



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

NEAR-TERM TARGET VALIDATION REPORT

CEZ Group

29 August 2023

Partner Organizations



United Nations
Global Compact



WORLD
RESOURCES
INSTITUTE



In collaboration with





ABOUT THE SCIENCE BASED TARGETS INITIATIVE

The Science Based Targets initiative (SBTi) is a global body enabling companies and financial institutions to set ambitious emissions reduction targets in line with the latest climate science. The SBTi's goal is to accelerate businesses across the world to support the global economy to halve emissions before 2030 and achieve net-zero before 2050.

The initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. The SBTi defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

SBTi GLOBAL MOMENTUM BY THE NUMBERS



Data collected in 31/12/2022



INTRODUCTION

This report presents the results and recommendations of the submitted targets assessed against the SBTi Criteria and guidance. This includes an overview of the GHG emissions sources and inventory, target setting methodologies and ambition, emissions included in the target boundary, and company-specific feedback from the validation process, if applicable. A detailed overview of the criteria is provided in the appendix. The approved target language, which will be listed on the SBTi website and should be used in all company communications, is as follows:

CEZ Group commits to reduce scope 1 and 2 GHG emissions 83% per MWh by 2033 from a 2019 base year. CEZ Group also commits to reduce absolute scope 3 GHG emissions from use of sold products 58.8% within the same timeframe.

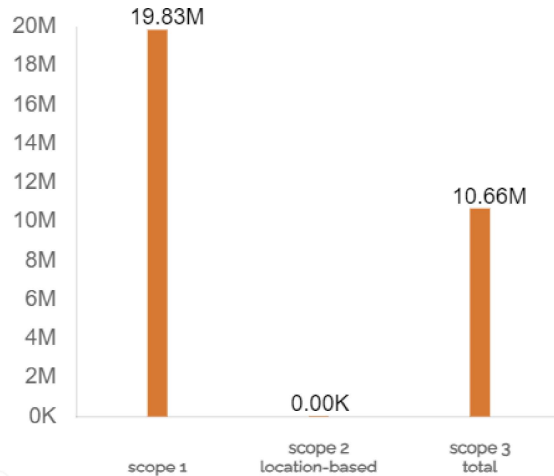
*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

The SBTi's Target Validation Team has classified CEZ Group's scope 1 and 2 target ambition and has determined it is in line with 1.5C trajectory.

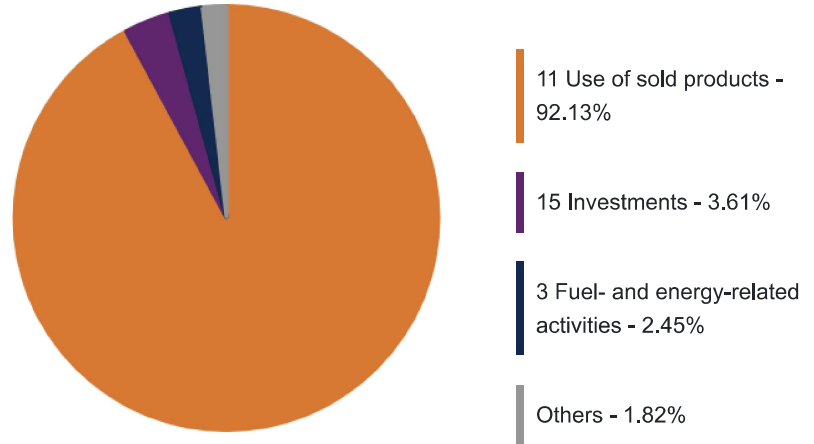
GHG INVENTORY OVERVIEW

CEZ Group has submitted 2 GHG inventories for review by SBT's Target Validation Team. In the calendar year of 2019 the company has reported total of 30,486,646 GHG emissions (tCO₂e) in the full minimum boundary (scopes 1, 2 and 3). In the calendar year of 2022 the company has reported total of 28,250,009 GHG emissions (tCO₂e). CEZ Group has reported no emissions outside of minimum boundary. Additionally, CEZ Group has reported emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and removals, associated with bioenergy feedstocks. The full breakdown of CEZ Group's GHG inventory, including optional and biogenic CO₂ emissions, is provided below.

TOTAL GHG EMISSIONS (tCO₂e) 2019



SCOPE 3 BREAKDOWN BY CATEGORY



2019 GHG INVENTORY

		Minimum boundary emissions	Share of total emissions (location-based scope 2)	Share of total emissions (market-based scope 2)	Percentage excluded from inventory	Outside minimum boundary (optional)	Bioenergy emissions	Bioenergy removals	Biogenic total
SCOPE 1 & 2	Scope 1	19,827,277.94	65.04%	N/A	N/A	N/A	1,343,775.00	1,343,775.00	0.00
	Scope 2 location-based	0.08	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Scope 2 market-based	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SCOPE 3	1. Purchased goods and services	41,112.00	0.13%	N/A	N/A	N/A	N/A	N/A	N/A
	2. Capital goods	88,601.87	0.29%	N/A	N/A	N/A	N/A	N/A	N/A
	3. Fuel- and energy-related activities	261,277.00	0.86%	N/A	N/A	N/A	N/A	N/A	N/A
	4. Upstream transportation and distribution	2,727.27	0.01%	N/A	N/A	N/A	N/A	N/A	N/A
	5. Waste generated in operations	10,629.17	0.03%	N/A	N/A	N/A	N/A	N/A	N/A
	6. Business travel	2,250.00	0.01%	N/A	N/A	N/A	N/A	N/A	N/A
	7. Employee commuting	48,192.00	0.16%	N/A	N/A	N/A	N/A	N/A	N/A
	8. Upstream leased assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	9. Downstream transportation and distribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	10. Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	11. Use of sold products	9,820,244.00	32.21%	N/A	N/A	N/A	N/A	N/A	N/A
	12. End-of-life treatment of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	13. Downstream leased assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	14. Franchises	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	15. Investments	384,334.85	1.26%	N/A	N/A	N/A	N/A	N/A	N/A

2022 GHG INVENTORY

		Minimum boundary emissions	Share of total emissions (location-based scope 2)	Share of total emissions (market-based scope 2)	Percentage excluded from inventory	Outside minimum boundary (optional)	Biogenic emissions	Biogenic removals	Biogenic total
SCOPE 1 & 2	Scope 1	15,834,834.00	56.05%	N/A	N/A	N/A	1,063,632.00	1,063,632.00	0.00
	Scope 2 location-based	0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Scope 2 market-based	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SCOPE 3	1. Purchased goods and services	29,977.00	0.11%	N/A	N/A	N/A	N/A	N/A	N/A
	2. Capital goods	88,601.87	0.31%	N/A	N/A	N/A	N/A	N/A	N/A
	3. Fuel- and energy-related activities	539,640.00	1.91%	N/A	N/A	N/A	N/A	N/A	N/A
	4. Upstream transportation and distribution	2,727.27	0.01%	N/A	N/A	N/A	N/A	N/A	N/A
	5. Waste generated in operations	10,629.17	0.04%	N/A	N/A	N/A	N/A	N/A	N/A
	6. Business travel	2,250.00	0.01%	N/A	N/A	N/A	N/A	N/A	N/A
	7. Employee commuting	48,192.00	0.17%	N/A	N/A	N/A	N/A	N/A	N/A
	8. Upstream leased assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	9. Downstream transportation and distribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	10. Processing of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	11. Use of sold products	11,265,875.00	39.88%	N/A	N/A	N/A	N/A	N/A	N/A
	12. End-of-life treatment of sold products	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	13. Downstream leased assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	14. Franchises	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	15. Investments	427,282.85	1.51%	N/A	N/A	N/A	N/A	N/A	N/A

OVERVIEW OF NEAR-TERM SCIENCE-BASED TARGETS

CEZ Group has submitted 2 near-term targets for review by the SBTi. All targets have been assessed against the SBTi's quantitative and qualitative criteria, along with the Target Validation Protocol. For approval, a company's targets must comply with all applicable requirements. The following is an overview of the approved targets:

Target wording	Public?	Base year	Most recent year	Target year	Type	Target value	Method used
CEZ Group commits to reduce scope 1 and 2 GHG emissions 83% per MWh by 2033 from a 2019 base year	Yes	2019	2022	2033	Intensity	83.1%	SDA (power)
CEZ Group also commits to reduce absolute scope 3 GHG emissions from use of sold products 58.8% within the same timeframe.	Yes	2019	2022	2033	Absolute	58.8%	Absolute contraction

OVERVIEW OF NEAR-TERM SCIENCE-BASED TARGETS

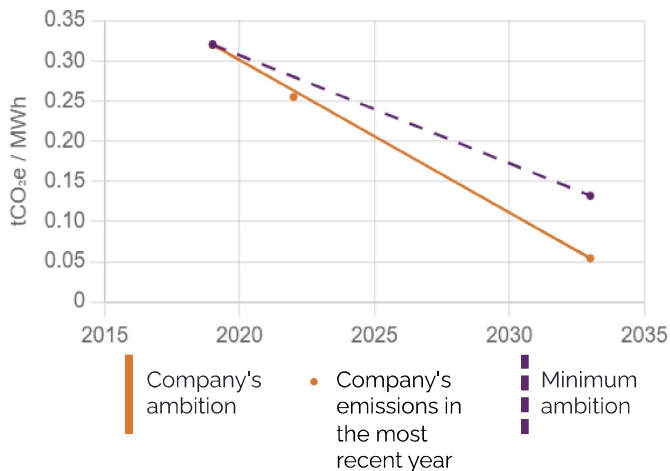
CEZ Group commits to reduce scope 1 and 2 GHG emissions 83% per MWh by 2033 from a 2019 base year

Activity Unit: MWh Base Year Activity: 61,892,201 Most Recent Year Activity: 62,144,740

Target Year Activity: 62,000,000 Public: Yes

Temperature classification: 1.5C

EMISSIONS INTENSITY



Target Coverage

GHG Inventory breakdown	Minimum boundary emissions	Outside minimum boundary	Biogenic Total
Scope 1	100.00%	N/A	100.00%
Scope 2 location-based	100.00%	N/A	N/A
Scope 3 total	N/A	N/A	N/A
1. Purchased goods and services	N/A	N/A	N/A
2. Capital goods	N/A	N/A	N/A
3. Fuel- and energy-related activities	N/A	N/A	N/A
4. Upstream transportation and distribution	N/A	N/A	N/A
5. Waste generated in operations	N/A	N/A	N/A
6. Business travel	N/A	N/A	N/A
7. Employee commuting	N/A	N/A	N/A
8. Upstream leased assets	N/A	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A	N/A
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	N/A	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A	N/A
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

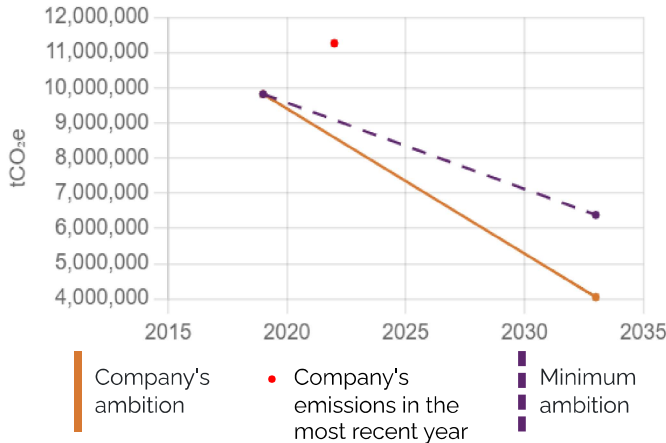
OVERVIEW OF NEAR-TERM SCIENCE-BASED TARGETS

CEZ Group also commits to reduce absolute scope 3 GHG emissions from use of sold products 58.8% within the same timeframe.

Public: Yes

Temperature classification: N/A

ABSOLUTE EMISSIONS



Target Coverage

GHG Inventory breakdown	Minimum boundary emissions	Outside minimum boundary	Biogenic Total
Scope 1	N/A	N/A	N/A
Scope 2 location-based	N/A	N/A	N/A
Scope 3 total	92.13%	N/A	N/A
1. Purchased goods and services	N/A	N/A	N/A
2. Capital goods	N/A	N/A	N/A
3. Fuel- and energy-related activities	N/A	N/A	N/A
4. Upstream transportation and distribution	N/A	N/A	N/A
5. Waste generated in operations	N/A	N/A	N/A
6. Business travel	N/A	N/A	N/A
7. Employee commuting	N/A	N/A	N/A
8. Upstream leased assets	N/A	N/A	N/A
9. Downstream transportation and distribution	N/A	N/A	N/A
10. Processing of sold products	N/A	N/A	N/A
11. Use of sold products	100.00%	N/A	N/A
12. End-of-life treatment of sold products	N/A	N/A	N/A
13. Downstream leased assets	N/A	N/A	N/A
14. Franchises	N/A	N/A	N/A
15. Investments	N/A	N/A	N/A

APPENDIX

Overview of compliance with SBTi Criteria

Communication of your targets

Mandatory reporting of progress against targets

Mandatory target review and target recalculation

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

I. GHG EMISSIONS INVENTORY AND TARGET BOUNDARY

1. Organizational boundary	Financial control was chosen by CEZ Group as the consolidation approach, and all subsidiaries have been accounted for in the inventory boundary. Therefore, the target submission therefore complies with Criterion 1.	Compliant
2. Greenhouse gases	All GHGs have been included in the inventory and target boundary. The target submission therefore complies with Criterion 2.	Compliant
3. Scope 1 and Scope 2	CEZ Group has set a target covering company-wide scope 1 and 2 emissions The target submission therefore complies with Criterion 5.	Compliant
4. Requirement to have a scope 3 target	CEZ Group's scope 3 emissions amount to 43.95% in 2022, which is more than 40% threshold set by SBTi, and the company is involved in the sale and distribution of fossil fuels. CEZ Group has set a target that covers scope 3, as well as fossil fuel sales and distribution emissions. Therefore, the target submission comply with Criterion 4.	Compliant
5. Scope 1 and 2 significance thresholds	The proposed scope 1 and 2 target covers 100.00% of the CEZ Group's scope 1 and 2 emissions in the base year of 2019, which is more than 95% threshold set by SBTi. And CEZ Group has excluded 0,00% of emissions from scope 3 inventory in 2019, which is less than 5% threshold set by SBTi. The target submission therefore complies with Criterion 5.	Compliant

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

6. Scope 3 emissions coverage for near-term targets	The proposed scope 3 target covers 92.13% of total reported and excluded scope 3 emissions, which passes SBTi threshold of two thirds of scope 3 emissions being covered by targets. Therefore submission complies with Criterion 18.	Compliant
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II. METHOD VALIDITY

7. Method validity	CEZ Group's 2 separately modelled targets that have been assessed against multiple methods approved by the initiative. The target submission therefore complies with Criterion 7.	Compliant
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III. EMISSIONS ACCOUNTING REQUIREMENTS

8. Scope 2 accounting approach	A location-based approach is used to account for scope 2 emissions and to track performance. The target submission therefore complies with Criterion 8.	Compliant
9. Scope 3 screening	A complete screening or inventory has been carried out by CEZ Group with scope 3 GHG emissions accounting for 34.96% of the total emissions. The target submission therefore complies with Criterion 9.	Compliant
10. Bioenergy accounting	CEZ Group reported 1343775.0 CO2 emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and 1343775.0 removals, associated with bioenergy feedstocks and has included them in the target boundary, covering 100% of biogenic CO2 emissions in scope 1, 2 and 3 total. Therefore, the target submission complies with Criterion 10.	Compliant

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

11. Carbon credits	The submitted targets do not include carbon credits. Therefore, the target submission complies with Criterion 11.	Compliant
12. Avoided emissions	The submitted targets do not include avoided emissions. Therefore, the target submission complies with Criterion 12.	Compliant

IV. TARGET FORMULATION

13. Base and target years	The target year of emissions reduction target(s) 2033 is between 5 and 10 years from the submission date of May 17, 2023. The base year of emissions reduction target(s) 2019 is not earlier than 2015. The target submission therefore complies with Criterion 13.	Compliant
14. Progress to date	The targeted reduction between the base year and the most recent year leads to emissions reductions in line with a 1.5°C pathway. The target submission therefore complies with Criterion 14.	Compliant

V. AMBITION

15. Level of ambition for scope 1 and 2 targets	The proposed reduction in scope 1 and 2 emissions is aligned with a rate of decarbonization consistent to keep global temperature increase to 1.5°C compared to pre-industrial temperatures. The target submission therefore complies with Criterion 15.	Compliant
16. Absolute targets	No scope 1 and 2 absolute targets were submitted. Therefore, Criterion 16 is not applicable.	N/A

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

17. Intensity targets	The proposed scope 1 and 2 intensity target is aligned with the minimum reductions required to align with the SBTi's 1.5°C temperature pathways. The target submission therefore complies with Criterion 17.	Compliant
18. Level of ambition for scope 3 emissions reduction targets	The proposed scope 3 target meets the minimum level of ambition required. The target submission therefore complies with Criterion 18.	Compliant
19. Supplier or customer engagement targets	No supplier or customer engagement target was submitted for validation, and therefore Criterion 19 is not applicable.	N/A
20. Combined scope targets	No combined scope 1+2+3 targets were submitted, and therefore Criterion 20 is not applicable.	N/A
21. Renewable electricity	No dedicated renewable electricity targets have been submitted, and therefore Criterion 21 is not applicable.	N/A
22. Fossil fuel sales or distribution	CEZ Group is involved in the fossil fuel value chain and has covered these emissions under the boundary of the scope 3 target consistent with the ambition requirements of a 1.5°C temperature pathway. The target submission therefore complies with Criterion 22.	Compliant

OVERVIEW OF COMPLIANCE WITH SBTI CRITERIA

23. Companies in the fossil fuel production business or with significant revenue from fossil fuel business lines	CEZ Group is not involved in exploration, extraction, mining and/or production of oil, natural gas, coal or other fossil fuels, nor does the company derive 50% or more of its revenue from fossil fuels. The target submission therefore complies with Criterion 23.	Compliant
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VI. SECTOR SPECIFIC GUIDANCE

24. Requirements from sector-specific guidance	CEZ Group followed relevant sector-specific guidance. The target submission therefore complies with Criterion 24.	Compliant
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VII. REPORTING AND RECALCULATION

25. Frequency	CEZ Group has committed to publicly reporting its full GHG inventory and target progress annually in a disclosed location. The target submission therefore complies with Criterion 25.	Compliant
26. Mandatory target recalculation	CEZ Group agrees to review and if necessary, recalculate and revalidate its targets following the most recent criteria at a minimum of every 5 years. CEZ Group has set a 5% significance threshold for emission recalculations. The target submission therefore complies with Criterion 26.	Compliant
27. Target validity	CEZ Group agrees to publicly announce its targets by February, 2024. The target submission therefore complies with criterion 27.	Compliant

COMMUNICATION OF YOUR TARGETS

Consult the [SBTi communications pack](#) for information on publicly announcing your approved target(s). The SBTi plans to publish your approved target wording and temperature alignment on [our website](#) on Thursday following 29th of September, 2023.

To request a different publication date, contact the SBTi communications team at communications@sciencebasedtargets.org as soon as possible (please note this needs to be a Thursday). The SBTi requires approved target(s) to be published within six months from the date of target validation.

 [@ScienceTargets](#)

 [/science-based-targets](#)

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 sciencebasedtargets.org/newsletter



MANDATORY REPORTING OF PROGRESS AGAINST TARGETS

To ensure maximum transparency, accountability, and corporate leadership, CEZ Group must publicly report the progress against any published targets on an annual basis along with your company-wide GHG emissions inventory as per criterion 25 of the [SBTi Criteria and Recommendations \(version 5.1\)](#).

When reporting progress against approved targets companies should disclose the following elements:

- Target description following the exact SBTi-aligned wording including target information such as the target type, coverage, base year and target year.
- Target progress from the target base year to the reporting year in terms of emissions reductions, share of renewable electricity, or supplier/ customer engagement (annual breakdowns are preferable). Variability between years is expected, so it is important to show trends over multiple years.
- Details on substantial emissions variations and targets reviews following the SBTi criteria about mandatory target review and target recalculation criteria.
- Actions towards meeting the target, including information on emission reduction projects in implementation and planning phase that will contribute to the achievement of their targets.
- Full GHG emissions inventory in accordance with the GHG Protocol Corporate Standard. Companies must report all emissions scopes (1, 2 and 3) and all scope 3 categories, including those that do not fall within a target boundary.

Please consult [the latest SBTi Corporate Manual](#) for more guidance.



MANDATORY TARGET REVIEW AND TARGET RECALCULATION

The IPCC special report on 1.5C highlighted the necessity to halve emissions by 2030 and to reach net-zero emissions by mid-century. Your science-based targets are a key element of your decarbonization trajectory while maximizing transparency and accountability.

In line with the SBTi Criteria, your company must review its targets against the latest criteria and guidance within five years, and if necessary, recalculate and revalidate for continued recognition by the SBTi.

The following changes should trigger a target recalculation:

- Scope 3 emissions become 40% or more of aggregated scope 1, 2 and 3 emissions.
- Emissions of exclusions in the inventory or target boundary change significantly.
- Significant changes in company structure and activities (e.g. acquisitions, divestitures, mergers, insourcing or outsourcing, shifts in goods or service offerings).
- Significant adjustments to the base year inventory or changes in data to set targets such as growth projections (e.g. discovery of significant errors or a number of cumulative errors that are collectively significant).
- Other significant changes to projections/assumptions used in setting the science-based targets.

Please consult criterion 26 and recommendation 11 of the [SBTi Criteria and Recommendations \(version 5.1\)](#), and [the latest SBTi Corporate Manual](#) for further guidance.



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