BEYOND FOSSIL FUELS

re→set

BEHIND THE MASK:
INVESTIGATING EPH'S COAL EXIT CLAIMS

ACKNOWLEDGEMENTS

This report was written by Radek Kubala of Re-Set, with additional contributions by Brigitte Alarcon (Beyond Fossil Fuels).

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For more information, contact:
Radek Kubala: radek.kubala@re-set.cz
Brigitte Alarcon: brigitte.alarcon@bff.earth

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Design: Andrea Kavanagh
Copyeditor: Maddy Ryle

About Beyond Fossil Fuels

Beyond Fossil Fuels (BFF) is a collective civil society campaign committed to ensuring all of Europe's electricity is generated from fossil-free, renewable energy by 2035. It expands and builds upon the Europe Beyond Coal campaign, and its goal of a coal-free Europe in power and heat by 2030 at the latest. www.beyondfossilfuels.org

About Re-set: Platform for Socio-Ecological Transformation

Re-set: Platform for Socio-Ecological Transformation is an organisation that supports efforts (through research, education, and organising) aimed at building a new economic model based on cooperation instead of competition, care instead of exploitation, and democratic forms of ownership. We support grassroots movements and initiatives striving for diverse improvements in all areas of life. We help people organise and collectively seek and advocate for pathways to a good life for all. www.re-set.cz

About FIND

FIND is a non-profit that investigates the financial dimensions of human rights abuses, international crimes, and environmental harm. By documenting and understanding the financial dimension, FIND unlocks accountability for those who profit from destructive commercial activities. We fight to protect our planet by shifting incentives and behaviour, advancing regulation, enhancing transparency and non-financial reporting, and holding companies and financial institutions legally accountable. www.fi-nd.org

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EXECUTIVE SUMMARY

This report is based on an investigation carried out by researchers at FIND (fi-nd.org) and commissioned by Beyond Fossil Fuels. It looks at the relationship between the sister companies EPH and EP Energy Transition (EPETr), both of which are owned by Czech billionaire Daniel Křetínský. EPH was established in 2009 and has since become a key player in the European energy market, with holdings across Europe. The research was commissioned due to concerns over the companies' restructuring being used to mask continued investment in coal while presenting a "cleaner" energy profile to investors and policy makers.

EPH AND EPETr: NOT A CLEAN BREAK

In a bid to reassure concerned financiers about its decarbonisation plans, EPH has been making promises that it is moving away from coal. The company claims it will be "almost coal free by 2025" and "fully coal-free by 2030". Rather than closing its coal operations, since 2021 EPH's coal assets have been in the process of being moved over to a newly created subsidiary: EP Energy Transition (EPETr).

EPH and EPETr are presented as two very distinct entities[1]. This separation reduces EPH's exposure to coal, with that exposure due to decrease even further over time as the company actively pursues its energy transition.

Our investigation suggests that this separation is largely superficial, and seemingly designed to greenwash EPH's continued involvement in coal and fossil fuel exploitation.

Despite the formal transfer of EPH coal assets to EPETr, both companies maintain extensive managerial and operational ties, with EPETr functioning more as a corporate façade than a truly independent entity focused on a green energy transition. Key findings indicate that while EPETr will hold EPH's coal assets (such as the German coal company LEAG), EPETr remains very much within the fold of EPH. This restructuring approach enables EPH to present itself as soon to be coal-free—while benefiting from its sister company's coal revenue streams and obscuring its true emissions profile from investors and regulators.

THE TIES BETWEEN THE TWO COMPANIES

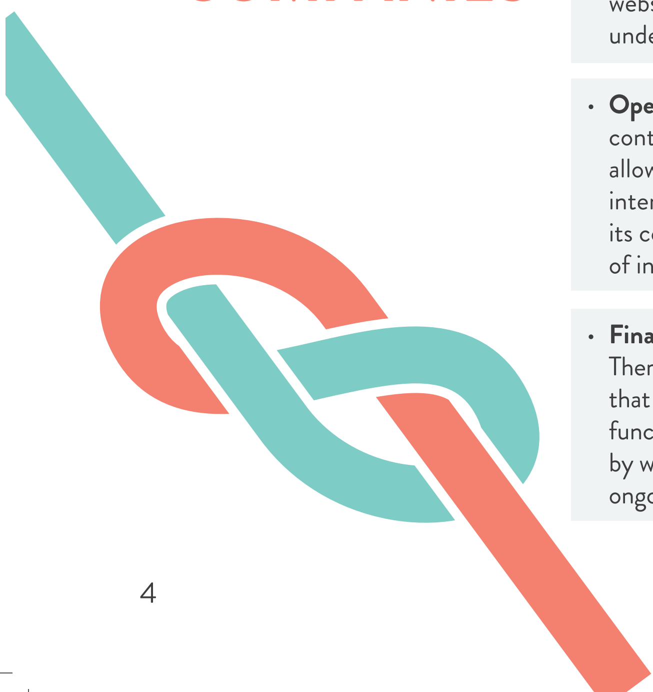
Beyond common ownership, EPH and EPETr maintain extensive ties. Notably:

- **Personnel overlaps:** Senior figures in EPETr and LEAG also hold positions at EPH, highlighting EPH's involvement in EPETr's governance and strategy. These personnel connections indicate that EPETr's leadership is neither isolated nor totally independent from EPH.

- **Shared infrastructure:** EPETr's communications infrastructure—including websites, contact numbers, and digital assets—remain under EPH's control, underscoring a practical and operational unity between the two entities.

- **Operational dependencies:** Subsidiaries of EPH, such as EP Commodities, continue to manage carbon trading and logistical operations on behalf of EPETr, allowing EPH to maintain critical control over coal-related activities. These inter-company agreements highlight that EPH has not completely divested from its coal interests but appears to have merely restructured them to create a façade of independence.

- **Financial dependencies:** The flow of finance also persists between EPH and EPETr. There is a professional services agreement, dated February 2023, which suggests that EPETr cooperates with EPH on its essential operational and/or strategic functions. Another significant aspect of the ongoing operational and financial links by which EPH continues to take part in and benefit from coal production is via its ongoing close connections with LEAG (now housed under EPETr).



A WARNING AND AN OPPORTUNITY FOR FINANCIAL INSTITUTIONS

The service agreements and asset guarantees between EPH and EPETr unmasked by our investigation, along with shared personnel and infrastructure, suggest that EPH has not truly divested from coal but rather shifted its assets into a separate entity that offers an illusion of separation. This suggests that there is a significant possibility that any cooperation with EPH—whether providing financial services or investing into the company—may not be entirely distinct from cooperation with the coal-focused EPETr.

In light of these findings, we urge financial institutions to scrutinise EPH's practices that appear to mask the fact that the company still has business to do with coal. This, combined with EPH posing a significant risk to Europe's decarbonisation goals through its aggressive expansion into fossil gas, should provide sufficient motive for financial institutions to reconsider their financial support for the power utility.

We urge financial institutions to recognise EPH's practices as masking the fact that the company still has business to do with coal.

Financial institutions must ensure they close all loopholes in their coal investment policies to prevent financing coal developers and companies that have no public exit date from the sector, or whose emissions reduction strategies are not aligned with climate science. This would hold EPH accountable for its environmental impact and set a standard against corporate greenwashing in the energy sector.

Financiers will have ample opportunity to do so in 2025, as two major loans[2] provided to EPH will mature on May 20 and June 23. In our view, the logical course of action would be for banks not to refinance these loans.

Financial institutions and investors will face a significant decision about whether or not to continue supporting a company whose lack of ambition and transparency threatens to undermine Europe's transition to a renewables-based power system by 2035.

Similarly, in February, March, April, and August of 2025, bonds[3] issued by EPH in the past—bonds that banks helped underwrite—will reach maturity. This year could become a critical juncture for the company, as it will require new financing to sustain its operations and investments. Financial institutions and investors will face a significant decision about whether or not to continue supporting a company whose lack of ambition and transparency threatens to undermine Europe's transition to a renewables-based power system by 2035. Possible new issuances to replace these bonds and loans soon to reach maturity presents an opportunity for banks and investors to demand stronger climate action and accountability, using the leverage of financing to push EPH toward a more transparent and sustainable business model.

Europe's power sector needs to be free from coal by 2030 and from fossil gas by 2035. These are necessary milestones towards limiting global warming to 1.5°C. Overall, EPH's so-called transition strategy is largely based on a refusal to let go of its coal assets and press ahead with the development of fossil gas power plants[4]—both incompatible with this ambition. We therefore urge banks to do the right thing and ask EPH and its sister company to come clean and step away from coal and fossil gas now.

INTRODUCTION

Energetický a průmyslový holding (EPH) is headquartered in Czechia. Its large coal[5] and fossil gas assets, as well as fossil gas power development plans, pose a significant hurdle to Europe becoming coal-free by 2030, and to it achieving a fossil-free, renewables-based power sector by 2035. EPH is a privately held utility, majority-owned by Czech magnate Daniel Křetínský. Part of the EP Group conglomerate and present in 10 European countries, EPH was the third largest greenhouse gas (GHG) emitter in Europe in 2022, emitting 69 Mt CO2e.[6]

EPH describes itself as "a leading European multi-utility company". It is also positioning itself as "a leading player in Europe's transition to a net-zero future", claiming that it has "a clear coal exit plan". According to EPH's 2023 sustainability report, "EPH will be free from almost all of its current coal assets and completely free from coal mining activities by 2025. Coal as a power generation source will be fully abandoned by 2030."

The EP Energy Transition group (EPETr) is a sister company to EPH. First established in 2021, it was set up to absorb most of EPH's coal-intensive assets (such as the coal companies LEAG and MIBRAG), with a view to facilitating what EPH describes as its commitment to the efficient "transformation" of coal-producing regions. On its website EPETr says it "will focus on the development of renewable energy projects, with an estimated total installed capacity of 7+ GW" by 2030.

EPETr and EPH are presented as two distinct companies, with EPETr being described on the EPH website as a "separate entity outside of EPH Group".[7] While the structure of the two companies is lawful, it is a separation apparently intended to reduce EPH's own exposure to coal-related investments at a time when coal is largely being defunded across Europe, and when the reputational risks incurred by remaining involved in the sector are high in the aftermath of the UN Paris Agreement. EPH's exposure to coal is due to decrease even further over time as the company actively pursues its energy transition.

Beyond Fossil Fuels questions the idea that EPH and EPETr are functioning as fully separate entities, and that EPH's own business dealings are unconnected to the coal-based operations of EPETr.

As such, BFF engaged the nonprofit consultancy FIND to conduct research into the relationship between both companies.

The findings of this investigation are summarised in this briefing. It is intended as a useful resource for financial institutions who may act under the presumption that EPH is on track towards decarbonisation and moving definitively away from coal.

EPH & EP ENERGY TRANSITION: AN ILLUSION OF SEPARATION

COMPANY PROFILES

About EP Group

EP Group (EPCG) is the parent company of both EPH and EPETr. Founded and led by Czech billionaire Daniel Křetínský, EPCG is a conglomerate with a wide and diverse portfolio that includes significant holdings in energy sectors across Central and Western Europe. EPCG owns an extensive amount of gas infrastructure, including 10,4 GW of gas power plants, gas storage facilities and pipelines in Italy, the United Kingdom, Ireland, Germany, Slovakia and the Netherlands.
EPCG recently entered the European steel sector by acquiring a 20% stake in thyssenkrupp Steel.[8]

About EPH

Headquartered in Czechia, EPH (Energetický a průmyslový holding) operates coal and gas power plants in 10 European countries, including Germany, the UK, Italy and France. EPH is a joint stock company, with its registered office at Pařížská 130/26, 110 00 Praha 1, Czech Republic. The company was founded in August 2009. EPH's main activities are corporate investments in energy infrastructure and power generation; the Group also has logistics operations. The company shareholders as at June 30 2024 are EP Group AS and J&T ENERGY HOLDING AS.[9]

About EP Energy Transition, LEAG and MIBRAG

EP Energy Transition AS (EPETr) was first incorporated in April 2021 and is a sister company of EPH and a subsidiary of EPCG. The new entity was created to take over EPH and EPCG's coal assets and is portrayed as a "transition-focused" company that will manage remaining coal interests responsibly and prepare for a green transformation. EPETr's main operations consist of lignite mining and coal-fired power generation through German coal company LEAG, which was moved from EPH under EPETr at the end of 2023. LEAG's lignite coal mines will be among the last still operating in Germany. The transfer to EPETr of a second German coal company, MIBRAG, is planned for 2025.[10] MIBRAG plans to mine coal until 2035[11], alongside small renewable operations. LEAG and MIBRAG's operations are not aligned with the need to phase out coal in Europe by 2030.

EPH: Opportunism not Decarbonisation

EPH was built up through a strategy based on acquiring ageing coal assets slated for closure, ramping up their operations, and then cashing-in on government compensation schemes intended to convince utilities to close their coal plants. EPH has then used this money to expand its gas infrastructure, further undermining attempts to decarbonise Europe's energy systems. In 2022, EPH was the third largest greenhouse gas (GHG) emitter in the EU's Emissions Trading System, emitting 69 Mt CO2e.[12] With its large fossil gas development plans, it is one of the main drivers of coal to gas transformation in Europe.[13]

The company has been criticised for its creative GHG accounting[14], as well as for its lack of a credible transition plan—amongst other things, EPH lacks a GHG emission reduction strategy that responds to a science-based 1.5°C scenario.[15] Of note: according to an analysis by the Anthropocene Fixed Income Institute, EPH has previously used funds intended for the gas part of its business to cover gaps in its coal operations.[16] Through its then subsidiary LEAG, EPH has long sought to delay the coal phase-out in Germany.[17] EPH's claims that it is supporting Europe's energy transition are not supported by its CAPEX. As per its 2023 sustainability report, the vast majority of EPH's CAPEX was allocated to fossil fuels activities, with only 11.3% of its CAPEX allocated to sustainable power solutions (2.2% for solar, 1.6% for wind, 7% for transmission and distribution of electricity and 0.5% for storage).[18]

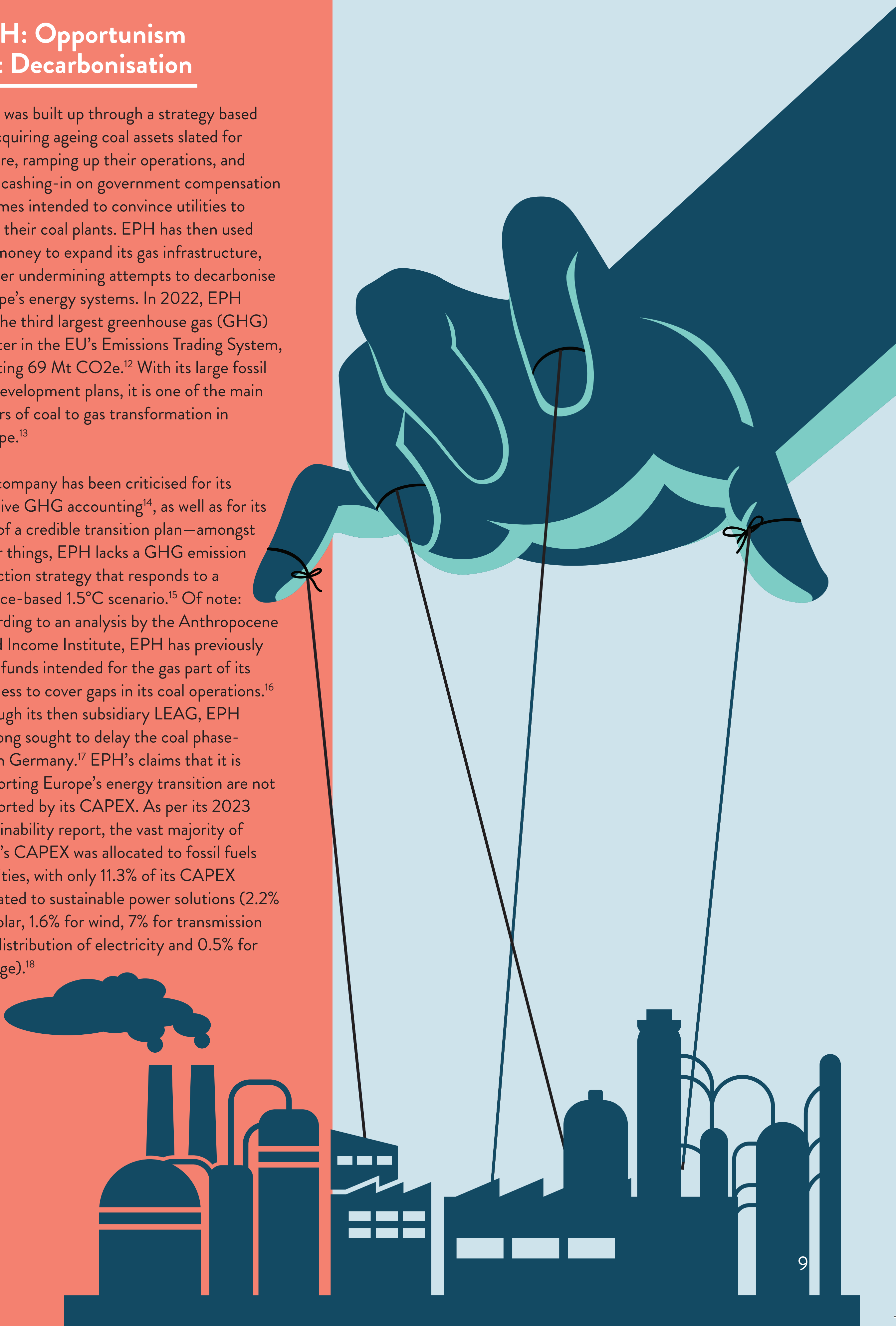
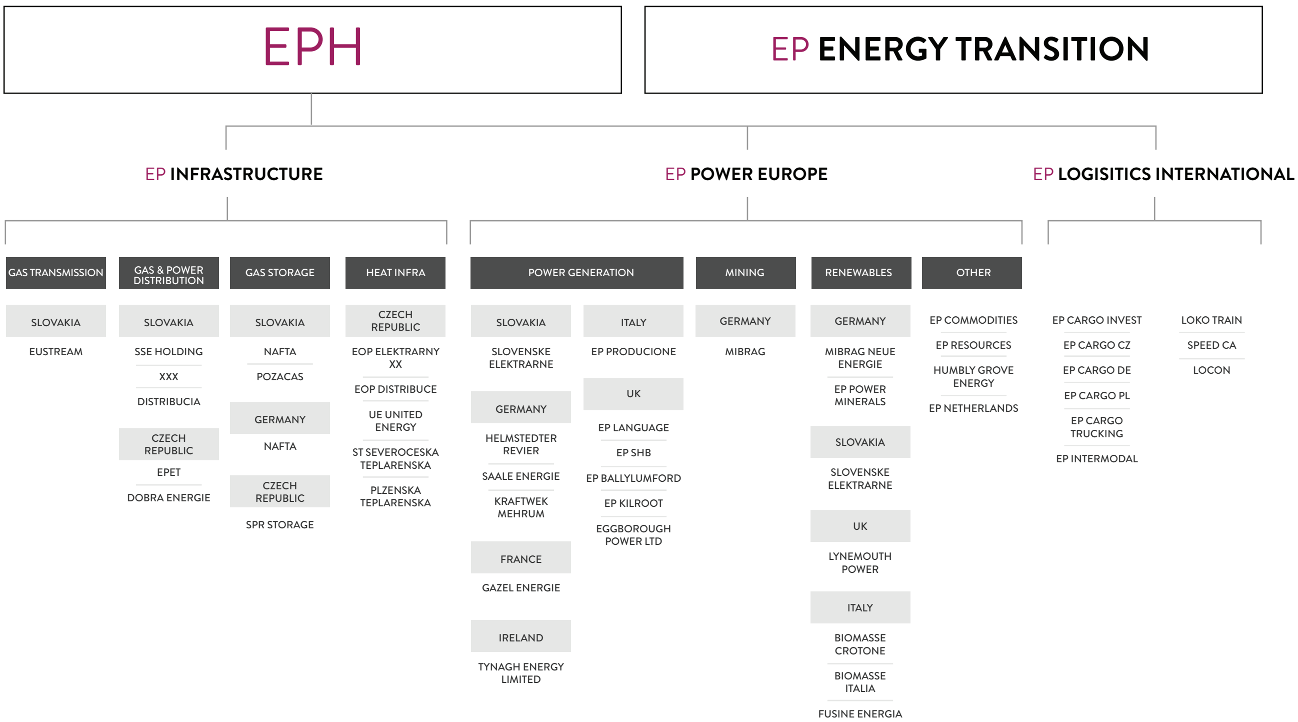
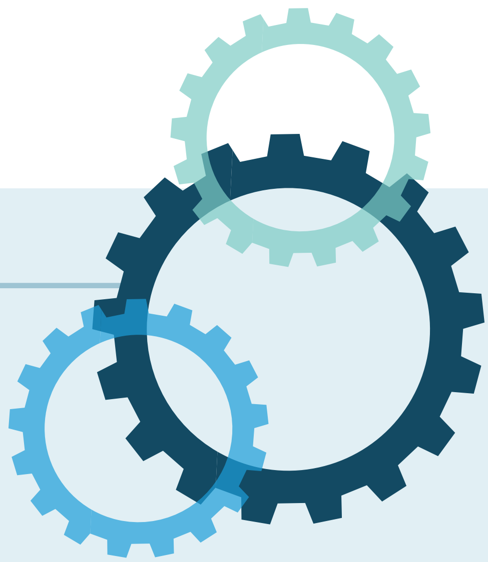


Figure 1: EPH company structure



Source: https://www.epholding.cz/en/company-structure



Operational Links

EPETr was first set up in April 2021. It was only much later, in September 2023, that 70% of the LEAG coal assets held by EPH were transferred to the control of EPETr. Not only has our research documented ongoing operational links between EPH and EPETr, we have found continued and significant connections between EPH and LEAG persisting after the point that LEAG was transferred to the control of EPETr.

Given its history of fossil fuel opportunism and its significant role in the expansion of fossil gas development in Europe, EPH's commitment to a genuinely clean energy future is questionable. The creation of EPETr as an apparently separate business for its coal assets allows EPH to present itself as a key player in any clean energy transition. However, the financial and operational links that still remain between EPH and EPETr (and coal subsidiary LEAG) demonstrate that both companies continue to benefit from the latter's involvement in the coal industry. Below we look more closely at these areas of business overlap.

Personnel Overlap

While EPH and EPETr present as distinct business entities, there are a number of individuals who occupy positions relating to both companies. Such connections suggest that the roles of directors at EPETr are neither isolated nor independent but are integrated within EPH's own management, reinforcing the latter's influence over EPETr's governance and strategic decision-making.

In particular, our research has shown that two directors at EPETr are still involved with EPH in significant capacities:

- **Branislav Miškovič:** A Director at EPETr, Miškovič holds over a dozen positions across EPCG entities, connecting him directly to Daniel Křetínský's broader holdings.[19] His LinkedIn profile identifies him as "Senior Associate M&A" at EPH, a position he has held since 2013.[20] In a video posted on YouTube by an account of the French-Czech Chamber of Commerce in December 2021, Miškovič is described as the "Director of Investment" of EPH.[21]
- **Martina Matoušková:** Another Director at EPETr, Matoušková is publicly listed in her LinkedIn profile as the "Business Performance Director" at EPH since June 2016.[22] In a list (dated January 1, 2024) of Supervisory Board members of LEAG-K, a subsidiary of LEAG, Matoušková's position is described as "Business Performance Director EP Holding a.s." – which appears to refer to EPH.[23]

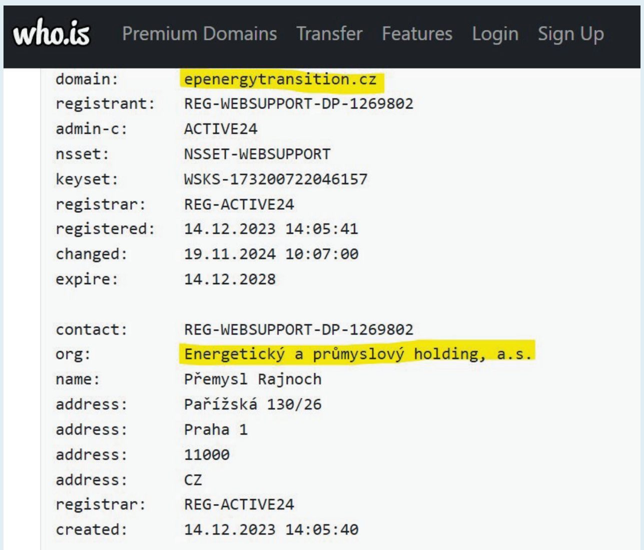
Our investigations also highlighted the role of Daniel Košťál, a lawyer with deep ties to EPH. An examination of available corporate filings for EPETr shows that, since its creation in 2021 by EPCG, all corporate decisions[24] made via General Meetings have been signed-off by Daniel Košťál, who acted as Chair under a Power of Attorney from EPCG.[25] Records also show him acting as chair for a General Meeting of EPH in January 2020[26], then for EP Power Minerals in April 2023[27], and also for LEAG Holding in October 2023.[28] Although he is listed as a legal representative for EPETr, his LinkedIn profile lists him as "Legal Counsel" for EPH, a role he has held since 2016.[29] Further investigation revealed multiple instances in the past where Košťál represented EPH as a lawyer. This recurring involvement in both EPH's and EPETr's governance and affairs suggests that Košťál acts as a strategic link between the two entities, complicating EPH's story of a company purged of ties to its coal business.

Shared Communications Infrastructure

Our research has found that EPH retains direct control over EPETr's communications infrastructure, highlighting the interconnectedness of the two companies.

The phone number listed on the EPETr website matches a contact number used by the EPH subsidiary EP Commodities as recently as March 2024.[30] In the past this was used as the main contact number for EP Commodities on its website—as can be seen on the most recently archived version of the site dating to December 2023; it has subsequently been changed.[31]

Our research has also shown that domain records of the main public website for EPETr, epenergytransition.cz, as well as that of epetr.cz (one of the five domains that redirect to EPETr's website) indicate that EPH has controlled this website since December 2023, long after EPETr's purported independence was established[32] (see Figure 1). The 'Terms of Use' for the site also identify its owner and operator as EP Commodities, a subsidiary wholly-owned by EPH that is responsible for trading and marketing activities within the EPH group.[33] This shared digital infrastructure implies a practical, operational unity between EPH and EPETr.


```
who.is   Premium Domains   Transfer   Features   Login   Sign Up

domain:       epenergytransition.cz
registrant:   REG-WEBSUPPORT-DP-1269802
admin-c:      ACTIVE24
nsset:        NSSET-WEBSUPPORT
keyset:       WSKS-173200722046157
registrar:    REG-ACTIVE24
registered:   14.12.2023 14:05:41
changed:      19.11.2024 10:07:00
expire:       14.12.2028

contact:      REG-WEBSUPPORT-DP-1269802
org:          Energetický a průmyslový holding, a.s.
name:         Přemysl Rajnoch
address:      Pařížská 130/26
address:      Praha 1
address:      11000
address:      CZ
registrar:    REG-ACTIVE24
created:      14.12.2023 14:05:40
```

Figure 2: WHOIS record for the ownership of epenergytransition.cz

Finally, our investigation identified a page on the EPETr website which is not incorporated into the main site—likely a page under construction or partially removed—with an address ending "/author/castvajepholding-cz". The code for this page links to a content feed called "Posts of Daniel Častvaj",[34] which includes text matching that in the EPETr "Profile" page.[35] This strongly suggests that Daniel Častvaj was involved in the production of the website and the public profile of EPETr. Daniel Častvaj is the communications director of EPH.[36]

The content featured on EPETr's website is minimal and rather performative at best. Nevertheless, this overlap in key digital assets suggests that EPH continues to manage EPETr's communications, further illustrating that EPETr's independence may be largely superficial. These personnel overlaps and shared communication channels indicate a coordinated strategy to maintain operational ties between EPH and EPETr.

Financial agreements between EPH and EPETr

EPH continues to support and sustain EPETr's operations through financial agreements and guarantees that anchor EPETr within the broader EPH corporate structure. A critical document confirming the ongoing financial relationship between EPH and EPETr is the professional services agreement executed between the two entities. Signed in February 2023[37], this agreement designates EPH as the provider of unspecified professional services to EPETr, with EPETr paying EPH for these services. Although the specific terms and services covered by this agreement remain undisclosed, the existence of this arrangement suggests that EPETr cooperates with EPH on its essential operational and/or strategic functions. A significant aspect of the ongoing operational and financial links by which EPH continues to take part in and benefit from coal production is via its ongoing close connections with LEAG (now housed under EPETr—see the following section for more detail on this).

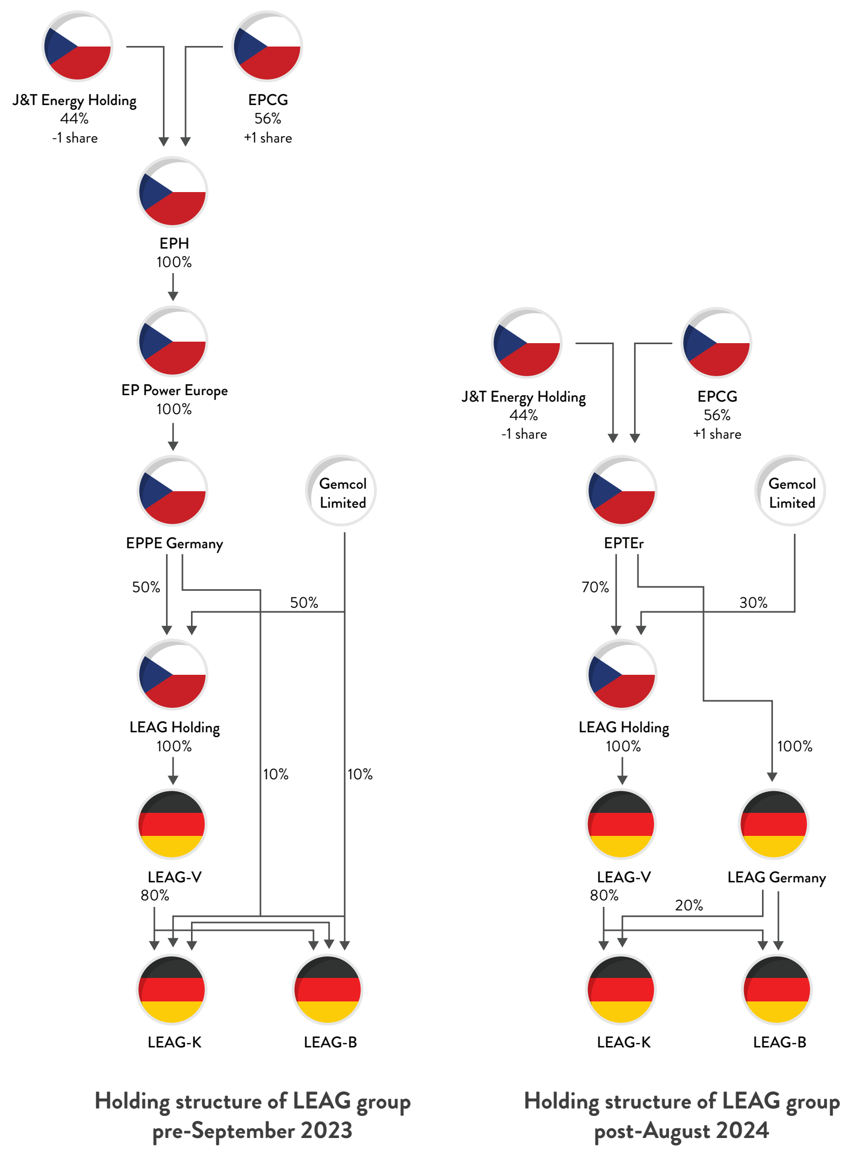
The financial and operational ties between EPH and EPETr suggest that both entities enjoy an enduring connection that extends beyond formal asset transfers. These arrangements raise significant questions about EPETr's autonomy, as they suggest that the new company's financial viability and operational scope remain dependent on EPH's resources and support.

THE ROLE OF LEAG IN MASKING EPH'S COAL INTERESTS

LEAG—the coal firm which the EPETr structure was created to hold—was another focus of this research. LEAG has extensive operations based around its mining and energy generation assets in Lusatia, Germany, including lignite mining, power generation, energy trading, engineering, real estate, transport and logistics.

As this section goes on to show, the FIND investigation identified that there is still extensive overlap in the control of EPH and LEAG group companies, as demonstrated in the compositions of supervisory boards and boards of directors. It also identified operational overlaps related to energy and carbon trading (EP Commodities), rail infrastructure and engineering (EP Logistics) and new mining operations in Iceland (EP Power Minerals). These companies are all subsidiaries of EPH, so our findings suggest that EPH remains deeply involved in EPETr's coal assets while using EPETr to provide a façade of environmental responsibility.

Figure 3: Altered shareholding structure of LEAG group following EPETr transfer



Source: FIND

EPH and LEAG: Overlapping Management and Supervisory Boards

In late 2023, EPH began transferring control of LEAG to EPETr. By shifting its 50% stake in LEAG[38] from EPH's subsidiary EPPE Germany to EPETr (Figure 2), EPH signaled that it was stepping back from coal operations and moving towards greener energy practices.[39] This was publicised as an essential component of EPH's sustainability efforts, aligning with EPCG's objective to transition away from coal.[40] This allowed EPETr to gain majority control over LEAG.

However, as we are going to outline, EPH structured the transaction in a manner that preserved key decision-making power over LEAG through a series of complex shareholdings and ongoing management overlaps (see Figure 3). An example of the latter is the presence of Jan Špringl and Milan Jalov[41] as current directors of LEAG Holding, a company positioned directly below EPETr in LEAG's company structure. Since Špringl and Jalový are also directors of EPH itself, their high-level involvement in both companies indicates the ongoing control of EPH over LEAG. Another director of LEAG Holding, Filip Bělák, simultaneously holds the position of director at EP Power Europe AS, another key company in the EPH structure.[42] Both Bělák and Jalový also serve as directors at LEAG Germany, the newly incorporated holding company added to the corporate structure of EPETr in August 2024.

Continuing down the holding structure, both LEAG-K and LEAG-B[43]—the main operating entities of LEAG—have seven members of their supervisory boards who are also officers or executives at EPH and/or one of its subsidiaries. Once again these include Špringl, Jalový and Bělák, along with Tomáš David and Leif Timmermann (also directors of and, respectively, CEO and COO of EP Energy).[44]

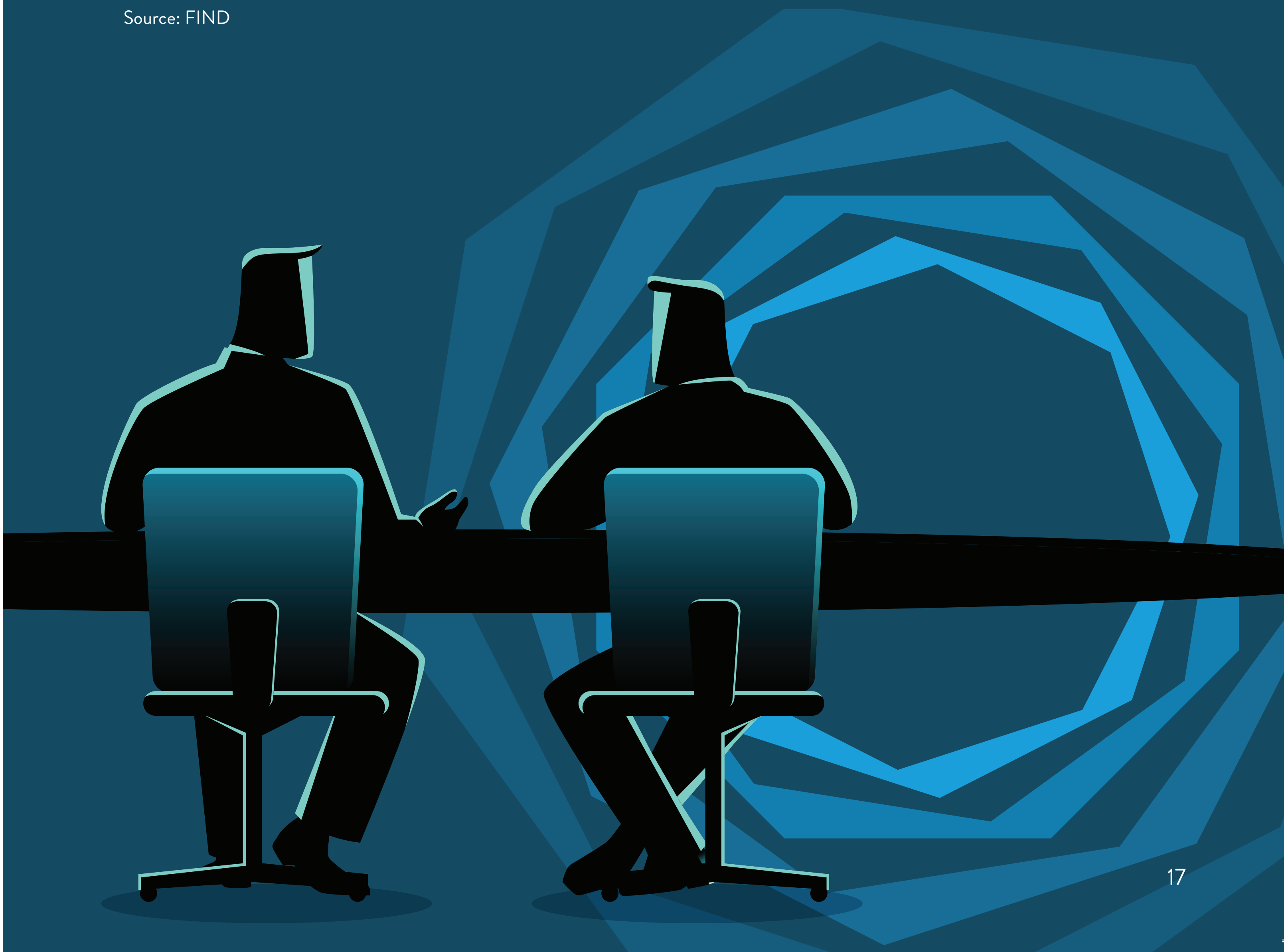
Of particular interest is the fact that in 2024 these directors are listed as sitting on the "Shareholders Bench" of the supervisory board of LEAG-K and LEAG-B—but they are described in terms of their EPH positions, despite EPETr having taken over the LEAG shareholding in October 2023. LEAG subsidiaries' supervisory boards are currently the main forum for decision-making around the ongoing restructure of LEAG, and the appointment of its new CEO.[45]

The persistent management and supervisory board overlaps between EPH and LEAG are critical to understanding EPH's true stance on fossil fuel assets. These interconnections suggest that the shift of LEAG to EPETr has been largely symbolic, serving more as a public relations strategy than an actual divestment. By using EPETr as a vehicle to hold and manage LEAG's lignite assets, EPH is able to publicly distance itself from coal while preserving its coal-based revenue streams and controlling LEAG's activities. This structured influence allows EPH to benefit from the strategic advantages of coal operations—such as access to Germany's energy markets and control over critical resources in the Lusatia region—while deflecting the reputational risks associated with fossil fuels.

Figure 4: Positions at EPH and EPETr companies, current or reported since October 2023

	EPH ENTITIES				EPETr & LEAG ENTITIES				
	EPH	EP Energy AS	EP Power Europe	EP Commodities AS	EPETr	LEAG Holding	LEAG-B	LEAG-K	LEAG Germany
Branislav Miškovič	✓				✓				
Filip Belak			✓	✓		✓			✓
Jan Špringl	✓	✓	✓	✓		✓	✓	✓	
Jens Machoy			✓				✓	✓	
Leif Timmermann			✓				✓	✓	
Martina Matoušková	✓				✓			✓	
Milan Jalový	✓	✓				✓	✓	✓	✓
Petr Šimek	✓						✓	✓	
Thoralf Klehm	✓						✓		
Tomáš David		✓	✓				✓	✓	

Source: FIND



Links via Other EPH Subsidiaries

In this section, we will focus on the connections between EPH and LEAG through EPH subsidiaries, such as EP Commodities, EP Power Minerals and EP Logistics. These subsidiaries provide trading, financial, and logistical support. EPH's network of service contracts and inter-company agreements underscores that, despite the official separation, EPH's coal interests are strategically integrated within the operations of EPETr and its LEAG subsidiaries.

Trading and Carbon Management Through EP Commodities

Established as the trading arm of EPH, EP Commodities manages the trading of energy commodities, including carbon allowances, for various EPH subsidiaries.[46] Evidence from service contracts indicates that EP Commodities maintains a trading relationship with LEAG's primary operating entities, LEAG-K and LEAG-B, despite their nominal control under EPETr.

The service contracts specify that EP Commodities is responsible for "short-term optimisation" of LEAG's energy portfolio, handling day-ahead and intraday transactions on LEAG's behalf.[47] Additionally, LEAG's 2023 financial records describe how EP Commodities facilitated trading activities for LEAG's energy assets, allowing LEAG to access crucial markets without independently managing these transactions.[48] These agreements extend beyond simple service provision. LEAG's financial statements refer to a "margin tolerance" agreement between EP Commodities and LEAG-B, involving a credit or cash margin allowance of approximately €300 million.[49]

While the precise nature of this arrangement is unclear, it might involve funds held by EP Commodities to cover LEAG's obligations in energy and carbon trading markets. This significant financial backing enables LEAG to maintain liquidity for trading activities, underscoring EPH's vested interest in supporting LEAG's ongoing operations. This financial arrangement, coupled with EP Commodities' direct involvement in LEAG's energy management, suggests the strategic relationship that enables EPH to sustain its coal assets under the mask of EPETr's ownership.

Logistical links to LEAG's MCR Lausitz Subsidiary through EP Logistics

EP Logistics, the transportation and logistics arm of EP Group[50], maintains limited but notable connections to MCR Engineering Lausitz GmbH (MCR Lausitz), a LEAG subsidiary specialising in rail engineering services.[51] Although there is no documented evidence of direct shared operations or commercial relationships in official company reports, indications of collaboration have surfaced on professional networking platforms. For example, in January 2024, Jan Elfenhorst, a senior executive within EP Logistics' German rail operations, posted on LinkedIn about a visit to Schwarze Pumpe, where he met with MCR Lausitz management to discuss "communication" and "collaboration".[52]

Further posts by Elfenhorst suggest an evolving relationship between EPH's logistics subsidiaries and MCR Lausitz. In March 2024, he referred to LEAG staff as "internal colleagues" in discussions about "future synergies in resources and rail capacities".[53] In June 2024, he reported a strategic meeting with managers from EPH, LEAG, and MIBRAG—another lignite mining operation under EPH control and set to be transferred to EPETr—to explore transitioning these rail assets from coal-focused operations to broader applications within the rail transport sector.[54]

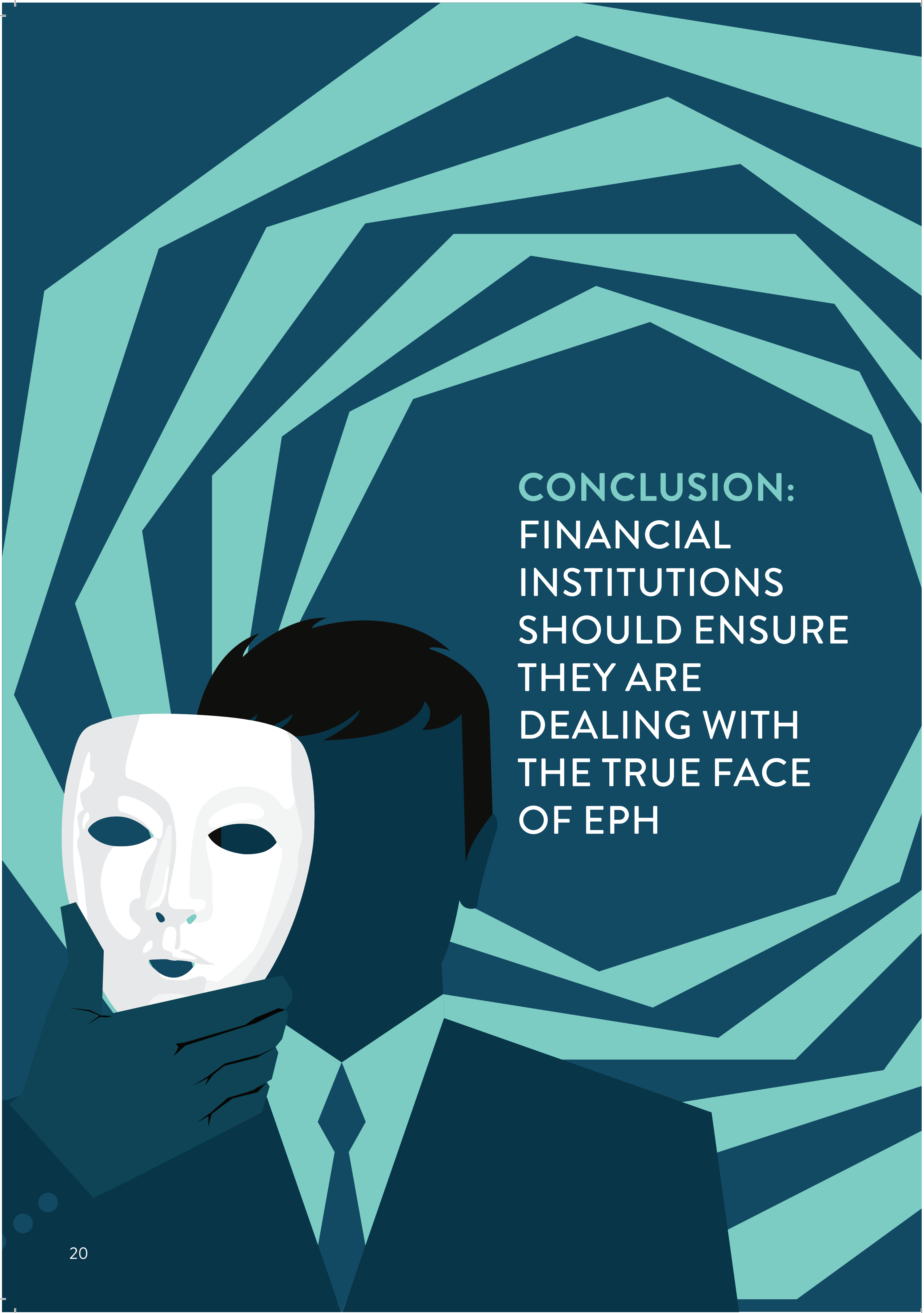
LEAG-K Project With EP Power Minerals

In a further indication of EPH's continued involvement in German coal company operations, LEAG-K recently announced a collaborative project with EP Power Minerals, an EPH subsidiary specialising in the marketing of industrial byproducts. This partnership involves developing a new project in Iceland to mine and process volcanic ash (pozzolan) for use in concrete production, an additive known for its low carbon footprint relative to traditional cement ingredients.[55] This project signals an expansion of LEAG's operations beyond lignite, supported by EPH's resources and expertise through EP Power Minerals.

Significance of Continued Operational Dependencies

These ongoing trading, logistical, and development partnerships within LEAG and EP Commodities, EP Logistics, and EP Power Minerals underscore the operational dependencies that bind EPH and EPETr via LEAG. Through these subsidiaries, EPH maintains critical control points over LEAG's energy, transport, and industrial operations. These connections reveal EPH's tactical approach to maintaining its high-emission operations under EPETr while preserving the economic benefits and control associated with its coal assets.

By embedding these service agreements and collaborative projects within EPH's broader structure, EPH effectively sustains its coal operations under the façade of EPETr. This complex network of operational dependencies masks ongoing coal interests. Through its strategic control of LEAG's operations via subsidiaries, EPH positions itself to continue reaping the financial and operational rewards of coal, even as it publicly claims "to play a major role in the transition to net-zero economy".[56]



CONCLUSION: FINANCIAL INSTITUTIONS SHOULD ENSURE THEY ARE DEALING WITH THE TRUE FACE OF EPH

Our research has uncovered evidence that EPH has taken steps to position EP Energy Transition (EPETr) as a separate, transition-focused entity, while maintaining significant control of and financial interest in its coal assets.

Although EPH publicly states it will soon be coal-free, its extensive operational, financial, and managerial ties to its sister company EPETr and LEAG suggest an ongoing commitment to coal operations that casts doubt on this claim. By transferring coal assets to EPETr, rather than closing its coal operations altogether, it suggests that EPH may be seeking to exploit the "transition" narrative to project a greener public image—while continuing with carbon-intensive operations that threaten to undermine Europe's transition to a renewables-based power system.

As this report reveals, the connections between EPH and EPETr extend far beyond mere historical association. Key personnel from EPH continue to hold roles within EPETr, and shared infrastructure such as websites and communication channels underline the practical unity of the two businesses. Financially, the two remain linked through service agreements and asset guarantees, underscoring that EPH has not truly divested from coal but rather shifted its assets into a separate entity that offers the illusion of separation. This suggests that there is a significant possibility that any cooperation with EPH—whether providing financial services or investing into the company—may not be entirely distinct from cooperation with the coal-focused EPETr.

The complex financial and operational ties between EPH, EPETr and LEAG demonstrate the need for thorough due diligence. While the structure of the two companies is lawful, it serves to distance EPH from any connection with coal exploitation, despite the fact that the companies are linked. In light of the findings highlighting in this report, financial institutions that want to continue to finance EPH may well support coal, thereby possibly endangering their reputation and encountering financial risks. Financial institutions therefore have a duty to scrutinise more carefully the activities of their power utility clients and the net zero transition claims made by them.

Going beyond coal, EPH's claims about the part it is playing in the energy transition ought to be questioned. Its significant fossil gas development plans are incompatible with a decarbonised future and a 1.5°C-aligned trajectory[57]. As fossil gas investments face mounting criticism for their environmental impact, banks must critically assess whether supporting EPH aligns with their climate and ESG objectives, particularly when sustainable power alternatives (wind, solar, storage and grids) are available and preferred by many other European power utilities.

We do not consider EPH or EPETr to be relevant partners for cooperation in the area of decarbonisation, and we urge banks and investors to further scrutinise these companies and recognise that financing EPH in its current structure is not compatible with a credible transition plan.

As key EPH loans and bonds reach maturity in 2025, banks[58] and financial institutions are at a critical juncture. By choosing not to refinance or underwrite future bonds for EPH, banks have a unique opportunity to align their financing practices with their publicly stated commitments to climate action. Such a decision would signal that financial institutions are serious about their responsibility to support a genuine transition to a low-carbon economy and are unwilling to fund companies that undermine these efforts through deceptive practices and a lack of transparency.

In conclusion, the EPH case highlights the need for financial institutions to take decisive action when companies fail to demonstrate real progress toward decarbonisation. It is critical that financial institutions ensure they only support companies with genuine, verifiable commitments toward moving beyond fossil fuels — not those that merely pay lip service to sustainability.

REFERENCES

1 When asked about the links between EPH and EP energy transition and whether these two companies are independent from one another, EPH's Director of Communications Daniel Častvaj, stated: "EPH and EP Energy Transition are distinct companies. However, they share the same ownership, making them sister companies."
2 Reclaim Finance.
3 Ibidem
4 https://beyondfossilfuels.org/wp-content/uploads/2024/06/Power-Moves-and-Power-Failures.pdf
5 EPH ranks third in terms of coal capacity in Europe. Source: Beyond Fossil Fuels coal database: https://beyondfossilfuels.org/coal/
6 https://ember-energy.org/latest-insights/eu-ets-2022/
7 https://www.epholding.cz/en/our-energy-transition/
8 The steel sector remains the largest industrial contributor of greenhouse gas emissions in Europe due to its heavy reliance on coal. There are concerns regarding the possible acquisition by EPCG of a controlling stake in thyssenkrupp's operations, since it is uncertain whether EPCG would fully support the company's green steel transition. Such a scenario could hinder European progress towards decarbonisation and the development of a sustainable future for steelmaking.
9 https://www.epholding.cz/en/results-centre/
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18 https://www.epholding.cz/en/sustainability-reports/
19 Current directorships as of 11 June 2024 were listed as: "Member of the Board of Directors of Editis Holding; Member of the Board of Directors of Košík Holding a.s., Frekvence 1, a.s., Evropa 2, spol. s r.o., Active Radio a.s., Radio Bonton a.s., Czech News Center a.s., MFresh Holding 1 s.r.o., Czech Radio Center a.s., International Media Invest a.s., Titancoin International a.s., Dodo Group SE, Czech Video Center a.s., Parcel Delivery Holding s.r.o., Vesa Equity Investment S.à r.l, CE Electronics Holding a.s, Czech Media Invest a.s., EP Energy Transition a.s. and Heureka Group a.s." See annex 1: 'Groupe Casino – Notice of AGM 20240611'
20 See annex 2: 'LinkedIn - Branislav Miskovic'
21 Chambre de commerce franco-tchèque: https://www.youtube.com/watch?v=wByFOk71OI0
22 See annex 3: 'LinkedIn - Martina Matouskova'
23 There is no entity named "EP Holding a.s." registered in Czechia, meaning the "EP" is likely an abbreviation of "Energeticky a průmyslový", thus referring to EPH.
24 These decisions include the removal and appointment of directors, ratification of new Articles of Association and change of company name. See annex 4: '20221222 - EP Energy Transition AS - Decision about status' and annex 5: '20231024 - EP Energy Transition AS - Notary record'
25 See annex 6: '20221222 - EP Energy Transition AS - Decision about status'.
26 See annex 7: 'EPH - 20200124 - Notary record'
27 See annex 8: '20230404 - EP Power Minerals - Notary document'
28 See annex 9: '20231010 LEAG Holding as - Notary record'
29 See annex 10: 'LinkedIn - Daniel Košťál – 20240814'
30 See annex 11: '20240327 - EP Commodities – Contact List'
31 See annex 12: '20231207 - EP Commodities – Contact Page'
32 See annex 13: 'WHOIS - EPH domains', 'epenergytransition.cz - WHOIS data 20231215' and 'epenergytransition.cz - WHOIS data 20240621'
33 See annex 14: 'epenergytransition.cz - Terms of Use – 20240828'
34 See annex 15: 'epenergytransition.cz- Castvaj feed – 20240828'
35 See annex 16: 'epenergytransition.cz- Profile – 20240828'
36 Daniel Častvaj is currently listed as the "Press Contact" for EPH on its website: https://www.epholding.cz/press-contact/
37 See annex 17: 'EPH - 2023 Audited report'
38 At that time, the other 50% of the LEAG stake was owned by Gemcol Limited (a company controlled by PPF group). In October 2023, 20% of this stake was sold to EPETr for 1 Euro.
39 See annex 18: 'EPH – 2022 Accounts EN'
40 https://www.epholding.cz/en/press-releases/eph-completed-the-divestment-of-the-leag-group/
41 After changes in EPH structure in January 2025, Milan Jalový sits on the board of EPH and that Jan Špringl is now CEO of EPH.
42 See annex 19: 'LEAG Germany GmbH - Articles of association – 20240823' and 'LEAG Germany GmbH - Appointment of Jalovy – 20240828'
43 LEAG-K and LEAG-B have now been merged into one entity called Lausitz Energie Verwaltungs.
44 See annex 20: 'EPpowereurope.cz – BOD – 20241014'
45 https://www.lr-online.de/lausitz/cottbus/leag-in-cottbus-entscheidet-der-aufsichtsrat-ueber-neuen-chef-im-unternehmen-77524632.html and annex 21: 'LR 20240917 - LEAG CEO and Restructure article'
46 See annex 22: 'EP Commodities – Profile'
47 See annex 23: 'LEAG-K – 2023 Accounts EN' – similar language is included in the accounts of LEAG-B and LEAG Germany since at least 2021.
48 See annex 23: 'LEAG-K – 2023 Accounts EN'
49 See annex 24: 'EPH – 2023 Accounts EN'
50 https://www.eplogistics.cz/en/zeleznicni-doprava
51 https://mcr-lausitz.com/ueber-uns
52 See annex 25: '202401 - Jan Elfenhorst LinkedIn photo (MCR and LEAG) – comments'
53 See annex 26: '202403 - Jan Elfenhorst LinkedIn photo (EP Cargo and LEAG meeting)'
54 See annex 27: '202406 - Jan Elfenhorst LinkedIn photo (EP Cargo, LEAG and MIRBRAG meeting)'
55 The project is described in detail on the public facing website of EP Power Minerals' Icelandic subsidiary, see https://www.eppowerminerals.is/en/
56 https://www.epholding.cz/en/our-energy-transition/
57 https://www.asyousow.org/reports/natural-gas-bridge-to-climate-breakdown
58 EPH is mostly supported by the following banks: Unicredit (USD 2,313m since Paris Agreement - PA), ING (USD 1,225m since PA), Citigroup (USD 1,131m since PA) and Société Générale (USD 1,225m since PA). Source: Banking on Climate Chaos https://www.bankingonclimatechaos.org/

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