Škoda Group ESG Report

Explore with us our path towards sustainable future

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Greeting To Stakeholders

From Petr Novotný,
CEO of Škoda Group

Message to Our Stakeholders

Dear shareholders, partners, and all those committed to sustainable mobility,

2024 was a year of major milestones for Škoda Group. We built on our long tradition of manufacturing and innovation in electric rail vehicles and reaffirmed that electricity has been in our DNA for almost a century. In a year in which we achieved a record volume of new orders – up 84% to a total of EUR 1.48 billion and exceeding EUR 3.4 billion in our portfolio of projects in progress – we also advanced the meaning of what it means to be an innovative and responsible manufacturer for both European and global markets.

Our focus on efficiency, innovation, and sustainability brings tangible results not only in economic terms, but also in terms of its positive social and environmental impact. The breakthrough project of the past year was the launch of the RegioPanter BEMU battery train fleet in the Moravian-Silesian Region, Czech Republic which is significantly changing the landscape of regional transportation in the Czech Republic. These units, which will save over 200,000 liters of diesel fuel and reduce CO_2 emissions by 500 tons annually, not only have a demonstrable environmental benefit, but also increase passenger comfort and the efficiency of regional transport. At the same time, they confirm that environmentally friendly solutions are not a compromise, but a pathway to higher-quality services and, as a result, to more passengers and greater economic performance.

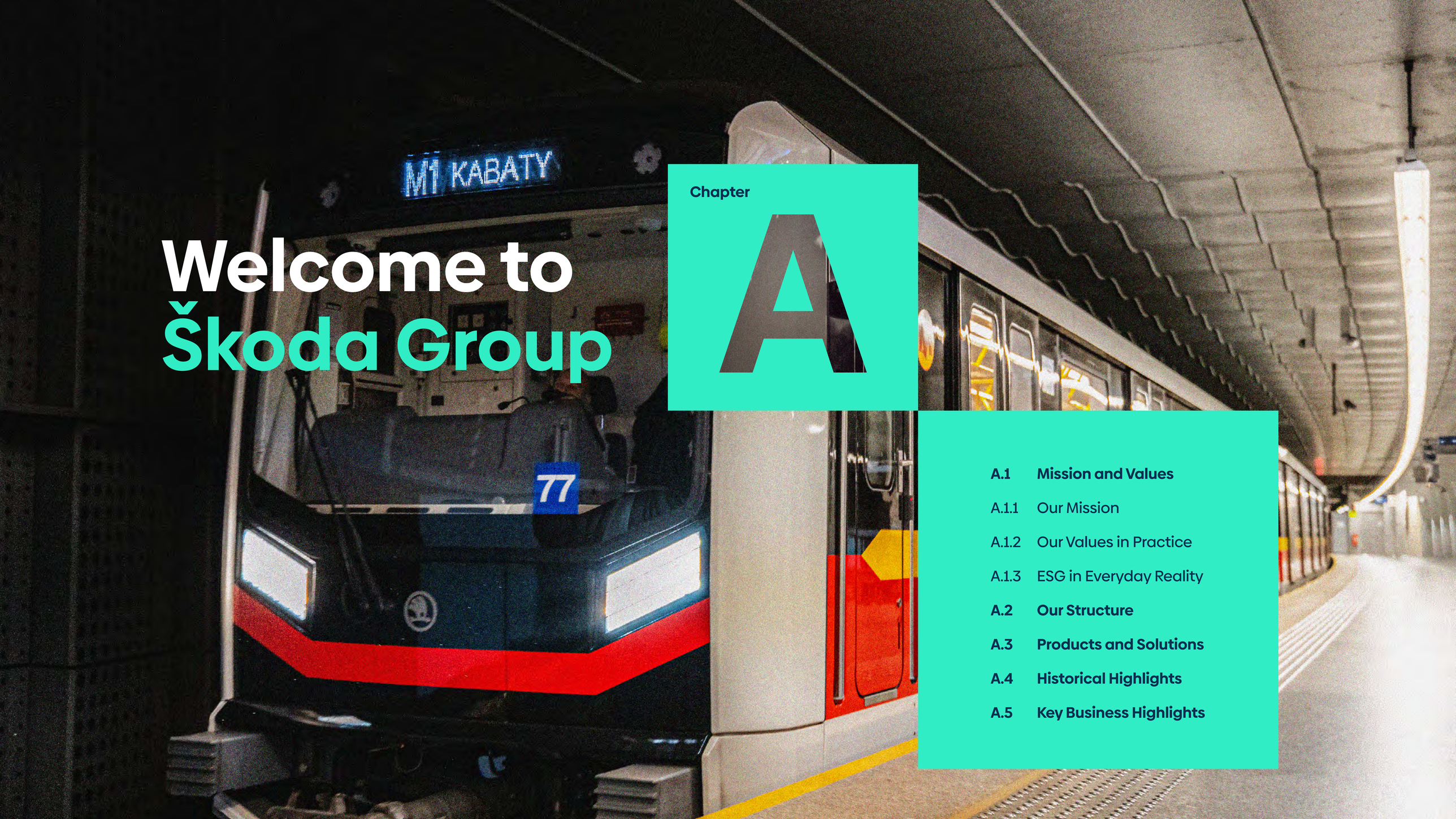
We also contribute to sustainable development through our focus on digital technologies. Public transport is undergoing a digital revolution, and Škoda Group is at the forefront of this revolution. We invest in autonomous driving systems, the digitalization of vehicle fleets, and predictive maintenance, which means greater safety, lower energy consumption, and more efficient management of entire transport systems.

However, sustainability is not just about the products themselves. We have been investing in the greening of our production operations for a long time – from the installation of solar panels at our production plant in Pilsen, Czech Republic to the use of wind energy in Otanmäki, Finland, and innovative water recycling systems. All this significantly reduces our resource consumption and carbon footprint. At the same time, we emphasize local production and close cooperation with more than 280 Czech suppliers, which has a positive impact on the domestic economy and employment. This is also a key contribution to the development of sustainability and improving quality of life in the Czech Republic.

For us, 2024 was a year of investment in research and development amounting to almost CZK 2 billion, a year of significant contracts for electric and battery units, trams and trolleybuses for European cities, and a year of progress in the use of renewable energy sources and the digitalization of transport systems. All these activities confirm that Škoda Group is not just a manufacturer, but a partner and creator of modern sustainable mobility and a technology leader with global reach.

I would like to thank all our employees, partners, and customers for their trust and cooperation. Everything we do together brings results that demonstrably contribute to a sustainable future for us all. And we will continue to pursue this goal with determination.

Petr Novotný
CEO and Chairman of the Board of Directors
Škoda Group



Welcome to Škoda Group

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Chapter A

Welcome to Škoda Group

A.1 Mission and Values

A.1.1 Our Mission

Škoda Group (herein after to be referred to also as “the Group”) is a European leader in solutions for modern public transport and electromobility. Our mission is to create and develop sustainable transport solutions that connect people, cities and regions, contribute to improving quality of life and respect environmental principles. With more than a century of tradition in electric rail vehicles, we build on expertise, innovation, and a responsible approach to the planet and society.

We are convinced that transport can be not only fast and efficient, but also clean, safe, and accessible. That is why we implement state-of-the-art technologies with an emphasis on ecology in our products and services. From battery trains and digital systems to renewable energy use in production, each of our projects is a step towards a more sustainable future for everyone. Škoda Group is a key player in the development of zero-emission mobility in Europe.

A.1.2 Our Values in Practice

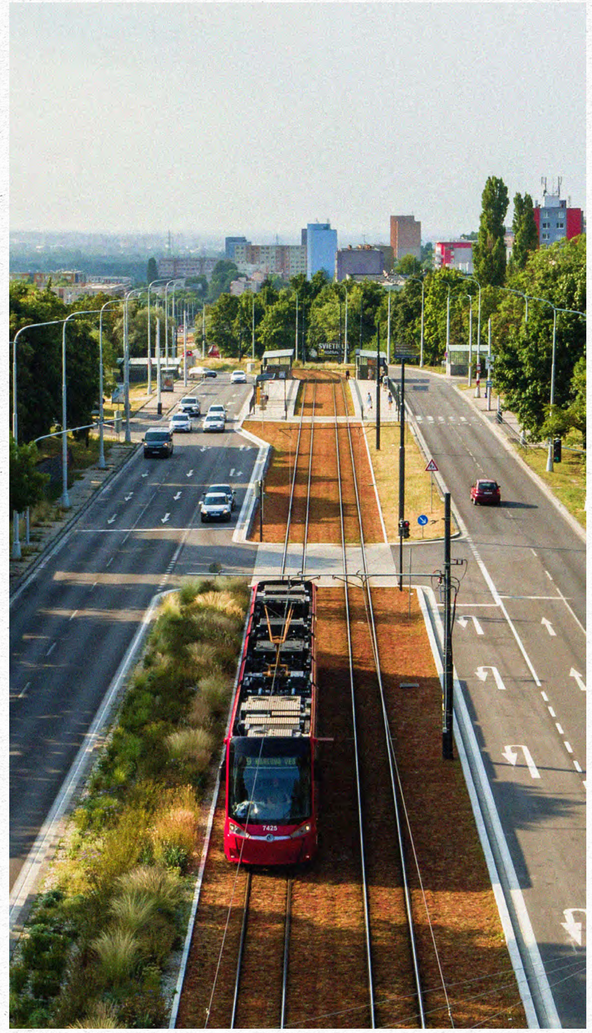
Accountability
We take full responsibility for the impact of our business. We care about the safety and quality of our products and services, as well as the working conditions of our employees. Transparent communication within the Group, with customers, partners and the public is an integral part of our business approach. We incorporate ESG principles into every decision and into our long-term strategy.

Cooperation
Cooperation is the foundation of our success. We build on partnerships with cities, customers, suppliers, and professional institutions. We openly share our knowledge and experience so that together we can push the boundaries of what is possible in sustainable mobility.

Entrepreneurship
We support innovation, the courage to try new approaches, and the ability to respond quickly to changes in technology and society. We invest in research, digitalization, and new solutions – whether it‘s smart or energy-efficient systems that improve our products or increase the efficiency and reduce the environmental impact of our manufacturing processes.

A.1.3 ESG in Everyday Reality

Our values are not just a declaration, but something we put into practice every day in specific projects and activities. We focus on the rational use of renewable energy sources, for example our Otanmäki plant in Finland is fully powered by a wind farm, our energy needs in Pilsen, Czech Republic are partly covered by solar energy, we recycle process water and are continuously reducing the energy intensity of our operations. The development of zero-emission rail vehicles, the digitization of transport,



and the reduction of environmental impacts are our commitments to current and future generations.

We are proud that our innovations and responsible approach inspire other companies and partners in the market and contribute to the development of sustainable mobility in Europe.

A.2 Our Structure

Škoda Group is a leading European provider of public transport solutions with an international structure that enables it to respond flexibly to customers' needs in different markets while sharing knowledge, innovation, and best practices across all companies in the consortium. We are a market leader in many areas and a traditional partner to customers in the most demanding markets.

A number of specialized companies based in the Czech Republic and abroad operate under Škoda Group brand. Key companies include Škoda Transportation a.s. (development and production of trams, electric units, and other vehicles), Škoda Electric a.s. (manufacture of traction drives and motors, trolleybuses, hydrogen and battery buses), Škoda Vagonka a.s. (manufacture of suburban and regional electric units and train sets) and Škoda Pars a.s. (modernization and repair of rail vehicles). Together with other members of the Group, these companies form a strong innovation, manufacturing, and service base that enables us to offer our customers comprehensive solutions in the field of urban and regional mobility. Thanks to the specialisations of our companies, we are able to create products and solutions that offer the greatest possible added value to our customers and the environments in which they operate.

The Group's international reach is ensured by companies operating in Germany, Poland, Hungary, Finland and other countries, which provide sales, technical and service support in key European and global markets.

Newly acquired companies are an integral part of the Group's structure, such as TheSignallingCompany NV, which has expanded Škoda Group's expertise in modern on-board digital railway systems and train signalling, and Molinari Rail (now Škoda Group Austria GmbH), which focuses on the development and engineering of rail vehicles.

Škoda Group also includes VÚKV (Railway Vehicle Research Institute) – a leading authority in the testing, development and certification of new rail vehicles – and other technology companies focused on the development of advanced systems and components.

This structure enables us to respond flexibly to changing market requirements, quickly implement innovations and, at the same time, meet our ESG goals. Synergies between individual members of the Group allow us to transfer proven solutions across markets, increase added value for customers and society, and strengthen our role as a responsible leader in the industry.

A wide network of subsidiaries and entities belonging to Škoda Group

Škoda Group forms a strong and interconnected whole, enabling the effective development and production of cutting-edge solutions for urban, regional and interregional transport, while promoting innovation and sustainable development across the entire Group,

Company Name	Country	Core Business
ŠKODA TRANSPORTATION a.s.	Czech Republic	Development and manufacture of trams, electric units, trolleybuses, locomotives, metro cars
ŠKODA ELECTRIC a.s.	Czech Republic	Traction drives and motors for locomotives, trams, EMUs, metros, mining vehicles, production of trolleybuses and battery or hydrogen buses
ŠKODA VAGONKA a.s.	Czech Republic	Production of suburban and regional train units
ŠKODA PARS a.s.	Czech Republic	Modernization, repair and servicing of rail vehicles
Škoda Polska Sp. z o.o.	Poland	Sales and technical support in Poland
ŠKODA CITY SERVICE s.r.o.	Czech Republic	Support for servicing public transport vehicles of Municipality of Pilsen
POLL, s.r.o.	Czech Republic	Development and production of HVAC systems (heating, ventilation, air conditioning)
ŠKODA TVC s.r.o.	Czech Republic	Metal processing
Ganz-Skoda Electric Zrt.	Hungary	Sales and service office in Hungary
ŠKODA Transportation Deutschland GmbH	Germany	Sales, service and technical support in Germany and Central Europe
Škoda Transportation USA, LLC	USA	Business development and technical support in North America
ŠKODA TRANSTECH OY	Finland	Manufacture of low-floor trams and double-deck cars
ŠKODA DIGITAL s.r.o.	Czech Republic	Development of software and small hardware

Company Name	Country	Core Business
ŠKODA EKOVA a.s.	Czech Republic	Manufacture and modernization of rail vehicles
ŠKODA TRANSPORTATION UKRAINE, LLC	Ukraine	Research, development and sales office
Škoda Transportation Italia S.r.l.	Italy	Sales, service and technical support in Italy
Škoda Group Austria GmbH	Austria	Technical engineering and design contracts
Electric Components a.s.	Czech Republic	Manufacture of electrical equipment for transport
Ostravská výrobní hala s.r.o.	Czech Republic	Property management and rental
VÚKV a.s.	Czech Republic	Research, development and testing of rail vehicles
ŠKODA SERVIS s.r.o.	Czech Republic	Solar power generation
ŠKODA ICT s.r.o.	Czech Republic	IT infrastructure for the Group
ŠKODA INVESTMENT a.s.	Czech Republic	Trademark management
Pilsen Production Facilities s.r.o.	Czech Republic	Real estate management and leasing
Bammer trade a.s.	Czech Republic	Service of public transport vehicles of Municipality of Pilsen
Pilsen Energy Solutions s.r.o	Czech Republic	Solar power generation
Ostrava Production Facilities s.r.o.	Czech Republic	Real estate management and leasing
CIAS HOLDING a.s.	Czech Republic	Service company
TheSignallingCompany NV	Belgium	Development and manufacture of safety systems for railway vehicles (ETCS, RADIO and EVC)

A.3 Products and Solutions

- *Electric and battery units for regional, interregional and suburban rail transport (e.g. RegioPanter)*
- *Trams of various types, gauges and capacities, including the longest tram in the world*
- *Trolleybuses and electric buses*
- *Metro cars*
- *Locomotives and high-speed trains*
- *Components and drive systems*
- *Digital services, fleet management, and solutions for smart cities*

Our solutions for sustainable mobility

Škoda Group offers a wide range of products and services covering all key areas of urban and regional mobility. Our solutions build on the tradition of Czech engineering and result from our own research, development and the work of our internal industrial design team. Every product is created under one roof – from the initial concept to the final implementation.

A wide range of products for modern public transport

We offer a complete range of modern vehicles and components for zero-emission mobility. In addition to the vehicles themselves, we also provide full-service, modernization, remote monitoring, and operational support throughout the product's lifetime.

ESG in practice: Battery trains and other innovations

Our products have a significant impact on the environmental footprint of public transport. Among the most significant innovations in recent years are the RegioPanter battery trains (battery/trolley), which have enabled the transition from diesel to zero-emission transport in the Moravian-Silesian Region. In six months of operation, these units have travelled 322,000 km, more than half of which was purely on batteries. The annual savings amount to approximately 200,000 litres of diesel and a reduction in CO_2 emissions of 500 tons. They have also sparked public interest in modern rail travel. Thanks to the ability to serve both electrified and non-electrified sections without the need to change trains, passenger numbers in the pilot region have increased by 15%.

We are already developing a second generation of battery units that will offer higher capacity, longer range, and even lower operating costs.

Digitalization and automation – safety, efficiency, data

Another key area is digitalization and automation of operations:

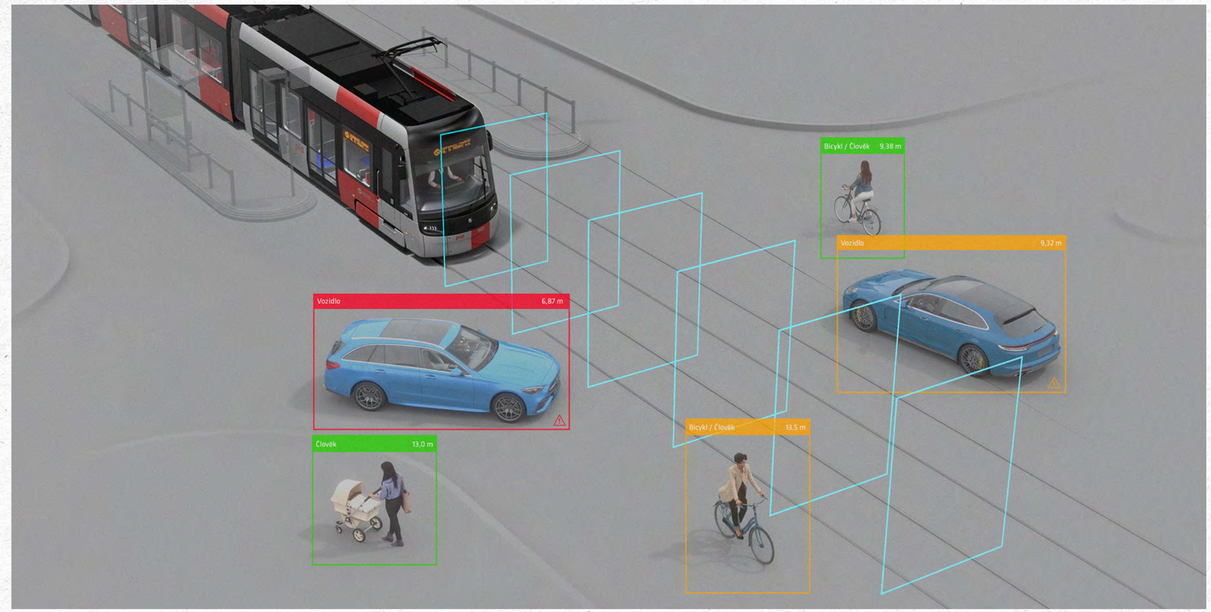
- **The Automatic Train Operation (ATO) system** takes the safety and efficiency of rail transport to a new level and is being implemented, for example, in vehicles for Latvia, where it can save up to 15% of energy.
- **The anti-collision system (ACS)** is a unique technology for trams that uses cameras and lidars to detect risks and, if necessary, warn the driver or automatically apply the brakes. This system significantly reduces the risk of accidents in urban environments and has already won several prestigious awards (Czech Head 2023, Global Light Rail Award 2024, Railway Technology Excellence Award 2024) for innovation in public transport safety. By preventing collisions, it also saves operators the costs and energy required to deal with any consequences.
- **Control and diagnostic systems** for remote monitoring, predictive maintenance, and operation optimization help reduce energy consumption and operating costs.

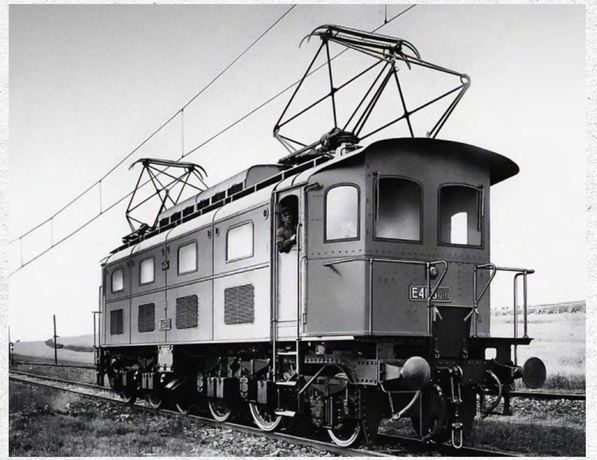
Complete development under one roof

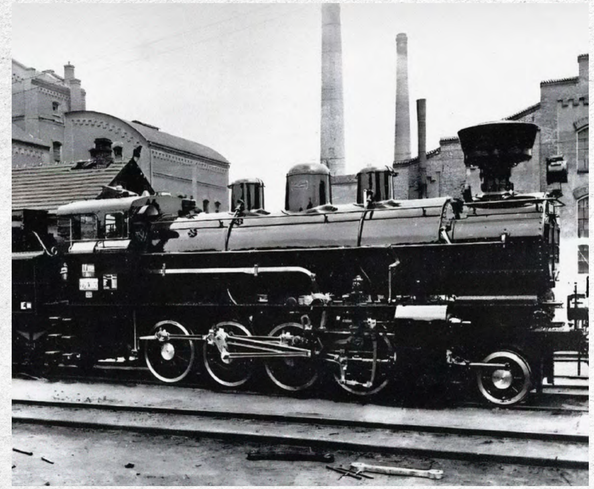
A unique pillar of our work is our in-house industrial design and engineering team. We develop all products in-house, drawing on our long-standing expertise and digital tools. This enables us to respond flexibly to customer, market and regulatory requirements while ensuring high standards of quality, safety and sustainability.

Moving towards sustainable mobility

Škoda Group is committed to the responsible transformation of transport. Our products help reduce emissions, increase transport safety and efficiency, and develop sustainable mobility in Europe and beyond.







A.4 Historical Highlights

Škoda Group – A long tradition of innovation in electric transport

Škoda Group builds on more than 165 years of industrial tradition, dating back to the founding of a foundry and engineering workshop in Pilsen in 1859. Since then, the company has continuously developed and become one of the key players in the railway and urban transport industry. From the very beginning, it has placed emphasis on modern and innovative solutions in transport.

Significant milestones, such as the production of the first electric locomotive in 1927, a key role in launching electric operation on the main lines of the Czech State Railways (ČSD) in the 1950s, and the introduction of the first battery-powered trains in 2024, demonstrate the Group's long-term focus on electric and emission-free means of transport.

In recent years, Škoda Group has been systematically expanding its know-how in the areas of digitalization, hydrogen technologies, increasing product recyclability, and predictive maintenance, confirming its position as a leader in sustainable transport solutions not only in Europe but also in other markets.

1859
The founding of a foundry and machine shop in Pilsen marked the beginning of the company's industrial tradition.

1869
Emil Škoda buys the Valdštejnské strojírny (Valdštejn Machine Works), laying the foundation for the future Škoda company.

1920
The first steam locomotive is manufactured, marking the beginning of a new phase in the development of the railway industry in Czechoslovakia.

The first Czechoslovak electric locomotive, designated 1ELo, was designed for operation within the Prague railway junction.

1945
The company was nationalized after World War II.

1953
Production of the E 499.0 electric locomotive prototype, which marked the beginning of electric operation on the main lines of Czechoslovak State Railways (ČSD).

1989
The state-owned enterprise was transformed into a joint-stock company as part of the transformation of Czechoslovak industry.

1997
Škoda presented its first low-floor tram.

2004
Trolleybus production moved to Pilsen – a new stage of development and production.

2008
The first Škoda TriHyBus hydrogen bus and the first 100% low-floor tram with rotating bogies were produced.

2012
The first RegioPanter electric train units delivered to Czech Railways.

2018
The PPF Group becomes the new majority owner of the company.

2022
A new generation of hydrogen buses is introduced.

2023
ForCity Smart Artic X54 Jokeri tram receives the first environmental certification.

2024
The first RegioPanter battery unit begins regular operation, ComfortJet high-speed trains are introduced.

A.5 Key Business Highlights

Key business events of 2024

2024 was a period of stabilization, strategic growth, and breakthrough business successes for Škoda Group. Following the challenging post-COVID years, we focused on streamlining internal processes and strengthening the supply chain. These measures not only stabilized production but also laid a solid foundation for further expansion into international markets. The strategic decision to increase investment in research and development played a significant role in this regard.

Record volume of new orders and expansion into new markets

Škoda Group increased its volume of new orders by 84% to EUR 1.48 billion. The backlog exceeded EUR 3.4 billion, and sales remained stable at EUR 1.36 billion. We achieved significant growth mainly thanks to higher project implementation in the areas of suburban electric units, trams, trolleybuses, and rail vehicle modernization. Sales on the domestic market also grew by 15.6%, and we increased our operating profit by 185% to EUR 62 million.

A major success was the award of a contract for the production of electric units for Bulgaria, including servicing, which represents a significant export milestone not only for our Group but also for the entire Czech engineering industry. For the first time in our history, we also signed a contract to supply electric units to the Czech private carrier RegioJet, confirming the attractiveness of our products for the non-state passenger rail transport segment.

Major projects in the Czech Republic and abroad

Other key orders include option contracts for trams for Brno and Tampere in Finland, deliveries of trolleybuses for Czech cities (Brno, Pardubice, České Budějovice) and trams for Frankfurt an der Oder, Cottbus, Brandenburg, Mannheim, Bonn, and Bratislava. New trams for Prague, equipped with their own anti-collision system, went into production with significant involvement of domestic suppliers – 76% of them are from the Czech Republic, which supports domestic industry and employment.

Another major project in 2024 was the production of ComfortJet train units for České dráhy (Czech Railways) in a consortium with Siemens Mobility, thanks to which Škoda Group symbolically entered the exclusive club of European high-speed train manufacturers. Other key projects in 2024 included deliveries of electric trains to Latvia and Estonia and the successful continuation of orders in Italy, Poland, Germany, Lithuania, and the USA.

ESG innovation and investment in development

A significant milestone was the deployment of the first Czech battery trains (battery/trolley trains) in the Moravian-Silesian Region. They will save at least 200,000 litres of diesel per year and reduce CO_2 emissions by 500 tons. At the same time, Škoda Group invested almost CZK 2 billion in its own research and development, with an emphasis on innovation in the field of zero-emission technologies, digital systems and transport automation (e.g. the ATO automatic train control system for Latvia, the Smart Depot ecosystem for automated depot operations in Tampere, and a new train protection system for Belgium). The new generation of trams and the ACS anti-collision system received significant awards.

Modernization, digitalization, and growth of competencies

We continued to modernize trams for Gothenburg, cars for Austrian ÖBB, and regional units for the South Moravian Region and Lithuania. We also expanded our own competencies through acquisitions of new companies into The Group and investments in infrastructure, IT systems, and production.

People and team development

In 2024, we successfully coped with the challenging recruitment and integration of foreign workers, which enabled us to respond to growing demand for production capacity. The Group ranked second in the Czech Republic TOP Employers 2024 study in the Automotive and Engineering segment, confirming our good reputation, especially among young people.

We can therefore look back on 2024 as a period of significant investment, expansion, innovation, and consolidation of Škoda Group's position among European leaders in sustainable mobility. The results and achievements we have made create a solid foundation for further development, growth, and a positive impact on the environment and society.

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Chapter

B

Chapter B

ESG Introduction

Responsible today. Resilient tomorrow.

B.1 Sector Context of Global Sustainability Vision

Czech industry and Škoda Group at the forefront of global sustainability efforts

Europe and the entire world are undergoing a profound transformation in the areas of transport and energy. The global vision of sustainability, supported by European strategies, places rail and public transport at the very centre of this change – as the backbone of zero-emission mobility in the future. Railways offer a real answer to the climate challenge and the general pressure to decarbonize, as well as the growing demand for clean, efficient, and safe ways to transport people and goods.

Railways – the backbone of sustainable transport

Across Europe and other regions, we are experiencing a renaissance of rail transport, which is several times more environmentally friendly than road or air transport in terms of its carbon footprint. The European Union sees the development of railways as a key element of the European Green Deal and is providing massive support for member states' investments in the modernization of rolling stock, infrastructure, digitization, and electrification of railways. High-speed rail projects also play an important role, with their construction becoming not only a transport priority but also an industrial one.

The railway industry in a global context

The Czech railway industry is part of this European and global trend. In 2024, it reported record growth, outperforming the entire Czech economy and other industrial sectors in the EU. Its exports maintain a stable share of 50%, and the products of Czech railway companies help form the backbone of sustainable transport in many European and global cities. Czech companies invest in innovation, and their own research and development enable them to offer modern vehicles, digitized operations, and safety technologies at the highest level.

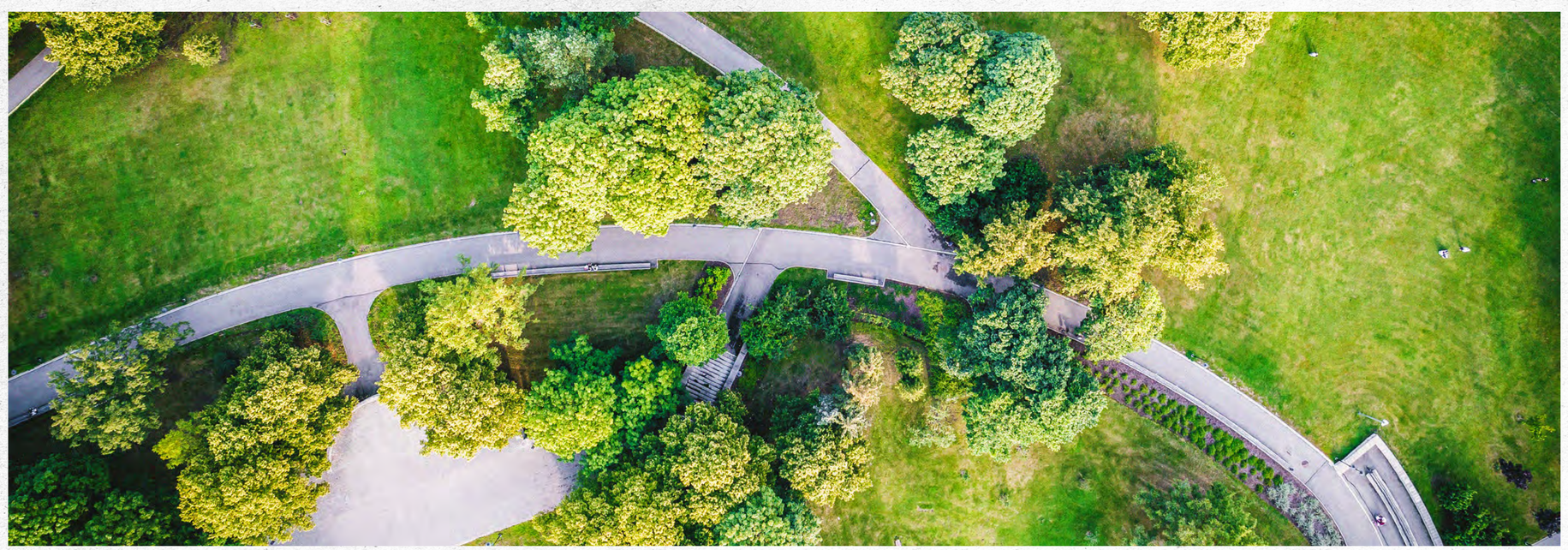
Škoda Group is one of the main drivers of growth in the railway industry. In 2024, it almost doubled its volume of new orders and, thanks to its focus on electric drives, battery units, digitalization, and the use of renewable energy sources, it is becoming one of the driving forces behind sustainable mobility in Europe. Our products help reduce emissions, increase passenger comfort, and enhance the technological sophistication and safety of urban and interregional transport.

Global sustainability challenges and opportunities

The goal of sustainability efforts is not only to reduce the sector's carbon footprint and energy intensity, but also to improve the quality of life in cities and regions, promote job creation, and strengthen Europe's technological independence. Today, the modern railway industry faces challenges such as growing pressure to make production greener, digital transformation, automation of control, export competition, and a shortage of skilled workers.

However, in this context, the Czech railway industry and Škoda Group are proving that greening production and operations is not only a necessity resulting from regulations, but also a strategic opportunity. We are introducing energy-efficient technologies, using renewable resources, investing in the circular economy and modernizing production. All this increases our global competitiveness while delivering a measurable positive impact on the environment and society.

With our committed approach and investments in research, development, and human capital, we want to continue to set the direction for sustainable mobility – at home and around the world. The Czech railway industry and Škoda Group have the courage and potential to be a centre of innovation, technological development, and a sustainable future on a global scale.



B.2 Our ESG Strategy

At Škoda Group, sustainability is a core pillar of our mission and daily operations. We are committed to minimising our environmental impact, strengthening our social responsibility and upholding robust governance standards in all areas of our business.

This commitment encompasses the development of energy-efficient rolling stock and state-of-the-art digital technologies that facilitate the shift towards low-carbon transportation. We are actively working on energy savings in our operations, reasonable usage of renewable energy and continuously enhancing the material sustainability together with energy efficiency of our products.

Equally important is our focus on people. We foster a diverse and inclusive workplace, prioritise the wellbeing of our employees and the local community, and maintain the highest safety standards. Transparency and ethical conduct are fundamental to how we do business.

In order to address climate change, Škoda Group is preparing the decarbonisation strategy that is guided by the following core principles:

- Global integration: Embedding sustainability practices across all facilities and operations.
- Achievable long-term goals: Setting realistic, forward-looking targets for reducing emissions.
- Innovation-driven solutions: Investing in the development of advanced, low-carbon technologies.
- Employee engagement: Expanding training sustainability programmes to empower the workforce.

Škoda Group integrates cutting-edge digital technologies into its rolling stock, signalling systems and turnkey solutions. This demonstrates the company's dedication to providing smarter, more environmentally friendly mobility solutions and enhancing the customer experience while minimising its environmental impact.

Škoda Group enhances resource efficiency through the application of Life Cycle Analysis (LCA) principles by optimising material usage, incorporating recycled and sustainable materials, embracing renewable energy solutions, emphasizing lightweight design, incorporating modern traction engines and other efficiency solutions.

Environmental Strategy

Objective: Minimize environmental impact across the product lifecycle.

Key Focus Areas:

- Eco-Design & Product Efficiency: Supporting research and development to increase the sustainability and overall efficiency of the products and integration Life Cycle Assessment (LCA) decisive figures into new product designs.
- Energy Efficiency: Ongoing implementation of energy savings procedures and investments (ISO 50001). Support of renewable energy sources within manufacturing processes.
- Sustainable Materials: Prioritizing of recyclable, low-impact materials.
- Waste Reduction: Extended implementation of circular economy practices – Repurpose, Reduce, Reuse, Recycle.
- Minimizing Carbon Footprint: Setting specific targets and actions to reduce our emissions and carbon foot print of our products.

Social Strategy

Objective: Foster a safe, inclusive, and community-oriented workplace.

Key Focus Areas:

- Occupational Health & Safety: Maintaining ISO 45001 certification and reducing workplace incidents.
- Diversity & Inclusion: Promoting gender and cultural diversity, especially in engineering and leadership roles.
- Employee Development: Investing in training, apprenticeships, and upskilling programs.
- Community Engagement: Supporting local communities through cultural, sporting and educational events.
- Human Rights & Labor Standards: Ensuring fair labour practices across the whole value chain.

Governance Strategy

Objective: Ensure transparency, accountability, and ethical business conduct.

Key Focus Areas:

- Board of Directors Oversight: Establishing ESG oversight at the board level.
- Compliance & Ethics: Enforcing a strong Code of Conduct and Anti-Corruption and Bribery Policy.
- Supply Chain Due Diligence: Maintaining the Supplier Code of Conduct and expanding the scope of ESG audits and reporting.
- Data Transparency: Reporting ESG performance using GRI, SASB, or CSRD-aligned frameworks.
- Risk Management: Integrating ESG risks into enterprise risk management system.

B.3 Stakeholders Engagement

At Škoda Group, corporate social responsibility is not just a principle – it's part of everyday operations. The company is deeply committed to maintaining strong, ongoing relationships with its stakeholders, ensuring their voices are heard and their expectations understood.

Open dialogue, regular meetings, trainings and transparent reporting, consultations and satisfaction surveys are integral part of the Group's strategy, reinforcing its commitment to inclusive decision-making and transparent communication at every level.

Stakeholder Groups	Areas of Interest
Investors	• Transparent business information • Risk management • ESG considered in business strategy
Regulatory bodies	• Compliance • Disclosures of ESG data
Banks	• Transparent information on financial and non-financial activities
Customers	• Understanding the market situation • Sustainable solutions • Product quality, safety and comfort
Suppliers	• Equal and fair procurement process • Long-term relationships
Employees / Trade Unions	• Equal career and development opportunities • Work-life balance and wellbeing • Safe working environment • Remuneration
NGAs, Communities	• Active community engagement

B.4 Double Materiality Assessment

In 2024, we continued the DMA process that we started in 2023. We have refined the outcomes of identifying the impacts, risks and opportunities (IROs) in the main group of companies from 2023. These have also been reassessed according to the current CSRD/ESRS methodology, which comprises two dimensions: impact materiality and financial materiality. A sustainability matter is considered material if it meets the criteria for either impact or financial materiality.

The structure, topics and subtopics of the analysis are given by the CSRD/ESRS legislation.

B.4.1 Identification of Actual and Potential Impacts, Risks and Opportunities

In 2024, we reaffirmed our commitment to a Double Materiality Assessment in line with the CSRD/ESRS legislation. This approach considers the impact of our operations on the world (impacts) and the effect of both external and internal ESG factors on our business (risks/opportunities).

Our process was thorough and structured. It began with a comprehensive review of internal and external factors. We identified key sustainability themes by evaluating the environmental impact of our operations and the impact of ESG issues on our company.

Key steps included:

- Contextual analysis and theme identification: Benchmarking industry trends, stakeholder expectations and ESG reporting practices has assisted us in refining our material topics. This helped us consolidate the themes identified in FY23.

- Impact Mapping: We assessed our business activities to identify potential positive and negative impacts across economic, environmental, social and human rights dimensions.

This approach ensures that our sustainability reporting reflects the most meaningful and relevant issues, helping us to stay accountable and aligned with global best practice.

At Škoda Group, the materiality analysis was shaped by two key elements:

- Internal expertise: Leveraging in-house sustainability practices and insights developed over many years.

- Impact diversity: A wide range of impact types were evaluated, including positive or negative, short-or long-term, actual or potential, systemic or isolated, expected or unexpected, and reversible or permanent.

The use of a structured approach resulted in the identification of 44 impacts, 28 of which were deemed to be material, 26 risks, with 9 material issues and 5 opportunities, with 2 material topics being identified.

In accordance with the CSRD/ESRS we have identified material IROs in following areas:

Negative Impacts and Risks

Topic	Description
Climate change mitigation	Scope 1, 2 and 3 GHG emissions.
Climate change adaptation	Adaptation to unpredictable weather circumstances, new legislation and lack of capacities for increased customers' needs.
Energy	Energy consumption and increase of energy costs.
Pollution of air, water and soil	Pollution of air, water or soil caused by the release of harmful substances within own production and the supplier value chain.
Microplastics	Pollution of environment with microplastics within the supplier value chain.
Water Consumption and Withdrawals	Significant water withdrawal and consumption with possible impact on water resources in water sensitive locations connected with excavation of raw materials.
Land degradation	Land degradation through deforestation connected with mining of raw materials or harvesting of wood as input material.
Resources inflows, including resource use	Risk of limitation of excavations and accessibility of raw materials.
Waste	Generation of waste.
Gender equality and equal pay	Gender pay gap due to the specific nature of the business.
Training and skills development	Decreased competitiveness on the market due to outdated skills and lack of skilled workers.
Secure employment, Child and Forced Labour	Negative impacts on human rights by violating basic labour rights within the supply chain.
Corporate culture	Personal data protection
Management of relationships with suppliers including payment practices	Long payment periods or late payments, specifically to SMEs can lead to financial problems of these suppliers. Insufficiently managed sustainability impacts of company's suppliers can lead to reputational damage and/or increased costs.

Positive Impacts and Opportunities

Topic	Description
Climate change mitigation	Decarbonisation of transport.
Resources inflows, including resource use	Lower need for new input materials thanks to high level of repairability of products.
Resources outflows related to products and services	Low burden on waste disposal due to high recyclability rate of products.
Collective bargaining, including rate of workers covered by collective agreements	Enabling of collective bargaining
Work-life balance	Supporting employees through flexible working arrangements, benefits and well-being activities.
Measures against violence and harassment in the workplace	Low rate of violence and harassment occurrence.
Personal safety of consumers and/or end users.	Increased safety and comfort of end users.
Protection of whistle-blowers	Strict internal protective procedures implemented.
Corruption and bribery	Minimizing the occurrence of corruption and bribery actions.

For details regarding the above-mentioned IROs, please refer to the chapters that follow.

B.4.2 Assessment and Evaluation of Identified IROs

Subsequently, an assessment of the identified IROs was conducted through interviews with the relevant internal stakeholders, group experts and topic owners, mainly in form of DMA workshops – collaborative sessions with middle management representatives from across Škoda Group, aimed at direct assessment of the severity and likelihood of each identified impact. Depending on the nature of the issue, some topics were considered at Škoda Group level (e.g. governance and the own workforce), while others were addressed at individual companies' level. Risks and opportunities were assessed by the Škoda Group leaders incl. risk manager, ESG manager, HR vice president, COO and CFO. The final outcome was approved by Board of Directors of Škoda Group.

Impacts assessment

Actual impacts were assessed based on materiality, which was determined by severity (scale, scope and irremediable character in the case of negative impacts). Potential impacts were also assessed based on the likelihood of the impact occurring. We used a scale of 1 to 5 for likelihood, and a scale of 1 to 3 for the other factors.

Risks and Opportunities assessment

Financial materiality is based on an assessment of the financial risks and opportunities related to sustainability, including those arising from our dependence on natural, human and social resources. Sustainability impact is financially material when it is reasonably expected to affect our financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium or long term. The same can be seen as an opportunity if it could result in a positive business outcome.

Materiality of risks and opportunities was assessed based on a combination of the likelihood of occurrence (1–5) and the potential magnitude (1–5) of the financial effects.

Determination of material matters

The materiality assessment was conducted in accordance with the methodology adopted by the shareholders, with the following thresholds set:

The actual impact was identified as material if any of the three characteristics of scale, scope, or irremediable character were assessed as “high” (3), or if at least two characteristics were assessed as “medium” (2).

A potential impact was considered material if it was also of at least “medium” (3) likelihood.

Potential human rights impacts and impacts with potentially catastrophic consequences were identified as material once they met a ‚low‘ (2) likelihood threshold.

A risk or opportunity was considered material if the product of the scores for the magnitude of the financial effects and the likelihood of these effects was equal to or higher than 9.

Structure of the Subsequent Chapters in our ESG Report

In the following chapters on environmental, social and governance issues, we describe in more detail our material IROs and discuss how we manage them and, where relevant, we also mention some non-material IROs and other aspects of our business operations within each area.

Environmental Issues

Chapter

C

C.1 Environmental Policy

C.2 Climate Change

C.2.1 Material Impacts, Risks and Opportunities

C.3 Pollution

C.3.1 Material Impacts, Risks and Opportunities

C.3.2 Comments on Selected Non-material Impacts

C.4 Water and Marine Resources

C.4.1 Material Impacts, Risks and Opportunities

C.4.2 Comments on Selected Non-material Impacts

C.5 Biodiversity and Ecosystems

C.5.1 Material Impacts, Risks and Opportunities

C.5.2 Comments on Selected Non-material Impacts

C.6 Circular Economy

C.6.1 Material Impacts, Risks and Opportunities

C.6.2 Comments on Selected Non-material Impacts

C.6.3 Eco-Design

C.7 Product Innovations

Chapter C

Environmental Issues

We engineer mobility with the planet in mind, providing sustainable transport for a sustainable future. Today's actions shape the world future generations will inherit.

C.1 Environmental Policy

Environmental protection systems, prevention and minimising negative impacts resulting from our activities and those of our value chain, are an integral part of our business approach. At Škoda Group, we use natural resources carefully and manage our operations in an environmentally friendly manner while producing high-quality products. We have also identified environmental impacts, risks and opportunities and will focus on managing these in the coming years.

Our efforts are based, among other things, on ISO standards, which help us maintain our system and direction in all respective areas.

In following table you can see actual valid ISO standards certifications across Škoda Group.

	ISO 9001:2015 TS 22163:2017	ISO 14001	ISO 50001	ISO 45001	ISO 30001
	From	From	From	From	From
Škoda Transportation a.s.	2023 (9001) 2025 (22163)	2024	2023	2024	2023
Škoda Electric a.s.	2024 (9001) 2025 (22163)	2024	2023	2024	
Škoda Vagonka a.s.	2024 (9001) 2024 (22163)	2023	2023	2023	
Škoda Digital s.r.o.	2024	–	–	–	
Škoda Pars a.s.	2024	2024	2023	2024	
Škoda Ekova a.s.	2024	2024	2023	2024	
POLL s.r.o.	2023	2023	2023		
Škoda TVC s.r.o.	2023		2023		
Škoda Transtech Oy	2024 (9001) 2024 (22163)	2023	2023	2023	

We have established an overarching quality, product safety, environment and occupational safety policy, setting out the rules and principles that enable us to operate our business in an environmentally responsible manner, meeting the high requirements, needs and expectations of our customers, external providers and other stakeholders.

Škoda Group sites develop local environmental management policies and guidelines based on risk assessments, specific needs and characteristics of locations and activities.

Another crucial policy we follow is the Energy Policy of Škoda Group. Applicable at the Group level, our Energy Policy contributes to sustainability and effective energy management by reducing energy consumption and increasing efficiency. All our policies are regularly updated and validated by our Board of Directors.

Škoda Group is a member of several globally recognised organisations, including the Union of the European Rail Industry (UNIFE), the International Association of Public Transport (UITP), and the Association of the Czech Rail Industry (ACRI). Through these collaborations, we promote innovation, sustainability and regulatory progress in the rail and public transport sectors. By aligning our strategies with global best practices, we are contributing to the development of future transport solutions that reduce emissions and help to address the impact of climate change.

Membership in Professional Organizations

Czech Republic
- ACRI
- Comp&ben Association
- Czech Society for Non-Destructive Testing
- People Management Forum
- Association of Transport Companies of the Czech Republic
- Transport Union of the Czech Republic
- Zelená železnice, z. s. (Green Railway association)
- Czech society for quality
- HYTEP Czech Hydrogen Technology Platform
- Association for Public Procurement

Germany
- Association of German Transport Companies (VDV)
- German Railway Association (VDB)

Austria
- Austrian Railway Association (VBI)
- Austrian Transport Science Society (ÖVG)

Slovakia
- Association of public transport operators of the Slovak Republic

Sweden
- Sparvagnsstäderna (Tramway Network Association)

World and Europe
- UNIFE
- UITP Union Internationale des Trans

C.2 Climate Change

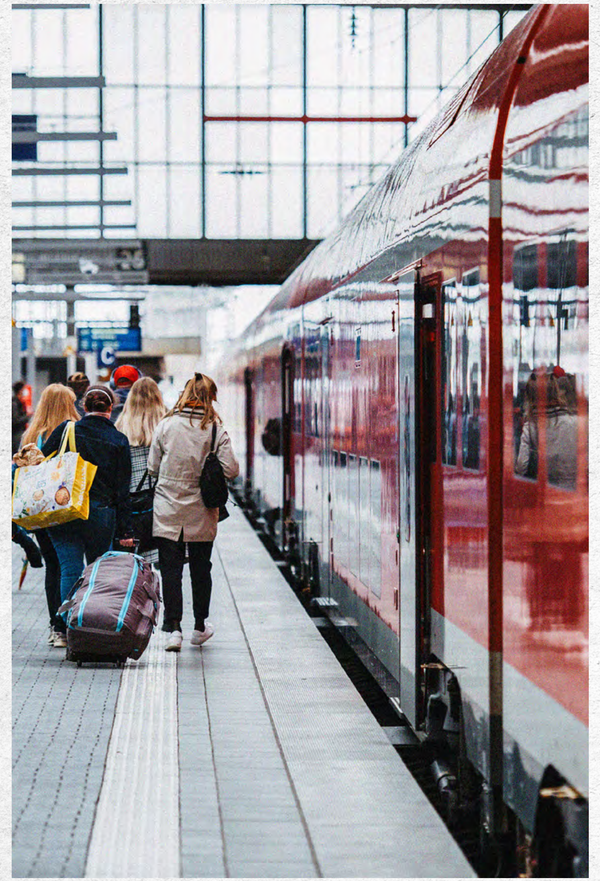
Addressing climate change is crucial for several interconnected reasons affecting the environment, economy, health and global stability. These include the risk of disruption to ecosystems and endangerment of biodiversity; increased frequency and severity of extreme weather events having an impact on all human activities and causing economic instability; and the risk of worsening health issues.

C.2.1 Material Impacts, Risks and Opportunities

Impact/Risk/Opportunity	Topic	Description
Negative Impact	Climate change mitigation	Scope 1, 2 and 3 GHG emissions.
Positive Impact	Climate change mitigation	Contributing to decarbonisation of transport thanks to production of low carbon public transport vehicles.
Positive Impact	Energy	Decrease of energy consumption during the operation of our products on the consumer's side.
Negative Impact	Energy	Energy consumption from fossil sources.
Risk	Climate change adaptation	Delays in production due to unpredictable weather circumstances may lead to penalties for late delivery.
Risk	Climate change adaptation	New legal acts (CBAM, EUDR, ETS II etc.) will probably affect the costs of inputs (materials, transport) or cause the need to find other suppliers and consequently influence our costs.
Risk	Climate change adaptation	Increasing demands of customers regarding sustainability of the products (LCAs, EcoDesign etc.) and lack of capacities/insufficient systems on our side could exclude us from business tenders.
Opportunity	Climate change mitigation	Increased production and revenues thanks to higher demand for company's products due to transition of the economy/society towards climate neutrality.
Risk	Energy	Increase in the price of energy can lead to an increase in costs of input materials and in operating costs.

Climate change mitigation

We remain committed to accounting for our Scope 1, 2 and 3 GHG emissions. Although we strive to achieve the best possible results, inconsistencies from year to year are visible as we, together with our advisors, improve the data collection and interpretation processes. We endeavour to use exact data wherever possible especially surrounding all major emissions sources. Where it was difficult to obtain the data, e.g. from suppliers or some small companies of Škoda Group, we used conservative estimates.



Following the guidelines of the Greenhouse Gas Protocol, the emissions inventory encompasses seven primary (groups of) GHGs: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulphur hexafluoride (SF_6), nitrogen trifluoride (NF_3), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs). All of these gases are considered in-scope. Additionally, emissions out-of-scope are also considered, this included carbon dioxide from biogenic origin ($bioCO_2$) and other greenhouse gases which are not included in the Kyoto Protocol but still have a well-established global warming effect.

Direct emissions (Scope 1) include emissions from fuel consumption in stationary and mobile sources, fugitive emissions from the recharging of fluorinated gases, and process emissions from manufacturing company operations.

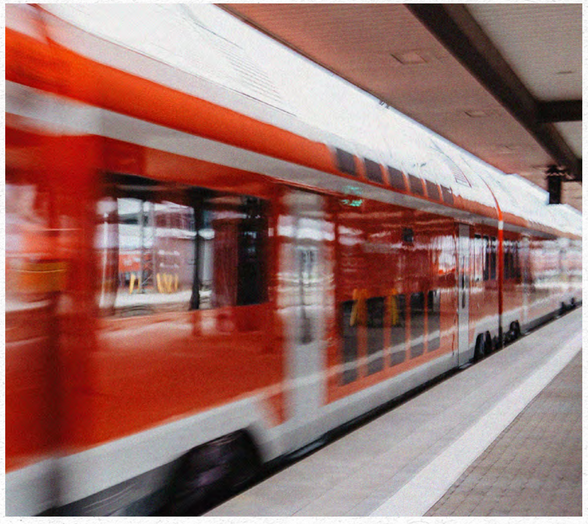
Indirect emissions (Scope 2) are derived from electricity and thermal energy consumption.

Other indirect emissions (Scope 3) include the production and transport of materials to Škoda Group sites; the transport of products to customers; waste management and transport; product use and end of life; water consumption; and employees commuting and business trips.

The carbon footprint calculation was processed in the certified software Carbon+Alt+Delete (C+A+D). This software ensures compliance with the GHG Protocol and ISO 14064-1.

Where applicable (e.g. for electricity), transmission and distribution losses, as well as well-to-tank emissions, were calculated in Scope 3, Category 3. Emission factors were applied consistently. To avoid double counting, intercompany transfers were thoroughly identified.

GHG Emissions	FY23	FY24
	tCO_2e	tCO_2e
Scope 1	9,753	8,338
Stationary Combustion	5,356	5,559
Mobile Combustion	3,858	2,081
Process Emissions	81	282
Fugitive Emissions	458	416
Scope 2	30,395	25,542
Electricity	23,417	19,112
Steam, Heat, Cooling	6,977	6,430
Scope 3 – Upstream	253,050	267,664
Purchased Goods and Services	211,654	235,269
Capital Goods	9,389	7,147
Fuel- and Energy-related Activities	12,882	10,548
Upstream Transportation and Distribution	2,115	3,386
Waste generated in Operations	3,703	784
Business Travel	2,040	1,763
Employee Commuting	5,894	5,335
Leased Assets as Lessee	5,373	3,432
Scope 3 – Downstream	4,431,318	3,542,145
Downstream Transportation and Distribution	23,014	309
Processing of Products	–	–
Use of Sold Products	4,371,624	3,535,820
End-of-life Treatment of Sold Products	36,680	224
Leased Assets as Lessor	–	1
Franchises	–	–
Investments	–	5,790
Total GHG emissions	**4,724,515**	**3,843,689**



Carbon emissions intensity on revenues

CO_2 **4.15** — **2023**

CO_2 **3.42** — **2024**

Calculated as tCO_2e/ € 1,000

There are several reasons for some year-on-year differences. Firstly, we are constantly improving data collection, their accuracy, and detail. Secondly, there has been a change in methodology and use of different emission factors, which is explained in the Methodological notes that create annex to this report.

As different methodology has been applied in 2024, the figures for 2023 were recalculated appropriately for better comparison. Last but not least, the differences are also due to varying production volumes between individual years, warm winter season as well as change of use of some building spaces.

Throughout the year we have worked on betterment of the GHG emissions in all three scopes. The specific actions and tools are described in following chapters.

As a manufacturer of low-emission vehicles for public transport and rail, we play an essential role in helping reduce greenhouse gas emissions from the transport sector – which currently accounts for roughly a quarter of global emissions and remains one of the few sectors where emissions have continued to grow since 1990.

While overall transport-related CO_2 emissions are rising, rail and electric public transport represent some of the most sustainable mobility solutions available. According to the Draghi Report, rail accounted for just 0.4% of transport emissions in 2021. By producing modern, low-emission trains, trams, and trolleybuses, we are enabling cities and countries to transition toward cleaner, more sustainable transport systems.

At the same time, this transition presents a major business opportunity for our industry. It drives us to continuously innovate, expand and modernise our product portfolio, and maintain the highest standards in key areas such as passenger safety and cybersecurity.

Climate change adaptation

A changing climate opens up a wide range of possible scenarios involving potential risks and opportunities for businesses of all kinds.

At Škoda Group, we consider the main probable risk to be a lack of personnel and/or systems capacity to meet increased customers demand for sustainability declarations and higher level of compliance, such as LCAs and EPDs. To mitigate this risk, we are working to improve our internal systems and educate our people about new legislation and potential customers requirements.

Disruption to the reliability of the supply chain due to less predictable weather conditions is another risk connected to the climate change adaptation. This could lead to late deliveries, penalties, and the need for closer supply chain management.

Regulatory decarbonisation efforts may also affect the cost of materials and services, or prompt changes in sourcing strategies.

A thorough climate risk assessment of our own operations will be carried out in 2025. However, we already know from past experience that floods may affect some of our production plants. We will react to this situation by taking appropriate mitigation measures.

Energy

Energy consumption remains the largest contributor to emissions from our own operations. At Škoda Group, we are gradually implementing measures to reduce overall consumption and improve energy efficiency. As part of this effort, we are currently introducing a new energy measurement and regulation system.

We use renewable energy wherever it is currently economically viable. In the Czech Republic, for example, we focus on solar energy and have installed rooftop solar panels. These currently produce 1,673 MWh annually for both the distribution network and our own consumption. In Finland, our Otanmäki site is powered entirely by wind energy. Renewable electricity is also used in the production of technological gases (oxygen and nitrogen) purchased by our factory in Pilsen, Czech Republic.

Our energy consumption monitoring system is aligned with the ISO 50001 standard and supports us in optimising consumption across our operations.

Our focus on renewable energy is also motivated by the potential long-term risk of rising energy prices, which could significantly impact both material input and operating costs.

The increase in total energy consumption in 2024 correlates with higher levels of production activity.

Energy consumption intensity on production

21,469

2023

21,115

2024

Calculated as MWh/1 mio production hours

Energy consumption	FY23		FY24	
	MWh	%	MWh	%
Total energy consumption related to own operations	**108,888**	**100**	**111,603**	**100**
Energy consumption from fossil sources	83,477	77	88,610	79
Energy consumption from nuclear sources	14,609	13	12,411	11
Energy consumption from renewable sources	10,803	10	10,582	9

As the main source of electricity for the Czech entities is a public supplier, the current split of energy sources depends on the energy mix in the Czech Republic.

Energy production	FY23		FY24	
	MWh	%	MWh	%
Total energy production	**1,754**	**100**	**1,673**	**100**
Energy production from non-renewable energy source	0	0	0	0
Energy production from renewable source	1,754	100	1,673	100

C.3 Pollution

There is no dispute that mitigating air, soil and water pollution is crucial for many interconnected reasons affecting human health, ecosystems and the sustainability of the planet. These reasons include respiratory diseases, the accumulation of toxins in crops affecting food safety and human health, the disruption of ecosystem balance, oxygen depletion in water, a reduction in biodiversity and the worsening of climate change, among others.

Therefore, for many years now we have been devoting considerable attention to this issue to prevent adverse effects of our business activities on the environment.

C.3.1 Material Impacts, Risks and Opportunities

Impact/Risk/ Opportunity	Topic	Description
Negative Impact	Pollution of air	Pollution of air caused by the release of harmful substances.
Negative Impact	Pollution of air, water and soil	Pollution of air, water or soil caused by the release of harmful substances within the supplier value chain.
Negative Impact	Microplastics	Pollution of environment with microplastics within the supplier value chain.

Pollution of air, water and soil

At Škoda Group, we are aware of the potential risk of air, water and soil pollution caused by harmful substances used in manufacturing and servicing processes, whereas pollution of water and soil are not material for our companies.

To minimise these risks, we have implemented all measures required by strict legal regulations. We adhere to the Group's Quality, Product Safety, Environmental Management System (EMS), which helps us to manage our processes and Group activities in an environmentally responsible manner. Furthermore, each company of Škoda Group has developed local policies and guidelines that elaborate on pollution prevention in more detail and take into account specifics of local activities, processes and needs.

We follow all the main international regulations and recommendations regarding this matter such as: UNIFE Global Restricted Substances List, RoHS 2011/65/EU for electrical components, ECHA's Candidate List of SVHCs and REACH.

We are subject to regular audits led by the relevant authorities, and we regularly train our employees on environmental issues and the actions to be taken in case of any unexpected leakage.

We are aware that there is a reasonable risk of negative impacts in relation to our supply chain, too. Water pollution from mining activities releases heavy metals and other pollutants into rivers and streams, harming aquatic life. Air pollution from dust and emissions contaminates the environment, affecting plants and animals. Mining activities result in extensive heavy metal contamination of soils, which seriously threatens soil health and biodiversity.

This issue is reflected in our Supplier Code of Conduct. However, we have limited influence over the activities of suppliers further down the chain and must rely on actions of our direct suppliers.

Nevertheless, we plan to carry out more extensive supply chain audits once the scope of the reporting obligations under the CSRD and CSDDD regulations has been defined with final effect.

Microplastics

Although we have not identified our own operations as having an impact in this area, we recognise that it could occur within our supply chain, as we are using plastic products in our production processes. We will make sure that our suppliers mitigate the negative effects of microplastics by paying closer attention to the issue and taking all appropriate measures to reduce them.

C.3.2 Comments on Selected Non-material Impacts

Substances of (very high) concern

Negative impact

Due to the nature of our production processes, we are required to use substances of very high concern (SVHCs) in the minimum necessary quantities.

Further elimination of SVHCs is only possible through technological cooperation and the identification of suitable substitutes, that are not yet available on the market for many of them. Chemical substances of concern and substances of very high concern in mixtures (e.g. lead and boric acid) are used in the production process (e.g. degreasing, gluing, grinding, welding and painting). These substances have dangerous properties and can therefore have a negative impact on the environment and human health if they are not handled properly.

However, we carefully manage their implementation and use and we are working to gradually eliminate the most environmentally hazardous substances in accordance with relevant legislation.

Emissions of pollutants	FY23	FY24
	Tons	Tons
Nitrogen oxides	2	2.1
Non-methane volatile organic compounds	60.8	75.5*
SVHC (substances of very high concern) used in operation	11.8	6.3

**The increase is mainly due to one entity of the Group having carried out more projects in 2024 involving painting, degreasing, gluing and alcohol-based processes.*

An emerging concern in battery production is the contamination from per- and polyfluoroalkyl substances (PFAS), known as "forever chemicals." Lithium-ion batteries contain a specific class of PFAS called bis-perfluoroalkyl sulfonamides (bis-FASIs), which enhance battery safety and performance. These chemicals are extremely difficult to degrade and have significant ecological impacts even at very low concentrations.

Most lithium-ion batteries end up in landfills, where they can leach PFAS into the environment. Only about 5% of lithium-ion batteries are currently recycled. PFAS accumulate rapidly in the environment and do not degrade over time, leading to soil and water contamination that can persist for decades.

Battery development increasingly emphasizes environmental impact, disposal, and reuse solutions. Škoda Group actively develops cooperative solutions ensuring battery second life and proper end-of-lifecycle recycling.

C.4 Water and Marine Resources

Although our direct business activities do not affect water and marine resources, we are confident in our ability to protect them, including those in our supply chain. Conserving these resources ensures that future generations will inherit a planet capable of sustaining life and prosperity.

C.4.1 Material Impacts, Risks and Opportunities

Impact/Risk/ Opportunity	Topic	Material sustainable matter	Description
Negative Impact	Water	Water Consumption and Withdrawals	Significant water withdrawal and consumption with possible impact on water resources in water sensitive locations connected with excavation of raw materials.

Water consumption and withdrawals

Škoda Group purchases a considerable amount of input materials and components. The components with the most significant material impacts on water resources in public transport systems are primarily found in battery production, particularly lithium, cobalt, and nickel extraction and processing. These materials require hundreds to thousands of times more water per unit than traditional materials like steel or aluminium. While aluminium and steel production also consume substantial water resources, their impacts are generally lower per unit of material produced.

When comparing different battery technologies, the water footprint varies significantly*:	
Lithium-ion ($LiCoO_2$)	1,100 liters per kWh
Lithium-ion ($LiFePO_4$)	540 liters per kWh
Lead-Acid	230 liters per kWh
Nickel-Metal Hydride	1,300 liters per kWh

** Source: https://www.numberanalytics.com/blog/water-footprint-alternative-energy-vehicles*

The production of 1 kWh of battery capacity requires approximately 1,100 litres of water for lithium-cobalt oxide batteries, making battery production one of the most water-intensive aspects of electric transit systems.

The transition to electric public transport, while beneficial for air quality and carbon emissions, presents new challenges for water resource management that must be addressed through improved extraction technologies, recycling programs, and sustainable supply chain management, which is one of Škoda Group's ultimate ESG goals.

C.4.2 Comments on Selected Non-material Impacts

Water consumption within own operations

Negative impact

Although our production processes are not water-intensive, we are committed to reducing water consumption and reusing water wherever possible within our operations.

Following chart shows amount of water consumed in direct connection with manufacturing and servicing operations.

As different methodology has been applied in 2024, the figures for 2023 were recalculated appropriately for better comparison. In 2024 these figures represent only water captured, recirculated, reused or used directly in the production process, where its properties are changed so that it cannot be discharged into the urban sewer system. Original reporting for 2023 included also the wastewater, which is currently reported within par. C.6.1 Circular Economy/Waste.

	FY23	FY24
	m³	m³
Total water consumption within the production	28,682	30,011
Total water consumption in areas at water risk, including areas of high-water stress	0	0
Total water recycled and reused	48	47
Total water stored	0	0
Changes in water storage	0	0

C.5 Biodiversity and Ecosystems

Škoda Group's operations do not directly affect biodiversity. Our production and servicing sites in the Czech Republic were checked with help of GeoReport* for interference with the following areas of special protection, with no negative outcomes found:

- Large-scale specially protected areas
- Small-scale specially protected area
- Protective zone
- Contractually protected area
- Site of European importance
- Bird area
- UNESCO geoparks
- National geoparks
- Ramsar Convention wetlands
- Biosphere reserves
- Biotope of specially protected species of large mammals
- Habitats

Furthermore, we promote biodiversity by maintaining a forest at our Finnish site and keeping bees at our site in Šumperk, Czech Republic.

However, we recognise the complexity of ecosystems and our indirect involvement in changes to them within our supply chain. We will further continue to work with our supply chain in order to identify real impacts and make every effort to help mitigating them.

** The GeoReport application is a web-based tool developed by the Agency for Nature Conservation and Landscape Protection of the Czech Republic (AOPK ČR).*

C.5.1 Material Impacts Risks and Opportunities

Impact/Risk/ Opportunity	Topic	Material sustainable matter	Description
Negative Impact	Impacts on the extent and condition of ecosystems	Land degradation	Land degradation through deforestation connected with mining of raw materials or harvesting of wood as input material. This impact is connected to our supply chain.

Land degradation

We are well aware of how dependent our business is on natural resources. Unfortunately, mainly due to safety requirements and the absence of suitable technologies, we cannot use secondary materials as much as we would like to.

Lithium extraction stands as one of the most environmentally destructive processes in transit system manufacturing. Open-pit mining methods lead to extensive land degradation, with large areas cleared for mining operations, destroying habitats and causing significant biodiversity loss.

Aluminum production represents another significant environmental impact through bauxite mining, which often occurs in biodiversity-rich tropical regions, leading to deforestation and habitat destruction. Copper, essential for electrification, requires mining operations that can generate up to 250 tonnes of waste for every tonne produced.

With the EU Deforestation Directive coming into force in 2025, we have started reviewing our supply chain to identify deforestation risks associated with natural rubber and wood extraction. We expect to complete this compliance process in the first half of 2025, taking appropriate steps to comply with regulations and help preserve global forests.

C.5.2 Comments on Selected Non-material Impacts

Impacts on the state of species

Impacts on and dependencies of ecosystem services

Negative impacts

Aside of deforestation the mining activities cause harm to habitats and state of species as well as compromising ecosystem services. Mining activities convert multifunctional landscapes that provide a myriad of ecosystem services into monofunctional, mineral-provisioning landscapes. The delivery of ecosystem services is generally compromised by direct water consumption by mining, pollution of surface and groundwater, decrease of groundwater level and flow, and environmental disasters such as the breaking of tailing dams.

Lithium, cobalt, nickel, bauxite and copper extraction represent the most destructive activities, requiring hundreds to thousands of hectares of land clearance per unit of production and directly destroying some of the world's most biodiverse ecosystems.

C.6 Circular Economy

At Škoda Group, we recognise that circular economy issues are among the most challenging and promising. They present many opportunities for collaboration, innovation and the development of new business models.

We pay close attention to optimising product development and consider the life cycle of our products from the initial stages of design. This enables us to bring long-lasting, high-quality products to market that are easily repairable and have high end-of-life recovery rates, while reducing manufacturing waste. As end-of-life treatment can pose a significant environmental challenge, sustainable design is of paramount importance to us. For example, our tram for Tampere has recyclability rate about 93% and recoverability rate about 98.4%.

Reuse, repair, refurbish – those are some of the concepts of circular economy, which we fully support.

C.6.1 Material Impacts, Risks and Opportunities

Impact/Risk/ Opportunity	Topic	Description
Positive Impact	Resources inflows, including resource use	Lower need for new input materials thanks to high level of repairability of products.
Negative Impact	Waste	Generation of partly not recyclable waste from transport packaging and own operations.
Negative Impact	Waste	Generation of hazardous waste.
Positive Impact	Resources outflows related to products and services	Low burden on waste disposal due to high recyclability rate of products.
Risk	Resources inflows, including resource use	Possible restrictions on excavation or opening new areas for excavation may lead to lower availability of primary raw materials and higher price of affected parts or need of investments into change in technology.

Resources inflows, including resource use

One of our core business activities is providing a comprehensive service for vehicle fleets. A high level of repairability extends the product life cycle to 30–50 years, reducing the need for new materials to manufacture new products. We provide repair manuals and a full servicing package, and we store the specific parts and production moulds required for each product to be repaired.

We also modernise and refurbish old fleets. Modernisation improves operational and maintenance costs for customers, as well as providing greater comfort and transport safety for passengers. Modernised vehicles are often better suited to passengers with impairments or reduced mobility.

On the other hand, we are well aware that the limited availability of primary sources can lead to increased prices for some input materials, as well as the need for investment in different technologies in the future. We already invest into research and development of new materials in cooperation with renowned academical research institutions.

Waste

Škoda Group operates in the manufacturing industry, and our operations generate various types of waste, including packaging and residual materials. Adhering to the principles of the waste hierarchy is important to us, with the prevention of waste generation being prioritised. Our approach eliminates unnecessary waste production and the loss of valuable resources at our sites.

Well-established environmental management processes, including responsible waste management practices and waste monitoring, are essential for maintaining ISO 14001 certification at our locations.

Our operations generate large quantities of waste, nevertheless most of it is recyclable. Thanks to our intensive waste sorting, emphasis on reuse, and minimisation efforts, only around 2.3 % of the total waste generated (4,437 tonnes) ended up in landfill in 2024.

As new methodology was used regarding the allocation of wastewater (see explanation in par. C.4.2), the figures for 2023 were amended accordingly for better comparison (including the wastewater now).

	FY23		FY24	
	t	%	t	%
The total amount of waste generated	**127,720**	**100**	**133,293**	**100**
Hazardous waste diverted from disposal TOTAL	**174**	**0.1**	**306**	**0.2**
Hazardous waste diverted from disposal due to preparation for reuse	0	0	0	0
Hazardous waste diverted from disposal - recycling	75	0.1	306	0.2
Hazardous waste diverted from disposal – other recovery operations	99	0.1	0	0
Non-hazardous waste diverted from disposal TOTAL	**125,573**	**98.3**	**127,933**	**96**
Non-hazardous waste diverted from disposal – preparation for reuse	2,444	1.9	0	0
Non-hazardous waste diverted from disposal- recycling	122,346	95.8	127,921	96
Non-hazardous waste diverted from disposal – other recovery operations	783	0.6	12	0
Hazardous waste directed to disposal TOTAL	**598**	**0.5**	**545**	**0.4**
Hazardous waste – incineration	368	0.3	541	0.4
Hazardous waste – landfill	31	0	4	0
Hazardous waste – other disposal operations	199	0.2	0	0
Non-hazardous waste directed to disposal TOTAL	**1,375**	**1.1**	**4,510**	**3.4**
Non-hazardous waste – incineration	388	0.3	3,118	2.3
Non-hazardous waste – landfill	778	0.6	1,392	1
Non-hazardous waste – other disposal operations	209	0.2	0	0

Waste intensity on production hours

25,213
2023

25,218
2024

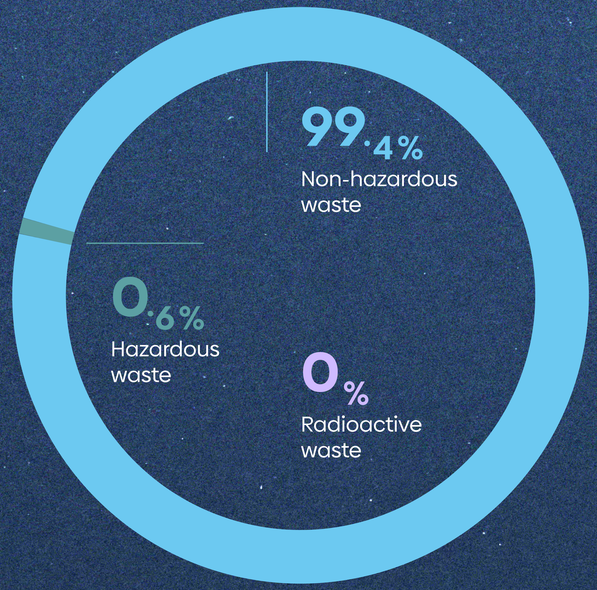
Calculated as t/1 mio production hours

Unfortunately, our operations still produce certain amount of hazardous waste, such as packaging containing residues of dangerous substances, waste paints and varnishes, absorption agents, filter materials and cleaning fabrics, which cannot be recycled and may have a high negative environmental impact. However, hazardous waste is demonstrably monitored, audited and properly managed throughout the production process. We continuously work on gradual elimination of hazardous substances in our production.

Composition Of Waste	FY23		FY24	
	t	%	t	%
The total amount of waste generated*	**127,720**	**100**	**133,293**	**100**
Total amount of mixed waste	1,305	1	1,570	1.2
The total amount of plastic waste	402	0.3	314	0.2
The total amount of paper waste	395	0.3	373	0.3
The total amount of glass waste	91	0.1	21	0
The total amount of metals waste	6,193	4.9	4,587	3.4
The total amount of food waste	11	0	23	0
The total amount of electronic waste	112	0.1	23	0
The total amount of textile waste	1	0	3	0
The total amount of biomass waste	19	0	2	0
The total amount of non-metallic minerals	86	0.1	35	0
The total amount of wastewater	116,532	91.2	120,969	90.8
Others**	2,573	2	6,943	5.2

** In 2023, wastewater discharged into the urban sewer system, was not included in the reporting in waste category. This figure for 2023 was recalculated from original data, that was reported in Water Consumption category.*

*** This category includes Furniture – average, Furniture – padded seating, Mixed inert waste, Residual household waste, Tubes and lamps, Wood waste, Industrial waste, Mineral wastes, Vegetal waste, Health care and biological waste.*



96.2%
share of recycled waste

Since the beginning of 2024, paper waste compactor technology helps us to reduce the frequency of waste collection. This measure saves costs and emissions that would be otherwise emitted.

The involvement of our employees is an integral part of effective waste management. To this end, we regularly organise training sessions and workshops to raise awareness and educate our employees.

Resources outflows

Our products are manufactured using modern, safe materials. Great attention is given to passenger safety and environmentally friendly operation from the very beginning of the manufacturing process.

The vehicles are manufactured with the future disposal process in mind. Guidelines for the disposal process at the end of the vehicle's service life are in place to minimise environmental impact. The majority of components used in our products' construction are fully recyclable. The recyclability rate of our products is high, for example ArticX34 Tampere tram reaches 93 %. A prescribed procedure exists for all these operations and procedures during the ecological disposal process to avoid environmental pollution as effectively as possible.

All electronic components must be treated as electronic or electric waste with a specific recycling procedure and sorting technologies. At Škoda Group, we adhere to all legislative requirements, ensuring that the batteries used in our products are sent to specialised companies for professional end-of-life treatment.

The development of batteries is placing an increasing emphasis on environmental impact, disposal and reuse solutions. Škoda Group is actively developing cooperative opportunities to ensure the second life of batteries and their proper end-of-life recycling.

Battery Energy Storage Systems provide a second life for used electric vehicle (EV) batteries, delivering a backup power supply and energy buffering for variable sources. They also offer grid stabilisation (peak shaving) and electricity spot market trading capabilities. EV charging stations utilising second-life batteries employ similar system architecture.

Škoda Group's technical contribution is the Static Converter ESC360.3T, which is specifically designed for industrial battery storage applications. This converter offers multiple operating modes, a modular design, advanced IGBT technology, high robustness and reliability, power factor correction, peak load reduction and minimised production downtime.

This converter technology is currently operational at an industrial production facility in Jeseník in the Czech Republic.

Thanks to all the measures and our pro ecological approach the waste burden at the end of lifecycle of our products is very low.

C.6.2 Comments on Selected Non-material Impacts

Waste – reuse of packaging materials

Positive impact

We optimise packaging concepts on a project-by-project basis. For instance, we have introduced returnable boxes and transport frames, eliminating the need for stretch or bubble wrap and significantly reducing plastic waste.

We have also reduced packaging materials in our internal logistics and adapted it to our production processes and the nature of our deliveries. We introduced new returnable packaging frames, and various packaging fixtures.

We are gradually expanding our partnerships with suppliers to maximize the use of returnable packaging. The suppliers are also required to follow our packaging guidelines and reporting system when delivering goods and promoted to use of recyclable packaging materials.

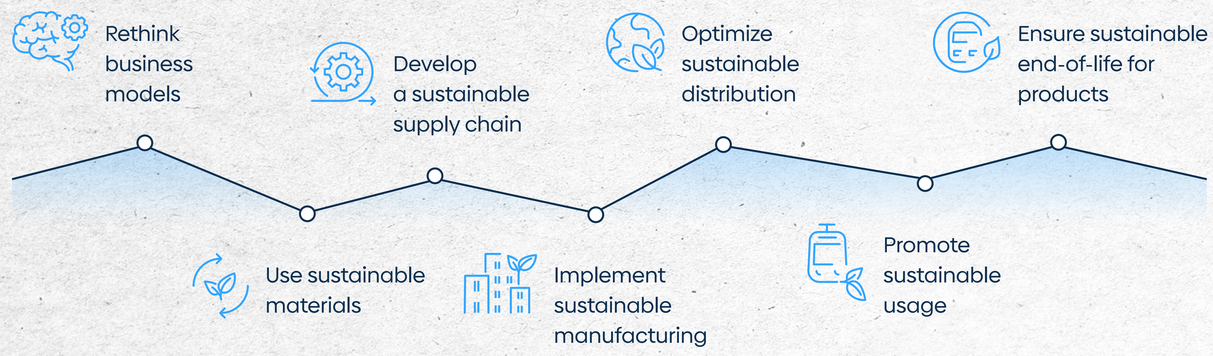
C.6.3 Eco-Design

Eco-Design, also known as sustainable design, enhances product development by focusing on disassembly, repairability, recovery, and recycling. It incorporates principles from the Circular Economy and goes beyond simply creating "green" products – it aims to meet consumer needs in a sustainable and responsible way. Companies that embed Eco-Design into their long-term innovation strategies seek to minimize the environmental, social, and economic impacts of their products across the entire supply chain and lifecycle.

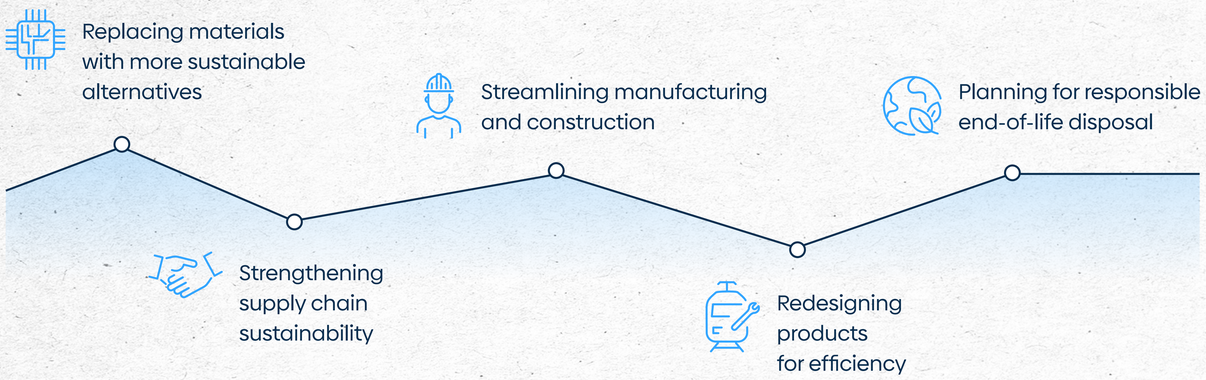
Life Cycle Assessments (LCAs) of various rail vehicles – local, regional, high-speed, trams, and subways – have shown that the majority of environmental impact occurs during the operational phase, particularly due to energy use. While the electricity mix influences this, reducing energy consumption remains a top priority.

To address this, Škoda Group is focusing on improving the aerodynamics of car bodies and bogies, reducing vehicle weight, enhancing power units and control systems, and increasing the efficiency of HVAC and lighting systems. These are all aspects that affect the sustainability of trains and how they are operated.

The Eco-Design strategy requests us to make an effort in following business areas:



With our first LCA in 2023 we work on the systematic Eco-Design integration. Teams across governance, engineering, and deployment collaborate to implement strategies tailored to:



Although the environmental impact of supplier parts is relatively low, we also target upstream stages. Suppliers are supported in calculating their environmental footprint and are required to provide material and weight data upon contract signing.

C.7 Product Innovations

At Škoda Group, innovation is driven by openness and collaboration. By testing and developing new materials and technologies, the company aims to create solutions that benefit both business and environment.

Working closely with engineering and development teams, we build prototypes that shape the future product lineup – enhancing capabilities and sustainability.

Starting in fiscal year 2023, all new products are designed with Life Cycle Assessment (LCA) and Eco-Design principles in mind. Recognizing that up to 80% of a product's environmental impact is determined during the design phase, this approach ensures sustainability is built in from the start. It involves tracking materials from raw extraction to end-of-life, focusing on recyclability, energy use, and environmental footprint. Even maintenance and waste recovery are considered.

Lightweight Design & Aerodynamics

To reduce energy consumption during the operational phase of our products, we focus on lowering vehicle weight and optimising vehicle body aerodynamics.

Through close collaboration between the sourcing, R&D and design teams, we select low-carbon, lightweight and recyclable materials that align with our stringent technical specifications for quality, safety and performance.

Implementing visual sidewalls using laser welding technology lowers the vehicle's weight and reduces the need for the chemical substances necessary for gluing.

Electric Propulsion and System Efficiency

Another innovation that aims to reduce operational energy intensity is the new traction drive, which uses state-of-the-art technology to save weight and space, as well as energy. This is made possible by SiC inverters and IPMSM motor development, which are lighter and allow regenerative and recuperative braking, as well as other features that support CO_2 emission reduction. For example, when used in an electric bus, it increases energy efficiency by around 27% compared to a standard traction drive.

We work on continual development of other electric and digital components like TCMS (Train Control Management System).

Important step forward was the completion and commissioning of the hybrid battery train, which can provide emission-free operation where overhead lines are absent, posing an alternative to diesel-powered vehicles. It is equipped with modern LTO batteries, which allow it to travel up to 80 km on a single charge.

SMART Solutions

Digital products are one of the keystones of our development. Our energy- and cost-saving software helps our customers optimise their operations and reduce their environmental and economic burden. Passengers can enjoy increased safety and high-quality transportation.

Our focus is on continually upgrading and enhancing existing solutions, as well as bringing new ones to market.

Automatic Train Operation (ATO)
systems for optimized acceleration/braking

Smart Depot
material and human resources saving system

PREMIS (predictive maintenance)
costs and energy saving system

ACS (anti-collision system)
health, costs and energy saving system

Chapter

D

Social Issues

D.1 People

D.2 Own Workforce

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Chapter D

Social Issues

Social impact isn't a side project – it's the foundation of sustainable success. When we uplift people, we elevate performance.

Prioritising social responsibility is a strategic imperative that directly affects our long-term success and the trust of our stakeholders, as well as a moral obligation. Investing in employee well-being, health and safety, engaging with communities, and maintaining transparency will enhance our competitiveness and secure a resilient future.

D.1 People

At Škoda Group, we believe that the foundation of long-term sustainable success lies in our people – their talent, motivation, and potential to innovate. With a footprint stretching across Europe and beyond, our more than 7,500 employees represent a diverse mosaic of nationalities, expertise, and career stories. From manufacturing plants in the Czech Republic and Finland to engineering offices in Austria and business representation and service hubs across Europe and Asia, we are united by a shared commitment to shaping the future of sustainable mobility.

Škoda Group takes care of people who contribute their knowledge and energy through HR departments, with the support of the EHS departments. These departments adhere to a set of policies that align with relevant national and international legislation and focus on providing a secure, fair, rewarding and balanced working experience.

All employees can see their position within the organisational scheme, which enables clarity and direct collaboration.

We encourage a culture of innovation that starts with our employees. The annual Innovation Challenge invites individuals and teams from across the Group to submit ideas with real business impact. In the latest edition, ten projects advanced to the semifinals, with final recognition going to three outstanding concepts, including project focused on vehicle security, automation in service reporting and the expansion of robotic welding expertise.

The last initiative resulted in practical innovations with real business impact, and the most successful contributions came from teams at Škoda Digital and Škoda Transportation.

Škoda Group supports talent and diversity also by providing employment opportunities for students, foreigners, experienced workers, and people with limited working capacity where possible.

We recognize that career aspirations evolve. To support internal mobility and knowledge retention, we are part of the Move by Stay initiative launched by our parent company, PPF Group. This programme enables employees to explore new roles across the Group's companies without leaving the broader organization. It reflects our belief that change, and stability can go hand in hand – and that our people can continue their journey with us in new and exciting ways.

At Škoda Group, we regularly engage in active communication with employees regarding their satisfaction and input towards the promotion of various operational activities.

We consistently achieve high scores in independent employer surveys. In 2024, we came second in the Czech Republic TOP Employers poll in the Automotive and Engineering category and in the Randstad Czech Republic Employer Brand Research survey in the manufacturing sector.

Our business relationships with numerous suppliers from various regions can significantly impact workers throughout our supply chain. Additionally, risks associated with these workers can affect our financial performance. Therefore, it is our responsibility to ensure that our suppliers uphold human rights and adhere to ethical standards.

As a manufacturer of transport solutions used by thousands of people every day, ensuring the safety and comfort of our products for end users is one of our key priorities. We are aware of the inherent risks associated with public transport vehicles, and that accidents can result in widespread injury. At the same time, the more comfortable passengers are, the more likely they are to choose public transport over personal vehicles, thus contributing to decarbonization of transport.

Last but not least, we never forget about communities. Corporate social responsibility is one of the key areas of our non-business activities. Supporting various cultural and sporting venues and charitable activities is one of our regular and enjoyable obligations.

D.2 Own Workforce

D.2.1 Basic Personnel Information

On following pages you can see the tables representing various figures regarding our workforce. Employees are divided by region, gender, age, and types of contracts. All quantitative human resources data refer to average headcount as of December 31 and the figures are mathematically rounded.

Employee Composition

Women make up 21% of Škoda Group employees, according to data for FY24. This figure has increased over the years, with an additional 67 women recorded this year compared to the previous fiscal year (a 4% increase).

In terms of age distribution, the majority of employees (52.8%) are aged between 30 and 50, 31.6% are over 50 (included) and 17.5% are under 30.

Number of employees by gender	FY23			FY24		
	Female	Male	Total	Female	Male	Total
Czechia	1430	5271	6701	1499	5355	6854
Finland	66	517	583	57	471	528
Ukraine	10	40	50	13	39	51
Austria	7	33	40	10	34	44
Poland	3	30	33	2	27	29
Germany	4	25	29	4	26	30
Hungary	4	18	22	5	18	23
Belgium	4	16	20	5	14	19
Italy	0	1	1	1	4	5
Total	**1528**	**5951**	**7478**	**1595**	**5988**	**7583**

Number of employees by age	FY23			FY24		
	Under 29Y	30-49Y	Over 50Y	Under 29Y	30-49Y	Over 50Y
Czechia	1119	3536	2046	1236	3588	2157
Finland	78	289	216	66	279	195
Ukraine	11	35	4	10	37	5
Austria	9	23	8	10	26	10
Poland	6	26	1	1	35	3
Germany	0	19	10	1	19	10
Hungary	0	7	15	0	8	15
Belgium	1	17	2	1	14	4
Italy	0	1	0	1	3	1
Total	**1224**	**3953**	**2302**	**1326**	**4008**	**2400**

Number of permanent employees	FY23			FY24		
	Female	Male	Total	Female	Male	Total
Czechia	1055	4275	5330	1125	4270	5395
Finland	65	500	565	56	464	520
Ukraine	10	40	50	13	39	51
Austria	7	33	40	9	34	43
Poland	3	30	33	2	27	29
Germany	4	25	29	4	24	28
Hungary	4	18	22	5	18	23
Belgium	4	16	20	5	14	19
Italy	0	1	1	1	3	4
Total	**1152**	**4938**	**6090**	**1219**	**4893**	**6112**

Number of temporary employees	FY23			FY24		
	Under 29Y	30–49Y	Over 50Y	Under 29Y	30–49Y	Over 50Y
Czechia	374	995	1370	373	1083	1459
Finland	1	17	18	1	7	8
Ukraine	0	0	0	0	0	0
Austria	0	0	0	1	0	1
Poland	0	0	0	0	0	0
Germany	0	0	0	0	2	2
Hungary	0	0	0	0	0	0
Belgium	0	0	0	0	0	0
Italy	0	0	0	0	1	1
Total	**375**	**1012**	**1388**	**375**	**1093**	**1471**

Employee Engagement
Listening to our employees and acting on their feedback is a cornerstone of our people strategy. Through our regular IMPULS employee survey, we measure engagement, satisfaction, leadership, inclusion and more.

Managers play a key role in creating a supportive and respectful environment. After the survey, structured follow-up discussions and team action plans are conducted to ensure that feedback leads to real change. In several countries, we have also launched Focus Groups to explore specific topics in greater depth and to shape practical workplace improvements.

In 2024, the Group achieved the following index scores (on a 0–100 scale):

74/100
Main Index
(engagement, satisfaction, pride in work)

81/100
Manager Index
(perceived support, leadership and development by managers)

78/100
Diversity Index
(fairness, inclusion, and equal opportunity)

D.2.2 Material Impacts, Risks and Opportunities

Impact/Risk/Opportunity	Topic	Material sustainable matter	Description
Positive Impact	Working conditions	Collective bargaining, including rate of workers covered by collective agreements	Enabling of collective bargaining, free association and creation of work councils. In some countries the work councils stand in place of trade unions.
Positive Impact	Working conditions	Work-life balance	Supporting employees through flexible working arrangements, benefits and well-being activities.
Negative Impact	Equal treatment and opportunities for all	Gender equality and equal pay	Due to a methodology that does not use an adjusted gender pay gap, a high gender pay gap due to the specific nature of the company (sectoral segregation – male majority in the sector).
Positive Impact	Equal treatment and opportunities for all	Measures against violence and harassment in the workplace	Low rate of violence and harassment occurrence.
Opportunity	Working conditions	Work-life balance	Offering employees broad scope of wellbeing activities and benefits might lead to increased productivity, reduced absenteeism and lower employee turnover, thus reducing the personnel connected costs.
Risk	Equal treatment and opportunities for all	Training and skills development	Decreased competitiveness on the market due to outdated skills and lack of skilled workers can lead to decrease in product quality, resulting in direct financial losses or reputation risks.

Collective bargaining

At Škoda Group, we fully support collective bargaining and the freedom of workers to form associations. Strong trade unions are present in our major manufacturing companies and cover almost all colleagues across Škoda Group. The presence of collective agreements and work councils leads to better working conditions for all employees, including those not directly covered by the agreements.

Percentage of total employees covered by collective bargaining agreements

Škoda Group Austria GmbH.	95,65
The Signaling Company NV	100
Škoda a.s.	100
Škoda Transportation a.s.	100
Pilsen Energy Solutions s.r.o.	0
Bammer trade a.s.	100
ŠKODA DIGITAL s.r.o.	0
Škoda EKOVA a.s.	100
ŠKODA PARS a.s.	100
POLL, s.r.o.	0
ŠKODA CITY SERVICE s.r.o.	100
ŠKODA ELECTRIC a.s.	100
Škoda ICT s.r.o.	0
ŠKODA TRANSPORTATION USA LLC.	100
ŠKODA VAGONKA a.s.	100
VÚKV a.s.	0
Electric Components a.s.	98,32
Škoda SERVIS s.r.o.	0
Škoda Transtech Oy	97,47
SKODA Transportation Deutschland GmbH.	0
GANZ-Skoda Electric Zrt.	0
ŠKODA TRANSPORTATION ITALIA S.R.L.	100
ŠKODA POLSKA Sp. z o.o.	0
ŠKODA TRANSPORTATION UKRAINE LLC	0
Škoda Investment a.s.	0

Work-life balance

Supporting work-life balance and overall well-being of Škoda Group employees involves providing employees with flexible working hours, reducing full-time working hours for most employees, offering unpaid leave during holiday periods for workers with children, and providing special flexibility for employees returning from maternity, paternity or parental leave, as well as for those with very young children. We offer a range of benefits to employees, including an additional week of paid leave beyond Labour Code requirements and designated sick days.

We also organise and support various initiatives, such as All-Sports Day, ‚Bike to Work' programmes and physical therapy sessions. Furthermore, we provide mental health resources.

To provide our people with even more flexibility and tailored solutions, we offer flexible working models. These models are tailored to meet the diverse needs of our employees and the business.

We support our employees in Pilsen through family-friendly benefits, such as providing a company nursery school.

Gender equality and equal pay

All companies within the Group must comply with the Anti-Discrimination Act. Nevertheless, due to the size of the companies, the broad scope of different working positions, and the technical nature of the business, we have identified inconsistencies in job descriptions that may lead to unequal pay for equal work, as well as a gender pay gap that mainly results from the technical nature of the business.

Unifying job descriptions and ensuring equal pay for equal work are among our HR priorities.

Training and skills development

In this field, we recognise both a positive impact and a significant risk.

We are very aware of our business's dependency on talent and experienced technical personnel, and on supporting the development of their skills and abilities.

Investing in our people is a strategic priority. It is not only a key driver of performance and innovation, but also a critical part of fostering engagement and long-term retention. Our development efforts span mandatory and statutory training as well as professional growth initiatives focused on both further professional and soft skills. On average, around half of all training hours are dedicated to continuous professional development.

To support our employees' growth and ability to meet evolving customer and business needs, we offer a comprehensive portfolio of learning formats across the Group:

- Onboarding programmes to provide new colleagues with a broad understanding of our products and services.
- Structured learning paths including classroom-based, virtual, and on-demand learning modules.
- Hands-on development through project-based learning and experience sharing.
- Mentoring and coaching to foster individual potential and strengthen leadership and performance capabilities.

We have supported students for many years through initiatives such as paid internships, the Emil Škoda Award and participation in trade fairs, as well as collaborating on diploma and bachelor's theses.

The talent market remains highly dynamic and competitive. Attracting and retaining highly sought-after stuff, mainly in technical and IT fields, is becoming more difficult, so we need to rethink reskilling and upskilling. This will be a key driver of our activities in the near future.

We are committed to transparent and equitable access to career opportunities.

Training in FY2024

110,744·32

Total training hours

57,920·36

Mandatory and Statutory training

52,823·96

Career and Skills Development training

Measures against violence and harassment in the workplace

Škoda Group is committed to ensuring a safe, respectful, and inclusive workplace across all countries in which it operates. Our Corporate Compliance Programme defines clear ethical and legal standards that employees must follow, including expectations for respectful behaviour toward colleagues, third parties, and customers, as well as responsibilities for upholding Škoda Group's reputation.

The Code of Conduct plays a central role in preventing workplace violence, bullying, and harassment. As a binding document, it reflects Škoda Group's values and establishes clear rules of conduct for all employees. The Code of Conduct is accessible in multiple languages on Škoda Group intranet and is supported by mandatory training and management engagement.

To strengthen this framework, Škoda Group has introduced TrustLine, a secure and confidential reporting channel that allows employees and partners to report incidents of violence, intimidation, harassment, or discrimination without fear of retaliation. Reports submitted through TrustLine are encrypted, treated with strict confidentiality, and investigated by qualified personnel.

Thanks to the combined measures – including the Code of Conduct, the TrustLine and internal controls – the companies within the Group can detect, prevent, and address problematic behaviours early. This has significantly helped to reduce the number and severity of such incidents across Škoda Group's international operations.

	FY23	FY24
Number of incidents of discrimination, including harassment, reported in the reporting period.	0	7*
Number of severe human rights incidents connected to the own workforce	0	0

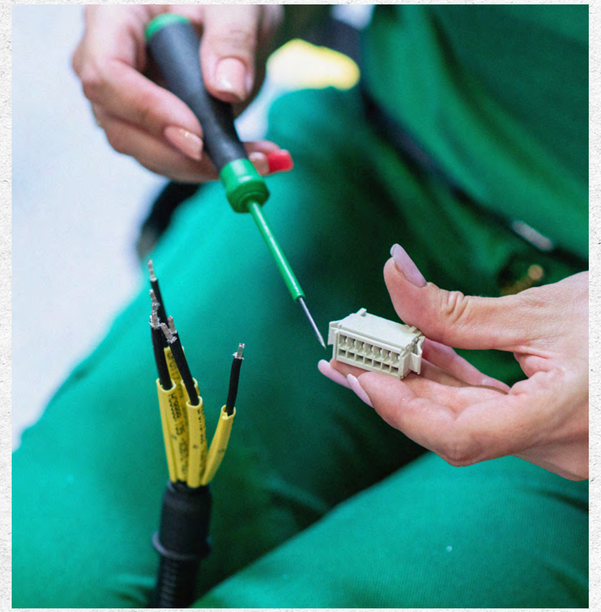
** The increase in reported cases of discrimination in 2024 should be viewed in the context of a broader transformation of our internal compliance system. In 2023, Škoda Group initiated a complete relaunch of its Compliance Department, which included the implementation of the TrustLine – a secure, confidential reporting channel – as well as intensified communication and awareness-building among employees.*

These efforts were specifically aimed at fostering a culture of openness, trust, and accountability. As a result, employees now feel more empowered to raise concerns, which we view as a positive indicator of transparency and engagement, rather than an increase in incidents themselves.

Out of the seven reports received:

- *3 were thoroughly investigated and found to be unsubstantiated.*
- *4 were factually related to the same situation but were submitted by different individuals at different times and therefore registered as separate entries in our system.*

We believe this reflects not only increased awareness and confidence in our internal mechanisms but also our commitment to respond to every concern raised – respectfully, objectively, and in line with our Code of Conduct.



D.2.3 Comments on other Non-Material Impacts

Fair Wages

Positive impact

Fair wages have significant social, economic and ethical implications. When workers are paid fairly, they enjoy better health and wellbeing, and are more motivated, loyal and productive. This benefits us as a company, as we experience lower staff turnover and absenteeism.

At Škoda Group, we closely monitor salary trends in all the countries in which we operate and regularly assess the adequacy of our wage structure to ensure that we offer competitive and fair compensation.

Occupational Health and Safety

Positive impact

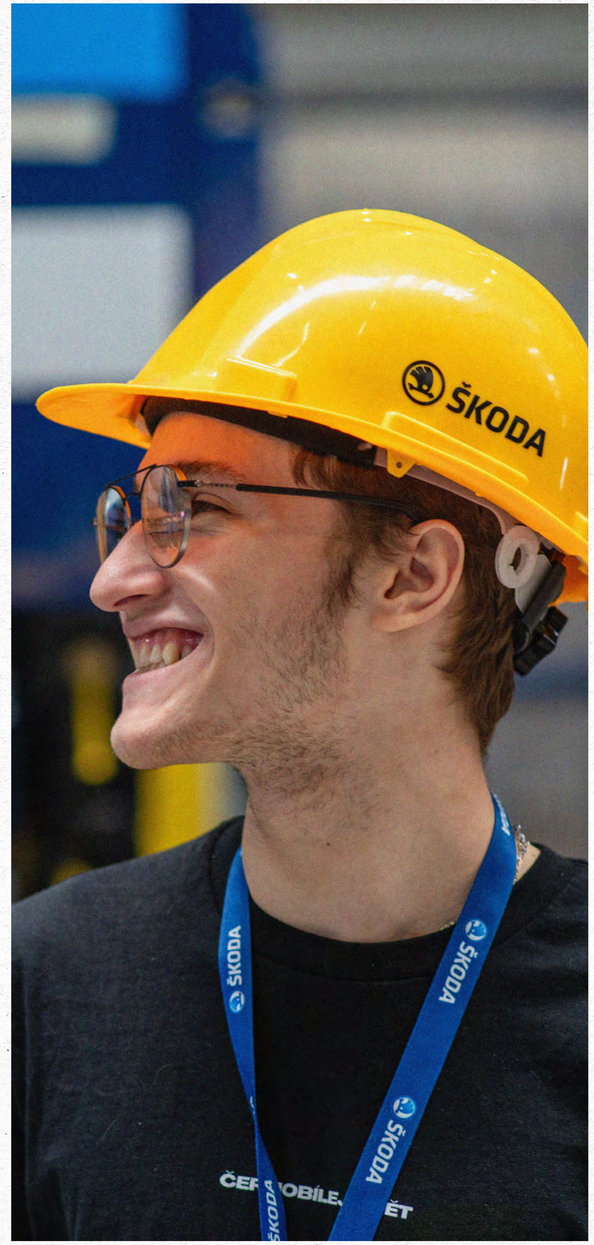
At Škoda Group, we value our employees and recognise the potential impact of our activities. Škoda Group has an integrated Health and Safety Management System to ensure that processes and procedures are properly implemented and maintained. This system forms part of the Group's overarching Quality, Product Safety, Environmental Management System (EMS) and Occupational Health and Safety (OHS) Policy, which outlines general principles. These are supplemented by policies, guidelines, directives and decisions relevant to each entity, based on local specifics, risks, core activities and OHS-relevant topics.

The Group's policy is implemented at all Škoda Group operating sites and covers health and safety hazards, as well as the environmental aspects of all activities. The procedure covers all business activities, including routine activities within the scope of work, such as production, installation and periodic maintenance, as well as non-routine and indirectly related activities, such as employee mobility, customer premises, canteens and visitors.

	FY23	FY24
The percentage of own employees who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines.	100%	100%
The number of recordable work-related accidents of own employees.	146	157
Of which fatalities as a result of work-related injury	0	0
The number of recordable work-related accidents of non-employees.	9	4
Of which fatalities as a result of work-related injury	0	0
The number of cases of recordable work-related ill health (subject to legal restrictions on the collection of data) of own employees.	2	4
Of which fatalities as a result of work-related ill health	0	0
The number of cases of recordable work-related ill health (subject to legal restrictions on the collection of data) of own non-employees.	0	0
Of which fatalities as a result of work-related ill health	0	0

We take an integrated approach to health, safety and the environment to ensure that all work practices mitigate the risk of injury or harm to the personnel and the environment.

Health and safety is under constant supervision. We regularly conduct safety training sessions for our personnel. Our goal is to eliminate the risks as much as possible.



Promotion of Safety Culture

2022
12 / 67 / 135

2023
9.4 / 37.1 / 146

2024
9.3 / 24.7 / 157

- **Lost Time Incident Rate** (Number of occupational accidents with sick leave / 1,000,000 hours worked)
- **Severity Rate** (Number of lost workdays / Number of recordable incidents)
- **Number of Incidents**

Diversity, Equity and Inclusion

Positive impact

Diversity is more than a value – it is a necessity for innovation and long-term resilience. With employees from over 20 different nationalities and a broad generational mix, we foster environments where different perspectives come together to drive progress.

While the overall gender ratio still reflects the industrial sector's historical imbalance (approximately 80% men and 20% women), we actively promote gender equity. A standout example is Škoda Group Austria, whose „Roadmap to Equality" earned the 2024 Company Prize at the Bahnindustrie Frauen Awards. The initiative includes transparent pay structures, part-time management roles, and the promotion of internal role models. In 2023, the company was also awarded the Austrian equalitA certification for supporting women in technology.

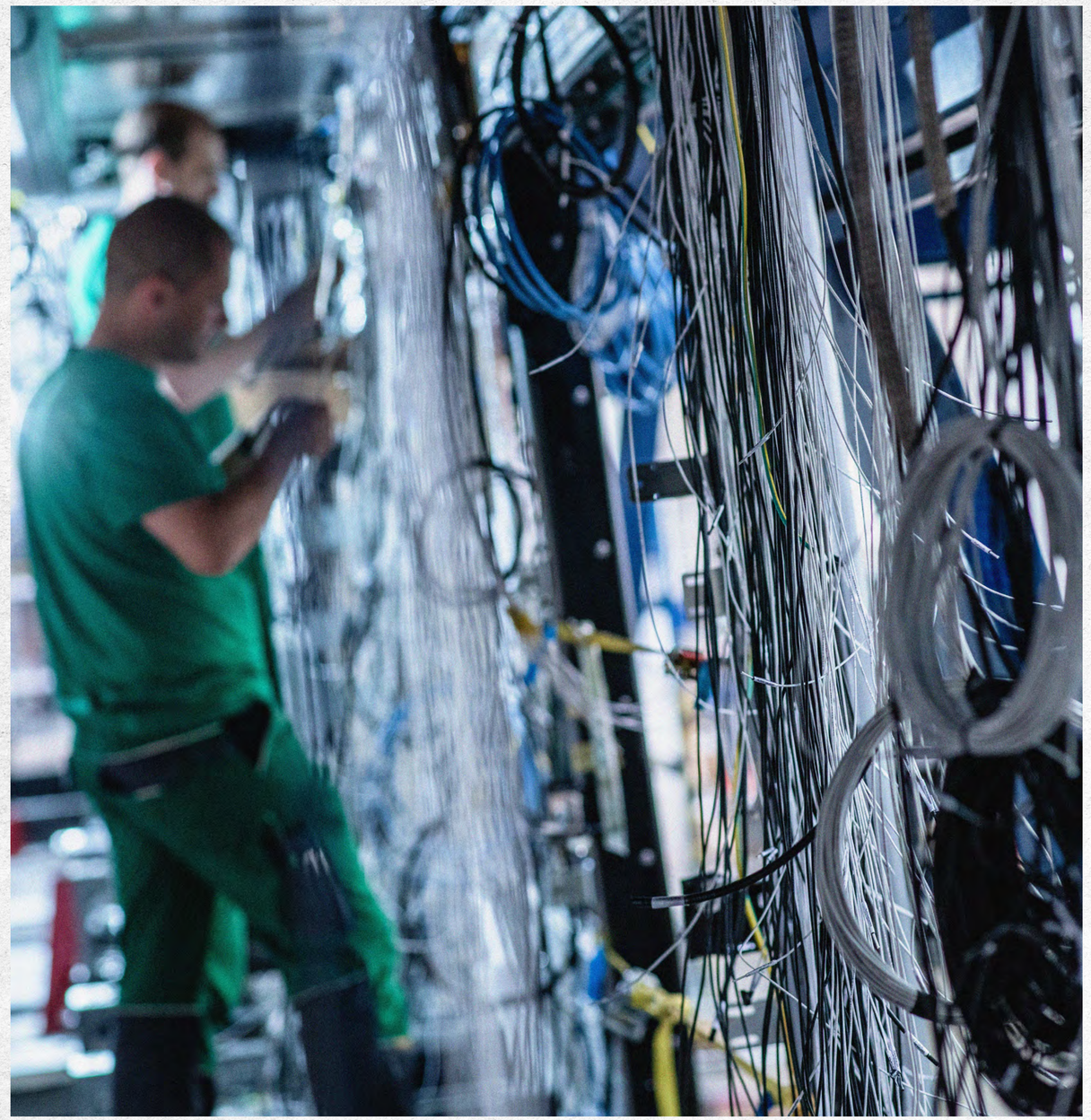
At Škoda Group, every employee is given the opportunity to use their potential and contribute to achieving Škoda Group's business goals, which include creating a safe environment where there is no room for any form of discrimination. The Škoda Group does not tolerate discrimination, in particular discrimination based on race, ethnic origin, nationality, gender or other gender identity, sexual orientation, age, marital status or registered partnership status, language, religion, political affiliation, social origin and property, occupation, place of residence, etc. Škoda Group and its employees create a working environment that allows every employee to feel safe and fulfil their professional and creative potential. Škoda Group provides equal opportunities to all employees regardless of their age, gender identity, nationality, physical characteristics, religious beliefs, and political opinions. Discrimination against persons on maternity or parental leave or persons caring for other persons is not permitted. Differences in the conditions provided to the above-mentioned persons are only permissible if permitted by law and do not constitute discriminatory treatment.

Beyond strategic frameworks, Škoda Group Austria also makes real contributions to vocational education by offering technical apprenticeships to young talents – including female students aspiring to enter technical fields. These programmes combine company-based training with formal education and support career starts in the rail industry.

By welcoming employees from diverse backgrounds, Škoda Group endeavours to create an inclusive and dynamic workplace that supports innovation and delivers wide social value.

In terms of diversity, our goal is to finalise and implement a comprehensive diversity, equity and inclusion policy to further foster an inclusive and diverse workplace.

Employees with Disabilities	FY23		FY24	
	Count	Rate	Count	Rate
Czechia	110	1.64	127	1.85
Finland	0	0	0	0
Ukraine	3	6	3	5.88
Austria	0	0	0	0
Poland	0	0	0	0
Germany	2	6.89	1	3.33
Hungary	0	0	0	0
Belgium	0	0	0	0
Italy	0	0	0	0
Total	**115**	**1.54**	**130**	**1.71**



D.3 Workforce in Supply Chain

D.3.1 Material Impacts, Risks and Opportunities

Impact/Risk/Opportunity	Topic	Material sustainable matter	Description
Negative Impact	Working conditions	Secure employment	Negative impacts on human rights by violating basic labour rights.
Negative Impact	Other work-related rights	Child labour	Negative impacts on overall health by misusing child or forced labour.

We value our long-term relationships with business partners. Many of our suppliers have been partners of ours for a long time. We ask our first-tier suppliers to sign our Supplier Code of Conduct. The fulfilment of human rights, including labour rights, is a condition of establishing and maintaining business cooperation, and suppliers are selected in accordance with the Supplier Qualification and Development Process document. The procedure includes an on-site audit of working environment and health and safety conditions.

At the same time, we at Škoda Group are aware of the potential negative impact on workers of suppliers further down the chain, that due to the complexity of our supply chain have so far remained outside of scope.

To precisely identify possible impacts, we will conduct deeper due diligence of the supply chain in 2025 and 2026.

D.3.2 Comments on Selected Non-Material Impacts

Entity-specific – Sparing time of customers' employees

Positive impact

For example, thanks to our Smart Depo system, which automates the movement of trams and metros within the servicing depot, our customers can effectively reduce their need for human resources. Smart Depo performs automatic control and inspection of both the interior and exterior of vehicles using cameras to identify damage. This allows our customers' employees to save time and focus on more specialised activities.

D.4 Communities

Although we have not identified any negative material impacts of our business operations on communities, we recognise our social responsibility towards society. Škoda Group supports a variety of cultural, sporting, charitable and social activities.

One example for all is the unique Škoda FIT programme, which brings together Škoda Group, sports personalities and public figures since 2015. Sponsored by Olympic champion Dana Zátopková, this unique project aims to reach the widest possible audience in the Pilsen region and offer support to anyone looking to improve their long-term health and lifestyle.

Renowned surveys prove that supporting sport and healthcare is becoming increasingly necessary. According to these surveys, the Czech Republic has become one of the most obese countries in Europe. When overweight and obesity are considered together, an alarming 54% of women and 70% of men are found to be struggling with this problem.

The Škoda FIT project aims to raise awareness of the importance of healthy eating, exercise and healthcare as integral parts of life, particularly for children and young people, given that the obesity rate among this group is being reported as high as alarming 25%. This is why many of the events organised by Škoda FIT and its partners target the youngest generation.

D.5 Customers and End Users

D.5.1 Material Impacts, Risks and Opportunities

Impact/Risk/Opportunity	Topic	Material sustainable matter	Description
Positive Impact	Personal safety of consumers and/or end users	Health and safety	Increased safety and comfort of end users by using special systems and technologies.

At Škoda Group, we deeply care about our customers and end users, which drives our commitment to ensuring the highest standards of safety and ease of use for all our products. We prioritize making our offerings not only user-friendly but also accessible and barrier-free for all passengers.

Aside from fulfilling all legislative requirements concerning safety measures, we are continuously working to enhance safety for passengers and our customers' workers, primarily through the implementation of digital innovations.

Škoda Group is active within associations and working groups that revise EU legislation on product safety. This ensures compliance with lifecycle conditions and requirements for the safe placement of products on the market.

Chapter

Governance Issues

E.1 Corporate Governance

E.1.1 Governance Principles

E.1.2 Code of Conduct

E.1.3 Material Impacts, Risks and Opportunities

E.2 ESG Management System and Policies

E.3 Risk Management Process

Chapter E

Governance Issues

Integrity is the foundation. Transparency is the path. Trust is the reward.
Good Corporate Governance supports environmental and social responsibility.

E.1 Corporate Governance

Škoda Group is governed by a team of experienced executives with diverse professional backgrounds in mechanical engineering, finance, and international business. Škoda Group operates through regional divisions and business units, applying a matrix organizational structure to enable decentralized decision-making while maintaining strategic alignment across Škoda Group.

E.1.1 Governance Principles

Transparency and Accountability: clear reporting lines and well-defined responsibilities ensure accountability at all organizational levels.

Sustainability and Innovation: strong focus on green mobility, digital transformation and long-term value creation for stakeholders.

Legal and ethics compliance: adherence to laws, ethical norms and international regulations is fundamental to every aspect of Škoda Group's operations.

The Corporate Governance System is based on Škoda Group Organisational Regulation.

It is supplemented by a set of rules and guidelines that govern Škoda Group. The rules aim at providing high-level guidance on corporate governance issues relevant to Škoda Group, provide for a delegation of authority, with the purpose of achieving highly transparent management, and setting the criteria for the division and the appointment of powers.

Škoda Group uses a matrix type of organisational structure. Matrix management combines hierarchical reporting with cross-functional collaboration, supported by project-based structures that enhance agility and efficiency.

The above-mentioned matrix structure of the company is supplemented by project management, which is used for the management of business opportunities and internal projects. Project management is used to plan, organize, manage, coordinate and control procedures and use of resources intended for the fulfilment of specific projects – goals, objectives and tasks. These have a shorter horizon.

Functional Hierarchy of the Group

General Assembly of Škoda a.s.

Supervisory Board of Škoda a.s.

Board of Directors of Škoda a.s.

CEO

Škoda Group Legal Entities (Supervisory Boards, Board of Directors or Managing Directors + Legal Entity Rules)

E.1.2 Code of Conduct

Škoda Group's Code of Conduct expresses its commitment to integrity, transparency and respectful behaviour in all business areas.

Škoda Group expects all employees, from sales staff to senior management, to adhere to the Code of Conduct in their daily work. This includes acting on behalf of Škoda Group when dealing with external partners, corporate customers, suppliers and government organisations.

Škoda Group provides training to increase employees' awareness of, and understanding of, the provisions and principles set out in the Code of Conduct. Management is expected to lead by example end ensure compliance within their teams.

To support ethical reporting, Škoda Group operates TrustLine – a secure, independent and confidential platform available to employees and external stakeholders for reporting suspected misconduct without fear of retaliation.

Workplace culture and inclusion

As a multinational company with operations in 10 countries, Škoda Group recognizes diversity as a core value and competitive advantage. Škoda Group is committed to fostering a workplace environment where employees – regardless of nationality, gender, age, religion, or social background – have equal opportunities to grow, contribute, and participate in decision-making processes. Škoda Group expects its teams to promote a positive working environment in which every employee can fully develop their potential without harassment, prejudice, and/or discrimination of any kind. Škoda Group suppresses unacceptable behaviour towards employees and on the part of managers. Škoda Group adheres to best practices to ensure occupational health and safety in all work environments, whether in the workplace, in the office, or in other work environments.

Conflict of interest and business ethics

Given the geographical and operational diversity of Škoda Group, ethical conduct and prevention of conflicts of interest are central to maintaining integrity and trust across all markets.

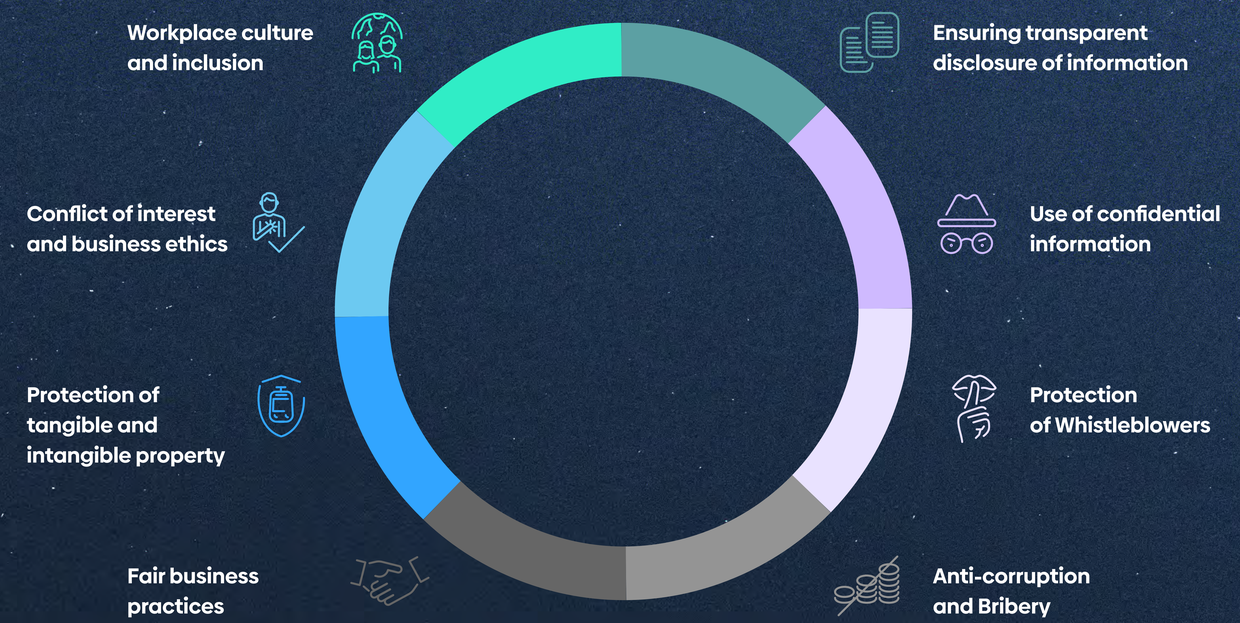
All employees, regardless of country, are required to:

- avoid any personal or financial interests that may conflict with their professional duties;
- disclose actual or potential conflicts through designated reporting channels, in accordance with the Code of Conduct;
- refrain from offering or accepting gifts, favours, or hospitality that could influence business decisions or create an appearance of impropriety.

To ensure a consistent approach across all companies and regions, Škoda Group has:

- implemented a centralized digital platform for conflict of interest declarations;
- translated all key policies into local languages and adapted implementation to jurisdiction-specific requirements;
- introduced annual monitoring mechanisms such as internal audits and self-assessment procedures.

These measures help reduce legal, reputational, and operational risks, particularly in procurement, contract negotiations, and high-risk partnerships.



Protection of tangible and intangible property

Škoda Group's sizeable material infrastructure and extensive intellectual property are key assets. Škoda Group employees are required to protect the company's property, both tangible and intangible, from theft, damage, misuse, and improper handling, including by third parties. Škoda Group also has clear guidelines aimed at protecting confidential information and ensuring that personal data relating to customers, employees, or other persons is handled with care and responsibility.

Fair business practices

Škoda Group builds long-term relationships with customers by providing high-quality and safe services and products from Škoda Group ecosystem and comfortable service conditions. Škoda Group uses fair methods to promote its services, which prevents them from being perceived as unethical or harmful to customers, partners, or third parties.

Ensuring transparent disclosure of information

Škoda Group is committed to transparent communication with the investment community, including the disclosure of material information in accordance with best practices for both financial and non-financial reporting. Škoda Group strives to ensure that all officially disclosed information is accurate, timely, complete, understandable, and accessible to all relevant stakeholders.

Use of confidential information

Škoda Group recognises the importance of safeguarding information that could influence the financial markets if disclosed inappropriately. Using such confidential information for personal benefit or disclosing it to unauthorised third parties constitutes a violation of both the law and Škoda Group's internal compliance policies. To mitigate these risks, Škoda Group provides clear guidance and mandatory training for all employees with access to sensitive information. This training outlines how to manage and protect the information in accordance with applicable regulations and internal standards.

E.1.3 Material Impacts, Risks and Opportunities

Impact/Risk/ Opportunity	Topic	Material sustainable matter	Description
Negative Impact	Corporate culture		Leakage of private employee data can cause its misuse and personal damage.
Positive Impact	Protection of whistle-blowers		The employees who raise concerns about unethical or illegal activities within the company are protected by strict internal procedures.
Negative Impact	Management of relationships with suppliers including payment practices		Long payment periods or late payments, specifically to SMEs can lead to financial problems of these suppliers.
Positive Impact	Corruption and bribery	Prevention and detection including training	Minimizing the occurrence of corruption and bribery actions.
Risk	Management of relationships with suppliers including payment practices		Insufficiently managed sustainability impacts of company's suppliers can lead to reputational damage, increased costs connected with revision of the supply chain esp. considering the coming EU Corporate Due Diligence Directive.

Corporate culture – personal data protection

At Škoda Group, we manage personal data lawfully and ethically, in compliance with local privacy laws, EU and national GDPR legislation and best practice. Nevertheless, the risk of the leakage of personal data cannot be fully eliminated.

Our privacy policies and procedures, as well as our business agreements, clearly define how we process data while it is available to us.

In processing personal data, we duly observe the following principles in compliance with the laws:

- principle of lawfulness, fairness, and transparency – every event of personal data processing must have a legal ground;
- principle of purpose limitation – the purpose for which personal data is processed must be justified;
- principle of data minimisation – only data indispensable for the given purpose may be processed;
- principle of accuracy – inaccurate personal data needs to be rectified;
- principle of storage limitation – personal data can only be processed for the necessary period;
- principle of integrity and confidentiality – personal data needs to be appropriately secured to prevent its loss, destruction, or misuse.

We adopt the necessary technical and organisational measures to protect personal data. These measures include personnel, administrative and physical protection measures, as well as measures to protect personal data in information technology and measures to be applied in the event of safety incidents related to personal data.

Protection of whistleblowers

Škoda Group does not tolerate any form of retaliation against employees or business partners who report suspected violations of laws, internal regulations or the Code of Conduct in good faith. To support a culture of transparency and accountability, Škoda Group has implemented TrustLine – a secure, independent, and confidential communication channel designed specifically for whistleblowing purposes. TrustLine allows employees, suppliers, and other stakeholders to safely report:

- unethical or illegal behaviour;
- violations of Group's policies;
- concerns related to corruption, harassment, discrimination, conflicts of interest, or human rights abuses.

TrustLine guarantees full confidentiality of the identity of the reporting person and the content of the report. All messages submitted through the system are encrypted, and no identifying information is disclosed to any unauthorized person. Reports can also be submitted anonymously, depending on the reporter's preference and local legal framework.

Retaliation against anyone who uses TrustLine in good faith is strictly prohibited and is subject to disciplinary action under applicable law. All reports are handled by a designated, trained team that ensures proper follow-up and fair handling in line with Škoda Group's internal rules and legal obligations.

Management of relationships with suppliers including payment practices

Škoda Group works with hundreds of suppliers across jurisdictions, including EU member states, the CIS region, Turkey, Vietnam, and India. The Group understands that responsible supplier relations are essential for long-term supply chain resilience and ethical sourcing.

We recognise that long payment periods, which are common in our business due to the long manufacturing cycle, can lead to financial problems of our suppliers, particularly for SMEs. That's why we always negotiate business conditions that satisfy both parties.

Particular attention is given to supporting small and medium-sized enterprises (SMEs) by offering clear contractual terms and enforcing payment conditions of 30–60–90 days depending on supplier category and monitoring payment discipline through regular analysis of average payment periods by region.

We also pay attention to ESG issues among our suppliers, making every effort to ensure they comply with all relevant regulations. Robust Supplier Code of Conduct is one of the tools used to regulate all substantial ESG topics at supplier level and is an essential part of concluding a business contract with Škoda Group.

Corruption and bribery

Škoda Group has a zero-tolerance policy towards corruption and bribery in all forms and manifestations. Employees and persons acting on behalf of and/or in the name of Škoda Group are prohibited from offering or accepting any illegal payments or benefits from any public or private entity.

Škoda Group is prohibited from financing political parties and candidates for political office. Škoda Group has no objection to the personal involvement of Employees in the political life of society. However, employees must use their own resources and must not allow their personal activities to conflict with their duties at Škoda Group. It must be clear that an employee is engaging in political activities in their own name and on their own behalf and that these activities relate to their personal beliefs.

To help reduce the risk of potential corruption, Škoda Group implements and maintains compliance control mechanisms aimed at preventing and detecting corruption and bribery.

	FY23	FY24
Number of convictions of breach of anti-corruption and anti-bribery laws	0	0
Standard payment terms in number of days	30, 60, 90*	30, 60, 90*
Number of proceedings currently outstanding for late payments.	0	0

**based on supplier category and contract terms*

E.2 ESG Management System and Policies

Škoda Group recognises the importance of ESG principles and aims to integrate them into its business strategy, processes, reporting and decision-making. This will make Škoda Group more resilient in the future, enhance its positive impact on stakeholders (e.g. shareholders, customers, banks and employees) and help it contribute to sustainable development. Integrating ESG principles enables Škoda Group to properly monitor and report on sustainability procedures and metrics, make strategic decisions and transpose international standards and applicable regulations.

Škoda Group is working on establishing a comprehensive ESG management system. This system will gradually integrate sustainability into our business strategy, governance structures and daily operations. It will cover the full scope of our activities (including subsidiaries and relevant parts of our value chain) and ensure that we identify and manage sustainability impacts and risks with the same rigour as financial matters.

Škoda Group's ESG Policy outlines our commitment to responsible business practices in relation to environmental, social and governance issues. The policy applies group-wide, encompassing all divisions and geographies, and extends to our supply chain where feasible.

Accountability for ESG starts at the top. The Board of Directors has ultimate oversight of sustainability strategy and performance, with regular reviews of ESG risks and progress. The CFO formally sponsors and endorses the ESG Policy, ensuring its integration into corporate strategy and culture. We have appointed an ESG Director (along with a supporting ESG team) who is responsible for the day-to-day coordination of sustainability programmes, gathering data, and implementing ESG regulatory obligations.

ESG Policies

- Policy on Sustainability and Non-Financial Reporting Principles (ESG Policy)
- Energy Policy of Škoda Group
- Group Quality, Product Safety, EMS and OHS Policy
- Data Protection and Cyber Security Policy
- Code of Conduct
- Suppliers Code of Conduct

E.3 Risk Management Process

Risk Management Framework

Škoda Group is continuously working to establish more dedicated risk management function to promote a strong risk-aware culture at enterprise and project levels.
The enterprise risk management (ERM) process will follow group-wide principles and be structured to identify, evaluate, prioritise, address, monitor and report on risks that could affect the achievement of business goals.

Enterprise Risk Management Process

- **Risk Identification:** Recognizing potential events with both positive and negative impacts.
- **Risk Assessment:** Analysing risks based on their likelihood and potential impact.
- **Risk Prioritization:** Ranking risks using a heat map to determine significance.
- **Risk Treatment:** Defining and implementing mitigation or response plans.
- **Monitoring:** Tracking the status of risks and related actions.
- **Reporting:** Regular updates on ERM activities and outcomes to group management.

The ERM approach also considers interconnected financial and non-financial risks through a comprehensive network-based perspective. It is closely integrated with other core business processes, including:

- **Strategic Planning:** Incorporating risk and opportunity assessments.
- **Investments and M&A:** Involving the risk function in decision-making.
- **Project Management:** Conducting in-depth analysis of project-specific risks.

Within our risk management system, we work with following categories:

- **Strategic Risks:** External changes that could influence strategic objectives.
- **Operational Risks:** Internal or external factors affecting day-to-day operations.
- **Financial Risks:** Issues related to financial stability and liquidity.
- **Compliance Risks:** Legal, regulatory, and policy-related risks, including health, safety, environmental, and labour standards.

The Risk Management function works closely with the ESG team, incorporating ESG-related risks into the overall risk universe.

Incorporation of ESG Risks and Opportunities

ESG has introduced a new perspective on corporate risk management. By identifying new risks and opportunities, we are preparing to restructure our approach by gradually integrating various levels of business operations into the comprehensive process.

As CSRD reporting has been postponed for the companies within Škoda Group, we will use this time to carry out a thorough analysis and improve the alignment of ESG issues (ESRS, EU Taxonomy etc.) within Škoda Group's internal processes.

Chapter

F

Voluntary Disclosure on EU Taxonomy

F.1 EU Taxonomy Principles

F.2 Eligible Activities

Chapter F

Voluntary Disclosure on EU Taxonomy

F.1 EU Taxonomy Principles

The EU Taxonomy, introduced by Regulation (EU) 852/2020 and in force since 1 January 2022, is a classification system that helps to identify environmentally sustainable economic activities.

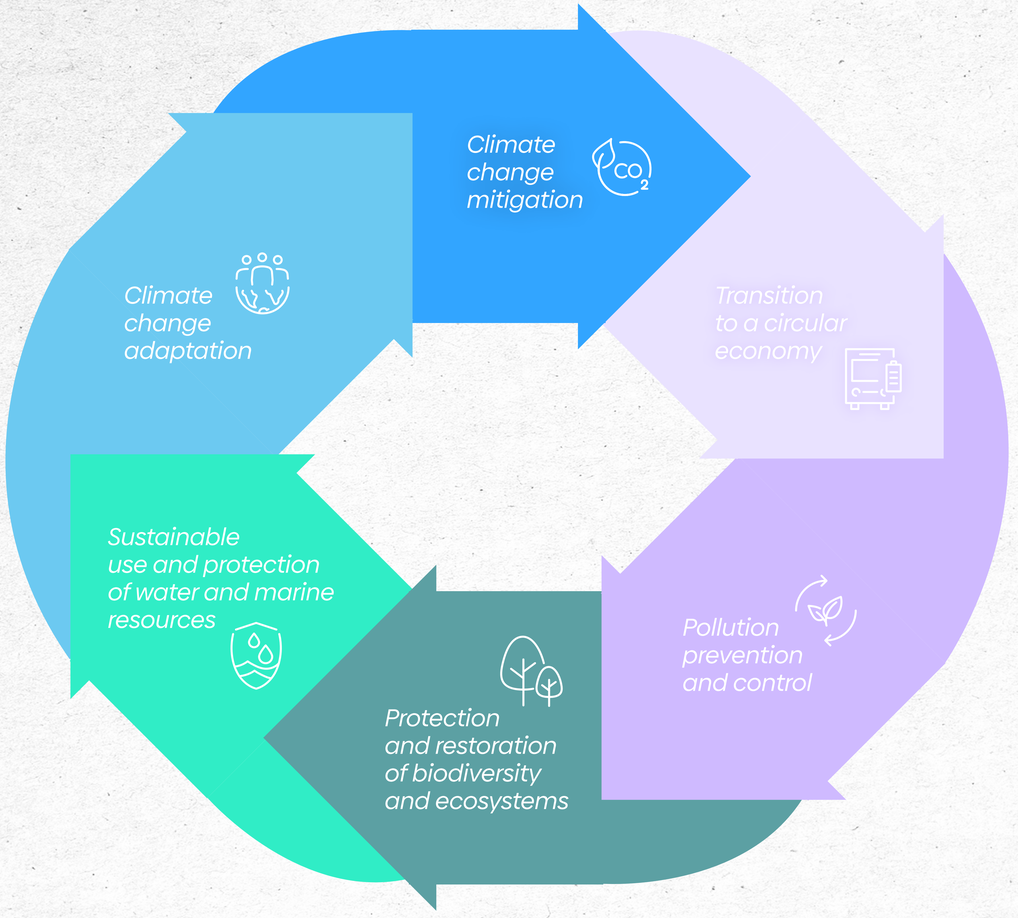
Its purpose is to ensure the reliability, consistency and comparability of such activities among individual businesses, thereby protecting private investors from greenwashing, supporting companies in their transition towards sustainability and filling the sustainable investment gap.

The EU Taxonomy establishes six environmental areas for identifying sustainable economic activities.

A list of relevant economic activities has been established for each environmental objective. If a business activity complies with the description of an economic activity, it is considered EU Taxonomy-eligible.

For an activity to be considered sustainable, it must make a substantial contribution to at least one of the environmental objectives without causing significant harm to any of the others. There is a set of rules for both criteria, known as the Technical Screening Criteria (TSC). Additionally, the company must adhere to the Minimum Social Safeguards (MSS), which determine specific requirements relating to social and governance principles.

Environmental Objectives



These rules and principles are set out in the Delegated Act on climate change (regarding the first two Taxonomy objectives: climate change mitigation and climate change adaptation) and in the new Environmental Delegated Act (with regard to the remaining four objectives).

F.2 Eligible activities

Although we are not yet subject to the regulation, Škoda Group completed the first stage of identifying the eligibility of our activities under the EU Taxonomy in 2024, regardless of whether they met any of the technical screening criteria established by the respective regulations.

A thorough examination of Škoda Group's activities, involving different internal departments from all companies and considering all the activities currently included in the EU Taxonomy, has been conducted as part of the actual eligibility analysis.

We have identified the following business activities as EU Taxonomy-eligible:

Core Business Activities

Code	Activity Name
1.2. (CE)	Manufacture of electrical and electronic equipment
3.3. (CCM)	Manufacture of low carbon technologies for transport
4.1. (CCM)	Electricity generation using solar photovoltaic technology
4.1. (CE)	Provision of IT/OT data-driven solutions
5.4. (CE)	Sale of second-hand goods
5.5. (CE)	Product-as-a-service and other circular use- and result-oriented service models
8.1. (CCA)	Data processing, hosting and related activities
8.2. (CCA)	Computer programming, consultancy and related activities

Secondary Business Activities

Code	Activity Name
1.1. (CCM)	Afforestation
1.3. (CCM)	Forest management
2.4. (PPC)	Remediation of contaminated sites and areas
6.5. (CCM)	Transport by motorbikes, passenger cars and light commercial vehicles
7.2. (CCM)	Renovation of existing buildings
7.3. (CCM)	Installation, maintenance and repair of energy efficiency equipment
7.4. (CCM)	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
7.5. (CCM)	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
7.7. (CCM)	Acquisition and ownership of buildings

Business activities eligible for the EU Taxonomy are primarily associated with the EU's environmental objectives of Climate Change Mitigation (CCM), Climate Change Adaptation (CCA) and Transition to a Circular Economy (CE). Secondary businesses, i.e. activities carried out by Škoda Group companies as part of their operations (predominantly connected with the ownership and maintenance of buildings) and mainly generating CapEx and/or OpEx, are associated with Climate Change Mitigation (CCM) and Pollution Prevention and Control (PPC) objectives.

Thanks to the nature of our business, we can see that Škoda Group's main core economic activity – **Manufacture of low-carbon technologies for transport** (CCM 3.3) – contributes substantially to climate change mitigation and transition to a circular economy and is clearly an EU Taxonomy-eligible activity with a very high probability of becoming EU Taxonomy-aligned too.

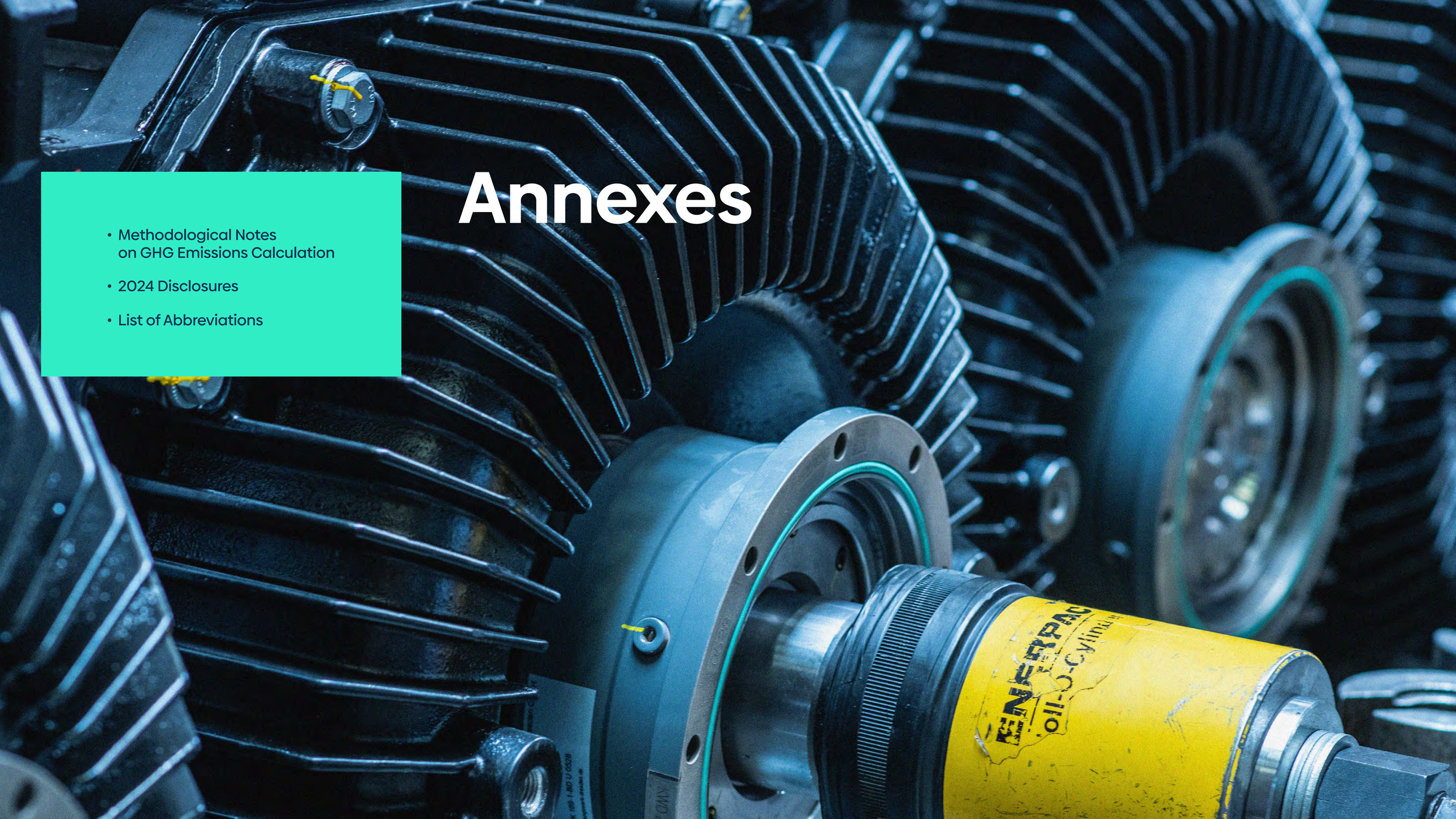
The activity includes all Škoda Group companies' operations directly related to the design, development, manufacture, equipping, servicing, maintenance, or upgrading of trams, trains, trolleybuses, buses and metros, in particular:

- Complete manufacture and assembly of trains, trams and metro cars, including bodywork, interior fittings, drive systems, electrical equipment, air conditioning and heating technology, and related activities such as development and design, sandblasting, welding, bonding, painting and waterproofing.
- Sale and production of spare parts.
- Vehicle servicing.
- Repairs of vehicles after accidents and historic vehicles, full-service repairs and maintenance of vehicles.
- Production of electrical equipment for transport, development of controllers, sale of spare parts for traction and static converters, repair and refurbishment of electrical equipment.
- Complete production/assembly of control systems for trains, trams, and subways, including related activities such as development and design, automatic depots, assistance with installation and setup/commissioning/certification, warranty and post-warranty service, development and installation of software solutions for subway, train, and tram control units, hardware components for control systems.
- Development of software focused on vehicle operation optimization and safety.
- Retrofitting of trolleybuses/buses with complete electrical equipment and batteries.
- AI-based solutions services for camera streams, meeting the demands of passengers and city authorities.

Some of our companies specialise in generating electricity from photovoltaic technology. Our IT companies provide data-driven IT/OT solutions, as well as data processing, hosting, and other eligible IT-related activities. The production of electrical and electronic equipment for other companies outside Škoda Group is also part of our activities.

Annexes

- Methodological Notes on GHG Emissions Calculation
- 2024 Disclosures
- List of Abbreviations



Methodological Notes on GHG Emissions Calculation

Software Carbon+Alt+Delete (C+A+D)
The carbon footprint calculation was processed in the certified software Carbon+Alt+Delete (C+A+D). This software ensures compliance with the GHG Protocol and ISO 14064-1.

Scope 1 a Scope 2
The calculation of Scope 1 and 2 follows GHG Protocol. Where an entity did not have information on direct consumption, it estimated from financial amounts, or from last year's consumption (in the case of electricity, heat and heating fuel consumption). In some cases where entities provided only financial amounts, the spend-based method and the Exiobase database were used for the calculation. In the case of fugitive emissions, non-Kyoto refrigerants have been included, and emissions are assessed separately, in particular R600A and R1234yf. In the case of process emissions, if the entity has reported welding gases, a combustion equation with 100% conversion to CO_2 (e.g. in case of acetylene) is assumed.

Emission factors are chosen for European countries from AIB 2023 and for others IEA 2023 provisional emission factors from IEA 2024.

Scope 3, category 1: Purchase of goods and services, and category 2: Capital goods
In 2024, Category 1 in C+A+D is divided into two subcategories: Purchased Goods and Purchased Services. For 'Goods by mass', DEFRA database, and in some cases ECOINVENT database (especially for chemical substances) are used in 2024. In 2023 ADEME database was used to calculate emissions from water consumption, but this database is generally discontinued, and not up to date.

The source of material in Goods by mass (and of the emission factor's detail from the DEFRA database) was chosen according to the following principle:

- If the item has a recycled share of more than 50%, then the "Closed-loop source" emission factor is selected from the DEFRA database
- If the item has a recycled share below 50%, then the emission factor "Primary material production" is selected from the DEFRA database.

When calculating emissions from purchased water, it is assumed that 1 t of water equals to 1 m^3 of water.
The percentage of recycled content was estimated based on the main material of the individual item using Ecoinvent.

When calculating "**Goods by value** or **Services by value** or **Capital Goods by value**" the emission factor is selected from the Exiobase database according to the following principle:

- if the Exiobase emission factor by country is present in the Exiobase database, then the EnviTrail consultant will use it
- if the Exiobase emission factor by country is not present in the Exiobase database, it is necessary to use a regional emission factor, and therefore:

Country	Emission factor location
African countries	RoW Africa
North or South America countries	RoW America
Asian and Pacific countries	RoW Asia and Pacific
European countries	RoW Europe
Middle East countries	RoW Middle East

Due to the complexity of certain purchased items, for which it is not possible to clearly specify an emission factor from the DEFRA database, an approach based on selecting a representative material/component was chosen as follows:

- If the item contains electrical components, it is treated as Electrical items – the DEFRA database distinguishes three emission factors (small/large/fridges and freezers). Where possible the emission factor is assigned according to the definition. In cases where it is not possible to determine the type of item, the threshold of 100 t was applied. This usually involves a sum of a large number of small items.
- For items containing only plastic and metal, the emission factor for metal is used.
- For chemical substances, the emission factor from the Ecoinvent database is applied.
- For some Purchased goods for a tram production (particularly for the entity SKT_TRO), emission factors from the ECOINVENT database were used (as they were applied in the product carbon footprint calculation).

Scope 3, category 4: Upstream transport and category 9: Downstream transport
For the Upstream transport and Downstream transport categories, the GHG Protocol methodology was followed. The methodology is the same for both categories.

The values by emissions, by distance and by value enter the calculation. Inputs by emissions were counted without further adjustments. All distance inputs would be adjusted to t*km or t*mile by multiplying the values of distance, weight and number of transports.

Scope 3, category 5: Waste
For the category of waste, the GHG Protocol was followed. There is a change in the methodology from 2023.

The DEFRA database was used in 2024, as ADEME is generally discontinued and not up to date anymore. ADEME database also does not work with the Polluter pays principle (PPP) – cutoff.

If "reuse" secondary treatment was identified but no corresponding emission factor existed in DEFRA for the relevant waste category, the waste was classified as "open cycle," "closed cycle," or "anaerobic digestion." The rationale for this approach is that, according to the "polluter pays" principle, the emission factors for open-loop recycling, closed-loop recycling, or anaerobic digestion only account for transportation to the treatment facility. By analogy, the emission factor for reuse should reflect an equivalent impact, since it is highly improbable that reuse takes place directly on site.

If certain entities (such as subtenants or small businesses) were unable to provide data on the amount of waste they generated, this amount was estimated. The estimation process involved identifying the nature of their business activities and operations. For manufacturing companies, the estimate was derived from Eurostat data based on the relevant NACE code. For predominantly office-based companies, the estimate relied on British Standard 5906:2005 and the expertise of Envitrail consultants, who assessed the waste types and assigned them to the appropriate waste management method.

Scope 3, category 6: Business trips
Business trips are calculated using three possible methods: by emissions, by distance and by destination. An adjustment has been made in the business journeys for train travel due to the difference in UK national rail and international rail emission factors. Where the international rail assignment remained in domestic journeys, an adjustment was made to UK national rail. Although this is a UK national service, the emission factor is closer to reality as opposed to international rail.

Where DEFRA did not have an emission factor for hotel stays then the following table of alternatives was as followed:

Country	Alternative with an emission factor in DEFRA
Serbia, Kosovo	Romania
Sweden, Estonia	Finland
Denmark	Germany (northern region)
Slovenia	Italy
Hungary	Slovak Republic
Croatia	Italy
Mauritius	Maldives
Cyprus	Turkey
Luxembourg	Belgium
Bulgaria, Moldova	Romania
Latvia, Lithuania, Ukraine	Poland
Kazakhstan, Uzbekistan, Kyrgyzstan	Russian Federation
Afghanistan	India
Montenegro	Greece
Bahrain	Qatar
Azerbaijan, Armenia, Georgia	Russian Federation
Tanzania	South Africa
Malta	Italy

Scope 3, category 7: Commuting
The GHG Protocol is followed for the employee commuting category. The data were collected based on a staff questionnaire survey at most entities. Where the questionnaire was not available the emission factors stated by the Czech statistic authority was used and calculation based on working days and number of employees.

The questionnaires were evaluated by the consultant Envitrail and the DEFRA database was again used for the calculation.

Scope 3, category 8: Upstream leasing and category 13: Downstream leasing
If there are some energies in Upstream leases, the same calculation method is used for electricity and heat as for Scope 1&2. The location-based approach is used within the GHG Protocol minimum boundaries. If the estimation methodology does not have direct consumption available, energy per m^2 was calculated according to PCAF.

Scope 3, category 11: Use of Sold Products
Emissions in this category occur from significant energy and fuels consumption during the use phase of the company's products. The category therefore includes electrical energy, thermal energy, fugitive emissions, fuels. Where a set of countries was listed towards one value, a conservative approach and therefore the worst energy mix of the countries from the group was selected.

Scope 3, category 12: End of Life of Products
For the category of the company's products disposal, the GHG Protocol is strictly followed. The calculation methodology for this category is the same as for 3.5 (Waste). The only difference is the type of the data collected (waste compared to sold products). There is also a methodological change compared to the year 2023. Emission factors from the DEFRA database were used for 2024.

Products were represented by the major material category and their expected end of life treatment.

If the option "**re-use**" as a detail of waste processing was chosen, DEFRA database does not contain this category of waste. Therefore, the values were marked as an "open-loop", "closed-loop" or "anaerobic digestion" category. Due to the polluter-pays-principle, the emission factors of open-looped, closed-loop or anaerobic digestion still include only the path to the place of processing. The re-use emission factor should therefore be equally high (if it does not occur to very improbable reuse on the spot).

Scope 3, category 15: Investments
The procedure for calculating the Investments category is fully compliant with the GHG Protocol. The data were collected based on fuel or energy consumption, as collection of the total carbon footprint of the invested company for Scope 1&2 emissions.

2024 Disclosures

Energy consumption (MWh)	
Total energy consumption from fossil sources	88,610
Total energy consumption from nuclear sources	12,411
Total energy consumption from renewable sources	10,582
Total energy consumption related to own operations	**111,603**
Share of renewable energy consumption	9%
Energy consumption intensity on production hours	21,115

Energy production (MWh)	
Non-renewable energy production from non-renewable energy source	0
Renewable energy production from renewable source	1,673
Total	**1,673**

GHG emissions (t CO_2e)	
Scope 1 emissions	8,338
Scope 2 emissions (market-based)	25,542
Scope 3 – Upstream	267,664
Scope 3 – Downstream	3,542,145
Total GHG emissions	**3,843,689**
Carbon emissions intensity on revenues	3.42

Emissions of pollutants (t)	
Nitrogen oxides	2.1
Non-methane VOCs	75.5
Substances of very high concern – used in operations	6.3

Water (m^3)	
Total water consumption within the production	**30,011**
Total water consumption in areas at water risk, including areas of high-water stress	0
Total water recycled and reused	47
Total water stored	0
Changes in water storage	0

Waste (t)	
The total amount of waste generated	**133,293**

Amount by weight directed to disposal by waste treatment type (t)	
Hazardous waste diverted from disposal TOTAL	**306**
Hazardous waste diverted from disposal due to preparation for reuse	0
Hazardous waste diverted from disposal – recycling	306
Hazardous waste diverted from disposal – other recovery operations	0
Non-hazardous waste diverted from disposal TOTAL	**127,933**
Non-hazardous waste diverted from disposal – preparation for reuse	0
Non-hazardous waste diverted from disposal – recycling	127,921
Non-hazardous waste diverted from disposal – other recovery operations	12
Hazardous waste directed to disposal TOTAL	**545**
Hazardous waste – incineration	541
Hazardous waste – landfill	4
Hazardous waste – other disposal operations	0
Non-hazardous waste directed to disposal TOTAL	**4,510**
Non-hazardous waste – incineration	3,118
Non-hazardous waste – landfill	1,392
Non-hazardous waste – other disposal operations	0

Composition of waste (t)	
Total amount of mixed waste	4,473
The total amount of plastic waste	314
The total amount of paper waste	373
The total amount of glass waste	21
The total amount of metals waste	4,587
The total amount of food waste	23
The total amount of electronic waste	23
The total amount of textile waste	3
The total amount of biomass waste	2
The total amount of non-metallic minerals	35
The total amount of wastewater	120,969
Others	6,943

Waste – selected indicators	
Waste intensity on production hours	25,218
Share of recycled waste	**96.2%**
Non-hazardous waste	99.4%
Hazardous waste	0.6%
Radioactive waste	0%

Own workforce (FTE)	
Number of employees	**7,583**
Female employees	**1,595**
Male employees	**5,988**
Number of employees under 29Y	1,326
Number of employees 30-49Y	4,008
Number of employees over 50Y	2,400
Permanent female employees	1,219
Permanent male employees	4,893
Temporary female employees	375
Temporary male employees	1,093
Mandatory and Statutory training hours	57,920.36
Career and Skills Development training hours	52,823.96
Number of reported Incidents of discrimination, including harassment	7
Employees with disabilities	130
Employees with disabilities rate	1.71

Occupational Health and Safety	
The percentage of own employees who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines.	100%
The number of recordable work-related accidents of own employees.	157
Of which fatalities as a result of work-related injury	0
The number of recordable work-related accidents of non-employees.	4
Of which fatalities as a result of work-related injury	0
The number of cases of recordable work-related ill health (subject to legal restrictions on the collection of data) of own employees.	4
Of which fatalities as a result of work-related ill health	0
The number of cases of recordable work-related ill health (subject to legal restrictions on the collection of data) of own non-employees.	0
Of which fatalities as a result of work-related ill health	0
Lost Time Incident Rate	9.3
Severity Rate	24.7

Business ethics, regulatory compliance and transparency	
Business ethics, regulatory compliance and transparency	0
Number of convictions of breach of anti-corruption and anti-bribery laws	30, 60 and 90 days
Number of proceedings currently outstanding for late payments	0

List of Abbreviations

AIB	Association of Issuing Bodies
ADEME	The French Agency for Ecological Transition
ATO	Automatic Train Operation
BEMU	battery electric multiple units
CO_2e	carbon dioxide equivalent
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DEFRA	Department for Environment, Food and Rural Affairs
DMA	double materiality assessment
EEA	European Environment Agency
EHS	Environment, health and safety
EMU	electric multiple unit
EMS	Environmental Management System
EnMS	Energy Management System
EN	Euronorm
EPD	Environmental product declaration
ESG	Environmental, Social, Governance
ESRS	European Sustainability Reporting Standards
ETCS	European Train Control System
EU	European Union
FC	football club
FTE	full-time equivalent
FY	Fiscal year
GHG	greenhouse gas
GRI	Global Reporting Initiative
GWP100	Global Warming Potential over 100 years
HC	hockey club
HR	Human Resources
HVAC	heating, ventilation, air conditioning
IPCC	The Intergovernmental Panel on Climate Change
IROs	impacts, risks, and opportunities
ISO	International Organization for Standardization
LCA	lifecycle assessment
MSCI	Morgan Stanley Capital International World Index
OHS	Occupational Health and Safety
pkm	passenger kilometre
PMDP	Pilsen City Transport Company
R&D	research and development
SDGs	Sustainable Development Goals
S&P	Standard & Poor
SASB	Sustainability Accounting Standards Board
St.	Saint
UN	United Nations
VC	Value chain