The report of the alignment with the EU Taxonomy Regulation 2022

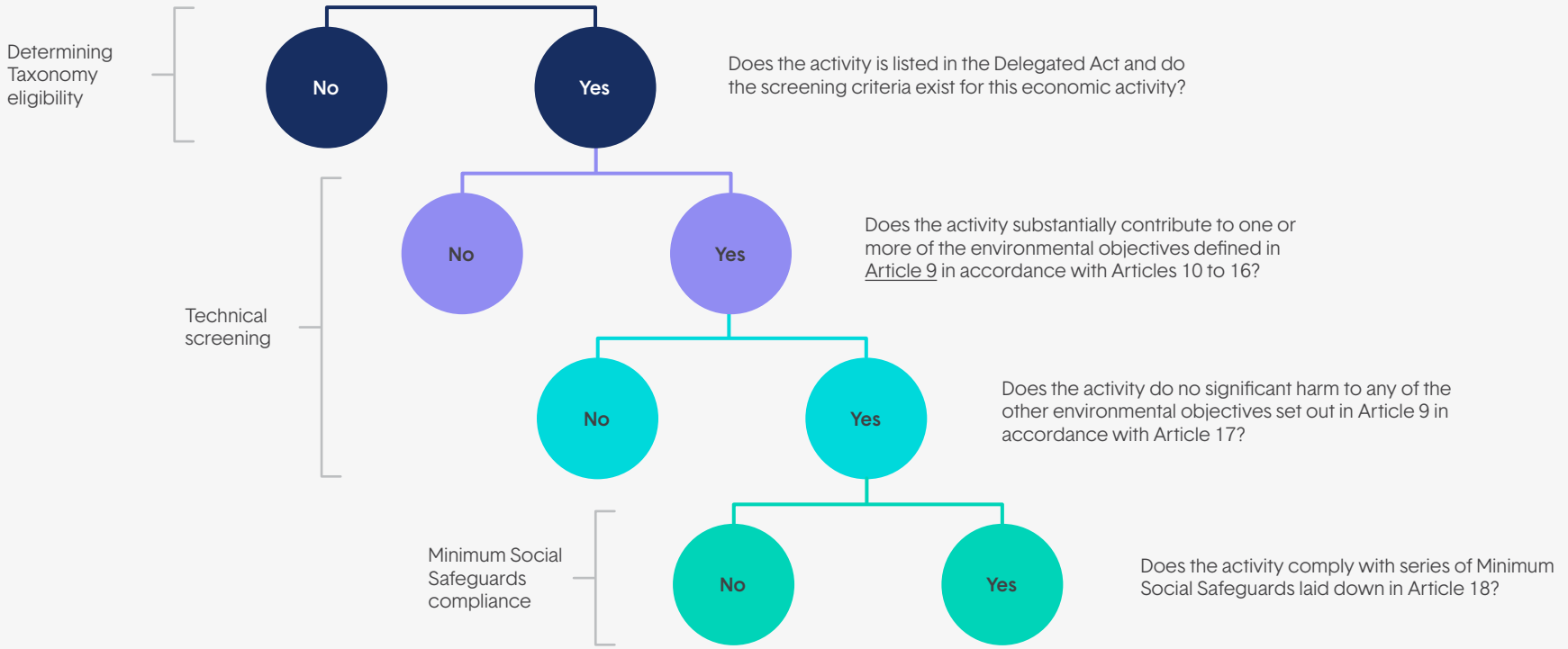
Contents

I. The Taxonomy Regulation

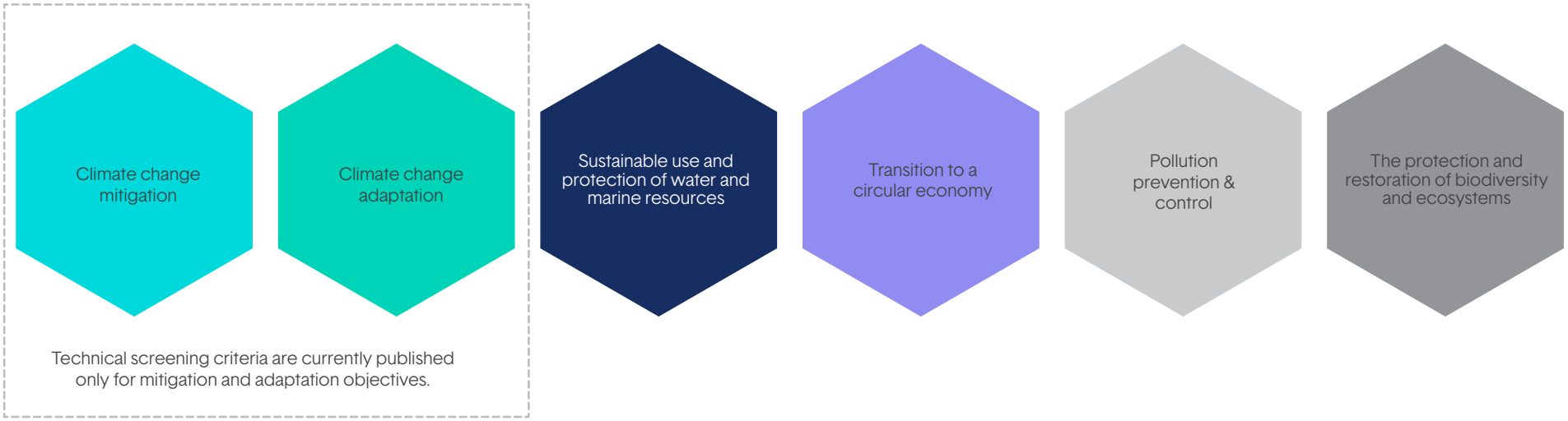
The Taxonomy Regulation aims to provide a common framework for the classification of environmentally sustainable economic activities. It creates a classification system, also known as the EU Taxonomy, that helps scale up sustainable investments, provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable and, in this way, to help shift investments where they are the most needed.

Under the regulation, the list of environmentally sustainable activities with technical screening criteria for each environmental objective was developed and laid in Delegated Acts. A first Delegated Act on sustainable activities for climate change mitigation and adaptation objectives was published on 9 December 2021. On 9 March 2022, the Commission adopted a Complementary Climate Delegated Act including, under strict conditions, specific nuclear and gas energy activities in the list of economic activities covered by the EU Taxonomy. These Taxonomy Delegated Acts establish clear criteria for activities what it means to make a substantial contribution and what it means to do no significant harm. Also, these Acts include activities that are most relevant for reductions in greenhouse gas emission and for improving climate resilience.

To be considered environmentally sustainable or green, the activity needs to be Taxonomy-aligned and the Taxonomy Regulation establishes clear conditions how to determine this alignment:



Environmental objectives defined in Article 9 are:



The Taxonomy Regulation also sets mandatory requirements on disclosure, with the aim of providing transparency on environmental performance. For the 2021 fiscal year, Ignitis Group has started disclosing its Taxonomy-eligible economic activities in 2022, including the required KPIs: capital expenditures (hereinafter - Taxonomy CAPEX), operating expenses (hereinafter – Tax—onomy OPEX) and revenue. In addition, the Group also voluntarily discloses Adjusted EBITDA. Starting from 1 January 2023, for the 2022 fiscal year, the Group starts to disclose the aforementioned KPIs of Taxonomy-aligned economic activities.

The EU Taxonomy Implementation process at Ignitis Group

The Group follows a clear steps-based process in analysing the alignment of its activities based on the Taxonomy Regulation. This process is overseen by the top management and involves the responsible functions of the Group and key roles operating the Taxonomy-eligible activities within the companies of the Group. The main steps of this process are:

1. **Identifying taxonomy-eligible economic activities of the Group**. The Delegated Act on sustainable activities for climate change adaptation and mitigation and the Complementary Climate Delegated Act have been carefully reviewed and analysed and all the activities within the Group's portfolio have been identified. This process is constantly reviewed to have up-to-date information. The list of taxonomy-eligible activities of the Group has been extended, adding activities which were missed in the last annual report for the 2021 fiscal year;

2. **Examining substantial contribution criteria.** All taxonomy-eligible activities identified previously are examined whether they meet the technical screening criteria and substantially contribute to the mitigation and/or adaptation objective. To verify the compliance with substantial contribution criteria, existing operational procedures are reviewed and, if necessary, specific technical criteria are analysed;

3. **Examining the principle of doing no significant harm to other environmental objectives (DNSH).** It includes further assessment of technical screening criteria for taxonomy-eligible activities. To verify the compliance, the existing environmental procedures, waste management processes and other relevant procedures are analysed to determine compliance with DNSH;

4. **Verifying the compliance with minimum social safeguards.** It includes reviewing the alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights of the Group, including each taxonomy-eligible activity;

5. **Determining the alignment status.** Based on the previous steps, after examining substantial contribution and do no significant harm criteria, if taxonomy-eligible activity meets them, we state that activity is taxonomy-aligned. If not, we determine that activity is not taxonomy-aligned. Later we further investigate gaps in alignment to improve its status. All this information disclosed in Taxonomy-alignment part of this report.

6. **Calculating financial KPIs**. We are calculating the financial metrics associated with the economic activities identified in this process based on the accounting methodology.

II. Identifying Taxonomy-eligible activities

Eligibility of activities implies that an activity is included in the Delegated Acts on climate change mitigation and / or climate change adaptation. As defined in Article 1(5) of the Delegated Regulation (EU) 2021/2178, Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts. Being Taxonomy-eligible is merely an indication that a certain activity can make a substantial contribution to one of the six environmental objectives. In this respect, Taxonomy-non-eligible economic activity is simply not listed in any of the Delegated Acts.

Taxonomy-eligibility is a first step towards determining Taxonomy alignment and it helps to prepare for further assessment steps. After carefully reviewing Delegated Acts, it was concluded, that the Group performs the following Taxonomy-eligible activities under both mitigation and adaptation environmental objectives.

The list of Taxonomy-eligible activities

Activity listed in the Delegated Acts	Taxonomy code	NACE code	Activity description for climate change mitigation objective	Activity description for climate change adaptation	Group activity corresponding to the description	Business segment
Electricity generation using solar photovoltaic technology	4.1	D35.11 Production of electricity, F42.22 Construction of utility projects for electricity and telecommunications	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology.	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology.	Solar parks	Green Generation
Electricity generation from wind power	4.3	D35.11 Production of electricity, F42.22 Construction of utility projects for electricity and telecommunications	Construction or operation of electricity generation facilities that produce electricity from wind power.	Construction or operation of electricity generation facilities that produce electricity from wind power.	Wind farms	Green Generation
Electricity generation from hydropower	4.5	D35.11 Production of electricity, F42.22 Construction of utility projects for electricity and telecommunications	Construction or operation of electricity generation facilities that produce electricity from hydropower.	Construction or operation of electricity generation facilities that produce electricity from hydropower.	Kaunas HPP	Green Generation
Transmission and distribution of electricity	4.9	D35.12 Transmission of electricity, D35.13 Distribution of electricity	Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.	Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems.	Electricity distribution networks	Networks
			b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of this Annex;	No technical criteria	EV stations network	Customers & Solutions

Activity listed in the Delegated Acts	Taxonomy code	NACE code	Activity description for climate change mitigation objective	Activity description for climate change adaptation	Group activity corresponding to the description	Business segment
			f) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council(180), which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs.		Installation of smart metering systems	Networks
Storage of electricity	4.10	No dedicated NACE code	Construction and operation of facilities that store electricity and return it at a later time in the form of electricity. The activity includes pumped hydropower storage.	Construction and operation of facilities that store electricity and return it at a later time in the form of electricity. The activity includes pumped hydropower storage.	Kruonis PSHP	Green Generation
Cogeneration of heat/cool and power from bioenergy	4.20	D35.11 Production of electricity, D35.30 Steam and air conditioning supply	Construction and operation of installations used for cogeneration of heat/cool and power exclusively from biomass, biogas or bioliquids, and excluding cogeneration from blending of renewable fuels with biogas or bioliquids (see Section 4.19 of this Annex).	Construction and operation of installations used for cogeneration of heat/cool and power exclusively from biomass, biogas, or bioliquids, excluding cogeneration from blending of renewable fuels with biogas or bioliquids (see Section 4.19 of this Annex).	Vilnius cogeneration biomass unit	Green Generation
Production of heat/cool from bioenergy	4.24	D35.30 Steam and air conditioning supply	Construction and operation of facilities that produce heat/cool exclusively from biomass, biogas or bioliquids, and excluding production of heat/cool from blending of renewable fuels with biogas or bioliquids (see Section 4.23 of this Annex.	Construction and operation of facilities that produce heat/cool exclusively from biomass, biogas or bioliquids, excluding production of heat/cool from blending of renewable fuels with biogas or bioliquids (see Section 4.23 of this Annex).	Elektrėnai biomass unit	Flexible Generation
Electricity generation from fossil gaseous fuels	4.29	D35.11 Production of electricity, F42.22 Construction of utility projects for electricity and telecommunications	Construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. This activity does not include electricity generation from the exclusive use of renewable non-fossil gaseous and liquid fuels as referred to in Section 4.7 of this Annex and biogas and bio-liquid fuels as referred to in Section 4.8 of this Annex.	Construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels that meet the criteria in point 1(a) of Section 4.29 of Annex I. This activity does not include electricity generation from the exclusive use of renewable non-fossil gaseous and liquid fuels referred to in Section 4.7 of Annex I and biogas and bio-liquid fuels referred to in Section 4.8 of Annex I.	CCGT, 7th and 8th blocs at Elektrėnai Complex	Flexible Generation

Activity listed in the Delegated Acts	Taxonomy code	NACE code	Activity description for climate change mitigation objective	Activity description for climate change adaptation	Group activity corresponding to the description	Business segment
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	H49.32 Taxi operation, H49.39 Other passenger land transport n.e.c and N77.11 Renting and leasing of cars and light motor vehicles	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles)	Purchase, financing, renting, leasing and operation of vehicles designated as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles)	Group owned vehicles	Other activities
Freight transport services by road	6.6	H49.4.1 Freight transport by road, H53.10 Postal activities under universal service obligation, H53.20 Other postal and courier activities and N77.12 Renting and leasing of trucks	Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road.	Purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2(510) or N3(511) falling under the scope of EURO VI(512), step E or its successor for freight transport services by road.	Group owned vehicles	Other activities
Installation, maintenance and repair of energy efficiency equipment	7.3 (d)	F42 Civil engineering, F43 Specialised construction activities, M71 Architectural and engineering activities; technical testing and analysis, C16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials, C17 Manufacture of paper and paper products, C22 Manufacture of rubber and plastic products, C23 Manufacture of other non-metallic mineral products, C25 Manufacture of fabricated metal products, except machinery and equipment, C27 Manufacture of electrical equipment, C28 Manufacture of machinery and equipment n.e.c., S95.21 Repair of consumer electronics, S95.22 Repair of household appliances and home and garden equipment, C33.12 Repair of machinery	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment.	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment. The economic activities in this category consist in one of the following individual measures, provided that they comply with minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation: d) installation and replacement of energy efficient light sources;	Lighting modernization projects	Customers & Solutions

Activity listed in the Delegated Acts	Taxonomy code	NACE code	Activity description for climate change mitigation objective	Activity description for climate change adaptation	Group activity corresponding to the description	Business segment
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	F42 Civil engineering, F43 Specialised construction activities, M71 Specialised construction activities, C16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials,, C17 Manufacture of paper and paper products, C22 Manufacture of rubber and plastic products, C23 Manufacture of other non-metallic mineral products, C25 Manufacture of fabricated metal products, except machinery and equipment, C27 Manufacture of electrical equipment, C28 Manufacture of machinery and equipment n.e.c.,	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.	EV station installation	Customers & Solutions
Installation, maintenance and repair of renewable energy technologies	7.6 (a, c, d)	F42 Civil engineering, F43 Specialised construction activities, M71 Specialised construction activities, C16 Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials,, C17 Manufacture of paper and paper products, C22 Manufacture of rubber and plastic products, C23 Manufacture of other non-metallic mineral products, C25 Manufacture of fabricated metal products, except machinery and equipment, C27 Manufacture of electrical equipment, C28 Manufacture of machinery and equipment n.e.c.,	Installation, maintenance and repair of renewable energy technologies, on-site	Installation, maintenance and repair of renewable energy technologies, on-site, consisting in one of the following individual measures, if installed on-site as technical building systems: a) installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment; c) installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment; d) installation, maintenance and repair of wind turbines and the ancillary technical equipment;	a.Solar PV installation c. heat pumps d. installing wind turbines (reported under4.3)	Customers & Solutions (a, c); Green Generation (d)
Acquisition and ownership of buildings	7.7	L68 Real estate activities	Buying real estate and exercising ownership of that real estate.	Buying real estate and exercising ownership of that real estate.	Group owned buildings	The whole Group

III. Determining Taxonomy alignment

When all Taxonomy-eligible activities of the Group (table above) has been identified, the examination of substantial contribution criteria for climate change mitigation and / or adaptation followed together with the examination of do no significant harm to other environmental objectives criteria. This process has allowed to determine the status of activity alignment. The list of the Taxonomy-aligned activities with the explanation of how these activities meet required technical screening criteria is described below for both environmental objectives (mitigation and adaptation) separately.

Taxonomy-aligned activities

Climate change mitigation

4.1 Electricity generation using solar photovoltaic technology

Ignitis Group has solar PV park under construction in Poland, Tauragė solar project under development (advanced stage) in Lithuania and Latvian solar portfolio in advanced development stage.

As it is stated in the Delegated Acts, when economic activity is an integral element of the Section 7.6 'Installation, maintenance and repair of renewable energy technologies', the technical screening criteria specified in Section 7.6 apply. Based on this, for all Group's solar PV parks we apply Section 7.6 technical screening criteria as they were in different stages of development in 2022.

After examination of Section 7.6 substantial contribution criteria, we conclude that Ignitis Group substantially contributes to climate change mitigation by installing, maintaining and repairing solar photovoltaic systems and the ancillary technical equipment in order to generate electricity using solar PV technologies in the future.

Furthermore, this activity does no significant harm to other environmental objectives.

The Group is expanding its Green Generation portfolio constantly. For more up to date information on the Group's Green Generation portfolio see the Group's annual report 2022.

In addition to Section 7.6 technical screening criteria, we made Section 4.1 DNSH assessment for solar PV parks in advance.

Adaptation to climate change (Applicable to 4.1 and 7.6)
See Climate Change Adaptation part.

Transition to a circular economy (Applicable to 4.1)

The best available technologies on the market are considered when purchasing solar PV park projects or in construction planning stage, which includes consideration of the best technologies lasting for the whole project life cycle.

All waste generated during ongoing different stages of development of PV parks (including construction and operation) are being managed in accordance with national waste management requirements. The Group is working on solar PV parks' end-of-life roadmap to develop a strategy for existing and new Ignitis Group renewable energy projects to take responsible actions and implement sustainable solutions at their end-of-life stages, based on circularity principles.

The protection and restoration of biodiversity and ecosystems (Applicable to 4.1)

All solar PV park projects are constructed in accordance with national legal acts, i.e., if required, Environmental Impact Assessment (EIA) procedures are undergone (Comprehensive Environmental Impact Assessment or Screening in Environmental Impact Assessment). If mitigation or compensatory measures were identified during the EIA procedures, they are implemented. If the implementation of the project may have an impact on Natura 2000 territories, an assessment of the impact on Natura 2000 territories is carried out in accordance with the procedure established by legal acts.

4.3 Electricity generation from wind power

Ignitis Group operates 5 onshore wind farms in Lithuania, Estonia and Poland. For already operating wind farms we apply Section 4.3 technical screening criteria. With this activity the Group substantially contributes to climate change mitigation via generating electricity from wind power. This activity also does no significant harm to other environmental objectives.

Ignitis Group also has onshore wind farms under construction in Lithuania and Poland and under development (advanced stage) in Latvia. The Group is a minority shareholder in offshore wind farm under construction in the UK.

As it is stated in the Delegated Acts, when economic activity is an integral element of the Section 7.6 'Installation, maintenance and repair of renewable energy technologies', technical screening criteria specified in Section 7.6 apply. For wind farm projects under development or construction, we apply Section 7.6 technical screening criteria.

After examination of Section 7.6 substantial contribution criteria, we conclude that Ignitis Group substantially contributes to climate change mitigation by installing, maintaining and repairing of wind turbines and the ancillary technical equipment. This activity does no significant harm to other environmental objectives as well.

The Group is expanding its Green Generation portfolio constantly. For more up to date information on the Group's Green Generation portfolio see the Group's annual report 2022.

Adaptation to climate change (Applicable to 4.3 and 7.6)

See Climate Change Adaptation part.

Transition to a circular economy (Applicable to 4.3)

The best available technologies on the market are considered when purchasing wind farm projects or in construction planning stage, which includes consideration of technologies for the whole project life cycle.

All waste generated during ongoing different stages of development (including construction and operation) are being managed in accordance with national waste management

requirements. The first wind farm built by the Group started operating only in 2021. The Group is working on wind farms' end-of-life roadmap to develop a strategy for existing and new Ignitis Group renewable energy projects to take responsible actions and implement sustainable solutions at their end-of-life stages, based on circularity principles.

The protection and restoration of biodiversity and ecosystems
(Applicable to 4.3)

All wind farms are constructed in accordance with national legal acts, i.e., if required, Environmental Impact Assessment (EIA) procedures are undergone (Comprehensive Environmental Impact Assessment or Screening in Environmental Impact Assessment). If mitigation or compensatory measures were identified during the EIA procedures, they are implemented.

4.5 Electricity generation from hydropower

The Group operates electricity generation facility that produce electricity from hydropower – Kaunas Hydroelectric Power Plant (KHPP). Its capacity is 100.8 MW, consisting of 4 units of 25.2 MW each. Being run-of-river hydropower type without artificial reservoir, Kaunas HPP meets substantial contribution criteria.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

Sustainable use and protection of water and marine resources

The Law on Water of the Republic of Lithuania, which regulates public relations arising from the use, management and protection of surface and underground water bodies and the water contained in them in the territory of the Republic of Lithuania, and which applies to persons who dispose of surface water bodies, manage, use and / or protect surface and / or underground water bodies and the water contained in them in the territory of the Republic of Lithuania, is the main national legal act transposing requirements of the Directive 2000/60/EC into national legislation. Based on Article 15 point 1 of the Law on Water, ponds are installed, and the maintenance of these surface water bodies are carried out in accordance with the description of the procedure approved by the Minister of the Environment. The use and maintenance of ponds is regulated by Typical rules for use and maintenance of ponds (LAND 2-95), which sets the framework for water management rules. Based on this framework, the rules for the use and maintenance of Kaunas HPP lagoon have been prepared by Ignitis Gamyba (Green Generation) and approved by the Environmental Protection Agency in 2016. These rules are a specific tool enabling environmental institutions to control activities in the lagoon. The annual reports of performance in accordance with the LAND 2-95 requirements are provided to the Lithuanian Environmental Protection Agency.

In addition, the fluctuation of the water level of Kaunas lagoon is limited in accordance with the rules for the use and maintenance of Kaunas HPP lagoon. Under normal conditions, the permitted change in water level cannot exceed 0.4 m per day. During fish spawning, fluctuations cannot exceed 0.2 m per day. The limitation of 0.2 m per day is permitted based on year-by-year research and monitoring data, which proves that no significant impact is made by such fluctuation. Without monitoring and scientists' evaluation, fluctuation would be limited to 0.1 m per day. Monthly data of water inflow of Kaunas lagoon and water used to generate electricity (outflow), shows that the difference is close to 1 percent, which is close to water volume stored in (or released from) Kruonis PSHP reservoir. This confirms that Kaunas HPP work regimes are close to natural flow of river Nemunas.

In accordance with Article 9 part 3 of the Law on Water, Kaunas HPP is water user and has a mandatory Pollution permit, whose issuing procedure is regulated by the Law on Environmental Protection.

Water indicators that are monitored and reported:

A. Water intake (thousand m^3):
   1) Groundwater;
   2) Municipal water supply or other water supply facilities;
   3) Surface waters;
   4) Extracted and reused (surface);
B. Water consumption (thousand m^3).

The protection and restoration of biodiversity and ecosystems

Kaunas HPP has a mandatory Pollution permit, whose issuing procedure is regulated by the Law on Environmental Protection. Kaunas HPP activity is also assessed through annual environmental monitoring of biodiversity of Kaunas lagoon, which is part of National monitoring programme.

The main impact on the natural environment in these areas is related to the fluctuation of the water level in Kaunas lagoon. The values and protected species of Special protection area under the Habitats Directive are not adversely affected by water level fluctuations in Kaunas lagoon.

During the activities of Kaunas HPP, safety requirements and typical rules for the use and maintenance of ponds are observed to ensure no significant impact on the state of fish and bird populations. Every year, between the month of March and July, the impact of water level fluctuations on fish and bird populations in the Kaunas lagoon are monitored by the scientists of Nature Research Centre.

Automatic water level recording facilities are installed tracking water level hourly, and operation is regulated accordingly based on the existing water levels.

4.9 Transmission and distribution of electricity

The Group, through its subsidiary, ESO (Networks) is the primary distributor of electricity in Lithuania, distributing electricity to approximately 1.8 million connection points covering an area of approximately 65,300 square kilometres (which represents substantially all consumers in Lithuania). The distribution network in Lithuania distributes and provides electricity to the ultimate consumers of electricity over medium (35 to 10 kV) and low (10 to 0.4 kV) voltage grids (owned by the ESO). ESO (Networks) is connected to the high voltage (330 to 110 kV) transmission grid (owned by the TSO).

With this activity, the Group meets substantial contribution criteria being part of interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems as it is described in the Delegated Acts.

No new direct connection or expansion of an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO_2e/kWh measured on a life cycle basis was completed in 2022, but such connections are identified and will be tracked for the exclusion in the future.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

Transition to a circular economy

A waste management process is clearly set for all waste generated during this activity and this process follows all existing requirements and laws. We support and seek to ensure maximal

reuse and recycling of generated waste at the end of life in accordance with the waste hierarchy.

Pollution prevention and control

The Group follows highest health and safety principles as required by national laws. The Group respects and follows applicable norms and regulations to limit impact of electromagnetic radiation on human health.

In 2003, to ensure that at that time old devices in distribution networks would not have polyclorinated biphenyls (PCBs), a separate study was conducted and concluded that PCBs are not used.

The protection and restoration of biodiversity and ecosystems

Based on the Law on the Assessment of the Environmental Impact of planned economic activities in the Republic of Lithuania, distribution networks are not included to the activity list, that need Screening in Environmental Impact Assessment or Comprehensive Environmental Impact Assessment.

Nonetheless, the Group tries to assure minimum impact to biodiversity with its electricity distribution activity. For examples, to reduce the impact of maintenance of overhead lines in forested areas (cutting down trees and bushes, fragmenting habitats, disrupting animal migration, impoverishing the landscape), overhead lines are replaced by underground cables - thus reducing the impact on the landscape and wildlife – maintenance of underground lines requires smaller protection zones, which reduce affected / altered area. An agreement with state authorities has been reached to reduce the number of trees removed from protection zones (the strip of land along the airline where the service and maintenance of the airline takes place) – only those trees that interfere with the maintenance work, poses a threat to networks or that have damaged the network and are necessary to be removed for repair purposes should be removed.

The group also execute these activities, that are separately listed under this section:

b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport, subject to compliance with the technical screening criteria under the transport Section of this Annex – EV Network.

f) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944, able to carry information to users for remotely acting on consumption, including customer data hubs – Installation of smart metering systems.

b) Construction and operation of electric vehicle (EV) charging stations (under 6.15. Infrastructure enabling low-carbon road transport and public transport)

The Group offers full electric vehicle (EV) mobility services, ranging from the infrastructure and installation of the charging equipment to the provision of software services via Ignitis ON services.

The Group meets substantial contribution criteria, because Ignitis ON creates infrastructure which is dedicated to the operation of vehicles with zero tailpipe CO2 emissions: electric charging points and electricity grid connection upgrades. Our developed infrastructure is not dedicated to the transport or storage of fossil fuels.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

Sustainable use and protection of water and marine resources

Installation of EV charging stations to the network are not impacting water resources and all procedures of the construction follows all necessary requirements in accordance with the existing law.

Transition to a circular economy

All waste generated during installation of EV charging station is managed in accordance with waste management requirements set in the existing law.

Pollution prevention and control

Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works in accordance with the existing law.

The protection and restoration of biodiversity and ecosystems

Measures are taken in accordance with the existing requirements to carry EV charging station installation with minimum impact to biodiversity. Most of the EV stations are installed in the existing infrastructure.

f) Installation of smart metering systems

The Group replaces old meters with smart metering systems that are in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council, which meet the requirements of Article 20 of Directive (EU) 2019/944. The new smart meters are certified and meet the EU standards for smart metering. This activity meets substantial contribution criteria.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

Transition to a circular economy

All waste generated during installation of smart meters is managed in accordance with waste management requirements in accordance with existing law. Old meters are collected by the utilisation company. The way of disposal is indicated in the contract, collectors are obliged to transfer them to the market intact. Part of old meters are returned to the warehouse for secondary use.

Pollution prevention and control

Smart meters and their communication modules are manufactured and operated in accordance with the Directive 2014/53/EU (RED), which regulates the placing of radio communication equipment to the market. It ensures a common market for radio equipment by setting essential requirements for safety and health, electromagnetic compatibility, and efficient use of the radio spectrum.

The protection and restoration of biodiversity and ecosystems

Based on the Law on the Assessment of the Environmental Impact of planned economic activities in the Republic of Lithuania, installation of smart metering is not included to the activity list, that need Screening in Environmental Impact Assessment or Comprehensive Environmental Impact Assessment.

The installation process is done in the existing building or other already existing infrastructure.

4.10 Storage of electricity

The Group owns and operates pumped storage hydropower facility - Kruonis PSHP. Its capacity is 900 MW of 4 units (225 MW each). Eight units of 200 MW were planned for the initially designed electrical capacity of 1600 MW, but later this amount was reduced to four units with increased capacity of 225 MW each. The Group is currently planning to construct an additional 5th unit next to the existing four, based on previously designed capacity.

Kruonis PSHP is primarily used to balance electricity supply and demand. The Group meets substantial contribution criteria by operating this pumped hydropower storage facility.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change adaptation part.

Sustainable use and protection of water and marine resources

The Law on Water of the Republic of Lithuania, which regulates public relations arising from the use, management and protection of surface and underground water bodies and the water contained in them in the territory of the Republic of Lithuania, and which applies to persons who dispose of surface water bodies, manage, use and / or protect surface and / or underground water bodies and the water contained in them in the territory of the Republic of Lithuania, is the main national legal act transposing requirements of the Directive 2000/60/EC into national legislation. Based on Article 15 point 1 of the Law on Water, ponds are installed, and the maintenance of these surface water bodies are carried out in accordance with the description of the procedure approved by the Minister of the Environment. The use and maintenance of ponds is regulated by Typical rules for use and maintenance of ponds (LAND 2-95), which sets the framework for water management rules. Based on this framework, the rules for the use and maintenance of Kaunas HP lagoon have been prepared by Ignitis Gamyba (Green Generation) and approved by the Environmental Protection Agency in 2016. These rules are a specific tool enabling environmental institutions to control activities in the pond. The annual reports of performance in accordance with the LAND 2-95 requirements are provided to the Lithuanian Environmental Protection Agency.

In accordance with the Article 9 part 3 of the Law on Water, Kruonis PSHP is a water user and has a mandatory Pollution permit, whose issuing procedure is regulated by the Law on Environmental Protection.

Water indicators that are monitored and reported:

A. Water intake (thousand m^3):
   5) Groundwater;
   6) Municipal water supply or other water supply facilities;
   7) Surface waters;
   8) Extracted and reused (surface);
B. Water consumption (thousand m^3).

Transition to a circular economy

All waste generated during the activity is managed in accordance with waste management requirements based on national law. A waste management plan is in place and ensures possible recycling. All waste generated is handed over to the waste manager.

The protection and restoration of biodiversity and ecosystems

It is important to note, that the construction of Kruonis PSHP started in 1978 and its operation began in 1992, before the network of protected areas were established. During the construction of Kruonis PSHP 4 units, all existing Environmental requirements and laws were assessed and met to complete the construction. In early 1990s, the impact to the environment were re-assessed to assure the required mitigation and compensation measures for protecting the environment to be implemented.

Currently, Kruonis PSHP has a mandatory Pollution permit, whose issuing procedure is regulated by the Law on Environmental Protection. Kruonis activity is assessed through the annual environmental monitoring of biodiversity of Kaunas lagoon, which is part of National monitoring programme.

The main impact on the natural environment in these areas is related to the fluctuation of the water level in the Kaunas lagoon. The values and protected species of special protection area under the Habitats Directive are not adversely affected by the fluctuations of water levels in Kaunas lagoon.

During the activities of Kruonis PSHP, safety requirements and typical rules for the use and maintenance of ponds are observed, so there is no significant impact on the state of fish and bird populations. Every year, between the month of March and July, the impact of water level fluctuations on fish and bird populations in the Kaunas lagoon are monitored by the scientists of Nature Research Centre.

Automatic water level recording facilities are installed, and operation is regulated accordingly based on existing water levels.

For the 5th unit, the Screening in Environmental Impact Assessment was conducted and the required mitigation and compensation measures for protecting the environment are implemented.

4.20 Cogeneration of heat / cool and power from bioenergy

Vilnius cogeneration unit (Vilnius CHP) has both, biomass and waste, boilers for heat and electricity production. The Vilnius CHP plant (both biomass and waste-to-energy) is among the most modern in Europe in terms of environmental protection and energy generation technologies. In Taxonomy-alignment only biomass plant is investigated as only this activity is Taxonomy-eligible and have technical screening criteria.

Substantial contribution criteria for Vilnius CHP biomass plant have been carefully assessed and we conclude that this activity of the Group substantially contributes to climate change mitigation:

1) Biomass used in the plant complies with the requirements laid down as technical criteria. Based on requirements set in RED II directive for power plants above 20 MW, RED-compliant or sustainable biomass (with CO_2 footprint tracking throughout the whole supply chain) will need to be purchased from 2023. For this reason, an international (e.g., SURE) and national (e.g. Baltpool creating one) schemes are being developed, which will have to be approved by the European Commission. Vilnius CHP biomass plant plans to participate in a national scheme that will combine both sustainable forestry certifications (FSC, SBP, etc.) and other schemes that track the CO_2 footprint and accordingly will know the fuel distance to the power plant. This data will be available for the buyer, providing full biomass traceability. Currently, we do not maintain this level of accounting and control, but if there is a need to determine where the fuel was brought from, it is possible by reviewing the cargo bills of lading. Currently all fuel to Vilnius CHP biomass plant comes from EU member states (practically all from Lithuania), where suppliers in the entire supply chain are obliged to follow legal acts and directives. Forests must be cut only with forest management projects, which must be coordinated with supervisory authorities.
2) The greenhouse gas emission savings from the use of biomass in cogeneration installations are at least 80% in relation to the

GHG emission saving methodology set out in Annex VI to Directive (EU) 2018/2001, because woodchips from forest residues are not transported above 2500 km distance, which means that greenhouse gas emissions savings are at least 81%.

3) Cogeneration in Vilnius CHP biomass plant does not rely on anaerobic digestion of organic material and this requirement is not relevant to Vilnius CHP biomass plant.
Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

Sustainable use and protection of water and marine resources

The activity complies with the criteria set out in Appendix B of the Delegated Act. Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed. Surface and production wastewater does not enter the environment - it is directed to the networks of wastewater managers (as described in the EIA). Groundwater monitoring is also carried out. Furthermore, condensate is used for recirculation of water resources.

Pollution prevention and control

After comparing the limits of emissions in Integrated pollution prevention and control permits and the latest relevant best available techniques (BAT) conclusions, it was concluded, that emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges.

The protection and restoration of biodiversity and ecosystems

The Comprehensive Environmental Impact Assessment has been carried out and the activity complies with its requirements. Vilnius CHP biomass plant does not fall into the protected or "Natura 2000" territories and has no boundaries with them. There is no valuable vegetation on the plot, and there are no animals and plant species included in the lists of protected species. There are no cultural heritage objects on the plot.

4.24 Production of heat / cool from bioenergy

The Elektrėnai Complex contains a biomass boiler house which produces only heat through the combustion of wood chip and has an installed thermal capacity of 40 MW.

Substantial contribution criteria for the biomass boiler in Elektrėnai Complex has been carefully assessed and we conclude that this activity of the Group substantially contributes to climate change mitigation:

1. All biomass is acquired through Baltpool - an international biomass exchange. Baltpool is implementing measures to ensure compliance with the EU ETS Directive 2003/87/EC and RED II (EU) 2018/2001 Directive to use certified biomass from the 1st of January 2023. By 31 December 2022, the amendments to the rules for the centralised trading in biomass will be approved by the Ministry of Energy of the Republic of Lithuania. Following these amendments, the evaluation principles to determine which forms of biomass are considered sustainable will be established by 1 January 2023. Among other things, these principles provide that:
   a. All biomass supplied to customers by 1 May 2023 will be considered sustainable (regardless of whether it has been supplied under a “Sustainable Biomass” transaction or not).
   b. From May 1, after the national biomass sustainability scheme will be fully operational, only biomass supplied under transactions entered into on the exchange bearing the label “Sustainable biomass” will be considered sustainable.

   After the end of the calendar year, Baltpool, as the administrator of the National Biomass Sustainability Scheme, will provide reports to buyers on the amount of sustainable biomass obtained. This quantity will be considered the biomass that meets the sustainability requirements under both the EU ETS and RED II Directives.

2. The greenhouse gas emission savings from the use of biomass in biomass boiler are at least 80% in relation to the GHG emission saving methodology and fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001, because woodchips from forest residues are not transported above 2500 km distance, which means that greenhouse gas emissions savings are at least 81%.

3. Biomass boiler does not rely on anaerobic digestion of organic material, so this requirement is not relevant.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

Sustainable use and protection of water and marine resources

The activity complies with the criteria set out in Appendix B. Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed.

Water quality monitoring of discharged wastewater is being carried out. Surface and production wastewater is directed to the Streva River. Monthly samples of discharged wastewater from the outlet are taken by our chemical laboratory, which also prepares wastewater test protocols. A part of testing is ordered from a certified company (our chemical laboratory has the right to determine the concentration of some pollutants, others are determined by a third party). These tests of discharge wastewater are declared to the Environment Protection Agency. A Communal wastewater and wastewater from biomass boiler’s economizers are directed to the biological treatment facilities of the city of Elektrėnai. The groundwater monitoring is also being carried out in the Elektrėnai Complex (near the biomass boiler site). Our B-5a Instruction on Avoidance of Discharge of Unauthorized Pollutants with Wastewater and Liquidation of Consequences are followed to ensure non-exceeding pollution of wastewater in the event of accidents.

Pollution prevention and control

The biomass boiler started its operation in 2015 and is considered existing combustion plant. Based on Directive (EU) 2015/2193 Article 3 point 6: ‘existing combustion plant’ means a combustion plant put into operation before 20 December 2018 or for which a permit was granted before 19 December 2017 pursuant to national legislation provided that the plant is put into operation no later than 20 December 2018”. Until 1 January 2030, Member States may exempt existing medium combustion plants with a rated thermal input greater than 5 MW from compliance with the emission limit values set out in Annex II provided that at least 50% of the useful heat production of the plant, as a rolling average over a period of five years, is delivered in the form of steam or hot water to a public network for district heating. In the event of such exemption, the emission limit values set by the competent authority shall not exceed 1 100 mg/Nm^3 for SO_2 and 150 mg/Nm^3 for dust. The Elektrėnai biomass boiler is eligible for this exemption, but no official discussions have started.

Nonetheless, the biomass boiler has Integrated pollution prevention and control permit and emission limit values are set with it. The impact of the biomass boiler plant on the environment is assessed according to the methodology provided by the Environmental Monitoring Program. Mathematical modelling of pollution is carried out at least once every 5 years. According to

the results of recent pollution modelling, air quality limit values are not exceeded.

Based on 4 Air monitoring assessments conducted in 2022, the limits required by the Directive (EU) 2015/2193 have not been exceeded.

The protection and restoration of biodiversity and ecosystems
The Comprehensive Environmental Impact Assessment has been carried out and biomass boiler complies with it. The biomass boiler does not fall into the protected or "Natura 2000" territories and has no boundaries with them. There is no valuable vegetation on the plot, and there are no animals and plant species included in the lists of protected species. There are no cultural heritage objects on the plot.

7.3 Installation, maintenance and repair of energy efficiency equipment

Ignitis Group in 2022 offered the ESCO (Energy Service Company) services that involve investing in measures to improve the energy performance of the building (lighting modernisation projects). Substantial contribution criteria for this activity have been examined and concludes, that the Group substantially contribute to climate change mitigation by installation and replacement of energy efficient light sources in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation.

Although due to decreasing demand and ability to finance such transformation by the clients, this activity is being discontinued in 2023.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

Pollution prevention and control

Materials comply with the criteria set out in Appendix C of Delegated Act, as all lighting equipment used by the Group meet highest technological standards and comply with environmental requirements set for such equipment.

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

The Group offers electric vehicles (EV) charging stations for its customers together with installation services and other equipment needed for EV charging. By providing such services and operating this activity, the Group substantially contributes to climate change mitigation.

Furthermore, this activity does no significant harm to other environmental objectives.

Adaptation to climate change

See Climate Change Adaptation part.

7.6 Installation, maintenance and repair of renewable energy technologies

Ignitis Group in 2022 offered solar energy power plants (PV) installation for its customers, which consists of photovoltaic plant panels, inverters, mounting structures, installation services and all other needed equipment.

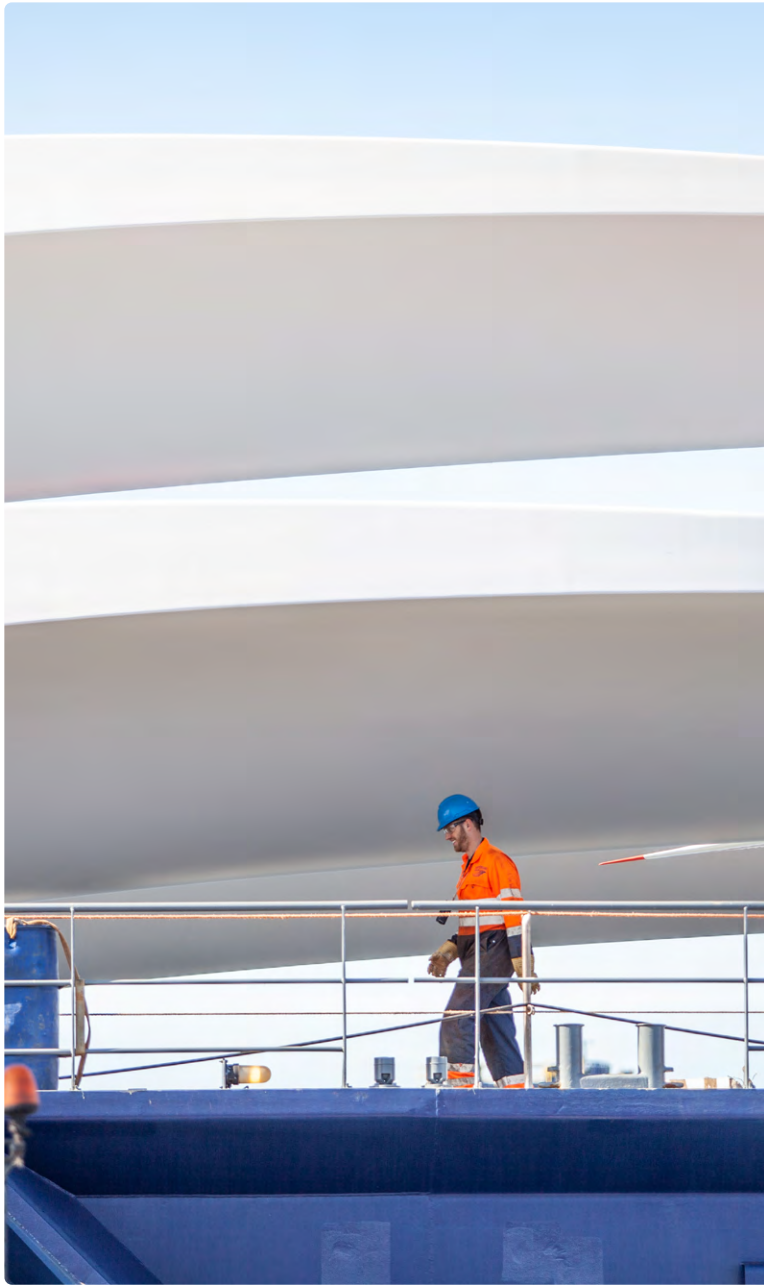
In addition to that, the Group offered its customers various heating solutions, which include heat pumps and thermostats, as well as intelligent control systems and monitoring systems. The Group discontinues this activity in 2023.

The Group substantially contributes to climate change mitigation by offering installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment and installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment.

Furthermore, this activity does no significant harm to other environmental objectives:

Adaptation to climate change

See Climate Change Adaptation part.



Climate change adaptation

All the Group activities, previously identified as Taxonomy-aligned by substantially contributing to climate change mitigation, after careful examination are concluded to be substantially contributing to climate change adaptation.

The energy sector is witnessing an increasing pressure from climate change. Global warming, more variable precipitation patterns, rising sea levels and extreme weather events already pose a significant challenge to the resilience of energy sector, and increase the likelihood of climate-related physical risks. Noting this increasing relevance of climate-related risks, both physical and transitional, Ignitis Group has fully integrated them into the overall risk management process. Our processes for identifying, assessing, and managing climate-related risks follow the same procedures as for assessing other risks (strategic, operational, financial, external). Our employees are trained and consulted on climate-related risks, their possible impact on business and processes, which increases the Group's ability timely identify and manage climate-related risks.

For more information on Risk and Risk Management process see the Group's annual report 2022.

The physical climate-related risks have a potential to adversely impact Ignitis Group's operations and interrupt the supply of energy to our customers. Changes in wind patterns or sunlight intensity can determine the output of our Green portfolio assets. Extreme weather events, such as winter storms, can impact the resilience of our distribution networks. Rising global temperature and occurrence of heat waves change patterns of energy demand. For all those reasons, the Group has management methods in place, such as monitoring short- and long-term weather forecasts, business continuity plans and investment programmes to improve its infrastructure resilience. Depending on the activity, climate-related resilience is covered in their investment plans, for example, networks invest largely in cabling of overhead lines. All our activities, depending on their location and activity features, have discussed and if relevant identified possible climate-related risks and manage them if needed.

To deepen our knowledge and understand of possible impacts and prepare ourselves proactively to mitigate climate-related risks in the future, we are planning a detailed climate change scenario analysis. This will give even more clarity on our resilience.

The Group's Taxonomy-eligible activities and their adaptation to physical climate change risks:

Activity	Climate-related hazards	Identified risk	Risk management or other measures
4.1 Electricity generation using solar photovoltaic technology	Hazards related to heat extremes, storms, heavy precipitation.	No climate-related physical risks identified in risk register as currently having major impact for this Group's activity.	Possible future climate-related impacts are constantly reviewed. Modelling of solar radiation is used.
4.3 Electricity generation from wind power	Hazards mostly wind-related, especially changing wind patterns.	No climate-related physical risks identified in risk register as currently having major impact for this Group's activity.	Climate-related impacts are constantly reviewed. Wind modelling and wind speed forecasting is used. The technologies we use have automated switch off solution in case of extreme wind or ice formation.
4.5 Electricity generation from hydropower	Water-related, e.g. water stress, drought, flood.	Climate-related physical hazards may increase accident risk of hydrotechnical structures. This risk is identified as medium, and management measures are taken.	Monitoring short- and long-term weather forecasts. Automated and standardised equipment for measuring the conditions of structures is used; also geodetic observations and periodic inspections.
4.9 Transmission and distribution of electricity (includes installation of smart metering system)	Temperature, wind and water related hazards, e.g. cold wave/frost, storms, heavy precipitation.	Climate-related physical hazards may cause network reliability issues by power outages. This risk is identified as medium, and management measures are taken.	Investments to change overhead lines with underground cables. Monitoring short- and long-term weather forecasts. In terms of smart metering system, the technologies are chosen to withstand possible climate extremes.
4.10 Storage of electricity	Water-related, e.g. water stress, drought, flood.	Climate-related physical hazards may increase accident risk of hydrotechnical structures. This risk is identified as medium, and management measures are taken.	Monitoring short- and long-term weather forecasts. Automated and standardised equipment for measuring the conditions of structures is used; also geodetic observations and periodic inspections.
4.20 Cogeneration of heat/ cool and power from bioenergy	Possible hazards due to extreme heat, storm, flood.	No climate-related physical risks identified in risk register as currently having major impact for this Group's activity.	It is noted that geological or hydrometeorological events may cause disruptions in technological processes, fire or explosion. To manage such risk, fire protection systems installed in buildings. The possible risk of biomass supply disruption due to physical climate-events could be noted in the planning process depending on the season.

Activity	Climate-related hazards	Identified risk	Risk management or other measures
4.24 Production of heat/cool from bioenergy	Possible hazards due to extreme heat, storm, flood.	No climate-related physical risks identified in risk register as currently having major impact for this Group's activity.	It is noted that geological or hydrometeorological events may cause disruptions in technological processes, fire or explosion. To manage such risk, fire protection systems installed in buildings. The possible risk of biomass supply disruption due to physical climate-events could be noted in the planning process depending on the season.
7.3 Installation, maintenance and repair of energy efficiency equipment	Temperature, wind or water-related.	No climate-related physical risks identified as currently having major impact for this Group's activity.	When choosing technical solutions, attention to technical parameters and their resilience to climate-related hazards considered.
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Temperature, wind or water-related.	No climate-related physical risks identified as currently having major impact for this Group's activity.	When choosing technical solutions, attention to technical parameters and their resilience to climate-related hazards considered.
7.6 Installation, maintenance and repair of renewable energy technologies	Temperature, wind or water-related.	No climate-related physical risks identified as currently having major impact for this Group's activity.	When choosing technical solutions, attention to technical parameters and their resilience to climate-related hazards considered.

Furthermore, these activities do no significant harm to other environmental objectives (for more DNSH see section 'Climate change mitigation').

4.5 Electricity generation from hydropower

Climate change mitigation

The Intergovernmental Panel on Climate Change (IPCC) states that hydropower has a median greenhouse gas (GHG) emission intensity of 24 gCO_2eq/kWh - this is the grams of carbon dioxide equivalent per kilowatt-hour of electricity generated allocated over its life-cycle. Based on that we assume that the direct GHG emissions of the activity are lower than 270 gCO_2e/kWh.

4.9 Transmission and distribution of electricity (includes installation of smart metering system

Climate change mitigation

No new direct connection or expansion of an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 270 gCO_2e/kWh measured on a life cycle basis was completed in 2022, but such connections are identified and will be tracked in the future for the exclusion.

4.20 Cogeneration of heat / cool and power from bioenergy Climate change mitigation

Climate change mitigation

The greenhouse gas emission savings from the use of biomass in biomass boiler are at least 80% in relation to the GHG emission saving methodology and fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001, because woodchips from forest residues are not transported above 2500 km distance, which means that greenhouse gas emissions savings are at least 81%.

4.24 Production of heat / cool from bioenergy

Climate change mitigation

The greenhouse gas emission savings from the use of biomass in biomass boiler are at least 80% in relation to the GHG emission saving methodology and fossil fuel comparator set out in Annex VI to Directive (EU) 2018/2001, because woodchips from forest residues are not transported above 2500 km distance, which means that greenhouse gas emissions savings are at least 81%.

7.3 Installation, maintenance and repair of energy efficiency equipment, 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) and 7.6 Installation, maintenance and repair of renewable energy technologies

Climate change mitigation

No projects were done in the buildings dedicated to extraction, storage, transport or manufacture of fossil fuels.

Minimum social safeguards

Ignitis Group conducts its activities by ensuring the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Group respects human rights and has both the Code of Ethics and the Group's Supplier Code of Ethics. The Code of Ethics is based on values of our organization and defines the principles and standards of business ethics followed by Ignitis Group companies and expected from our employees in their daily work. The Supplier Code of Ethics sets out the minimum standards of business conduct that we expect all our Suppliers to adhere to and, where possible, exceed.

In addition to that, the Group's People and Culture Policy, Equal Opportunity and Diversity Policy, Occupational Health and Safety Policy, Anti-Corruption Policy, Market Abuse Prevention Policy cover other aspects of social safeguards that are of the highest importance to the Group.

Ignitis Group is determined to act justly and according to legislative requirements and international standards. Please find the list of Group's public policies available here.

Not Taxonomy-aligned activities

4.29 Electricity generation from fossil gaseous fuels

The Group operates Elektrėnai Complex, which contains two gas-fired reserve power units, units 7 and 8 (together, the "Reserve Power Units"), and the combined cycle gas turbine unit ("CCGT"), with a combined gross installed capacity of 1,055 MW. The Reserve Power Units have an installed capacity of 300 MW each, while the CCGT unit has an installed capacity of 455 MW. The Reserve Power Units have an average asset useful life of more than 50 years, while the CCGT has an average asset useful life of 25 to 35 years.

The units in the Elektrėnai Complex have a diversified age profile. Construction of the CCGT unit was completed in October 2012 whereas the construction of the currently operational Reserve Power Units was completed between 1971 to 1972 (with a major refurbishment from 2003 to 2009). The Group has a schedule of regular repairs and overhauls for its power plants. Two power generation units in the Elektrėnai Complex (with a combined capacity of 300 MW) were decommissioned in 2012. Four additional units (with a combined capacity of 900 MW) were decommissioned in 2015 and 2016. The Group, through its subsidiary Ignitis Gamyba (Flexible Generation), has permits for an indefinite term to engage in electricity generation activities at the Reserve Power Units and the CCGT unit.

Electricity generation from fossil gaseous fuels activity at the Group does not meet substantial contribution criteria and is concluded as not aligned. Even though, our combined cycle gas turbine has replaced older ineffective fossil fuel fired units it is still not sufficient to meet the technical screening criteria. Furthermore, as of now, it is not possible to replace gas to renewable and / or low-carbon gaseous fuels, but we are following R&D in this field.

All three gas-fired plants have to meet strict national environmental requirements, they are operated in accordance with the conditions of permits for Integrated Pollution Prevention and Control issued by the Environmental Protection Agency. This permit is a way to ensure that the activities of companies have as little impact on the environment as a whole, and to individual parts of it - all possible types of environmental impact of economic activities are analysed, and the impacts are properly managed during the performance of activities.

It is important to note, that Reserve Power Units and the combined cycle gas turbine unit (CCGT) takes an important role in assuring flexible generation and energy security in the Republic of Lithuania. These assets are used to provide power reserve and ancillary services to the transmission system operator TSO (Litgrid). The main goal of these services is to ensure the stability and flexibility of the energy system, help to prevent and respond to system emergencies and maintain the required power reserve in line with the established requirements for the quality and reliability of electricity supply.

Knowing that this business segment of the Group is largely regulated by the state, we aim to contribute to the synchronisation with the grid of continental Europe in 2025, before that no major changes are expected.

6.5 Transport by motorbikes, passenger cars and light commercial vehicles and 6.6 Freight transport services by road

Transporto Valdymas is a subsidiary company of the Group and takes care of rental, repair and maintenance of the vehicles. Transporto Valdymas at the beginning of 2022 owned 1260 M1 / N1 category vehicles and at the end of the year 1134 M1 / N1 category vehicles. As only one of the vehicles owned in part of 2022 were low- and zero-emission light-duty vehicles, we consider that 6.5 activity does not meet substantial contribution criteria. In addition, Transporto Valdymas owns 25 N3 category vehicles that does not meet substantial contribution criteria as well. Although, due to accounting limitation (see Limitations part), this 6.6 activity is reported under Taxonomy-non-eligible activities. The number of owned vehicles decreased in 2022 and is planned to decrease further.

7.7 Acquisition and ownership of buildings

Most of the buildings owned by the Group are facilities there previously mentioned Taxonomy-eligible activities are operated. Nonetheless, we have reviewed all our ownership of buildings and conclude, that the Group owns one administrative building through its subsidiary company – Transporto Valdymas. This building has been renovated but does not meet high energy efficiency class requested to meet substantial contribution criteria.

The Group also owns and rents other buildings through its subsidiary company – Ignitis Gamyba (Flexible Generation and Green Generation). These buildings do not have high energy efficiency and we consider them not aligned as well.

IV. Additional information regarding regulated activities

Elektrėnai Complex (Flexible Generation), which is managed by Ignitis Gamyba, Kruonis PSHP and Kaunas HPP (both Green Generation) provide ancillary services to the transmission system operator (TSO) that are necessary to ensure the reliability of the Lithuanian electricity system and the quality of electricity.
For more information on the services necessary to ensure the reliability of the Lithuanian electricity system and the quality of electricity see the Group's annual report 2022.

V. Accounting policies

Our accounting methodology for calculating of the key performance indicators required to be disclosed by the EU Taxonomy Regulation (hereinafter KPI) are based on the Group's best interpretation of the EU Commission Delegated Regulation 2178/2021 and the currently available guidelines from the European Commission. With regards to the limited industry-specific guidance, the Group made several assumptions to implement the Taxonomy in practice. With the new official guidance from the European Commission or in the light of emerging industry practices, these assumptions will be amended and disclosed accordingly, if needed.

While the EU Taxonomy requires to disclose the share of revenue, Taxonomy OPEX and Taxonomy CAPEX KPIs that are Taxonomy-aligned or / and Taxonomy-eligible, the Group additionally discloses the Adjusted EBITDA metric as it provides coherence with other KPIs and better reflects how much the Group's growth is linked to sustainable activities (as defined by the Taxonomy).

Taxonomy-eligible / aligned KPIs are calculated as the KPIs associated to each specific Taxonomy eligible / aligned activity and divided by the Group's total KPIs. While calculating the numerators, KPIs were allocated to Taxonomy eligible / aligned activities based on their eligibility and the alignment analysis described in the previous paragraphs. The assumption was made that any revenue, Adjusted EBITDA, Taxonomy OPEX, or Taxonomy CAPEX that can be justifiably linked to an identified Taxonomy-eligible / aligned economic activity can be classified as Taxonomy-eligible / aligned, accordingly. Revenue, and Adjusted EBITDA KPIs are directly linked to the ratios used in the Group's annual report and financial statements, whereas Taxonomy OPEX and Taxonomy CAPEX refer to the type of costs or additions required by the EU Taxonomy Regulation. Due to rounding, totals of the numbers may not be exactly the same as those provided in other sections in the Annual report 2022 and percentages may not precisely reflect the absolute figures.

Double counting

All reported Taxonomy KPIs exclude double counting, as each KPI is assigned to different activities which are either independent or proxies, to split the financial numbers into the applicable Taxonomy-eligible / aligned activities, and non-eligible / aligned ones, are used. In addition to this, intra-group transactions were eliminated, where needed. An exception for intra-group transaction elimination was made for electricity sales to Customers & Solutions segment (see paragraph 'Calculation of Taxonomy eligible / aligned revenue' below). Furthermore, to avoid double counting, while calculating numerator, KPIs were counted only once when an economic activity contributes to several environmental objectives.

Proxies

Where the financial numbers cannot be split into distinct activities in the financial accounting structure, proportional accounting has been used to split the numbers. Proportional accounting is used when calculating Taxonomy OPEX, Adjusted EBITDA, Taxonomy CAPEX and is mostly related to the indirect costs or non-material activities / transactions at the Group level.

Changes in calculations

The 2021 figures have been restated based on the extensive analysis carried out while preparing for alignment in 2022, also with changes made in the calculation of both Taxonomy OPEX and Taxonomy CAPEX, and other insignificant revisions made. Furthermore, with regards to changes in financial accounting, 2021 financial statements were restated (see section '6.1 Consolidated financial statements', Note 6. Restatement of comparative figures due to change of accounting policy' in the Annual report 2022), therefore the changes were reflected accordingly.

Activities restated as eligible (were not stated as eligible in 2021 Annual report of the Group) are: electricity generation using electricity generation from fossil gaseous fuels, production of heat/cool from bioenergy, installation, maintenance and repair of renewable energy technologies (solar PV), installation, maintenance and repair of energy efficiency equipment (lighting modernisation projects), transport by motorbikes, passenger cars and light commercial vehicles, acquisition, and ownership of buildings. On the contrary, solar PV installation where the Group acted as an agent, was excluded, and now is evaluated as ineligible. However, it has no material effect at the Group level (around 0.01% of total 2021 revenue).

In previous reports Taxonomy OPEX covered all operating expenses (as it is defined in section '3.1 Annual results', part 'Expenses' in the Annual report 2022), whereas in this report it was specified according to the EU Commission Delegated Regulation 2178/2021 and includes operational expenses related with: repairs & maintenance, short term lease and IT maintenance (in denominator only). Temporary differences in calculations compared to the ones provided in the EU Commission Delegated Regulation 2178/2021 are described below, paragraph 'Calculation of the percentage of eligible / aligned Taxonomy OPEX'.

In previous reports Taxonomy CAPEX was calculated as additions to property plant and equipment, intangible assets, investment property and other financial assets (since Q3 2022 prepayments were additionally included), whereas in this report it was specified according to the EU Commission Delegated Regulation 2178/2021 and covers: IAS 16 (73: (e) (i) and (iii)), IAS 38 (118: (e) (i)), IAS 40 (76: (a)), and IFRS 16 (53: (h)).

Calculation of Taxonomy eligible / aligned revenue

As it is defined in the EU Commission Delegated Regulation 2178/2021, the share of the Group's Taxonomy-eligible / aligned revenue is calculated as the revenue derived from products or services associated with Taxonomy-eligible / aligned economic activities divided by the Group's total revenue (see '6.1 Consolidated financial statements', Consolidated Statement of Profit or Loss in the Annual report 2022).

Revenue associated with the storage of electricity, electricity generation from hydropower, wind power and fossil gaseous fuels includes the total revenue of Kruonis PSHP, Kaunas HPP, wind farms, CCGT, units 7 and 8 at Elektrėnai Complex including the revenue from balancing activities, and / or hedging, and / or regulatory activities, where the regulated result includes figures not necessarily from generation of electricity (see section '5.7 Robust organisation' of the Annual report 2022). An exception was made for 2022 when eliminating (classifying as Taxonomy-non-eligible) one-off revenues (EUR 64.6 million) for isolated regime services, intended to cover the expenses incurred for acquisition of an additional gas reserve.

Revenue associated with electricity distribution and transmission includes revenue from transmission activities, where the Group only provides "pass-through" services.

Revenue associated with electricity generation from wind power and hydropower is mainly related to sale of electricity, whereas part of it was sold via Customers & Solutions segment (intra-group sales). An exception for intra-group transactions elimination for electricity sales to Customers & Solutions segment was made after considering, that it refers to electricity produced using technologies that meet the technical screening criteria of the EU

Taxonomy Regulation and avoids double-counting as the residual electricity supply was represented as Taxonomy-non-eligible.

During our analysis, we determined, that each individual economic activity that contributes to climate change mitigation objective also contributes to achieving climate change adaptation objective, therefore the numerator of revenue KPI does not exclude the part of economic activities that have been adapted to climate change.

Throughout the reporting period, the Group has not issued new or disbursed previously issued green bonds with the purpose of financing Taxonomy-aligned activities, thus the Group assumes that no disclosures related with revenue must be made to avoid double counting. Nevertheless, it must be noted, that the Group has issued two green bonds, which were already disbursed before 2021.

Calculation of Taxonomy eligible / aligned Adjusted EBITDA

Adjusted EBITDA is disclosed voluntarily. The share of the Group's Taxonomy-eligible / aligned Adjusted EBITDA is calculated as Adjusted EBITDA derived from products or services associated with Taxonomy-eligible / aligned economic activities divided by the Group's total Adjusted EBITDA (see section '3.1 Annual results', part 'EBITDA' in the Annual report 2022). The principles of calculation and allocation are based on the same assumptions as for revenue KPI calculation indicated in the section above.

Calculation of Taxonomy eligible / aligned Taxonomy CAPEX

As it is defined in the EU Commission Delegated Regulation 2178/2021, the share of the Group's Taxonomy-eligible / aligned CAPEX is Taxonomy CAPEX related to assets or processes associated with Taxonomy-eligible / aligned economic activities calculated as proportion of the total Group's Taxonomy CAPEX.

The Taxonomy CAPEX is calculated based on IAS 16 (73: (e) (i) and (iii)), IAS 38 (118: (e) (i)), IAS 40 (76: (a)), and IFRS 16 (53: (h)) (see section '6.1 Consolidated financial statements', Note 16 Intangible assets (under 'Additions' and 'Acquisition through business combination' EBITDA' in the Annual report 2022), Note 17 Property, plant and equipment (under 'Additions' and 'Acquisition through business combination'), Note 18 Right-of-use assets (under 'Additions')). Goodwill acquired through business combinations is excluded from the Taxonomy CAPEX KPI.

Calculation of Taxonomy eligible / aligned Taxonomy OPEX

As it is defined in the EU Commission Delegated Regulation 2178/2021, the share of the Group's Taxonomy-eligible / aligned OPEX is Taxonomy OPEX related to assets or processes associated with Taxonomy-eligible / aligned economic activities calculated as a proportion of the total Group's Taxonomy OPEX.

The Taxonomy OPEX numerator includes operational expenses related to repairs & maintenance, and short-term lease, whereas the denominator additionally includes IT maintenance costs. Currently the scope of Taxonomy OPEX included in the Article 8 of the Disclosures Delegated Act is open to interpretation, and there is lack of industry specific guidelines providing appropriate inclusions, therefore the Group calculated Taxonomy OPEX as the most accurate ratio for currently available information. Due to a lack of precise allocation tools within the Group's accounting system, several limitations were determined while calculating Taxonomy OPEX (see paragraph "Limitations" below). However, in the next reporting periods the Group is planning to fine-tune current processes to provide more precise disclosures.

Limitations

There are Taxonomy-eligible / aligned activities in the Group, whose financial numbers are currently below certain materiality thresholds that we have defined, therefore several exemptions were made while calculating KPIs for these immaterial activities. For instance, the share of Taxonomy OPEX / CAPEX related with an acquisition and ownership of buildings is associated only with buildings rented out to third parties and does not include operating / capital expenses of administration buildings as majority of administration buildings used by the Group are rented, and the residual is immaterial and / or is an integral part of production facilities. Another limitation is related to the freight transport services by road, which is currently represented as Taxonomy-non-eligible (a more conservative approach), after considering that precise allocation among different types of vehicles (N3 and other categories not described under Taxonomy) is not possible at the moment and it has no material impact (less than 0.01% of total Group's revenues).

There are also temporary limitations with regards to Taxonomy OPEX calculations. Due to lack of industry-specific guidelines and precise allocation tools within the Group's accounting system, we cannot objectively evaluate the type of IT maintenance cost that could be justifiably included; thus, we use conservative approach and include all IT maintenance costs to the denominator but do not include any costs to the numerator. Following the same reasons, operational expenses related to costs of employees servicing the assets to ensure their continued and effective functionality are not included under the numerator or the denominator. We do not expect that this addition would have a material impact at the Group level. In the next reporting periods, the Group is planning to implement appropriate proxies to ensure a more precise reflection and consistent application of Taxonomy OPEX.

VI. Contextual information about EU Taxonomy KPIs

All KPIs are the same for both environmental objectives (except for EV network activity, which does not have technical screening criteria for climate change adaptation), therefore they are not disclosed separately.

Revenue KPI

Taxonomy-eligible share of revenue in 2022 was 24.4% and decreased by 15.7 pp compared to 2021, whereas Taxonomy-aligned share was 20.6% and decreased by 11.9 pp.

The key drivers were:
- substantial increase in revenue of Taxonomy-non-eligible activities (EUR +2,178.3 million), which was mainly driven by higher revenue from electricity and natural gas supply due to significantly higher market prices and higher volumes sold;
- partly offset by the increase (EUR +183.6 million) in revenue from storage of electricity, electricity generation from hydropower and wind power (Taxonomy-aligned activity). The increase was mainly driven by higher electricity market prices and the launch of a new electricity generation asset Pomerania WF in Poland;
- partly offset by the increase (EUR +89.4 million) in revenue from transmission and distribution of electricity (Taxonomy-aligned activity), which was influenced by recovery of technological losses expenses at the end of 2022 (accumulated during 2022), resulted from higher electricity prices.

The difference between Taxonomy-eligible and Taxonomy-aligned revenues is mainly affected by the revenue from electricity generation from fossil gaseous fuels, which in 2022 increased by EUR +22.6 million, mainly due to more favourable market conditions.

In 2022 EUR 2.5 million in revenue related to Taxonomy-aligned activities was inter-company transactions, therefore, it was excluded when calculating Taxonomy-aligned revenue. It is worth noting that inter-company sales of generated electricity (from wind and hydropower) to the Customers & Solutions segment, which are subsequently sold to third parties, were not eliminated (more information in paragraph 'Calculation of Taxonomy-eligible / aligned revenue').

Throughout the reporting period, the Group has not issued new or disbursed previously issued green bonds with the purpose of financing Taxonomy-aligned activities.

Adjusted EBITDA KPI

Taxonomy-eligible share of Adjusted EBITDA in 2022 was 81.9% and increased by 7.7 p.p. or EUR 137.6 million compared to 2021. Taxonomy-aligned share of Adjusted EBITDA in 2022 was 74.6% and increased by 11.5 p.p. or EUR 140.4 million compared to 2021.

The increase was mostly driven by:
- higher Adjusted EBITDA of electricity generation from wind power, hydropower, storage of electricity. Main contributors to the growth were higher electricity market prices and the launch of Pomerania WF in Poland;
- higher Adjusted EBITDA of distribution of electricity, which was driven by an introduction of an additional tariff component and higher RAB but partly offset by lower WACC.

The increase in Taxonomy-aligned Adjusted EBITDA was higher compared to Taxonomy-eligible Adjusted EBITDA, mainly due to the lower result of electricity generation from fossil gaseous fuels (EUR -2.6 million), which is not Taxonomy-aligned.

Taxonomy CAPEX KPI

Taxonomy-eligible share of Taxonomy CAPEX in 2022 was 90.0% and increased by 18.6 pp compared to 2021. Taxonomy-aligned share of Taxonomy CAPEX in 2022 was 89.5% and increased by 18.2 pp compared to 2021. Taxonomy CAPEX related to Taxonomy-aligned activities increased by EUR 164.5 million.

The main drivers related to the increase were the following:
- in 2022, additions related to property plant and equipment of Taxonomy-aligned activities amounted to EUR 302.0 million and were EUR +135.7 million higher compared to 2021. Taxonomy-aligned property, plant, and equipment additions in 2022 were mainly related to investments into electricity distribution grid (maintenance, expansion, smart meters), generation from wind power (investments in new wind farms), cogeneration of heat / cool and power from bioenergy (construction of Vilnius CHP biomass unit);
- additions of intangible assets related to Taxonomy-aligned activities during 2022 amounted to EUR 19.0 million, which is EUR +8.6 million higher than in 2021. Taxonomy-aligned additions of intangible assets in 2022 were mainly associated with generation using solar technology and investments into electricity distribution grid;
- during 2022, Taxonomy-aligned acquisitions through business combinations were EUR 34.5 million and were EUR +21.7 million higher compared to 2021. In 2022, Taxonomy-aligned additions related to acquisitions were related to electricity generation from wind power as a result of WF development projects.

Throughout the reporting period, Group has not issued new or disbursed previously issued green bonds with the purpose of financing Taxonomy-aligned activities.

Taxonomy OPEX KPI

Taxonomy-eligible share of Taxonomy OPEX in 2022 was 73.8% and decreased by 0.1 pp compared to 2021. Taxonomy-aligned share of Taxonomy OPEX in 2022 was 64.9% and increased by 5.4 pp as Taxonomy-aligned Taxonomy OPEX was EUR +9.7 million higher compared to 2021, which was mainly driven by an increase in repair and maintenance expenses.

The main drivers of the increase were the following:
- in 2022, repairs and maintenance expenses related to Taxonomy-aligned activities amounted to EUR 31.2 million and were EUR 9.1 million higher compared to 2021. The increase was mostly related to electricity distribution activities, mainly due to increased costs of both contractors' fees and materials;
- in 2022, short term lease expenditures associated with Taxonomy-aligned activities amounted to EUR 0.7 million and were EUR 0.6 million higher compared to 2021. It was mainly related with electricity generation from wind power;
- IT maintenance expenses increased by EUR +2.3 million and are reported as Taxonomy-non-eligible (included in the denominator only), thus have a negative effect on the Taxonomy-aligned Taxonomy OPEX KPI.

The difference between Taxonomy-eligible and Taxonomy-aligned Taxonomy OPEX is mainly because of the Taxonomy OPEX, related to electricity generation from fossil gaseous fuels, which is not Taxonomy-aligned.

Maintenance materials were reported in combination with other repairs and maintenance operational expenses described above. IT maintenance costs were included in the denominator only, whereas salaries expenses relating to the day-to-day servicing of assets of property, plant and equipment are not included neither in the numerator nor in the denominator but are planned to be included in further reports with a fine-tuned reporting process.

Revenue under the EU Taxonomy

Economic activities under EU Taxonomy	NACE codes	Absolute revenue 2022	Proportion of revenue 2022	Substantial contribution criteria				DNSH criteria				Minimum safeguards	Taxonomy-aligned proportion of revenue, year 2022	Taxonomy-aligned proportion of revenue, year 2021	Category (enabling)	Category (transitional)
				climate change mitigation	climate change adaptation	climate change mitigation	climate change adaptation	water and marine resources	circular economy	pollution	biodiversity and ecosystems					
		millions of euro	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
4.1. Electricity generation using solar photovoltaic technology	D35.11, F42.22	-	-	100	100		Y		Y		Y	Y	-	-		
4.3. Electricity generation from wind power	D35.11, F42.22	61.4	1.4%	100	100		Y		Y		Y	Y	1.4%	1.3%		
4.5. Electricity generation from hydropower	D35.11, F42.22	83.4	1.9%	100	100	Y	Y	Y			Y	Y	1.9%	1.7%		
4.9 Transmission and distribution of electricity	D35.12, D35.13	532.3	12.1%	100	100	Y	Y		Y	Y	Y	Y	12.1%	23.3%	E	
b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport		0.5	0.0%	100			Y	Y	Y	Y	Y	Y	0.0%	0.0%		
f) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council				100	100	Y	Y		Y	Y	Y	Y				
4.10 Storage of Electricity	No dedicated NACE code	202.0	4.6%	100	100		Y	Y	Y		Y	Y	4.6%	5.6%		
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	-	-	100	100	Y	Y	Y		Y	Y	Y	-	-		
4.24 Production of heat/cool from bioenergy	D35.30	5.4	0.1%	100	100	Y	Y	Y		Y	Y	Y	0.1%	0.1%		
7.3 Installation, maintenance and repair of energy efficiency equipment (d)	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12	0.9	0.0%	100	100	Y	Y			Y		Y	0.0%	0.1%	E	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	0.5	0.0%	100	100	Y	Y					Y	0.0%	0.0%	E	
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	19.5	0.4%	100	100	Y	Y					Y	0.4%	0.4%	E	

Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**905.8**	**20.6%**		**20.6%**	**32.6%**
A. 2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)						
4.29 Electricity generation from fossil gaseous fuels	D35.11, F42.22	165.4	3.8%			
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11	0.6	0.0%		-	-
7.7 Acquisition and ownership of buildings	L68	0.9	0.0%		-	-
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**166.8**	**3.8%**		-	-
Total (A.1 + A.2)		**1,072.6**	**24.4%**		**20.6%**	**32.6%**
B. Taxonomy-NON-ELIGIBLE ACTIVITIES						
Revenue of Taxonomy-non-eligible activities (B)		**3,314.3**	**75.6%**		-	-
Total (A + B)		**4,386.9**	**100.0%**		**20.6%**	**32.6%**

Capital expenditure (Taxonomy CAPEX APM) under the EU Taxonomy

Economic activities under EU Taxonomy	NACE codes	Absolute Taxonomy CAPEX 2022	Proportion of Taxonomy CAPEX 2022	Substantial contribution criteria				DNSH criteria				Minimum safeguards	Taxonomy-aligned proportion of Taxonomy CAPEX year 2022	Taxonomy-aligned proportion of Taxonomy CAPEX, year 2021	Category (enabling)	Category (transitional)
				climate change mitigation	climate change adaptation	climate change mitigation	climate change adaptation	water and marine resources	circular economy	pollution	biodiversity and ecosystems					
		millions of euro	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
4.1. Electricity generation using solar photovoltaic technology	D35.11, F42.22	9.3	2.3%	100	100		Y		Y		Y	Y	2.3%	0.3%		
4.3. Electricity generation from wind power	D35.11, F42.22	44.8	11.3%	100	100		Y		Y		Y	Y	11.3%	8.8%		
4.5. Electricity generation from hydropower	D35.11, F42.22	0.0	0.0%	100	100	Y	Y	Y			Y	Y	0.0%	0.2%		
4.9 Transmission and distribution of electricity	D35.12, D35.13	228.3	57.4%	100	100	Y	Y		Y	Y	Y	Y	57.4%	59.2%	E	
b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport		0.1	0.0%	100			Y	Y	Y	Y	Y	Y	0.0%	0.0%		
f) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council		20.6	5.2%	100	100	Y	Y		Y	Y	Y	Y	5.2%	1.3%		
4.10 Storage of Electricity	No dedicated NACE code	0.9	0.2%	100	100		Y	Y	Y		Y	Y	0.2%	0.1%		
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	51.8	13.0%	100	100	Y	Y	Y		Y	Y	Y	13.0%	0.5%		
4.24 Production of heat/cool from bioenergy	D35.30	0.6	0.1%	100	100	Y	Y	Y		Y	Y	Y	0.1%	0.0%		
7.3 Installation, maintenance and repair of energy efficiency equipment (d)	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12	-	-	100	100	Y	Y			Y		Y	-	-	E	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28	-	-	100	100	Y	Y					Y	-	-	E	
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27 or C28	-	-	100	100	Y	Y					Y	-	0.9%	E	

Taxonomy CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**356.3**	**89.5%**		**89.5%**	**71.3%**
A. 2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)						
4.29 Electricity generation from fossil gaseous fuels	D35.11, F42.22	1.7	0.4%			
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11	0.0	0.0%		-	-
7.7 Acquisition and ownership of buildings	L68	-	-		-	-
Taxonomy CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1.7**	**0.4%**		**-**	**-**
Total (A.1 + A.2)		**358.0**	**90.0%**		**89.5%**	**71.3%**
B. Taxonomy-NON-ELIGIBLE ACTIVITIES						
Taxonomy CAPEX of Taxonomy-non-eligible activities (B)		**39.9**	**10.0%**		**-**	**-**
Total (A + B) [1]		**398.0**	**100.0%**		**89.5%**	**71.3%**

[1] *It shall be noted that total Investments reported by the Group in 2022 was EUR 521.8 million, whereas total Taxonomy CAPEX - EUR 398.0 million. The difference emerges, as Taxonomy CAPEX includes additions to tangible and intangible assets (including results from business combinations) as well as right-of-use assets, whereas Investments reported by the Group includes prepayments for property, plant, and equipment and additions of other financial assets but excludes additions to right-of-use assets.*

Operating expenses (Taxonomy OPEX APM) under the EU Taxonomy

Economic activities under EU Taxonomy	NACE codes	Absolute Taxonomy OPEX 2022	Proportion of Taxonomy OPEX 2022	Substantial contribution criteria		DNSH criteria						Minimum safeguards	Taxonomy-aligned proportion of Taxonomy OPEX, year 2022	Taxonomy-aligned proportion of Taxonomy OPEX, year 2021	Category (enabling)	Category (transitional)
				climate change mitigation	climate change adaptation	climate change mitigation	climate change adaptation	water and marine resources	circular economy	pollution	biodiversity and ecosystems					
		millions of euro	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. Taxonomy-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
4.1. Electricity generation using solar photovoltaic technology	D35.11, F42.22	-	-	100	100		Y		Y		Y	Y	-	-		
4.3. Electricity generation from wind power	D35.11, F42.22	3.5	7.2%	100	100		Y		Y		Y	Y	7.2%	6.3%		
4.5. Electricity generation from hydropower	D35.11, F42.22	0.2	0.3%	100	100	Y	Y	Y			Y	Y	0.3%	0.7%		
4.9 Transmission and distribution of electricity	D35.12, D35.13	27.8%	56.6%	100	100	Y	Y		Y	Y	Y	Y	56.6%	51.6%	E	
b) construction and operation of electric vehicle (EV) charging stations and supporting electric infrastructure for the electrification of transport		-	-	100			Y	Y	Y	Y	Y	Y	-	-		
f) installation of equipment such as, but not limited to future smart metering systems or those replacing smart metering systems in line with Article 19(6) of Directive (EU) 2019/944 of the European Parliament and of the Council		-	-	100	100	Y	Y		Y	Y	Y	Y	-	-		
4.10 Storage of Electricity	No dedicated NACE code	0.3	0.7%	100	100		Y	Y	Y		Y	Y	0.7%	0.8%		
4.20 Cogeneration of heat/cool and power from bioenergy	D35.11, D35.30	-	-	100	100	Y	Y	Y		Y	Y	Y	-	-		
4.24 Production of heat/cool from bioenergy	D35.30	0.1	0.1%	100	100	Y	Y	Y		Y	Y	Y	0.1%	0.1%		
7.3 Installation, maintenance and repair of energy efficiency equipment (d)	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12	-	-	100	100	Y	Y			Y		Y	-	-	E	
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	-	-	100	100	Y	Y					Y	-	-	E	
7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	-	-	100	100	Y	Y					Y	-	-	E	

Taxonomy OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**31.9**	**64.9%**		**64.9%**	**59.5%**
A. 2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)						
4.29 Electricity generation from fossil gaseous fuels	D35.11, F42.22	3.7	7.5%			
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39, N77.11	0.7	1.4%		-	-
7.7 Acquisition and ownership of buildings	L68	0.0	0.0%		-	-
Taxonomy OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4.4**	**8.9%**		**-**	**-**
Total (A.1 + A.2)		**36.3**	**73.8%**		**64.9%**	**59.5%**
B. Taxonomy-NON-ELIGIBLE ACTIVITIES						
Taxonomy OPEX of Taxonomy-non-eligible activities (B)		**12.8**	**26.2%**		**-**	**-**
Total (A + B)[1]		**49.1**	**100.0%**		**64.9%**	**59.5%**

[1] It shall be noted, that total OPEX reported by the Group in 2022 was EUR 220.0 million, whereas total Taxonomy OPEX - EUR 49.1 million. The difference emerges, as Taxonomy OPEX includes only repairs and maintenance expenses, short term lease expenditures and IT maintenance expenses but excludes salaries and other expenses.

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