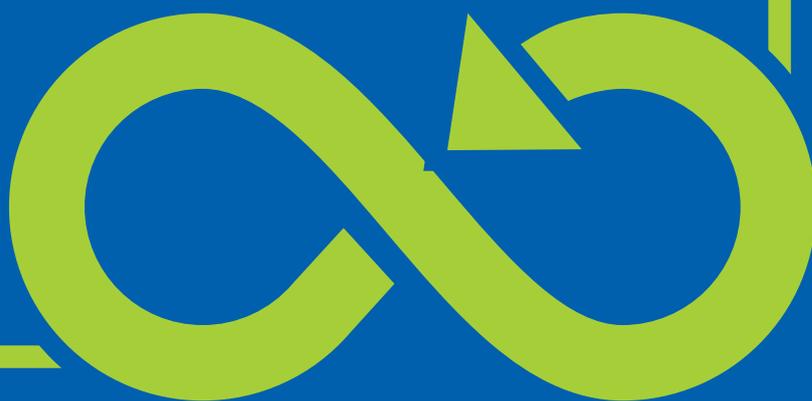


CIRCULAR ECONOMY GREEN FINANCING FRAMEWORK



ZAGREBAČKI
HOLDING

November 2024

IMPORTANT NOTICE

This document (the “Circular Economy Green Financing Framework” or “Framework”) contains information on Zagrebački Holding d.o.o.’s green loans alignment with Loan Market Association (LMA) Green Loan Principles, International Markets Association (ICMA) Green Bonds Principles and with the EU Taxonomy for Sustainable Activities. Depending on the language of the financial documentation, this Framework may be translated into other languages, as required in the local jurisdiction.

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MESSAGE FROM CEO

As a part of our commitment to sustainability and environmental responsibility, Zagrebački Holding is proud to present this Circular Economy Green Financing Framework. Our dedication to enhancing municipal infrastructure through climate-friendly projects reflects our strategy to align our financial and sustainability goals, thereby supporting the long-term environmental health and economic growth of the city of Zagreb.

Zagrebački Holding maintained its direction towards environmentally responsible business, through an increase in the share of renewable energy sources in total consumption and an increase in separately collected municipal waste.

By investing in new capital expenditures, such as modern vehicles and equipment for our subsidiaries Čistoća, Zrinjevac, and Zagrebačke Ceste, we are significantly increasing the volume and quality of services provided to the citizens of Zagreb. These investments will not only ensure faster and higher quality service delivery but also enhance our operational efficiency and environmental stewardship. Our commitment is to create a cleaner, greener, and more sustainable urban environment that meets the needs of all our citizens, including those with limited mobility.

1 ABOUT ZAGREBAČKI HOLDING

Zagrebački Holding d.o.o. ("ZGH") is a diversified utility company, 100% owned by the City of Zagreb. It was created in 2005 to streamline control over 20 municipal companies in Zagreb and raise external funding for the implementation of municipal investment programs. ZGH currently includes 12 branches, six 100%-owned affiliates, and one 51%-owned affiliate. It is and the largest corporate employer in Croatia with more than 7,400 employees.

These divisions and subsidiaries are providing essential municipal services to the municipality. Main categories of services provided by ZGH include:

1. Gas distribution and supply
2. Waste disposal and management
3. Water collection, purification and distribution
4. Cleaning and waste removal services
5. Landscaping and maintenance services
6. Public and unclassified state roads: construction, management, maintenance and protection including traffic lights and traffic signs, mechanization and asphalt production
7. Management and maintenance of real estate including cemeteries
8. Parking services on public areas and in public garages
9. Storage and rental services
10. Construction and management of electronic communication infrastructure and electronic communication networks
11. Supply and manufacture of medicines, supply of medical products and other means for health protection

1.1 OVERVIEW OF ZAGREBAČKI HOLDING SUSTAINABILITY STRATEGY

The activities of ZGH are of vital importance for the City of Zagreb, with its services and technology choices having a direct impact on the quality of life for the city's entire population.

In 2023, the ZGH Group adopted the *Sustainability Strategy of Zagrebački holding* for the period from 2023. to 2028. which provides a framework for future strategic decisions and business financing activities in an environmentally and socially responsible manner. Following its long-term strategic goals, the Group has identified that the environmental impact of its operations will mostly depend on adequate resource management, which includes waste management, water extraction and protection, and an increase in the share of renewable energy use. Accordingly, the ZGH Group has defined a sustainable strategy through the goals listed below.

Primary objectives of the Sustainability Strategy of ZGH evolve around 6 main themes:

1. Improve the waste management system according to the principles of circular economy through an increase in separately collected waste to further processing and use for the purpose of material and energy sustainability;
2. Increase the share of electricity from renewable energy sources in own consumption;
3. Investments in infrastructure to improve water management and reduce water consumption;
4. Reduction of GHG emissions, including through energy efficiency measures, as well as replacement of transport and working fleets of vehicles;
5. Improving the overall quality of life in the City of Zagreb through a series of projects in the field of urban environment, access to healthy food and infrastructure that supports local agricultural activities and the production of food and other products;
6. Continuously promote procedures and measures that exclude discrimination and guarantee equal opportunities and rights for all.

1.2 CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

The National Development Strategy of the Republic of Croatia until 2030, as well as the *Voluntary National Review on the Implementation of the Goals of the UN Program for sustainable development until 2030* oblige and encourage the ZGH Group to adapt to challenges and use all its potential for the growth based on 17 sustainable development goals of the UN.

The founder of ZGH is the City of Zagreb, to which, like all cities around the world, Sustainable Development Goal 11 is directly applied: sustainable cities and communities. Through its daily activities, ZGH directly affects the achievement of this and other goals of sustainable development. According to the platform *The new urban agenda*, the extended hand of the UN in the localization of the *Sustainable Development Program 2030* and the implementation of the *Sustainable Development Goals*, eleven out of the seventeen goals have an urban component.

ZGH Group's activities impact the most part of 17 United Nation's Sustainable Development Goals. In line with its strategic path, however, ZGH has chosen to focus on the following goals:



In a very demanding environment and with a complex management system, ZGH Group focuses its efforts on achieving long-term sustainability. In doing so, it strives to ensure continuity and quality of services, with as many additional benefits as possible for the residents of the City of Zagreb, and especially for vulnerable groups of citizens.

The financial aspect aims to achieve the Group's financial stability, with reasonable borrowing. It is focused on investments in improving existing technologies, but also on encouraging innovation in order to ensure the best possible service for the Zagreb citizens. Although the definition of the best possible service is largely prescribed by law, it certainly implies additional efforts for its continuous improvement throughout the value chain, while achieving an appropriate price and quality ratio of services.

The environmental aspect implies efficiency in the use of natural resources, reducing negative impacts on the environment and investing in clean and acceptable technologies.

The social aspect includes cooperation with external stakeholders in the development of services, additional investments that increase the quality of life in the community, with special emphasis on helping to solve social problems and contributing to vulnerable groups of society. The other side of this "social medal" is investment in the development of the Group's employees - their expertise, health and safety.

1.3 ZGH AND CIRCULAR ECONOMY

Circular economy, i.e. the decoupling of economic growth from natural resource use through such activities as designing-out waste and pollution, keeping products and materials in use, and regenerating natural systems, is one of the key priorities for the City of Zagreb and ZGH, as Croatia is working towards achieving relevant EU regulations to have at least 65 % of municipal waste by weight being recovered by recycling and preparing for re-use, with the share of municipal waste landfilled limited to 10% by 2035.

According to the World Bank, currently, Croatia's economy is only 2.7% circular, compared to the global average of 8.6%, while the EU is 12.8 %, with more than 97% of all materials consumed each year never making it back into the economy as raw materials. In 2022 the European Commission's Early Warning Report (2022) pointed out that Croatia is at risk for not meeting the 2035 target to reduce the amount of municipal waste landfilled to 10 % or less of the total amount of municipal waste generated. Over the past five years, the overall landfilling rate of Croatia has decreased by 21 percentage points, from 76.7 % to 55.7 %. Despite the good progress, the distance to target is still very big: 45.7 percentage points.

Improving waste management can have positive impact on the reduction of health and environmental impacts, reduce land use footprint (one of the key drivers of biodiversity loss) and greenhouse gas emissions, and unlock energy and material efficiency gains.

ZGH is at the forefront of Croatia's efforts to implement circular economy projects and initiative to reduce the country's waste production, GHG emissions footprint, to reduce the impacts on urban biodiversity and to enable better public hygiene.

2 CIRCULAR ECONOMY GREEN FINANCING FRAMEWORK

2.1 PURPOSE AND OBJECTIVES

Environmental degradation and climate change are among the most pressing challenges of our time. The reduction of waste, greenhouse gas emissions and adaptation to climate change require significant investments. ZGH acknowledges its responsibility to its stakeholders and the communities it serves, striving to minimize its environmental impact while improving the quality of life for its citizens.

ZGH established its Circular Economy Green Financing Framework (the “Framework”) to secure financing for projects of the “Green Future” program that contribute to waste prevention and control and the reduction of harmful GHG emissions. The Framework was designed to address four core components of the Green Loan Principles¹ (GLPs) and Green Bond Principles² (GBPs):

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

2.2 ELIGIBLE USE OF PROCEEDS

As the main focus of the “Green Future” program, among other future programs, consists of procurement of specialized vehicles, machines and equipment for waste management, maintenance of green areas of the city of Zagreb, road maintenance and sustainable development in general and consequently reduction of GHG emissions from activities associated with waste, road and green areas maintenance the net proceeds of Circular Economy Green Financing framework will be used by ZGH to finance or re-finance, in whole or in part, a pool of nominated projects contributing to circular economy and green and described in the below table (the “Eligible Circular Economy Green Projects”).

ZGH’s Eligible Circular Economy Green Projects (further: Eligible Projects) categories have been selected in line with the business and sustainability strategy of the company and fall within the main eligible categories of Green Loan Principles and the Green Bond Principles. Eligibility Criteria define the requirements set out for Eligible Projects. These criteria have been set, to the greatest extent possible in accordance with the best market-wide environmental and circular economy performance standards and where feasible the EU Taxonomy for environmentally sustainable activities.

The eligible use of proceeds might include capital and operational expenses, as well as indirect lending to the projects. Only ZGH and its subsidiaries own expenditures can be eligible (ie EU grants are excluded). The eligible use of proceeds will exclude:

- Personnel costs
- Any costs associated with the procurement of vehicles and equipment that are not of at least EURO VI standard

1 <https://www.ista.org/content/green-loan-principles/>

2 <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

Circular Economy Category	SEPARATE COLLECTION AND SORTING OF END-OF-LIFE PRODUCTS AND MATERIALS (ORGANIC AND NON-ORGANIC)
Eligible Circular Economy Projects	<p>Non-hazardous municipal waste and green biowaste³ separate collection, transport, sorting and prepping for re-use / recycling.</p> <p>Urban cleaning services</p>
Description of the Eligible Criteria	<p>Separate collection, transport and transfer of hazardous⁴ and non-hazardous waste for both municipal and industrial clients for reuse or recycling</p> <p>Procurement of specialized vehicles, containers and equipment for municipal and non-hazardous construction & demolition waste collection and transport</p> <p>Procurement of specialized equipment for mowing grass, maintaining green urban spaces, collecting and transporting green biowaste¹</p> <p>Collection and recovery services and systems to increase recycling</p> <p>Procurement of specialized equipment and development of services for urban cleaning activities</p> <p>Design, construction, installation, and operations of waste sorting and treatment facilities (and related infrastructures and management systems)</p> <p><i>Technical criteria for eligible vehicles: The activity utilizes waste collection vehicles which conform to at least EURO VI standards</i></p>
Environmental and social objective	<p>Pollution Prevention and Control & Transition to a circular economy</p> <p>Climate change mitigation</p> <p>Public health and hygiene</p> <p>Reduction of pressure on urban biodiversity</p>
Contribution to circular economy	<p>Reduction of waste disposed at the landfills through separate collection</p> <p>Increased rate of collection of recyclables from consumers for re-use and recycling</p> <p>Waste avoided from landfills or collection of mismanaged waste</p>
SDGs contribution	

³ As defined in the Waste Framework Directive (<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02008L0098-20180705&from=EN>), 'biowaste' means biodegradable garden and park waste, food and kitchen waste from households, offices, restaurants, wholesale, canteens, caterers and retail premises and comparable waste from food processing plants.

⁴ Including batteries, paint, varnishes, waste oils, non-depolluted waste from electrical and electronic equipment, non-depolluted end-of-life vehicles and medical waste – ZGH commits to follow best practice waste management procedures, i.e. in compliance with EU Waste Directive and/or in compliance with IFC Performance Standards if the Company allocates proceeds to hazardous waste management activities

Circular Economy Category	MATERIAL & RESOURCES MANAGEMENT, UPCYCLING, RECYCLING, AND RECOVERY
Eligible Circular Economy Projects	Waste re-use and recycling
Description of the Eligible Criteria	Design, construction, installation, and operation of facilities prepping for materials re-use and recycling facilities (and related infrastructures). Biomass composting facilities
Environmental and social objective	Pollution Prevention and Control & Transition to a circular economy Climate change mitigation
Contribution to circular economy	Recovering materials and enabling production of new products Waste avoided from landfills
SDGs contribution	    
Circular Economy Category	SUSTAINABLE WATER AND WASTEWATER MANAGEMENT
Eligible Circular Economy Projects	Wastewater collection and treatment system Water distribution network efficiency
Description of the Eligible Criteria	Design, construction, extension, improvements, and/or operation & maintenance of wastewater collection and treatment infrastructure
Environmental and social objective	Pollution prevention and control Protection of water resources Climate change adaptation
Contribution to circular economy	Recovery of water for further use from wastewater contributes to greater resources efficiency and reduction of freshwater withdrawals Reduction of drinking water loss Reduction of landfill disposals
SDGs contribution	      

Green Finance Categories	RENEWABLE ENERGY
Eligible Green Finance Projects	Solar plants
Description of the Eligible Criteria	Design, construction, installation, and operation of solar plants
Environmental and social objective	Renewable energy Climate change mitigation
Contribution to climate mitigation	Reduction of GHG emissions Sustainable energy sources
SDGs contribution	   

2.3 PROCESS FOR PROJECT EVALUATION AND SELECTION

Our internal process for evaluating and selecting Eligible Projects involves a robust governance structure designed to ensure that the funds obtained from the circular economy green loans and bonds are exclusively allocated to the financing of ZGH general investment budget for Eligible Circular Economy Green Projects.

ZGH has established an ESG team which aim is to ensure compliance with CSRD and ESRS regulations as well as conduct ESAP activities and Green Finance Team, that oversees the projects selection to ensure alignment with our environmental sustainability objectives.

The Green Finance Team will oversee the selection of the Eligible Projects to ensure that they are aligned with the objectives of circular economy.

2.3.1. Green Finance Team

In order to further strengthen its commitment, as well as to ensure the transparency of the process underlying the selection of projects, the allocation of proceeds and the definition of impact indicators, ZGH has created a Green Finance Team.

This Team is chaired by the CFO and composed of members of the following functions:

- treasury department,
- sustainability department,
- legal department,
- compliance,
- risk,
- controlling,
- subsidiaries.

Associate members of the Team for the specific project are the heads of the organizational unit responsible for the circular economy green project being financed to ensure the integration of ESG factors at all levels of the Group.

The Green Finance Team meets at least on an annual basis, and has the responsibility to:

- validate and monitor the Eligible Projects, in line with this Framework
- identify the most relevant and material indicators to be included in the Framework
- supervise the duly implementation of the Framework in any relevant transaction
- verify and validate the annual reporting as defined in the Framework (reviews the eligibility criteria and performance indicators)
- review and update the Framework, including changes to the Eligible Categories and indicators to align the Framework to relevant changes in the ZGH Group's sustainability strategies and to any material event.

The Green Finance Team works in strict collaboration with the ESG Team, which has, among others, the following objectives:

- sharing of scenario analyses for the proposition of guidelines and policies aimed to integrate sustainability into the strategy and business processes
- analysis of risks/opportunities related to ESG issues
- assessment of the implications for the Group of national and European guidelines and standards relating to ESG profiles
- sharing of environmental and social impact assessments arising from the Group's activities

2.3.2. Process for selecting the eligible projects

All the eligible projects are selected in respect of eligibility criteria and must have a clear positive environmental impact and be aligned with the sustainability policies defined by ZGH Group.

The Green Finance Team, described above, oversees all the process. The allocation of the proceeds of the green loan is supervised by the treasury department. The internal process for evaluation and selection involves:

1. Proposal of Eligible Projects/Assets

Identify Potential Projects: Green Finance Team identifies projects that have clear environmental benefits and fall within recognized green categories such as renewable energy, pollution prevention, sustainable water management, energy efficiency, etc.

Eligibility Screening: Projects undergo initial screening to ensure they align with the green loan criteria and the company's sustainability goals, by Green Finance Team.

2. Selection and Evaluation of Projects

- 1 / the ESG team conducts an initial assessment to ensure that the proposed projects comply with legislation (notably compliance with CSRD and ESRS regulations),
- 2 / the Green Finance Team evaluates whether the projects align with the eligible categories defined in the framework. This involves checking the project's objectives against the framework's criteria to ensure they contribute to the desired environmental / circular economy outcomes. ZGH also uses ICMA Green Project Mapping (2021) as a guideline to evaluate the benefits and contribution of the potential project to five stated environmental objectives which are: Climate Change Mitigation, Climate Change Adaptation, Natural Resource Conservation, Biodiversity Conservation, and Pollution Prevention and Control.
- 3 / the Green Finance Team ensures that any identified risks are properly addressed and mitigated
- 4 / Projects that pass the three steps assessment will be validated - with the approval of the chairman of the Green Finance Team.

2.3.3. Monitoring and Reporting on Project Impact

Ongoing Monitoring: Green Finance Team monitor project performance against environmental metrics. This may include collecting data on emissions reduction, energy savings, water conservation, etc.

Periodic Reporting: ZGH report to lenders on the use of proceeds and the environmental impact of the funded projects, typically on an annual basis. Reports might include quantitative data (e.g., tons of CO₂ avoided) and qualitative insights on the project's impact.

Impact Evaluation: Depending on the project, ZGH may conduct post-completion evaluations or lifecycle analyses to assess the sustained environmental impact of the project.

If a project financed by a green loan is no longer compliant with the established Green Loan Principles (GLP) or fails to meet the green eligibility criteria, ZGH follows a defined procedure to address and resolve the issue. This process aims to protect the integrity of green financing and ensure that funds are aligned with their intended environmental purpose. Here is a standard procedure that might be followed:

1 / Identification of Non-Compliance

- **Monitoring and Detection:** Non-compliance can be identified during routine monitoring, periodic reporting, or through an external audit. Issues might include changes in project use, a failure to meet environmental performance targets, or regulatory violations that undermine the green aspects of the project.

2 / Assessment of Non-Compliance

- **Internal Review:** Green Finance Team conducts an internal review to determine the cause, scope, and impact of the non-compliance. This includes evaluating whether the non-compliance is temporary, remediable, or fundamental to the project's nature.
- **Lender Consultation:** ZGH informs the lender (or lenders in a syndicated loan) of the issue and, if necessary, shares findings from the initial assessment.

3 / Remediation and Corrective Action

- **Develop a Corrective Plan:** Green Finance Team proposes a corrective action plan to bring the project back into compliance. This plan may involve operational adjustments, investments in technology to improve environmental performance, or other remedial actions.
- **Set a Compliance Timeline:** ZGH and lender agree on a reasonable timeline to implement the corrective actions, typically documented in an amended green loan agreement.
- **Ongoing Monitoring:** The lender may require additional monitoring or regular updates from the ZGH on the progress of corrective actions until compliance is reestablished.

4 / Reclassification or Reallocation (if Non-Compliance Persists)

- **Reclassification as a Non-Green Loan:** If corrective actions fail or if the project is fundamentally unable to meet green standards, the lender may reclassify the loan as a standard loan. This removes the project's green designation and may impact the terms, conditions, or reputation associated with the financing.
- **Reallocation of Funds:** Some green loan agreements may allow ZGH to reallocate the remaining funds to another compliant green project, subject to lender approval.

5 / Disclosure and Reporting to Stakeholders

- **Notify Stakeholders:** In cases of material non-compliance, ZGH may need to disclose the status to stakeholders, particularly if external certifications or investor expectations are involved.
- **Reporting on Impact:** ZGH and lender may issue a joint statement or update on how non-compliance is being managed to maintain transparency and trust among stakeholders.

As a last resort, if compliance cannot be restored and reclassification or reallocation is not feasible, the lender may decide to terminate the loan agreement.

2.3.4. Management of ESG Risks and Opportunities

ESG risks associated with the eligible projects throughout the life of the loan will be systematically identified and monitored in accordance with the risk management methodology developed within the ZGH.

ZGH has established several group-level policies focused on environmental protection and OHS. E&S risks and impacts associated with their operations are managed by compliance with applicable EU regulations. ZGH, via its subsidiaries, conducts Environmental Impact Assessments (EIAs) for projects as required by national law.

Potential negative environmental impacts of project activities include air emissions, elevated noise levels, and hydrocarbon spills associated with heavy equipment operation. ZGH implements an environmental monitoring program that is aligned with national requirements.

Environmental risks are mitigated, as well, by the rules of ISO 14001 system.

Social risks are mitigated, as well, by an overarching OHS management system (OHSMS) that complies with all EU regulations.

Here is a standard procedure for risk management:

1 / Monitoring Process (When, How, and Duration of Monitoring)

- **Initial Assessment:** Prior to funding approval, an in-depth ESG risk assessment should be conducted. This involves evaluating the project against an ESG risk checklist specific to the project category, assessing risks related to environmental impact, social considerations, and governance structures.
- **Ongoing Monitoring:** Once the project is financed, a regular monitoring schedule is established—annually. This monitoring includes data collection and analysis, stakeholder consultations, and third-party audits where necessary.

2 / Duration of Monitoring:

- **Through Loan Life Cycle:** Monitoring is sustained throughout the loan's term, ensuring that ESG risks are managed at all stages of the project. This includes monitoring during planning, construction, and operational phases.
- **Post-Term Evaluation (if applicable):** In some cases, post-term evaluations may be conducted to assess long-term impacts, especially for projects with potentially significant environmental or social impacts.

3 / Disclosure

- This process will be disclosed to each lender / investor.

2.4 MANAGEMENT OF PROCEEDS

The management of proceeds from the Circular Economy Green financing will be conducted with the utmost diligence to prevent the funds from being used for non-green activities. The allocation of the funds will be agreed between ZGH and the lenders at each financing. ZGH has established clear provisions to ensure that net proceeds are not allocated to greenhouse gas-intensive activities, high environmental impact activities, or any controversial activities. Furthermore, ZGH has implemented strict environmental and social management policies to ensure that all investments align with our sustainability commitments and objectives.

The net proceeds after issue will be distributed and invested in Eligible Projects within 24 months of issue date of the Green Financing. A look-back period of 24 months applies for refinanced Eligible Projects.

In case of refinancing, we will disclose such information prior to its issuance on our web page and subsequently in our sustainability report, annually.

In case of asset divestment or cancellation of a project/activity and/or in case a project/activity ceases to meet the Eligibility Criteria and/or faces a material controversy, ZGH will use the net proceeds to finance other Eligible Projects in the extent of possible.

Unallocated proceeds will be temporarily invested in liquidity operations until they can be allocated to Eligible Projects.

ZGH will keep detailed records of the use of funds. The system is in place to track the allocation of proceeds within the ZGH's treasury system. Until full allocation, on each reporting date, ZGH discloses the amount equal to the net proceeds not yet allocated to Eligible Projects.

An external auditor appointed by ZGH will verify, on an annual basis, the proceeds allocation and the remaining balance of unallocated proceeds. If any Eligible Projects exit from ZGH's portfolio or if a material controversy associated with Eligible Projects is identified, the Green Finance Team will meet to strive to substitute those projects with replacement Eligible Projects that comply with the eligibility grid, as soon as reasonably practicable.

2.5 REPORTING

Transparency and accountability are key components of our Circular Economy Green Financing Framework.

As long as the Circular Economy Green Financing is outstanding and until loan maturity, depending on the indicator, ZGH will provide on an annual basis on its website and/or in a dedicated part of the non-financial report (today the "Sustainability Report"), which will be subject to external verification by a qualified auditor or any other provider of third-party assurance:

- the list of Eligible Projects financed or refinanced with the net proceeds of the Financing
- information on indicative performance indicators related to such Eligible Circular Economy or Green Projects (see table below)
- an update of the allocation of the net proceeds described above.

ZGH will collect and consolidate the necessary information, and the reporting will be subject to review and validation by the Green Finance Team.

The report will consist of:

- Allocation reporting: at project level or category level.
- Impact reporting: Any material developments/issues/controversies related to the projects or assets will be disclosed in the annual Sustainability Report.

The table below presents the eligible circular economy categories and indicative impact indicators selected by ZGH to track the environmental and circular economy contribution of Eligible Projects:

Eligible Circular Economy Green Projects	INDICATIVE IMPACT INDICATORS
Separate collection and sorting of end-of-life products and materials (organic and non-organic)	<ul style="list-style-type: none"> • Total of waste collected (t) • Total sorted waste collected (t) • Total bio-waste collected (t) • Total waste sorted (t) / prepared for reuse or recycling (t) • Number of collection points that improve recycling rates • Reduction of GHG emissions (CO2t eq)
Material & resource management, upcycling, recycling, and recovery	<ul style="list-style-type: none"> • Production of compost (% on organic waste in input) • Share of waste recycled (defined as total recycled outputs (incl. secondary raw materials produced and materials prepared for further recovery) divided by total inputs) • Amount of raw materials recovered (t) • Energy recovered (kWh) • Reduction of GHG emissions (CO2t eq) • Amount of biodegradable waste that is recovered (t)
Sustainable water and wastewater management	<ul style="list-style-type: none"> • Annual volume of wastewater treated (l) • Annual volumes of wastewater re-used (l) • Annual volume of sludge treated and not landfilled (t) • Remediation and new sustainable infrastructure for wastewater and /or, clean and/or drinking water (km) • Annual reduction of drinking water loss (l)
Renewable energy	<ul style="list-style-type: none"> • Renewable energy produced (kWh) • Share of renewable energy in total consumption (%)

2.6 VERIFICATION

ZGH has appointed Moody's to provide a Second Party Opinion on the Green Financing Framework, including:

- Its alignment with the LMA Green Loan Principles / ICMA Green Bond Principles
- Its credibility and anticipated positive impacts of the use of proceeds and
- the alignment of the ZGH's sustainability strategy in relation to the use of proceeds.

The Second Party Opinion is available here: <https://www.zgh.hr/o-nama/izvjesca/19>

The reporting will also be subject to external verification by an independent auditor (third party ESG and/or financial audit) until full allocation and in case of any material change to the allocation.

The external auditor's verification assurance reports will be published here: <https://www.zgh.hr/o-nama/izvjesca/19>

Disclaimer

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