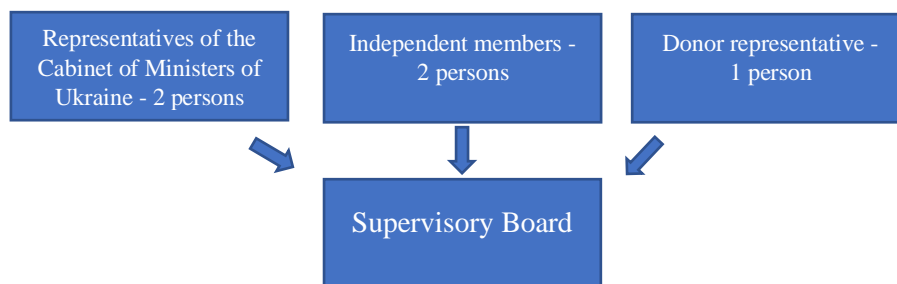


**Report of the Supervisory Board of State Institution "Energy Efficiency Fund"  
for 2023**

(approved by the Supervisory Board on April 25, 2024)

Supervisory Board of the State Institution "Energy Efficiency Fund" (hereinafter - "Supervisory Board" or "Council") in the two-level corporate governance structure of the State Institution "Energy Efficiency Fund" (hereinafter - "the EEF") is the highest collegial management body that protects the rights of the founder, creditors, donors and ultimate beneficiaries of the institution, ensures the fulfillment of the goals of the institution and oversees the management within the powers defined by the Law of Ukraine "On the Energy Efficiency Fund" (hereinafter - the Law on the EEF) and the Charter of the State Institution "Energy Efficiency Fund." The Supervisory Board controls and regulates the activities of the executive body of the State Institution "Energy Efficiency Fund" - the Directorate - within its competence determined by the legislation of Ukraine, the Charter and the Regulation on the Supervisory Board of the State Institution "Energy Efficiency Fund".

The personal composition of the Supervisory Board of the EEF is formed in accordance with Article 4 of the Law of Ukraine "On the Energy Efficiency Fund," namely:



In 2023, the Supervisory Board of the EEF was formed in the amount of 5 members. The Supervisory Board of the EEF included:

**Yuliia Sabatyuk** - Chairman 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 EEF dated November 12, 2018 with a term of office until December 06, 2023. According to the decision of the Commission for the competitive selection of independent members of the Supervisory Board, Yulia Sabatiuk was recognized as one of the two winners of the competition and signed a contract with her with a five-year term of office.

**Butenko Oleksandr** - member of the Supervisory Board, representative of the Cabinet of Ministers of Ukraine, appointed by order of the Cabinet of Ministers of Ukraine dated March 21, 2023 No. 238-r. The term of office of the representative is determined by the Cabinet of Ministers of Ukraine. After the dismissal of Oleksandr Butenko from the post of Deputy Minister of Development of Communities, Territories and Infrastructure of Ukraine on January 12, 2024, the Cabinet of Ministers of Ukraine on March 15, 2024 issued Decree No. 229-r, which terminated the powers of the representative of the Cabinet of Ministers of Ukraine - Oleksandr Butenko - in the Supervisory Board of the EEF. And issued Decree of March 15, 2024 No. 230-p on the appointment of Yevgeniy Vodovozov as a member of the Supervisory Board of the EEF, as a representative of the Cabinet of Ministers of Ukraine.

**Zhuk Oleksandr** is a member of the Supervisory Board, a 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.

**Rajkiewicz Andrzej (Poland)** - is an 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 EEF dated November 12, 2018. After the election in due course and appointment as an independent member of the Supervisory Board of Daiva Matoniene, on February 27, 2024, the agreement with the independent member of the Supervisory Board Andrzej Raikevich was terminated.

**Garbenchute-Bakene Laura (Lithuania)** – is a member of the Supervisory Board, representative of donors. Term of office determined by donors. On December 06, 2023, the contract

of the donor representative on the Supervisory Board expired, which was not renewed. According to the decision of the Commission for the competitive selection of independent members of the Supervisory Board, **Rolf Begrndt (Germany)** was recognized as one of the two winners. Rolf Begrndt received an offer to be a representative of donors in the Supervisory Board of the EEF, which he accepted. The term of office of the representative of donors in the Supervisory Board of the EEF is determined by donors.

Independent members of the Supervisory Board exercise their powers on a paid basis in accordance with the terms of the Model Agreement with an independent member of the Supervisory Board of the state the "Energy Efficiency Fund" approved by the Cabinet of Ministers of Ukraine dated February 28, 2018 No. 581 (as amended). Remuneration of independent members of the Supervisory Board consists of annual remuneration, including incentive and compensation payments. The amount of annual remuneration is 360 of the subsistence minimum established for able-bodied persons as of January 1 of the calendar year. The Supervisory Board may decide to make incentive payments to a member of the Supervisory Board based on the results of the EEF's activity for the year in the amount of no more than 1 percent of the annual remuneration. According to the results of the EEF's activity in 2023, the decision to pay incentive payments to members of the Supervisory Board was not made. The expenses of a member of the Supervisory Board related to the performance of his functions are subject to compensation, provided they are documented. The rights to receive other additional benefits or payment of remuneration, during the performance of official duties, as well as in connection with the termination of powers, the terms of the concluded contracts, are not provided.

Members of the Supervisory Board - representatives of the Cabinet of Ministers of Ukraine exercise their powers free of charge. There are no rights to receive benefits from the EEF or to pay remuneration during the performance of official duties, as well as in the event of termination of powers.

Member of the Supervisory Board - representative of donors exercises his powers in accordance with the contract concluded with donors. The remuneration of the donor representative in 2023 was 370 (three hundred and seventy) euros before tax for each working day, while on average up to 3 working days a month are spent.

### **Activities of the Supervisory Board in 2023**

The Supervisory Board of the EEF 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 EEF.

The organizational form of work of the Supervisory Board is meetings (regular, extraordinary), including in the form of absentee voting (polling). Regular meetings of the Supervisory Board shall be held if necessary, but at least once every three months in accordance with the schedule of regular meetings approved by the Supervisory Board.

A meeting of the Supervisory Board is considered competent if more than half of its total composition is present. The decision of the Supervisory Board shall be deemed adopted if it was voted for by a simple majority of the members of the Supervisory Board from its general composition. In case of equal distribution of votes, the Chairman of the Supervisory Board shall have a casting vote.

During 2023, the Supervisory Board held 28 meetings (all held in person). Members of the Directorate and the head of the internal audit unit also participated in the meetings of the Supervisory Board.

#### Information on the participation of Supervisory Board members in meetings-2023:

Full name	Participated in Supervisory Board meetings in 2023	As a percentage of total meetings in 2023

Sabatyuk Yuliia Volodymyrivna	28	100,00
Butenko Oleksandr Oleksiyovych	16	66,67
Zhuk Oleksandr Anatoliiovych	18	64,29
Rajkiewicz Andrzej	28	100,00
Garbenchute-Bakene Laura ( <i>for the period of authority</i> )	27	100,00

Information on the personal participation of Supervisory Board members in meetings in 2023 is given in Appendix 1 to this report.

In 2023, the EEF quickly responded to all challenges associated with the implementation and improvement of programs implemented with the participation of the EEF. So, in 2023, on the proposal of the Directorate, the Supervisory Board approved 6 editions of the ENERGOPDIM Program and 5 editions of the VidnovyDIM Program.

Among the main changes to the ENERGOPDIM Program, which were approved in 2023, it is worth noting the following:

- Introduction of the possibility of obtaining a partial advance of construction work at the level of 30% of the project cost, but not more than UAH 6.5 million;
- The Beneficiary's own contribution is halved;
- The list of Package A of energy efficiency measures has been expanded and the grant limit has been increased to UAH 2 million;
- The marginal unit costs used in the ENERGOPDIM Program have been established.

Among the changes to the VidnovyDIM Program are the following:

- The Program is extended to the entire territory of Ukraine, except for the temporarily occupied territories and territories of active hostilities;
- The marginal unit costs used in the VidnovyDIM Program have been established;
- An extract from the State Register on damaged property was added to the list of mandatory documents.
- Clarified requirements for construction companies and other contractors.

An important decision of the Supervisory Board in 2023 was the approval of the updated Strategy of the EEF for 2024-2026, which was adjusted in accordance with the implemented new programs implemented with the participation of the EEF and the challenges caused by the military aggression of the Russian Federation against Ukraine.

During 2023, the Supervisory Board announced and held on its own 3 competitions for the top positions of the EEF's officials, namely, the position of Technical Director, Financial Director and Head of internal audit.

In addition to the above, in the reporting year the Supervisory Board considered and decided on the following:

- giving consent to commit significant acts;
- management of risks arising in the activities of the EEF;
- financing the costs of maintaining the EEF, monitoring compliance with the approved Budget and Estimate for maintaining the EEF;
- review and approval of annual reports: financial statements of the EEF for 2022, annual report of the Supervisory Board for 2022;
- independent auditor's opinion on the financial statements of the EEF for 2022;
- review and approval of periodic reports of the Directorate, internal audit and compliance department, and making decisions on the results of consideration of these reports. Establishment of KPIs for officials for the reporting period and consideration of their implementation;
- disclosure of information on the EEF's activities;
- approval of internal regulatory documents of the EEF in accordance with the competence of

the Supervisory Board.

The Supervisory Board also discussed other issues that were submitted for its consideration by the Directorate and made decisions or approved further steps of the EEF's activities.

### **Decisions of the Supervisory Board**

#### **Report on the assessment of the activities (work) of the Supervisory Board, its members for 2023**

The Supervisory Board reviews and evaluates the results of its work every year. Based on the results of such assessment, if necessary, the measures to be taken to improve the activities and increase the effectiveness of the Supervisory Board are approved.

According to paragraph 22 of the Regulation on the Supervisory Board of the State Institution "Energy Efficiency Fund," in December 2023 - January 2024, the Supervisory Board conducted a self-assessment of the effectiveness of activities for the reporting year (as a collegial body) using the questionnaire.

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

- **Composition of the Supervisory Board** - is balanced and covers all activities of the EEF, for 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 peculiarities of the EEF, the nature and volume of its services. According to the majority of members of the Supervisory Board, the quantitative composition of the Supervisory Board meets the needs of the EEF, and its personal composition is balanced and allows you to effectively perform the tasks assigned to the Supervisory Board.
- **The structure of the Supervisory Board** ensures that the Supervisory Board can perform its functions properly. During 2023, the Supervisory Board did not create permanent or temporary committees in its composition, fulfilling their role independently.
- **The activities of the Supervisory Board** are assessed at the appropriate level.

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

The assessment of the independence of each of the members of the Supervisory Board was carried out in accordance with the criteria defined by Article 5 of the Law on the EEF and in paragraph 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 of May 23, 2018. № 582. In accordance with the assessment of the independence of each of the independent members of the Supervisory Board:

- 1) Yulia Sabatyuk, Chairman of the Supervisory Board of the EEF (independent) - meets the requirements for independence of members of the Supervisory Board.
- 2) Andrzej Rajkiewicz, Member of the Supervisory Board of the EEF (independent) - meets the requirements for independence of 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 experience that meets the needs of the EEF, who jointly have the necessary level of qualification and professional experience.

The collective suitability of the Supervisory Board corresponds to the size, characteristics of the EEF's activities, nature and volume of the EEF's services. Members of the Supervisory Board jointly have knowledge and proper understanding of the scope of the EEF's activities, for which members of the Supervisory Board are jointly responsible, as well as the skills and experience necessary for the implementation of its powers by the EEF's board. The Supervisory Board has a

sufficient number of members who have knowledge, skills and experience in all areas of the EEF's activities, which allows professional discussion of 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 collective decision-making process. Members of the Board jointly have the opportunity to effectively monitor the decisions made by the Directorate of the EEF and their implementation.

In accordance with the internal procedures of the EEF, continuous monitoring of the identification of facts of a potential or real conflict of interest during decision-making by the EEF's management bodies, including the Supervisory Board, is ensured. In the reporting period, this monitoring was carried out by the compliance department (risk assessment department - after a change in the organizational structure in 2023).

During the reporting year, the Chairman and members of the Supervisory Board had no actual or potential conflict of interest.

The Chairman and members of the Supervisory Board adhere to the obligations of respect and loyalty to the EEF in accordance with the legislation of Ukraine.

### **Assessment of the competence and effectiveness of each of the committees of the council**

There are no committees in the Supervisory Board and no committees were created during 2023. The Supervisory Board exercises all powers independently.

**According to the results of the self-assessment of the Supervisory Board in 2023, none of the issues that were subject to evaluation received an unacceptably low assessment. Identified deficiencies are irregular, situational in nature.**

According to the results of self-assessment, by a majority vote of the members of the Supervisory Board, the following issues that can be improved were recognized:

- coordination of the work of all members of the Supervisory Board;
- improving the efficiency of long-term planning of the EEF's activities;
- creation of temporary committees of the Supervisory Board (in case of need for additional study of an important issue);
- timeliness and improvement of the quality of materials provided to members of the Supervisory Board before the meeting.

Thus, in 2023, the Supervisory Board of the EEF, within its competence, took all necessary measures to implement the work plan of the Supervisory Board for 2023. In addition, within the competence, the Supervisory Board took appropriate measures aimed at protecting the rights of the founder, creditors, donors and final beneficiaries of the institution, ensured the fulfillment of the objectives of the institution and carried out proper supervision of the management within the limits of the powers granted.

The Supervisory Board of the EEF will continue to take measures aimed at ensuring the achievement of the goals set by the EEF in 2024 and contributing to the achievement of the strategic goals set by the EEF's Strategy for 2024-2026.