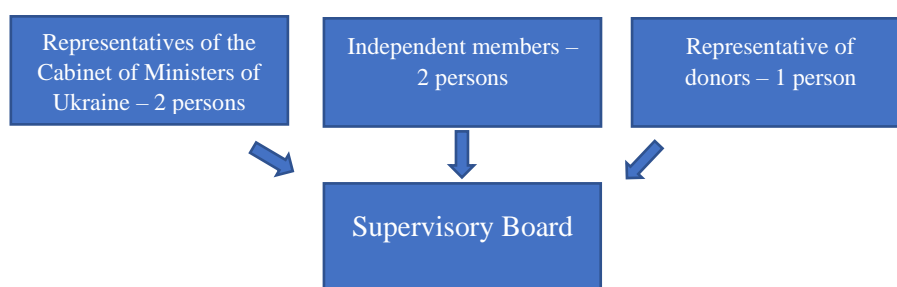


**Report of the Supervisory Board
of the state institution “Energy Efficiency Fund”
for 2022**

(Approved by the decision of the Supervisory Board dated March 29, 2023)

The Supervisory Board of the state institution “Energy Efficiency Fund” (hereinafter – the “Supervisory Board” or “Board”) in the two-level corporate management structure of the SI “Energy Efficiency Fund” (hereinafter – the “Fund”) is the highest collegial management body, which protects the rights of the founder, creditors, donors and ultimate beneficiaries of the institution, ensures the fulfillment of the goals of the institution and supervises management within the limits of the powers defined by the Law of Ukraine “On the Energy Efficiency Fund” (hereinafter – the Law on the Fund) and the Charter of the SI “Energy Efficiency Fund”. The Supervisory Board controls and regulates the activities of the executive body of the SI “Energy Efficiency Fund” – the Directorate – within its competence, defined by the legislation of Ukraine, the Charter and the Regulations on the Supervisory Board of the SI “Energy Efficiency Fund”.

The personnel of the Supervisory Board of the Fund is formed in accordance with Article 4 of the Law of Ukraine “On the Energy Efficiency Fund”, namely:



As of 31/12/2022, the Supervisory Board of the Fund includes 5 people:

Yuliia Volodymyrivna Sabatiuk – Chairperson of the Supervisory Board, independent member of the Supervisory Board, elected to the Supervisory Board in accordance with the decision of the Commission for the competitive selection of independent members of the Supervisory Board of the Fund dated 12/11/2018. Term of office until 06/12/2023.

Vasyl Myronovych Lozynskyy – member of the Supervisory Board, representative of the Cabinet of Ministers of Ukraine, appointed by order of the Cabinet of Ministers of Ukraine dated June 30, 2021 No. 711-r. The term of office is determined by the Cabinet of Ministers of Ukraine. After the dismissal of Lozynskyy on January 22, 2023 from the position of the Deputy Minister of Development of Communities, Territories and Infrastructure of Ukraine, the Fund approached the Cabinet of Ministers of Ukraine with a proposal to appoint another representative to the Supervisory Board of the Fund. On March 21, 2023, the Cabinet of Ministers of Ukraine issued Order No. 237-r on the termination of powers of Vasyl Myronovych Lozynskyy, a member of the Supervisory Board of the state institution “Energy Efficiency Fund” as a representative of the Cabinet of Ministers of Ukraine.

Along with this, the Cabinet of Ministers of Ukraine issued Order No. 238-r dated March 21, 2023 on the appointment of a representative of the Cabinet of Ministers of Ukraine to the Supervisory Board of the state institution “Energy Efficiency Fund”, which appointed Oleksandr Oleksandrovych Butenko, Deputy Minister of Community Development, Territories and Infrastructure of Ukraine.

Oleksandr Anatoliiovych Zhuk – member of the Supervisory Board, representative of the Cabinet of Ministers of Ukraine, appointed by order of the Cabinet of Ministers of Ukraine dated June 30, 2021 No. 711-r. The term of office is determined by the Cabinet of Ministers of Ukraine.

Andrzej Maciej Rajkiewicz (Poland) – member of the Supervisory Board, independent member of the Supervisory Board, elected to the Supervisory Board in accordance with the decision of the Commission for the competitive selection of independent members of the Supervisory Board of the Fund dated 12/11/2018. Term of office until 06/12/2023.

Laura Garbenciute-Bakiene (Lithuania) – member of the Supervisory Board, representative of donors. The term of office is determined by the donors.

In 2022, there were no changes in the personnel of the Supervisory Board of the Fund.

Independent members of the Supervisory Board exercise their powers on a paid basis in

accordance with the terms of the Standard Agreement with an independent member of the Supervisory Board of the state institution “Energy Efficiency Fund”, approved by the Resolution of the Cabinet of Ministers of Ukraine dated February 28, 2018 No. 581 (as amended). The remuneration of independent members of the Supervisory Board consists of an annual remuneration, including incentive and compensation payments. The amount of the annual remuneration is 360 amounts of the subsistence minimum established for able-bodied persons on January 1 of the calendar year. The Supervisory Board can make a decision to make incentive payments to a member of the Supervisory Board based on the results of the Fund’s work for a year in the amount of no more than 1 percent of the annual remuneration. According to the results of the Fund’s work in 2022, the decision on the payment of incentive payments to members of the Supervisory Board was not adopted. Expenses of a member of the Supervisory Board related to the performance of his functions are subject to compensation, provided they are documented. The terms of the concluded contracts do not provide for the rights to receive other additional benefits or payment of remunerations during the performance of official duties, as well as in connection with the termination of powers.

Members of the Supervisory Board – representatives of the Cabinet of Ministers of Ukraine exercise their powers on a free basis. There are no rights to receive benefits or payment of remunerations from the Fund during the performance of official duties, as well as in the event of termination of powers.

A member of the Supervisory Board – the representative of donors exercises her powers in accordance with the contract concluded with donors. The remuneration of the donor representative is EUR 370.00 (three hundred and seventy Euros) before tax for each business day, with an average of up to 3 business days per month.

Activities of the Supervisory Board in 2022

The Supervisory Board of the Fund acts on the basis of the Law of Ukraine “On the Energy Efficiency Fund”, the Charter of the state institution “Energy Efficiency Fund”, the Regulation on the Supervisory Board of the state institution “Energy Efficiency Fund”, the Resolution of the Cabinet of Ministers of Ukraine dated February 28, 2018 No. 142, as well as other internal regulatory documents of the Fund.

The organizational form of the work of the Supervisory Board is meetings (ordinary, extraordinary), including in the form of absentee voting (survey). Ordinary meetings of the Supervisory Board are held when necessary, but at least once every three months according to the schedule of ordinary meetings approved by the Supervisory Board.

A meeting of the Supervisory Board is considered valid if more than half of its total members are present. The decision of the Supervisory Board is considered adopted if a simple majority of members of the Supervisory Board voted for it. In the case of an equal distribution of votes, the chairman of the Supervisory Board has the right to a casting vote.

Decisions of the Supervisory Board

The year 2022 was more difficult than any previous year during the independence of Ukraine. On February 24, 2022, the military aggression of the Russian Federation against Ukraine began, which continues to this day. Any military aggression is accompanied by numerous human casualties, a change in the economic situation and priorities, significant damage to infrastructure and residential buildings, including among the Beneficiaries of the Fund. All this had a significant impact on the activities of the Fund and required the Supervisory Board and management to respond in a timely manner to the dynamic change in the environment in which the Fund operated, to adopt atypical decisions to ensure stable, uninterrupted activity of the Fund.

The main priorities of the Fund during the war became the safety and preservation of the workforce, providing the Beneficiaries with the appropriate level of support for the continuation of the implementation of Projects under the Fund’s programs, where possible, and the timely fulfillment of obligations to pay grants. Moreover, the Fund took a number of measures to adapt to this temporary environment, especially in the area of compliance.

During 2022, the Supervisory Board held 32 meetings, all in person. Members of the Directorate and the head of the internal audit department also took part in the meetings of the Supervisory Board.

Information on the participation of members of the Supervisory Board in meetings in 2022:

Name, patronymic (optional) and surname	Took part in the meetings of the Supervisory Board in 2022	As a percentage of the total number of meetings in 2022
Yuliia Volodymyrivna Sabatiuk	32	100.00
Vasyl Myronovych Lozynskyi	22	68.75
Oleksandr Anatoliiovych Zhuk	19	59.38
Andrzej Rajkiewicz	31	96.88
Laura Garbenciute-Bakiene	24	75.00

Information on the personal participation of members of the Supervisory Board in meetings in 2022 is provided in Appendix 1 to this report.

In 2022, the Supervisory Board approved the updated Program to support the energy modernization of multi-apartment buildings (“ENERGODIM”) which made it possible to implement it under new conditions. Also, thanks to funding from international partners and the support of the Government of Ukraine, the Fund was authorized to implement programs in the residential sector, including those related to the restoration of buildings destroyed and/or damaged as a result of the armed aggression of the Russian Federation against Ukraine. As a result, the Fund’s team, together with the International Finance Corporation, prepared the terms of the new “VidnovyDIM” Program, which were approved by the Supervisory Board on November 17, 2022, and its implementation began. At the end of the reporting year, the Supervisory Board announced a competition for the vacant position of the technical director of the Fund and already at the beginning of 2023 determined the winner and made a decision for conclusion of the contract, thus the Directorate was established completely.

Apart from the above, the Supervisory Board during 2022 considered and made decisions regarding:

- development of legislative initiatives that will contribute to the creation of new and/or improve existing mechanisms for ensuring the energy efficiency of buildings, simplify the process of energy modernization;
- giving consent to enter into significant legal acts;
- management of risks arising in the activities of the Fund;
- financing expenses for the maintenance of the Fund, control over compliance with the approved Budget and Estimates for the maintenance of the Fund;
- review and approval of annual reports: financial statements of the Fund for 2021, annual report of the Supervisory Board for 2021;
- independent auditor’s opinion on the Fund’s financial statements for 2021;
- reviewing and approving periodic reports of the Directorate, internal audit and compliance department, and making decisions based on the results of reviewing these reports;
- selection of the subject of audit activity for the audit of the Fund’s financial statements for 2022.
- publication of information about the activities of the Fund;
- approval of internal regulatory documents of the Fund in accordance with the competence of the Supervisory Board.

Besides, the Supervisory Board discussed other issues brought to its consideration by the Directorate and made decisions or approved further steps of the Fund’s work.

Report on the evaluation of the activity (work) of the Supervisory Board and its members for 2022

The Supervisory Board annually reviews and evaluates the results of its work. On the basis of the results of such an assessment, if necessary, measures to be taken to improve the activities and

increase the effectiveness of the Supervisory Board are approved.

According to Clause 22 of the Regulation on the Supervisory Board of the state institution “Energy Efficiency Fund”, in January 2023 the Supervisory Board conducted a self-assessment of the effectiveness of the activity for the reporting year (as a collegial body) by the questionnaire method.

Based on the results of the conducted self-assessment of the overall effectiveness of the Supervisory Board (as a collegial body), the following was established:

- **Composition of the Supervisory Board** is balanced and covers all directions of the Fund’s activities, over which the Supervisory Board exercises control. The composition of the Supervisory Board and the number of independent members of the Supervisory Board meet the requirements of the legislation of Ukraine, as well as the specifics of the Fund’s activities, the nature and scope of its services. According to the assessment of the vast majority of members of the Supervisory Board, the quantitative composition of the Supervisory Board meets the needs of the Fund, and its personnel is balanced and allows to effectively perform the tasks assigned to the Supervisory Board. However, according to the independent member of the Supervisory Board Andrzej Rajkiewicz, it is advisable to consider the possibility of increasing the number of members of the Supervisory Board and introducing experts in the field of jurisprudence and construction to its composition.
- **Structure of the Supervisory Board** ensures the possibility for the Supervisory Board to properly perform its functions. During 2022, the Supervisory Board did not create permanent or temporary committees within its composition, fulfilling their role independently.
- **Activities of the Supervisory Board** are rated at the appropriate level.

Assessment of competence and effectiveness of members of the Supervisory Board

In order to assess the competence of the members of the Supervisory Board, the Board conducted a self-assessment of the activities of its members, according to the results of which all members of the Supervisory Board were recognized as competent, having the appropriate professional and educational levels; have the necessary experience and knowledge and make a significant contribution to the performance of their functions by the Supervisory Board, allocate a sufficient amount of time to perform the duties of members of the Supervisory Board.

Assessment of the independence of each of the independent members of the Supervisory Board

The assessment of the independence of each member of the Supervisory Board was carried out in accordance with the criteria defined in Article 5 of the Law on the Fund and in Clause 6 of the Procedure for the election, appointment and dismissal of members of the Supervisory Board of the state institution “Energy Efficiency Fund”, approved by the resolution of the Cabinet of Ministers of Ukraine dated May 23, 2018 No. 582. According to the carried out assessment of the independence of each of the independent members of the Supervisory Board:

- 1) Yuliia Volodymyrivna Sabatiuk, Chairperson of the Supervisory Board of the Fund (independent) – meets the requirements for the independence of the members of the Supervisory Board.
- 2) Andrzej Rajkiewicz, member of the Supervisory Board of the Fund (independent) – meets the requirements for the independence of the members of the Supervisory Board.

Assessment of collective and professional suitability

According to the conducted self-assessment of the Supervisory Board, the Board assessed its own collective and professional suitability.

The current composition of the Supervisory Board is balanced and is represented by professionals with the necessary skills, excellent characteristics and significant work experience that meet the needs of the Fund, who together have the necessary level of qualifications and professional experience.

The collective suitability of the Supervisory Board corresponds to the amount and specifics of the Fund’s activities, the nature and scope of the Fund’s services. The members of the Supervisory Board jointly have knowledge and proper understanding of the Fund’s sphere of activity, for which the members of the Supervisory Board are jointly responsible, as well as the skills and experience necessary for the Fund’s board to exercise its powers.

The Supervisory Board has a sufficient number of members who have knowledge, skills and experience in all areas of the Fund's activities, which enables a professional discussion of the issues on which decisions are made. The composition of the Supervisory Board and the number of independent members of the Supervisory Board meet the requirements of the current legislation of Ukraine.

Members of the Supervisory Board have the skills to defend their views and influence the process of collective decision-making. Members of the Board jointly have the opportunity to effectively supervise the decisions made by the Fund Directorate and their implementation.

In accordance with the Fund's internal procedures, constant monitoring of potential or real conflicts of interest is ensured during decision-making by the Fund's management bodies, including the Supervisory Board. This monitoring is carried out by the compliance department.

During the reporting year, there were no facts of real or potential conflict of interests of the Chairman and members of the Supervisory Board.

The Chairman and members of the Supervisory Board observe the duties of care and loyalty towards the Fund in accordance with the legislation of Ukraine.

Assessment of the competence and effectiveness of each of the board's committees

There are no committees in the Supervisory Board and they were not created during 2022. The Supervisory Board exercises all powers independently.

Issues that, according to the results of the self-assessment of the Supervisory Board's activity, need improvement:

- approving indicators of the effectiveness of the Directorate of the Fund and introducing regular reporting of the Directorate to the Supervisory Board, in order to fulfill the duties of the Supervisory Board regarding the assessment of the Directorate's work in accordance with such indicators;
- improving the quality of the materials provided to members of the Supervisory Board before the meeting for making balanced decisions and ensuring control over their timely preparation;
- reducing the number of issues that are considered by the Supervisory Board at meetings but do not fall under the exclusive competence of the Supervisory Board, in order to avoid cases of duplication of functions or taking over the powers of the Directorate.

Meeting number	Date	Members of the Supervisory Board who participated in the meeting
1	10/01/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
2	13/01/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Oleksandr Anatoliiovych Zhuk 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
3	31/01/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Oleksandr Anatoliiovych Zhuk 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
4	03/02/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk
5	10/02/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Oleksandr Anatoliiovych Zhuk 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
6	24/02/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Andrzej Rajkiewicz 3. Laura Garbenciute-Bakiene
7	10/03/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz
8	24/03/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz
9	30/03/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz
10	07/04/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene
11	19/04/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
12	02/05/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz
13	05/05/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz
14	19/05/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
15	02/06/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz
16	16/06/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene

17	28/06/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Oleksandr Anatoliiovych Zhuk 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
18	14/07/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
19	28/07/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene
20	25/08/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Andrzej Rajkiewicz 3. Laura Garbenciute-Bakiene
21	09/09/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Oleksandr Anatoliiovych Zhuk 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
22	22/09/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Oleksandr Anatoliiovych Zhuk 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
23	20/10/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene
24	17/11/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Andrzej Rajkiewicz 3. Laura Garbenciute-Bakiene
25	21/11/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene
26	24/11/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz
27	01/12/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene
28	05/12/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Oleksandr Anatoliiovych Zhuk 3. Andrzej Rajkiewicz 4. Laura Garbenciute-Bakiene
29	15/12/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene
30	20/12/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskiy 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene

31	21/12/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Vasyl Myronovych Lozynskyi 3. Oleksandr Anatoliiovych Zhuk 4. Andrzej Rajkiewicz 5. Laura Garbenciute-Bakiene
32	29/12/2022	1. Yuliia Volodymyrivna Sabatiuk 2. Andrzej Rajkiewicz 3. Laura Garbenciute-Bakiene