

2021

EU Taxonomy



Slovenská
elektrizačná
prenosová
sústava



INDEPENDENT AUDITOR'S REPORT

on verification of

compliance of the annex to the consolidated annual report for the year ended 31 December 2021 with the requirements of Regulations 2020/852 of the European Parliament and the European Council of 18 June 2020 regarding the establishment of a framework facilitating sustainable investments (hereinafter referred to as "Taxonomy Regulation") and the relevant delegated Regulations of the EU Commission.

Slovenská elektrizačná prenosová sústava, a. s.

Company seat:

Slovenská elektrizačná prenosová sústava, a. s.
Mlynské nivy 59/A 824 84 Bratislava

This is a translation of the original Slovak Auditor's Report, financial statements have not been translated. For a full understanding of the information stated in the Auditor's Report, the Report should be read in conjunction with the full set of financial statements prepared in Slovak.

TPA AUDIT, s. r. o.
Námestie Mateja Korvína 1, 811 07 Bratislava, Slovakia, Tel.: +421 2 57 351 111
E-mail: office@tpa-group.sk, www.tpa-group.sk, ID: 36 714 879, VAT No.: SK2022284131
Recorded in the Commercial Register kept by the District Court Ba I., section: Sro, insert No. 43/38/B
Albania | Austria | Bulgaria | Croatia | Czech Republic | Hungary
Montenegro | Poland | Romania | Serbia | Slovakia | Slovenia





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Report on other legal and regulatory requirements

Report on verification of compliance of the annex to the consolidated annual report for the year ended on the 31 December 2021 with the requirements of Taxonomy Regulation and the relevant delegated Regulations of the EU Commission.

1. The Company entrusted us with the performance of the contract providing reasonable assurance to verify compliance of the annex to the consolidated annual report drawn up for the year ended 31 December 2021 with the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission.

Description of the subject of the contract and identification of the criteria

2. The statutory authority has drawn up the annex to the consolidated annual report for the year ended 31 December 2021, the object and content of which is to publish information related to the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission.

The requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission constitute, in our view, an appropriate legislative framework from which we are able to draw a conclusion with reasonable assurance.

Responsibilities of the statutory body and those charged with Governance responsibility and management

3. The statutory body is responsible for the annex to the consolidated annual report for the year ended 31 December 2021, the subject and content of which is the publication of information related to the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission. This responsibility includes the establishment of the annex to the consolidated annual report for the year ended 31 December 2021 in accordance with the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission.

Our responsibility

4. Our responsibility is to conclude, with reasonable assurance, whether the content of the Annex to the consolidated annual report for the year ended 31 December 2021 is in all material respects in accordance with the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission.

The contract providing reasonable assurance was carried out in accordance with the International Standard for Assurance Services 3000 (revised), "Contracts for assurance services other than audit or verification of historical financial information" (hereinafter referred to as "ISAE 3000 (R)"), issued by the International Auditing and Assurance Standards Board (IAASB). In accordance with this standard, we are obliged to comply with the relevant ethical requirements and to plan and implement procedures to obtain reasonable assurance that the content of the Annex to the consolidated annual report for the year ended 31 December 2021 is, in all material respects, in accordance with the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission.

The nature, timing and extent of the performed procedures depend on the auditor's judgement. Reasonable assurance is a high degree of assurance, but does not guarantee that a service performed in accordance with the ISAE 3000 (R) will always reveal a significant discrepancy.

Our quality control and independence requirements

5. We apply the provisions of the International Quality Control Standard 1 (issued by the IAASB) and therefore maintain a comprehensive quality control system, including documented principles and procedures concerning compliance with ethical and professional standards as well as related legal and regulatory requirements.
6. We adhere to the requirements of independence and other ethical principles deriving from the International Code of Ethics for Accountants (including the International Standards of Independence) issued by the International Ethics Standards Board for Accountants. This Code is based on the fundamental principles of integrity, objectivity, professional competence and appropriate care, confidentiality and professional conduct.

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Overview of the followed procedures

7. Our planned and implemented procedures were aimed at obtaining reasonable assurance that the content of the Annex to the consolidated annual report for the year ended 31 December 2021 is, in all material respects, in compliance with the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission.

We believe that the evidence we have obtained provides a sufficient and appropriate basis for our conclusion.

Conclusion

8. In our view, on the basis of the procedures we performed, the content of the annex to the consolidated annual report for the year ended 31 December 2021 is in all material respects in accordance with the requirements of the Taxonomy Regulation and the relevant delegated regulations of EU Commission

On the basis of the work performed during the audit of the financial statements, in our opinion the information presented in the Annex to the consolidated annual report for the year 2021 is in line with the consolidated financial statements for that year.

Bratislava, 28 November 2022

TPA AUDIT s.r.o.
Licence SKAu No. 304
Ing. Ivan Paule, CA, FCCA

Ing. Ivan Paule, CA, FCCA
Responsible auditor
Licence SKAu No. 84

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TPA AUDIT, s. r. o.

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Europe Alliance member

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EU TAXONOMY

The European Union has set the binding objective of achieving climatic neutrality by 2050. This requires reduction of the current greenhouse gases emission level. The sustainable finances play a key role in implementing the EU objectives. SEPS as the transmission system operator in Slovakia has a decisive position. The transmission system contributes to decarbonization by reduction and restriction of the carbon footprint of its own activities and value chains and, moreover, it plays a leading role at enabling energy transformation. The main instruments used by the transmission system operator include the system extension and development; integration of flexible assets and services into the system, support of the related development in the field of the market design and regulation frameworks.

One of the areas which are key for ensuring financing of the sustainable EU economic growth and achieving climate neutrality by 2050 is redirection of the financial flows of the public and private sector into the sustainable economy. For this purpose, the European institutions created a classification of environmentally sustainable economic activities – so called “EU Taxonomy” whose legal framework is defined by Regulation of the European Parliament and of the Council (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (hereinafter referred to as “Taxonomy Regulation”) and the relevant delegated Commission regulations.

The environmentally sustainable economic activity must comply with the following criteria:

- a) it shall significantly contribute to meeting one or several environmental objectives set out in Article 9 of the Taxonomy Regulation,
- b) it shall not significantly disturb fulfilment of any from the environmental objectives set out in Article 9 of the Taxonomy Regulation,
- c) it is implemented in compliance with minimum guarantees set out in Article 18 of the Taxonomy Regulation and
- d) it fulfils the technical screening criteria which are defined in the relevant delegated regulation (hereinafter referred to as “Delegated Commission Regulation (EU) 2021/2139”).

The Delegated Commission Regulation (EU) 2021/2139 defines the technical criteria based on which certain economic activities can qualify as environmentally sustainable after fulfilment of all relevant conditions, and thus in compliance with the taxonomy requirements.

EU TAXONOMY

The information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable must be included in the non-financial statements or consolidated non-financial statement by every undertaking to which the obligation to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU applies. This obligation results from Article 8 par. 1 of the Taxonomy Regulation.

The content and presentation of the information to be published including the methodology are further specified by the Delegated Commission Regulation (EU) 2021/2178 of 6 July 2021. Pursuant to Article 10 par. 2 of this delegated regulation, SEPS publishes the share of total revenues, CAPEX and OPEX related to eligible and non-eligible economic activities in regards to taxonomy in its consolidated non-financial statement for the financial year 2021.

The eligible economic activity is an activity described in the Delegated Commission Regulation (EU) 2021/2139 regardless of whether it complies with all technical screening criteria set out in the mentioned delegated act.

The economic activity of electricity transmission that corresponds to the description in section 4.9 Electricity Transmission and Distribution of Annex I to the Delegated Commission Regulation (EU) 2021/2139 is deemed by SEPS to be its eligible economic activity in terms of taxonomy.

Since the line of business of OKTE, a.s. is not included in the Delegated Commission Regulation (EU) 2021/2139, its share in the consolidated data in 2021 is within taxonomy considered to be the non-eligible economic activity.

The share of eligible and non-eligible economic activities in compliance with the requirements of the EU taxonomy in the total SEPS consolidated turnover and its consolidated capital and operating expenses is provided in the following table:

	Revenues	Capital expenditures	Operating expenses ¹
Eligible activities within taxonomy	52 %	98 %	84 %
Non-eligible activities within taxonomy	48 %	2 %	16 %
Total (in € thous.)	507 866 ²	48 095 ³	

¹ Operating expenses include especially consumed materials and services, depreciations of tangible and intangible assets, staff costs and adjustments to tangible assets.

² The data is available in the Table 5 Key Group Consolidated Economic Indicators of the SEPS Individual and Consolidated Annual Report for the year 2021, p. 17 and in Note 20 Revenues of the SEPS Consolidated Financial Statements for the year 2021.

³ The data is available in the Table 5 Key Group Consolidated Economic Indicators of the SEPS Individual and Consolidated Annual Report for the year 2021, p. 17.



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Slovenská elektrizačná prenosová sústava, a. s.
Mlynské nivy 59/A, 824 84 Bratislava 26