

# Sustainable supply chain policy for CEZ Group



Our common goal is to behave in accordance with the principles of sustainability and due diligence throughout CEZ Group's value chain, with a special emphasis on human rights protection and environmental protection within CEZ Group's supply chain. In line with the UN Goals, we want to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

## To achieve this:

### **We integrate and deepen due diligence in the supply chain in accordance with sustainability requirements.**

We place emphasis on environmental protection and focus on protecting the rights of persons affected by CEZ Group's value chain. We consider sustainability and supply chain due diligence to be an essential part of the governance of our activities, existing policies and processes, including our risk management system. We enforce compliance with legislation, international conventions and declarations throughout our supply chain, including related internationally recognised sustainability principles, standards and guidelines. We provide full cooperation to supervisory authorities and regulators in connection with the fulfilment of due diligence requirements.

### **We require our suppliers (business partners) to take a responsible approach to sustainability and due diligence.**

To that we adapt the method of verifying, qualifying, selecting and evaluating our suppliers, including the mutual setting of contractual relationships. Towards our suppliers, we emphasize the need to comply with the principles of sustainability and due diligence throughout their value chain. We emphasize compliance with high sustainability standards, which is continuously reflected in the binding documents of CEZ Group companies, including existing policies, the Code of Ethics, the supplier's Commitment to Ethical Conduct, business terms and conditions, and related contractual documents. In the context of supply chain sustainability, we are ready to design and implement action plans and to demand related commitments from our suppliers.

### **We strive to prevent, mitigate or eliminate the negative impacts and risks associated with our operations and our supply chain.**

CEZ Group has a risk management system in place and performs a risk analysis related to our supply chain, taking into account risk factors in accordance with due diligence requirements. We are aware of the need to define and adopt proposals for corrective measures, prevention plans and action plans both on our part and on the part of our suppliers, based on appropriate prioritization in risk management with regard to risk's likelihood and severity of their impacts. By setting our own goals, action plans and our business influence, we want to contribute to remedies, but especially to preventing actual or potential negative impacts related to our own operations and those of our suppliers. In order to meet due diligence requirements, we will participate in sectoral or group initiatives related to supply chain risk management, including verification by independent third parties.

### **When addressing sustainability issues, we aim to involve our suppliers, their employees and other stakeholders.**

We are implementing measures to effectively engage with stakeholders, identify their requirements and expectations. To this end, we provide them with relevant and comprehensive information. We recognize the need to continuously engage with stakeholders and independent experts to comply with due diligence requirements. We treat our stakeholders responsibly, in accordance with CEZ Group's Code of Conduct. We comply with the law and our commitments. We work with stakeholders to refine our action plans. It is important for us that they are involved in setting our sustainability goals and monitoring performance in comparison with these goals.

### **We communicate transparently about sustainability and due diligence.**

We have a mechanism in place for filing and handling due diligence reports, including the Whistleblowing Hotline. We systematically monitor and evaluate data related to a sustainable supply chain, and transparently keep the necessary records in this context. We regularly report supply chain information through sustainability reports or annual reports of CEZ Group companies. We also use other communication platforms to ensure that the sustainable supply chain policy is widely accessible.

### **We focus on continuous improvement of processes and measures related to due diligence and a sustainable supply chain.**

We actively seek, initiate and develop opportunities and positive impacts of our sustainability activities. Responsible sourcing and value chain management are integrated into our purchasing strategy. We recognise the need to continuously monitor and evaluate the effectiveness of our sustainability policies and measures, including due diligence, and the need to respond to related findings. We map the supply chain to identify and assess sustainability impacts and take appropriate corrective action based on an in-depth assessment of the probability, extent and severity of supply chain impacts and risks. We regularly update our short, medium and long-term goals and manage significant sustainability-related supply chain impacts, risks and opportunities. We place special emphasis on taking into account the outputs of the notification mechanism and notifications, including taking appropriate steps, including transparent justification and information.