

# REPORTING ON PERFORMANCE TARGETS

---

related to sustainability-linked  
bond for the year 2024 / 2025



ZAGREBAČKI  
HOLDING

June 2025

# INTRODUCTION

---

In July 2023, Zagrebački holdinga d.o.o. issued bonds related to sustainable operations, the so-called Sustainability linked bond. For the purpose of the issue, the document Sustainability – linked bond Framework (hereinafter referred to as the Framework) was prepared. The framework is primarily based on the document Sustainability Strategy of Zagreb Holding 2023-2028.

The framework is based on the Principles of bonds related to sustainable business (Sustainability Linked Bond Principles, SLBP) from 2020, of the International Capital Markets Association (ICMA), which are the market standard for this type of bonds.

The framework is aligned with the five main components of the Principles, which are:

1. Overview of key performance indicators (English: Key performance indicators - KPI) and goals
2. Alignment of sustainability performance targets (SPT)
3. Financial features of the bond
4. Reporting – ZGH will publish the progress of the key performance indicators and the achievement of the Sustainability Goals no later than June 30th in the years following the end of the relevant reporting period.
5. Independent verification and verification - the achievement of key performance indicators KPI 1 and KPI 2 (according to the given Sustainability Performance Objectives on the given dates) will be subject to verification by an external evaluator. This limited assurance review will be conducted by a qualified external assessor with relevant professional experience on an annual basis.

The Group's sustainable development is focused on environmental protection, adaptation to climate change, resilience to crisis situations, risk prevention, efficient use of natural resources and protection of biological diversity, while at the same time strengthening economic and social cohesion in determining priorities and measures.

The Group's key environmental impact is sustainable resource management, which includes waste management, efficient water management and sustainable energy use (including efficiency and energy from renewable sources).

Precisely because of the above, Zagrebački holding, through the issue of bonds related to sustainable operations, has tied itself to two key performance indicators as the most relevant and crucial for its operations in terms of sustainability.

**KPI #1: Share of municipal waste separately collected (i.e. removed from landfill)**

**KPI #2: Share of renewable electric energy in total electric energy consumption (relative, in %)**

KPIs #1 and #2 are discussed below in order to detail all activities that contribute to the achievement of the Sustainability Performance Targets (SPT).

# KPI#1

## Share of separately collected municipal waste (i.e. diverted from landfill)

KPI #1 and its achievement relate to the Čistoća and Zrinjevac branches. The methodology for calculating and assessing the success of the KPI relies on the methodology of the Ministry of Environmental Protection and Green Transition, which controls and approves statistical/input data on collected waste on an annual basis, in accordance with legal requirements regarding classification and reporting of collected waste.

Obligation from Sustainability linked bond Framework:

Measurement data	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total separately collected municipal waste ('000 tons)	80	118	101	<b>93</b>	113	123	128	130	132	<b>135</b>
Total municipal waste collected ('000 tons)	281	291	275	<b>261</b>	251	246	233	233	228	<b>228</b>
<b>Percentage of separately collected municipal waste (%)</b>	<b>29%</b>	<b>41%</b>	<b>37%</b>	<b>36%</b>	<b>45%</b>	<b>50%</b>	<b>55%</b>	<b>56%</b>	<b>58%</b>	<b>59%</b>

Results achieved for the observation period – 2024:

Measurement data	2019	2020	2021	2022	2023	2024
Total separately collected municipal waste ('000 tons)	80	118	101	<b>93</b>	118	132
Total municipal waste collected ('000 tons)	281	291	275	<b>261</b>	258	271
<b>Percentage of separately collected municipal waste (%)</b>	<b>29%</b>	<b>41%</b>	<b>37%</b>	<b>36%</b>	<b>46%</b>	<b>48.27%</b>

The share of separately collected municipal waste in 2024 is 48.27% (taking into account additional amounts of separately collected municipal waste).

The total amount of separately collected municipal waste in the area of the City of Zagreb, which was collected as part of the public service of municipal waste collection and the collection of municipal waste generated in the municipal activities of maintaining public green areas and maintaining the cleanliness of public areas, increased by 11.63% compared to 2023, so in 2024, Zagreb Holding submitted a total of 132 thousand tons of municipal waste for further processing.

At the same time, the total amount of collected municipal waste in the area of the City of Zagreb, which includes mixed municipal waste in addition to separately collected municipal waste fractions, increased by 4.33% compared to the previous year; 252,800 t within the framework of public waste collection services, or 271,590 t in the amount of municipal waste generated in municipal activities for the maintenance of public areas, which represents an increase of around 5.3% compared to 2023.

By implementing measures to improve the separate waste collection system, the quantities of separately collected recyclable waste are increased, thereby achieving a continuous increase in the share of separately collected municipal waste and achieving the set goals.

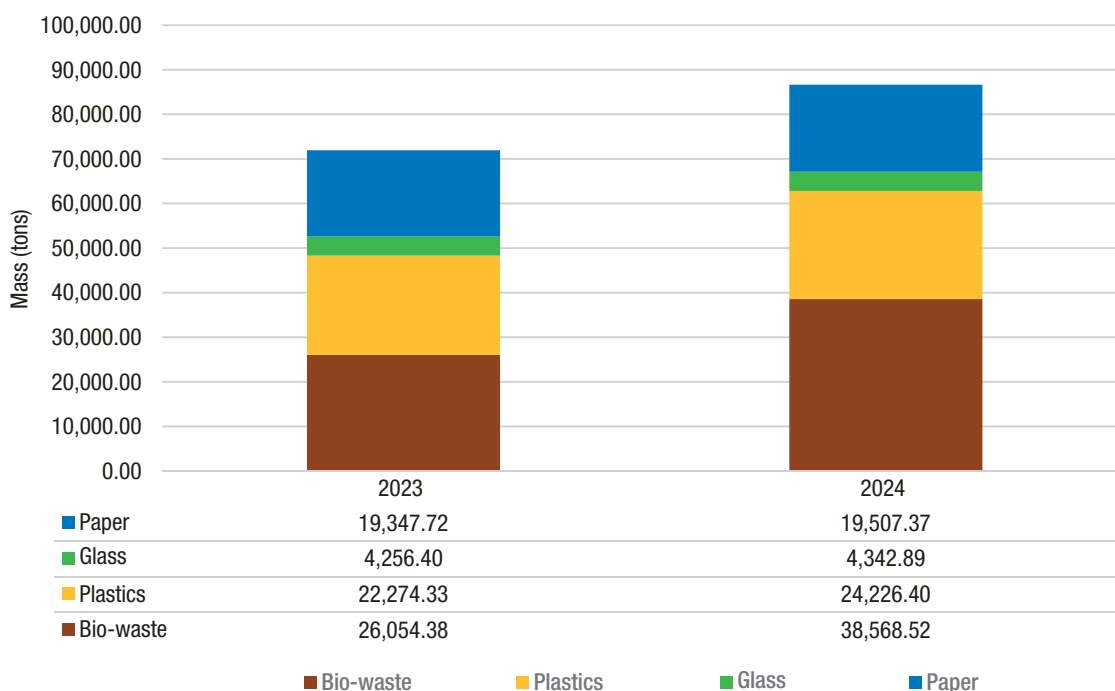
### During 2024, a series of measures and activities were undertaken to optimize the existing waste collection system, as follows:

- » Containers removed from public areas in the city center; waste collection for city center residents increased from 3 to 6 times a week until underground containers are installed;
- » In total, by December 31, 2024, a total of 150 underground tanks were installed in 39 locations in the historic core of the City of Zagreb, as well as 12 semi-underground tanks in 4 locations, the installation of which began at the end of 2024. The system is planned to be fully completed in 2025;
- » Used software for the optimization of train routes, which made it possible to cancel 10 pickup programs, thereby reducing emissions and improving implementation of the service;
- » Additional vehicle included for emergency waste collection;
- » Distribution of chipped containers with a capacity of 240 L for plastic and metal packaging to users in family homes has begun; over 97% of containers for mixed municipal waste have been chipped;
- » The application Razvrstaj MojZG was used, which provides users with personalized information about collection and recycling;
- » A new mobile recycling yard has been opened (in the area of the Novi Zagreb - West district at the location of Lučko Street); currently, a total of 11 recycling and 10 mobile yards are available to citizens;
- » Enabled the receipt of construction materials for earthquake-damaged buildings (at the location Čulinečka cesta 273);
- » Continued controls with 8,738 issued fines for improper waste disposal;
- » Landslide rehabilitation project on Jakuševac prepared; works expected to begin in March 2025;
- » Acquired automatic press for baling waste in order to increase the quality and repurchase value of recycling material.

The implemented measures and activities resulted in an increase in the amount of separately collected recyclable waste and a decrease in the amount of mixed municipal waste disposed of at the Prudinec /Jakuševac landfill in Zagreb. A total of EUR 70,363,181.00 was invested in the implementation of the measures and activities (capital investments EUR 12,533,767 and operating costs EUR 57,829,414).

The graph below shows the amount of separately collected waste by year. In 2024, the amount of biowaste collected from households in the City of Zagreb increased by 48.03% compared to 2023. In the same period, the amount of separately collected waste paper increased by 0.83%, and glass by 2.03%. At the same time, the amount of separately collected plastic packaging increased by 8.76%.

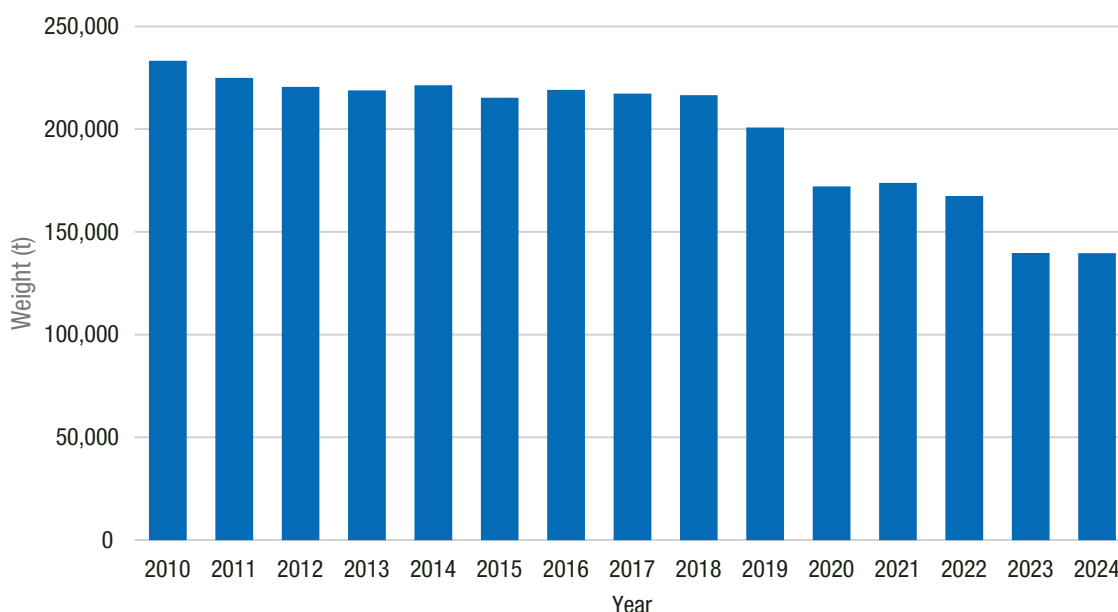
Comparison of the quantities of separately collected municipal waste from public service users in the City of Zagreb in 2023/2024



The total amount of mixed municipal waste collected from public service users in the City of Zagreb in 2024 amounts to 139,674 tons and is 0.07% lower than the comparable amount in 2023, when 139,775 tons of mixed municipal waste were collected. These data show a continued trend of decreasing the amount of mixed municipal waste as a result of implementing measures to avoid and reduce waste generation, separate collection of recyclable waste prescribed by the Waste Management Act, and the introduction of a new public service charging system through strict application of the „polluter pays” principle through standardized blue ZG bags.

This will reduce the amount of the incentive fee that the City of Zagreb should pay for 2024 in accordance with Appendix V to the Waste Management Act (OG 84/21 and 142/23), which local government units pay for exceeding the limit amount of mixed municipal waste produced.

Comparison of quantities of mixed municipal waste collected from service users in the City of Zagreb



**In 2025, a number of measures and activities are planned to be undertaken in order to improve and improve the quality of services:**

- » Implementation of the routing system, with monitoring of the execution of the transportation program and continuous analysis and optimization of existing and new routes;
- » Introduction of registration of non-executed waste removal via tablets in vehicles, with automatic user information through the Razvrstaj MojZG application ;
- » Upgrade of the Razvrstaj MojZG application in order to enable the digital application of requests for removal of bulky waste;
- » Digitization of work orders in order to speed up the process of waste collection and easier records and billing of services to legal users;
- » Completion of the division of chipped containers for plastic and metal and chipping of containers for biowaste and paper packaging for complete electronic records;
- » Continued implementation of underground and semi-underground containers to replace existing ones in public areas and the introduction of an access control system and recording of container usage, which will prevent unauthorized waste disposal and enable personalized use through advanced technologies;
- » Opening of a new mobile recycling yard in Kašina, which will make a total of 22 recycling and mobile yards available to citizens; introduction of a video surveillance system at all recycling locations;

- » Start of rehabilitation of the Jakuševac landfill using the best available technologies, including expansion of the degassing and drainage systems; conduct an analysis of the causes of the 2023 landslide;
- » Modernization of the vehicle fleet by 2026 with the delivery of 200 vehicles and working machines;
- » Delivery of an additional 8 cleaners (10 in total, including 4 electric);
- » Initiation of the procurement process for 38 new freight and delivery vehicles and machinery;
- » Organization of a reuse center within the newly opened recycling yard in Kovinska.

In 2024, EUR 35,845,381 was spent on activities that increase the waste separation rate, including the installation of underground tanks, the recovery of waste plastic packaging and biowaste, the procurement of containers for waste plastic packaging, waste collection vehicles and baling presses for paper and cardboard. For future activities and the procurement of additional containers and vehicles, all with the aim of improving customer service, an amount of approximately EUR 40 million is planned for 2025.

## KPI#2 Share of renewable electric energy in total electric energy consumption (relative, in %)

KPI #2 is focused on mitigating the effects of climate change and decarbonization through the reduction of greenhouse gas emissions associated with the use of electricity. The Group intends to achieve the target by consuming electricity from renewable sources and producing its own energy from renewable sources. Since approximately 60% of electricity is used for responsible water management, at the Group level the KPI is applicable primarily to VIO and the Company as a whole.

The achievement of the stated goal is manifested through:

1. Electricity purchased for the period 01.04.2024.-31.03.2025.
2. Investing in own capacities for energy production from renewable sources (from the current 4.2 MW (landfill gas) to 19.2 MW of power by mid-2028). The key assumption for the realization of the above is the smooth flow of projects for the installation of 15 MW solar panels.

Obligation from the Sustainability linked bond Framework:

Metrics	2023 1.4.2023. - 31.3.2024.	2024	2025	2026	2027 i.e. 12 month period ending 31.3.2028.	2028
Share of renewable electric energy in total electric energy consumption	50%	50%	60%	60%	70%	70%

Achieved result for the observation period 01.04.2024.-31.03.2025.:

Metrics	2023	2024
Share of renewable electric energy in total electric energy consumption	86%	69%

In the observed period, a share of 69% of renewable electricity in total electricity consumption was achieved at the level of the Zagreb Holding Group.

The total electricity consumption includes all affiliated companies. It is important to emphasize that the largest consumers of electricity in the Group are the companies Zagrebački holding holding d.o.o. and Vodoopskrba i odvodnja d.o.o. with a share of 34% (ZGH) and 62% (VIO) in total consumption. Other companies participate in total consumption with a share of 4%.

Precisely because of the aforementioned share, the largest part of the activities carried out at the Group level, in order to meet the Sustainability performance target (SPT), relates to the two aforementioned companies, Zagrebački holding and Vodoopskrba i odvodnja. The table below shows the total electricity consumption for the Zagreb holding Group, the share purchased from external sources and the part relating to its own electricity production through the solar power plant located on the roof of the Gorica public garage, the solar power plant on the roof of the Jakuševac Service and Operations Center and the Bukovac Solar Power Plant.

Additionally „Wastewater Treatment Plant of the City of Zagreb”, which was merged to the Vodopskrba i odvodnja d.o.o. in 4th of August 2024, has been added to the own electricity production as well.

At the Wastewater treatment plant, the sludge generated by wastewater treatment is treated in an anaerobic digestion plant, and biogas is produced as a product. The biogas produced is used as fuel to drive gas engines connected to generators for the production of electricity. Three generators have been installed, two with a power of 1.3 MW and one with a power of 1.2 MW, so that the total installed power is 3.8 MW. In normal operation, two generators are in operation, while the third is a backup. The electricity production from this plant is between 16 and 17 GWh per year. The electricity produced is used for its own needs, and any excess is fed into the grid.

**Calculation of KPI #2 - Share of RES in total electricity consumption (data in kWh)**

The renewable part of electricity, energy purchased from external sources, period 01.04.2024.-31.03.2025.	67,074,294
Own production el.energy from RES, period 01.04.2024.-31.03.2025.	10,642,365
Total consumption of el.energy 01.04.2024.-31.03.2025.	113,337,102

**Share of renewable el.energy in total el. energy consumption****69%**

The activities undertaken for point 1 are evidenced by the Contract signed for a one-year period with the electricity supplier HEP-Opisrba d.o.o. in which the supplier undertakes that 50% of the total electricity supplied will be from renewable energy sources. In the observed period, the following companies in the Group had 50% of electricity from renewable sources guaranteed by the contract: Zagrebački holding d.o.o., Vodoopskrba i odvodnja d.o.o., Gradska plinara Zagreb d.o.o. and GSKG d.o.o., which together account for 98% of the total electricity consumption.

The remaining 2% of total consumption consists of: The Zagreb City Pharmacy, which signed a new contract with the supplier from November 1st 2024, in which is guaranteed 70% of electricity from renewable sources; Bjelovar City Gas Plant does not have a contract guaranteeing the supply of energy from renewable sources, and the Zagreb Plakat company has a guarantee of 50% for 2024, while for 2025 it has a guarantee of 100% of energy from renewable sources.

In accordance with the Methodology for Determining the Origin of Electricity (OG 133/14, 127/19) for 2024, the supplier will issue a Statement on the Share of Renewable Energy Sources only in 2025. For 2024, the supplier issued a Statement on the Cancellation of the Guarantee of Origin, which states that 67,976 MWh of delivered electricity (63%) was produced from renewable energy sources, such as hydroelectric power plants (hydro).

It is also expected that the supplier, in accordance with the methodology for determining the origin of electricity for 2025, will issue a Statement on the share of renewable energy sources only in 2026, whose energy from RES for the specified period of the first three months of 2025 will be as guaranteed by the contract (for the companies ZGH, VIO, GSKG and GPZ 50%, for the Zagreb City Pharmacy 70% and for Zagreb Plakat 100%).

Due to all of the above, the key indicator, i.e. the success target for the observed period of 69%, was achieved.

Activities undertaken for point 2, which contribute to the construction of solar power plants, are monitored through:

- » **VIO solar power plants**
- » **Solar power plants on the roofs of Zagreb Holding buildings**

During 2024, the Group undertook a series of activities related to solar power plants on the buildings of Zagreb Holding, as well as water pumping stations and a landfill, which are described in more detail in the Management Report, under the chapters *Solar power plants on the roofs of Zagreb Holding buildings - PVMax Project* and *VIO continues with activities related to the construction of solar power plants*.



## Solar power plant project on Zagreb Holding buildings, water pumping stations and landfill

The project includes the installation of photovoltaic panels on properties owned by the Group with the aim of energy and financial savings. Existing projects include the production of electricity from the solar power plant on the roof of the Gorica garage, which was put into operation in 2023, with a connected power of 33 kW.

### During 2024, the following was achieved:

- » Bukovac solar power plant with a connected power of 350 kW has been built and put into operation (commissioning date: October 3, 2024).
- » A solar power plant on the roof of the SOC Jakuševac building, with a connected power of 50 kW, was put into operation (April 2024);
- » Contracted construction of solar power plant SE Oporovec, solar power plant is installed, awaiting HEP for connection;
- » A tender for the construction of the Folnegovičeva solar power plant has been conducted, a decision on the selection has been made, and a contract is being prepared;
- » Invoices for paid bids for the preparation of EOTSC - elaboration of the optimal technical solution of connection for three RTZ branch solar power plant have been received (Jankomir 25R,V,J,U,H – SE1460kW, Slavonska avenija 52E,F – SE1050kW, Slavonska avenija 52 (PO - administrative building) – SE50kW). For the 50kW solar power plant, preparatory work on the HEP network has been completed, while for the remaining two power plants, the signing of connection contracts and the issuance of electricity permits are expected.
- » Electricity permits have been obtained and connection contracts have been concluded for the solar power plants SE Cerje (425 kW), SE Jačkovina (50 kW), SE Bizek (100 kW), SE Lisičina (200 kW), SE Laščina (200 kW), SE Lončarićev put (200 kW), SE Sokolovac (190 kW), SE Zagorska (200 kW).

The expected annual electricity production of the solar power plant on the roof of the Bukovac water reservoir is 554,500 kWh, and the annual energy savings are 275,000 kWh. In the period from the commissioning of the power plant until March 31, 2025, the energy savings achieved by installing solar panels amount to: 116,641 kWh.

The expected annual electricity production of the solar power plant on the roof of the SOC Jakuševac building is 62,100 kWh. In the period from the commissioning of the power plant until 31.03.2025. the energy savings achieved by the installation of solar panels is: 58,880 kWh.

In 2024, 438,342.15 euros were spent on the construction of SE Bukovac, while the total cost of the project is 472,352.38 euros. The funds spent were fully financed from VIO's operations. The solar power plants SE Oporovec and SE Folnegovičeva will also be financed from VIO's operations, while other future solar power plant projects in VIO are expected to receive co-financing from the Environmental Protection Fund in the expected amount of 45%. The expected value of the remaining projects is 13.5 million euros. For the creation of EOTSC at the facilities of the Robni Terminali Zagreb branch, invoices totaling 9,875.00 euros were received in the observed period.

### The status of the construction projects of other planned solar power plants located on the Group's facilities:

- » **Markets Zagreb, market Utrina – SE130kW**
  - » The development of the main design for a solar power plant has been contracted as part of the facility reconstruction project.
- » **Markets Zagreb, Veletržnica – SEVT1 495kW**
  - » An extension of the validity of the EOTSC was requested, but was rejected by HEP ODS.
- » **Markets Zagreb, Cold Storage 1 – SEVT2 495kW**
  - » An extension of the validity of the EOTSC was requested, but was rejected by HEP ODS.
- » **Markets Zagreb, Cold Storage 2 – SEVT3 299kW**
  - » The requested extension of the validity of the EOTSC was, however, rejected by HEP ODS.
- » **Markets Zagreb, market Gajnice – SE50kW**
  - » It is not either activity.
- » **Markets Zagreb, Jarun market – SE35kW**
  - » It is not either activity.
- » **VN, Arena hostel – SE70kW**
  - » The project development and construction of the planned solar power plant was undertaken by the City of Zagreb.
- » **GLJZG, Bani 98 – SE70kW**
  - » A contract has been signed with the designer, and the development of the main project for the solar power plant (design) is underway.

Additionally, all activities related to the potential construction of a solar power plant at the Jakuševac landfill have been stopped until further notice.

## Planned projects

---

The preparation of a Study of the optimal model for the use of green electricity at the level of the Group and the City of Zagreb began in early 2025. The study should provide direction for the future development and management of the Group's electricity.

At water storages with pumping stations and business premises of Vodoopskrba i odvodnja, the construction of integrated solar power plants SE Bizek, SE Cerje, SE Folnegovićevo, SE Jačkovina, SE Laščina, SE Lisičina, SE Lončarićev Put, SE Sokolovac, SE Zagorska and stand-alone solar power plants SE Mala Mlaka and SE Sašnak is planned. The planned deadline for the construction of solar power plants is 31 December 2027.

The investment plan for 2025 has reserved funds in the amount of 4 million euros for the activities of the PV MAX Project.



[zgh.hr](http://zgh.hr)