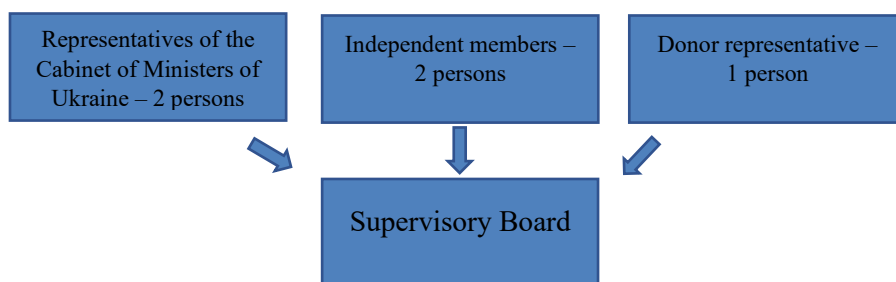


**Report of the Supervisory Board
State Institution “Energy Efficiency Fund”
for 2025**

The Supervisory Board of the State Institution “Energy Efficiency Fund” (hereinafter referred to as the “Supervisory Board” or “Board”) within the two-tier corporate governance structure of the State Institution “Energy Efficiency Fund” (hereinafter referred to as the “Fund”) is the highest collegial governing body that protects the rights of the founder, creditors, donors, and final beneficiaries of the institution, ensures the fulfillment of the institution’s objectives, and oversees management within the scope of authority defined by the Law of Ukraine “On the Energy Efficiency Fund” (hereinafter the “Law on the Fund”) 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 Enterprise “Energy Efficiency Fund”—the Directorate—within the limits of its competence as defined by the legislation of Ukraine, the Charter, and the Regulations on the Supervisory Board of the State Enterprise “Energy Efficiency Fund.”

1. ASSESSMENT OF THE COMPOSITION AND STRUCTURE OF THE SUPERVISORY BOARD. CHANGES IN MEMBERSHIP THAT TOOK PLACE DURING 2025.

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



Representatives of the Cabinet of Ministers of Ukraine and independent members are elected for a five-year term. The term of office for the donor representative on the Fund’s Supervisory Board may be determined by an agreement between the Cabinet of Ministers of Ukraine and the donors, which provides for donor funding of the Fund’s activities. The same person may be elected to the Supervisory Board more than once, but no more than three consecutive times.

When forming the composition of the Supervisory Board, the requirements regarding the professional competence and business reputation of officials of the state institution “Energy Efficiency Fund,” approved by Resolution of the Cabinet of Ministers of Ukraine No. 138 dated February 28, 2018.

As of January 1, 2025, the Supervisory Board consisted of:

Yulia SABATYUK – Chair of the Supervisory Board, independent member of the Supervisory Board;

Dmytro PETRUNIN – Member of the Supervisory Board, representative of the Cabinet of Ministers of Ukraine;

Oleksandr ZHUK – Member of the Supervisory Board, representative of the Cabinet of Ministers of Ukraine;

Daiva MATONIENĖ (Lithuania) – independent member of the Supervisory Board;

Rolf BEHRNDT (Germany) – representative of international donors.

During 2025, the following changes occurred in the composition of the Supervisory Board:

1. Pursuant to Order No. 129-r of the Cabinet of Ministers of Ukraine dated February 18, 2025, the powers of Supervisory Board member and representative of the Cabinet of Ministers of Ukraine, Dmytro Ihorovych PETRUNIN, were terminated in accordance with subparagraph 1 of paragraph 36

(at his own request) of the Procedure for the Election, Appointment, and Termination of the Powers of Members of the Supervisory Board of the State Institution “Energy Efficiency Fund.”

2. Pursuant to Order No. 130-r of the Cabinet of Ministers of Ukraine dated February 18, 2025, Aliona Ivanivna Shkrum was appointed as a member of the Supervisory Board of the State Institution “Energy Efficiency Fund” as a representative of the Cabinet of Ministers of Ukraine.

3. Based on the statement by Daiva MATONINENE regarding her resignation as an independent member of the Supervisory Board, by a decision of the Supervisory Board dated October 23, 2025, the powers of independent Supervisory Board member Daiva MATONINENE were terminated early on November 17, 2025.

As of the end of the reporting year 2025, the Supervisory Board has not been fully formed.

Pursuant to Article 4 of the Law of Ukraine “On the Energy Efficiency Fund,” the Supervisory Board is authorized to act if at least four of its members have been appointed; accordingly, as of the end of the reporting period, the Supervisory Board had full authority to make decisions within its competence.

As of December 31, 2025, the Supervisory Board consisted of:

Yulia SABATYUK – Chair of the Supervisory Board, independent member of the Supervisory Board;

Alona SHKRUM – Member of the Supervisory Board, representative of the Cabinet of Ministers of Ukraine;

Oleksandr ZHUK – Member of the Supervisory Board, representative of the Cabinet of Ministers of Ukraine;

Rolf BEHRNDT – Member of the Supervisory Board, representative of the donors.

2. STRUCTURE, PRINCIPLES OF APPOINTMENT, REMUNERATION OF SUPERVISORY BOARD MEMBERS, ADDITIONAL BENEFITS THEY RECEIVE (TO WHICH THEY ARE ENTITLED) WHILE PERFORMING THEIR DUTIES, AS WELL AS IN CONNECTION WITH THE TERMINATION OF THEIR MANDATE.

Independent members of the Supervisory Board, as well as the member of the Supervisory Board representing the donors, 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 Institution “Energy Efficiency Fund,” approved by Resolution of the Cabinet of Ministers of Ukraine No. 581 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 times 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 Fund’s performance for the year, in an amount not exceeding 1 percent of the annual remuneration. Based on the Fund’s performance in 2025, no decision was made to pay incentive payments to members of the Supervisory Board.

Expenses incurred by a member of the Supervisory Board in connection with the performance of their duties are subject to reimbursement, provided they are supported by documentary evidence. There are no provisions for the right to receive other additional benefits or remuneration during the performance of official duties, nor in connection with the termination of powers or the terms of concluded agreements.

Members of the Supervisory Board who are representatives of the Cabinet of Ministers of Ukraine exercise their powers on a pro bono basis. There is no provision for the right to receive benefits or remuneration from the Fund during the performance of official duties, nor in the event of the termination of powers.

3. ACTIVITIES OF THE SUPERVISORY BOARD IN 2025

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

The Supervisory Board conducts its work through meetings (regular and extraordinary), including by means of absentee voting (surveys). Regular meetings of the Supervisory Board are held as needed, but no less frequently than 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 quorate if more than half of its total membership is present. A decision of the Supervisory Board is considered adopted if a simple majority of the members of the Supervisory Board from its total membership votes in favor of it. In the event of a tie, the Chair of the Supervisory Board has the casting vote.

During 2025, the Supervisory Board held 22 meetings, all in-person. Members of the Management Board and the head of the internal audit department also participated in the Supervisory Board meetings.

Information regarding the attendance of Supervisory Board members at meetings in 2025:

Full Name	Attended Supervisory Board meetings	As a percentage of the total number of meetings
Yulia SABATYUK <i>(for the term of office from 01/01/2025 to 12/31/2025)</i>	22	100.00
Dmytro PETRUNIN <i>(for the term of office from January 1, 2025, to February 18, 2025)</i>	2	100.00
Alona SHKRUM <i>(for the term of office from 02/18/2025 to 12/31/2025)</i>	10	50.00
Oleksandr ZHUK <i>(for the term of office from January 1, 2025, to December 31, 2025)</i>	21	95.5
Daiva MATONENĖ <i>(for the term of office from January 1, 2025, to December 31, 2025)</i>	16	88.9
Rolf BEHRNDT <i>(for the term of office from January 1, 2025, to December 31, 2025)</i>	21	95.5

To achieve the Fund’s strategic goals, in 2025 the Supervisory Board focused on the following key areas of activity:

1. Human resources and personnel management

- **Appointments and dismissals:**

- ✓ conducting a competition and appointing the Fund’s Director, with whom a three-year contract was signed;

- ✓ approving the appointment of the Head of the Verification Department and the Head of the Risk Assessment Department;

- ✓ approving the dismissal of the heads of the Legal Department and the Client Support Department.

- **Motivation:**

- ✓ approval of key performance indicators (KPIs) for the Management and the Internal Audit Department, with subsequent periodic monitoring of their implementation throughout the year;

- ✓ deciding on bonuses for management, taking into account the fulfillment of KPIs set by the Supervisory Board, as well as ensuring the stability of the Fund’s operations, the implementation of

its programs, the achievement of high performance indicators, and receiving a high rating based on the results of the GAP analysis conducted in preparation for the EU Pillar Assessment audit.

2. Strategic and Financial Management

- **Budget:**

- ✓ Regularly amending the Budget and Cost Estimate for 2025 to ensure adequate funding for the Fund’s activities;

- ✓ Approval of financial plans for 2026.

- **Capital:**

- ✓ preparation of proposals to the Cabinet of Ministers of Ukraine regarding an increase in the Fund’s authorized capital.

- **Strategy:**

- ✓ discussing and amending the Fund’s Strategy for 2024–2026

3. Management of the Fund’s programs

- **Program changes:**

- ✓ making changes to the “ENERGODIM,” “VidnoviDim,” and “GreenDim” programs, which are funded with the participation of the Fund.

- **Operational activities:**

- ✓ approval of the Fund’s execution of significant legal transactions, as well as the termination of grant agreements with beneficiaries who have violated the terms of the grant agreements or are located in temporarily occupied territories;

- ✓ prompt decision-making regarding program implementation conditions and/or the temporary suspension of accepting new applications.

4. Control, Audit, and Risks

- **Internal audit:**

- ✓ approval of operational plans, reports, as well as the Fund’s Internal Audit Charter and Code of Ethics.

- **Risks:**

- ✓ Regular review of reports on identified risks and approval of the Risk Management Policy.

- **External audit:**

- ✓ review of audit opinions on financial statements and program effectiveness.

5. Interaction with international partners

- Approval and amendment of agreements with the International Finance Corporation (IFC) regarding grant reimbursement.

- Review of the Roadmap for the Fund’s EU Pillar Assessment process.

The Supervisory Board also discussed other issues submitted for its consideration by the Management Board and, within the scope of its authority, made decisions or approved further steps for the Fund’s work.

4. STATUS OF IMPLEMENTATION OF THE STRATEGIC DEVELOPMENT PLAN, ACHIEVEMENT OF SHORT-TERM FINANCIAL, OPERATIONAL, AND NON-FINANCIAL OBJECTIVES OF THE FUND’S ACTIVITIES, AS DEFINED IN THE “BASELINE SCENARIO” OF THE FUND’S STRATEGY FOR 2024–2026

No.	Indicator	Targets for the end of the year Strategy	Actual figures at year-end
Program indicators			
1	Number of fully funded projects under the “ENERGODIM” Program, units	210	218
2	Number of fully funded projects under the "VidnoviDIM" Program, units	460	452

3	Number of fully funded projects under the "GreenDIM" Program, units	139	136
4	Average energy savings rate, for all projects funded by the Fund under the "ENERGODIM" Program, at a level of at least %,	25%	23.8%
Financial indicators			
5	Ratio of maintenance expenses to grant payments, %, not more than	7.1%	5.86%

5. REPORT ON THE EVALUATION OF THE ACTIVITIES (WORK) OF THE SUPERVISORY BOARD AND ITS MEMBERS FOR 2025

The Supervisory Board reviews and evaluates the results of its work annually. Based on the results of such an evaluation, measures necessary to improve the activities and enhance the effectiveness of the Supervisory Board are approved as needed.

In accordance with paragraph 22 of the Regulations on the Supervisory Board of the State Institution "Energy Efficiency Fund," in February–March 2026, the Supervisory Board conducted a self-assessment of its performance for 2025 (as a collegial body) using a survey.

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

- **The composition of the Supervisory Board** is balanced and covers all areas of the Fund's activities over which the Supervisory Board exercises oversight. As of the end of the reporting period, the composition of the Supervisory Board was not fully formed due to the early termination of the term of an independent member of the Supervisory Board at the end of the year. To ensure the proper functioning of the Supervisory Board in 2026, one of the measures identified is to raise the issue of forming the full composition of the Fund's Supervisory Board with the Ministry of Development.
- **The structure of the Supervisory Board** ensures that the Supervisory Board can properly perform its functions. During 2025, the Supervisory Board did not establish any standing or temporary committees within its composition, performing their roles independently. On September 18, 2025, the Supervisory Board approved the Regulations on Temporary Committees of the Supervisory Board of the State Institution "Energy Efficiency Fund," which regulates the formation by the Supervisory Board of temporary committees for the preliminary study and preparation for consideration at meetings of issues falling within the competence of the Supervisory Board and requiring additional study and analysis.
- **The activities of the Supervisory Board were assessed as satisfactory.**

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

The assessment of the independence of each member of the Supervisory Board was conducted in accordance with the criteria set forth in Article 5 of the Law of Ukraine "On the Energy Efficiency Fund" and 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 Resolution of the Cabinet of Ministers of Ukraine No. 582 dated May 23, 2018. Based on the assessment of the independence of each independent member of the Supervisory Board:

- 1) Yulia SABATYUK, Chair of the Fund's Supervisory Board (independent) – meets the requirements for the independence of Supervisory Board members.

Assessment of Collective and Professional Competence

In accordance with the self-assessment conducted by the Supervisory Board, the Board assessed its own collective and professional competence.

The current composition of the Supervisory Board is balanced and consists of professionals with the necessary skills, distinct characteristics, and significant work experience that meet the Fund's

needs, who collectively possess the required level of qualifications and professional experience.

The collective competence of the Supervisory Board corresponds to the size, nature of the Fund's activities, and the nature and scope of the Fund's services. Collectively, the members of the Supervisory Board possess the 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 Supervisory Board to exercise its powers.

The Supervisory Board has a sufficient number of members who possess knowledge, skills, and experience in all areas of the Fund's activities, enabling professional discussion of the issues on which decisions are made. As of the end of the reporting year, the Supervisory Board consists of only one independent member, instead of the two required by Ukrainian law. As of November 17, 2025, the Supervisory Board has been operating with an incomplete membership. An initiative to elect one additional independent member of the Supervisory Board has been submitted to the Ministry of Development, whose authority includes announcing a competitive selection process for the positions of independent members of the Fund's Supervisory Board.

Members of the Supervisory Board possess the skills to advocate for their views and influence the collective decision-making process. Collectively, the members of the Board are able to effectively oversee the decisions made by the Fund's Management and their implementation.

In accordance with the Fund's internal procedures, continuous monitoring is in place to identify instances of potential or actual conflicts of interest during decision-making by the Fund's governing bodies, including the Supervisory Board. During the reporting period, this monitoring was carried out by the Risk Assessment Department.

During the reporting year, there were no instances of actual or potential conflicts of interest involving the Chair and/or members of the Supervisory Board.

The Chair and members of the Supervisory Board adhere to their duties of care and loyalty to the Fund in accordance with Ukrainian law.

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

There are no committees within the Supervisory Board, and none were established during 2025. The Supervisory Board exercises all its powers independently.

Based on the results of the self-assessment of the Supervisory Board's activities in 2025, none of the issues examined received a critically low rating. The identified shortcomings are of an irregular, situational nature.

Based on the self-assessment and analysis of the achievement of strategic indicators in 2025, the Supervisory Board identified the following key measures for the Fund's further development:

1. Ensuring financial stability and transparency:

✓ Actively facilitating the attraction of sustainable financing for the Fund's key programs through engagement with government agencies and international partners (including a review of new and alternative financing options).

✓ Ensuring successful completion of the EU Pillar Assessment international audit to confirm the Fund's high management standards.

2. Improving corporate governance:

✓ Implementing the practice of forming specialized ad hoc committees for in-depth review of strategic issues and expert evaluation of draft decisions.

3. Strengthening institutional presence and reputation:

✓ Ensuring the maintenance and strengthening of the Fund's positive business reputation among key stakeholders and donors.

4. Optimizing operational efficiency:

✓ Improving the internal planning system and adhering to schedules for reviewing strategic issues in order to minimize unscheduled meetings of the Supervisory Board.

Two suggestions raised by the members of the Supervisory Board require further consultations, namely:

- ✓ Raising the issue with the relevant ministry regarding the formation of a full Supervisory Board to ensure maximum professional expertise.

- ✓ Continue the process of finalizing the amendments to the Charter approved by the Supervisory Board in 2024–2025 by consulting with Supervisory Board members and stakeholders to develop a unified approach to their implementation.