REPORTING ON PERFORMANCE TARGETS

related to sustainability-linked bond for the year 2025 / 2026

25/26

ZAGREBAČKI HOLDING

June 2026

INTRODUCTION

In July 2023, Zagrebački holding d.o.o. (hereinafter: the Company or ZGH) issued sustainability linked bonds. For the purpose of issuing them, we drafted the Sustainability – linked bond Framework (hereinafter: Framework). The Framework is primarily based on the Sustainability Strategy of Zagrebački Holding for 2023–2028, which was adopted by the Zagrebački Holding Group (hereinafter: the Group).

The Group consists of: the parent company ZGH with 12 branches, Gradska plinara Zagreb d.o.o. (hereinafter: GPZ) with its subsidiary Gradska plinara Bjelovar d.o.o.; Gradska plinara Zagreb – Opskrba d.o.o. (hereinafter: GPZ-O); Gradsko stambeno komunalno gospodarstvo d.o.o. (hereinafter: GSKG); Vodoopskrba i odvodnja d.o.o. (hereinafter: VIO); Zagreb plakat d.o.o. (hereinafter: ZP); Zagreb City Pharmacy (hereinafter: GLJZ).

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

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

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

The Group's sustainable development focuses on environmental protection, climate change adaptation, resilience to crisis situations, risk prevention, efficient use of natural resources and protection of biodiversity, while strengthening economic and social cohesion when setting priorities and measures.

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

It is precisely because of this that ZGH, by issuing sustainability linked bonds, tied itself to two key performance indicators that are the most relevant and crucial for its operations in terms of sustainability.

KPI #1: Share of separately collected municipal waste (or waste removed from landfills)

KPI #2: Share of renewable electricity in total electricity consumption (relative, as a percentage)

KPIs #1 and #2 are discussed below to detail all activities that contribute to the achievement of sustainability performance targets.

KPI#1 Share of separately collected municipal waste (or waste removed from landfills)

KPI #1 measures the share of separately collected municipal waste, or waste removed from landfills, that is handed over for recovery/recycling to authorised companies. The methodology for calculating and evaluating the success of the KPI is based on the methodology of the Ministry of Environmental Protection and Green Transition, which controls and approves statistical/input data on collected waste annually, in accordance with legal requirements regarding the classification and reporting of collected waste. KPI #1 reflects the activities and commitment of ZGH to the optimisation of the amount of output waste, leading to positive effects on the environment. The primary implementers of these activities within the Group are the Čistoća and Zrinjevac branches, as stated in the Framework under the item "Applicability within the Group".

Obligation from the Framework for Sustainability Linked Bonds:

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

Results achieved for the observation period – 2025:

Measurement data	2019	2020	2021	2022	2023	2024	2025
Total separately collected municipal waste ('000 tonnes)	80	118	101	**93**	118	132	**149**
Total municipal waste collected ('000 tonnes)	281	291	275	**261**	258	271	**294**
Percentage of separately collected municipal waste (%)	**29%**	**41%**	**37%**	**36%**	**46%**	**48.27%**	**50.6%**

The share of separately collected municipal waste in 2025 was 50.6% (taking into account additional amounts of separately collected municipal waste).

In 2025, compared to previous years, the data for item "Total separately collected municipal waste" includes quantities collected separately by all components of the Group that were submitted for further recovery/recycling exclusively to authorised operators other than the Čistoća and Zrinjevac branches. In previous years, the Company included in this data the quantities that the Čistoća and Zrinjevac branches handed over to authorised recovery/recycling companies. By improving the separate waste collection system within the Group, and through efforts to promote separate waste collection among legal entities, the Company has established a measurable system for monitoring all quantities of separately collected waste. In accordance with Article 2.3.4.3 of the "Information Memorandum on the Public Offering and Listing of Sustainability Linked Bonds of Zagrebački Holding d.o.o.", which anticipates changes in the method of calculating KPIs as a result of developing technologies and standards, the Company, by developing a system for collecting data on separately collected municipal waste within its own organisation, included these quantities in the calculation of KPIs. In addition, given that the goal is to establish a system for monitoring all separately collected and ultimately recovered/recycled quantities of usable waste, the City of Zagreb has adopted a Decision amending the Decision on the method of providing a public municipal waste collection service in the City of Zagreb, according to which legal entities that do not have a contract with a service provider (Čistoća) are obliged to submit to the City of Zagreb evidence that they have contracted the service of collecting biowaste and recyclable waste and data on the types and quantities of waste submitted (key number and name of waste), regardless of which legal entity collects/transports waste from the place of origin to the place of recovery.

In accordance with the aforementioned Decision, the Company is working on implementing a comparable system for other business entities that are not affiliated with the Company and the Group, and the data collected through that system will consequently also be included in the calculation of KPIs next year. This way, the Company improves the application of the

methodology prescribed by the Framework and transparently demonstrates its influence on the achievement of KPIs. ZGH, together with the City of Zagreb, is systematically working to educate the citizens of the City of Zagreb with the aim of reducing the amount of mixed municipal waste, or increasing the waste separation rate, which is the essence of KPI #1. With its influence, ZGH contributes to the circular economy, while leaving citizens and business entities free to choose a separated waste recovery/recycling service provider on the free market.

The total amount of separately collected municipal waste in 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 municipal activities of maintaining public green areas and maintaining the cleanliness of public areas, increased by 11.61% compared to 2024. Thus, in 2025, the City of Zagreb submitted a total of 149 thousand tonnes of municipal waste for further processing.

At the same time, the total amount of collected municipal waste in the City of Zagreb, which includes mixed municipal waste in addition to separately collected municipal waste fractions, increased by 6.11% compared to the previous year; 268 (‘000) tonnes within the framework of the public waste collection service, or 294 (‘000) tonnes with the amount of municipal waste generated in municipal activities for the maintenance of public areas.

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

During 2025, a series of measures and activities were undertaken to optimise the existing waste collection system, as follows:

- The implementation of a routing system ensured a more efficient execution of the public waste collection service while simultaneously monitoring the execution of individual waste removal programmes. Optimisation of existing and the creation of new waste removal programmes is a continuous process that includes constant analysis and improvement of public service performance as well as reduction of waste removal programmes.
- A system has been established to report the non-performance of the waste removal service via a tablet in a vehicle, which contributes to a faster and simpler procedure for addressing the need to subsequently perform a service that was not performed under the set removal programme. In the coming period, information about the non-performance of the service should be made available to service users in the Razvrstaj MojZG application.
- With the aim of optimising work processes, the implementation of work orders digitisation has begun. Digital work orders will facilitate and speed up the process of waste collection, as well as the recording and billing of the public waste collection service for legal entities. In 2026, the digitisation of work orders is planned for recyclable waste collected from legal entities.
- In order to ensure complete electronic records of containers, containers intended for the collection of waste plastic and metal packaging, and existing containers for the disposal of biowaste, paper, and cardboard, were chipped. This process will continue in 2026.
- The implementation of new underground and semi-underground containers is a process of improving public services that will increase the efficiency of service provision and the satisfaction of service users by replacing existing containers placed in public areas with more aesthetically acceptable and user-friendly containers. In addition, this system also enables the improvement of existing services in the future in terms of personalising the use of containers by using appropriate technologies. In 2025, the implementation of access control measures and records of the use of underground containers began, which will prevent unauthorised use, increase control over waste disposal, and improve the tidiness and aesthetics of the space. In 2026, implementation of new locks on underground and semi-underground containers is planned.
- A mobile recycling yard has opened in the Kašina area, and there are now a total of 11 recycling yards and 11 mobile recycling yards available to users. Some recycling and mobile recycling yards already have a video surveillance system in place, and the introduction of the same system at other recycling and mobile recycling yards is planned.

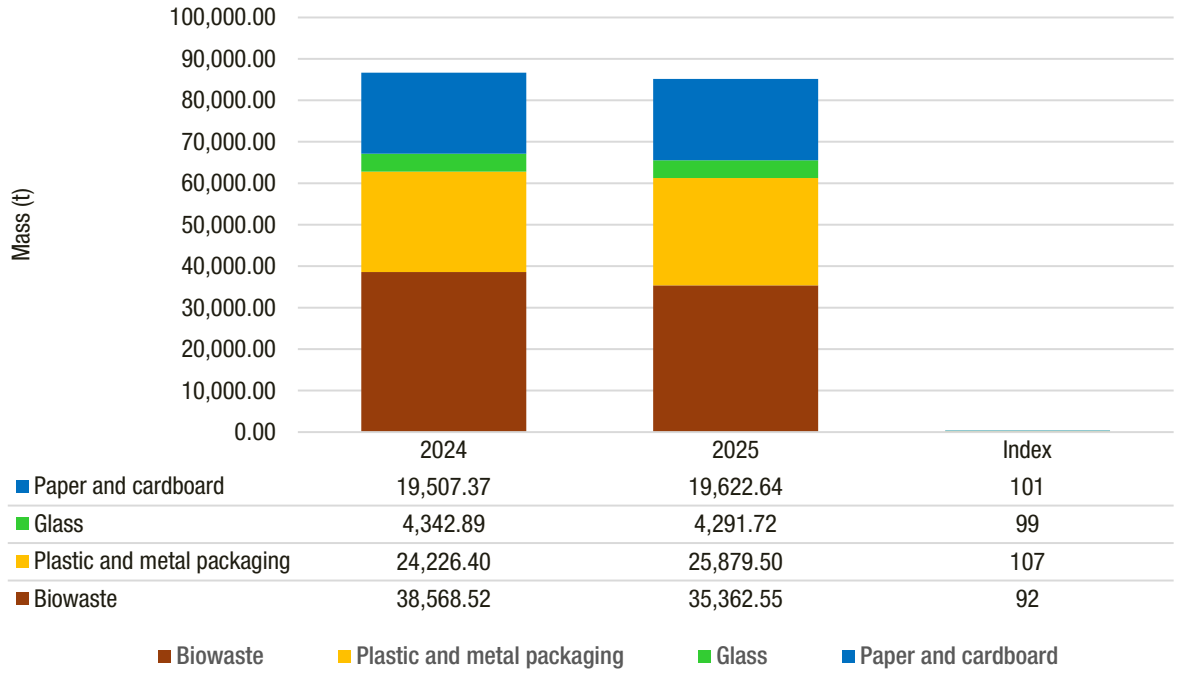
There is also a positive trend in the terms of separately collected bulky waste. In 2025, a total of 6.8% more bulky waste was collected compared to 2024. A more detailed analysis of the data shows that the total amount of bulky waste collected at the accounting point for public service users increased by 21.9% in 2025 compared to 2024, while the amount collected at recycling and mobile recycling yards increased by 6.6%. In the same period, the amount of bulky waste collected from illegal landfills increased by 7.7%,

The Group has also developed an *Action Plan for Improving the Waste Management System*. The plan defines a series of short-term, medium-term and long-term measures aimed at increasing the rate of separate waste collection, reducing the amount of mixed municipal waste and strengthening the recycling and recovery system. Activities include improving cooperation with users, educating citizens, optimising infrastructure for waste collection and treatment, and developing new initiatives and partnerships in the field of waste management. The plan also includes activities aimed at improving internal practices within the Group, developing digital solutions for informing citizens, monitoring market trends in waste treatment, and encouraging cooperation with the academic community and other stakeholders to develop innovative solutions in the field of waste management. The implementation of measures is monitored by regular reporting to the Company's Management Board. Activities are also linked to the objectives of decarbonisation and reduction of greenhouse gas emissions.

A total of EUR 64,357,971.00 was invested in the implementation of measures and activities (capital investments of EUR 308,214.00 and operating costs of EUR 64,049,757).

Below is a comparative overview of the quantities of biowaste and recyclable municipal waste collected from public service users at the accounting point. The stated quantities do not include waste collected through recycling yards and mobile recycling yards, which is processed separately.

Comparison of the quantities of separately collected municipal waste from public service users in the City of Zagreb in 2024/2025

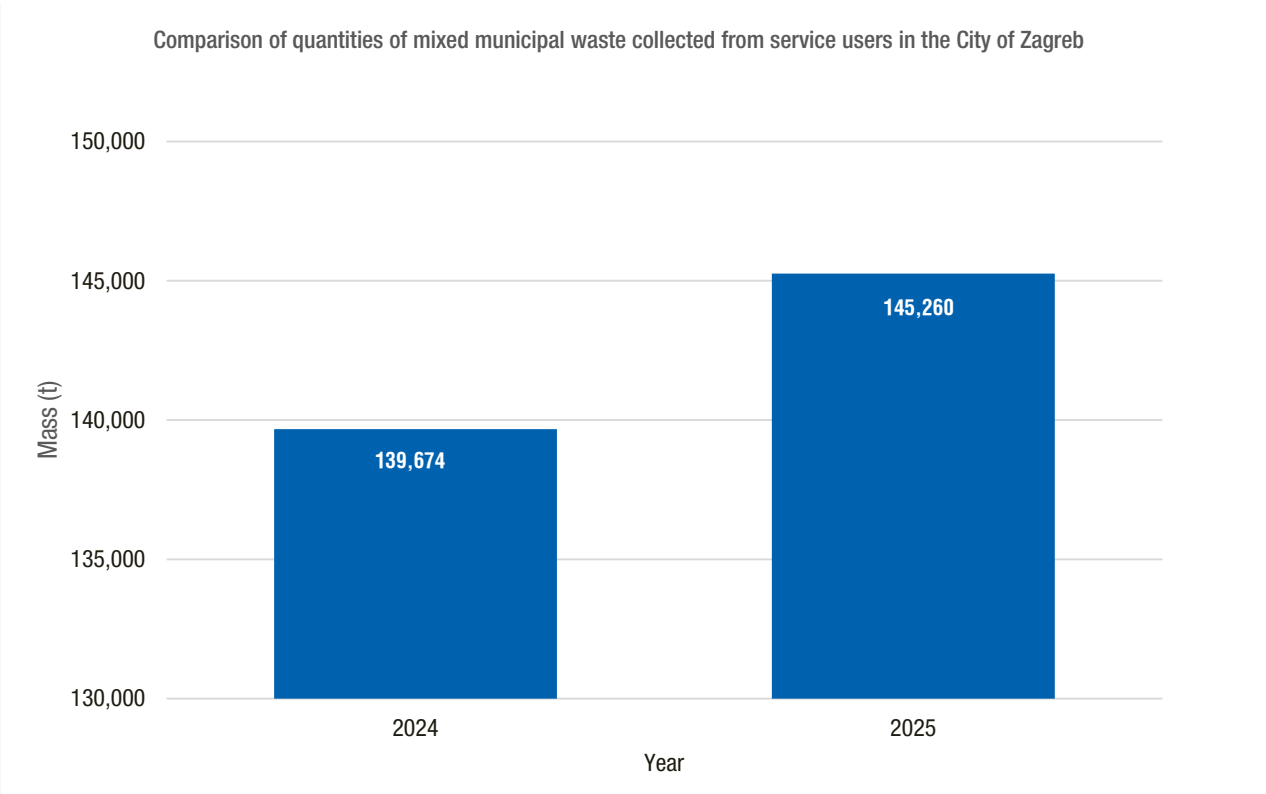


	2024	2025	Index
Paper and cardboard	19,507.37	19,622.64	101
Glass	4,342.89	4,291.72	99
Plastic and metal packaging	24,226.40	25,879.50	107
Biowaste	38,568.52	35,362.55	92

IFrom the data presented, it is evident that compared to 2024, the mass of collected waste paper and cardboard increased by 0.6%, and that of plastic and metal packaging by 6.8%. At the same time, the mass of collected biowaste in 2025 compared to 2024 was 8.3% lower, and glass packaging was 1.2% lower.

According to the data available so far, it can be concluded that the long-standing implementation of semi-underground containers has a positive effect on the process of collecting recyclable municipal waste, both in terms of efficiency and in terms of increasing service user satisfaction. In the period from 1 September 2025 to the end of January 2026, half as many complaints were received in areas where semi-underground containers were installed.

Below is a comparative overview of the quantities of mixed municipal waste collected in 2024 and 2025.



The total amount of collected mixed municipal waste in 2025 was 4% higher than in 2024. The increase in the amount of collected mixed municipal waste is a consequence of the increase by 2% of the number of public service users in 2025 compared to the previous year, with the number of users from the household category increasing by 1.96% and the number of users from the non-household category increasing by 2.83%. In addition, the general increase in wages in the economy of the city of Zagreb directly affects the increase in the amount of waste generated.

KPI#2 Share of renewable electricity in total electricity consumption (relative, as a percentage)

KPI #2 is aimed at mitigating the consequences of climate change and decarbonisation through the reduction of greenhouse gas emissions associated with the use of electricity. The Group intends to achieve the set goal by consuming electricity from renewable sources and producing its own energy from renewable sources. Since approximately 70% of the Group's electricity is used for responsible water management, KPI #2 is applicable primarily to VIO and ZGH.

The achievement of the stated goal is manifested by the following:

1. Electricity purchased for the period of 1 April 2025 – 31 March 2026.
2. Investment in own capacities for energy production from renewable sources (hereinafter: RES).

Obligation from the Framework for Sustainability Linked Bonds:

Measurement data	2023 1.4.2023. - 31.3.2024.	2024	2025	2026	2027 or a period of 12 months ending on 31 March 2028	2030
Share of renewable electricity in total electricity consumption	50%	50%	60%	60%	70%	70%

Achieved result for the observation period of 1 April 2025 – 31 March 2026:

Measurement data	2023	2024	2025
Share of renewable electricity in total consumption	86%	69%	**99%**

During the observed period, a 99% share of renewable electricity in the Group's total electricity consumption was achieved.

Goal #2 is aimed at mitigating the consequences of climate change and decarbonisation by reducing greenhouse gas emissions associated with the use of electricity from renewable sources, and with the purchase and self-production of energy from renewable sources. In the observed period of 1 April 2025 – 31 March 2026, the Group produced 32,156 MWh of electricity from RES, of which it delivered 16,953 MWh to the grid and used 15,203 MWh for its own needs. It also procured 99% of electricity for its own needs from RES, or 118,409 MWh.

The total consumption of electricity includes all affiliated companies of the Group. The largest consumers of electricity in the Group are ZGH and VIO, with shares of 29% (ZGH) and 69% (VIO) of total consumption. Other companies account for 2% of total consumption.

Precisely because of the aforementioned share, the majority of activities carried out at the Group level to meet the sustainability performance target relate to the aforementioned two companies.

Solar power plants

The photovoltaic systems installed so far at the Group's locations during the observed period, 1 April 2025 – 31 March 2026, produced 585.8 MWh of electricity, of which 420.8 MWh was consumed for own needs and 165.0 MWh was delivered to the electricity grid.

Period: 1 April 2025 – 31 March 2026	Produced on site (MWh)	Used on site (MWh)	Delivered to the grid (MWh)
Bukovac solar power plant	443.1	306.5	136.7
Oporovec solar power plant	57.2	56.6	0.5
JG Gorica solar power plant	31.8	29.0	2.9
SOC Jakuševec solar power plant	53.6	28.7	24.9
Total	**585.8**	**420.8**	**165.0**

Utilisation of landfill gas and biogas

In the observed period, 1 April 2025 – 31 March 2026, 14,782 MWh of electricity was produced and used for our own needs from the gas obtained through anaerobic digestion of sludge in the *wastewater treatment plant – CUPOVZ*.

At the *Prudinec/Jakuševec landfill*, landfill gas was collected, from which 15,651 MWh of electricity was produced during the observed period and delivered to the HEP system, while simultaneously preventing uncontrolled methane emissions into the atmosphere.

Calculation of KPI #2 – Share of RES in the total electricity consumption (data in kWh)	
Renewable part of electricity purchased from external sources, for the period of 1 April 2025 – 31 March 2026	118,409,394
Own produced and used electricity from RES for the period of 1 April 2025 – 31 March 2026	15,202,669
Total electricity consumption for the period of 1 April 2025 – 31 March 2026	134,842,639
Share of RES in total electricity consumption	**99%**

The activities undertaken for point 1 are evidenced by a contract signed for a one-year period with the electricity supplier, HEP-Opskrba d.o.o., by which the supplier undertakes that 100% of the total electricity supplied will be from renewable energy sources. During the observed period, the following companies in the Group had 100% electricity from renewable sources guaranteed by contract: ZGH, VIO, GPZ, and GSKG. In addition to HEP Opskrba, certain locations are supplied by HEP Elektra, whose electricity is not from renewable energy sources and accounts for 0.5% of total purchased electricity.

The GLJZ institution has concluded a contract with the supplier HEP Opskrba d.o.o. from 1 November 2024 to 31 October 2027, in which 70% of electricity is guaranteed to come from renewable sources. The ZP has a guaranteed 50% share of renewable electricity, while GPB does not have a guaranteed supply of energy from renewable sources. GLJZ, GPB, and ZP together account for 0.7% of the Group's total electricity consumption.

In accordance with the Methodology for Determining the Origin of Electricity (OG 133/14, 127/19) for 2026, the supplier will issue a Statement on the Share of Renewable Energy Sources only in 2027. The supplier issued a Statement on Terminating the Guarantee of Origin for 2025, stating that 118,074 MWh of delivered electricity (99%) was produced from renewable energy sources.

It is also expected that the supplier, in accordance with the Methodology for Determining the Origin of Electricity for 2026, will issue a Statement on the Share of Renewable Energy Sources only in 2027, whose energy from RES for the specified period of the first three months of 2025 will be guaranteed by the contract (for ZGH, VIO, GSKG, and GPZ 100%, for the GLJZ institution 70%, ZP 50%).

Due to all of the above, the key indicator, or the 99% success target for the observed period was achieved.

Activities undertaken under point 2 include the construction of solar power plants. The Group's solar energy programme sets an ambitious goal of installing 25 MW of solar power plants by 2035 through 2 core projects:

- Solar power plants on the roofs of ZGH buildings
- VIO solar power plants

Solar power plants on the roofs of ZGH buildings – PVMax Project

The PVMax Project includes the construction of solar power plants at 16 of the Company's facilities, grouped into 11 power plants, for which preliminary designs have been prepared and procedures for obtaining electrical energy permits have been initiated. Approvals have been obtained for some of the power plants, while offers to prepare a study of an optimal technical solution for a grid connection point (EOTRP) have been received for others, due to more complex technical conditions.

In 2025, implementation activities continued, or the main projects of the solar power plants Tržnica Utrina (130 kW) and Bani 98 (70 kW) were implemented. The Tržnica Utrina solar power plant project is an integral part of the market reconstruction project and will be implemented after the market reconstruction project taken over by the City of Zagreb has been completed.

The next phase in the realisation of the Bani 98 solar power plant is the public procurement for its construction.

For RTZ Jankomir solar power plant (1,460kW), a connection point contract was signed and the first instalment of the connection fee (10%) was paid. The next step is public procurement for the design and construction of the power plant.

The realisation of other power plants was abandoned due to unresolved property and legal relations and the company's strategic plans related to the locations in question.

VIO continues with activities related to the construction of solar power plants

VIO, in cooperation with REGEA, through the PVMax Project co-financed by the EU and the Republic of Croatia, is developing a portfolio of a total of 16 solar power plants of various capacities, some of which are already in operation (Bukovac, Oporovec), while the others are in the construction or preparation phases.

During 2025, the following activities were carried out:

- The construction of the Oporovec solar power plant (400 kW) was completed in March 2025, and on 30 December 2025 it received a permit for permanent operation, following the completion of the reconstruction of the substation by HEP;
- The construction of the Folnegovićeva solar power plant (500 kW) was completed in December 2025. Currently, the reconstruction of the substation, which is under the jurisdiction of HEP, is pending, after which it will be possible to put the power plant into operation;
- A request for co-financing has been submitted for 5 solar power plants: Cerje solar power plant (425 kW), Laščina solar power plant (200 kW), Jačkovina solar power plant (50 kW), Sokolovac solar power plant (200 kW), and Zagorska solar power plant (200 kW) for the Call for co-financing the construction of solar power plants by public water service providers from the Environmental Protection and Energy Efficiency Fund dated 30 April 2025;
- Based on the main designs, a request has been submitted for the development of an EOTRP for the Mala Mlaka (9,900 kW) solar power plant, which is planned to be built by the end of 2027;
- A connection approval for the Sašnak solar power plant (7,000 kW) has been obtained, documentation for public bidding has been prepared, and a procurement request has been initiated.
- A tender for contracting the design, construction and maintenance of the Sašnak solar power plant has been conducted.

At a later stage, the construction of the following power plants is also planned: Petruševec (1,000 kW), Strmec (5,000 kW), and Bregana (4,000 kW).

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