricity and heat energy, and sells them to district heat service providers under long-term contracts. Furthermore, Retail trade includes purchase of electricity and natural gas for resale to end-consumers.
- Assets managed by the Group include: operation and maintenance related costs of material and service incurred to ensure the reliable and continuous operation of the power plants owned and operated by the Group, and their energy infrastructure.
- Sub-contractor activities, including waste management services and the costs of hired workforce.
- In addition to this, general costs and costs of expert services (like auditing, IT services and consultations) incurred in relation to the operation of the Group as laid down in the strategic objectives, are also included.

ALTEO as a knowledge-based company believes in attracting and keeping a workforce that possesses adequate expertise and qualities, and in creating technological solutions with this that allow the Group to provide its customers high quality services. It is essential for the Company that human resources are regularly and continuously trained, re-trained, and so personnel costs are substantial cost item within the cost structure of the Group.

TOTAL REVENUE OF ALTEO GROUP BY MAJOR ESRS SECTORS

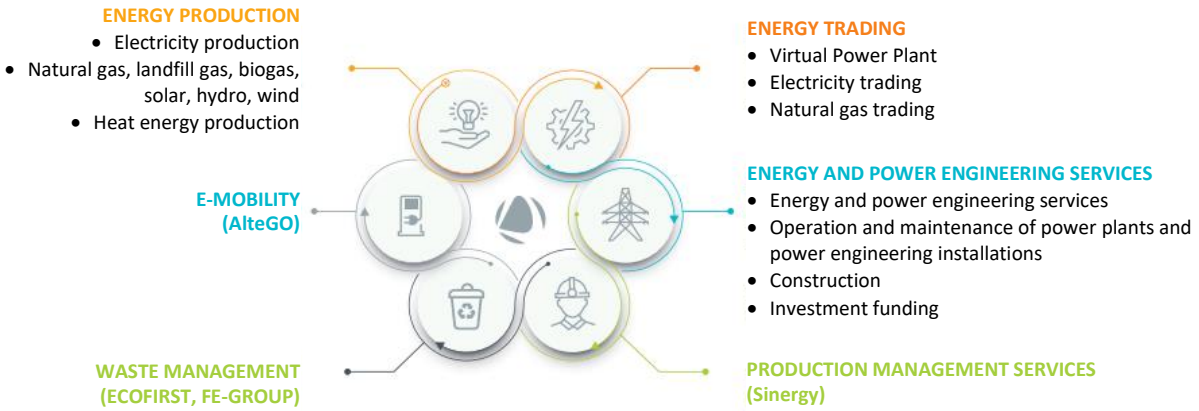
Sector code	Sector name	Total revenue
EEU	Energy production & utilities	HUF 62,012 million
EWW	Water & waste management services	HUF 6,363 million
WWR	Wholesale & retail trade	HUF 37,014 million

Products and services

Supply chain

As a responsible company, ALTEO Group is committed to uphold relevant environmental, social and business ethics principles concerning its own activities and business conduct, as well as its supply chain. Due to the wide range of our business activities, our supply chain covers many segments, such as electricity and heat energy production, energy service, maintenance and development of energy systems, electricity and natural gas trade, production management, electromobility and waste management.

A SUMMARY OF THE ACTIVITIES OF ALTEO GROUP AND AN OVERVIEW OF THE PORTFOLIO



We expect our suppliers, subcontractors and other partners to familiarize themselves with our Code of Ethics and act in accordance with its contents.

ESRS sustainability questions in the form of yes-no statements	
The Group's activities extend to the natural gas sector	yes

ALTEO Group's activities cover the natural gas sector, where we generated revenues of HUF 29,385 million in 2024. Our products and services do not include any products or services that are banned in certain markets. Furthermore, ALTEO Group has no revenues from taxonomy-aligned economic activities related to fossil gases.

Material expenses include items attributable to the Group's core activity only:

- Energy carriers: Electricity and natural gas
- Material and service needs of maintenance and projects
- Waste management services
- Other overhead costs
- Expert services (counselling, auditing, IT)
- Agent's commission.

Our key customers:

- MAVIR
- MOHU
- District heating companies
- Industrial heat consumers,
- Renewable power plants
- Natural gas and electricity business end-users,
- Industrial facilities

ALTEO Group is an active player in several areas of the energy value chain. In the case of electricity production, it is of paramount importance to maintain relations with natural gas suppliers and service providers related to the operation and maintenance work, which is carried out by ALTEO Group itself. ALTEO Group is in contact with several suppliers who supply the same service or activity, thus reducing its supplier dependency. The heat energy produced is delivered to the public through heat suppliers or directly consumers, the industrial customers , and therefore security of supply is a priority for ALTEO Group. ALTEO's most important partner in the field of energy management is the Hungarian electricity system operator (MAVIR), as ALTEO is both a customer and a supplier to MAVIR, mainly in relation to ancillary services. ALTEO Group is also engaged in natural gas and electricity trade, supplying business end-users with energy procured from wholesale partners. In providing energy construction, operation and maintenance services, ALTEO strives to achieve long-term partnerships, with a strong focus on customer satisfaction.

In the field of waste management, ALTEO Group provides "total waste management" services in addition to collection, transport and processing, covering almost the entire value chain. Within the framework of the concession scheme, MOHU, as the Concessionaire, is a key partner, but ALTEO Group also carries out waste management activities outside the concession scheme, mainly for medium-sized and large companies.

ALTEO Group's business model and value chain has a number of potential impacts, risks and opportunities that we monitor closely in our day-to-day operations. The inputs that are necessary to make our business successful are essential elements of our business model. ALTEO Group is a knowledge-based company in the energy sector and, accordingly, the most important element of its business model is attracting and retaining a workforce with the appropriate skills and qualities. We strive to continuously train and develop our human resources.

ALTEO Group's structure, its strategy based on sustainability and renewable energy production, its diversified portfolio and its staff of high qualified professionals all contribute to actively seizing market opportunities. Our ability to operate quickly and flexibly enables us to react in a timely manner to market fluctuations, short and long-term trends and to identify opportunities in challenges. As a result, we can continuously improve customer satisfaction, increase our investors' returns and maintain our strong competitive position in the market.

ALTEO Group carries out its activities in Hungary, and the number of its employees as at December 31, 2024 was 513.

Interests and views of stakeholders

Our stakeholders are given priority and are always treated as partners, as they provide important information on our performance and the environmental, economic and social factors that shape ALTEO Group's value-creation processes. Our stakeholders also play a key role in determining the content and focus of our annual integrated report.

Feedback from our stakeholders come to us through multiple channels (such as in-person meetings, email, online survey). Customer satisfaction surveys are conducted with annual frequency, and the results are analyzed and assessed as part of the management reviews. Maintaining the positive results of our evaluations is our primary objective, so as a result of the evaluation, corrective actions are formulated, the results of which are monitored and subsequently assessed, and presented and accepted at the next management review.

We have identified the key stakeholder groups that have the appropriate information to evaluate our activities, either locally or by industry. Our list of stakeholders was identified through interviews with the Executive Board.

Alignment of stakeholder interests and views with the Company's business strategy and model

Stakeholders	Employees, Management	Value chain workers	Society	Consumers and end-users
Alignment of interests and views with the Company's business strategy and model	We are also in close contact with our expanding team through performance reviews, career planning and periodic assessments.	ALTEO Group's activities have no significant impact on and the Company has identified no material risks or opportunities related to the workforce in its value chain and, as such, this topic has not been reviewed.	We become active members of our communities, both at the operation sites and in our broader environment. Given the business in which we work, our aim is to build and maintain a long-term, open relationship.	Client-oriented operation, quality service and safe work are fundamental values for us. We are in constant contact with our customers, proactively seeking feedback and conducting satisfaction surveys.
Stakeholders	**Owners, Investors**	**Professional organizations**	**Authorities**	**Suppliers**
Alignment of interests and views with the Company's business strategy and model	Our corporate strategy aims to create value for owners and investors and to protect their interests.	ALTEO Group pays particular attention to acquiring and maintaining the appropriate expertise, also through communication with professional organizations.	Proactive and professional liaising with the Authorities is essential for a responsible company that looks to lead by example.	Our suppliers are important stakeholders in the sustainability of our activities, and we seek to engage them in dialogue and to build long-term strategic partnerships.

1.4 Material impacts, risks and opportunities and their interaction with strategy and business model(s)

[SBM-3.- E1, E2, E3, E4, E5, S1]

ALTEO Group has identified the ESRS topics in the table below as material in the framework of the materiality assessment. The impacts, risks and opportunities associated with these are discussed in detail in the IRO-1 chapter. In this section, we aim to summarize how these interact with the Company's strategy and business model.

The Company's response and planned actions, which include changes to the strategy or business model that have been implemented or are planned, are detailed in the various chapters.

Standard	Topic	Subtopic	Impact	Risk	Opportunity
E1	Climate change	Adaptation to climate change	●	●	
		Climate change mitigation	●	●	●
		Energy	●		●
E2	Pollution	Air pollution	●		
E3	Water and marine resources	Hydropower	●		
E4	Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	●		
		Impacts on the state of species	●		
		Impacts on ecosystem services and dependence thereon	●	●	
E5	Circular economy	Resources inflows, including resource use	●	●	●
		Waste			●
S1	Own workforce	Working conditions (own workforce)	●		
G1	Business conduct	Corporate culture	●		●
		Corruption and bribery	●	●	
		Management of relationships with suppliers, including payment practices			●
		Protection of whistleblowers		●	

Climate change

Material impacts

ALTEO Group's gradual transition to environmentally-conscious operations, such as increasing the efficiency of fossil power plants and strict compliance with environmental regulations, contributes to the global green transition. At the moment, 61% of the power plant capacity owned by the Group in our portfolio is powered by renewable energy, which accounts for 15% of the Group's electricity production. In addition, the biogas power plant in our portfolio uses renewable fuels to generate electricity, but its operations continue to emit greenhouse gases (GHGs).

Our portfolio also includes electricity production based on fossil fuels, which is also associated with GHG emissions. We have set ambitious targets for GHG emission reductions (see Chapter 7.4). Our power plants use energy to provide for in-house consumption, and our natural gas consumption requires industrial extraction, which contributes to the depletion of natural resources and causes environmental damage, affecting ecosystems, water quality and biodiversity. Our e-mobility business installs charging stations for electric cars, contributing to the transition away from fossil fuels by building infrastructure. At the same time, our production releases nitrogen oxides (NO_x) and carbon monoxide (CO) components into the atmosphere from gas engines and boilers.

When preparing this report, we assessed the exposure and sensitivity to climate change risks (both physical and transition risks) for all of the Company's assets and business activities, taking into account their likelihood, magnitude and duration. *For more information, see data point E1-9*.

Quantitative climate risk assessment is a task to be carried out in the coming years.

Material risks and opportunities

Due to rising temperatures and extreme weather phenomena, there is a risk that the efficiency of our solar parks will decrease, either due to fluctuating sunshine or dust deposition. Heat waves can cause peak loads on the distribution network to be more frequent and intense. Extreme storms and winds can cause potential infrastructure damage to our wind farms. Changes in resource availability can cause a reduction or disruption in production.

More stringent financial requirements may be enforced for projects with impacts and dependencies that also affect nature, reducing the possibility of obtaining financing and investment. However, switching to lower emission or lower impact technologies and increasing the share of renewable-dependent power plants in our portfolio can reduce dependence on fossil fuels.

This can increase our competitiveness in operations and expansion, and open up new business opportunities based on nature-based solutions. In addition, new renewable projects can be implemented by retrofitting existing power plants.

Air pollution

Material impacts

Significant air pollutants generated by the production processes of ALTEO Group include nitrogen oxides (NO_x), carbon monoxide (CO) and total organic compounds (TOC) components emitted by gas engines, as well as nitrogen oxide and carbon monoxide emissions from boilers. The Company's key strategic objectives include reducing the emission of these harmful substances, and by doing so contributing to the protection of the environment and the achievement of sustainability targets. We strive to minimize emissions by continuously developing our processes and using state-of-the-art technologies.

All our sites have the necessary environmental permits, which include strict requirements for emissions and the measurement thereof. Accurate measurement of emissions and compliance with the limits are continuously monitored through internal and external audits and are under authority supervision. In addition, environmental aspects are strictly taken into account in the upstream value chain when selecting our suppliers.

Hydropower

Material impacts

ALTEO Group's activities, including hydropower plants and water treatment plants, require a significant amount of water, thus monitoring water use is a priority. Due to climate change and the impact of production activities on water resources, a water-focused risk analysis was carried out in 2023, covering all sites. The study assessed the risks associated with changes in flooding, water quality, precipitation, dry spells and groundwater levels. Although these risks are not considered material at this stage, we have put in place preparatory measures at the sites concerned, in addition to complying with the requirements of the laws and environmental management systems, with particular attention to the protection of water resources and the reduction of pollution.

Biodiversity and ecosystems

Material impacts

The materials needed to build renewable power plants, such as the steel needed to build wind turbines, were used for the first time, and their mining and processing could have had a potentially significant impact on biodiversity. Pipelines used to transport natural gas have a significant spatial footprint, which can lead to habitat degradation and fragmentation throughout the life cycle of the pipelines.

The head-on collision of birds and bats with wind turbine blades can be fatal. The mining of copper for wind and solar power plant components takes place in biodiversity-rich locations such as Chile, Peru, China and the Democratic Republic of Congo, where it can have a significant negative impact on the environment and wildlife. In addition, the mining of lithium, cobalt, graphite, nickel and aluminum for wind and solar power plant and battery components may have a significant impact on the local environment and ecosystems.

Habitat disturbance due to the construction and operation of renewable energy sources also has a significant impact on habitats due to land preparation works and the presence of infrastructure, adversely affecting certain species. Solar parks can be a disruptive factor for polarotactic insects, as the strongly and horizontally polarized light reflected back can resemble water, resulting in insects mistakenly laying their eggs on such surfaces.

Natural gas infrastructure, including well pads, pipelines and other roads, often causes habitat fragmentation, which can alter wildlife habitats and migration patterns, and can also disrupt local biodiversity and the health of the affected ecosystem.

The Group's own activities do not have a significant negative impact on biodiversity-sensitive areas, with only one power plant located at a Natura 2000 site, which has no significant negative impact on biodiversity. Accordingly, we have not identified any significant negative impacts related to forest degradation, desertification or soil sealing in our own activities. In addition, the Group's operations do not have a negative impact on endangered species either.

Material risks

Power production by hydropower plants may be at serious risk due to the loss or depletion of water resources, resulting in lost revenue. A disturbed hydrological cycle can cause reduced water flow patterns, which in turn can reduce productivity and therefore profits, and it may also result in substantial maintenance costs for the Company. For solar power plants, temperature fluctuations and changing solar radiation caused by climate change can reduce production and increase the maintenance costs of equipment.

Circular economy

Material impact

Energy production is a resource intensive activity. The ALTEO Group strives for maximum efficiency in the use of primary energy, using as little of these resources as possible, thereby increasing positive impact.

Material opportunities and risks

The waste management activities of FE-Group include the collection and processing of electric and electronic waste, as well as packaging waste, and their transformation into secondary raw materials. The materials produced contribute to the conservation of resources, reducing the need to use new raw materials. Efficient waste sorting significantly reduces the amount of waste going to landfills, thereby implementing circular economy and supporting the efforts to minimize waste generation.

The collection and environmentally friendly pre-treatment of hazardous wastes also has a positive impact on the environment. Although there may be environmental risks during transport and storage, they are strictly controlled and minimized.

Own workforce

Material impacts

Compliance with workplace health and safety regulations, appropriate training, and the provision of appropriate protective equipment can reduce the risk of accidents, injuries and illnesses at work. We ensure that our employees work in a safe and fair working environment, under transparent and lawful working conditions and benefits.

No material opportunity or risk was identified in relation to own workforce.

We did not identify any activities that pose a significant risk of forced or unfree labor, nor any countries or geographical areas where such risks might arise. In addition, we did not find any countries where activities are at significant risk due to forced labor or unfree labor.

Similarly, there are no activities identified that pose a significant risk in respect of child labor. We did not identify any countries or geographical areas where the activities would pose a risk for child labor, not did we identify any countries where the activities would pose a major risk due to child labor.

VALUE CHAIN WORKERS

No material impacts, opportunities or risks were identified for those working in the value chain.

AFFECTED COMMUNITIES

No material impacts, opportunities or risks were identified in relation to the affected communities.

CONSUMERS AND END-USERS

No material impacts, opportunities or risks were identified for consumers and end-users.

Business conduct

Material impacts

Our operational principles and norms help ALTEO Group to create and maintain its corporate culture that affects our employees and their families, as well as our business relationships. Our friendly and solution-focused attitude facilitates the establishment of an inclusive and value-creating culture. All suspected corruption cases may have a potential negative impact on our activity, and so ALTEO Group operates along the lines of zero tolerance towards corruption and bribes to prevent such suspicions. This helps to maintain the integrity, credibility of and legal compliance by the Group at the same time protecting it from financial losses, regulatory fines and damage to its reputation.

Material opportunities and risks

When ALTEO Group performs its activities, developing a culture aligned with corporate values is of key importance, where the related principles and standards form an integral part of our operation. We are committed to protecting whistleblowers, and creating a SpeakUp culture among our employees, ensuring that their concerns are handled confidentially, impartially and without retaliation to foster a culture of accountability, integrity and ethical behavior, thereby enhancing transparency and consistency within the organization.

By screening suppliers for compliance with standards, environmental regulations and ethical business practices, the Company can reduce the risk of working with unethical or unreliable partners and demonstrate its commitment to responsible procurement.

Our material impact is our zero-tolerance policy to avoid corruption and bribery, which preserves the integrity, credibility and legal compliance of the Company, protecting it from financial loss, regulatory penalties and damage to reputation. This includes strict control of conflicts of interest by making conflict of interest declarations mandatory for all employees and business partners. By focusing on fairness, transparency and ethical behavior, the Company enhances its reputation as a trustworthy and credible partner in the industry. Clear policies, procedures and control mechanisms help to detect and prevent corruption, safeguarding the Company's operations and reputation.

1.5 Management of impacts, risks and opportunities

[IRO-1. – E1, E2, E3, E4, E5, G1]

Description of processes to identify and assess material impacts, risks and opportunities

In 2024, ALTEO Group carried out and reviewed its materiality assessment based on the double materiality principle. Double materiality, as defined by the ESRS methodology, has two dimensions: impact materiality and financial materiality. Impact materiality (previously applied) concerns the assessment of sustainability matters where the undertaking may have material actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term. A sustainability matter is financially material for an undertaking if it generates risks or opportunities that could have a material influence on the undertaking's financial position or financial performance over the short-, medium- or long-term.

For the definition of material topics, we assessed 37 subtopics listed in the ESRS, in addition to which the organization-specific sustainability issues specific to ALTEO Group were also taken into consideration. As a large energy and waste management company, issues related to efficiency and availability in energy production were also examined. Several experts of the area with knowledge of the Group's activities, sustainability targets and commitments, representing key functions, participated in the work of ALTEO Group's Sustainability Working Group. These experts joined the working group from the departments of law, compliance, environmental protection and HSE, ESG, capital markets, production, waste management, accounting, controlling and HR. Subtopics clearly not relevant in the context of the activities and value chain of ALTEO Group were discarded in a process of expert consultations.

The ALTEO Group stakeholders were surveyed and shared their opinion concerning material topics. Responses were collected from 28 stakeholders, who assessed each topic on a scale of 1 (not important) to 5 (very important) as to how representative they considered the topics for providing a true picture of the Group from an economic and sustainability perspective. The responses were taken into account when assessing the expert report of each area, for more information on this see the IRO-2 chapter.

In the course of expert analyses, we assessed impacts, risks and opportunities relevant for ALTEO Group in accordance with the methodology of double materiality set out by the ESRS. As a first step, we examined the business context in which ALTEO Group operates. We took into account the actual and potential impacts, risks and opportunities related to employees, suppliers, consumers, customers, end-users, local communities, vulnerable people, authorities, regulators and financial institutions.

In identifying actual and potential impacts, both positive and negative impacts of ALTEO Group were considered. Particular attention was paid to ecological data and the protection of species, since nature as "silent stakeholder" also plays a significant role in our sustainability efforts. After identifying the material impacts, the assessment of their severity was the next step. Three main factors were taken into account in this respect: the scale, scope and irremediable natura of the impacts. Scale shows how severe negative impacts are for the people and the environment, or how beneficial the positive impacts are. Scope measures the extent of the impacts, for example, how many people or how large a geographical area is affected. The irremediable nature indicates the extent to which the negative impacts can be reversed, for example, whether the environment can be restored to its previous state. In particular, the severity of potential negative impacts on human rights were strictly assessed, as in this area severity takes precedence over likelihood.

In assessing financial materiality, we identified the risks and opportunities that could affect our financial position, performance, cash flows and cost of capital in the short, medium and long term. We also considered how our dependence on social and natural resources can affect our financial performance. We also looked at what impacts stricter government regulations and reputational risks had. These factors can indirectly affect our business and financial performance. In the course of the assessment process, we took into account the likelihood of financial impacts and their scale, based on projections and different scenarios. We also assessed the potential financial impact of possible future events and the changes of non-financial capital, such as natural, intellectual, human, social and relational capital.

In identifying and assessing climate impacts, risks and opportunities, we relied on the results of a qualitative climate risk assessment carried out in 2022 based on the TCFD methodology, which was reassessed this year. The time horizon and risk assessment approach of our assessment is consistent with that used in the double materiality assessment and with the Company's existing risk assessment methodology.

In our analysis, we selected the climate scenarios to be used based on expert judgement and the precautionary principle, according to the expected lifetime of our assets and our strategic planning mechanism[††]. The two scenarios selected are: the scenario modelling the impacts of extremely drastic transition and domestic physical impacts, which assumes a 1.5 °C[‡‡] warming path, and the so-called "business as usual" 4 °C scenario[§§], which presumes global emission levels with no change in existing policies. The assessment evaluated physical and transition risks up until 2025 based on our current data, information and plans, up until 2030 based on the two selected scenarios, and up until 2050 based on risk trends.

The material issues identified in the analysis and their associated impacts, risks and opportunities are presented in detail in our report. The materiality assessment is reviewed and updated annually.

The list of ALTEO's material topics is included under disclosure SBM-3 in this report.

The significant impacts, risks and opportunities identified in relation to the material topics are summarized in the table below.

[††] In selecting the climate change scenarios used, we also took into account the critical assumptions in the financial statements according to which the general approach takes "business as usual" conditions into consideration, while the Company is planning to be an active player in the ambitious emission reductions required to meet the Paris Agreement as per its vision and commitment to sustainability.

[‡‡] Reference scenarios used to define the 1.5 °C scenario: IPCC RCP 2.6, IPCC SSP1, NDCs (EU). In this scenario, transition risks and market opportunities dominate. In applying this scenario, the following input factors, limitations and assumptions were taken into account in particular: A globally coordinated effort to reduce emissions to net zero by 2050 to meet the Paris Agreement and achieve steep decarbonization; Accelerated transition to renewables/electrification; Aggressive regulation to limit fossil fuel extraction and use in most industries and economies; Average growth in GDP per capita in high-income countries; Shift to sustainable and less resource-intensive lifestyles, favoring regionally-produced goods; Rapid cost reductions in key technologies such as renewable energy, hydrogen and photovoltaic energy.

[§§] Reference scenarios used to define the 4 °C scenario: IPCC RCP 8.5, IPCC SSP5. In this scenario, physical risks dominate. In applying this scenario, the following input factors, limitations and assumptions were taken into account in particular: Emissions reduction policies are limited to current regulations; Continued use of fossil fuels and energy-intensive activities; High per capita GDP growth worldwide; Increased mobility – migration from poorer to richer countries; Unsustainable, energy-intensive consumption habits; More visible impacts of climate change; Significant investments in adaptation measures to protect assets, infrastructure and communities.

Impacts, risks and opportunities associated with climate change

Material topic	IRO code	Classification	TCFD category of risks and ***opportunities	Place of occurrence	Time horizon			Description of impact, risk or opportunity
					Short term (0-1 year)	Medium term (0-5 years)	Long term (>5 years)	
Adaptation to climate change	I1	Actual positive impacts	N/A	Own operations		•	•	ALTEO Group's gradual transition to environmentally-conscious operations, such as increasing the efficiency of fossil power plants and strict compliance with environmental regulations, contributes to the global green transition.
	R1	Potential risks	Transitional – Policies and laws	Own operations		•	•	Risk of increased operating expenses and management burden due to expanded climate change reporting requirements (1.5 °C scenario only)
	R2	Potential risks	Transitional – Technology	Own operations		•	•	Due to rising temperatures, there is a risk of reduced efficiency of solar farms as this may make the sun, as a resource, too unstable
	R3	Potential risks	Transitional – Technology	Value chain	•	•	•	More frequent and intense peak loads on the distribution network due to heat waves
	R4	Potential risks	Physical risks (acute)	Own operations		•	•	Potential infrastructural damage to wind turbines due to extreme storms and winds
	R5	Potential risks	Physical risks (chronic)	Own operations	•	•	•	Changes in resource availability can cause a reduction or disruption in production.
Climate change mitigation	I2	Actual positive impacts	N/A	Own operations	•	•	•	Use of renewable energy. (60% of the power plant capacity in the portfolio is powered by renewable energy, which accounts for 14.5% of the Group's electricity production.)
	I3	Actual negative impacts	N/A	Own operations	•	•	•	The biogas power plant in our portfolio uses renewable fuels to generate electricity, but its operations continue to emit greenhouse gases.
	I4	Actual negative impacts	N/A	Own operations	•	•	•	The portfolio also includes electricity production based on fossil fuels, which is also associated with GHG emissions.
	I5	Potential positive impacts	N/A	Own operations		•	•	ALTEO Group has set ambitious targets to reduce GHG emissions.
	R6	Potential risks	Transitional – Market-based	Own operations		•	•	The risk of an increase in the financial burden related to potential development investments (CAPEX), in particular due to the need to take into account rising CO2 prices and EU Taxonomy requirements in investment decisions.
	R7	Potential risks	Transitional – Market-based	Own operations		•	•	Risk of impairment of fossil fuel assets due to rising fuel costs as a result of the introduction of a carbon price component.
	R8	Potential risks	Transitional – Market-based	Own operations		•	•	Risk of worse perception by investors due to ESG rating deterioration if ESG risk is not properly managed
	R9	Potential risks	Transitional – Policies and laws	Own operations		•	•	More stringent financial requirements for projects with impacts and dependencies that also affect nature, that may reduce the possibility of obtaining financing and investment.
	O1	Potential opportunity	Market-based	Own operations		•	•	Increased available capital and/or reduced capital costs due to superior climate performance due to a transition to lower emission/impact technologies and superior climate performance

*** The guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) have been used as a basis for identifying our risks and opportunities related to climate change.

Material topic	IRO code	Classification	TCFD category of risks and ***oppor-tunities	Place of occurrence	Time horizon			Description of impact, risk or opportunity
					Short term (0-1 year)	Medium term (0-5 years)	Long term (>5 years)	
Energy	I6	Actual negative impacts	N/A	Own operations	•	•	•	The power plants in the ALTEO Group portfolio use energy to supply in-house consumption.
	I7	Actual negative impacts	N/A	Value chain		•	•	The industrial extraction of natural gas for consumption associated with ALTEO Group's operations contributes to the depletion of natural resources and causes environmental damage, affecting ecosystems, water quality and biodiversity.
	I8	Actual positive impacts	N/A	Own operations	•	•	•	The e-mobility business of ALTEO Group installs charging stations for electric vehicles, contributing to the transition away from fossil fuels by building infrastructure.
	O2	Actual opportunity	Products and services	Own operations	•	•	•	Increasing the share of renewable-dependent power plants in the portfolio can reduce dependence on fossil fuels.
	O3	Potential opportunity	Market-based	Own operations		•	•	Increase in revenue, brand value and employee motivation due to outstanding climate performance, and higher competitiveness in operations and expansion.
	O4	Potential opportunity	Reputation	Own operations		•	•	Opportunity to improve investor perception through comprehensive climate risk management and external ESG rating.
	O5	Potential opportunity	Products and services	Own operations		•	•	New business opportunities based on nature-based solutions.
	O6	Potential opportunity	Products and services	Own operations			•	Implementation of new renewable projects by retrofitting existing power plants.

Other material impacts, risks and opportunities

Material topic	IRO code	Classification	Place of occurrence	Time horizon			Description of impact, risk or opportunity
				Short term (0-1 year)	Medium term (0-5 years)	Long term (>5 years)	
Air pollution	I9	Actual negative impacts	Own operations	•	•	•	Production with gas engines releases nitrogen oxides (NO_x), carbon monoxide (CO) and (TOC) components into the atmosphere.
	I10	Actual negative impacts	Own operations	•	•	•	During production, nitrogen oxide and carbon monoxide are emitted into the air from boilers.
Hydropower	I11	Actual negative impacts	Own operations	•	•	•	The activities of ALTEO Group include water-intensive production methods (hydropower plants, water treatment plants).
Direct impact drivers of biodiversity loss	I12	Actual negative impacts	Value chain	•	•	•	The materials needed to build renewable power plants (such as the steel needed to build wind turbines) were used for the first time, and their mining and processing could have had a significant impact on biodiversity.
	I13	Actual positive impacts	Own operations	•	•	•	ALTEO Group's strategic goal is to invest HUF 100 million in pilot projects to support biodiversity conservation by 2025.
	I14	Actual negative impacts	Value chain			•	Pipelines used to transport natural gas have a significant spatial footprint, which can lead to habitat degradation and fragmentation throughout the life cycle of the pipelines.

Material topic	IRO code	Classification	Place of occurrence	Time horizon			Description of impact, risk or opportunity
				Short term (0-1 year)	Medium term (0-5 years)	Long term (>5 years)	
	I15	Actual negative impacts	Own operations	•	•	•	The head-on collision of birds and bats with wind turbine blades are fatal.
	I16	Actual negative impacts	Value chain	•	•	•	The mining of copper for wind and solar power plant components takes place in biodiversity-rich locations such as Chile, Peru, China and the Democratic Republic of Congo, where it has a significant negative impact on the environment and wildlife.
	I17	Actual negative impacts	Value chain	•	•	•	The mining of lithium, cobalt, graphite, nickel and aluminum for wind and solar power plant and battery components in the Democratic Republic of Congo (DRC) has a significant impact on the local environment and ecosystems.
Impacts on the state of species	I18	Actual negative impacts	Own operations	•	•	•	Habitat disturbance due to the construction and operation of renewable energy sources. This has an effect on habitats due to land preparation works and the presence of infrastructure, adversely affecting certain species.
	I19	Actual negative impacts	Own operations	•	•	•	Solar parks can be a disruptive factor for polarotactic insects (strongly and horizontally polarized light reflected back resembles water, where this species lays its eggs).
Impacts on ecosystem services and dependence thereon	I20	Actual negative impacts	Value chain		•	•	Natural gas infrastructure, including well pads, pipelines and other roads, often causes habitat fragmentation. This can alter wildlife habitats and migration patterns, and can also disrupt local biodiversity and the health of the affected ecosystem.
	R10	Potential risks	Own operations		•	•	Power production by hydropower plants may be at serious risk due to the loss or depletion of water resources, resulting in lost revenue.
	R11	Potential risks	Own operations		•	•	A disturbed hydrological cycle can cause reduced water flow patterns (reducing productivity and therefore profits), as well as incur substantial maintenance costs for the Company.
	R12	Potential risks	Own operations		•	•	For solar power plants, temperature fluctuations and changing solar radiation caused by climate change can reduce production and increase the maintenance costs of equipment.
Resources inflows, including resource use	I21	Actual positive impacts	Own operations	•	•	•	The Company strives for maximum efficiency in the use of primary energy, using as little of these resources as possible.
	R13	Actual risks	Own operations			•	ALTEO Group is exposed to macroeconomic risks, including the changes of natural gas prices and availability.
	O7	Actual opportunity*	Own operations		•	•	By producing secondary raw materials that can be used by industry players, we contribute to the conservation of resources, reducing the need to extract and process new raw materials.
Waste	O8	Actual opportunity*	Own operations	•	•	•	Efficient waste sorting significantly reduces the amount of waste going to landfills.
	O9	Actual opportunity*	Own operations	•	•	•	We use practices that support the circular economy, contributing to the more efficient use of resources and to minimizing waste.
Working conditions (own workforce)	I22	Actual positive impacts	Own operations	•	•	•	Compliance with workplace health and safety regulations, appropriate training, and the provision of appropriate protective equipment can reduce the risk of accidents, injuries and illnesses at work.
	I23	Actual positive impacts	Own operations	•	•	•	We ensure that our employees work in a safe and fair working environment, under transparent and lawful working conditions and benefits.

*Impact, risk or opportunity specific to FE-Group's activities.

Material topic	IRO code	Classification	Place of occurrence	Time horizon			Description of impact, risk or opportunity
				Short term (0-1 year)	Medium term (0-5 years)	Long term (>5 years)	
Corporate culture	I24	Actual positive impacts	Own operations	•	•	•	Our corporate culture promotes the achievement of common goals, with the Company's Code of Ethics serving as foundation. These principles and standards are an integral part of our operation, and they help us to create and maintain a healthy corporate culture.
	O10	Actual opportunity	Own operations	•	•	•	Strengthening corporate culture can improve employee engagement, morale and productivity, and fosters a more cohesive and motivated workforce.
	O11	Potential opportunity	Own operations	•	•	•	Investing in diversity and inclusive corporate culture initiatives facilitates innovation and collaboration, attracting talent with varying perspectives and a wide range of backgrounds.
Corruption and bribery	I25	Potential negative impacts	Own operations	•	•	•	Possible corruption and bribery cases may have a potential negative impact, so to prevent them we follow a zero-tolerance policy towards corruption and bribery to maintain the integrity, credibility and legal compliance of the Company, protecting it from financial loss, regulatory fines and reputational damage.
	I26	Potential negative impacts	Own operations	•	•	•	Possible corruption and bribery cases may have a potential negative impact, so strict control of conflicts of interest is a priority, and all employees and business partners are required to deliver conflict of interest declarations.
	R14	Potential risk	Own operations	•	•	•	By focusing on fairness, transparency and ethical behavior, the Company can enhance its reputation as a trustworthy and credible partner in the industry. A breach of this may pose a potential risk
	R15	Potential risk	Own operations	•	•	•	Clear policies, procedures and control mechanisms help to detect and prevent corruption, safeguarding the Company's operations and reputation. A breach of this may pose a potential risk.
Management of relationships with suppliers, including payment practices	O14	Actual opportunity	Own operations	•	•	•	By screening suppliers for compliance with standards, environmental regulations and ethical business practices, the Company can reduce the risk of working with unethical or unreliable partners, and at the same time it can demonstrate its commitment to responsible procurement, thereby ensuring business continuity and enabling associated revenue growth.
Protection of whistleblowers	R16	Potential risk	Own operations	•	•	•	The lack of effective whistleblowing mechanisms may contribute the culture of fear and distrust within the organization. Unresolved grievances may become legal disputes or cause damage by becoming media news..
	R17	Potential risk	Own operations	•	•	•	The inadequate protection of whistleblowers may discourage employees from reporting infringements, like fraud, breach of security or unethical practices. This may prevent the organization from dealing with issues that are critical for it, and this in turn may lead to non-compliance and damage to reputation..
	R18	Potential risk	Own operations	•	•	•	Inadequate investigations by the Company into reported concerns may result in maintaining the risk of legal or regulatory infringements and that of damage to reputation. .

ESRS sustainability questions in the form of yes-no statements	
The impact materiality assessment focuses on specific activities, business relationships, geographic areas or other factors that pose an increased risk of adverse impacts.	yes
It takes into account the impacts that the Company is involved in through its own operations or through its business relationships.	yes
The process includes consultation with relevant stakeholders to understand how they may be affected by the activity, and consultation with external experts.	yes
The procedure prioritizes negative impacts based on their relative severity and likelihood, and positive impacts based on their relative scale, scope and likelihood, and identifies which sustainability issues are material for reporting.	yes
The Company has conducted an assessment to identify its assets and business activities that may be exposed to climate-related hazards	yes
Climate-related risks have been identified over short, medium and long time horizons	yes
Short, medium and long-term time horizons have been defined	yes
The extent to which assets and business activities may be exposed and vulnerable to identified climate-related risks has been assessed	yes
The identification of climate risks and the assessment of exposure and vulnerability are based on high-emission climate scenarios	yes
Transition risks have been identified over short, medium and long time horizons	yes
The Company has conducted an assessment to establish whether assets and business activities may be exposed to transition risks	yes
The extent to which assets and business activities may be exposed and vulnerable to identified transition events has been assessed	yes
The identification of and assessment of exposure to transition risks was based on climate scenario analyses	yes
The assets and business activities that are not compatible or require significant effort to be compatible with the transition to a climate-neutral economy have been identified	no

Disclosure requirements in ESRS covered by the undertaking's sustainability statements

[IRO-2]

The material information to be disclosed on the impacts, risks and opportunities that ALTEO Group considers material has been identified by the working group responsible for the preparation of the report. The decision was based on a double materiality assessment prior to the drafting of the Sustainability Report. In the course of the double materiality assessment, a topic deemed material either from an environmental or a financial perspective, or both, is considered a material topic.

For the thresholds, the working group defined the materiality thresholds and presented them in the documentation when the final DMA results were approved. The materiality of impacts, risks and opportunities was assessed using a numerical scale of 25 levels. All impacts, risks and opportunities that have a value of 17 or more are considered material. For impacts, risks and opportunities with an assessment around the threshold, the preliminary assessment was confirmed or revised in further consultation and the final substantive list of material topics was established and is included in the report.

Material topics were assessed at sub-topic level and all datapoints relevant to the Company were included. The relevance of datapoints was assessed based on several criteria: firstly, whether the Company had data. If not, and deferral is applicable, it has been applied in accordance with Annex C. Furthermore, the materiality of the sub-topics provided the basis for determining which information to present. For example, the topic of pollution is material because of air pollution, and therefore datapoints related to air pollution were published, while those related to water pollution were not, as they are not relevant for ALTEO Group.

ALTEO Group did not apply any threshold values for its subsidiaries, the number of employees, but it had drawn up its report in respect of all its companies.

ESRS disclosure requirements in the Company's sustainability statement

[IRO-2]

ESRS 2 – General Disclosures

Topic		Page number
1. Introduction		**1**
	Presentation of ALTEO Group: strategy, business model and value chain	1
2. Principles of preparation		**1**
BP-1	General basis for the preparation of the Sustainability Report	1
BP-2	Disclosures in relation to specific circumstances	1
3. Governance		**2**
GOV-1 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	2
GOV-3	Integration of sustainability-related performance in incentive schemes	6
GOV-4	Statement on due diligence	8
GOV-5	Risk management and internal controls of sustainability reporting	8
4. Strategy		**9**
SBM-1	Strategy	9
SBM-2	Interests and views of stakeholders	18
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	19
5. Management of impacts, risks and opportunities		**22**
IRO-1	Description of processes to identify and assess material impacts, risks and opportunities	22
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statements	28
	List of datapoints in cross-cutting and topical standards that derive from other EU laws	81

"E": Environmental topics

Topic	Page number
EU taxonomy report	**32**

ESRS E1 – Climate change

Topic		Page number
Strategy		
ESRS 2 GOV-3.-E1	Integration of sustainability-related performance in incentive schemes	6
E1-1	Transition plan for climate change mitigation	45
ESRS 2 SBM-3.-E1	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	19
Impact, risk and opportunity management		**45**
ESRS 2 IRO-1.-E1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	45
E1-2	Policies related to climate change mitigation and adaptation	45
E1-3	Actions and resources related to climate change policies	45
Metrics and targets		**46**
E1-4	Goals related to climate change mitigation and adaptation	46
E1-5	Energy consumption and mix	48
E1-6	Scopes 1, 2, 3 gross and total GHG emissions	51
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	55
E1-9	Expected financial impacts of material physical and transition risks, and potential climate-related opportunities	55

ESRS E2 – Pollution

Topic		Page number
Impact, risk and opportunity management		**58**
ESRS 2 IRO-1.-E2	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	58
E2-1	Policies related to pollution	58
E2-2	Actions and resources related to pollution	59
E2-3	Targets related to pollution	59
Metrics and targets		**59**
E2-4	Air pollution	59

ESRS E3 – Water and marine resources

Topic		Page number
Impact, risk and opportunity management		**60**
ESRS 2 IRO-1.-E3	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	60
E3-1	Policies related to water and marine resources	60
E3-2	Actions and resources related to water and marine resources	61
Metrics and targets		**61**
E3-3	Targets related to water and marine resources	61
E3-4	Water consumption	61

ESRS E4 – Biodiversity and ecosystems

Topic		Page number
Strategy		**62**
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	62
ESRS 2 IRO-1.-E4	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	62
Impact, risk and opportunity management		**62**
E4-2	Policies related to biodiversity and ecosystems	62
Metrics and targets		**63**
E4-4	Targets related to biodiversity and ecosystems	63
E4-5	Impact metrics related to biodiversity and ecosystems change	63

ESRS E5 – Resource use and circular economy

Topic		Page number
Impact, risk and opportunity management		63
ESRS 2 IRO-1.-E5	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	63
E5-1	Policies related to resource use and circular economy	63
E5-2	Actions and resources related to resource use and circular economy	63
FeGr1	Waste management activities for FE-GROUP	63
ALTEO1	Waste management within ALTEO Group	64
Metrics and targets		63
E5-3	Targets related to resource use and circular economy	64
E5-5	Resource outflows	63
E5-6	Expected financial effects of resource use and circular economy-related impacts, risks and opportunities	The undertaking may omit the information

		prescribed in the disclosure requirement E5-6 for the year in which its sustainability statement is first prepared.

"S": Social topics – Corporate social responsibility

ESRS S1 – Own workforce

Topic		Page number
Strategy		**19**
ESRS 2 SBM-2.-S1	Interests and views of stakeholders	19
ESRS 2 SBM-3.-S1	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	19
Impact, risk and opportunity management		**66**
S1-1	Policies related to own workforce	66
S1-2	Processes for engaging with own employees and employee representatives about impacts	67
S1-3	Processes to remediate negative impacts and channels for own employees to raise concerns	68
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	68
Metrics and targets		**69**
S1-5	Targets related to managing material negative impacts, facilitating positive impacts, and managing material risks and opportunities	69
S1-6	Characteristics of the undertaking's employees	69
S1-7	Characteristics of non-employee workers within the undertaking's own workforce	71
S1-8	Collective bargaining coverage and social dialogue	71
S1-10	Adequate wages	72
S1-11	Social protection	72
S1-14	Health and safety metrics	72
S1-15	Work-life balance metrics	74
S1-17	Incidents, complaints and severe human rights impacts	75

ESRS G1 – Business conduct

Topic		Page number
Governance		**76**
ESRS 2 GOV-1.-G1	The role of the administrative, management and supervisory bodies	76
Impact, risk and opportunity management		**76**
G1-1	Corporate culture and business conduct policies, and corporate culture	76
G1-2	Management of relationships with suppliers	80
G1-3	Prevention and detection of corruption and bribery	76
Metrics and targets		**80**
G1-4	Confirmed incidents of corruption or bribery	77
G1-6	Payment practices	80

2 ENVIRONMENT

2.1 EU taxonomy report

Introduction

With the adoption of the **EU Taxonomy Regulation**[‡‡‡] in 2020, large companies will be required to disclose the extent to which their activities are considered sustainable from 2023 onwards. Activities that are considered sustainable, i.e. "taxonomy-aligned" and "eligible" within the meaning in which it is used by the law, must be defined according to the classification system of the EU Taxonomy Regulation (or its delegated regulations). Article 3 of Regulation (EU) 2020/852 defines the criteria by which an economic activity can be considered sustainable:

- contributes substantially to one of the six environmental objectives,
- complies with the technical screening criteria (TSC) for the activities,
- it does no significant harm (DNSH) with regard to any of the other five objectives,
- it complies with the Minimum Social Safeguards required (MSS).

If the activity meets the above criteria, it is considered "taxonomy-aligned". We also examined the reporting elements of the Commission Delegated Regulation (EU) 2022/1214 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities and concluded that there is no added value yet in supplementing our report with these content elements because ALTEO Group does not carry out activities related to nuclear energy production, and in the case of fossil fuel operated power plants, life-cycle emissions are not yet close to the values specified in the additional regulation.

Taxonomy alignment needs to be examined, as the first step, in terms of a significant contribution to the six environmental objectives set out in EU Taxonomy: (1) climate change mitigation; (2) adaptation to climate change; (3) sustainable use and protection of water and marine resources; (4) transition to a circular economy; (5) prevention and reduction of environmental pollution; and (6) protection and restoration of biodiversity and ecosystems, with regard to the economic activities relevant for the companies. Significant contribution must be examined regarding an environmental objective, based on so-called Technical Screening Criteria (TSC). In order for an economic activity to be taxonomy-aligned, it must meet the TSC criteria as well as the criteria of "Do No Significant Harm" (DNSH) and Minimum Social Safeguards (MSS) as well.

Pursuant to the EU Taxonomy Regulation and the relevant disclosure rules[§§§], undertakings are required to disclose their revenues from taxonomy-eligible and taxonomy-aligned activities as well as the CapEx and OpEx ratios. While in 2022 the examination of the criteria[****] and the disclosure of revenue, CapEx and OpEx indicators were required only in case of economic activities contributing substantially to (1) climate change mitigation or (2) climate change adaptation, pursuant to the Commission delegated Regulation (EU) 2023/2486[††††], published in November 2023 and effective from January 1, 2024, the criteria for taxonomy eligibility need to be examined and the relevant revenues, CapEx and OpEx figures disclosed with regard to the other four environmental objectives as well. For 2023 the new rules only require the examination of taxonomy eligibility. The affected undertakings may voluntarily decided on examining taxonomy alignment, and on the disclosure of the relevant financial indicators.

General methodology regarding the financial year 2024

For 2024, taking into account the publication of the delegated environmental regulation, ALTEO Group examined and identified its economic activities that may potentially be regarded as sustainable for each environmental objective and examined taxonomy-alignment regarding the activities identified. In accordance with the 2024 disclosure requirements of the EU Taxonomy Regulation, we have calculated the proportion of our Company's taxonomy-aligned activities in terms of the revenues and all of the Company's activities as well as our CapEx and OpEx expenditures.

[‡‡‡] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 – https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020R0852

[§§§] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 specifying the content and presentation of information to be disclosed by undertakings concerning environmentally sustainable economic activities – https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2178

[****] The law specifying the criteria: Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation – https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139

[††††] Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to environmental objectives – https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302486

Identification of taxonomy-eligible activities*

In the course of identifying the taxonomy-eligible activities of ALTEO Group, the company took into consideration the eligibility criteria set out in the delegated regulations of the Taxonomy regulation as well as the so-called NACE codes specified for the each activity deemed sustainable. The assessment covered the activities of all subsidiaries of the ALTEO Group.

Examination of taxonomy-aligned activities

For the financial year 2024, ALTEO Group examined the taxonomy-alignment of the climate change related objective and also, on a voluntary basis, of the other four objectives.

Taxonomy-eligible activities were examined for their alignment in three steps. First, we looked at compliance with the Technical Screening Criteria (TSC) specified in the relevant delegated regulations for each activity, that is, the environmental objectives to which the economic activities of ALTEO Group contribute. Then, if the TSC criteria were satisfied, we examined whether the activities comply with the DNSH criteria, and finally we also checked compliance with the Minimum Social Safeguards regarding each activity.

Examination of the satisfaction of the Technical Screening Criteria (TSC)

The Technical Screening Criteria specify the conditions that need to be met for any given economic activity to substantially contribute to the achievement of one of the six environmental objectives specified in the Taxonomy Regulation. Satisfaction of the Technical Screening Criteria was examined based on the technical documentation of projects relevant for each activity. Where more than one environmental objective was relevant for an economic activity, the materiality of the contribution determined the environmental objective for which the TSC criteria would be assessed.

Examination of Do No Significant Harm (DNSH)

Climate change mitigation

In the financial year 2024 the examination of the climate change mitigation criterion was not relevant regarding EU Taxonomy-aligned activities.

Climate change adaptation

The adaptation-related DNSH criteria are set out in Annex A for all delegated regulations. A detailed assessment was carried out to support the compliance of the activities, its methodology having been improved since the previous year. Annex A screening (i.e. compliance with climate change adaptation requirements) covered all sites of all eligible activities.

This year, the assessment of climate risks and the sensitivity of activities relied on the two climate change scenarios specified by the IPCC. The IPCC RCP 4 climate model envisages a global average temperature increase path of 2.5 °C before 2100, while the RCP 8.5 climate model foresees a 4.3 °C increase; these differences may entail different risk levels and sensitivities with regard to the activities.

In the climate risk assessment, we used the long-term climate change forecasts of the IPCC (Intergovernmental Panel on Climate Change) and the EEA (European Environment Agency) as our sources. In addition, the European Climate Adaptation Platform (Climate-ADAPT) database was used to select the relevant climate risks. We have considered all relevant key future climate risks that are relevant in Hungary according to the Climate-ADAPT database. Wherever possible, we also examined risks, and the sensitivity of the identified economic activities from a regional aspect based on the sources of the National Adaptation Geo-information System (NAGiS).

Based on the climate risk assessments performed in the financial year 2024, we identified no long-term physical climate risks that would necessitate the identification of adaptation solutions due to their significance.

Sustainable use and protection of water and marine resources

During the assessment of compliance with Annex B of the delegated regulations, we relied on technical documentation, and operating and environmental permits.

*EU Taxonomy Report for 2023 is available on the webpage of ALTEO

Transition to a circular economy

In the case of transition to a circular economy, the waste management services related to the activities are not yet available in Hungary (material recovery of solar power plant and wind turbine accessories), but progress is expected to be made in this regard by the expected date of replacement of the technical equipment used. In view of the present abandonment and technological replacement plans and operating procedures, the relevant activities comply with the DNSH requirements regarding transition to a circular economy. Until proper material recovery is ensured in our country, we will ensure storage of the disassembled components in the appropriate manner.

Prevention and reduction of environmental pollution

During the verification of compliance with Annex C of the delegated regulations, we relied on operating and environmental permits.

Protection and restoration of biodiversity and ecosystems

During the assessment of compliance with Annex D of the delegated regulations, we relied on operating and environmental permits.

Assessment of compliance with Minimum Social Safeguards (MSS)

ALTEO Group is committed to respecting human rights and complies with the Minimum Social Safeguards, the World Benchmark Alliance UNGP key indicators required for the protection of human rights, the UN Business and Human Rights guidelines and the OECD guidelines for multinational enterprises.

ALTEO Group is a listed company with a strict corporate governance system that ensures compliance with the requirements related to human rights, corruption, taxation and competition law stipulated in the guidelines related to minimum social safeguards.

For the preparation of the EU taxonomy report we also looked at compliance with MSS criteria on the group level and assessed the MSS risks of each activity. The ALTEO Group meets all criteria at the enterprise level and no MSS risk was identified for any of its activities subject to the Taxonomy. Further relevant information related to MSS at company level is available in ALTEO Group's Code of Ethics, the compliance-related chapters of the Integrated Report and in corporate disclosures.

Sales revenues from taxonomy-eligible and taxonomy-aligned activities

Taxonomy-aligned activities

The proportion of the sales revenue from taxonomy-aligned and taxonomy-eligible activities was quantified by taking into account the net revenue from products or services, including from intangible assets. For electricity generation activities, sales revenue is determined based on the method of generation. The proportion of taxonomy-aligned sales revenue was calculated based on the electricity sold to MAVIR and the guarantee of origin sold to third parties in the case of activities related to electricity generation. Activities related to the installation of charging stations for electric vehicles and to waste management are performed within a separate company in the ALTEO Group, consequently sales revenue figures for those activities are available at those companies.

Activities relating the environmental objective of climate change mitigation[‡‡‡‡]

- 4.1 Electricity generation using solar photovoltaic technology: Revenue from the sale of electricity generated by the solar power plants of the ALTEO Group in Monor, Nagykőrös, Balatonberény, Domaszék and Tereske.
- 4.3 Electricity generation from wind power: Revenue from the sale of electricity generated by the wind turbines of the ALTEO Group in Bábolna, Bőny, Ács, Törökszentmiklós, Jánossomorja, Pápakovácsi, Levél and Mosonszolnok.
- 4.5 Electricity generation from hydropower: Revenue from the sale of electricity generated by the hydropower plants operated by the ALTEO Group in Felsődobsza and Gibárt.
- 4.10 Storage of electricity: Electricity, revenue from the energy storage activity at the Füredi utca Heating Power Plant and the Kazincbarcika Heating Power Plant of the ALTEO Group using lithium-ion technology.
- 5.10 Landfill gas capture and utilization: Revenue from the sale of electricity produced from landfill gas generated at a landfill site in Debrecen by the small-scale power plants Debrecen I and Debrecen II.

[‡‡‡‡] The law specifying the criteria: Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation – https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139

- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings: Revenue from the use of charging stations for electric cars owned by ALTE-Go.
- 7.6 Installation, maintenance and repair of renewable energy technologies: Revenue from the maintenance of power engineering installations at the sites in Polgár and Százhalombatta.

Activities in compliance with the environmental objective of transition to a circular economy[§§§§]

- 2.3 Collection at source and transport of non-hazardous and hazardous waste in separate fractions: Revenues of FE-GROUP relating to the collection and transportation of hazardous and non-hazardous waste. Considering that only some of the vehicles transporting waste comply with the EURO V criterion of the delegated regulation, the taxonomy-aligned revenue was calculated based on the ratio of vehicles conforming to the EURO V or EURO VI standards.

Activities eligible but not aligned with the environmental objective of climate change mitigation[‡‡‡]

- 4.8 Electricity generation from bioenergy: revenue from the sale of electricity generated by the Nagykőrös biogas plant owned by Energigas.
- 4.29 Electricity generation from fossil gaseous fuels: Revenue from the sale of electricity generated by the natural gas powered and cogeneration plants operated by ALTEO Group.

Activities eligible but not aligned with the environmental objective of transition to a circular economy[§§§]

- 2.3 Collection at source and transport of non-hazardous and hazardous waste in separate fractions: Revenues of FE-GROUP relating to the collection and transportation of hazardous and non-hazardous waste. Considering that only some of the vehicles transporting waste comply with the EURO V criterion of the delegated regulation, the taxonomy-eligible revenue was calculated based on the ratio of vehicles conforming to the EURO IV or EURO III standards.
- 2.7 Sorting and material recovery of non-hazardous waste: Revenue relating to the sorting of non-hazardous waste collected by FE-GROUP.

CapEx ratio of taxonomy-eligible and taxonomy-aligned activities

In the case of taxonomy-aligned and eligible activities, direct CapEx costs specified in the Taxonomy Regulation were taken into account, which does not include the costs of central management activities and maintenance of central office buildings. The CAPEX costs of taxonomy-eligible activities include costs relating to the procurement and leasing of properties, machinery, equipment and intangible assets.

Activities aligned to the environmental objective of climate change mitigation[‡‡‡]

- 4.1 Electricity generation using solar photovoltaic technology: Capital expenditure relating to the solar power plants of the ALTEO Group in Monor, Nagykőrös, Balatonberény, Domaszék and Tereske.
- 4.3 Electricity generation from wind power: Capital expenditure relating to the wind turbines of the ALTEO Group in Bábolna, Bőny, Ács, Törökszentmiklós, Jánossomorja and Pápakovácsi, and the capital expenditure related to the acquisition of wind turbines in Levél and Mosonszolnok.
- 4.5 Electricity generation from hydropower: Capital expenditure relating to the hydropower plants operated by ALTEO Group in Felsődobsza and Gibárt.
- 5.10 Landfill gas capture and utilization: Capital expenditure related to ALTEO Group's small-scale power plants Debrecen I and Debrecen II.
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and at parking spaces belonging to buildings): Capital expenditure relating to the installation of ALTE-GO's charging stations for electric vehicles.

Activities eligible but not aligned with the environmental objective of climate change mitigation[‡‡‡]

- 4.8 Electricity generation from bioenergy: capital expenditure relating to the Nagykőrös biogas plant owned by Energigas
- 4.29 Electricity generation from fossil gaseous fuels: Capital expenditure relating to the electricity generation of natural gas powered and cogeneration plants operated by ALTEO Group.

[§§§§] Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to environmental objectives – https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302486

Activities eligible but not aligned with the environmental objective of transition to a circular economy§§§§

- 2.7 Sorting and material recovery of non-hazardous waste: Capital expenditure relating to the sorting of non-hazardous waste collected by FE-GROUP.

OpEx ratio of taxonomy-eligible and taxonomy-aligned activities

Pursuant to the delegated regulation on disclosure, the following elements may be included in the operating expenditures of taxonomy-eligible and taxonomy-aligned activities: costs related to assets or processes (including training and other human resources adaptation needs, and direct non-capitalized costs that represent research and development); capital expenditures to expand taxonomy-aligned economic activities or allow taxonomy-eligible economic activities to become taxonomy-aligned; and expenditures relating to individual measures enabling aligned activities to become low-carbon or to lead to greenhouse gas reductions.

In the case of electricity generation, the direct costs of the relevant power plants were taken into account, including primarily, but not exclusively, costs related to operation and scheduling, potential insurer revenues and non-income tax type charges. Activities related to the installation of charging stations for electric vehicles are performed by a separate company within the ALTEO Group; consequently, the cost statements of the company are available.

Activities aligned to the environmental objective of climate change mitigation‡‡‡‡

- 4.1 Electricity generation using solar photovoltaic technology: Expenditure relating to the operation of the solar power plants of ALTEO Group in Monor, Nagykőrös, Balatonberény, Domaszék and Tereske.
- 4.3 Electricity generation from wind power: Expenditure relating to the operation of the wind turbines of ALTEO Group near Bábolna, Bőny, Ács, Törökszentmiklós, Jánossomorja, Pápakovácsi, Levél and Mosonszolnok.
- 4.5 Electricity generation from hydropower: Expenditure relating to the operation of the hydropower plants operated by ALTEO Group in Felsődobsza and Gibárt.
- 4.10 Storage of electricity: Operating expenditure relating to the energy storage activity at the Füredi utca Heating Power Plant and the Kazincbarcika Heating Power Plant of the ALTEO Group using lithium-ion technology.
- 5.10 Landfill gas capture and utilization: Expenditure relating to the operation of the small-scale power plants Debrecen I and Debrecen II.
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and at parking spaces belonging to buildings): Operating expenditure relating to the installation, maintenance and repair of ALTE-GO's charging stations for electric vehicles.
- 7.6 Installation, maintenance and repair of renewable energy technologies: Operating expenditure relating to the maintenance of power engineering installations at the sites in Polgár and Százhalombatta.

Activities aligned to the environmental objective of transition to a circular economy§§§§

- 2.3 Collection at source and transport of non-hazardous and hazardous waste in separate fractions: Operating expenditures of FE-GROUP relating to the collection and transportation of hazardous and non-hazardous waste. Considering that only some of the vehicles transporting waste comply with the EURO V criterion of the delegated regulation, the taxonomy-aligned OpEx indicator was calculated based on the applicable ratio.

Activities eligible but not aligned with the environmental objective of climate change mitigation‡‡‡‡

- 4.8 Electricity generation from bioenergy: operating expenditure relating to the Nagykőrös biogas plant owned by Energigas.
- 4.29 Electricity generation from fossil gaseous fuels: Revenue from the sale of electricity generated by the natural gas powered and cogeneration plants operated by ALTEO Group.

Activities eligible but not aligned with the environmental objective of transition to a circular economy§§§§

- 2.7 Sorting and material recovery of non-hazardous waste: Revenue relating to the sorting of non-hazardous waste collected by FE-GROUP.

TABLE 1: PROPORTION OF REVENUE FROM PRODUCTS OR SERVICES RELATING TO TAXONOMY-ALIGNED AND TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES IN 2024[17]

Financial year 2024				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)								
Economic activities (1)	Code(s) (2)	Absolute amount of revenue (3)	Ratio of revenue, 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Category (transitional activity) (19)	Category (enabling activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	T	E
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable (taxonomy-aligned) activities																		
Electricity generation using solar photovoltaic technology	4.1 (Annex I) / D35.1.1	1.596	1.5	100							I.		I.		I.	I.	T	
Electricity generation from wind power	4.3 (Annex I) / D35.1.1	4.033	3.8	100							I.	I.	I.		I.	I.	T	
Electricity generation from hydropower	4.5 (Annex I) / D35.1.1	488	0.5	100							I.	I.			I.	I.	T	
Storage of electricity	4.10 (Annex I) / NA	1.494	1.4	100							I.	I.	I.		I.	I.		E
Landfill gas capture and utilization	5.10 (Annex I) / E38.2.1.	127	0.1	100							I.			I.	I.	I.	T	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and at parking spaces belonging to buildings)	7.4 (Annex I) / F43.1.1.	147	0.1	100							I.					I.		E
Installation, maintenance and repair of renewable energy technologies	7.6 (Annex I) / F42.1.1.	0	0.0	100							I.					I.		E
Collection and transportation of non-hazardous and hazardous waste	2.3 (Annex II) / E38.1.1	1.082	1.0				41.7				I.	I.		I.		I.	T	
Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1.)		8.967	8.5															
Of which: transitional		7.326	6.9														T	
Of which: enabling		1.641	1.6															E

[17] Pursuant to Annex II to Delegated Regulation (EU) 2021/2178 regarding disclosure

Financial year 2024				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)								
Economic activities (1)	Code(s) (2)	Absolute amount of revenue (3)	Ratio of revenue, 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Category (transitional activity) (19)	Category (enabling activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	T	E
A.2. Revenue from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned activities)																		
				Y/N	Y/N	Y/N	Y/N	Y/N	Y/N									
Electricity generation using bioenergy	4.8 (Annex I) / D35.1.1.	671	0.6	I.													0.6	
Electricity generation from fossil gaseous fuels	4.29 (Annex I) / NA	13.017	12.3	I.													21.3	
Collection and transportation of non-hazardous and hazardous waste	2.3 (Annex II) / E38.1.1	1.515	1.4				I.										0.4	
Sorting and material recovery of non-hazardous waste	2.7 (Annex II) / E38.32	2.931	2.8				I.										2.4	
Revenue from taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned) (A.2.)		18.134	17.2														24.7	
A: Sales revenues from taxonomy-eligible activities (A.1+A.2.)		27.101	25.7															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Sales revenues from taxonomy-non-eligible activities		78.288	74.3															
Total (A+B)		105.389	100															

RATIO OF REVENUE / TOTAL REVENUE

	Taxonomy-aligned, by objective	Taxonomy-enabled, by objective
Climate change mitigation (CCM)	7.5%	13.0%
Adaptation to climate change (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Transition to a circular economy (CE)	1.0%	4.2%
Pollution prevention and control (PPC)	0%	0%
Protection of biodiversity and ecosystems (BIO)	0%	0%

TABLE 2: PROPORTION OF CAPEX ATTRIBUTABLE TO PRODUCTS OR SERVICES RELATING TO TAXONOMY-ALIGNED AND TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES IN 2024[18]

Financial year 2024				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)								
Economic activities (1)	Code(s) (2)	Absolute amount of CapEx (3)	Ratio of CapEx, 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Category (transitional activity) (19)	Category (enabling activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	T	E
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable (taxonomy-aligned) activities																		
Electricity generation using solar photovoltaic technology	4.1 (Annex I) / D35.1.1	1.953	8.7	100							I.		I.		I.	I.	T	
Electricity generation from wind power	4.3 (Annex I) / D35.1.1	8.693	38.9	100							I.	I.	I.		I.	I.	T	
Electricity generation from hydropower	4.5 (Annex I) / D35.1.1	130	0.6	100							I.	I.			I.	I.	T	
Landfill gas capture and utilization	5.10 (Annex I) / E38.2.1.	131	0,6	100							I.			I.	I.	I.	T	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and at parking spaces belonging to buildings)	7.4 (Annex I) / F43.1.1.	9	0.0	100							I.							E
CapEx relating to environmentally sustainable activities (taxonomy-aligned) (A.1.)		10.916	48.9															
Of which: transitional		10.907	48.9														T	
Of which: enabling		9	0															E

[18] Pursuant to Annex II to Delegated Regulation (EU) 2021/2178 regarding disclosure

Financial year 2024				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)								
Economic activities (1)	Code(s) (2)	Absolute amount of CapEx (3)	Ratio of CapEx, 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Category (transitional activity) (19)	Category (enabling activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	T	E
A.2. CapEx of taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned activities																		
				Y/N	Y/N	Y/N	Y/N	Y/N	Y/N									
Electricity generation using bioenergy	4.8 (Annex I) / D35.1.1.	21	0.1	I.														
Electricity generation from fossil gaseous fuels	4.29 (Annex I) / NA	7.757	34.7	I.													NA	
Sorting and material recovery of non-hazardous waste	2.7 (Annex II) / E38.32	531	2.4				I.										NA	
CapEx of taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned) (A.2.)		8.309	37.2														0	
A: CapEx of taxonomy-eligible activities (A.1+A.2.)		19.225	86.1															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CapEx of taxonomy-non-eligible activities		3.099	13.9															
Total (A+B)		22.324	100															

RATIO OF CAPEX / TOTAL CAPEX

	Taxonomy-aligned, by objective	Taxonomy-enabled, by objective
Climate change mitigation (CCM)	48.9%	35.4%
Adaptation to climate change (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Transition to a circular economy (CE)	0%	2.4%
Pollution prevention and control (PPC)	0%	0%
Protection of biodiversity and ecosystems (BIO)	0%	0%

TABLE 3: PROPORTION OF OPEX ATTRIBUTABLE TO PRODUCTS OR SERVICES RELATING TO TAXONOMY-ALIGNED AND TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES IN 2024[19]

Financial year 2024				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)								
Economic activities (1)	Code(s) (2)	Absolute amount of OpEx (3)	OpEx ratio, 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Category (transitional activity) (19)	Category (enabling activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	T	E
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A.1. Environmentally sustainable (taxonomy-aligned) activities																		
Electricity generation using solar photovoltaic technology	4.1 (Annex I) / D35.1.1	256	0.3	100							I.		I.		I.	I.	T	
Electricity generation from wind power	4.3 (Annex I) / D35.1.1	1.278	1.6	100							I.	I.	I.		I.	I.	T	
Electricity generation from hydropower	4.5 (Annex I) / D35.1.1	173	0.2	100							I.	I.			I.	I.	T	
Storage of electricity	4.10 (Annex I) / NA	47	0.1	100							I.	I.	I.		I.	I.		E
Landfill gas capture and utilization	5.10 (Annex I) / E38.2.1.	161	0.2	100							I.			I.	I.	I.	T	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and at parking spaces belonging to buildings)	7.4 (Annex I) / F43.1.1.	257	0.3	100							I.					I.		E
Installation, maintenance and repair of renewable energy technologies	7.6 (Annex I) / F42.1.1.	0	0	100							I.					I.		E
Collection and transportation of non-hazardous and hazardous waste	2.3 (Annex II) / E38.1.1	571	0.7				41.7				I.	I.		I.		I.	T	
OpEx relating to environmentally sustainable activities (taxonomy-aligned) (A.1.)		2.743	3.4															
Of which: transitional		2.439	3.0														T	
Of which: enabling		304	0.4															E

[19] Pursuant to Annex II to Delegated Regulation (EU) 2021/2178 regarding disclosure

Financial year 2024				Material contribution criterion						DNSH criteria (compliance with the Do No Significant Harm principle)								
Economic activities (1)	Code(s) (2)	Absolute amount of OpEx (3)	OpEx ratio, 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum Social Safeguards (17)	Category (transitional activity) (19)	Category (enabling activity) (21)
Text		HUF million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	T	E
A.2. OpEx of taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned activities																		
				Y/N	Y/N	Y/N	Y/N	Y/N	Y/N									
Electricity generation using bioenergy	4.8 (Annex I) / D35.1.1.	794	1.0	I.													NA	
Electricity generation from fossil gaseous fuels	4.29 (Annex I) / NA	9,632	12.0	I.													NA	
Collection and transportation of non-hazardous and hazardous waste	2.3 (Annex II) / E38.1.1	800	1.0				I.										NA	
Sorting and material recovery of non-hazardous waste	2.7 (Annex II) / E38.3.2.	2,292	2.8				I.										NA	
OpEx of taxonomy-eligible but environmentally not sustainable activities (taxonomy-non-aligned) (A.2.)		13,518	16.8															
A: OpEx of taxonomy-eligible activities (A.1+A.2.)		16,261	20.2															
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of taxonomy-non-eligible activities		64,231	79.8															
Total (A+B)		80,492	100															

OPEX RATIO / TOTAL OPEX

	Taxonomy-aligned, by objective	Taxonomy-enabled, by objective
Climate change mitigation (CCM)	2.7%	13.0%
Adaptation to climate change (CCA)	0%	0%
Water and marine resources (WTR)	0%	0%
Transition to a circular economy (CE)	0.7%	3.8%
Pollution prevention and control (PPC)	0%	0%
Protection of biodiversity and ecosystems (BIO)	0%	0%

TABLE 4: ACTIVITIES RELATING TO NUCLEAR ENERGY AND FOSSIL GAS[20]

Line	Activities relating to nuclear energy	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of cogeneration heat/cooling energy and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cooling energy using fossil gaseous fuels.	YES

TABLE 5: TAXONOMY-ELIGIBLE BUT TAXONOMY-NON-ALIGNED ECONOMIC ACTIVITIES

Line	Economic activity	Revenue		CapEx		OpEx	
		Climate change mitigation (CCM)		Climate change mitigation (CCM)		Climate change mitigation (CCM)	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion in the denominator of the applicable KPI of taxonomy-aligned economic activities as specified in Section 4.26 of Annexes I and II of Delegated Regulation (EU) 2021/2139						
2.	Amount and proportion in the denominator of the applicable KPI of taxonomy-aligned economic activities as specified in Section 4.27 of Annexes I and II of Delegated Regulation (EU) 2021/2139						
3.	Amount and proportion in the denominator of the applicable KPI of taxonomy-aligned economic activities as specified in Section 4.28 of Annexes I and II of Delegated Regulation (EU) 2021/2139						
4.	Amount and proportion in the denominator of the applicable KPI of taxonomy-aligned economic activities as specified in Section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139	13,017	12.3	7,757	34.7	9,632	12.0x
5.	Amount and proportion in the denominator of the applicable KPI of taxonomy-aligned economic activities as specified in Section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139						

[20] Pursuant to Annex III to Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2021/2178. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1214

Line	Economic activity	Revenue		CapEx		OpEx	
		Climate change mitigation (CCM)		Climate change mitigation (CCM)		Climate change mitigation (CCM)	
		Amount	%	Amount	%	Amount	%
6.	Amount and proportion in the denominator of the applicable KPI of taxonomy-aligned economic activities as specified in Section 4.31 of Annexes I and II of Delegated Regulation (EU) 2021/2139						
7.	Amount and proportion in the denominator of the applicable KPI of taxonomy-aligned economic activities not mentioned in lines 1 to 6						
8.	Amount and proportion in the denominator of the applicable KPI pf taxonomy-eligible but not taxonomy-aligned economic activities	18,134	17.2	8,309	37.2	13,518	16.8

Line	Economic activity	Amount	Percentage
1.	Amount and proportion in the denominator of the applicable KPI of economic activities specified in line 1 of Table 1 that are taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II of Delegated Regulation (EU) 2021/2139		
2.	Amount and proportion in the denominator of the applicable KPI of economic activities specified in line 2 of Table 1 that are taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II of Delegated Regulation (EU) 2021/2139		
3.	Amount and proportion in the denominator of the applicable KPI of economic activities specified in line 3 of Table 1 that are taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II of Delegated Regulation (EU) 2021/2139		
4.	Amount and proportion in the denominator of the applicable KPI of economic activities specified in line 4 of Table 1 that are taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II of Delegated Regulation (EU) 2021/2139		
5.	Amount and proportion in the denominator of the applicable KPI of economic activities specified in line 5 of Table 1 that are taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139		
6.	Amount and proportion in the denominator of the applicable KPI of economic activities specified in line 6 of Table 1 that are taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II of Delegated Regulation (EU) 2021/2139		
7.	Amount and proportion in the denominator of the applicable KPI of taxonomy-non-eligible economic activities not mentioned in lines 1 to 6		
8.	Amount and proportion in the denominator of the applicable KPI pf taxonomy-non-eligible economic activities		

2.2 Climate change

Transition plan for climate change mitigation

[E1-1]

ALTEO Group does not currently have a transition plan for climate change mitigation, it will be drawn up in 2025.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

[E1 IRO-1]

In preparing this report, the Company assessed its exposure and sensitivity to climate change risks (including physical and transition risks) for all its assets and business activities, taking into account their likelihood, magnitude and duration, as well as the 1.5 °C scenario and the high-emission climate scenario. The exposure of assets and activities is described in detail in the chapter on disclosure requirement E1-9, which includes gross physical and transition risks and transition opportunities. The Company uses climate scenario analysis as a strategic tool to identify and assess risks and opportunities in the short, medium and long term.

Policies related to climate change mitigation and adaptation

[E1-2]

The energy industry, and thus ALTEO Group, has a major role in managing the global problem of climate change. That is why we are prioritizing climate change mitigation, including, among other things, by reducing the use of fossil fuels, increasing the share of renewables and promoting decarbonization. [E1-2 22] Our related strategic targets and results for the current year are reported under disclosure SBM-1. Adapting to climate change is a priority for the Company, and we are taking great care to increase the efficiency of our fossil power plants and strictly comply with environmental regulations.

ALTEO Group is committed to Hungary's renewable energy production and to achieving climate neutrality by 2050. Our strategy and business model reflect this commitment, with innovation and sustainability at its core. The Integrated Management Policy is the fundamental document of the Integrated Management System, in which the Company's management commits itself to providing quality services, ensuring safe work environment, energy efficiency, the protection of environment, and sustainability. Our Integrated Management Policy applies to all ALTEO Group activities, including the entire value chain of the energy industry. By integrating quality management, environmental management, occupational health and safety and energy management systems, the Integrated Management System (IMS) can operate in compliance with international standards. This also ensures compliance with current laws and stakeholder expectations. The Executive Board is responsible for the operation of the IMS. Through its activities, ALTEO Group serves sustainability, mitigation and adaptation, as well as energy efficiency and the use of renewable energy. For more information, see Chapter 4.1 *Integrated Management System*.

Our portfolio consists of 26 power plant units (both own and operated), which have a total generation capacity of 323.3 MW of electricity and 1053.0 MW of heat. 60% of the power plants in our portfolio are fueled by renewable energy. ALTEO Group's efficiency, controllability and central supervision is ensured by the Virtual Power Plant.

ALTEO Group pays particular attention to the continuous improvement of energy efficiency, in line with the objective set in the Integrated Management Policy. In this context, we implement investment projects to achieve various energy efficiency targets, support the education and training of the next generation of employees and raise the awareness of the future generation in this regard.

Actions and resources related to climate change policies

[E1-3]

ALTEO Group's strategic objectives focus on the use of renewable energy sources in energy production, including wind turbines, solar-powered systems, hydropower plants, as well as biogas and landfill gas technologies.

ALTEO Group does not currently have a transition plan for climate change mitigation, thus the decarbonization assets and the related CapEx and OpEx have not been defined. Our aim is to develop a transition plan for climate change mitigation by 2025, which will contribute significantly on a Group level to ALTEO Group's objective of achieving carbon neutrality as set out in its strategy for 2025-2030.

Our priority measure is the operation of continuous emission measurement systems with high availability and compliance with daily limits to ensure regulatory compliance, reduce environmental load and improve operational efficiency. The measure applies to the relevant sites on a Group level.

In 2024, we have managed to generate 166.5 GWh of electricity from renewable energy sources. [E1-3 29.a)] ALTEO Group is a pioneer in the Hungarian energy market in the scheduling of renewable power plants, which provides the opportunity to operate the existing renewable energy generation capacities with the highest possible efficiency.

No expected GHG emission figures have been defined for actions and, therefore, there is no data on this, nor do we have specific data on the GHG emission reductions achieved with the scheduling of renewable energy plants. We are currently exploring the possibilities for a calculation method to credibly report our figures related to non-emission in the future.

The implementation of actions depends largely on the availability and appropriate distribution of resources. The availability of human resources to build new renewable power plants is essential, as is the availability of technology. For example, wind turbines can have a wait time of several years due to the length of the manufacturing process, while solar panels require rare earth elements, which also limit the availability of resources. In addition, adequate green loans need to be available to secure financing for renewable energy projects.

Highly skilled professionals are needed to provide scheduling services of appropriate quality, and this may be hampered by the expansion of the market.

Together, these factors determine the success and effectiveness of actions and the achievement of long-term goals. In response to these challenges, our Company is constantly looking for ways to make the best use of its resources.

Goals related to climate change mitigation and adaptation

[E1-4]

As a responsible company, ALTEO Group has a comprehensive sustainability strategy, which includes strategic goals, specific actions and metrics to monitor them. Our sustainability strategy is available on our website.

Mitigating climate change is at the heart of our corporate policies. To this end, ALTEO Group is actively working towards our sustainability goals. Based on our goals to reduce our carbon footprint, we aim to reduce our direct Scope 1 emissions by at least 20%, our indirect Scope 2 emissions by 30% and our other indirect Scope 3 emissions by 50% by 2030. We are also using our natural gas-fired power plants to compensate for the fluctuations of renewable energy sources, stabilizing the electricity system and supporting the more extensive integration of renewables.

GHG EMISSION REDUCTION TARGETS

GHG emission reduction targets	Targets in absolute value	Base year	Target year	Target for 2030	Target for 2050
Scope 1	50%	2019	2050	20%	100%
Scope 2	75%	2019	2050	30%	100%
Scope 3	100%	2021	2050	50%	100%

ESRS sustainability questions in the form of yes-no statements	
Greenhouse gas (GHG) emission reduction targets have been set.	yes
The target is set on the basis of the sectoral decarbonization path.	no
The goal to reduce greenhouse gas emissions is scientifically sound and consistent with limiting global warming to 1.5 degrees Celsius.	no
The goal has been validated by an external party.	no
Stakeholders were involved in the target setting process.	no
Progress is in line with original plans.	no
New technologies are going to be introduced to meet the goal of reducing greenhouse gas emissions.	no
A number of different climate scenarios were considered to identify relevant environmental, social, technological, market and regulatory developments and to identify decarbonization assets.	yes

We have set further ambitious targets for 2050: the transition of ALTEO Group to net zero operations. Achieving these targets will contribute to meeting the European Union's net zero emissions targets. Apart from these targets, we did not consider it necessary to set any further intermediate targets and milestones, and therefore they are not relevant for the Company. Our Scope 2 greenhouse gas emission reduction target is set on a location basis.

In addition, we plan to achieve a 25% reduction in NO_x (nitrogen oxides) emissions by 2030, which will contribute significantly to improving air quality and to reducing health risks. To increase the use of renewable energy sources, we aim to increase the share of our renewable production management business from 15% to 25% by 2025. This is a key step towards increasing the share of sustainable energy production.

In the spirit of transparency, we prepare an annual report on the total amount invested in renewables and the volume of energy produced from renewables. This report provides an opportunity for stakeholders and partners to monitor our progress and commitment to achieving sustainability goals.

These steps are proof that our Company is determined to reduce GHG emissions, while continuing to develop sustainable energy solutions that help us achieve our environmental and economic goals.

Information related to the definition of targets

In order to ensure consistency between greenhouse gas (GHG) emission reduction targets and GHG inventory limits, our Company applies the GHG Protocol standard.

There is no information on the past progress towards the targets from before the current base year. The baseline remains representative as our activities have not changed significantly since 2023.

In 2023, ALTEO explored the possibility of setting science-based (SBTi) GHG emission reduction targets to meet the goal of limiting global warming to 1.5 degrees Celsius. However, due to the limited technological, financial and economic information available, this process is only planned to be introduced at a later stage. We continuously monitor the viability of that objective.

Climate risks have been assessed in terms of the impact on the Company's financial position and the achievement of strategic goals, in line with the Company's existing ERM (risk analysis) methodology. We considered 2 climate scenarios[21] (1.5 °C and 4 °C warming paths), for which we assessed the relevant risks over 3 time horizons: short (2025), medium (2030) and long (2050, trend assessment only). Currently, a qualitative assessment of risks has been carried out, and a quantitative climate risk assessment is a task to be carried out in the coming years.

Currently, ALTEO Group does not have any decarbonization assets. We, therefore, have no information in this regard. However, we intend to explore further strategies and assets that can contribute to reducing emissions through decarbonization in the future.

ALTEO-2

[E1-4] One of the important performance indicators for our strategic goal to increase the share of renewable energy production capacity is the total amount invested in renewables and the volume of energy produced from renewables.

Increasing the share of renewable energy production capacity is an important performance indicator for ALTEO Group's strategic goals. The indicators used to measure this include the amount invested in renewables and the volume of energy produced from renewables. In line with EU Taxonomy guidelines, the value of CAPEX spent to increase the share of renewable energy production capacity of the portfolio of ALTEO Group is used to generate the indicator. We consider activities such as electricity generation from wind, hydro and solar energy, and landfill gas separation and utilization. This allows us to calculate the total amount invested in renewable energy.

INDICATORS FOR OUR STRATEGIC OBJECTIVE TO INCREASE THE SHARE OF RENEWABLES-BASED ENERGY PRODUCTION CAPACITY

[E1-3]

	2024
Total amount invested in renewable energy – CapEx [HUF million]	10,907
Volume of energy produced from own renewables [GJ]	599,484

[21] Reference scenarios used to define the 1.5 °C scenario: IPCC RCP 2.6, IPCC SSP1, NDCs (EU). Reference scenarios used to define the 4 °C scenario: IPCC RCP 8.5, IPCC SSP5.

Energy consumption and mix

[E1-5]

ALTEO Group Energy consumption and mix

	Unit of measurement	2024
Total energy consumption related to own operations	MWh	4,047,926
Total energy consumption from fossil sources	MWh	3,986,414
Total energy consumption from nuclear sources	MWh	10,368
Share of energy consumption from nuclear sources in total energy consumption	MWh	0.26%
Total energy consumption from renewable sources	MWh	50,675
Fuel consumption from renewable sources	MWh	42,669
Consumption of purchased or procured electricity, heat, steam, and cooling from renewable sources	MWh	4,096
Consumption of self-generated non-fuel renewable energy	MWh	3,910
Share of renewable energy sources in total energy consumption	%	1.25%
For high climate impact sectors		
Fuel consumption from coal and coal products	MWh	0
Fuel consumption from crude oil and petroleum products	MWh	2,926
Fuel consumption from natural gas	MWh	3,640,565
Fuel consumption from other fossil sources	MWh	328,747
Consumption of purchased or procured electricity, heat, steam, and cooling from fossil sources	MWh	17,101
Total fossil energy consumption	%	98.48%

Energy production

	Unit of measurement	2024
Non-renewable energy production	MWh	3374873.11
Renewable energy production	MWh	166523.25

ENERGY INTENSITY OF ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS

FOR HIGH CLIMATE IMPACT SECTORS

[E1-5]

	Unit of measurement	2024
Energy intensity of activities in high climate impact sectors (total energy consumption per net revenue)	MWh/HUF million	38.40
Total energy consumption of activities in high climate impact sectors	MWh	4,047,926
Net revenue from activities in high climate impact sectors	HUF million	105.389
Net revenues from activities outside high climate impact sectors	HUF million	0

High climate impact sectors used to determine energy intensity for 2024 are: Energy production, energy trading, e-mobility, energy business and energy services, production management services, waste management.

ALTEO Group's net revenue in the current year amounted to HUF 105,389 million.

The net revenues from high climate impact sectors have been determined by classifying the core activities of subsidiaries and parent companies within ALTEO Group according to NACE code. The sales revenue figures shown are the same as those in the Financial Report.

FE-GROUP ENERGY CONSUMPTION AND MIX

	Unit of measurement	2024
Total energy consumption related to own operations	MWh	2.844
Total energy consumption from fossil sources	MWh	2.553
Total energy consumption from nuclear sources	MWh	202
Share of energy consumption from nuclear sources in total energy consumption	%	7%
Total energy consumption from renewable sources	MWh	80
Fuel consumption from renewable sources	MWh	0
Consumption of purchased or procured electricity, heat, steam, and cooling from renewable sources	MWh	80
Consumption of self-generated non-fuel renewable energy	MWh	0
Share of renewable energy sources in total energy consumption	%	2.80%
For high climate impact sectors		
Fuel consumption from coal and coal products	MWh	0
Fuel consumption from crude oil and petroleum products	MWh	1914
Fuel consumption from natural gas	MWh	94
Fuel consumption from other fossil sources	MWh	420
Consumption of purchased or procured electricity, heat, steam, and cooling from fossil sources	MWh	125
Total fossil energy consumption	%	89.77%

ENERGY INTENSITY OF ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS

FOR HIGH CLIMATE IMPACT SECTORS IN THE CASE OF FE-GROUP

	Unit of measurement	2024
High climate impact sectors used to determine energy intensity	[-]	Waste management
Energy intensity of activities in high climate impact sectors (total energy consumption per net revenue)	MWh/HUF million	0.45
Total energy consumption of activities in high climate impact sectors	MWh	2,844
Net revenue from activities in high climate impact sectors	HUF million	6,292
Net revenues from activities outside high climate impact sectors	HUF million	0

The sales revenue figures shown are the same as those in the Financial Report.

The EU benchmarks aligned to the Paris Agreement do not apply to ALTEO Group.

Scopes 1, 2, 3 gross and total GHG emissions

[E1-6]

In the energy industry, we need to find the optimal balance between economic efficiency and environmental sustainability. Although energy production and use are essential for the economy and society, traditional methods can have harmful effects on the environment and even on human health.

ALTEO Group is committed to operating in a sustainable manner and, therefore, continuously strives to reduce its environmental load. We achieve this partly by increasing the share of renewable energy sources, but it is equally important for us to minimize the environmental impacts of existing energy production processes.

The strategic objectives of ALTEO Group include reducing our emissions of pollutants and greenhouse gases in order to actively contribute to the protection of the environment and a sustainable future. To achieve this, we are developing our technologies and processes on an ongoing basis taking account of opportunities.

Our Company aims to create an energy production portfolio that strikes the right balance between renewables and efficient fossil fuel-based power plants. This allows for more flexible energy supply and helps the stable integration of weather-dependent renewable energy sources into the electricity grid.

In its direct ("Scope 1") and indirect ("Scope 2") carbon calculations, ALTEO Group uses the Bilan Carbone conversion factors and the emission factors of HEPURA and domestic suppliers to convert its greenhouse gas emissions from petrol, diesel and purchased heat to carbon dioxide equivalents.

Our facilities that are part of the European Union's carbon emissions trading system (EU ETS) are the Győr Power Plant, the Sopron Power Plant, the Kazincbarcika Heating Power Plant, the Tiszaújváros Heating Power Plant, and the Füredi utca Heating Power Plant.

ALTEO Group's aforementioned power plants participate in the EU-ETS emissions trading system and also receive emission unit allocations. In 2024, freely allocated allowances covered around 13% of total emissions of the power plants of ALTEO Group; therefore, we had to purchase a large amount of CO_2 quotas at auctions.

TOTAL RECEIVED AND PURCHASED CO_2 QUOTA OF ALTEO GROUP [tCO_2e]

	2024
Free allowances of CO2e emissions	13,629
Allowances of CO2e emissions allocated at auction	95,212[23]

The specific CO_2 emissions of power plants owned by ALTEO Group continued to drop in the past year. As an energy producing company, we place a high priority on emission intensity, i.e. the volume of emissions per unit of energy produced.

ALTEO GROUP'S SPECIFIC CO_2 EMISSIONS, NOT INCLUDING FE-GROUP [$kgCO_2e/GJ$]

	2024
Specific emission	56.80

The specific carbon dioxide emissions of ALTEO Group were calculated as the ratio of the Scope 1 direct and indirect emissions ($kgCO_2e$) (at a value of 138,614 tCO_2e) of ALTEO Nyrt. as an energy production entity to the total volume of energy produced (2,440,237 GJ). ALTEO Group's other indirect ("Scope 3") emissions were measured for the first time in the calendar year 2021. No new materiality assessment was carried out for the Scope 3 categories, as there were no material changes in the Company's operations in 2024 compared to the 2021 assessment. After 2022, calculation methodology and data reporting was again based on the WBCSD/WRI GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard to ensure that the Group's value chain emissions are measured according to an internationally accepted methodology. Scope 3 emissions accounted for approximately 75% of ALTEO Group's total emissions in 2024, representing 409,647.2 t CO_2 out of a total (Scope 1 + Scope 2 + Scope 3) of 544,345.2 tCO2e of emissions.

Our GHG calculations included a market-based and location-based analysis, as our Company's activities are limited to a single country. We applied a financial control approach to calculate our direct and indirect emissions. The Company does not break down its GHG emissions by other aspects (e.g. country, operating segment, economic activity, subsidiary, GHG category, etc.), we only apply a break-down by ALTEO Group, not including FE-GROUP and FE-GROUP.

[23] EU ETS emissions are being verified at the time of preparing the Sustainability Report, so the value included here is the estimated value available at the time of preparing the report, according to the ESRS classification, which will be re-disclosed in the next year's report if it is clarified.

Taking into account the principles and requirements of the GHG Protocol's Scope 2 guidelines, the share of the Company's Scope 2 greenhouse gas (GHG) emissions and the share of contractual assets used for the sale and purchase of energy is 0%. As there are no contractual assets at our Company, their types are not relevant.

ALTEO GROUP CARBON DIOXIDE EMISSIONS, NOT INCLUDING FE-GROUP [tCO_2e]

	Retroactive		Milestones and target years			
	Base year	**2024**	**2025**	**2030**	**2050**	**Annual % target value / base year**
Scope 1 GHG emissions						
Scope 1 gross GHG emissions (tCO_2e)	219,987	131,061	-	20%	50%	-
Percentage of GHG emissions from Scope 1 regulated emissions trading systems (%)	201,235	108,841	-	-	-	-
Scope 2 GHG emissions						
Scope 2 gross GHG emissions, location-based (tCO_2e)	2,878	3,637	-	30%	75%	-
Scope 2 GHG emissions, market-based (tCO_2e)	-	3,313	-	30%	75%	-
Scope 3 emissions (tCO_2e)						
Total gross indirect (Scope 3) GHG emissions (tCO_2e)	**330,007.2**	**409,647.2**	-	55%	100%	**-**
1. Purchased goods and service	4,078.9	5,285.1	-	-	-	-
2. Capital goods	1,416.7	8,977.9	-	-	-	-
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	241,440	347,803.5	-	-	-	-
4. Upstream distribution and transport	105.86	325.3	-	-	-	-
5. Waste generated in operations	106.6	293.3	-	-	-	-
6. Business trips	*	6.0	-	-	-	-
7. Employee commuting	206.6	131.4	-	-	-	-
8. Upstream leased assets	4	18.2	-	-	-	-
9. Downstream transport	17.45	159.1	-	-	-	-
10. Processing of products sold	*	*	-	-	-	-
11. Processing of sold products	61,600.3	46,647.3	-	-	-	-
12. End-of-life treatment of sold products	21,030	0	-	-	-	-
13. Downstream leased assets	*	*	-	-	-	-
14. Franchise agreements	*	*	-	-	-	-
15. Investments	*	*	-	-	-	-
Total GHG emissions						
Total GHG emissions (location-based) (tCO_2e)	552,872.2	544,345.2	-	-	-	-
Total GHG emissions (market-based) (tCO_2e)	555,878.2	544,021.2	-	-	-	-

** : The category was not considered significant for ALTEO Group's activities and was not calculated*

In calculating Scope 3 emissions, the Group considered the following categories to be significant in 2024: purchased goods and services; capital goods; fuel and energy-related activities (not included in Scope 1 or Scope 2); upstream distribution and transport; waste generated

in operations; business traveling; upstream leased assets; downstream transportation; use of sold products; end-of-life treatment of sold products.

ALTEO Group has drawn up its sustainability strategic goals for the long term and has set emission reduction targets for 2030 and 2050; the Company does not have annual emission reduction targets (see Chapter 7.4).

Scope 1, 2, 3 gross and total GHG emissions for FE-GROUP

The direct ("Scope 1"), indirect ("Scope 2") and other indirect ("Scope 3") carbon dioxide emissions of FE-GROUP were first assessed in 2023, with no prior data series available. As part of the first calculation, a Scope-3 materiality assessment was carried out, identifying the emission categories that are significant for FE-GROUP.

For the calculation of Scope 1 emissions, FE-GROUP used the material use measured for the calculation of local and mobile emissions as well as the conversion factors of Bilan Carbone. Of the greenhouse gases, carbon dioxide, methane and nitrogen oxide are taken into account, which are used to calculate the Company's emissions in carbon dioxide equivalent.

In calculating Scope 2 emission, we used the emission intensity indicator of the electricity use measured on the site and the Nowtricity database for the current year regarding Hungary.

In light of the main activity of FE-GROUP it is hardly surprising that more than two thirds of Scope 3 emissions in the waste management process relate to two types of end products. Accordingly, the two main Scope 3 categories are the processing of selected material flows sold as raw material (Category 10) and management of remaining waste not recoverable after sorting (Category 5).

FE-GROUP CARBON DIOXIDE EMISSIONS [tCO_2e]

	Retroactive				Milestones and target years[22]	
	Base year	**2024**	**2025**	**2030**	**2050**	**Annual % target value / base year**
Scope 1 GHG emissions						
Scope 1 gross GHG emissions (tCO_2e)	598.0	540.3	-	-	-	-
Percentage of GHG emissions from Scope 1 regulated emissions trading systems (%)	-	-	-	-	-	-
Scope 2 GHG emissions						
Scope 2 gross GHG emissions, location-based (tCO_2e)	65.0	133.9	-	-	-	-
Scope 2 GHG emissions, market-based (tCO_2e)	65.0	136.6	-	-	-	-
Scope 3 emissions (tCO_2e)						
Total gross indirect (Scope 3) GHG emissions (tCO_2e)	3,001.1	5,373.7	-	-	-	-
1. Purchased goods and service	125.6	209.9	-	-	-	-
2. Capital goods	176.9	167.8	-	-	-	-
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	100.0	119.0	-	-	-	-
4. Upstream distribution and transport	135.2	36.0	-	-	-	-
5. Waste generated in operations	1,201.5	2,856.4	-	-	-	-
6. Business trips	*	*	-	-	-	-
7. Employee commuting	55.8	99.0	-	-	-	-
8. Upstream leased assets	*	*	-	-	-	-

[22] Milestones and targets have not been defined for FE_GROIUP emissions. They will be assessed by the ALTEO Group in 2025.

9. Downstream transport	246.1	248.4	-	-	-	-
10. Processing of products sold	945.9	1,388.7	-	-	-	-
11. Processing of sold products	*	*	-	-	-	-
12. End-of-life treatment of sold products	*	*	-	-	-	-
13. Downstream leased assets	14.2	0	-	-	-	-
14. Franchise agreements	*	*	-	-	-	-
15. Investments	*	*	-	-	-	-
Total GHG emissions						
Total GHG emissions (location-based) (tCO_2e)	3,574.1	6,047.9	-	-	-	-
Total GHG emissions (market-based) (tCO_2e)	3,574.1	6,050.6	-	-	-	-

** : The category was not considered significant for FE-GROUP's activities and was not calculated*

Explanation of the methodology for calculating GHG emissions

In the Scope 1 calculation, emissions from the use of company vehicles are calculated from the fuel used and the conversion factor from the Bilan Carbone database for the given year.

Emissions from power plants are calculated based the amount of fuel used and the available quality certificates.

For Scope 2, we use the AIB Residual mix and the conversion factors of the Hungarian providers specified as market averages, based on the purchased electricity and heat energy.

ALTEO Group's other indirect ("Scope 3") emissions were measured for the first time in the calendar year 2021. After 2022, calculation methodology and data reporting was based on the WBCSD/WRI GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard to ensure that the Group's value chain emissions are measured according to an internationally accepted methodology.

There were no significant changes in the definition of the Company and its value chain in the year under review.

The methodology used to calculate Scope 3 emissions involves several steps and approaches, depending on the type of data available. Two main methods were used: the distance-based and expenditure-based method.

For transport-related emissions, the distance-based method calculates emissions by multiplying the weight of the shipment by the distance travelled and the corresponding emission factor. This factor includes emissions from the upstream and combustion stages, which represent emissions from fuel extraction, processing and combustion. When specific data on vehicle type and fuel used were not available, an average emission factor was applied to a standard truck. The methodology also takes into account the load capacity of the vehicle to accurately calculate emissions per ton-kilometer. The source of emission factors were the databases of Bilan Carbone, Base-Empreinte, Exiobase, IEA and Nowotricity.

In cases where expenditure data were available instead of specific transport metrics, the expenditure-based method was used. This included the conversion of Exiobase emission factors from EUR to CO_2e in HUF using the European Central Bank's average daily exchange rates for 2024. The costs in HUF were then multiplied by these converted emission factors. This method did not require adjustment for inflation due to the up-to-date financial data available.

In addition, an average data method was used for products defined by weight or number of items. This method multiplied the weight or number of pieces of the product by the corresponding emission factor from Bilan Carbone or Exiobase sources, covering cradle-to-gate emissions for both extraction and manufacturing phases up to the first reseller.

Furthermore, it is important to highlight that, due to uncertainties about the quality of the data, we propose to refine the methodology by improving data availability and accuracy. Each calculation aims to take into account different aspects and phases of the life cycle of a product or activity to provide a comprehensive assessment of the Scope 3 emissions.

In the course of assessing the other indirect ("Scope 3") emissions of FE-GROUP, the categories not significant for the activities of the company or insignificant in volume relative to other categories, have been excluded. Calculation methodology and data reporting was based on the WBCSD/WRI GHG Protocol Value Chain (Scope 3) Accounting and Reporting Standard to ensure that the group's value chain emissions are measured according to an internationally accepted methodology. Scope 3 emissions accounted for approximately 89% of FE-GROUP's total emissions in 2024, amounting to 5,373.7 tons of CO_2e.

GHG INTENSITY BASED ON NET REVENUE (ALTEO GROUP)

	Unit of measurement	2024
Net revenue used to calculate GHG intensity	HUF million	105,389
Net revenue not used to calculate GHG intensity	CO_2e/HUF million	0
GHG emissions intensity	CO_2e/HUF million	56,6

ALTEO Group operates in a greenhouse gas (GHG) emission intensive industry, meaning the net revenue used to calculate the emission intensity is the same as the total sales revenue. The net revenue is reconciled to the consolidated sales revenue line in the financial statements. By carefully reviewing and harmonizing the revenue data in the financial statements, we ensure that the net revenue used to calculate the GHG emissions intensity accurately reflects the Company's actual economic activity. While doing so, we take into account the credibility of relevant financial data and reconcile them with the values disclosed in sustainability reports, ensuring transparency and reliability from both a financial and environmental perspective.

Milestones and target years

GHG EMISSION REDUCTION TARGETS

GHG emission reduction targets	Targets in absolute value	Base year	Target year	Target for 2030	Target for 2050
Scope 1	50%	2019	2050	20%	100%
Scope 2	75%	2019	2050	30%	100%
Scope 3	100%	2021	2050	50%	100%

GHG removals and GHG mitigation projects financed through carbon credits

[E1-7]

ALTEO Group does not currently apply GHG removal in its activities, and we do not have any GHG mitigation projects financed through carbon credits, thus disclosure is currently not material.

ALTEO Group agrees that claims of greenhouse gas neutrality and reliance on carbon credits do not prevent or reduce the achievement of greenhouse gas emission reduction targets or the net zero target.

Expected financial impacts of material physical and transition risks, and potential climate-related opportunities

[E1-9]

RATE OF ASSETS AT MATERIAL PHYSICAL RISK (HUF MILLION)

	HUF million
Assets at important physical risk before considering climate change adaptation actions	37,636
Assets at acute material physical risk before considering climate change adaptation actions	25,971
Assets at chronic material physical risk before considering climate change adaptation actions	11,665
Percentage of assets at material physical risk before considering climate change adaptation actions	72%
Rate of assets at short-term material physical risk	37,148
Rate of assets at medium-term material physical risk	37,636
Rate of assets at long-term material physical risk	37,636

ASSETS AT MATERIAL PHYSICAL RISK

[E1-9]

Assets	Location (NUTS code)
Solar power plant	HU333
Solar power plant	HU232
Solar power plant	HU120
Solar power plant	HU313
Wind turbine	HU221
Wind turbine	HU322
Wind turbine	HU212
Wind turbine	HU213
Wind turbine	HU221
Hydropower plant	HU311
Water treatment plant	HU311
Maintenance site	HU120
Maintenance site	HU321
Maintenance site	HU110
Natural gas e-term	HU110
Natural gas e-term	HU221
Natural gas e-term	HU311

All Group assets are located in Hungary.

The ratio of assets at material physical risk that are subject to climate change adaptation actions (see E1-3) is 72% of the total amount of assets at material physical risk. Net revenue from business activities at material physical risk amounted to HUF 37,636 million. The percentage of net revenue from business activities is 36% of activities at physical risk.

The expected financial impacts and valuation of assets and businesses at material physical risk, the risk factors for the net revenue from these assets and businesses and the impact of this on the margin erosion of the businesses have not been quantified.

Our aim is to develop the management of climate change adaptation at the governance document level by conducting a quantitative climate risk analysis in 2025.

RATE OF ASSETS AT MATERIAL TRANSITION RISK (HUF MILLION, %)

[E1-9]

	HUF million
Rate of assets at material transition risk before considering climate change mitigation actions	12,320
Percentage of assets at material transition risk before considering climate change mitigation actions	26.6%
Rate of assets at short-term material transition risk	0
Rate of assets at medium-term material transition risk	10,222
Rate of assets at long-term material transition risk	12,320
Percentage of assets at material transition risk managed with climate change mitigation actions	0.0%

The total carrying amount of the real estate assets owned by ALTEO Group is 0, as the Group does not have any real estate assets defined by the standard to be valuated according to energy efficiency classes.

We do not have quantified information on the potential impact on the future financial performance and position of assets and businesses exposed to material transition risk, thus the assessment does not rely on, nor form part of, a process to identify material transition risks and to determine scenarios.

Potentially discontinued assets were not identified. We have not identified any liabilities arising from material transition risks that may need to be recognized in the financial statements.

RATE OF EU ETS-RELATED OBLIGATIONS

Number of Scope 1 GHG emission allowances held within regulated emissions trading systems at the beginning of the reporting period	111,368	EUA
Number of emission allowances to be purchased annually on the regulated emissions trading market in the period up to 2030	679,609*	EUA
Potential future obligations related to carbon emission allowances based on existing contractual arrangements that are planned to be used in the near future	No such obligation has been identified.	-
Gross monetary value of Scope 1 and 2 greenhouse gas emissions	4,033	HUF million

** The information is provided by also taking 2023 into account.*

DISTRIBUTION OF NET REVENUES FROM BUSINESS ACTIVITIES AT MATERIAL TRANSITION RISK BY CUSTOMER TYPE (HUF MILLION, %)

Net revenue from business activities at material transition risk	29,385	HUF million
Net revenue from customers engaged in coal-related activities	0	HUF million
Net revenue from customers engaged in oil-related activities	3,115	HUF million
Net revenue from customers engaged in gas-related activities	13,008	HUF million
Percentage of net revenue from customers engaged in coal-related activities	0%	-
Percentage of net revenue from customers engaged in petroleum-related activities	4%	-
Percentage of net revenue from customers engaged in gas-related activities	17%	-

** Net revenue from natural gas-based energy production and trade*
*** Based on net revenue from the TOP20 largest partners (subject to partner's activity)*

The expected changes in net revenue cannot be clearly quantified since the market to which the Company has access is considered to be unlimited compared to the size of ALTEO Group.

The percentage rate of the net revenue from business activities at material transition risk, from natural gas-based energy production and trading in the case of ALTEO Group, is 28%.

The price of strategic fuels used by the ALTEO Group follows market processes. The possibility that the price of the fuel procured by the ALTEO Group will increase in the future, cannot be ruled out, which can have a negative effect on the Group's profitability. Changes in the demand on natural gas markets may have a profound impact on the revenues, profitability and strategic expansion plans of the ALTEO Group.

During ALTEO Group's energy trading activities, portfolio planning is done on the basis of data service from consumers and the Group's calculations. A planning error or incorrect data report may lead to an inappropriate procurement strategy, where a subsequent correction can cause losses to the ALTEO Group.

The Company seeks to cover 100% of the annual consumer demand, in shorter periods, however, open positions may remain due to natural seasonality, which are mainly closed on the spot and balancing energy markets. Prices on the spot and balancing energy markets cannot be planned in advance, any change in these markets may impact the profitability of the ALTEO Group.

Natural gas and electricity volumes are mainly contracted through low-risk wholesale partners and, to a lesser extent, through exchanges. Trading is continuous, and therefore the prices of products change on a daily basis, given that the trading in exchange-traded products is continuous. Day-by-day price movements, sometimes with significant changes, may represent a risk in the case of longer-term consumer proposals, however such risk is mitigated by the Company by issuing indicative quotes (not binding for the trader) and implementing hedge transactions. Even though the ALTEO Group performs its retail trade activities on the basis of a risk management procedure adopted by the Board of Directors; a potential erroneous transaction may have a significant negative effect on the profitability of the ALTEO Group.

Any changes in the difference between (margin on) the (procurement) price of natural gas and the price of electricity and/or heat that is sold influence the financial position of natural gas-fired power plants significantly. Were this margin to drop significantly, it could have a negative effect on the business and profitability of the ALTEO Group.

There is currently no relevant or applicable financial statement related to the data on the significant amount of assets, liabilities and net revenues at material physical and transition risk.

ESRS sustainability questions in the form of yes-no statements	
The expected financial impact of material physical risks affecting assets and business activities has been assessed.	no
The assessment of assets and business activities at material physical risk is part of the process to identify material physical risks and develop climate scenarios.	no

Climate-related opportunities

[E1-9]

The Company's strategy is to develop, on an ongoing basis, renewable (solar, wind, hydro, biogas) energy projects that contribute to climate change mitigation and adaptation. The market for this may be considered to be unlimited, meaning that expected cost savings cannot be clearly quantified.

The size of the potential market for low-carbon products and services or adaptation solutions to which the Company has access or could have access, can be considered as quasi unlimited compared to the size of ALTEO Group. Taking this into account, the expected changes in net revenue cannot be clearly quantified.

ESRS sustainability questions in the form of yes-no statements	
The potential impacts on the future financial performance and position of assets and business activities exposed to material transition risk have been assessed.	yes
The assessment of assets and business activities at transition risk is based on, or forms part of, a process to identify material transition risks and to develop the associated scenarios.	no

2.3 Pollution

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

[E1 IRO-1]

Information on the disclosure requirement is presented in detail in Chapter IRO-1, under disclosure E2 IRO-1.

Policies related to pollution

[E2-1] [E2-2]

The strategic objectives of ALTEO Group include reducing our emissions of pollutants and greenhouse gases in order to actively contribute to the protection of the environment and a sustainable future. To achieve this, we are developing our technologies and processes on an ongoing basis taking account of opportunities. In addition to greenhouse gases, other air pollutant emissions are also a key focus in the course of ALTEO Group's activities, such as nitrogen oxides (NO_x), carbon monoxide (CO) and total organic compounds (TOC) components emitted by gas engines, as well as nitrogen oxide and carbon monoxide emissions from boilers.

When designing power plants, we take into account the use of the most advanced technologies to minimize pollutant emissions. Awareness and monitoring of environmental impacts is of crucial importance for us, and is documented in detail in our current Integrated Report. All our sites have the necessary environmental permits, which include detailed requirements for emissions, measurements and compliance with legal requirements. Accurate emissions measurement, annual reporting and liaising with the authorities fall under the responsibility of the HSE area.

In addition, the operation of continuous emission measurement systems with high availability and compliance with daily limits, for which the power plant managers are responsible, are also important. We monitor and ensure appropriate operational practices through HSE inspections, internal and external audits and regulatory audits.

When comparing the air pollutant emissions of ALTEO-owned and operated power plants with previous years, it is important to note that the Nagykőrös Biogas plant, which was previously operated by ALTEO Group, was acquired in May 2023 and is now owned by ALTEO Group.

Our company is committed to social responsibility and strives to introduced sustainable and environment-friendly practices. To this end, compliance with the strict environmental and waste management regulations is important for us, and we actively support innovation in waste management. This is supported by our Integrated Management Policy and the FE-Group Environment Management Policy. Our priority measures include technological developments to prevent or mitigate negative effects and strict waste management procedures. In addition, we are prepared for emergencies and take timely damage control measures to minimize any negative effects. ALTEO Group accepts the requirements set out in laws, operating permits and environmental management systems as applicable and, therefore, does not have its own corporate policy on pollution. For more information, see Chapter 4.1 *Integrated Management System*.

Actions and resources related to pollution

[E2-2]

Within the upstream value chain, ALTEO Group pays particular attention to environmental aspects when selecting its suppliers, which must comply with ALTEO Group's HSE (Health, Safety and Environment) requirements in all cases, and breaches of environmental regulations during the work are sanctioned.

Replacement of gas engines

For years, it has been a common practice in ALTEO Group's facilities to replace old gas engines that have reached the end of their service life with used but refurbished gas engines. The technological emission limit for refurbished gas engines in the case of the NO_x component is 95 mg/m³, which is much stricter than for existing/old equipment with a limit value of 190 mg/Nm³. The commissioning of new equipment supports our sustainability strategy target of reducing NO_x.

In 2024, the ALTEO Group adopted a decision to replace the old gas engine connected to the P1 point source at the Tiszaújváros Heating Power Plant. Implementation of the project started in 2024 and is still ongoing. The new equipment is required to meet the more stringent NO_x limit value.

In all cases, the compliance of emissions from new equipment must be verified during test run. In addition to the test run emission measurement, the emissions of gas engines are checked every year by an accredited measuring body in accordance with legal requirements.

Targets related to pollution

[E2-3]

We are developing our technologies and processes on an ongoing basis taking account of opportunities. In addition to greenhouse gases, other air pollutant emissions are also a key focus in the course of ALTEO Group's activities, such as nitrogen oxides (NO_x), carbon monoxide (CO) and total organic compounds (TOC) components emitted by gas engines, as well as nitrogen oxide and carbon monoxide emissions from boilers. When designing power plants, we take into account the use of the most advanced technologies to minimize pollutant emissions.

ALTEO Group is committed to complying with legal regulations and having environmental management systems in place, paying particular attention to the pollution. Our Company strives to reduce pollution and protect air quality in line with the UN Sustainable Development Goals. ALTEO Group has set a target on air pollutants to reduce nitrogen oxide emissions by 25%. This voluntary target goes beyond the statutory requirement which stipulates emissions below the limit set in the various point source permits.

No ecological threshold was taken into account in the voluntary target setting, but ALTEO Group has set the goal to develop a biodiversity conservation strategy by 2025.

Air pollution

[E2-4]

When designing power plants, we take into account the use of the most advanced technologies to minimize pollutant emissions. Accurate emissions measurement, annual reporting and liaising with the authorities fall under the responsibility of the HSE (Health, safety and environment) area. In addition, the operation of continuous emission measurement systems with high availability and compliance with daily limits, for which the power plant managers are responsible, are also important. We monitor and ensure appropriate operational practices through HSE inspections, internal and external audits and regulatory audits.

VOLUME OF AIR POLLUTION FOR ALTEO GROUP [KG]

	2024
CO	231,280
NO_x	582,407
TOC	44,681
SO_x	1
PM	0

The annual amount of emitted air pollutants is determined through calculation based on concentrations measured in flue gas during sampling, the volume flow rate of the flue gas and equipment annual service hours.

For the calculations, ALTEO Group prepared the analysis based on the regular measurement documents stipulated in Decree No. 110/2013. (XII. 4.) of the Ministry of Rural Development.

Related to the technology, there are no point sources identified by the authorities at the site of FE-GROUP and no air pollutants are emitted.

ESRS sustainability questions in the form of yes-no statements	
Monitoring is carried out in accordance with EU BREF standards or other relevant benchmarks.	yes
Calibration tests of the automatic measuring systems (AMS) have been carried out and validation of the periodic measurements by independent laboratories has been ensured.	yes
The activities are governed by the Industrial Emissions Directive (IED) and the relevant Best Available Techniques Reference Documents (BREFs).	yes

2.4 Water and marine resources

Description of the processes to identify and assess material water-related impacts, risks and opportunities

[E3-IRO-1]

Information on the disclosure requirement is presented in detail in Chapter IRO-1, under disclosure E3 IRO-1.

Policies related to water and marine resources

[E3-1 9]

ALTEO Group's power plants use a significant amount of water in their operation, so monitoring water consumption is a priority for the Company, taking into account the impact of climate change and production activities on water resources. To this end, in 2023, the Company completed a water-focused risk assessment, which examines the risks associated with flooding, available water quantity, changes in water quality, the status of ecosystem services, changes in extreme rainfall days, expected changes in rainfall, changes in dry period lengths, climatic water balance and groundwater levels for all Company sites. Risk-related preparatory measures have been identified for sites where this is necessary. ALTEO Group is committed to complying with legal regulations and having environmental management systems in place, paying particular attention to the protection of water resources and the minimization of environmental pollution.

ALTEO Group has strict regulations in place to protect against the possibility of soil or groundwater pollution in the event of a malfunction. As required by law, sites and facilities with installed combustion equipment with a rated thermal input of more than 50 MW capacity have a plant water quality damage elimination plan in place, which is regularly reviewed in accordance with regulations. As part of the HSE approach, emphasis is placed on the potential risks associated with the storage of hazardous substances and on adequate preparation for such risks. A good example of this is the fuel oil stored in double-walled tanks at the MOL Petrochemicals and BorsodChem power plants, and the monitoring well system which are not owned by ALTEO, but are related to the power plants operated by it. The purpose of maintaining monitoring wells is to track and monitor any contamination that may occur with groundwater flow in cooperation with the owner of the equipment. We work with accredited laboratories to monitor groundwater quality at the regular intervals required by the permits.

ALTEO Group does not have any sites located in areas subject to significant water stress.

Our Company strives to reduce water consumption and protect water resources in line with the UN Sustainable Development Goals. [E3-1 12] Our interactions with water, our water use in our operations, sustainable water procurement and our expectations for the quality of water and wastewater used and discharged are defined by our Integrated Management Policy and the relevant permits for the consumption and discharge points concerned. Our priority is to reduce our water consumption in order to use water in a sustainable manner. [E3-1 14] Given the operation sites and activities of ALTEO Group, as well as its supply chain, we do not see the need to adopt policies or practices for sustainable oceans and seas, and therefore have not done so. For more information, see Chapter 4.1 *Integrated Management System* and *HSE (Health, Safety and Environment)*.

Actions and resources related to water and marine resources

[E3-2]

Industrial water use in ALTEO Group power plants

The power plants included in ALTEO Group's portfolio primarily use industrial water, and the largest water user of the Group is Tisza-WTP Water Treatment Plant, which produces the desalinated water necessary for MOL Petrochemicals and the TVK Power Plant. The water treatment plant used more than 3.6 million cubic meters of industrial water in 2024. The water treatment plant takes water from the River Tisza and recirculating water condensate from various areas of use at MOL Petrochemicals as the starting point and uses a process equipment involving an ultrafiltration apparatus, reverse osmosis and a mixed bed ion exchange method to produce desalinated water. Subsurface water consumption occurs only in Győr and Sopron.

Water use in heating power plants

In addition to industrial water consumption, our heating power plants typically use water to replace water circulating in district heating systems and to serve the heating needs of Heineken in Sopron. In this case, a targeted investment has led to a reduction in the amount of water used. The amount of supplementary water greatly depends on the state of repair an urban district heating system is in. ALTEO Group has no direct insight nor any opportunity for intervention in that regard. In order to comply with contractual terms, i.e. to deliver district heating services, we always have to adapt to actual demand.

Tap water and recycled water use

We use piped drinking water to meet the social needs of the power plants and sites. In addition, we attach particular importance to the demonstration of the quantity of recycled water and the effectiveness of tasks related to wastewater management. At the Tisza-WTP Water Treatment Plant and in Sopron, we use water recycling, whereby we purify and desalinate condensate water from other industrial companies and recycle it, thus reducing fresh water consumption. The volume and quality of the discharged wastewater (pH, conductivity, temperature) are continuously monitored according to our self-monitoring plan, and the most important water chemistry properties (chemical and biological oxygen demand, pH, conductivity, total phosphorus, nitrogen and total dissolved solids) are measured quarterly through accredited laboratory testing. Wastewater generated is always discharged into the municipal sewer network at the sites.

Water saving measures

The fact that the waste processing technologies used during the operation of FE-GROUP require no water as the water-cooled systems have been replaced by air-cooled ones, and also that the PET chips washing plant was closed down, can be considered measures implemented to avoid water use. If our waste management operation were to require water consumption and emission in the future, we shall monitor and document water consumption and water quality on a daily basis, as before, during the operation of the facility concerned.

Actions related to the reclaiming and reuse of water

The development of Heineken's condensate water system has increased the volume of water recycled from our power plant by approximately 2,800 m^3 per year. As a result of our investment, the water plant on our site was renewed in 2022. In the course of the development, we installed a filter on the well water pipeline, which significantly reduced the amount of water used for washing and de-sludging. As a result of the upgrade of our reverse osmosis water treatment system, we are able to produce water with lower conductivity, reducing the regeneration of the desalination system from 3-4 times a year to an average of 2 times a year, which has significantly decreased the chemical demand of the system in addition to the use of raw water.

Stakeholder involvement was not required for actions and resources related to water policies.

Targets related to water and marine resources

[E3-3]

ALTEO Group has no activities in areas exposed to water-related risks. The organization does not take ecological thresholds into consideration. The targets of the organization are voluntary commitments.

The water-related target of ALTEO Group was to carry out a water-related risk analysis, which has been completed by 2024. Water will also be considered an environmental element and a material topic in the development of the Group's ESG strategy for 2025.

Water consumption

[E3-4]

The water use of the power plants owned by ALTEO Group has been reduced slightly in 2024.

The activities of ALTEO Group include water-intensive production methods (hydropower plants, water treatment plants). The associated water consumption is presented below. With regard to the significant impacts, risks and opportunities of ALTEO Group related to water, the fact that the portfolio includes hydropower plants is not negligible contextual information. Power production by hydropower plants may be at risk due to the loss or depletion of water resources. For the data presented, we have indicated whether they are measured, calculated or estimated.

WATER USE (MEASURED QUANTITIES) [m^3]

	2024
Owned Power Plants	111,560
Water treatment site	3,645,236
Office	742

Maintenace Sites	158
FE-GROUP	290
Operated Power Plants	2,554,203

WATER RECYCLED AND REUSED (MEASURED QUANTITIES) [m³]

	2024
Sopron	23,729
Tisza-WTP Water treatment plant	692,483
Total	**716,212**

The volume of water recycled and reused by ALTEO Group was 716,212 m³. Recycled water technology is only used at our Sopron power plant and the Tisza-WTP Water Treatment Plant. The change in the amount of water stored is not a material water-related impact for ALTEO Group. ALTEO Group has no activities in areas exposed to water-related risks.

In 2024, the water intensity ratio of ALTEO Group was 0.0068 1,000 m³/mHUF, which shows how many 1,000 m³ of water the Company used for every million HUF (mHUF) of revenue generated.

2.5 Biodiversity and ecosystems

Description of the processes to identify and assess material pollution-related impacts, risks, dependencies and opportunities related to biodiversity and ecosystems

[E4 IRO-1]

Information on the disclosure requirement is presented in detail in Chapter IRO-1, under disclosure E4 IRO-1.

Transition plan and consideration of biodiversity and ecosystems in strategy and business model

[E4-1]

The protection of biodiversity and ecosystems is a key element of ALTEO Group's strategy, as our energy production services are closely linked to climate change and the change in environmental factors. We are aware that our activities can have a significant impact on the environment, so our aim is to minimize these impacts while promoting the transition to green energy.

We have identified environmental impacts both across the value chain and in our own operations.

Our Company is actively working on a comprehensive strategy that focuses on the long-term sustainability of biodiversity and ecosystems. Although a detailed robustness analysis is still underway, we have already identified the risks and opportunities that could affect biodiversity and ecosystems as a result of our activities. Based on these analyses, we will be refining our strategy to be in line with local, national and global public policy objectives.

Our energy production activities are highly dependent on natural resources. The operation of our wind turbines and solar power plants is highly dependent on the temporal and spatial changes of wind and solar radiation, while in the case of our natural gas-based power plants, sustainable extraction and availability of resources is critical. The flow of water from freshwater sources, precipitation and natural sources is a key ecological service for the operation of our hydropower plants.

Our aim is to reduce our environmental footprint, increase the share of our power plants using renewable energy sources and promote the transition to green energy. The steps of our strategy and our results to date are described in detail in Section E4-3.

Protecting biodiversity and ecosystems is of strategic importance for us, as it helps us to reduce our exposure to various environmental risks and to contribute to achieving the global sustainability goals.

Policies related to biodiversity and ecosystems

[E4-2]

The development of our corporate policy on biodiversity and ecosystems was not possible in the past, but is currently underway and is expected to be completed and published in 2025.

Targets related to biodiversity and ecosystems

[E4-4]

Our priority is to further strengthen and expand our sustainability measures in the future. We place great emphasis on ensuring that our production processes respect biodiversity and adhere to the principles of sustainability. We are looking for new opportunities to further reduce environmental loads, whether it's the impact of power plants on habitat conditions, the impact of wind farms on birds and bats, or ethical ways of sourcing raw materials. We are also constantly developing and refining our technology to enable us and our partners to produce more efficiently and in more environmentally-friendly fashion. Our aim is to ensure that all our activities serve long-term sustainability, allowing us to contribute to the preservation of natural resources.

Biodiversity targets are set during the development of the biodiversity strategy.

Impact metrics related to biodiversity and ecosystems change

[E4-5]

Our activities do not have a major direct negative impact on the state of species. Of all the power plants owned or operated by ALTEO Group, only the Gibárt Hydropower Plant is located in a Natura 2000 Special Area of Conservation and Special Protection Area classified under the Birds Directive, which is also considered an ecological corridor. None of our other sites are located in or directly border protected areas or areas of high biodiversity value. We ensure that the operation of the Gibárt Hydropower Plant does not have a significant impact on the conservation status of species and habitats in the area by complying with the requirements and conservation measures set out in the power plant permit.

2.6 Resource use and circular economy

[E5 IRO-1]

Information on the disclosure requirement is presented in detail in Chapter IRO-1, under disclosure E5 IRO-1.

[E5-5]

The waste management and circular economy strategy, and the associated policies and targets, actions and resources, required by the ESRS reporting standards have not yet been finalized. Nevertheless, the development of these areas is a priority for the Company, and we are committed to developing the appropriate strategy and targets in the near future.

VOLUME OF WASTE GENERATED BY ALTEO GROUP ACTIVITIES [t]

	2024
ALTEO	2,437
FE-GROUP	7
Total	2,444

Waste management activities for FE-GROUP

[FEGR-1] FE-GROUP's waste management activities have a number of impacts. Activities promoting the circular economy include the collection and processing of electric and electronic waste, as well as the appropriate pre-treatment of packaging waste (paper, plastic, wood, metal, glass) and their transformation into secondary raw materials. Furthermore, the collection and environmentally friendly pre-treatment of hazardous wastes also has a positive impact on the environment.

However, negative impacts may also arise, such as the possibility of pollution during the transport and storage of wastes since the possibility of environmental pollution arises during transport and storage involved in waste management. Those negative impacts relate primarily to the processes of transport, storage, material handling and processing.

On the whole, the waste management activities of FE-GROUP have a positive effect by facilitating the greatest possible ratio of collection of waste and its preparation for recovery while also reckoning with, and striving to minimize, negative impacts. Those effects are directly related to the waste managed or generated by the Company during its operations.

In order to minimize negative effects, we collect all oily/acidic liquid wastes (hazardous waste) in salvage structures, removed annually. Measures regarding the management of liquid waste include their removal as required, but at least annually.

HAZARDOUS WASTE GENERATED BY THE OPERATIONS OF FE-GROUP [t]

	2024
Recycling	-
Reuse	-
Incineration	-
Landfilling	0
Other	0

NON-HAZARDOUS WASTE GENERATED BY THE OPERATIONS OF FE-GROUP [t]

	2024
Recycling	7
Reuse	-
Incineration	-
Landfilling	-
Other	-

Waste management within ALTEO Group, not including FE-GROUP

[ALTEO-1]

The activities of ALTEO Group typically generate various types of non-hazardous industrial and municipal solid waste, municipal wastewater, waste from construction and demolition works and hazardous waste. The company is committed to minimizing its environmental impact, and as such reducing waste is a priority. Our approach to waste management is also based on our Integrated Management Policy and the requirements set out in the operating and environmental permits for the various facilities. For more information, see Chapter 4.1 *Integrated Management System* and *HSE (Health, Safety and Environment)*.

We strictly comply with legislation on the handling and storage of waste on our sites. All waste is stored in separate collection points according to type and characteristics. We keep track of the quantities of waste generated, collected and disposed of, and regularly monitor the data thereon. We keep detailed records of the waste we dispose of, including delivery notes for hazardous waste and invoices for non-hazardous waste. Oil and liquid fuel waste is the largest waste stream, but there are also significant amounts of absorbents, spill control agents and filters. Waste containing batteries, accumulators and PCBs is minimal or non-existent. The quantities of hazardous and non-hazardous waste are recorded in the official waste declarations on the basis of the delivery notes.

[E5-2] [E5-3]

As set out in our sustainability ambitions, waste reduction is one of our priorities. In relation to this goal, we have highlighted the development of paperless office processes and increasing the recycling rate of operational waste. We agree to develop a waste management and circular economy strategy and related policies in line with the development of the business. The resulting company guidelines contribute to a strategic approach to circular economy.

In 2024, most of the hazardous waste generated by the operations of ALTEO Group were re-used, while the next most used treatment method was incineration. We aim to increase the recycling rate of operational waste to over 50% by 2030. Most hazardous waste is disposed of through trade, collection and pre-treatment.

HAZARDOUS WASTE GENERATED BY THE OPERATIONS OF ALTEO GROUP [t], NOT INCLUDING FE-GROUP

	2024
Recycling	11
Reuse	46
Incineration	24
Landfilling	11
Other	8

For non-hazardous waste emitted by ALTEO Group, landfilling continued to be the primary disposal option in 2024.

NON-HAZARDOUS WASTE GENERATED BY THE OPERATIONS OF ALTEO GROUP [t], NOT INCLUDING FE-GROUP

	2024
Recycling	-
Incineration	1
Landfilling	2,336
Other	-

3 SOCIETY

3.1 Own workforce

Policies related to own workforce

[S1-1]

ALTEO Group is committed to comprehensively addressing the material impacts, risks and opportunities concerning its employees. ISO 45001, the Occupational Health and Safety Management System (OHSMS) and the Code of Ethics also apply to our employees. The prohibition of discrimination and the promotion of diversity are among the main values of ALTEO Group. ALTEO Group's internal policies prescribe respect for the human rights of its own workforce, cooperation with its workforce, and measures to ensure and enable the correction of human rights impacts. In addition to statutory requirements, these internal policies are also in line with external guidelines, such as the BSE Corporate Governance Recommendations, the International Human Rights Code, the European Convention on Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact. However, it is important to specify the topics that are not covered by our internal policies. These include topics related to human trafficking, forced labor and child labor, or the admission of own workers at risk of vulnerability. This is because these factors do not pose a significant risk in the Company's current area of operations. For more information, see Chapter 4.1 *Integrated Management System* and *HSE (Health, Safety and Environment)*.

Code of Ethics

To ensure compliance, we maintain a Code of Ethics that defines ALTEO Group's key ethical principles and guidelines, prescribes compliance with the law and ethical business operation. Our suppliers, subcontractors, contracted, sponsored and supported partners and other stakeholders are also expected to act in accordance with the Code of Ethics in the course of their activities. The implementation of the guidelines is monitored by ALTEO Group's Compliance Department, which regularly reports its observations to the dedicated Supervisory Board. The Director of Ethics, Compliance and Control is responsible for ensuring compliance with the guidelines set out in the Code. They put forward their proposals to the Compliance Committee and the CEO for approval. Our ethics management system is reviewed by an independent third party every three years. The expectations and interests of internal and external stakeholders are taken into account in the development of the Code of Ethics. The latest version of the Code of Ethics is available on the Intranet and the company website.

Occupational accident prevention and management system

Our Group has made the health and safety of employees a priority area, and has its own initiatives and objectives in place in addition to legal compliance. In 2020, we transitioned to the ISO 45001 Occupational Health and Safety Management System (OHSMS), which applies to everyone working for ALTEO Nyrt., including external contractors working on the sites (581 people in total).

Communication and method of implementation of the guidelines

ALTEO Group employees are regularly informed through internal communication channels. The various open door policies, staff meetings and forums, site visits, internal mailing system, Intranet and online ALTEO Academy ensure a free flow of information. We take particular care to ensure that information reaches employees in a timely and appropriate form, so that they are informed of all changes in the Company's operations.

Our Intranet platform provides excellent opportunities for effective communication with our colleagues, and it facilitates our administrative processes: in addition to keeping our staff informed of major events inside and outside the Company, it also allows for the management of HR documentation, and assists our colleagues in the field in monitoring statuses.

If there is any suspicion of non-compliant activity or abuse (incident), it can be reported through the whistleblowing channel which has been in place since 2016. This service is also available to employees and business partners, through an online reporting system, via email or by telephone, if there is a suspicion of abuse that breaches the Code of Ethics. The implementation of and compliance with these guidelines is monitored by our Compliance Department and reported to the Supervisory Board. ALTEO Group's Director of Ethics, Compliance and Control is responsible for the whole process.

Remuneration Policy

The adopted remuneration policies aim to establish a system that is in line with ALTEO Group's business and HR strategy, supports the Company's performance and enhances shareholder value. These policies offer a long-term incentive program for employees and senior managers, taking into account the long-term interests and corporate values of the Group.

The Remuneration Policy applies to all Directors who are members of ALTEO Group's Board of Directors and Supervisory Board pursuant to Section 2(2) of Act LXVII of 2019, as well as to senior officers holding the positions of CEO and Deputy CEO who are not members of the aforementioned bodies.

The draft policy is prepared by the Board of Directors and submitted to the General Meeting for approval. It is reviewed at least every three years and amendments are proposed as necessary. If the General Meeting rejects the proposed amendments, the revised version of the Renumeration Policy is submitted to the General Meeting for approval. The CEO is responsible for implementation and for regularly reporting to the Board of Directors. The Company publishes the remuneration of Directors and the report on the implementation of the policy annually. The policy must be applied subject to the provisions of the Labor Code and the Accounting Act. When drawing up and reviewing the policy, the views and votes of shareholders and the role of the General Meeting, the Board of Directors and the Supervisory Board are taken into consideration. Following the resolution of the General Meeting, the Company makes the Remuneration Report publicly available on its website at least for a period of ten years. ALTEO Group's remuneration policy ensures a transparent and fair remuneration system that contributes to the achievement of the Company's long-term objectives and to the enhancement of shareholder value.

HR Policy

Topics related to the HR policy provide an idea of the state of the Group's internal communication, the appropriate way of sharing information, and the emphasis the Company places on raising awareness and operating in a transparent and regulated manner.

The HR Policy applies to ALTEO Group (with the exception of FE-GROUP), and the HR organization is responsible for compliance therewith. Our HR function operates in accordance with the provisions of ALTEO Group's HR Policy in the areas of the settlement of benefits, selection and training. The Performance Assessment Bonus Scheme (PBS) and the Short-Term Incentive Scheme serve as the pillars of performance assessment.

The interests of our employees are taken into consideration. The HR Policy is one of the internal management documents of ALTEO Group and is accessible by all employees.

Processes for engaging with own employees and employee representatives about impacts

[S1-2]

ALTEO Group, not including FE-GROUP places great emphasis on close cooperation with its employees and their representatives, particularly in the area of improving health and safety at work. The Company applies the Occupational Health and Safety Management System (OHSMS) based on the requirements of the ISO 45001:2018 standard. We receive feedback from out staff through the Sustainability and HSE Culture surveys conducted every two years, and that also plays a key role in the development processes. The results are collected on a standardized interface and are evaluated subsequently. These surveys are administered in a completely anonymous manner and, as ALTEO Group operates in Hungary, there are no language or geographical barriers.

Other tools for creating a safe working environment include both near-miss accident reporting schemes and regular safety trainings. Our Intranet platform provides an efficient communication channel and helps employees receive regular, up-to-date information on changes and developments within the Company.

Formal representation of employees is provided by the Works Council which is regularly consulted by Strategic HR, the Deputy CEO for Communications and the Group CEO. Formal meetings are held twice a year and other informal meetings in between, up to several times a year. Our Group consults with employee representatives on all major decisions affecting our employees. In addition, a meeting between senior management and local employees, including a Q&A session, is also organized at least twice a year at our headquarters and at non-Budapest locations. Our employees also have the opportunity to complete a satisfaction survey every two years, which provides us with direct written feedback on a number of topics. The results of this feedback can be used for real action planning and for making changes. If an employee's contract is terminated, an exit interview is also conducted, where our employees can give feedback and share their thoughts, and their comments are fed back into our decision-making system. Apart from these measures or collaborations, ALTEO Group has no formal agreement with any employee representation body.

The events and activities organized by ALTEO Group are organized in the spirit of environmental awareness, always striving for carbon neutrality. To this end, we carry out calculations where, after quantifying the impacts, we promote countervailing actions to offset those impacts. In addition, our Group also emphasizes the importance of reducing carbon emissions in its communications, encouraging employees to take the appropriate preventive actions.

ALTEO Group has not yet established processes for engaging with employees to manage the impacts of the transition to greener and climate-neutral operations. However, in the future it will seek to expand employee initiatives in this area as well. We work with them to set individual development goals and organize individual trainings or group workshops to help them to develop their careers and improve their professional skills.

With gender equality and the importance of social justice in mind, ALTEO Group has a Female Managers' Club initiative in place that provides a platform for female managers to share their experience with others and support each other.

Processes to remediate negative impacts and channels for own employees to raise concerns

[S1-3]

ALTEO Group aims to identify and analyze the causes of all arising problems as efficiently as possible, and then to find solutions to prevent their future occurrence. To this end, we have various procedures in place to ensure corrective actions, including the operation of a whistleblowing line where suspected breaches of the Code of Ethics or misconduct are investigated under internal rules of procedure, while guaranteeing the protection of whistleblowers. This service has been operational since 2016 and is available to all employees and business partners. Suspicions of ethical misconduct can be reported online, via email or by phone.

In 2024, we received 8 reports of suspected ethics misconduct and 6 reports of suspected abuse: in 3 cases no investigation was opened and 11 cases were investigated and corrective actions were taken. Our Group investigates all reports in line with our internal rules of procedure. We have introduced a Compliance adjustment in the performance assessment system to ensure that ethical standards are met. In 2023, ALTEO Group launched the Speak Up! program, which encourages employees to ask questions, give feedback or express concerns on specific issues without fear of negative consequences. We feel it to be of the utmost importance that whistleblowers are not retaliated against or discriminated, even if no unlawful conduct or infringement is identified after their whistleblowing.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

[S1-4]

ALTEO Group ensures equal treatment and equal conditions for all employees. Equal opportunities are an integral part of our corporate culture and are embedded in all our processes. Our Company has a strong Compliance function to ensure transparent, ethical and morally-compliant processes that support employees. To this end, we have a Compliance Committee, a Green Committee and a whistleblowing system in place.

We provide specific answers to all formal or informal inquiries that concern our employees, and these answers are tailored to the nature of the issue. After analyzing a detected anomaly, process-level or systemic changes are introduced and positive change can always be measured.

Risk management and accident prevention, not including FE-Group

ALTEO Group aims to identify risks accurately and minimize them so that the likelihood and severity of accidents can be reduced. To this end, we have put in place a number of measures in accordance with our Occupational Health and Safety Policy; training and information provided to managers ensures compliance with the instruction that they must immediately stop work if they detect a dangerous situation. In addition, hazardous situations or unsafe events and conditions are reported by employees as near-miss accidents and, if necessary, they also notify their direct superiors.

ALTEO Group's management is committed to minimizing the number of work accidents, and thus, in addition to keeping the number of serious/fatal work accidents at zero, this is also one of the objectives of the management. The opinion of employees is also important for our Group, and we conduct a Sustainability and HSE Culture Assessment every 2 years, involving our staff in the development process. This ensures the effectiveness of our measures and the improvement of our tools, processes and requirements.

The safety and wellbeing of our employees is of paramount importance to us. We constantly monitor accident and fatality statistics, which remain close to zero at all our sites. We place strong emphasis on training our staff in both mandatory and skill-building topics. We also pay particular attention to the quality of the office environment, like by creating social spaces .

Occupational health and safety

We monitor all our processes and listen to employee feedback using the "Plan, Do, Check, Act" (PDCA) cycle. In addition, we strive to maintain a balanced workflow, so depending on the job type, we also offer the possibility to work from home. We pay particular attention to the quality standards of our office buildings, which was also an important factor when we selected our new office building.

In relation to the Occupational Accident Prevention and Management System and the ISO 45001-compliant Occupational Health and Safety Management System (OHSMS), as part of our e-learning program launched on our Intranet in 2021, we train subcontractors working at our sites in key health and safety issues in Hungarian and English. In addition, for sites and projects, as a prerequisite of the work permit the HSE supervisor examination has to be passed. Thanks to these measures, our Group reached a milestone in 2023, by which time ALTEO Group had not had any work accidents resulting in working days lost for 4 years.

Targets related to managing material negative impacts, facilitating positive impacts, and managing material risks and opportunities

[S1-5]

Our employees perform physical work involving high safety risks, which is why protecting the health and safety of employees is a priority for ALTEO Group. As part of the Integrated Management Policy (IMS), our objective is to minimize the number of work accidents, to prevent fires and environmental pollution. To this end, we regularly review occupational risks and, where necessary, take measures to reduce them. Risk assessment and exposure assessment are carried out with the involvement of occupational safety and health specialists. All employees of the ALTEO Group (not including FE-Group) have an annual health check and are covered by Company Care health insurance.

Our Group sets targets and establishes programs, based on risk assessments, experience and analysis of work accidents, and monitor them through the IMS. Health and safety is managed as part of the IMS under the management of the Director of Sustainability and HSE, and the Site Manager at each site is responsible for ensuring appropriate working conditions.

Our key related targets are to maintain the lost time injuries per one million hours worked (LTIF) at zero and to achieve 0 LTIF for non-employees by 2025. Occupational health and safety is also a central theme in the development of our ESG strategy from 2025, and the following objectives will be defined therein.

To track performance against targets, the quality of the health service is continuously monitored, taking feedback from our staff into account. We monitor our results through regular walk-throughs and inspections. We organize several walkthroughs per year at each site, which also include multiple walkthroughs by senior management, one inspection involving the HSE area and two internal audits. Compliance with procedures and policies is also reviewed by external audits and regulatory inspections.

To identify lessons learned and improvements from performance against the targets, we prepare a report at the end of each year as part of the performance assessment process, identifying areas to improve, and then develop actions through an action planning process, which are put into practice during the year.

Workplace risk assessment and the definition of exposures is performed by qualified health and safety officers. The results of the assessment are aligned with the targets, the experience and the analyses of work accidents to get a comprehensive picture. We use the requirements of the ISO 45001:2018 standard to set targets and we use the “Plan, Do, Check, Act” (PDCA) cycle to ensure continuous development.

[MDR-T 81] In respect of employees, beyond the topics of health and safety, no other targets have been set concerning material risks, opportunities or impacts.

Characteristics of ALTEO Group employees

In order to comply with the ESRS reporting standard, the data tables in Chapter 12 present ALTEO Group with a view to social sustainability. Instead of using the term “site” under the ESRS standard, for the sake of clarity, we present the Group by “operation sites”, which shows the Group broken down into ALTEO and FE-GROUP. “ALTEO” is the part of ALTEO Group that includes the ALTEO Group, not including FE-GROUP, along with its subsidiaries and parent companies. FE-GROUP refers to the waste management company that has joined the Group in 2023. The separation was necessary because ALTEO Group’s power plants have only a small number of permanent employees, while the majority are administratively attached to the central headquarters. This breakdown ensures that the data points in the report meet the requirements of the standard and provide a realistic picture of the Company’s performance.

ESRS sustainability questions in the form of yes-no statements	
Stakeholders were involved in setting the targets.	yes
Own workforce or employee representatives are directly involved in monitoring the achievement of the targets.	yes
Own workforce or employee representatives are directly involved in identifying lessons learned or opportunities for development based on the Company’s performance.	yes

[S1-6]

At the end of 2024, the Group had 120 female and 393 male staff members, i.e. a total of 513 employees. The share of female workers is 23%.

The number of employees is only shown for Hungary, as the Group’s activities are limited to Hungary. All the operation sites are located in Hungary.

Number of employees [persons][23]

	2024
Total	513
ALTEO	409
FE-GROUP	104
Men	393
ALTEO	314
FE-GROUP	79
Women	120
ALTEO	95
FE-GROUP	25

In 2024, ALTEO Group employed only permanent contract staff, with zero temporary staff and zero on-call staff.

NUMBER OF EMPLOYEES PER OPERATION SITE BY TYPE OF WORKING TIME (FULL-TIME EMPLOYEES) [PEOPLE]

	2024
Total	502
ALTEO	399
FE-GROUP	103
Men	389
ALTEO	311
FE-GROUP	78
Women	113
ALTEO	88
FE-GROUP	25

NUMBER OF EMPLOYEES PER OPERATION SITE BY TYPE OF WORKING TIME (PART-TIME EMPLOYEES) [PEOPLE]

	2024
Total	11
ALTEO	10
FE-GROUP	1
Men	4
ALTEO	3
FE-GROUP	1
Women	7
ALTEO	7
FE-GROUP	0

[23] The number of employees and the number of permanent employees by contract type (S1-6 50b) are the same, thus we have included only one table.

STAFF TURNOVER

	2024
Total number of employees [person]	513
ALTEO	409
FE-GROUP	104
Number of employees leaving [people]	96
ALTEO	39
FE-GROUP	57
Staff turnover (ALTEO Group) [%]	19%
ALTEO	10%
FE-GROUP	55%

For the calculation of staff turnover, we used the total number of employees leaving as a percentage of the total number of employees. The data has been compiled using our internal human resources database and is presented as at the end of the year. The figures presented are the headcount figures as at the end of the reporting period.

ESRS sustainability questions in the form of yes-no statements	
The number of employees was reported using a different methodology.	no

Characteristics of non-employee workers within the undertaking's own workforce

[S1-7]

In 2024, ALTEO Group employed 112 people under agency agreements. The two people at ALTEO Nyrt. were responsible for lifting equipment administration and technical support related to renewable energy production technologies and energy storage. The 110 non-employee workers at FE-GROUP are the temporary blue-collar workforce hired to carry out the operational activity.

There is no significant seasonality in the data.

NUMBER OF NON-EMPLOYEE WORKERS [PEOPLE]

	2024
Total	112
ALTEO	2
FE-GROUP	110

The data was compiled using our internal human resources database.

Collective bargaining coverage and social dialogue

[S1-8]

At FE-GROUP, the number of employees subject to collective bargaining agreements or social dialogue was zero, but since ALTEO Nyrt. has a Work Council it had 409 employees under social dialogue. The breakdown by countries is not relevant, as our Group operates only in Hungary.

ALTEO Group does not have any collective bargaining agreements in place and, therefore, no employees are subject to them. Working conditions are always determined in compliance with the applicable laws and, in the case of ALTEO, social dialogue is also conducted on other issues through consultations with the Works Council.

The total number of subcontractors employed by ALTEO Group was 581 subcontractors at 283 companies.

As in previous years, the number of subcontractors subject to collective bargaining agreements or social dialogue at ALTEO Group was zero in 2024.

NUMBER OF EMPLOYEES SUBJECT TO A COLLECTIVE BARGAINING AGREEMENT /SOCIAL DIALOGUE PER OPERATION SITE

	2024
Number of employees subject to a collective bargaining agreement /social dialogue [people]	409
ALTEO	409
FE-GROUP	0
Ratio (%)	80%
ALTEO	100%
FE-GROUP	0%

At present, ALTEO Group does not have an employee agreement in place that would allow employees to be represented by the European Works Council (EWC), the Societas Europaea (SE) Works Council or the Societas Cooperativa Europaea (SCE) Works Council.

Adequate wages

[S1-10]

All employees of ALTEO Group receive at least the minimum wage and the guaranteed minimum wage as defined by the applicable laws.

Social protection

[S1-11]

Employees of our Group can also benefit from a range of benefits affording them social protection, and all employees are entitled to these benefits, irrespective of their type of employment. The breakdown by countries is not relevant because we have sites only in Hungary

Loss of income due to illness

When an employee is on sick leave, the employer pays the sick benefit for the first 15 days of illness, and this sick benefit equals to 70% of the employee's salary. Employees who are incapable of working for a period longer than the 15 days, are entitled to sick pay provided by the State. This amount is a pre-defined percentage of the employee's income, financed by social security system.

In case of loss of income due to unemployment

Employees who become unemployed receive a job-seeker's benefit which is 60% of their previous earnings, up to a maximum of 100% of the minimum wage. The benefit is available for a maximum of 90 days.

In case of loss of income due to work-related injury and work-related disability

In the event of a workplace accident or occupational illness, the employee is entitled to accident pay of 100% of their earnings. If the injury or disability is permanent, a rehabilitation allowance may be payable, the amount of which varies depending on the remaining capacity for work.

In case of loss of income due to parental leave

- Baby-care allowance (CSED): Payable for 168 days after the birth of the child, and it equals to 70% of the mother's salary.
- Child-care benefit (GYED): Payable after CSED, until the child is 2 years old, once the employee is not eligible to CSED anymore, and it equals to 70% of the mother's salary, capped at 70% of twice the minimum wage.
- Child-care allowance (GYES): Payable after GYED, by subjective right until the child is 3 years old, once the employee is not eligible to GYED anymore and it is a fixed-amount benefit.

In case of loss of income due to retirement

The employee receives an old-age pension under the social security scheme, and in certain cases may also receive pension supplements, such as a widow's/widower's pension or early retirement benefit.

Health and safety metrics

[S1-14]

At ALTEO Group, we pay great attention to the principle of "Safety 1st", i.e. the importance of safe work and that of health protection. Our results reflect our long-standing commitment and development: We had no serious work-related accidents in 2024 either. This is particularly noteworthy as our staff is engaged in physical work that can pose a high safety risk.

Our goal is to prevent work accidents and provide preventive health services. We set annual targets and programs, based on risk assessments, experience and analysis of work-related accidents, and monitor these through the IMS. Results are monitored during walkthroughs and inspections.

We organize several walkthroughs per year at each site, which include multiple walkthroughs by senior management, one inspection involving the HSE area and two internal audits.

As part of our Integrated Management Policy (IMS), minimizing work accidents and preventing fires and environmental pollution are key objectives. Health and safety is managed as part of the IMS under the direction of the Director of Sustainability and HSE, and the Site Manager at each site is responsible for ensuring that working conditions are appropriate for health and safety.

The effectiveness of ALTEO Group's occupational safety and health preventive measures, as well as the preparedness and attention of our staff, is demonstrated by the fact that in 2024 there were no fatal work accidents involving either ALTEO Group employees or staff working at our sites or on our behalf.

In the year of the report, 80% of all ALTEO Group employees (513) were covered by a health and safety management system.

There is currently no health and safety management system available for FE-Group. As a result, none of the Company's 104 employees benefit from such a system.

PERSONS COVERED BY THE COMPANY'S HEALTH AND SAFETY MANAGEMENT SYSTEM

	2024
Total [persons]	513
ALTEO	409
FE-GROUP	0
Ratio [%]	80%
ALTEO	100%
FE-GROUP	0%

The number of ALTEO's non-employee workers was 2 in the year of the report, both of them were covered by the health and safety management system, thus their ratio is 100%. In the case of FE-Group, the number of non-employee workers was 110, with none covered by such a system.

In the year of the report, 2% (112 persons) of all of non-employee workers at ALTEO Group were covered by a health and safety management system.

NON-EMPLOYEES COVERED BY A HEALTH AND SAFETY MANAGEMENT SYSTEM

	2024
Total [persons]	2
ALTEO	2
FE-GROUP	0
Ratio [%]	2%
ALTEO	100%
FE-GROUP	0%

The Occupational Health and Safety Management System (OHSMS) in place at ALTEO Group covers all ALTEO Nyrt. employees, including own employees and external contractors working at sites (409 persons in total). In 2020, ALTEO Nyrt. migrated to the ISO 45001 occupational health and safety management system.

In 2024, the number of recordable work-related accidents was zero at ALTEO and 8 at FE-GROUP involving employed workers. This represents an improvement for both operation sites compared to the previous year, when 1 case was recorded for ALTEO Nyrt. and 9 for FE-GROUP. For non-employees, there were a total of 5 recordable work-related accidents, all of which occurred during work carried out at FE-GROUP. Relative to the total number of hours worked, this rate was 0.001%.

As before, ALTEO Group continues to be committed to the safety of its employees.

NUMBER AND RATE OF RECORDABLE WORK-RELATED ACCIDENTS

Employed workers	2024
Total [persons]	8
ALTEO	0
FE-GROUP	8
Total hours worked [hours]	850,249
ALTEO	682,574
FE-GROUP	167,676
Ratio [%]	0.001%
ALTEO	0.0000%
FE-GROUP	0.0048%

At ALTEO Group, we regularly review the risks of occupational diseases and take measures to mitigate these where necessary. All employees have an annual health check-up. The quality of service is constantly monitored and feedback from our staff is taken into account. The results are positive: no occupational illnesses have been reported in the past 6 years, which shows the effectiveness and efficiency of the measures.

NUMBER OF CASES OF RECORDABLE WORK-RELATED ILL HEALTH

	2024
Total	0
ALTEO	0
FE-GROUP	0

At our Group, the total number of days our employees lost due to work-related illnesses or injuries resulting from work-related accidents and death resulting from illnesses was 549 days.

The number of fatalities due to work-related injuries and illnesses among own workforce was 0.

The number of fatalities due to work-related injuries and illnesses of other workers at Company sites was 0.

DAYS LOST

	2024
Total number of days lost [days]	549
ALTEO	0
FE-GROUP	549

Work-life balance metrics

[S1-15]

At ALTEO Group, eligibility for family-related leave is determined subject to the laws of Hungary.

In 2024, 6% of employees were entitled to take family-related leave.

The ratio of employees entitled to take family-related leave was 42% for men and 71% for women.

PERCENTAGE OF EMPLOYEES ENTITLED TO TAKE FAMILY-RELATED LEAVE [%]

	2024
Ratio (%)	6.0%
ALTEO	7.6%
FE-GROUP	0.0%

PERCENTAGE OF ENTITLED EMPLOYEES WHO TOOK FAMILY-RELATED LEAVE [%]

	2024
Ratio	48.4%
ALTEO	48.4%
FE-GROUP	0%
Men	41.7%
ALTEO	41.7%
FE-GROUP	0%
Women	71.4%
ALTEO	71.4%
FE-GROUP	0%

Incidents, complaints and severe human rights impacts

[S1-17]

As in previous years, there were no reports of events at ALTEO Group that would qualify as discrimination. The number of complaints, cases of discrimination, severe human rights incidents involving own workforce was 0.

In light of this, there were no fines, penalties or compensation imposed.

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS	2024
Number of complaints submitted	
Total	0
ALTEO	0
FE-GROUP	0

The number of incidents, complaints and severe human rights incidents are recorded and managed by the Ethics, Compliance and Control Department. The related data report has been produced on the basis of the internal database.

ESRS sustainability questions in the form of yes-no statements	BP-1
There have been no severe human rights incidents involving own workforce.	no

4 CORPORATE GOVERNANCE

4.1 Business conduct

Presentation of processes to identify and assess material impacts, risks and opportunities

[G1 IRO-1]

Information on the disclosure requirement is presented in Chapter IRO-1.

Corporate culture and business conduct policies, and corporate culture

[G1-1] ALTEO Group's corporate culture is deeply rooted in the Code of Ethics, which is described in detail in Chapter S1. The management conducts regular discussions on the aspects of corporate culture, with particular attention to ethical standards, the quality of the working environment, employee rights and sustainability. These issues are regularly communicated to internal and external partners to ensure that these issues become an integral part of the corporate culture. As far as ethics and compliance are concerned, the management monitors the Company's operations, in particular as it relates to the Code of Ethics, data protection, information security and workplace safety, and intervenes as necessary. In addition, the management organizes regular trainings and workshops for employees for personal and professional development. Specific incentive measures by the Company to encourage and promote a corporate culture include flexible working hours, the possibility of working from home, an annual training plan and various training opportunities, a humane approach to dismissals, support for former employees, investigation of Code of Ethics incidents and taking necessary action, and the introduction of a whistleblowing line to report misconduct and abuse. Through our Whistleblowing Line, both internal and external stakeholders can report suspected non-compliance or abuse.

Our Group uses its Compliance Management System (CMS) to report unlawful conduct and to identify concerns about conduct that is contrary to the Code of Ethics or internal rules, and detailed information on the policy is provided in Chapter S1. We have also introduced a Compliance adjustment in the performance appraisal system to ensure that ethical standards are met.

Our Company has anti-corruption policies in place in line with the United Nations Convention against Corruption.

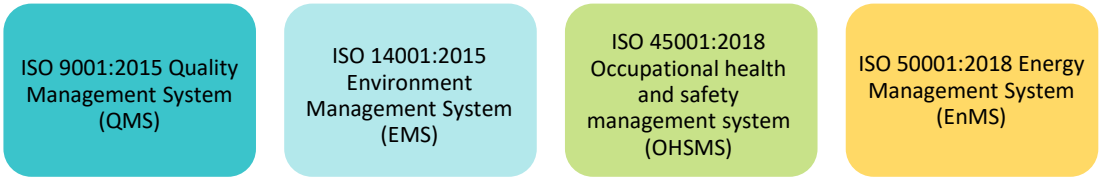
[G1-3] Materials on ethics and business conduct are included in our annual training program in order to ensure that employees are familiar with the Code of Ethics. All employees of ALTEO Group (not including FE-Group) are required to pass a bi-annual mandatory online training and exam, and we have mandatory online ethics trainings and exams for all new hires. The curriculum of the latter covers the chapters of the Code of Ethics step by step in the form of a presentation, and employees take an exam on the Code of Ethics.

However, it is each and every employee is personally responsible for knowing and applying the Code of Ethics that governs the business conduct of ALTEO Group.

Integrated Management System

The Integrated Management Policy is the fundamental document of the system, in which the Company's management commits itself to providing quality services, ensuring safe work environment, energy efficiency, the protection of environment, and sustainability. It applies to all ALTEO Group activities (with the exception of FE-Group), including the entire value chain of the energy industry. ALTEO Group's management is responsible for the implementation of the policy.

The quality of our services is of utmost importance, and we strive to deliver beyond the expectations of our clients. In addition to our primary business interests, we pay great attention to ensuring a healthy and safe working environment while minimizing the environmental impact of our activities. We are committed to adhering to the principles of precaution, responsible thinking, and prevention, and firmly believe in the importance of social responsibility, thus contributing to sustainable development. All of the above is implemented through our Integrated Management System (IMS), which is a system integrating four international standards:



For ISO 45001 and ISO 50001, we successfully adopted the new 2018 standards in 2020. Our certifications are available on our website. The integrated operation of these systems enables the ALTEO Group to operate at the highest international standards at all times. This also

ensures compliance with current legislation and stakeholder expectations. In 2023, we successfully introduced and had certified the ISO 27001:2022 Information Security Management Systems for support processes, whose supervisory audit was successfully completed in 2024.

Sustainable procurement policy

The Sustainable Procurement Policy of the ALTEO Group (not including FE-Group) sets out the environmental, social and economic criteria that the Company applies in its procurements. The policy aims to promote sustainability, uphold fair labor practices and ensure ethical behavior and transparency in the supply chain. The document applies to the entire supplier network of ALTEO Group, including subcontractors and related partners. In this context, the Sustainable Procurement Policy is supervised and implemented by ALTEO Group's Director of Procurement and Facilities Management.

The management of ALTEO Group is responsible for the development and implementation of the policy, which includes the involvement of stakeholders, including suppliers, employees and customers, and taking their needs into account. Regular training and development ensure that everyone is aware of the importance of sustainability. ALTEO Group requires its suppliers to comply with the guidelines of the Code of Ethics, ensure a safe and healthy working environment, promote diversity and inclusion, and minimize their environmental impact.

ALTEO Group is highly committed to sustainability, continuously striving for innovation and the use of best practices. To this end, the Company regularly reviews its policy to ensure that it always reflects the latest regulations and stakeholder expectations.

Measures related to corporate culture and business conduct

Corruption and bribery

[G1-3] [G1-4]

To prepare the Compliance Risk Map, and to eliminate the possibility of corruption, fraud and abuse, the ALTEO Group completes a Compliance RISK questionnaire, and analyzes the findings in November of each year since 2015. The questionnaire shows the extent managers are aware of risks in the areas under review compared with the identified and actual risks of the Group, thus ensuring regulatory compliance and reducing risks from the value chain. In addition to the existing five business areas, we have carried out a risk analysis of three additional business areas (Legal, IT, M&A) in 2024.

In addition, our Group has an anti-corruption program to ensure fair, compliant and transparent business operation. For this reason, based on the Code of Ethics:

- the Company established strict rules on conflict of interest,
- it is prohibited to grant or receive undue benefits,
- small gifts and business invitations can be accepted only on certain conditions,
- activities and positions that are particularly vulnerable to potential bribery are closely monitored to prevent bribery,
- we conduct due diligence checks on our business partners,
- we expect our business partners to know, accept and comply with our Code of Ethics.
- we operate a whistleblowing hotline for reporting corruption and fraud, but reports can also be made via email or over the phone. We also provide whistleblowers with the possibility of anonymity,
- in all cases of suspected corruption or fraud, we conduct an investigation in accordance with our internal rules of procedures.

ALTEO Group focuses the recruitment of new employees which is an HR-related area that is most exposed to the risk of corruption, and therefore receives special attention, as the risk of corruption within the Company can increase in case of conflicts of interest. To remedy this, all new employees are required to sign a conflict of interest declaration as part of the onboarding process, in accordance with our internal rules. The declarations are reviewed and, if necessary, the employee is consulted on the elimination of the conflict of interest or the conditions for authorization. In the event of new contractual relationships, transactions or other forms of value transfer, affected employees must specifically declare that there is no business or personal involvement with respect to the transaction.

When conducting due diligence for business partners, our Group seeks to act with the utmost care, and to verify the reliability of the given businesses, that they actually pursue their activities at their registered office or business sites, have a sufficient number of qualified employees and references, and are capable of performing the services and activities undertaken. We perform audit of business partners in accordance with the Compliance Policy and the Pre-qualification of Suppliers procedure.

Despite the precautions taken, there were two cases of suspected corruption reported in 2024, one resulting in the dismissal of a staff member and one resulting in the termination of a relationship with a business partner.

In 2024, the number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws were 0.

Whistleblowing Hotline

The Company has been operating a whistleblowing hotline since 2016. Both employees and business partners can report suspected Code of Ethics violations in the Company's operations through an online reporting system, via email or by telephone. Reports are always investigated in accordance with our internal rules of procedure. Our Group places particular emphasis on ensuring that whistleblowers do not suffer any form of retaliation or discrimination, even if after a bona fide report no illegal or inappropriate practices are identified.

In accordance with ALTEO Group's Compliance Policy, the Ethics, Compliance and Control Department sends a confirmation to the whistleblower within seven days of receipt of a written report made in the internal whistleblowing system. In the confirmation, the Director of Ethics, Compliance and Control informs the whistleblower about the procedural and data processing rules under the Whistleblower Protection Act. The report must be investigated within thirty days, but this period may be extended in justified cases after informing the whistleblower. Even in such cases, the investigation cannot exceed three months.

The Director of Ethics, Compliance and Control also informs the whistleblower, orally or in writing, of whether or not the report is being investigated, and the reasons for possible non-investigation, the outcome of the investigation and the action taken or planned to be taken. The person concerned by the report is informed in detail about the report and the processing of personal data at the start of the investigation.

To encourage employees at ALTEO Group to speak up, we launched the Speak Up! program in 2023. Speaking up is a workplace culture that encourages employees to feel free to ask questions, give feedback, express concerns about issues without fear of any negative consequences. We consulted with staff about what they would consider important to say and do on this issue. The program for the next 2-3 years has been set up accordingly.

We also ensure that actions violating our Code of Ethics are reported and appropriately investigated. The Compliance Management System (CMS)[24] is designed to ensure compliance with laws, internal rules and the Group's Code of Ethics in respect of the entire Group. The CMS fundamentally provides a supportive, preventive and control function to prevent damage and abuse and minimize risk across the entire operation of the Company. The CMS covers four main areas at the Company: business ethics, security (data protection, information security, asset protection, human risk management), anti-corruption program (fraud and corruption free operation, business partner due diligence, conflict of interest), compliance risk management (legal and internal regulatory compliance, annual compliance risks).

We are committed to operating ethically and transparently, which is why the compliance system at ALTEO Group is of paramount importance in the life of the Company. The Ethics, Compliance and Control Organization reports directly to the CEO. It informs the Company's Compliance Committee and Supervisory Board about its activities and work plan, and any issues identified.

Investigation mechanism

The Ethics, Compliance and Control department of ALTEO Group is responsible for investigating ethical issues brought to its attention and reports received through the whistleblowing line; it also makes recommendations for necessary measures and monitors implementation.

Compliance risk map

To prepare its Compliance Risk Map, ALTEO Group completes a Compliance RISK questionnaire, and analyzes the findings every year. More information on the process is shared in disclosures G1-3 and G1-4 of the report.

The questionnaire covers topics concerning the following five main business areas:

BUSINESS AREA	TOPICS
1 CORPORATE GOVERNANCE	The questions on corporate governance provide answers on how the Company's management manages risks, what tools, internal rules and organizational structures are used to fight corruption, fraud and insider trading. How it protects business information and how much emphasis it attaches to maintaining the Company's reputation in its marketing strategy and in its external and internal communications
2 HR POLICY	Topics related to HR policy provide an idea of the adequacy of the Company's internal communication, the sharing of internal information, and the emphasis the Company places on raising awareness and operating in a transparent and regulated manner.
3 FINANCE – ACCOUNTING	It determines how the Company regulates the payment and reviewing of invoices, and the emphasis it places on ensuring that payments are always made in a controlled, approved and properly documented manner.

[24] For more information, please visit the website: https://alteo.hu/sustainability/responsible-corporate-governance/ethics-compliance-and-control/?lang=en

4 PUBLICITY / PROVISION OF INFORMATION	As regards publicity, risks related to the regularity of cooperation with business partners, the publicity of the conditions imposed by the Company (service related expectations), the appropriateness of the selection process used for contracts, the definition of professional competence criteria, can be assessed.
5 PROCUREMENT	The risk map of the procurement area determines the transparency of the procurement processes, the regularity and controlled nature of the tendering process, and the appropriateness of the pre-qualification criteria used.

Health, safety and environment (HSE)

We put great emphasis on the environmental and safety performance of our sites. Our excellent environmental performance means that we comply with domestic and EU requirements, at the same time as minimizing the environmental impact of the energy we generate. In terms of workplace safety, we achieved outstanding results in the Hungarian energy production sector, with no serious work accidents at our sites. We will continue to focus on continuously enhancing our environmental and safety performance to ensure the basic conditions for sustainable operation.

The core value of the ALTEO Group (not including FE-Group) is safety. Health and safety activities are managed in alignment with the Integrated Management System and sustainability considerations. Site managers are responsible for ensuring safe working environment at their site. We aim to handle HSE-related tasks in a single, systemic approach, to minimize risks, and to implement cost-effective measures, while complying with current laws. The prevention of work accidents, increased exposures and occupational diseases and fires is of crucial importance, and requires close cooperation in the area of occupational health and safety.

Our fundamental goal is to prevent work accidents and provide preventive occupational health services. We have an Occupational Health and Safety Committee set up, which participates in occupational health and safety activities at ALTEO Group, and is involved in the preparation of decisions that may affect the health and safety of employees. This also ensures that employees are involved in the development of the corporate HSE strategy. Special attention is paid to the health and safety of all those working at our sites, and everyone is expected to adhere to our common principles.

ALTEO Group considers HSE requirements as its corporate policy, and the purpose of the requirements is to determine the material and personal HSE conditions of work, prepare a risk assessment, determine the necessary personal protective equipment, prepare and enforce a health and safety plan. These regulations apply to all work carried out by ALTEO Group, with the exception of greenfield work, where the Contractor is responsible for authorizing the work once the work site is handed over to it. In order to comply with the regulations, a valid contract, a Supervisor Certificate and the completion of the E-learning material prepared by ALTEO Nyrt. are required.

The HSE organization is responsible for compliance with the regulations. The standards applied include the 14001:2015 Environment Management System, and the ISO 45001:2018 Occupational health and safety management system The HSE requirements serve to protect the health and safety of employees. We organize several management walk-throughs and HSE inspections, and also two internal audits each year. Compliance with policies is also reviewed in external audits and regulatory inspections.

Participants are required to complete a knowledge assessment test after HSE training sessions, and prior to the annually recurring trainings, the curriculum is updated and supplemented in line with internal and legislative changes. HSE training is available for all employees; while non-ALTEO Group employees are provided with contractor supervisor HSE training.

Risk management

Risks and opportunities associated with climate change

Having recognized the potential risks associated with climate change, which may have significant impact on its business activities in terms of demand for energy and opportunities for energy production, ALTEO Group prepared a scenario analysis in 2022 based on a TCFD (Task Force on Climate-related Financial Disclosures) approach to identify risks and opportunities arising in the context of climate change. This was the basis for a more comprehensive and informed assessment of climate-related operational risks and opportunities.

Risks were identified using a risk assessment methodology applied by ALTEO Group, in which the impact and probability of relevant risks actually occurring was evaluated on a scale of 1 to 3 (1–low, 2–medium, 3–high) by the Company's key sustainability, risk management, legal and commercial specialists, with the involvement of external experts. A similar approach was applied to the assessment of the options. The workshops looked at three time horizons: short-term (up until 2025), medium-term (up until 2030) and long-term (up until 2050). The scenario analysis was evaluated and approved by ALTEO Group Green Committee on October 26, 2022.

The two climate scenarios examined by ALTEO Group:

1.5 °C Scenario[25] Transition risks and market opportunities dominate	4 °C Scenario[26] Physical impacts dominate
Globally coordinated efforts to reduce emissions to net zero by 2050	Emission reduction policies are limited to current policies
Aggressive regulation restricting the extraction and use of fossil fuels.	Continued use of fossil fuels and energy-intensive activities
Transition to a sustainable and less resource-intensive lifestyle	Unsustainable, energy-intensive consumption patterns
Rapid decline in the cost of key technologies such as hydrogen and photovoltaics	More visible physical effects of climate change

These results were entered into the Company's risk records, and are continuously monitored and managed in accordance with the Group's risk management strategy and risk management process.

Management of relationships with suppliers

[G1-2]

ALTEO Group only works with suppliers who comply with the applicable legal and ethical standards for business. Accordingly, we pre-qualify our suppliers for all new contracts and re-evaluate our existing suppliers every three years. The suppliers above a certain value threshold are subject to further compliance checks. When entering into a relationship with suppliers, our Group seeks to involve a wide range of local entrepreneurs (those registered in the region) and businesses while keeping cost-effectiveness in mind, thereby helping to spread the economic benefits of its operations in its immediate environment.

When conducting due diligence for business partners, the Company seeks to act with the utmost care, and to verify the reliability of the given businesses, that they actually pursue their activities at their registered office or business sites, have a sufficient number of qualified employees and references, and are capable of performing the services and activities undertaken. In addition, we expect our suppliers, subcontractors and other partners to familiarize themselves with our Code of Ethics and act in accordance with its contents.

We perform audit of business partners in accordance with the Compliance Policy and the Pre-qualification of Suppliers procedure.

Payment practices

[G1-6]

ALTEO Group does not currently have a documented governance document or policy on the prevention of late payments, however, this process is a fundamental and important part of our daily practice. These documents will be replaced and aligned with our overall governance systems and policies in the coming period.

In 2024, ALTEO Group, not including FE-GROUP, settled invoices from suppliers within an average of 4 days of the due date, while FE-GROUP settled invoices in an average of 1 day.

AVERAGE TIME (DAYS) NEEDED FOR INVOICE SETTLEMENT, PER OPERATION SITE

	2024
ALTEO	4
FE-GROUP	1

When defining the payment due dates for the various supplier categories, we have not broken down the data into foreign and domestic suppliers, given that the volume of foreign invoices is negligible compared to the total number of invoices. For this reason, we have made the categorization according to standard payment due dates. On the basis of the above, "Contracted suppliers II" had the highest percentage of payments made by the due date (in their case a 60-day payment date), at 93.26%.

[25] Based on the Intergovernmental Panel on Climate Change (IPCC) scenarios: RCP 2.6 and SS1, and Nationally Determined Contributions (NDC) submitted by the European Union.

[26] Based on the IPCC scenarios: RCP 8.5 and SSP5.

PAYMENT DUE DATES FOR THE VARIOUS SUPPLIER CATEGORIES [DAYS]

Supplier category	Payment due dates (days)	Ratio of payments meeting the payment due date
Ad hoc suppliers	8 days	53.41%
Framework agreement suppliers	15 days	74.14%
Contracted suppliers I	30 days	85.24%
Contracted suppliers II	60 days	93.26%

The principle used to define supplier categories was the length of the standard payment date. The principle of the breakdown is ~1 week, ~2 weeks, ~1 month, ~2 months. This way, we identified the 4 groups shown in the table, which were named according to the nature of their contracts.

As in previous years, there were no legal proceedings concerning late payments at any of our sites in 2024.

[IRO-2]

17. LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION[27]

Disclosure requirement and related datapoint	SFDR reference[28]	Pillar 3 reference[29]	Benchmark Regulation reference[30]	EU Climate Law reference[31]	Page number
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		x
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		x
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex I				x
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		x
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II"		Non-material.
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex I		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-material.
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Non-material.

[27] In accordance with the ESRS standard, this table shows where the data points from other EU legislation listed in Appendix B of ESRS 2 can be found in the sustainability statement. However, ALTEO Group is not subject to the laws referred to, i.e. the Company is not subject to the European Climate Law, the EU Climate Transition Benchmarks Regulation, the regulation on sustainability-related disclosure in the financial services sector (SFDR) or the disclosure requirements under Pillar 3 of the EBA.

[28] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation)

[29] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Text with EEA relevance) (Capital Requirements Regulation – "CRR") (OJ L 176, 6/27/2013, p. 1).

[30] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 6/29/2016, p. 1).

[31] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (European Climate Law) (OJ L 243, 7/9/2021, p. 1).

Disclosure requirement and related datapoint	SFDR reference[28]	Pillar 3 reference[29]	Benchmark Regulation reference[30]	EU Climate Law reference[31]	Page number
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2	x
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1) (d) to (g), and Article 12(2).		Not relevant
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		x
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex I				Page X
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex I				x
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex I				x
ESRS E1-6 Scope 1, 2, 3 gross and total GHG emissions Section 44	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		x
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: Alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		x
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Non-material.
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Non-material.

Disclosure requirement and related datapoint	SFDR reference[28]	Pillar 3 reference[29]	Benchmark Regulation reference[30]	EU Climate Law reference[31]	Page number
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk			x
ESRS E1-9. Breakdown of the carrying amount of its real estate assets by energy efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2: Banking book – Climate Change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral			Non-material.
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		x
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				x
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex I				x
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex I				x
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex I				Non-material.
ESRS E3-4 Total recycled and reused water paragraph 28(c)	Indicator number 6.2 Table #2 of Annex I				x
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex I				x
ESRS 2 – IRO 1 – E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex I				x
ESRS 2 – IRO 1 – E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex I				x
ESRS 2 – IRO 1 – E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex I				x
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex I				Non-material.
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex I				Non-material.

Disclosure requirement and related datapoint	SFDR reference[28]	Pillar 3 reference[29]	Benchmark Regulation reference[30]	EU Climate Law reference[31]	Page number
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex I				Non-material.
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex I				x
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex I				x
ESRS 2 – SBM3 – S1 Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				x
ESRS 2 – SBM3 – S1 Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				x
ESRS S1-1 Human rights policy commitments Paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				x
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Non-material.
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				x
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				x
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				x
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		x
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				x
ESRS S1-16 Unadjusted gender pay gap paragraph 97	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		x
ESRS S1-16 Excessive CEO pay ratio paragraph 97	Indicator number 8 Table #3 of Annex I				x
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				x
ESRS S1-17. Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		x
ESRS 2 – SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Non-material.
ESRS S2-1 Human rights policy commitments Section 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Non-material.

Disclosure requirement and related datapoint	SFDR reference[28]	Pillar 3 reference[29]	Benchmark Regulation reference[30]	EU Climate Law reference[31]	Page number
ESRS S2-1 Policies related to value chain workers Section 18	Indicator number 11 and n. 4 Table #3 of Annex I				Non-material.
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Non-material.
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Non-material.
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex I				Non-material.
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Non-material.
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines Section 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Non-material.
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex I				Non-material.
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Non-material.
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines Section 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Non-material.
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				Non-material.
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex I				x
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				x
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		106
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex I				106

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