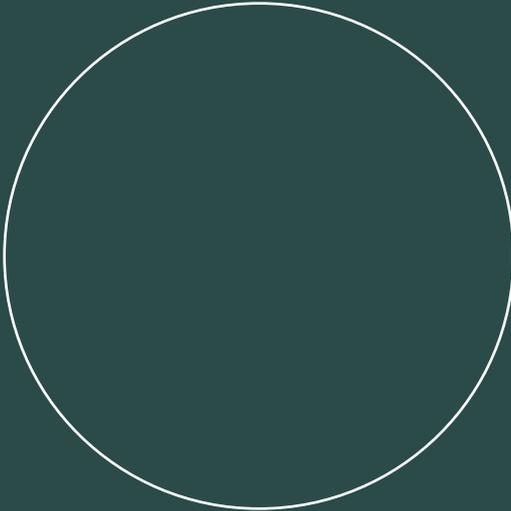


**CEZ GROUP 2021  
SUSTAINABILITY  
REPORT**



**CLEAN  
ENERGY OF  
TOMORROW.....**



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# Statutory Declaration

To the best of our knowledge, the Sustainability Report gives an accurate and fair overview of the non-financial data for 2021, sustainable business strategy, and targets set for the future development of CEZ Group.

Prague, June 27, 2022

**Daniel Beneš**  
Chairman of the  
Board of Directors,  
ČEZ, a. s.

**Pavel Cyrani**  
Vice-Chairman  
of the Board of Directors,  
ČEZ, a. s.

**Kateřina Bohuslavová**  
Chief Sustainability Officer  
of CEZ Group

# 1 Foreword

## 1.1 Statement from the CEO

GRI 102-14

### Dear readers,

2021 was a turbulent year. While we focused on accelerating our sustainable business strategy, our resolve was tested. Persisting issues such as climate change and COVID-19 continued to afflict us. Unexpected events presented significant challenges. In July, South Moravia was hit by a tornado, and in October, alternative energy suppliers were forced to announce their closures, sending almost a million customers to competent suppliers of the last resort. So how did we fare?

### Sustainability as the strategic core of our business

CEZ Group has always been a responsible corporate citizen. We recognize, however, the challenges of the modern era and the need for energy transformation. That is why we decided to step up. We intertwined our sustainability strategy with our business core and corporate strategy on our way towards a more stable and safer future. This accelerated trajectory is called VISION 2030—Clean Energy of Tomorrow. It centers our business around ESG principles. It defines specific and measurable targets and clear deadlines that we announced publicly in a dialogue with our stakeholders.

The focus of our Environmental pillar centers around accelerated decarbonization: we have committed to transforming our generation portfolio to a low-emission one and to achieving carbon neutrality. We will reduce our greenhouse gas emissions, SO<sub>2</sub> emissions and NO<sub>x</sub> emissions by more than 50% by 2030. We will build 6 GW of renewables by 2030, as we phase out coal-fired heat generation by the same year. Coal-fired power generation in Czechia is likely to be phased out by 2033 at the latest, given the government's priorities, while current market conditions indicate that CEZ Group's coal-fired facilities will operate until 2030 at the latest.

We readjusted the target year for reaching net-zero emissions reduction to 2040 in May 2022. This decision was motivated by three drivers: (1) the annual review of VISION 2030—Clean Energy of Tomorrow, (2) the launch of the REPowerEU plan, and (3) the proposal of the European Commission to set stricter goals within the Fit for 55 package.

In 2021, we shut down one of the largest coal-fired power plants in Czechia - Energotrans III. We decreased year-on-year emissions significantly: emission intensity for electricity generation (in tCO<sub>2</sub>e/MWh) decreased by 13%, SO<sub>2</sub> emissions by 45% and NO<sub>x</sub> emissions by 26%. We are on track to meet our emission reduction targets in line with the Paris Agreement. SBTi validated our near-term target in May 2022. The coal exit goes hand in hand with land recultivation and a strengthened commitment to biodiversity. In 2021, our mines Severočeské doly completed landscape reclamation of more than 90 ha and started reclamation of almost 45 ha. This is three times more than 40.6 ha of the land we acquired for mining. Biological monitoring includes mapping specially protected wildlife and preventing the spread of invasive species. We also cooperate with universities, NGOs, and regulators to ensure a science-based and transparent approach to protecting biodiversity.

The Social pillar focuses on our stakeholders, most importantly on our customers, employees, and communities. We intend to be the most reliable supplier of energy commodities and services in the region, focusing on security and stability of supply. We will modernize and digitalize our distribution and sales. We want to remain the most attractive employer in Czechia. We promise our employees affected by the coal exit that we will not leave anyone behind. We are fully committed to a just transition, and we will offer them a transfer to another position, retraining, or compensation. We will continue our collaboration with schools and universities to attract best talent.

The Governance pillar has two priorities: (1) diversity and inclusion and (2) ethical conduct. We strive to exceed expectations and provide attractive conditions for people of various backgrounds. This is especially true for attracting women and increasing their share of managerial positions. We will continue to hold our employees and suppliers to the highest standards of conduct. In 2021, we obtained the ISO 37001:2016 anti-corruption certificate as the first company listed on the Prague Stock Exchange and the first energy company in Central Europe.

While our ESG pillars are listed separately, at CEZ Group, we understand they are intertwined. For example, decarbonization and the coal exit will affect our employees and the regions where we do business. That is why we must minimize negative impacts on the most vulnerable groups. In other words, the E impacts the S. To mitigate these effects, we must have a strong G: the collective agreements with trade unions guarantee just transition to our employees, and our policies declare our commitments and responsibilities publicly to all stakeholders.

## Strengthening ESG management and transparency

We have made ESG an integral part of everyday business; it is the premise defining our accelerated corporate strategy targets. A dedicated ESG Office run by the Chief Sustainability Officer was established in July 2021. It coordinates ESG activities across the whole CEZ Group and provides expertise to teams that implement ESG projects. Our ESG Office is also responsible for non-financial reporting and alignment with international standards and initiatives. This includes compliance with EU taxonomy reporting requirements.

In 2021, CEZ Group created a Policy Matrix to systematize our approach to governance. We also launched a system of ESG education for all members of the Board and selected top management, and we linked ESG key performance indicators to remuneration. Specifically, individual tasks of all Board members include a unified ESG task with a weight of at least 15% for 2022. This task requires reaching a target level of international ESG rating, fulfilling our public commitments, implementing ESG initiatives, and taking measures in line with the accelerated VISION 2030. We have also streamlined our commitment to Sustainable Development Goals. While we support all 17 of them, we selected six that we want to focus on in more depth.

## Demonstrating robust, reliable, and responsible framework

The strength of character is tested in crisis. Extreme events, such as the COVID-19 pandemic and climate-related weather problems like the tornado that hit South Moravia, tested our readiness, resilience, and resolve when dealing with obstacles. We have demonstrated that we are well prepared for risks associated with climate change. We have also dealt with social problems caused by irresponsible Czech alternative energy suppliers. They could not supply energy to almost a million customers due to rising costs of commodities in 2021. We offered support and supply of electricity to over 370,000 affected clients. Our existing customers benefited from our prudent hedging strategy and reliable supply. Despite challenging conditions, we increased our Net Promoter Score, which measures customer satisfaction, and we dominate the energy sector in the region.

The new year 2022 brought on an unimaginable shock from the Russian military invasion of Ukraine. While the war negatively affects the European energy sector and complicates European climate goals, we remain determined to reach our mid-term and long-term goals. We will work harder to ensure a self-sufficient, stable, and secure energy supply for our customers.

I am very proud of our employees, who overcame all the hurdles we encountered through hard work and dedication. I am also humbled by their generosity and grateful for the donations and volunteer services they provided to those in need. I am confident that adversity will make us stronger. We will go forward undeterred in our desire to meet the expectations of all our shareholders and stakeholders and to reach all the targets of VISION 2030—Clean Energy of Tomorrow.

**Daniel Beneš**

Chairman of the Board of Directors  
and Chief Executive Officer,  
ČEZ, a. s.

## 1.2 Statement from the CSO

### Dear readers,

CEZ Group has a long tradition of publishing annual Sustainability Reports. They summarize our stand-alone sustainability strategy and present non-financial information.

The 2021 Sustainability Report is different because it reflects the incorporation of sustainability into our business strategy. VISION 2030—Clean Energy of Tomorrow stands on three pillars: Environmental, Social, and Governance. This structure is now reflected in the new organization of the Sustainability Report.

The CEZ Group Sustainability Report is issued in line with Directive 2014/95/EU of the European Parliament and of the Council on Non-financial Reporting and its implementation into Czech legislation through an amendment to the Accounting Act. It presents the Group's non-financial data from January 1, 2021, to December 31, 2021.

The Sustainability Report is prepared in line with globally recognized reporting frameworks to meet the highest transparency standards.

We apply the Core option of Global Reporting Initiative (GRI) Standards 2020, the Sustainability Accounting Standards Board (SASB) standard for electric utilities and power generators, and the World Economic Forum (WEF) core metrics and disclosures. We report Greenhouse Gas (GHG) emissions in line with independently verified emissions under the EU Emissions Trading System (EU ETS) for a substantial part of Scope 1. We use GHG Protocol for the remaining part of Scope 1, Scope 2, and Scope 3.

We have included introductory information aligned with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD). We will issue a full TCFD report separately in the second half of 2022.

As a new participant in United Nations Global Compact (UNGC), we will file our communication on progress against the Ten Principles in 2023. We also support all 17 Sustainable Development Goals (SDGs), but we selected six that we are focusing on in more depth. In Environmental, we concentrate on SDG 7 – Affordable and Clean Energy and SDG 13 – Climate Action. In Social, we support SDG 8 – Decent Work and Economic Growth and SDG 10 – Reduced Inequalities. In Governance, we focus on SDG 5 – Gender Equality and SDG 16 – Peace, Justice and Strong Institutions.

For the first time, we report key performance indicators defined by the EU Taxonomy of sustainable activities.

This Report is prepared in the English and Czech languages. In case of discrepancies, the Czech version takes precedence.

Data for 2021 were collected in early 2022 and are reported as of April 15, 2022, unless indicated otherwise. All financial data are reported in Czech Crowns (CZK).

Ernst & Young (EY) has provided limited assurance by auditing nine selected key performance indicators and its Czechia operations based on the GRI Standards:

- Information on employees and other workers
- Work-related injuries
- Diversity of governance bodies and employees
- Energy consumption within the organization
- Water withdrawal
- Water discharge
- Direct (Scope 1) GHG emissions
- Energy indirect (Scope 2) GHG emissions
- Average hours of training per year per employee

EY's independent assurance statement is on page 98 of this Report.

We are committed to the highest transparency, accuracy, and accountability standards. I hope that the new structure of this Report and the adoption of additional reporting standards demonstrate our efforts. I also hope that reading our Report will be an enjoyable experience.

**Kateřina Bohuslavová**  
Chief Sustainability Officer  
and the Head of ESG Office  
of CEZ Group

# 2 Introduction

## 2.1 CEZ Group Business Environment

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-15, 102-44, 102-46

Europe's energy sector is undergoing a significant transformation towards sustainable solutions. The European Commission has been continuously increasing and accelerating ambitious targets for faster decarbonization, renewable energy development, and increasing energy efficiency while at the same time envisaging massive financial support from national governments. The current objectives and specific instruments are set out in the European Green Deal and fundamentally affect the business environment in many sectors besides the energy sector.

Czechia is developing the European Commission's targets into a climate and energy plan with an increase in the share of generation from renewable sources. The discussion on updating the Czech State Energy Policy to take more account of the European Green Deal has been intensifying. The government's Coal Commission is working on specifying Czechia's decarbonization strategy. Work is underway on the National Action Plan for Smart Grids and Electromobility. The strengthening of energy sector digitization is being prepared. Discussion continues on how to secure electricity supplies after the end of generation from coal facilities and on the construction of new nuclear units. In 2020, Czechia signed a framework and first implementation agreement with ČEZ, a. s., and Elektrárna Dukovany II for the first stage of the construction of a new nuclear power plant in Dukovany.

The current business concept of CEZ Group and the CEZ Group's strategy anticipate these trends. We aim to maximize the business opportunities associated with the modernization, digitalization, and decarbonization of the energy sector in the EU.

### 2.1.1 CEZ Group's Mission and Vision

CEZ Group's mission is to provide safe, reliable, and positive energy to its customers and society. CEZ Group's vision is to bring innovations for addressing energy needs and help improve the quality of life.

The current strategy was defined in 2019 according to CEZ Group's updated business concept. In May 2021, as part of its accelerated strategy VISION 2030—Clean Energy of Tomorrow, CEZ Group defined strategic objectives for 2030, taking into account the EU's decarbonization vision. At that time, we set specific ambitions in social responsibility and sustainable development to maximize shareholder value.

To facilitate the everyday management of sustainable development and ESG initiatives, CEZ Group established an ESG Office in July 2021. The Office reports directly to the CEO (see Section 5.1).

### 2.1.2 Strategic VISION 2030—Clean Energy of Tomorrow

The main strategic priorities of the accelerated strategy—VISION 2030:

- 1) Transform our generation portfolio to a low-emission one and achieve carbon neutrality
- 2) Provide the most cost-effective energy solutions and the best customer experience in the market
- 3) Develop CEZ Group responsibly and sustainably following ESG principles

The basic premise is to continuously adjust the structure of CEZ Group to meet the demands of investors, creditors, employees, and communities, and to enable maximum increase in shareholder value.

The main strategic objectives and commitments defined under the individual strategic priorities, including the ESG targets, are:

#### I. Transform our generation portfolio to a low-emission one and achieve carbon neutrality

Comprehensive objective—to reduce emissions intensity by more than 50% by 2030 and achieve carbon neutrality by 2040, a goal that we moved forward by a decade. This decision was motivated by three drivers: (1) the annual review of VISION 2030—Clean Energy of Tomorrow, (2) the launch of the REPowerEU plan, and (3) the proposal of the European Commission to set stricter goals within the Fit for 55 package.

#### Nuclear facilities:

- We will safely increase generation from existing nuclear sources to over 32 TWh and achieve a 60-year lifetime for nuclear units.
- We are ready to build a new nuclear unit at Dukovany.
- We will prepare for the construction of small modular reactors (SMRs) with a total capacity of over 1,000 MW after 2040.

**Renewables:**

- We will build 6 GW of renewables by 2030, of which 1.5 GW by 2025.
- We will increase installed capacity for electricity storage by at least 300 MW<sub>e</sub> by 2030.

**Traditional facilities:**

- We will decarbonize the heating industry and convert our coal sites to new activities after shifting away from coal.
- We will build new gas-fired capacities that are ready to burn hydrogen.
- We will reduce the share of electricity generated from coal to 25% by 2025 and 12.5% by 2030.

**II. Provide the most cost-effective energy solutions and the best customer experience in the market****Distribution:**

- We will invest in smart grids and decentralization to further develop a stable and digital distribution grid, including the development of fiber optic networks.

**Sales—Retail:**

- We will digitize 100% of key customer processes by 2025.
- We will maintain the highest Net Promoter Score (NPS) of the major electricity suppliers and grow our customer base by increasing service quality.
- We will offer a product portfolio that enables residential customers to achieve energy savings and reduce emissions.

**Sales—ESCO:**

- We will develop our role as a decarbonization leader—enabling effective emission reductions and delivering energy savings for our clients in industry, municipalities, and government in line with the EU target of achieving 39–40% energy savings.
- We will build the infrastructure for electromobility: we will quadruple the charging capacity, and we will operate at least 800 charging stations by 2025.

**New segments:**

- We will expand our activities into other areas of battery production, electromobility, and hydrogen generation.

**III. Develop CEZ Group responsibly and sustainably following ESG principles**

CEZ Group's comprehensive goal in responsible and sustainable development is to be among the top 20% of European utilities in ESG rating by 2023.

**Selected objectives in the environmental area:**

- We will reduce greenhouse gas emissions in line with the Paris Agreement well below 2°C by 2030 (from 0.38 tCO<sub>2e</sub>/MWh in 2019 to 0.16 tCO<sub>2e</sub>/MWh in 2030).
- We will reduce the SO<sub>2</sub> emissions from 21 kt in 2019 to 6.5 kt by 2025 and 3 kt by 2030.
- We will reduce the NO<sub>x</sub> emissions from 23 kt in 2019 to 13 kt by 2025 and 7 kt by 2030.

**Selected objectives in social relations:**

- We will continue to be responsible corporate citizens, cultivating good relationships with communities.
- We will maintain our position as the most attractive employer for future talents and current employees.
- We will ensure a fair transition for all employees affected by shifting away from coal through retraining, reskilling, or compensation.
- We will maintain the highest Net Promoter Score (NPS) among the leading electricity suppliers.
- We will digitize all key customer processes by 2025.

**Selected objectives in corporate governance:**

- We will achieve 30% female representation in management.
- We will increase the frequency of employee training concerning the Code of Ethics and train at least 95% of employees each year from 2022 on.

**2.1.3 ESG and Sustainable Development Social Objectives**

CEZ Group's strategy fully reflects the principles of ESG (Environmental, Social, Governance) and sustainability, i.e., emphasis on assessing and managing the environmental impact of business, on internal and external stakeholders and society-wide interests, and on responsible and ethical corporate governance. CEZ Group prepares the CEZ Group Sustainability Report every year based on GRI and other international standards.

ESG and a sustainable approach are an integral part of CEZ Group's management and corporate strategy. It is not one-off compliance with new requirements but a continuous adaptation of CEZ Group's strategy to all trends in the energy sector and approach to business as such. At the same time, it is not possible to separate the costs and investments for meeting ESG requirements from current expenses and investments. However, CEZ Group expects the largest share of costs in the overall transformation of its generating portfolio towards a fully emission-free generation, where it has set very ambitious goals in terms of decarbonization and overall carbon neutrality. CEZ Group is ready for a major transformation of the energy sector, with a clear plan for the gradual decarbonization of its generating portfolio. We are preparing for massive development and construction of renewable and low-carbon sources. We are developing e-mobility, modern distribution networks, energy savings, and optimal energy solutions for end-use customers.

An increased focus on ESG topics and meeting global climate goals can also be expected in the context of the conclusions of the 26th UN Climate Change Conference in Glasgow in 2021. Meeting the EU's ambitious climate targets will not be easy; it will be very costly for both citizens and the member states. However, it represents a significant business opportunity for a commercial company like CEZ Group.

## 2.2 Stakeholder Management and Materiality Matrix

GRI 102-21, 102-40, 102-42, 102-43, 102-47 / SDG17

### 2.2.1 Stakeholder Engagement

The relationships of CEZ Group with its stakeholders are governed by the Community Relations Policy. The policy covers all business activities to ensure a proper stakeholder engagement. CEZ Group wants to maintain long-term, stable, and strong stakeholder relationships built on trust, recognition of commitments and legitimate interests, and open communication.

#### 2.2.1.1 Stakeholder Groups

The Community Relations Policy lists 13 stakeholders who were identified in the CEZ Group's business value chain. They are listed below in alphabetical order.

- Certification bodies
- Customers
- Educational institutions and research facilities
- Employees
- Insurance companies and banks
- Local governments, local communities, and the public
- Media
- Nonprofit organizations
- Professional unions and associations
- Public and regulatory authorities
- Shareholders and investors
- Suppliers and contractors
- Trade unions

#### 2.2.1.2 Principles of Stakeholder Engagement

The Community Relations Policy also outlines seven principles of stakeholder engagement:

- **Accountability:** We act responsibly and build relationships based on ethics, integrity, sustainable development, and respect for human rights and communities affected by CEZ Group's business activities.
- **Transparency:** We act transparently in our relationships and financial and non-financial communications, sharing truthful, relevant, complete, transparent, and useful information.
- **Active perception:** We train our employees to listen actively, promote two-way and effective communication, and engage in direct, smooth, constructive, diverse, inclusive, and cross-cultural dialogue.
- **Participation and engagement:** We encourage stakeholder participation and engagement in all CEZ Group business activities, supporting voluntary consultation processes or similar avenues of information exchange, particularly in the planning, construction, operation, and decommissioning of CEZ Group power projects.

- **Consensus:** We strive to reach consensus with stakeholders, especially local communities and populations, considering their views and expectations.
- **Cooperation:** We encourage cooperation with stakeholders to contribute to the CEZ Group's goals and values and to the achievement of the Sustainable Development Goals.
- **Continuous improvement:** We continuously strive for improvement and regularly review our stakeholder engagement mechanisms to ensure that we respond to stakeholders' needs most effectively.

### 2.2.2 Materiality Assessment

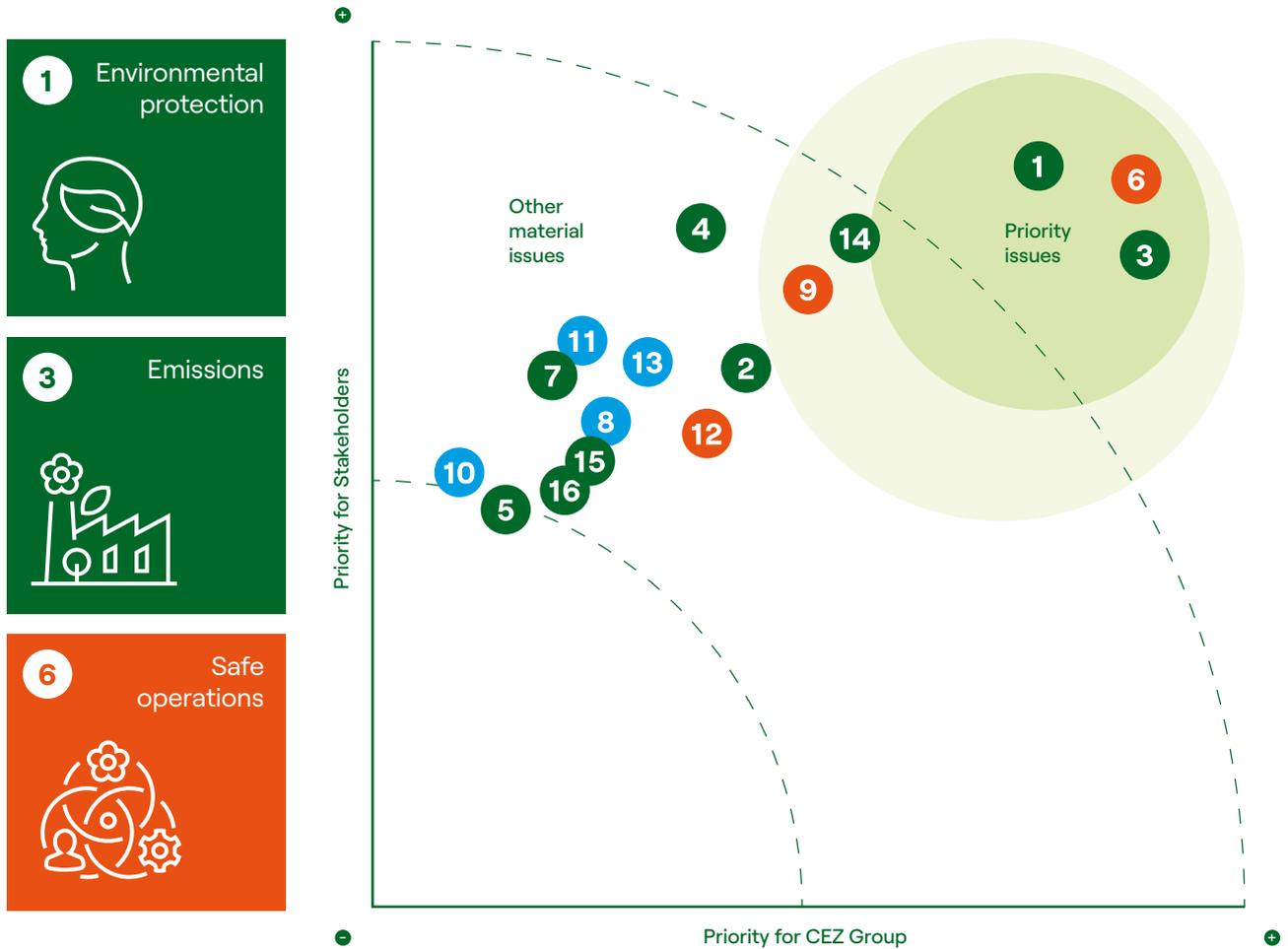
In 2019, a survey of material topics for CEZ Group's stakeholders was conducted according to the international standard AA1000 SES (Stakeholder Engagement Standard). For the purposes of the survey, CEZ Group's stakeholders were merged into two main groups:

- Internal stakeholders (top and middle management of CEZ Group and subsidiaries, supervisory board)
- External stakeholders (the 13 categories listed in 2.2.1.1)

As a result of the survey, a materiality matrix was constructed, which showed the crucial topics and areas of interest of CEZ Group's stakeholders. These are primarily focused on the environmental and social areas, indicating the current and future relevance of environmental protection, emissions (decarbonization), and safe operation and facilities. In the social area, two topics are significant: CEZ Group as a responsible employer and CEZ Group's collaboration with local communities.

However, when the survey was conducted, certain topics were not included for consideration because they only gained dominance later with current socioeconomic and political developments. It is possible to ascertain that the material topics are still relevant to CEZ Group's stakeholders, but new areas are likely to gain importance soon in relation to the post-pandemic world, the impact of the war in Ukraine, climate change, and the increasing legal requirements in ESG (e.g., EU taxonomy, human rights due diligence, supply chain management). CEZ Group is proactively looking at risks and opportunities and will reassess the stakeholder materiality matrix accordingly in 2022.

### 2.2.3 Materiality Matrix



#### Environmental

- 2 Energy efficiency
- 4 Sustainable water use
- 5 Land restoration
- 7 Circular economy
- 14 Clean technologies and energy transformation
- 15 Smart cities
- 16 Research and development

#### Social

- 9 Responsible employer
- 12 Cooperation with local communities

#### Governance

- 8 Supply chain
- 10 Diversity and equal opportunity
- 11 Ethics and transparency
- 13 Responsible business

## 3.1 Decarbonization

GRI 103, 305-1, 305-2, 305-3; SASB IF-EU-110a.1, IF-EU-110a.2 / SDG13

The 2015 Paris Agreement on Climate Change represents a commitment to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the increase to 1.5°C. We fully support the commitment of the United Nations' Paris Agreement on climate change. In 2021, we strengthened our commitment to becoming a carbon-neutral company by incorporating our sustainability strategy into the corporate strategy and creating a unified accelerated strategy VISION 2030—Clean Energy of Tomorrow. We moved forward our goal to be climate neutral by a decade to 2040 in May 2022. This decision was motivated by three drivers: (1) the annual review of VISION 2030—Clean Energy of Tomorrow, (2) the launch of the REPowerEU plan, and (3) the proposal of the European Commission to set stricter goals within the Fit for 55 package.

In CEZ Group, the Board of Directors is responsible for the Environmental Protection and Safety Policy and the Energy Policy. Environmental protection within the policies is based on the Environmental Management System according to ISO 14001 and the Energy Management System according to ISO 50001.

CEZ Group reports its emissions using the methodology of Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard and 2006 IPCC Guidelines for National Greenhouse Gas Inventories. CEZ Group's inventory for reporting is given by financial control: this includes all companies in which ČEZ, a. s., has a financial interest of more than 50% or controls the company. In the methodology, emissions are defined in three scopes, Scope 1, 2, and 3. We report Scope 1 and 2 emissions fully, whereas in Scope 3, we report only categories relevant to CEZ Group.

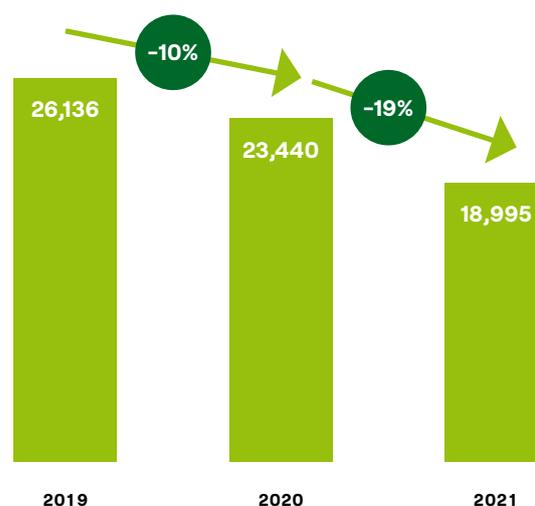
We measure our carbon emissions directly in production (continuous monitoring). Alternatively, emissions are calculated using emission factors from the IPCC Fourth Assessment Report for the 100 year-time horizon. All GHGs covered by Kyoto Protocol are included (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, and SF<sub>6</sub>). For the first time, we obtained external limited assurance on our GHG emissions in Scope 1 and 2 for 2021.

### 3.1.1 Scope 1

Scope 1 emissions come from the burning of fossil fuels to generate electricity and heat (CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O), fuels for vehicles we own or operate (CO<sub>2</sub>), fugitive coal mining emissions (CH<sub>4</sub>), biomass burning (CH<sub>4</sub> and N<sub>2</sub>O) and minor leaks from cooling, air conditioning equipment and high-voltage switches (HFC, PFC, and SF<sub>6</sub>). Scope 1 emissions are currently the most significant in the utility sector. Nevertheless, their importance will decrease with the transition to low emission energy sources. About 97% of CO<sub>2</sub> emissions from our energy production were within the sphere of the EU Emissions Trading System.

We adjusted our reporting scope of Scope 1 emissions compared to 2020 according to GHG Protocol: Direct biogenic CO<sub>2</sub> emissions are not reported in Scope 1, whereas HFC, PFC, and SF<sub>6</sub> are included in Scope 1. Therefore, we recalculated the total Scope 1 emissions in 2020 accordingly. Year-on-year N<sub>2</sub>O and CH<sub>4</sub> emissions were significantly reduced by switching to direct measurement instead of calculation from IPCC factors.

Emissions Scope 1 (in thousand tCO<sub>2</sub>e)



Scope 1 Emissions		2019	2020	2021
Fuels from facility operations	tCO <sub>2</sub>	26,070,966	22,458,780	18,702,178
Emissions from non-generation diesel generators*	tCO <sub>2</sub> e	N/A	1,014	224
CH <sub>4</sub> source emissions*	tCO <sub>2</sub> e	N/A	61,753 <sup>1)</sup>	67,880
N <sub>2</sub> O source emissions*	tCO <sub>2</sub> e	N/A	522,384 <sup>1)</sup>	136,150
Fugitive CH <sub>4</sub> emissions from coal mining*	tCO <sub>2</sub> e	N/A	335,522	30,463
Fugitive CH <sub>4</sub> emissions from landfill*	tCO <sub>2</sub> e	N/A	1	1
C/F-HC, SF <sub>6</sub> , apart from facility operations	tCO <sub>2</sub> e	3,136	3,295	3,000
Emissions from transport	tCO <sub>2</sub> e	61,640	57,640	54,613
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>26,135,742</b>	<b>23,440,389</b>	<b>18,994,509</b>
Biomass from facility operations	tCO <sub>2</sub> e	1,343,775	1,534,381	1,293,425

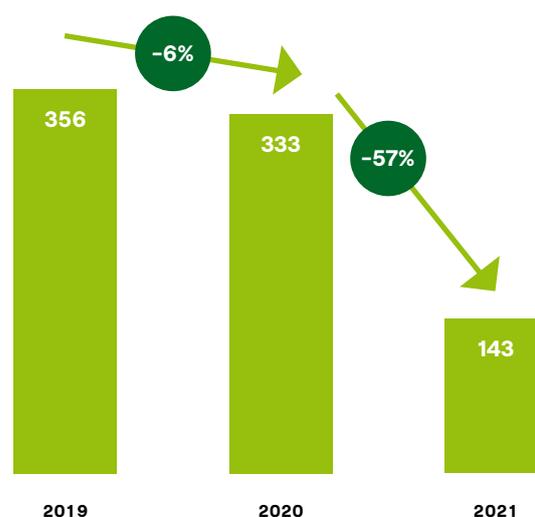
\* Indicator monitored since 2020.

<sup>1)</sup> 2020 data were recalculated and corrected.

### 3.1.2 Scope 2

In accordance with the GHG Protocol and in order to minimize double counting of emissions between Scope 1 and 2, CEZ Group treats the grid consumption as if it were supplied by its own facilities. Reported Scope 2 emissions relate to losses in the distribution network. We report emissions according to the location-based methodology. Scope 2 emissions decreased year-on-year due to the divestment of operations abroad.

Emissions Scope 2 (in thousand tCO<sub>2</sub>e)



Scope 2 Emissions		2019	2020	2021
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>356,198</b>	<b>333,409</b>	<b>142,698</b>

### 3.1.3 Scope 3

The GHG Protocol divides Scope 3 emissions into 15 categories that cover indirect emissions in the value chain from upstream and downstream activities. Relevant categories for CEZ Group are Category 1: purchased goods and services, Category 3: energy and fuel-related activities not included in Scope 1 and 2, and Category 11: use of sold products. We are working on evaluation and, if relevant, calculation of other Scope 3 categories.

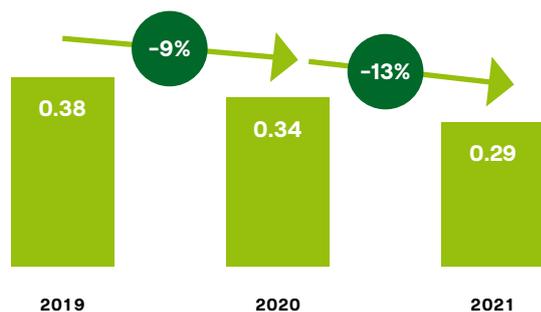
Scope 3 Emissions		2019	2020	2021
Category 1 – Purchased goods and services	tCO <sub>2</sub> e	41,112	33,316	40,428
Category 3 – Energy and fuel-related activities	tCO <sub>2</sub> e	2,633,947	2,479,467	1,529,566
Category 11 – Use of sold products	tCO <sub>2</sub> e	15,647,657	14,864,921	9,674,011
<b>Total</b>	<b>tCO<sub>2</sub>e</b>	<b>18,322,716</b>	<b>17,377,703</b>	<b>11,244,005</b>

### 3.1.4 Emission Intensity Reduction

GRI 103, 305-4, 305-5; SASB IF-EU-110a.3

Emission Intensity		2019	2020	2021
CO <sub>2</sub> e per generated electricity and heat	tCO <sub>2</sub> e/MWh	0.38	0.34	0.29

Emission Intensity (in tCO<sub>2</sub>e/MWh)



In 2021, CEZ Group accelerated our sustainable strategy and fully integrated it into our corporate strategy VISION 2030—Clean Energy of Tomorrow. We set ambitious targets to support the transition of the energy sector to low emission energy generation:

- We will reduce CO<sub>2</sub>e emissions in line with the Paris Agreement well below 2°C by 2030.
- We will reduce the emission intensity from 0.38 tCO<sub>2</sub>e/MWh in 2019 to 0.26 tCO<sub>2</sub>e/MWh in 2025 and to 0.16 tCO<sub>2</sub>e/MWh in 2030.
- We will reduce the share of coal-fired electricity generation from 39% in 2019 to 25% by 2025 and 12.5% by 2030.

Our climate targets are aligned with the Science Based Targets initiative (SBTi). SBTi validated our near-term targets in May 2022. We regularly monitor our progress towards the targets and create new initiatives in response to new legislation, stakeholders, and markets to be a leader in the transition to clean energy. Together with other European energy groups, we registered our commitments to reduce greenhouse gas emissions under the Non-State Actor Zone for Climate Action (NAZCA), formed before the Paris Climate Conference in 2015.

In our accelerated strategy, we set the target to reduce emission intensity (Scope 1 and 2) by more than 50% compared to the base year 2019. To achieve the target, we use innovative technologies in our production; we will decarbonize and eventually phase out coal production of electricity and heat. We also plan to build a new unit in our nuclear plant in Dukovany and increase the share of renewable energy in our portfolio.

In 2021, with an overall reduction in generation of electricity and heat compared to 2020, we reduced our emission intensity by 13%; coal generation was reduced by 17%, natural gas generation by 19%, renewable generation decreased by 22%, and nuclear production increased by 2% to 30.7 TWh.

### 3.1.4.1 Coal Decommissioning

To achieve the goal of our vision, we plan to decarbonize the generation portfolio via a gradual phase-out of coal-fired plants. We plan to completely stop using coal-fired plants in by 2038 at the latest; however, an earlier date is very likely. CEZ Group has set out medium and long-term commitments on coal decommissioning:

- Reduce the share of coal-fired electricity generation to 25% by 2025 and 12.5% by 2030. The installed capacity of coal-fired plants was reduced by 500 MW in 2021.
- Transform coal-fired locations into new lower-carbon fuels such as biomass and hydrogen. In 2021, the coal site Energotrans III in Mělník closed its production. By 2030, the production facility in Mělník will transform into a low emission source.
- Implement greening and optimize remaining coal-fired generation activities following the Territorial Just Transition Plan.

## 3.1.5 Ozone-Depleting Substances

GRI 305-6

Ozone-Depleting Substances		2019	2020	2021
Leakages	tCO <sub>2</sub> e	1.19	5.10	5.27

Ozone-depleting substances (ODS) are chemicals that damage the ozone layer in the stratosphere. We avoid using ODS whenever possible; minor emissions from ODS come from leaks in cooling equipment still used in CEZ Group. Given the change in Scope 1 definition, we recalculated ODS emissions for previous years. The increase in 2020 and 2021 was caused by the disposal of air-conditioning equipment in Prunéřov I power plant, which was shut down on June 30, 2020.

## 3.2 Waste, Emissions, and Pollution

### 3.2.1 Emissions of Pollutants

GRI 103, 305-7; SASB IF-EU-120a.1 / SDG3, SDG12

In CEZ Group, the Board of Directors is responsible for the Environmental Protection and Safety Policy and the Energy Policy. The focal points of the policies are the Environmental Management System (EMS) according to ISO 14001 and the Energy Management System according to ISO 50001.

EMS focuses on establishing, monitoring, and improving all activities affecting the quality of the environment, human health, and safety. Within the EMS, we identify environmental risks, create conditions for their prevention and elimination, and report on the environmental performance. These processes are reviewed regularly in internal and external audits. Stakeholders are also considered in the EMS, and their needs and expectations are evaluated and addressed. All employees receive regular EMS and environmental training at least once every two years.

The majority of our fossil-fuel electricity and heating plants have EMS in place (88% of installed power in 2021); our target is to extend EMS to 97% of installed capacity by the end of 2022.

We closely monitor emissions to air from our sources according to current regulations for emission and immission monitoring and the EMS system. They are continuously measured in large facilities; in smaller combustion facilities (up to 50MW), discontinuous measurements are performed in line with legislation, or, if not available, emission intensities are calculated. CEZ Group captures the air pollutants using innovative technologies following BAT (best available techniques):

- We reduce SO<sub>2</sub> emissions using limestone technologies: In large facilities, wet limestone washing of flue gas is used; in small facilities, a semi-dry method with absorption in the lime slurry is used. Emissions are further reduced by replacing fossil fuels with biomass in combustion units.

- We reduce NO<sub>x</sub> emissions by primary measures in combustion processes or by reduction techniques with ammonia water or urea.
- Since August 2021, we have been continuously monitoring mercury (Hg). We have been installing technologies to capture Hg in all our coal-fired power plants since 2020 and will complete installations by 2024<sup>1)</sup>.
- Particulate matter (PM) is captured in our facilities by electrostatic precipitators or fabric filters; their efficiency is over 99%.

We closely monitor pollutants and take precautions to prevent their emission from open-cut coal mines. We implement active and passive measures to contain particulate matter and dust emissions. Active measures include sprinkling or misting equipment, speed limits in mines, soil stabilizers, and technology process innovations. Examples of passive measures are terrain protection mounds, forest belts, and isolation walls surrounding the sites. Mining and coal dumps are at risk of spontaneous ignition; our top priority is to prevent fires and conflagrations by taking appropriate steps such as using heavy machinery. We provide regular cleaning of roads for communities living in the vicinity of mines.

In our VISION 2030—Clean Energy of Tomorrow, we set targets for the reduction of emissions:

- We will reduce NO<sub>x</sub> from 23 kt in 2019 to 13 kt in 2025 and 7 kt in 2030
- We will reduce SO<sub>2</sub> from 21 kt in 2019 to 6.5 kt in 2025 and 3 kt in 2030

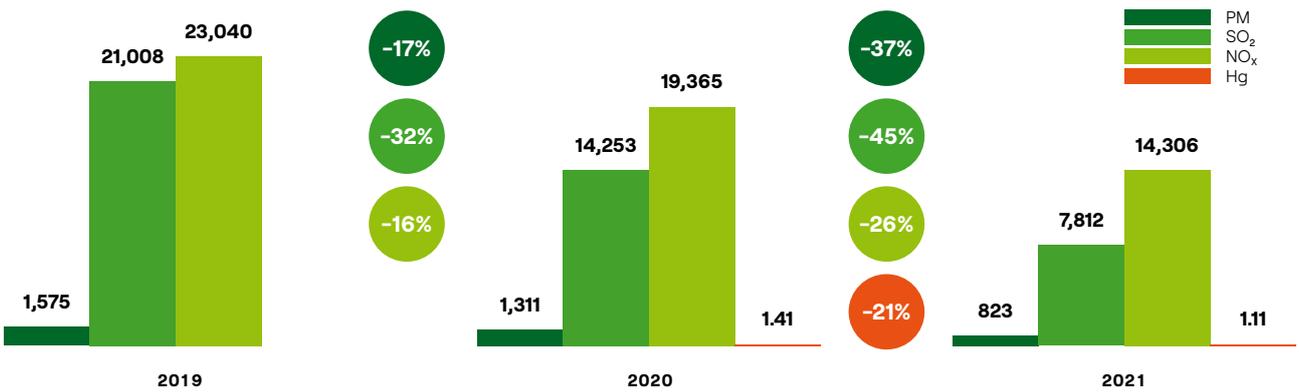
We have reduced SO<sub>2</sub> emissions by 63%, NO<sub>x</sub> emissions by 38%, and PM emissions by 48% since 2019, and we are well on track to reach our target.

<sup>1)</sup> Production sites that will stop heat production by 2030 are exempt from the installation.

Emissions and Specific Emissions of Air Pollutants		2019	2020	2021
Particulate matter	t	1,575	1,311	823
Particulate matter per electricity and heat generated	kg/MWh	0.022	0.019	0.013
Sulfur dioxide	t	21,008	14,253	7,812
Sulfur dioxide per electricity and heat generated	kg/MWh	0.290	0.207	0.121
Nitrogen oxides	t	23,040	19,365	14,306
Nitrogen oxides per electricity and heat generated	kg/MWh	0.318	0.281	0.222
Mercury*	t	N/A	1.410	1.110

\* Continuously measured since 2021, previously one-off measurements.

**Other Emissions (in t)**

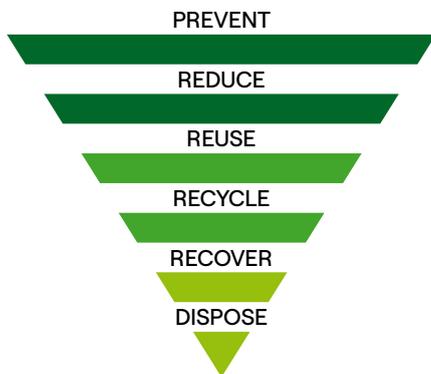


### 3.2.2 Waste and Natural Resources

GRI 103, 306-1, 306-2; SASB IF-EU-150a.1 / SDG12

CEZ Group is aware of the growing importance of waste management and protection of finite natural resources throughout all its operations. Thus, waste is seen as a new resource, and principles of circular economy are applied throughout all steps of waste management.

Waste management is based on the Environmental Management System (EMS), which establishes a hierarchy of waste management methods from prevention, preparation for reuse, recycling, and energy recovery to disposal. Waste management is provided by professionally qualified personnel. Specific projects are introduced to reflect our policy and waste prevention.



Circular economy is a sustainable model of production and consumption that extends the lifecycle value optimization of resources and products, reducing waste to a minimum. We have introduced the principles of circular economy into our corporate culture, strategy, and processes of our business activities. The Board of Directors is responsible for waste management and circular economy through the Environmental Protection and Safety Policy.

The waste management hierarchy is followed in all our activities. In 2021, 66% of waste was reused or recycled, and 34% was disposed of (of which 18% of waste was sent to a landfill). Most of our waste consists of construction and demolition waste originating from the demolition of obsolete structures, and sludges from wastewater treatment, waste metals, and municipal waste. ČEZ Recycling, a subsidiary of ČEZ, a. s., applies the principles of circular economy when taking back discarded photovoltaic panels. This will include batteries in the future.

Coal combustion products, products of incineration, and desulphurization (5,041,592t) are subjected to regular testing and certification as part of waste prevention; they are further used as products in 99.5%, thus avoiding waste generation. 149 tons of products that are sorted and sent for recycling under the take-back scheme (batteries, accumulators, tires, fluorescent lamps, discarded electrical equipment) are prevented from becoming waste.

**GRI 306-3**

Waste Generated (t)	2019	2020	2021
Non-hazardous waste	293,653	64,344	59,235
Hazardous waste	3,033	3,035	2,994
Radioactive waste	370	313	337
<b>Total waste generated</b>	<b>297,056</b>	<b>67,692</b>	<b>62,566</b>

**GRI 306-4**

Hazardous Waste Diverted from Disposal (t)	2019	2020	2021	2021 On-site	2021 Off-site
Preparation for reuse	N/A	N/A	188	0	188
Recycling	N/A	N/A	584	0	584
Other recovery options	N/A	N/A	603	0	603
<b>Total hazardous waste diverted from disposal</b>	<b>N/A</b>	<b>N/A</b>	<b>1,375</b>	<b>0</b>	<b>1,375</b>

Non-hazardous Waste Diverted from Disposal (t)	2019	2020	2021	2021 On-site	2021 Off-site
Preparation for reuse	N/A	N/A	17,378	0	17,378
Recycling	N/A	N/A	14,532	0	14,532
Composting	N/A	N/A	20,556	17,005	3,551
Other recovery options	N/A	N/A	12,019	7,360	4,659
<b>Total non-hazardous waste diverted from disposal</b>	<b>N/A</b>	<b>N/A</b>	<b>64,485</b>	<b>24,365</b>	<b>40,120</b>
<b>Total waste diverted from disposal</b>	<b>264,173</b>	<b>31,747</b>	<b>65,860</b>	<b>24,365</b>	<b>41,495</b>

**GRI 306-5**

Hazardous Waste Directed to Disposal (t)	2019	2020	2021	2021 On-site	2021 Off-site
Recovery including energy	N/A	N/A	154	0	154
Incineration	N/A	N/A	26	0	26
Landfill	N/A	N/A	589	0	589
Other disposal options	N/A	N/A	849	0	849
<b>Total hazardous waste directed to disposal</b>	<b>N/A</b>	<b>N/A</b>	<b>1,618</b>	<b>0</b>	<b>1,618</b>

Non-hazardous Waste Directed to Disposal (t)	2019	2020	2021	2021 On-site	2021 Off-site
Recovery including energy	N/A	N/A	95	0	95
Incineration	N/A	N/A	14	0	14
Landfill	N/A	N/A	10,636	4,683	5,954
Other disposal options	N/A	N/A	8,708	4,188	4,520
<b>Total non-hazardous waste directed to disposal</b>	<b>N/A</b>	<b>N/A</b>	<b>19,453</b>	<b>8,871</b>	<b>10,583</b>
<b>Total waste directed to disposal</b>	<b>32,514</b>	<b>35,632</b>	<b>21,071</b>	<b>8,871</b>	<b>12,201</b>

Waste Produced per Electricity and Heat Generated (kg/MWh)	2019	2020	2021
Total weight of non-hazardous waste	4.06	0.93	0.92
Total weight of hazardous waste	0.04	0.04	0.05

In 2021, waste generation decreased from 0.93 kg per MWh of electricity and heat in 2020 to 0.92 kg/MWh in the hazardous category. Waste production per MWh of electricity and heat generated increased from 0.04 kg/MWh to 0.05 kg/MWh. Fluctuations in the generation of hazardous waste are governed by investment activities (generation of hazardous waste during construction work and demolitions). Hazardous waste accounted for approximately 4.78% of all waste in 2021. Hazardous waste originated mainly from the maintenance and cleaning of plants, primarily working with oil products.

We recycle waste at our sites, including take-back of electrical and electronic equipment and batteries. Electrical waste is handled by sheltered workshops employing the physically disabled.

In CEZ Group, we regenerate transformer oils. In 2021, the amount of regenerated transformer oil for reuse was 277 tons.

During decommissioning of coal-fired power plants, buildings that are no longer useful are demolished, generating large quantities of waste. We conduct pre-demolition waste screening for reusable and hazardous waste, and we manage demolition to maximize waste recovery.

In 2021, we replaced single-use plastic bottles with Tritan bottles when providing protective drinks to employees in operations and in the field. Annually, this step prevents almost 6.5 tons of plastic waste.

### 3.2.2.1 Radioactive Waste

We manage radioactive waste at nuclear power plants in compliance with Act No. 263/2016 Sb., Atomic Energy Act. Concentrated liquid waste, sludge, and depleted ionex from current nuclear sources are fixed in bitumen, a form suitable for disposal. The main technological equipment is a film rotor evaporator, where the concentrate is mixed with bitumen, and water is evaporated. The semi-fluid radioactive waste (ionex and sludge) is processed by fixation into a geopolymer matrix and placed into 200-liter drums. The solid waste is pressed by low pressure into 200-liter drums or incinerated or melted and treated by high pressure abroad. At ÚJV Řež, both liquid (concentrate) and solid waste (after pressing) are treated by cementation into drums.

### 3.2.2.2 Coal Combustion Products (CCPs)

SASB IF-EU-150a.1

We manage the technological processes of coal and biomass combustion with the aim of utilizing combustion products in the construction industry. We use coal combustion products as construction materials, including fly ash, slag, and desulfurization products (FGD gypsum). Our target is to reuse at least 98% of the coal combustion products by the end of 2022. In 2021, 99.5% of CCPs were utilized; 78.13% of the CCPs we produced were used for landscaping and terrain shaping, and 21.42% of CCPs were sold for other uses in the construction industry. We sold a total of 439,726 tons of energy gypsum to produce plasterboards and cement.

### 3.2.2.3 Waste to Energy (WtE)

The utilization of waste following the circular economy principles brings new opportunities in the energy sector. CEZ Group has the technical, technological, and personal know-how needed to make the most of these opportunities to help improve the environment and replace primary sources (especially coal).

A project of a waste-to-energy facility on the Mělník power plant premises is under preparation. The objective of the facility is to thermally utilize residual non-recyclable waste to generate heat and electricity, thus replacing up to 3,000 wagons of coal on the site per year. As such, a WtE facility is an important component of circular economy.

### 3.2.2.4 Wastewater Management

We handle wastewater following current regulations and EMS, i.e., wastewater is treated to fulfill the requirements before being discharged into surface water. Further, water is monitored for pollutants at the outlets; selected pollutants are monitored continuously. We regularly report the results of the monitoring to relevant authorities and river basin managers.

Wastewater from flow-through cooling, representing most of the volume of wastewater discharged, is only altered in temperature. We discharge it so that it does not change the conditions in watercourses that are important for the life and development of biotic communities.

The total volume of wastewater discharged, including water for flow-through cooling, was reduced from 7.24 m<sup>3</sup> to 6.88 m<sup>3</sup>/MWh. The volume of wastewater, excluding wastewater from flow-through cooling, decreased from 0.74 m<sup>3</sup> to 0.69 m<sup>3</sup>/MWh.

We reuse wastewater when possible; wastewater from the nuclear plant Temelín is reutilized in the hydroelectric power plant Kořensko where 2,033 MWh were produced in 2021. Furthermore, we take action to reduce water consumption: we reduced it by 13.04% year-on-year.

### 3.2.2.5 Hazardous Substances

We have control systems to detect leaks of hazardous substances at our sites, which are regularly inspected. In case of potential accidents, emergency plans are set up, and sites are equipped with the means to deal with the accidents. Monitoring of the possible presence of hazardous substances in the groundwater and rock environment of the production sites is carried out. In addition, EMS checks compliance with regulations to prevent environmental pollution.

### 3.2.2.6 Significant Spills

GRI:2016 306-3

For all production sites, we have a protocol declaring that the limits of hazardous chemicals specified in the Act on the Prevention of Major Accidents (Act No. 224/2015 Coll.) have not been exceeded.

In 2021, we recorded 26 releases of hazardous substances.

At Energotrans, approximately 3 liters of turbine oil escaped into Labe through a leak in the oil cooler. After the accident was recorded, bore sorption walls were installed to contain it. No mortality of fish or other species was documented during the accident and its clean-up.

In ČEZ Distribuce, 75 liters of pollutants leaked into the water in one event and 779 liters into the soil during 24 events. The most frequent spills were transformer oil leaks within high voltage (HV)/low voltage (LV) distribution transformer stations. The cause of most of the incidents was equipment leakage caused by technical failure or overvoltage of oil transformers after a lightning strike or damage to the transformer shell due to external faults, e.g., a tree fall or traffic accident. During the liquidation of the leaks, the initial intervention was carried out by ČEZ Distribuce employees, in some cases also in cooperation with the Czech Fire Rescue Service. Subsequent remediation work was immediately provided by a remediation company contracted to intervene 24 hours a day.

## 3.3 Environmental Conservation

CEZ Group is aware of the importance of environmental protection and conservation, which is especially critical as it impacts biodiversity. The requirements of environmental management are integral to the processes and activities of the company. CEZ Group uses safe and proven technologies that are environmentally friendly and focuses on the management of the environmental impacts of the Group's activities, products, and services. CEZ Group complies with the requirements for safety, environmental protection, and sustainability at all stages of the life cycle of its technologies. CEZ Group requires suppliers and contractors to take the same approach to safety and environmental protection. We established these requirements in the CEZ Group supplier obligations outlined in the Commitment to Ethical Conduct, section 7: Environmental protection and sustainable development. CEZ Group's dedication to the protection of the environment and associated responsibilities are expressed in the Safety and Environmental Protection Policy.

### 3.3.1 Water Management

GRI 103, 303-1, 303-2;

SASB IF-EU-140a.1, IF-EU-140a.3 / SDG6

Water is after fuel the second most important raw material for CEZ Group's production, and it plays an irreplaceable role in cooling during power generation. CEZ Group manages water systems in coal, CCGT, and nuclear power plants and utilizes water energy for electricity generation in hydro plants. In the processes of water management and protection, CEZ Group follows relevant Czech legislation and decisions of water regulatory authorities. Water use and wastewater discharge are governed by rules and conditions outlined in integrated permits issued by relevant authorities. All CEZ Group generation facilities comply with water protection provisions and conditions outlined in operation permits.

CEZ Group's conventional and nuclear power plants utilize surface water efficiently and economically. Water is used responsibly to minimize the impacts on its quality and quantity in all areas of operations. Before use, water is chemically and mechanically treated to reduce its possible contamination and to ensure the required water quality necessary for the utilization in a power plant operation. After use, a part of the used water is recycled in the plants to minimize the amount of surface water withdrawn. Groundwater is used only in minimal quantities at CEZ Group. It is mainly used to produce drinking water, while a negligible amount is used for other purposes. None of our production sites are in areas with high water stress according to Aqueduct – Water risk atlas.

In 2021, we complied with the conditions of the surface water and groundwater abstraction licenses and the requirements related to the discharge of wastewater and mine water. Reports on compliance with the conditions of integrated permits are published regularly through the water authorities.

#### 3.3.1.1 Water Consumption

Surface water is an indispensable resource for CEZ Group's electricity generation, where it is used for cooling. Around three-quarters of the total surface water withdrawn is used for flow-through cooling. Withdrawals of surface water for CEZ Group's operations do not significantly impact the water volume of the watercourses involved. Abstractions reach a maximum of 4% of the flow capacity at the abstraction point. The water used in flow-through cooling is returned to the watercourses immediately downstream of the point of withdrawal. Water from the cooling systems is also used to power water turbines when leaving power plants. Examples include hydroelectric power plants Mělník, Ledvice, and Kořenisko.

The storage retention basins at the Dukovany Nuclear Power Plant illustrate how to retain water in the region and contribute to groundwater restoration. The groundwater level is recharged from rainwater, which slowly percolates into the tanks.

In 2021, only about 20 percent of withdrawn surface water was used for technological purposes. There is no identified impact of surface water withdrawal on biodiversity in protected areas and on the presence of specially protected plant and animal species.

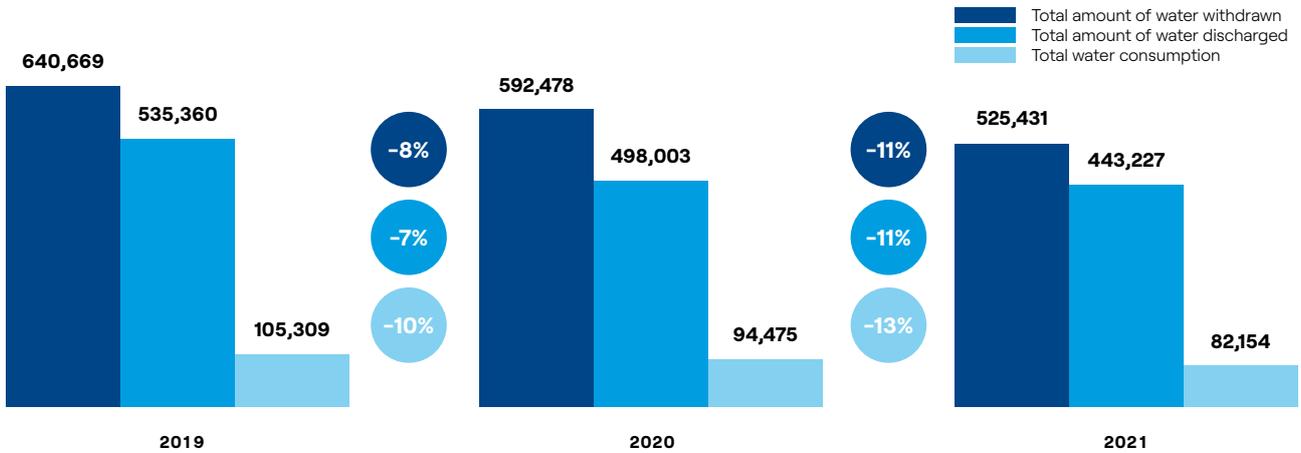
### 3.3.1.2 Water Recycling

Wastewater is recycled to reduce the consumption of surface water. CEZ Group reuses wastewater from cooling tower blowdown, sand filter and gypsum washing, seepage water, and drainage water if the quality of the wastewater is sufficient for new use. Out of the surface water withdrawn for technological purposes in 2021, reused wastewater accounted for about 6% of the total amount.

#### GRI 303-3, 303-4, 303-5

Water Treatment		2019	2020	2021
Total amount of water withdrawn	m <sup>3</sup> thousand	640,669	592,478	525,431
Water withdrawn per electricity and heat generated	m <sup>3</sup> /MWh	8.85	8.60	8.15
Total amount of water discharged	m <sup>3</sup> thousand	535,360	498,003	443,277
Amount of water discharged per electricity and heat generated	m <sup>3</sup> /MWh	7.40	7.24	6.88
<b>Total water consumption</b>	<b>m<sup>3</sup> thousand</b>	<b>105,309</b>	<b>94,475</b>	<b>82,154</b>
Water consumption per electricity and heat generated	m <sup>3</sup> /MWh	1.46	1.37	1.27

#### Water Treatment (in thousand m<sup>3</sup>)



### 3.3.1.3 Wastewater Management

Wastewater comes mostly from technological use, heat and electricity production, and sewage from sanitary and cooking facilities. Before its release into a watercourse, industrial wastewater is treated, and its quality and amount are monitored. Sewage wastewater is discharged into municipal sewage systems managed by water and sewage management companies, or it is treated in a company water treatment plant and returned to a watercourse. Wastewater that is or could be contaminated with oil is discharged through oil separators. The only untreated wastewater comes from once-through steam turbine cooling, rainfall, and other similar outlets, which do not necessitate treatment.

Wastewater discharges are subject to conditions set by relevant authorities. Groundwater protection requires that wastewater from electricity generation is only discharged into surface watercourses. Wastewater from flow-through cooling represents most of the volume of wastewater discharged, and conditions for its discharge are carefully maintained to ensure the safety of life and development of biotic communities. CEZ Group carries out regular monitoring of discharged wastewater at all outlets. For some indicators, continuous monitoring is provided. Our goal is to monitor the quality of wastewater and to respond promptly to any risk of quality deterioration. We regularly report the results of monitoring to relevant authorities.

### 3.3.2 Biodiversity

GRI 103, 304-2 / SDG15

CEZ Group's long-term strategic goals include reducing environmental impact, achieving global climate goals, protecting biodiversity, and meeting all emission and environmental requirements set by legislation and regulatory authorities. Assessment of relevant environmental impacts is an integral part of the operational processes of CEZ Group companies. To this end, we have assessed potential impacts on biodiversity within our value chain, and we are taking measures toward preventing and mitigating adverse effects.

#### 3.3.2.1 Protection and Restoration of Biodiversity

The Board of Directors has accepted the responsibility to protect biodiversity (see the Policy Matrix on page 68). The primary challenge in promoting biodiversity is the reduction of the burning of fossil fuels and lignite mining and recultivation of affected areas. In CEZ Group's long-term strategy VISION 2030—Clean Energy of Tomorrow, decarbonization is among core environmental targets: the share of coal-fired electricity generation is set to drop to 12.5% by 2030.

CEZ Group's biodiversity strategy includes protection and restoration of biodiversity, reduction of lignite mining, and reduction of pollutant and GHG emissions. The strategy also provides for the restoration of areas affected by mining, where the biodiversity of natural habitats is promoted in the reclamation process. All investment interventions and changes in the operation of facilities that could impact biodiversity are subject to environmental impact assessments. In addition, biological monitoring is carried out before project implementation to provide a detailed mapping of the occurrence of protected species. In collaboration with environmental experts, these species are then relocated to suitable habitats, for example, in reclaimed areas.

CEZ Group's sites are sometimes located near or within specially protected areas, in protected landscape areas, nature reserves, and in proximity to natural monuments. Some operations are located directly in nature protection areas of European importance or Bird Areas NATURA 2000. Any activities and operations at these sites with high biodiversity are subject to conditions and obligations set to protect species.

An important part of CEZ Group's biodiversity activities is the fight against non-native invasive species. Invasive species compete with native organisms for resources and habitats, and they cause ecosystem imbalance.

The zebra mussel (*Dreissena polymorpha*) is a non-native species of mussel, which has gradually colonized much of Europe's aquatic environment. Like other non-native species, zebra mussel does not have a predator in the local environment of such a magnitude that it would reduce its population by natural means. Overpopulation causes technical problems in hydropower plants and other technical installations that use raw river water. In 2015, CEZ Group established cooperation with Palacký University in Olomouc to monitor, early predict and reduce the zebra mussel presence in water reservoirs where we operate our facilities.

#### 3.3.2.2 Bird Protection

CEZ Group focuses on protecting birds from electrocution and preventing injuries and deaths of birds caused by their landing on power lines. Most commonly, plastic protectors are placed over insulators. Another method of bird protection is the installation of bracket structures to prevent the electrocution of birds landing on power lines. The bracket structures are equipped with bars for safe perching. This type of protection is used in the reconstruction or construction of new high voltage lines.

In the distribution network of ČEZ Distribuce, 18,767 support points of high-voltage power lines were equipped with protective elements in 2021. ČEZ Distribuce owns and manages about 475,000 high-voltage support points, of which 68% are now safe for birds. In 2021, CZK 45 million were spent on bird protection.

ČEZ Distribuce also monitors stork nests located on the distribution network installations. Every year, there are frequent cases of storks building their nests on support points of low-voltage lines. The nests are removed and transferred to safer places in collaboration with regional authorities and the Czech Society for Ornithology. The support point is then fitted with a barrier to prevent the stork from returning. If nest removal is not possible, the wires around the nest are insulated to prevent storks' injury or death by electrocution.

At the initiative of the Nature Conservation Agency of the Czech Republic (NCA CR), an inspection of hollow concrete power line poles was conducted by ČEZ Distribuce. The covering of the poles was checked and repaired to protect the critically endangered little owl (*Athene noctua*). The inspection of the columns was recommended by the NCA CR in areas critical for the nesting of the little owl. It is a highly endangered species, and its protection is a priority for species conservation, given the current critical status of its population in Central Europe.

In 2021, support for the nesting of the peregrine falcon (*Falco peregrinus*) continued at CEZ Group sites. Ten pairs were recorded: six of them were successful and produced 19 chicks. Since 2011, when the first falcon nesting box in Czechia was placed on the cooling tower of the Tušimice power plant, at least 114 chicks have been raised on high-rise power plant structures, chimneys, and cooling towers.

### 3.3.2.3 Mine Reclamation

Technical and biological reclamation of areas affected by mining operations of CEZ Group continued in 2021. Restoration of landscape and establishment of ecological stability are essential for minimizing and eliminating of environmental impacts of lignite mining. The key objectives of reclamation are the creation of a new landscape with the restoration of all critical functions in the reclaimed areas and their integration into the surrounding landscape. Individual reclamation projects are prepared in accordance with the Comprehensive Remediation and Reclamation Plan.

Biodiversity management is one of the main priorities of Severočeské doly as an important tool for nature and landscape conservation. Biodiversity protection and enhancement are subject to conditions set out in the mining permits under the Opening, Preparation, and Extraction Plans governing lignite mining in the Bílina and Nástup Tušimice mines. Protective measures are also introduced in the towns and villages affected by mining, such as creating noise barriers, walls, and forest belts that reduce adverse effects of mining activities.

In 2021, Severočeské doly completed landscape reclamation on an area of 92.95 ha and started new reclamation on an area of 44.32 ha. Land acquisitions for mining were made on 12.64 ha of the Bílina mines and 27.95 ha of the Nástup Tušimice mines. Before the quarrying process, biological monitoring of the acquired lands will be carried out. Its purpose is to map the occurrence of specially protected animal and plant species, which will be relocated to biotopes created in reclaimed areas.

The reclamation process is regularly inspected by the Reclamation Department. Representatives of the state administration and representatives of the municipalities and towns in whose cadasters the reclamation work is carried out are also present on inspection day.

**Summary table of individual types of reclamation, including percentages, as of 31 December 2021 (in ha)**

Types and Areas of Reclaimed Land	In progress		Completed		Combined	
	Nástup Tušimice Mines	Bílina Mines	Nástup Tušimice Mines	Bílina Mines	Severočeské doly	%
Reclaimed land total	637.28	930.77	2,591.65	3,468.34	7,628.04	100
Farmland	92.48	193.45	1,475.71	1,248.63	3,010.27	39.46
Forest	524.38	560.09	918.83	1,616.32	3,619.62	47.45
Water	3.68	21.49	53.88	150.99	230.04	3.02
Other	16.74	155.74	143.23	452.40	768.11	10.07

In 2021, land reclamation also continued in the vicinity of CEZ Group's conventional power plants (landfills, tailings ponds, etc.), and 5.05 million tons of energy by-products certified for reclamation purposes were used. Energy by-products (EBPs) suitable for reclamation are mainly fly ash and its mixtures with slag and desulphurization products.

### 3.3.3 EMS – Environmental Management System

GRI 103 / SDG9, SDG12

CEZ Group considers environmental protection as an integral part of its management system. CEZ Group's Environmental Management System (EMS) follows the requirements of the management system standard ČSN EN ISO 14001:2016. The Board of Directors is responsible for environmental protection and approves the Environmental Safety and Protection Policy. Within EMS, CEZ Group identifies environmental risks, creates conditions for their prevention and elimination, and reports on the environmental performance and impacts of its activities. All employees receive regular environmental training every two years.

The system of environmental management applies in the following CEZ Group locations:

- hydroelectric power plants: Lipno 1, Lipno 2, Hněvkovice, Kořensko, Orlík, Kamýk, Slapy, Štěchovice, Vrané, Dalešice, Mohelno, Dlouhé Stráně
- nuclear power plants: Dukovany, Temelín
- conventional power plants and heating plants: Dvůr Králové, Trmice, ČEZ Energetické služby (Vítkovice) Ledvice, Tušimice, Prunéřov, Hodonín, Poříčí, Dětmárovice, Energotrans I, and Energotrans II
- combined cycle gas turbine power plant: Počerady
- non-production sites: AirPlus, AZ KLIMA, AZ KLIMA SK, ČEZ Distribuce, ČEZ Energetické produkty, ČEZ ENERGOSERVIS, Domat Control System, e-Dome, ENESA, EP Rožnov, ESCO Servis, HA.EM OSTRAVA, High-tech Clima, in PROJEKT LOUNY ENGINEERING, KART, MARTIA, Metrolog Sp., PRODECO, SD – Kolejová doprava, SPRAVBYTKOMFORT, ŠKODA PRAHA, ÚJV Řež, Ústav aplikované mechaniky Brno.

Within each production site, environmental conditions are assessed and verified in relation to:

- air quality
- availability of natural resources
- biodiversity
- climate
- existence of old environmental burdens
- waste and hazardous substances management
- water consumption and the impact of operations on surface and groundwater quality and water availability

The EMS includes a continually updated register of legal requirements that CEZ Group implements in its management documentation. Obligations established by applicable legislation, permits, and management documentation are monitored, and they are subject to annual internal audits at all locations. Likewise, external audits by an independent audit authority are performed. Registers of environmental aspects are kept for each site, and their significance in terms of environmental impacts are determined for each facility. EMS also includes monitoring of emissions and the evaluation of operational risks. Relevant environmental indicators are monitored in accordance with legal requirements and legitimate stakeholder requests. The scope and methods of monitoring and measurement are included in work documentation and methodologies.

Environmental performance is assessed in the environmental profile, which is established for all generation facilities, and which contains an evaluation of indicators monitored in individual environmental areas. The following environmental performance indicators are identified for electricity and heat supply and generation:

- air emissions production
- amount of surface and groundwater withdrawn
- amount of drinking water withdrawn
- amount of water for circulation and flow-through cooling
- wastewater production
- amount of waste produced
- amount of sorted recoverable waste
- energy by-products (EBPs) production
- amount of recovered EBPs
- amount of EBPs disposed of as waste

Annually, as part of the EMS review, the Board of Directors is informed about the environmental profile of the generation portfolio; we assess both environmental performance indicators listed above and environmental targets achieved. CEZ Group tracks both absolute quantities and particular quantities relative to the volume of electricity and heat generated. Monitoring and measurement records and environmental impact records are also subject to review as part of internal and external audits.

CEZ Group informs its stakeholders about the environmental performance and results of monitored environmental indicators in annual reports and sustainability reports. Additional information is publicly available through integrated permit assessment reports (IPPC) and the Integrated Pollution Register (IRZ). In EU countries, the results are available in the E-PRTR (European Pollutant Release and Transfer Register) at European Industrial Emissions Portal. The results of measurements and monitoring are transmitted to the public administration via the Information System for the Fulfillment of Reporting Obligations (ISPOP).

### 3.3.4 Air Pollution Monitoring SDG11

Beyond the scope of legal obligations, CEZ Group has provided accredited monitoring of air quality near large combustion facilities since 1994. It measures pollution with NO<sub>x</sub>, SO<sub>2</sub>, and particulate matter of different sizes (PM<sub>10</sub> and PM<sub>2.5</sub>). The data are delivered to the Czech Hydrometeorological Institute, which publishes them in the information system on air quality in Czechia. The results of air pollution monitoring in the vicinity of large combustion facilities are published on the CEZ website.

An independent accredited laboratory also monitors air pollution in municipalities affected by the operations of CEZ Group's lignite mines. Measurement stations in these locations provide a continual measurement of particulate matter, especially PM<sub>10</sub>. The results of the measurements are shared with the affected municipalities and governmental agencies.

## 3.4 Energy Transition

### SDG7

The need to address climate change is the primary reason for a transition from an energy sector dominated by fossil fuels to one based on emission-free energy sources. A transformation of the energy sector offers opportunities for sustained economic development, energy security, improved health, job creation, and other societal benefits. Generating power from renewable sources is only one part of the energy transition. Another central factor is the application of technologies to improve energy efficiency.

In CEZ Group, the strategy of the energy transition is outlined in VISION 2030—Clean Energy of Tomorrow, which was published in May 2021. The three strategic priorities of VISION 2030 are: (1) the transformation of the generation portfolio to low carbon and the achievement of carbon neutrality, (2) the most cost-effective energy solutions and best customer experience in the market, and (3) the development of CEZ Group responsibly and sustainably following ESG principles.

CEZ Group's strategy for decarbonization includes efficient management of coal-fired power plants located near coal basins and the transformation of the heating industry. The share of electricity generated from coal will be reduced from 39% in 2019 to 25% by 2025 and 12.5% by 2030. CEZ Group plans to reduce the operation of selected coal-fired power plants, and new ones will no longer be built. In the heating sector, CEZ Group plans to phase out coal by 2030.

Instead, CEZ Group will focus on increasing the capacity of existing emission-free renewable sources in operation and on building new renewable energy sources – mainly photovoltaic power plants. CEZ Group plans to increase new renewable energy sources by 1.5 GW of installed capacity by 2025 and by 6 GW by 2030. New installations will be built on sites of existing conventional power plants, brownfields, former mine dumps, built-up areas, and low-quality land. The car park in the Dukovany Nuclear Power Plant is an excellent example of repurposing our own premises for the installation of a solar power plant. There are 322 parking spaces roofed with 2,600 double-sided photovoltaic panels generating approximately 850 MWh annually.

Nuclear power plants will remain part of a carbon-neutral and stable portfolio. CEZ Group takes measures to increase their efficiency to ensure stable and reliable operation.

In CEZ Group, energy transition combines a comprehensive sustainable approach to the energy sector with the specific needs of individual customers. Globally, the emphasis on renewables seems to be predominant, but our focus is much broader. We gradually increase interest in electricity generation from renewable sources directly at consumption points. We build self-managing smart distribution networks; we support digitalization and automation of energy solutions; we reduce energy loss and promote its efficient use.

Our goal is to develop clean technologies in transport and e-mobility, too. We install an increasing number of electric car charging stations to enable low-emission modes of transportation. In 2021, CEZ Group built 110 charging stations for electric vehicles in Czechia. This is the highest number so far in one year; the year before, the company put 82 stations into operation. As of the end of 2021, CEZ Group operated 385 charging stations with a total capacity of more than 25 MW. In Czechia, CEZ Group has approximately 50% share in the total supply of electric charging stations. In 2021, drivers charged their cars at CEZ Group stations 203,703 times, an increase of 24.5% compared to 2020. According to the National Action Plan for Clean Mobility, 19-35,000 charging points should be available by 2030, especially fast-charging ones.

### 3.4.1 Transition to Renewable Energy: Hydro, Wind, Solar

The strategic priority of VISION 2030—Clean Energy of Tomorrow is to transform the generation portfolio to a low-emission one and achieve carbon neutrality by 2040. The share of coal in production is steadily decreasing; currently, more than 60% of the total generation of CEZ Group consists of emission-free sources, including nuclear.

#### 3.4.1.1 Hydroelectric Power Plants

In line with VISION 2030, CEZ Group increases operation efficiency and production volume at existing emission-free hydropower plants. Storage and pumped-storage hydroelectric power plants ensure dynamic functions of the electricity system, and the power plants serve as an essential backup for the system. In Czechia, CEZ Group has approximately a two-thirds share in the utilized hydraulic energy potential. We operate hydroelectric power plants in the Vltava River Cascade and pumped-storage power plants in Dalešice, Štěchovice, and Dlouhé Stráně. We also operate small-scale run-of-river hydroelectric power plants on several rivers in the country.

In 2021, favorable weather conditions and increased efficiency of CEZ Group's modernized hydroelectric power plants boosted the production of emission-free electricity from water. Hydroelectric power generation grew by 4.4% compared to 2020. All hydroelectric power plants of the CEZ Group in Czechia generated more than 2.4 TWh of electricity. The growth was driven mainly by better weather conditions in 2021 and an increase in the installed capacity of the Lipno 1 power plant.

The boost in production is also a direct effect of a comprehensive modernization of CEZ Group's hydroelectric power plants. It is the largest project of its kind in the history of the Czech hydropower industry, and it has spanned the past 15 years at the cost of more than CZK 3 billion. In this project, 38 units of 22 CEZ Group's hydropower plants have been modernized, and the total capacity of the upgraded units is now 1425 MW. The modernization has taken advantage of the latest science and technology, which enables the plants to increase efficiency by 5%. Under stable hydrological conditions, the upgraded units will produce tens of GWh more of emission-free electricity from water annually, thus contributing to sustainable management of a valuable resource. For example, Slapy power plant will save 80 million liters of water per year while producing the same amount of emission-free electricity.

Another positive environmental aspect of the modernization is reducing the volume of the oil fill in the hydraulic control of the units. An increase in the pressure in the control hydraulics causes a significant reduction in the volume of the oil fill. The power consumption of the pumps is reduced as well. For example, Kamýk power plant reduced the volume of the operating oil charge in the turbine control by 86% from the original 8,500 liters to today's 1,200 liters.

The modernization of hydropower plants includes the installation of online diagnostics, which enable the monitoring of up to ten technical parameters. So far, online diagnostics have been installed on 15 units. The diagnostics continuously measure the operating conditions of turbomachinery, generators, and transformers. They contribute to improved operational safety, optimized maintenance costs, and lifetime management.

#### 3.4.1.2 Wind Parks

In wind energy development, CEZ Group belongs to one of the pioneers in Czechia. In November 1993, the first CEZ Group experimental wind power plant was put into operation at Dlouhá Louka near Osek. The first modern wind power plants were launched in 2009. These units are located near Věžnice in the Vysočina region and near Janov in the Pardubice region. Their installed capacity is around 4 MW each.

CEZ Group is active in the wind energy sector in Czechia and abroad. In 2021, CEZ Group operated wind farms in Czechia and abroad with a total installed capacity of around 142 MW. In Germany, CEZ Group companies operate 53 turbines in onshore wind farms with a total installed capacity of 133.5 MW. Wind power plants in Germany generated 228 GWh of electricity in 2021 (292 GWh in 2020 and 285 GWh in 2019). Wind power plants in Turkey have an installed capacity of 28.2 MW. By the end of 2021, almost 70% of CEZ Group's portfolio in the wind power sector in Western Europe was in the development phase.

#### 3.4.1.3 Photovoltaic Power Plants

CEZ Group currently operates photovoltaic power plants in Czechia with a total capacity of 126 MW, covering the demand of about 40,000 Czech households annually. At the same time, CEZ Group is preparing a series of large-scale emission-free projects of new solar sources with a capacity of thousands of MW which will gradually replace the phased-out coal-fired power plants. In line with VISION 2030—Clean Energy of Tomorrow, CEZ Group plans to increase new renewable energy sources, including photovoltaics, by 1.5 GW of installed capacity by 2025 and by 6 GW by 2030.

In 2021, the first large-scale solar power plant started producing emission-free electricity. Located on the roof of the parking lot in the Dukovany Nuclear Power Plant, the solar power plant comprises 2,600 photovoltaic panels, which are double-sided. This type of panel produces up to 25% more clean energy compared to a single-sided panel, as the underside takes advantage of light rays reflected by the parked cars. The solar power plant with double-sided panels takes up a much smaller area compared to conventional photovoltaics. The new emission-free source will generate about 850 MWh of electricity annually, which could provide electricity for circa 300 households.

To test the properties and application of various types of panels, CEZ Group has established a new experimental photovoltaic power plant in Ledvice. New technologies and solutions are tested, such as double glass and double face panels, which allow illumination from both sides, half-cut solar panels for increased performance and durability, and PERC panels, which are effective in partial shade or if polluted. There are also panels tested for agrivoltaics (agrophotovoltaics) – these are vertically positioned panels suitable for combining clean electricity generation with agriculture. This cutting-edge technology creates a solution for sustainable farming systems. CEZ Group is testing and evaluating the properties and suitability of various types of panels, which will be used in the upcoming development of large solar parks.

### 3.4.2 Transition to Emission-free Energy: Nuclear Power

Nuclear power plants are a part of a carbon-neutral and stable portfolio. CEZ Group takes measures to increase their efficiency to ensure stable and reliable operation, such as the renewal of equipment and modernization of Dukovany Nuclear Power Plant. Between 2020 and 2021, separators at Temelín were replaced, increasing the output to 2×1086 MW and saving thousands of tons of CO<sub>2</sub> emissions every year. Thanks to excellent maintenance and efficient management, the two nuclear power plants, Dukovany and Temelín, reached the highest daily production in history in mid-November 2021, producing a combined 100.8 GWh. In total, they produced 30.73 TWh of emission-free electricity in 2021, which is an increase of 2.3% year-on-year.

Another key element of the plan to strengthen Czechia's energy security and self-sufficiency is the upcoming construction of a new nuclear unit in Dukovany and the upcoming allocation of space at Temelín, where the first small modular reactor (SMR) could be built in the future.

In 2017, CEZ Group established a new Nuclear Power Division and launched the T30T program. It aims to consistently achieve production of at least 30 TWh by nuclear power plants per year while maintaining safe and stable operation. In 2021, Dukovany and Temelín reached the 30 TWh milestone eight days earlier than in 2020. In the coming years, CEZ Group plans to increase their emission-free production by another 2 TWh in some years (depending on the maintenance outage schedule) and aim for a 60-year lifetime.

CEZ Group has gradually modernized and upgraded both its nuclear power plants and managed to safely increase the output of both key nuclear sources without any emissions or land acquisitions otherwise necessary for the construction of new power plants. Currently, the Dukovany and Temelín plants supply emission-free power to the grid, covering more than 40% of the Czechia's total annual consumption.

### 3.4.3 Transition to a Cleaner Energy: Gas

Gas plays an important role in the energy transition by allowing a gradual coal phase-out. A quarter of the total CO<sub>2</sub> emissions in Czechia is generated by heat production, which historically relied heavily on coal. The transformation of CEZ Group's heating plants is one of the key areas to achieving our environmental commitments and low-emission production that we have set out in our strategy VISION 2030—Clean Energy of Tomorrow. By 2030, the largest source of district heating in Czechia, owned by CEZ Group – the Mělník facility – will produce heat only from low-emission sources.

#### 3.4.3.1 Heating Sector Transformation

CEZ Group plans to invest an estimated CZK 30 to 40 billion in transforming heating sites into low-emission ones in the coming years. The first step in the planned transformation was the shutdown of Energotrans III, the largest coal-fired power plant unit. Its closure will transform the site into a pure cogeneration plant. At the same time, preparations for the construction of high-efficiency combined cycle gas turbine (CCGT) plants are starting, and the site is expected to use other low-emission technologies in the future, such as biomass boilers, heat pumps, and waste-to-energy plants. These will gradually replace the cogeneration plants Energotrans II and Energotrans I. The Energotrans II lignite unit will operate partly as a backup source until its shut-down. The existing coal storage yard of the Energotrans III facility will be converted into a photovoltaic plant. The planned environmental measures will not affect the quality of heat supply to customers.

As coal-fired power plants are being phased out, buildings that are no longer useful will be demolished, generating large quantities of waste. CEZ Group is conducting pre-demolition waste screening to identify recoverable and hazardous waste before demolition starts, and the demolitions will be performed to maximize material recovery.

## 3.5 Innovative Solutions

### SDG9

The current emphasis on environmental protection is accelerating the need for energy savings. Smart solutions, advanced technologies, and digital transformation reduce energy consumption. Supporting innovations and digitalization corresponds to our strategy of VISION 2030—Clean Energy of Tomorrow.

#### 3.5.1 ČEZ ESCO

As leaders in energy-saving projects and eco-friendly solutions in Czechia, ČEZ ESCO and its subsidiaries primarily serve corporates and the public sector.

ČEZ ESCO fully aligns with the Group's VISION 2030—Clean Energy of Tomorrow and sets high ambitions. The company helps customers reduce CO<sub>2</sub> emissions and provides them with energy savings to meet the EU 2030 target of 32.5% savings compared to 2007. ČEZ ESCO also develops e-mobility infrastructure and increases the charging capacity for electric cars. Furthermore, the company is active in clean, decentralized energy.

ČEZ ESCO's sustainable products and services reduce customers' carbon footprint. For example, the "Emission-free electricity" product guarantees customers that the electricity consumed comes from CEZ Group's nuclear power plants. "Photovoltaics for CZK 1," another innovative idea, allows customers to purchase a photovoltaic power plant without an initial investment. While ČEZ ESCO covers all costs, the customer pays for the green electricity consumed.

The basis of ČEZ ESCO's business lies in introducing ecological and energy-saving technologies. The following are examples of notable achievements in 2021:

- Modernization of the University Hospital in Nové Zámky:  
The largest energy-saving project in Slovakia will save the hospital up to CZK 20 million annually in operating costs and reduce CO<sub>2</sub> emissions by 2,000 tons.
- Construction of the largest rooftop photovoltaic power plant in Czechia for the car manufacturer, ŠKODA AUTO:  
Installation of nearly 6,000 solar modules will generate more than 2,200 MWh of electricity annually.
- Thirty-two active Energy Performance Contracting (EPC) projects: EPCs provide energy services with guaranteed financial savings. They saved customers CZK 244 million and 48.8 tons of CO<sub>2</sub>e emissions.

ČEZ ESCO's solutions receive professional recognition. In 2021, the project of ENESA, a subsidiary of ČEZ ESCO, ranked among the top three European 2021 projects in the Sustainable Public Procurement category by the OECD and the European Commission. Moreover, ČEZ ESCO's solutions won two category awards in the Smart Cities 2021 competition.

#### 3.5.2 Smart Cities and Digitalization

ČEZ ESCO's Smart City concept helps cities set up efficient energy management. Designed for the public sector, the concept revolves around modern technologies and renewable resources. Using high-tech, the Smart City improves the environment and saves public budgets.

The synergies of ČEZ ESCO and its subsidiaries meet all customer needs related to Smart City projects from preliminary study to implementation. In addition, ČEZ ESCO can take care of the operation and service of the green technologies used.

When it comes to project financing, ČEZ ESCO lets customers implement their projects without burdening their own budgets. ČEZ ESCO covers the initial costs, and the customer pays the agreed installments. On top of that, the company helps with the processing of subsidies.

In VISION 2030—Clean Energy of Tomorrow, CEZ Group commits to large-scale digitalization of distribution networks. The company wants to deliver the best customer experience in the market and bring all key customer processes online by 2025.

The CEZ Group digitalization program follows the National Action Plan for Smart Grids and requirements of the State Energy Policy. The digitalization program and its solutions will benefit renewables, energy storage, e-mobility, and new related services. The program focuses on two primary areas:

1. transforming distribution networks into smart automated networks
2. transforming and digitalizing internal processes

Modernizing CEZ Group distribution will require massive investments: smart digital electricity grids and fiber-optic networks account for most of them. For example, the company develops optical infrastructure to simplify remote control of stations and fault detection. Smart elements enable automation, which is the key to remotely controlled components and distribution system monitoring. Eventually, such smartification significantly reduces the failure rate and increases the reliability of the power supply.

ČEZ Distribuce, a distribution system operator, spent CZK 13.4 billion on network modernization in 2021 (8% increase year-on-year). Between 2022-2025, ČEZ Distribuce plans to invest CZK 14.5 billion annually to ensure a high-quality and stable electricity supply. In the short term, the company wants to start implementing systems for metering, control, and management of nodal and loop distribution stations. ČEZ Distribuce envisions becoming a leader in digitalization and thus contributing to the decarbonization of the Czech energy industry.

CEZ Group also supports digitalization in its internal processes, e.g., in the legal area.

In 2020, the process of the General Meeting of Shareholders of ČEZ, a. s., was significantly streamlined and digitized thanks to the application VH Live!, which was custom-made for ČEZ, a. s. The main objective was to process shareholder submissions in electronic form efficiently. In 2021, the use of the VH Live! application was expanded for technical support of the new Rules of Procedure of the General Meeting. The shift in the digitalization of processes contributed to the increased convenience and streamlining of the General Meeting.

In 2021, the CONTRACT system was implemented in 28 CEZ Group companies. It is a simple tool for electronic registration of those contracts that have not yet been registered in other systems. The CONTRACT system aims to ensure secure electronic recording of contracts and their easy traceability.

### 3.5.3 Research and Development

Our research and development (R&D) programs cover many areas, including renewables and sustainable solutions. R&D projects focus on nuclear energy, emission reduction, renewables, materials, reliability and durability of components and systems, hydrogen technologies, energy storage, smart grids, IT solutions and digitalization, energy-saving technologies, and e-mobility. R&D outcomes are used across CEZ Group to improve the ecological, safety, and economic parameters of our operations.

In CEZ Group, R&D is mainly performed by the Research Centre Řež (RCŘ) and the ÚJV Řež. RCŘ is a research organization focused on research, development, and innovation in the energy sector. The main research area consists of two nuclear research reactors and a set of laboratories and experimental facilities, including facilities for nuclear fusion research. ÚJV Řež focuses on services and research for operators and manufacturers of energy equipment, especially nuclear power plants, on radioactive waste treatment, and on diagnostic radiopharmaceuticals for positron emission tomography. ÚJV Řež is active in the development of hydrogen technologies for energy and transport. Both organizations are involved in many international projects and activities, such as the EU Framework Programmes, the International Atomic Energy Agency, and the OECD/Agency for Nuclear Energy.

In 2021, total R&D operating expenses came up to CZK 952.4 million (8% decrease year-on-year), of which subsidies formed 43%. Specific projects, outputs, and program memberships are available in the CEZ Group's 2021 Annual Report.

### 3.5.4 Inven Capital

Inven Capital is a venture capital fund investing in clean-tech and renewable energy start-ups. Backed by ČEZ, a. s., and European Investment Bank, Inven Capital has become one of the largest clean-tech funds in Europe. Inven Capital has invested in 14 start-ups and the British Environmental Technologies Fund 2; Inven Capital successfully exited three of them.

All start-ups funded by Inven Capital engage in sustainable development. Start-ups either change the way existing industries operate or create new hi-tech products. Start-ups have launched green projects related to hydrogen technology, solar energy, energy efficiency and savings, e-mobility, etc. Some startups regularly score in the Global Cleantech 100 survey conducted by the consultancy Cleantech Group.

Being part of CEZ Group, start-ups can draw on extensive expertise in the energy sector, technology synergies, and client base. On the other hand, the know-how of start-ups brings huge added value to CEZ Group.

In addition to financial factors, Inven Capital regards sustainability as an essential part of investment strategy. Inven Capital is a member of Leaders for Climate Action (LFCA), an international initiative that fights global climate change by decarbonizing its member companies. As an LFCA member, Inven Capital commits to including a sustainability clause in new investment contracts.

In 2021, Inven Capital joined VentureESG, a community of European venture capital funds, striving to consolidate ESG principles for sustainable investments. As a result, Inven Capital supports portfolio companies in applying ESG best practices.

Inven Capital itself operates in an eco-friendly manner. In 2021, the company became the first holder of a carbon-neutral business certificate in CEZ Group.

### 3.5.5 Partnerships for Innovation

We are constantly building an innovation ecosystem across CEZ Group. Through cooperation with ČEZ ESCO and ČEZ Prodej, we can share innovative know-how to create new products and services with high added value.

We seek memberships in professional associations, societies, and platforms connecting experts on innovations. Electric Power Research Institute, vgbe energy e.V., and Sustainable Nuclear Energy Technology Platform are good examples of our involvement.

We are active or co-founding members of platforms that bring together entities from the energy, automotive, and research sectors to support e-mobility development, such as the E-mobility Platform or the platform of the National Action Plan for Clean Mobility.

We also draw innovative inspiration from outside the energy sector. For instance, we participate in the Innovation Roadshow and are founding members of the I2US cooperation platform. Together with other Czech and international innovation leaders, we share our experience and use the knowledge gained for our innovations.

### 3.5.6 E-mobility

SDG11

We know that e-mobility brings answers to emissions reduction and presents opportunities for companies to grow further. We pay attention to the entire value chain, including synergies between different green products (photovoltaics, energy storage, etc.).

At the end of 2021, we operated the largest network of public charging stations in Czechia (385 in total), supplying emission-free energy. In 2021 alone, we installed 110 charging stations, and our goal is to operate at least 800 stations by 2025. We expect charging hubs, allowing six or more e-cars to recharge batteries at once, to be the future trend.

We have registered an increasing demand for e-mobility solutions among our corporate clients that restructure their fleets or electrify public transport. In addition to e-vehicles and charging technologies, we integrate e-mobility solutions into customers' overall energy management strategy.

In 2021, we signed a memorandum with the Czech Ministry of Industry and Trade on a project for an e-car battery factory with an annual production capacity of 40 GWh. We will implement the project in cooperation with representatives of the automotive industry and battery manufacturers.

### 3.5.7 Energy Consumption and Reduction of Energy Intensity

GRI 103, 302-1, 302-3; SASB IF-EU-000.D / SDG7

Our energy-saving commitments, which are described in the CEZ Group Energy Policy and approved by the Board of Directors, set the framework for energy management and efficiency. Fulfilling these commitments will also help us achieve our target to reduce our CO<sub>2</sub> emission intensity (from 0.38 tCO<sub>2</sub>e/MWh in 2019 to 0.16 tCO<sub>2</sub>e/MWh in 2030).

Since 2015, the Energy Management System (EnMS) has been a key tool for energy savings in CEZ Group. EnMS fully aligns with the Environmental Management System (EMS), and together they help fulfill our responsibilities. In particular, EnMS aims to:

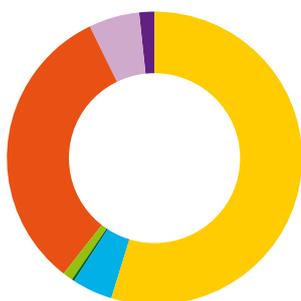
- improve energy efficiency
- optimize operations
- reduce greenhouse gas emissions

EnMS follows the ISO 50001 standard and is set up at most of our sites. Alternatively, regular audits are carried out. Regular internal and external EnMS audits check that energy management requirements are met. The EnMS is subject to a second review annually and also upon a significant change (e.g., new technologies and inputs).

We have targets and action plans for energy savings at all sites and regularly monitor energy flows critical to overall energy efficiency. We review our energy consumption annually and evaluate progress against energy targets and action plans. In 2021, CEZ Group's total energy consumption decreased by more than 9% compared to 2020, and the energy intensity ratio declined by almost 3%.

Energy Intensity (consumption of energy in fuel per energy unit supplied)	Unit	2019	2020	2021
A) Energy generated from fuel	TJ	615,751	578,439	535,991
o/w nonrenewable fuels	TJ	603,059	563,471	523,583
o/w renewable fuels	TJ	12,692	14,967	12,408
B) Energy generated from "nonfuel sources"	TJ	9,973	10,320	7,351
C) Energy supplied	TJ	220,808	208,903	199,166
o/w electricity	TJ	196,692	184,921	172,773
o/w heat	TJ	24,116	23,982	26,393
Total energy consumption within the organization (A+B-C)	TJ	404,916	379,855	344,176
Energy intensity ratio (A/C)		2.789	2.769	2.691

**Electricity Generation by Source (in %)**



	%
Nuclear	54.9
Hydro	4.5
Photovoltaic	0.2
Wind	1.1
Coal	32.1
Natural gas	5.6
Biomass	1.6
Biogas	0.0

In line with the Czech National Energy Efficiency Action Plan, we implement energy efficiency initiatives with our customers. We install modern technologies, smart products, and systems that intelligently manage energy consumption. We also raise customer awareness of energy savings through information campaigns.

Below are the major energy-saving projects we implemented for our customers in 2021:

- high-efficiency cogeneration of electricity and heat
- heat pumps in residential buildings
- energy services with guaranteed financial savings
- energy-efficient lighting in non-residential buildings
- energy-efficient outdoor lighting in industrial premises

In the next few years, we will focus primarily on digital transformation and decentralized energy generation. Seeing digitalization as a driver for lower energy consumption, we have set a target to cover 80% of consumption with smart meters by 2030.

Research and development also play an important role in our energy management. In 2021, R&D focused on advanced data processing systems to improve the energy efficiency of businesses and institutions.

Employees at sites with an implemented EnMS receive training (in person or online) at least once every two years. Employees learn about energy consumption indicators in office buildings and different technologies, including energy efficiency indicators, and find out how to approach them responsibly. Our suppliers performing site-specific activities also attend EnMS training. In their case, the training primarily focuses on becoming familiar with energy management requirements.

## 3.6 EU Taxonomy KPI Report

### CEZ Group - EU Taxonomy KPI Report

Economic activities 2021		Code	Turnover		CAPEX		OPEX <sup>1)</sup>	
			CZK Billion	%	CZK Billion	%	CZK Billion	%
<b>A</b>	<b>Taxonomy ELIGIBLE activities TOTAL</b>		<b>69.0</b>	<b>30.3</b>	<b>17.3</b>	<b>53.2</b>	<b>2.1</b>	<b>23.0</b>
<b>A.1</b>	<b>Generation – Renewable energy sources</b>		<b>5.6</b>	<b>2.4</b>	<b>0.6</b>	<b>1.9</b>	<b>0.3</b>	<b>3.6</b>
	Electricity generation from hydropower	4.5.	2.8	1.2	0.1	0.4	0.2	2.0
	Electricity generation using solar photovoltaic technology	4.1.	1.8	0.8	0.2	0.6	0.1	0.6
	Other Renewables*	*	1.0	0.4	0.3	0.8	0.1	1.1
<b>A.2</b>	<b>Heat and Electricity Distribution</b>		<b>42.1</b>	<b>18.5</b>	<b>14.5</b>	<b>44.4</b>	<b>1.6</b>	<b>17.4</b>
	Transmission and distribution of electricity	4.9.	38.8	17.0	14.4	44.2	1.4	15.2 E
	District heating/cooling distribution	4.15.	3.3	1.4	0.1	0.3	0.2	2.2
<b>A.3</b>	<b>Energy services and other eligible activities</b>		<b>21.4</b>	<b>9.4</b>	<b>2.3</b>	<b>6.9</b>	<b>0.2</b>	<b>1.9</b>
	Installation, maintenance and repair of energy efficiency equipment	7.3.	16.9	7.4	0.4	1.2	0.1	0.8 E
	Other energy services, electromobility, other activities*	*	4.5	2.0	1.9	5.7	0.1	1.1
<b>B</b>	<b>NON-ELIGIBLE Activities – TOTAL</b>		<b>158.8</b>	<b>69.7</b>	<b>15.2</b>	<b>46.8</b>	<b>7.0</b>	<b>77.0</b>
<b>B.1</b>	<b>NON-ELIGIBLE TRANSITIONAL activities**</b>		<b>43.9</b>	<b>19.3</b>	<b>7.8</b>	<b>24.1</b>	<b>3.2</b>	<b>35.0</b>
	Generation – nuclear sources	N/A	37.5	16.4	7.4	22.9	3.1	33.7 T
	Generation – combined-cycle and cogeneration sources	N/A	6.4	2.8	0.4	1.2	0.1	1.3 T
<b>B.2</b>	<b>NON-ELIGIBLE NEUTRAL activities***</b>		<b>81.1</b>	<b>35.6</b>	<b>1.4</b>	<b>4.4</b>	<b>0.5</b>	<b>5.1</b>
<b>B.3</b>	<b>NON-ELIGIBLE EMISSION activities</b>		<b>33.8</b>	<b>14.8</b>	<b>5.9</b>	<b>18.2</b>	<b>3.4</b>	<b>36.9</b>
	Mining activities	N/A	4.2	1.8	3.1	9.4	0.9	9.6
	Generation – coal sources	N/A	29.6	13.0	2.9	8.8	2.5	27.3
<b>A+B</b>	<b>CEZ Group TOTAL (ELIGIBLE+NONELIGIBLE)</b>		<b>227.8</b>	<b>100</b>	<b>32.5</b>	<b>100</b>	<b>9.1</b>	<b>100</b>

\* List of activities in this category is disclosed in Report – Implementation at CEZ Group

\*\* Based on EC proposal of Complementary Delegated Climate Act from 2.2.2022

\*\*\* Neutral activities include sales and trading of commodities (electricity, gas), distribution of natural gas, ICT and telecommunication services, facility management and other services

<sup>1)</sup> Total OPEX KPI is based on Taxonomy definition and thus include only fraction of operating expenses in CEZ Group. KPI includes maintenance and repair expenses. Definition and further information are disclosed in 3.6.6 KPI OPEX

E - Enabling activity

T - Transitional activity

Disclaimer: Due to rounding some totals may not correspond with the sum of the separate figures

	Turnover		CAPEX		OPEX	
	CZK Billion	%	CZK Billion	%	CZK Billion	%
<b>KPI breakdown – TOTAL ELIGIBLE activities</b>	<b>69.0</b>	<b>30.3</b>	<b>17.3</b>	<b>53.2</b>	<b>2.1</b>	<b>23.0</b>
Taxonomy Eligible activities - sustainable	9.1	4.0	2.0	6.2	0.5	6.0
Taxonomy Eligible activities - enabling	59.8	26.2	15.1	46.4	1.5	16.3
Taxonomy Eligible activities - transitional	0.2	0.1	0.2	0.7	0.1	0.7

**Turnover**

**CAPEX**

**OPEX**



	<b>Turnover %</b>	<b>CAPEX %</b>	<b>OPEX %</b>
<span style="color: green;">■</span> Eligible	<b>30</b>	<b>53</b>	<b>23</b>
<span style="color: orange;">■</span> Noneligible - transitional	<b>19</b>	<b>24</b>	<b>35</b>
<span style="color: grey;">■</span> Noneligible - other	<b>50</b>	<b>23</b>	<b>42</b>

### 3.6.1 General Principles

CEZ Group reports EU Taxonomy key performance indicators in line with Taxonomy Regulation 2020/852 and associated delegated acts. For the 2021 fiscal year, we considered only the eligibility of economic activities for two environmental objectives: climate change mitigation and climate change adaptation.

In line with regulation, CEZ Group will report additional information on alignment from 2023. After the adoption of additional classification, the report will be extended by disclosure on four additional environmental objectives:

- Sustainable use and protection of water and marine resources
- Transition to the circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The future report will include reporting of alignment based on defined technical screening criteria and compliance with minimum social safeguards related to international human rights and social and labor standards. Technical screening criteria of any activity consist of Substantial contribution criteria towards one environmental objective and Do No Significant Harm criteria for other five environmental objectives. We expect a high level of alignment with taxonomy criteria across current eligible activities. This assumption is based on our available knowledge, corporate governance, and current understanding of taxonomy criteria in the industry.

### 3.6.2 Contextual Information on Methodology

The methodology for identification of activities and financial data was prepared to avoid the risk of double counting. If more activities are present in the company, we report each revenue or expense towards only one activity based on business lines, technology, or projects. CEZ Group does not report on overlapping activities (e.g., no eligibility in case of using fuel mix<sup>2)</sup>).

In the case of pumped hydropower storage, we report these activities under category 4.5 together with other hydropower facilities. The reasons are natural and technical specificities of dams in operation, connection to the river, and data availability. CEZ Group applies recommended procedure based on vgbe-Interpretation note.

For taxonomy KPIs, we use data of companies under full consolidation, i.e., companies under the management control of ČEZ, a. s. This Report uses International Financial Reporting Standards (IFRS) used for Consolidated Financial Statements in the CEZ Group 2021 Annual Report, which are assessed by an independent auditor.

<sup>2)</sup> CEZ Group has some generation facilities which are using biomass, coal, or other types of fuels. But Taxonomy considers eligible only facility using 100% biomass.

### 3.6.3 Implementation at CEZ Group

CEZ Group is an international vertically integrated energy company with a large portfolio of economic activities. We have identified 31 taxonomy-eligible activities across multiple sectors.

Based on reporting principles of materiality and transparency, we disclose all significant eligible activities with a direct impact on taxonomy KPIs. Other identified activities are grouped as they have negligible impact on KPIs and no materiality for disclosure.

#### The list of CEZ Group eligible activities in 2021:

Taxonomy - Code and Activity	CEZ business or activity description
<b>ELIGIBLE activities</b>	
<b>Generation – Renewable energy sources</b>	
4.5 Electricity generation from hydropower	Modernization and electricity generation from hydropower dams. Owned assets. incl. pumped hydropower.
4.1 Electricity generation using solar photovoltaic technology	Development, construction and electricity generation from photovoltaic technology. Both own assets and assets under long-term contractual operation on behalf of client are included.
Other Renewables:	List of nonmaterial eligible activities included: 4.3 Electricity generation from wind power; 4.8 Electricity generation from bioenergy; 4.20 Cogeneration of heat/cool and power from bioenergy.
<b>Heat and Electricity Distribution</b>	
4.9 Transmission and distribution of electricity	Electricity distribution. incl. Grid development and modernization. Reported both national and local distribution systems connected to European network.
4.15 District heating/cooling distribution	Heat distribution to customers.
<b>Energy services and other eligible activities</b>	
7.3 Installation, maintenance and repair of energy efficiency equipment	Installation, maintenance and repair of HVAC, heating and lightning in buildings.
Other energy services and electromobility	List of nonmaterial eligible activities included: 3.2 Manufacture of equipment for the production and use of hydrogen; 3.5 Manufacturing of energy efficiency equipment for buildings; 6.5 Transport by motorbikes, passenger cars and light commercial vehicles; 6.15 Infrastructure enabling low-carbon road transport and public transport; 7.2 Renovation of existing buildings; 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings; 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; 7.6 Installation, maintenance and repair of renewable energy technologies; 7.7 Acquisition and ownership of buildings; 9.3 Professional services related to energy performance of buildings.
Other activities	List of nonmaterial eligible activities included: 1.1 Afforestation; 5.1 Construction, extension and operation of water collection, treatment and supply systems; 5.2 Renewal of water collection, treatment and supply systems; 5.3 Construction, extension and operation of wastewater collection and treatment; 5.4 Renewal of wastewater collection and treatment; 5.9 Material recovery from non-hazardous waste; 6.2 Freight rail transport; 6.6 Freight transport services by road; 8.1 Data processing, hosting and related activities; A8.2 Computer programming, consultancy and related activities; M9.1 Close to market research, development and innovation; 11.1 Education.
<b>NONELIGIBLE TRANSITIONAL Activities</b>	
Generation – Nuclear sources <sup>3)</sup>	Material activities included: 4.28 Electricity generation from nuclear energy in existing installations.  Nonmaterial activities included: 4.26 Pre-commercial stages of advanced technologies with minimal waste from the fuel cycle; 4.27 Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies.
Generation – low emission combined-cycle and cogeneration sources <sup>3)</sup>	Material activity included: 4.29 Electricity generation from fossil gaseous fuels.  Nonmaterial activities included: 4.30 High-efficiency co-generation of heat/cool and power from fossil gaseous fuels; 4.31 Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system.
<b>NONELIGIBLE NEUTRAL Activities</b>	
	Neutral activities are sales and trading of electricity and gas, distribution of natural gas, ICT and Telco business and other noneligible services.
<b>NONELIGIBLE EMISSION activities</b>	
Coal mining	Coal mining activities and connected services in coal mines under ownership of CEZ Group.
Generation – coal sources	Electricity generation and combined heat and power from coal power plants.

<sup>3)</sup> Transitional activities are based on classification of European Commissions Complementary Climate Delegated Act proposal from 2. 2. 2022.

### 3.6.4 KPI Turnover

CEZ Group defines KPI Turnover as total operating revenues in line with IFRS. These are mainly accounting units of "Sales of electricity, heat, and gas," "Sales of services and other revenues," and "Other operating income." The denominator is based on the audited result of operating revenues from Consolidated Financial Statements in line with IFRS (page 217 of Annual report).

The share of CEZ Group revenues from taxonomy eligible activities is 30.3%. These are predominantly revenues from the distribution of electricity (17%), installation of energy efficiency equipment (7.4%), and district heating distribution (1.4%). Other material activities are hydropower (1.2%) and photovoltaics (0.8%).

### 3.6.5 KPI Capex

KPI covers all capital expenditures that were realized in 2021 and are part of audited Capex in the CEZ Group 2021 Annual Report (pages 12 and 81). These are additions to property, plant, equipment, and intangibles compliant with IFRS, regardless of whether it is cash expense, including nuclear fuel procurement. It includes capitalized interests, unfinished assets, and advances on fixed assets and does not include emission allowances, emission credits, and green or similar certificates.

The share of taxonomy eligible Capex is 53.2%. It is predominantly based on infrastructure investments for electricity distribution (44.2%).

### 3.6.6 KPI Opex

CEZ Group defines Taxonomy operational expenses KPI as selected operational expenses in consolidated companies linked to equipment care, meaning maintenance and repair of facility and equipment. In line with the definition, the KPI includes only a fraction of the total operating expenses in CEZ Group. The denominator is based on the internal standardized category of Equipment Care. The KPI is not comparable to the current metrics in the CEZ Group 2021 Annual Report or financial statements<sup>41</sup>. In cases of change in business ownership (new acquisitions, divestments), we count towards KPI only months of company activities under CEZ Group.

Eligible activities have a share of 23% KPI OPEX. The result is predominantly based on maintenance and repair expenses on electricity distribution infrastructure.

CEZ Group plans to include allowed categories as Research and Development (R&D) expenses and inhouse maintenance personal costs to OPEX KPI in the future. These categories are not used in our KPI definition, as they are currently available at best only as an expert estimate.

Disclaimer: General comparability of KPI OPEX between competitor companies is low. The current legal definition of OPEX KPI in the disclosure delegated act does not allow for collecting necessary data from regular accounting disclosures and systems. That leads to different interpretations and a different KPI definition in each company, which does not allow comparison between companies. To provide transparent and credible disclosure, CEZ Group applies the conservative metric defined above.

<sup>41</sup> Value of KPI is close to regular item in Annual Report (p. 285) Chapter 29. Services - Repairs and maintenance. This item is one of the 3 items used for Taxonomy OPEX KPI and is the most significant. Items are Use of material for maintenance and repairs, Repairs and maintenance, Demolition. These items are part of company internal accounts and are used for final financial statements.

### 3.6.7 Noneligible Activities – Voluntary Disclosure

The total share of non-eligible activities reflects the fact that CEZ Group is a vertically integrated utility and that taxonomy does not define some neutral activities as eligible (such as electricity and gas trading and sales, commodities trading, and IT and telecommunications services). This limits CEZ Group's potential to achieve a very high share of eligible activities.

The non-eligible category includes both activities with environmental impact and activities without any environmental impacts, meaning activities outside the scope of taxonomy. We report non-eligible activities in three categories – transitional, neutral, and emission activities, aiming for increased transparency and following the discussions on complementary transitional activities or future extension of EU Taxonomy.

Transitional activities include nuclear energy and combined-cycle or cogeneration energy from natural gas. This category is based on the classification of the European Commissions Complementary Climate Delegated Act proposal from February 2, 2022. Neutral activities include activities with neutral impact on the environment. Those activities include trading and selling commodities (electricity, gas), natural gas distribution, ICT and telecommunication services, facility management, and other services. Emission activities include coal mining activities and generating electricity and heat from coal sources. Definition of this category follows Taxonomy Regulation and Do No Significant Harm (DNSH) criteria.

The largest share of non-eligible revenues is represented by neutral activities. Those activities themselves have low or no impact on the environment and are outside of the scope of Taxonomy in principle. A significant share belongs to non-eligible transitional activities (mainly nuclear energy), which are on track to be taxonomy eligible since 2023. In CEZ Group, this category includes mainly two nuclear power plants in operation, new nuclear power plant development, and one CCGT power plant. Electricity generation from nuclear energy in existing installations has the largest share of total shareholder value. Emission activities (mining and energy generation from coal) are non-eligible activities based on their impact on the environment and have a share of 14.8%.

Capex in nuclear energy is connected to facility maintenance and nuclear fuel procurement. Capex for coal energy is oriented towards modernization, maintenance, and ecologization of operations necessary for adequate heat supply until low-emission and zero-emission sources are in operation. Capex in mining activities is oriented towards retrofitting and modernization of mining and processing technology to provide the necessary coal supply and is in line with development plans for current mining locations.

OPEX in non-eligible activities is connected mainly to the repair and maintenance of coal and nuclear power plants and the maintenance of mining equipment.

# 4.1 Community Relations

GRI 103, 203-1, 203-2, 413-1, 413-2 / SDG17

As declared in the corporate strategy VISION 2030—Clean Energy of Tomorrow, CEZ Group's social commitment is to remain a responsible corporate citizen. Our community relations target is to cultivate good relationships with communities.

## 4.1.1 Corporate Citizenship

CEZ Group recognizes its social, environmental, and financial responsibilities linked to its operations and business activities in the European market. Our goal is to be a responsible corporate citizen and a good neighbor who is actively and consistently involved in the support and development of community life. CEZ Group supports projects in various areas, including (but not limited to) education, culture, sports, environmental protection, improvement of local infrastructure, and healthcare.

### 4.1.1.1 Communication

CEZ Group promotes transparent and open communication about its current activities and operations, the state of the distribution grid, and investments with an impact on local communities. Throughout the year, meetings are organized between CEZ Group representatives and members of local governments, NGOs, municipalities, and local communities to provide comprehensive information.

CEZ Group management also regularly communicates with employees and informs them about the activities, developments, and direction of the company. Employees have access to information online, in newsletters, via online interviews with company management, in the company magazine, and through other channels.

CEZ Group management also openly communicates with trade unions about their intentions, the Group's financial results, and other matters concerning the employees. Major CEZ Group companies have collective agreements, which regulate relations between employees and the employer.

### 4.1.1.2 Donations

CEZ Group, together with the CEZ Foundation, is one of the largest corporate donors in Czechia. Their comprehensive approach to donation activities is regularly recognized by an independent jury (TOP Responsible Company, Donors Forum ranking). In 2021, financial donations by CEZ Group companies reached a total of CZK 318.6 million, of which CZK 206.9 million were donated to CEZ Foundation, and CZK 111.7 million were donated directly. In addition to direct financial donations, CEZ Group supports municipalities and non-profit organizations through non-financial contributions.

Employees are also involved in corporate donation, recommending to whom the aid should be directed and making financial donations themselves. Two employee fundraisers were held in 2021: after the devastation caused by a tornado in South Moravia in June, more than CZK 2.7 million were raised for emergency help, and in the autumn campaign "Granting wishes," more than CZK 3.4 million were raised for people in difficult life situations. In each case, the CEZ Foundation doubled the sum raised by employees. In 2021, the fundraising campaign "Granting wishes" ran for the fifteenth time, and the total sum raised in the campaign and emergency donations since its establishment reached almost CZK 50 million.

Via the mobile application EPP – Help with Movement, the public is directly involved in the choice of projects which should be supported. In the seven years of the app's existence, its users have supported 2,038 NGOs with more than CZK 151 million.

### 4.1.1.3 Volunteering

The corporate volunteering program "Time for a good cause" is announced annually in all regions of Czechia. Each employee can use two workdays per year to volunteer. During the 14 years since the launch of the volunteering program, almost 7,700 employees participated in around 1,050 events.

An overview of areas supported in the volunteering program in 2021 with respective numbers of volunteers:

Social and health	117
Education and research	2
Children and the youth	14
Environment, ecology, and animals	159
Regional and community development, cultural heritage	197
Elderly	10

By the end of 2021, CEZ Group's commitment to plant a tree for each employee in Czechia was fulfilled. CEZ Group announced this commitment in 2019 as a complement to the strategy of gradual decarbonization of CEZ Group's generation portfolio. Nearly 27,000 trees were planted by employees themselves as part of their volunteering activities. A great emphasis was placed on the quality of seedlings—various species of native trees were used to ensure a more diverse and resilient forest and restore forests destroyed by the bark beetle. By planting new forests, CEZ Group contributes to improving landscape adaptation to climate change and water retention.

#### 4.1.1.4 Charitable Activities

Various events and activities have a long-standing presence in CEZ Group's philanthropic endeavors. These include employee grants, breakfasts and sheltered workshop markets organized for employees, and recycling of clothes and mobile phones to support the employment of people with disabilities.

Employee grants are intended to support NGOs in which employees are directly involved in their spare time. In the past nine years, 929 projects were supported with a total amount of CZK 27 million.

Breakfasts for employees and Easter and Christmas markets include the sale of products, food and refreshments prepared by people with disabilities and in sheltered workshops.

Since 2017, a charity collection of clothes, shoes, and accessories has supported 56 organizations with 9 tons of clothing. A regular mobile phone collection supports the employment of people with disabilities and promotes recycling, reuse, and the protection of the environment.

#### 4.1.1.5 Information Centers

CEZ Group operates nine information centers offering a wide range of excursions and interactive activities. The most exciting part of these excursions is a close-up view of power plant technologies.

In 2021, live excursions to power plants were canceled for six months due to pandemic restrictions. Instead of live tours, online tours called "Virtually at the Power Plant" were available free of charge via MS Teams. Participants took a virtual walk to see the most guarded areas of Czech nuclear power plants and the inner structures of hydroelectric and photovoltaic power plants. The tours were also available for schools as a supplement to science lessons. The interest in the tours exceeded initial expectations: by February 2022, more than 73,000 pupils and secondary-school students took part in the virtual tours. Subsequent online tours are planned for the academic year 2022-2023.

#### 4.1.1.6 Awards

In 2021, CEZ Group's companies were recognized for their sustainable business, corporate responsibility, and employee management in the following competitions:

- Sodexo Employer of the Year (in the category "Large company with more than 5,000 employees"): second place for the parent company ČEZ, a. s.
- Sodexo Employer of the Year (in the category "Medium company with up to 5,000 employees"): third place for ČEZ Distribuce
- TOP Responsible Company (in the category "Large company"): Leader for the parent company ČEZ, a. s.
- SDGs awards by the Association of Social Responsibility, Czechia: CEZ Group won 2nd place in sustainability reporting
- CEZ Group also succeeded in the TOP Employer survey conducted among university students. The Group ranked first in three categories: (1) The Energy, Gas, and Petrochemical Sector category, (2) the Technician Award, and (3) the Clear Choice category.

## 4.1.2 Human Rights

GRI 103, 419

CEZ Group is committed to respecting and upholding human rights in all its operations and business activities. CEZ Group adheres to all relevant legal requirements and obligations and strictly prohibits any form of malpractice, human trafficking, slavery, and child labor within its operations and supply chain. CEZ Group's commitment to corporate responsibility and ethical conduct reflects the national legislation, EU regulations, international treaties, and regulatory rules currently in force and effect. In addition, recommendations and procedures from expert organizations and best practices are incorporated into the corporate culture and behavior.

The same respect for human rights is required in the supply chain – CEZ Group suppliers are obliged to maintain the same level of integrity as CEZ Group requires of its own companies and employees, including in relation to third parties. CEZ Group suppliers are required to sign and abide by the Commitment to Ethical Conduct, which includes principles of behavior regarding human rights, labor practices, protection of people and the environment, anti-corruption, and money laundering. CEZ Group reserves the right to monitor and verify that the supplier follows the rules stipulated in the Commitment.

CEZ Group participates in the UN Global Compact initiative and follows and respects the Universal Declaration of Human Rights, the United Nations Convention on the Rights of the Child, and the core conventions of the International Labour Organisation (ILO). CEZ Group's first Communication of Progress for the UN Global Compact will be submitted in January 2023.

## 4.2 CEZ Foundation

SDG17

CEZ Foundation has been active all over the country and has made 13,764 contributions totaling nearly CZK 3.1 billion over the course of its operations.

In 2021, the foundation supported 1,181 public benefit projects with CZK 184.87 million in programs that responded to the current needs of society. The projects included regular grant programs, special aid in the aftermath of the devastating tornado in South Moravia, and other activities.

### 4.2.1 Programs and activities of CEZ Foundation in 2021

Support for regions focused on projects of public benefit and activities that contribute to the improvement of the quality of life in communities in the whole country.

Orange Playgrounds supported the construction and renovation of playgrounds, multi-purpose and sports grounds.

Orange Crosswalks increased pedestrian safety by providing illumination of pedestrian crossings.

Trees supported the planting of trees, noise and dust walls, windbreaks, and the renewal of tree avenues while improving the environment in towns and cities.

Nonprofits focused on the development and professionalization of nonprofit organizations providing direct care services in the social sector.

Orange Classrooms helped to improve the quality of teaching of technical and science subjects by providing teaching aids and equipment to educational institutions.

Employee Grants supported non-profit organizations in which employees of CEZ Group volunteer.

Granting Wishes (a joint charity event of CEZ Group employees and CEZ Foundation) distributed financial contributions for people in difficult life situations nominated for help by the employees.

Orange Bikes involved the public in charity rides organized during cultural, social, and sporting events for the benefit of local non-profit organizations.

The mobile phone application EPP Pomáhej pohybem (Help through Movement) recorded its users' movements and generated points to support projects of non-profit organizations, schools, and municipalities.

Crisis Aid offered rapid financial support to mitigate the impact of the tornado in South Moravia. Financial assistance was directed to municipalities affected by the disaster.

Employees Helping was an extraordinary employee fundraiser to assist individuals and organizations affected by the tornado in South Moravia; CEZ Foundation doubled the sum raised by employees.

Information on all CEZ Foundation activities is published on the CEZ Foundation website and in the CEZ Foundation Annual Report.

## 4.3 Human Capital

### SDG8

In our VISION 2030—Clean Energy of Tomorrow, we have set a long-term goal to maintain the position as an employer of choice. In other words, we want to sustain the reputation as a desirable company that is also a top employer. To achieve this, we devote a lot of time and energy to nurturing our current employees and attracting future talent.

#### 4.3.1 Responsible Employer

GRI 103, 102-8, 102-41, 401-1, 401-2, 401-3, 405-1, G4-EU15

The energy sector has always been dependent on a highly qualified workforce. Given the current ESG impacts, the entire energy industry is undergoing an unprecedented transformation that underscores the need for human capital development and talent management. Without competent and committed employees, we cannot provide stable and secure supply and innovative solutions to our customers. Our employees are absolutely paramount to our success.

To fulfill our vision, we create working conditions that uphold employee loyalty and high satisfaction and attract suitable candidates with the right skills. In practice, we promote equal opportunities, stimulate fair treatment and open communication, encourage diversity, and enable a better work-life balance. We apply the basic principles of CEZ Group's social policy both in Czechia and abroad. To demonstrate our commitment, we have embedded our approach into the collective agreements, policies (e.g., diversity and inclusion), and internal guidelines. For example, in CEZ Group we signed collective agreements valid until 2027, which is quite exceptional given our country and energy sector standard. In this way, we provide employees with long-term reassurance about their rights, remuneration, and benefits.

As part of our efforts to remain an employer of choice, we also pay attention to the employment of people with disabilities and to parents returning from maternity/parental leave. In addition, we actively work with the needs of employees in different age groups. Ultimately, we want to create an environment where every employee can develop their full potential and grow professionally.

We provide a competitive remuneration with respect to gender neutrality and the principle of equal pay for equal or equivalent work. Depending on the performance of the company, team, and individuals, we adjust salaries accordingly each year. Moreover, we offer our employees a wide range of financial and non-financial benefits and incentives related to:

- welfare (e.g., 37.5-hour workweek, 5-week vacation, life insurance, pension scheme, loans and leases, meal allowance, life anniversary reward)
- healthcare (e.g., sick days, above-standard health examinations, health days)
- social care (e.g., retirement severance pay, social assistance)
- other care (e.g., cafeteria benefit account, childcare, summer day camps, employee events, pay for retraining, pensioners' clubs)

As far as benefits are concerned, we constantly map the market and try to reflect the needs of our employees. At the same time, we work with partners who provide other interesting products, goods, or services to our employees. In the wake of the COVID-19, we expect that healthcare for employees and their dependents may play a more important role in the future.

CEZ Group has confirmed its reputation as the most desirable employer among university students. For the third time in a row, CEZ Group became the absolute winner of the TOP Employer survey completed by almost 12,000 Czech university students. In addition to the prestigious award, the company dominated two additional categories.

CEZ Group also succeeded in the Sodexo Employer of the Year 2021 competition, which uses PwC methodology focused on human resources indicators. CEZ Group ranked second in the category of large companies (over 5,000 employees). ČEZ Distribuce ranked third in the category of medium-sized companies (up to 5,000 employees).

CEZ Group also regularly verifies the employer's attractiveness and the level of corporate culture through feedback from its current employees. The employee survey was conducted in 2021 by an external survey agency Ipsos, and employee engagement and NPS for recommending CEZ Group as an employer were assessed. Based on the results, CEZ Group is among the top 25% of large companies (with 500+ employees) in Czechia.

At the end of 2021, 28,043 employees worked for CEZ Group (a year-on-year decrease of 13.9% mainly due to divestments in Bulgaria and Romania). Of this total, 81% of employees were from Czechia, 21% were women, and 28% had a university degree.

Diversity of Employees		2019	2020*	2021	
Total number		32,365	32,555	28,043	
BY GENDER	Women	6,985	6,972	5,751	
	Men	25,380	25,583	22,292	
BY AGE	18-29 years	4,286	4,402	3,920	
	30-49 years	16,125	15,901	13,375	
	50 years and over	11,954	12,252	10,748	
BY EDUCATION	Primary	1,217	1,239	1,273	
	Secondary	21,161	21,480	18,843	
	University	9,987	9,836	7,927	
BY EMPLOYMENT CONTRACT	Fixed term	Women	1,088	929	899
		Men	1,833	1,661	1,959
	Indefinite term	Women	5,897	6,043	4,834
		Men	23,547	23,922	20,203
	N/A**	N/A	N/A	148	
BY EMPLOYMENT CONTRACT	Fixed term	Czechia	2,251	2,029	2,022
		Abroad	670	561	833
	Indefinite term	Czechia	20,604	20,546	20,696
		Abroad	8,840	9,419	4,344
	N/A**	N/A	N/A	148	
BY EMPLOYMENT TYPE	Full-time	Women	6,673	6,633	5,343
		Men	25,084	25,231	21,811
	Part-time	Women	312	340	388
		Men	296	351	353
	N/A**	N/A	N/A	148	

\* Due to unification of methodology, the number of employees for 2020 has been increased by 20 persons compared to the originally published figures.

\*\* N/A = Persons receiving pension in Elevion GmbH, En.plus GmbH, and Hermos AG.

Diversity of Employees by Gender



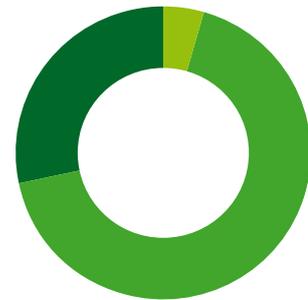
	%
Women	20.5
Men	79.5

Diversity of Employees by Age



	%
18-29 years	14.0
30-49 years	47.7
50 years and more	38.3

Diversity of Employees by Education



	%
Primary	4.5
Secondary	67.2
University	28.3

While we saw an upward trend in the share of women in governing bodies in 2020, we noticed a slight decline in 2021, with women holding 12% of the governing positions (down 1.8% year-on-year). Our long-term goal is to have 30% of women in management positions. More information on our diversity and inclusion policy is in Section 5.3 of this report. The section also describes concrete steps we have taken to address this issue.

Diversity of Governing Bodies		2019	2020*	2021
Total number		611	613	556
BY GENDER	Women	69	86	68
	Men	542	527	488
BY AGE	18-29 years	2	5	2
	30-49 years	345	327	285
	50 years and over	264	281	269

\* 2020 data were recalculated and corrected.

Diversity of Managerial Positions*		2019	2020	2021
Total number		3,462	3,443	3,038
BY GENDER	Women	547	552	410
	Men	2,915	2,891	2,628
BY AGE**	18-29 years	N/A	N/A	68
	30-49 years	N/A	N/A	1,690
	50 years and over	N/A	N/A	1,280

\* All employees who have at least 1 subordinate are considered managers.

\*\* Indicator monitored since 2021.

In 2021, 2,935 new colleagues joined our Group, of which about 29% were women. The new hires were primarily due to completed acquisitions and the expansion of existing teams in Czechia and Germany.

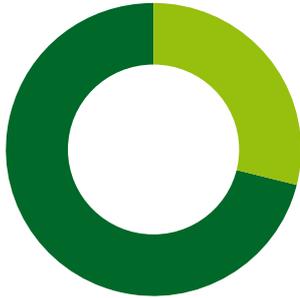
In Czechia, interest in working for the parent company ČEZ, a. s., grew for the third consecutive year. In total, 384 new employees were hired by ČEZ, a. s., of which about 50% in nuclear power plants. The share of women hired also increased compared to 2020 (up 2.4% year-on-year).

New Employee Hires		2019	2020	2021
Total number		3,485	3,466	2,935
BY GENDER	Women	929	1,005	846
	Men	2,556	2,461	2,089
BY AGE	18-29 years	1,541	1,166	1,138
	30-49 years	1,378	1,547	1,336
	50 years and over	566	753	461
BY REGION	Czechia	2,175	2,056	1,991
	Abroad	1,310	1,410	944

Employee Turnover		2019	2020	2021
Total number		3,377	3,225	2,883
BY GENDER	Women	998	1,207	721
	Men	2,379	2,018	2,162
BY AGE	18-29 years	776	627	647
	30-49 years	1,398	1,237	1,122
	50 years and over	1,203	1,361	1,114
BY REGION	Czechia	2,275	1,984	1,939
	Abroad	1,102	1,241	944

Parental Leave		2019	2020	2021
EMPLOYEES ON PARENTAL LEAVE	Women	565	598	602
	Men	24	9	30
EMPLOYEES WHO RETURNED AFTER PARENTAL LEAVE	Women	89	81	75
	Men	18	8	24

**New Employee Hires by Gender**



	%
Women	<b>28.8</b>
Men	<b>71.2</b>

**New Employee Hires by Age**



	%
18-29 years	<b>38.8</b>
30-49 years	<b>45.5</b>
50 years and more	<b>15.7</b>

Persons with disabilities accounted for approximately 2% of CEZ Group employees in 2021, and their total number reached 557.

In Czechia, some companies with more than 25 employees failed to meet the legal requirement to employ persons with disabilities (at least 4% of the total workforce). However, these companies complied with their duty by:

- purchasing products and services from companies employing persons with disabilities or self-employed persons with disabilities (total compensation of CZK 127,206,943)
- paying a levy to the state budget (total levy of CZK 8,012,343)

Persons with Disabilities	2019	2020	2021
Total number*	N/A	N/A	557

\* Indicator monitored since 2021.

Dozens of trade unions are active across CEZ Group, and the management communicates with them openly and continuously about its intentions and results. Union representation in large CEZ Group companies in Czechia is around 33% and over 50% in Poland. More information on trade union relations in CEZ Group is available in the CEZ Group Annual Report 2021.

The European Works Council (EWC) has been operating in CEZ Group since 2007 and had 21 members at the end of 2021. Due to the COVID-19 pandemic, the EWC held two remote meetings in 2021. The meetings focused on the Group's strategy, financial performance, the Group's presence in foreign markets, and the impact of COVID-19.

We strive to be perceived by the public as one of the most attractive employers and as a company that can deliver new, exciting, and innovative solutions. As a result, we want to ensure we have enough suitable candidates with the required competencies, keep up with the market, and develop customer relationships.

Our recruitment strategy relies heavily on personal contact and the transfer of experience directly from our industry experts. This approach mainly targets pupils and students from primary schools to university.

To maintain our competitive advantage and to benefit from the experience of our colleagues, we have created a database of educational podcasts and videos available on the CEZ Group Virtual World website. Together with the svetenergie.cz web portal, the podcast "S éčkem v srdci", Facebook and LinkedIn profiles, and other channels, we create an online space for active contact with students and job seekers.

**4.3.2 Employee Training and Development**

GRI 103, 404-1, 404-2, 404-3

We see training and development as an investment for the future. The key factor in CEZ Group's success has always been the professional know-how of our employees. Therefore, we promote a culture of knowledge and experience sharing to ensure safety, efficient performance, and intergenerational renewal in the long term.

First and foremost, we have implemented a systematic approach to meeting legal requirements for employee training and professional expertise, with safety as our top priority. Beyond mandatory legal training, we offer a wide range of optional activities that employees can use for their self-development. Employee training and development is available in three categories: for managers, for teams, and for individuals.

Mandatory training for all CEZ Group employees includes topics that result from:

- legal requirements (e.g., occupational safety, fire protection)
- ISO certification (e.g., environmental protection, energy management)
- internal directives (e.g., Code of Conduct, information and cyber security)

New hires receive initial mandatory training on their first day of employment and then, like existing employees, periodically after 12-36 months, depending on their workplace conditions. Subsequently, employees receive additional mandatory training depending on the qualification requirements for the specific position and activities the employee performs. Examples of such training include working at heights, working with electrical equipment, and welding.

In our VISION 2030—Clean Energy of Tomorrow, we have set a goal to increase the frequency of employee training in the Code of Conduct. Starting in 2022, we want at least 95% of employees to receive annual training in business conduct and ethics.

As regards optional training, the development system consists of the following programs:

- personal - aimed at personal and professional skills
- customized - one-off or long-term; for teams or individuals
- corporate - for selected employee groups, e.g., talents, successors, women, graduates
- leadership - aimed at managers and desirable corporate culture

As part of the on-boarding adaptation process, new employees participate in an initial one-day training course called "Welcome to CEZ Group." During the course, new employees learn essential information about basic processes and become better acquainted with CEZ Group's strategy and its operation. New employees then follow an adaptation plan agreed with their manager, which focuses on the training needed for their job (e.g., job-specific training, soft or hard skills).

Based on the results of employee evaluation or development diagnostics, employees pursue their individual development goals. In individual cases, employees can study when they need to deepen their knowledge (e.g., MBA), broaden professional qualifications (e.g., secondary school, university), or upgrade skills for their future position.

In the case of leadership programs, we pay particular attention to managers starting a new position and especially to women. We support managers in their new roles and increase awareness of their rights and responsibilities within such a career change. In line with our long-term commitment to have 30% of women in management positions, we promote specific programs with themes for women's leadership development.

Other strategically important development activities include:

- retraining and reskilling of employees affected by coal exit
- diversity topics and work-life balance
- graduate and trainee programs

Employees Receiving Regular Performance and Career Development Reviews (%)		2019	2020	2021
BY GENDER	Women	100 %	100 %	100 %
	Men	100 %	100 %	100 %
BY EMPLOYEE CATEGORY	Managers	100 %	100 %	100 %
	Rank-and-file	100 %	100 %	100 %

When planning employee training and development, we apply the 70:20:10 model. We strive to provide learning content in a form that matches preferred learning styles while following one of the main trends - making it available "here and now or anytime and anywhere".

Model	Form of Training/Development	Activities
<b>70</b>	on-the-job training	completing more challenging tasks
		participation in projects
		learning from mistakes
		substitution/rotation
<b>20</b>	self-development	evaluation interview/working with feedback
		sharing solutions to difficult tasks with others
		collaboration
		coaching/mentoring
<b>10</b>	formal education	face-to-face courses/e-courses
		workshops
		seminars/conferences
		literature

Training and development were significantly affected by the COVID-19 pandemic, which continued into 2021. Given the COVID-19 restrictions, most training and development courses, seminars, and workshops took place online or via e-learning. Despite pandemic constraints, the total time spent on training and development significantly increased in 2021 compared to 2020, with the average training time per CEZ Group employee amounting to 31.4 hours.

Training Hours per Year	2019	2020	2021
Total number	623,829	664,615	879,870

Training Expenditures (in CZK)	2019	2020	2021
Total expenditures*	N/A	N/A	111,196,580
Average expenditures per employee*	N/A	N/A	3,965

\* Indicator monitored since 2021.

For several years now, we have had a stable ratio of about one-fifth of employees eligible to retire within ten years. Given the nature of the energy industry, we know that ten years is not a long time, especially for technical positions. Therefore, we need to manage the generational turnover of staff carefully with emphasis on:

- knowledge management
- succession and talent programs
- recruitment of quality employees

Through knowledge management, we ensure that critical expertise and experience are retained, and employees continue to have a high level of competence. By creating opportunities for effective sharing of knowledge, experience, and best practices, we strive to manage generational change smoothly. For instance, we support the creation and development of communities of practice as a key tool for knowledge transfer and continue to improve the Knowledge Portal, where we gather technical information in one place for virtual sharing.

Succession and talent programs help create reserves and cover the risks associated with the departure of key employees. These programs vary in length and content according to the needs of CEZ Group companies.

In terms of talent recruitment, we are proud of our World of Energy education program, which has a 30-year history of supporting technical education. This way, we help all generations to understand energy and physics and, as a result, lead excited students and would-be engineers to their dream careers. As part of the World of Energy program, we set up a club to bring together physics teachers and show them how to teach physics more enjoyably. The club currently has more than 800 teachers.

We also address generational turnover by promoting technical education. We work closely with or partner with schools and universities and hold various events (e.g., programs, internships) for pupils, students, and teachers. We hold the Summer University for students at technical universities so that they can learn more about working in a nuclear power plant and possibly receive a scholarship and start their career at CEZ Group. We especially encourage women to participate. In 2021, women made up approximately 30% of attendees.

At the same time, we keep primary and secondary school pupils in mind. Since 2015, we have been hosting the "I Know Why" competition for them. Based on the notion of children teaching children, we give them the opportunity to showcase physics in practice through short videos and win valuable prizes for themselves and their schools.

For secondary school students, we organize the Green Energy Tour, during which they get to know CEZ Group from different perspectives. We also organize regular events such as:

- Nuclear Diploma
- Distribution Diploma
- Energy Diploma
- CEZ Experience

We run an educational web portal, World of Energy, which serves as a source of information on energy for children from kindergartens to students at universities.

Early recruitment and training of new colleagues are, in some cases, critical for the successful management of generational change. For example, training of nuclear power plant operators takes more than two years from the time an employee is hired. This may not seem like a long time, but the key factor is that no more than 5 to 7% of applicants pass the final selection process for this position. In recent years, fresh university graduates have been the most valuable source of new operators, accounting for over 80% of all new operators.

Employees Eligible to Retire in the Next 10 Years		2019	2020	2021
Total number		7,107	7,252	6,304
BY JOB POSITION	Managers	803	816	749
	Rank-and-file	6,304	6,436	5,555
BY REGION	Czechia	5,308	5,530	5,581
	Abroad	1,799	1,722	723

### 4.3.3 Training of Suppliers and Contractors

The scope of our training programs also includes training of suppliers/subsuppliers and contractors/subcontractors.

Workers in our supply chain always receive training at our production sites in various safety aspects (e.g., health, environmental management system, nuclear, technical). Their training in information and cyber security is equally important. Mostly blue-collar workers and engineers take part in training, which runs either online (e-learning) or in person.

Many training courses end with a final test or examination before a committee. Psychological tests are prerequisites for some jobs or entry to specific zones (e.g., nuclear power plants). Pre-job briefings include practical training before the actual work at the production site.

Occupational safety training of workers in our supply chain is a key element for improving safety at CEZ Group's workplaces. Occupational safety training is therefore also mandatory for managers and supervisors of suppliers, once a year in nuclear power plants or twice a year in conventional power plants.

## 4.3.4 Requalification

SDG8

The implementation of our ESG strategy requires us to address the implications for employees affected by the coal exit. In our VISION 2030—Clean Energy of Tomorrow, we pledged to be a responsible employer. Therefore, we will provide reassignment, retraining, reskilling or compensation to all employees impacted by the coal exit.

### 4.3.4.1 Transition, Retraining, Reskilling, Compensation

GRI 404-2

In line with our VISION 2030, we will phase out coal gradually, although the current situation in Ukraine is likely to accelerate this process. The phase-out and the associated closure or transformation of our production facilities will entail numerous social impacts. We aim to ensure that the organizational changes lead to a fair transition for all affected employees.

We publicly commit to provide reassignment, retraining, reskilling, or compensation to all employees affected by the coal exit. To be as transparent as possible, we established a parity working group in 2021 to address coal site decommissioning. This platform brings together management and employee representatives, i.e., trade union leaders from the affected locations, on a regular quarterly basis.

As part of the parity working group, we discuss and debate the future concept of workplaces in terms of existing and new assets, the status of subsidy programs, and the impacts of changes on staff. Employers' and workers' representatives discuss specific plans for the future of the workers affected by the coal exit based on the following priorities:

- maintain the necessary employment at the affected locations until their closure
- employ existing staff in jobs created by the transformation of the sites, both during construction and in subsequent operations
- employ existing employees within the CEZ Group's internal labor market
- provide an above-standard social compensation program for redundant employees

To meet these priorities, we apply the following:

- measures are set out in the collective agreement (above-standard severance pay)
- specific motivation elements (bonuses, target bonuses)
- employee retraining
- specific tools in the recruitment and selection process (applications supporting the internal labor market and internal career days, mobility support)
- an outplacement program
- cooperation with institutions in the region

Depending on the nature of the organizational change, we discuss and inform the trade union representatives of the details of the changes and the time required to implement them.

When deciding on contract termination, we consider the employee's performance, qualifications, and retraining opportunities. We use natural departures, such as retirement, and retrain employees for positions vacated by employees who retired. At the same time, we seek employment for our employees within CEZ Group. Finally, we also offer outplacement services (e.g., workshops, individual follow-up consultations, Helpline) to help affected employees find new jobs.

Upon termination of employment for organizational reasons, we proceed fully in accordance with the collective agreement. We provide severance pay depending on the length of employment up to ten times the average monthly earnings. In this respect, we go well beyond the severance pay laid down in the Labor Code. In the case of termination agreements, we increase the severance pay according to the number of months remaining until the employee becomes eligible for a retirement pension. When both severance payments are combined, we compensate up to 19 times the employee's average monthly earnings.

All affected employees may apply for a retraining course in accordance with the applicable collective agreement. The objective is to encourage new career paths for employees. In this way, employees broaden or deepen their professional qualifications and skills needed to find a new job in the labor market, with the costs of up to CZK 40,000 covered by the employer. Employees must apply for retraining before termination of employment. If the retraining occurs during employment, the employee may take time off work with wage compensation equal to average earnings.

In 2021, our subsidiary Energotrans closed the Energotrans III lignite power plant as the first step of its Green Vision program, which regulates the transition from burning lignite. The priority was to ensure that the closure of Energotrans III (i.e., the loss of 41 jobs) had the least negative impact on employees. Therefore, the company trained most of the employees (32 in total) from the closed power plant in advance for the transition to the heating plants with electricity cogeneration (Energotrans I and Energotrans II) while making use of planned retirements (10 employees). Employees with no alternative employment with Energotrans were offered retraining in line with the collective agreement (3 employees used this option) and an outplacement program implemented by the local labor office (3 employees benefited from this option). As a result, the organizational changes did not have an adverse impact on employment, and most of the affected employees secured their jobs.

Energotrans currently operates one conventional heating plant with electricity cogeneration (Energotrans I) and one power plant with heat extraction (Energotrans II), employing approximately 330 people and creating more than 1,000 additional jobs for suppliers during the peak season. Energotrans intends to adopt a similar approach in the future when both lignite plants with heat and electricity generation are replaced by newly built low emission gas sources.

### 4.3.5 Health and Safety

GRI 103, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6 / SDG8

Health and safety are paramount to all our operations and form a part of our annual performance indicators. From occupational health and safety to fire protection and emergency preparedness, these are all basic attributes of our safety culture. Every year, we identify our safety strengths and weaknesses, review emergency plans, and rehearse and train emergency response teams, employees, and other parties concerned.

#### 4.3.5.1 Conventional Power Plants Safety

Per legislation, all our power and heating plants from the Renewable and Conventional Energy Division (i.e., coal, gas, hydro) have an emergency plan. In the emergency plan, the plants describe how they are prepared for accidents and emergencies. The emergency plan is followed by an Emergency Preparedness Plan (EPP), which sets out the procedure for communicating and dealing with an emergency in a specific location.

Pursuant to the Fire Protection Act, the Renewable and Conventional Energy Division has established a corporate fire brigade unit (CFB), which operates at stations in designated plants (legislatively mandated). The CFB unit is an essential part of the Integrated Rescue System (IRS) of Czechia. The CFB unit's organization, competence, and ability to act are organized, methodically managed, and controlled by the Fire and Rescue Service of Czechia (FRS).

The CFB unit training takes place in accordance with legal regulations. All employees assigned to the CFB unit must prove their professional competence every five years before the Commission of the Ministry of Internal Affairs of the FRS.

All power and heating plants conduct at least one emergency exercise each year to review the safety procedures in the EPP and the activities of the Emergency Response Team (ERT) and power and heating plant personnel. Furthermore, emergency exercises test the cooperation with external entities (e.g., the FRS, Czech Police, Medical Rescue Services, and relevant state and municipal authorities). In emergency exercises, plants focus on situations such as fire, explosions, toxic or flammable gases, technological malfunctions, the rescue of people, leakage of hazardous substances, and breach of physical security.

Every two years, power and heating plant employees take an e-learning course on emergency preparedness. In contrast, ERT members receive regular in-class training every year.

CEZ Group's power and heating plants regularly obtain and retain the Safe Enterprise certificate issued by the State Labor Inspection Office following an audit. The Safe Enterprise certificate is a national program and is analogical to ISO 45001 certification.

Firefighter Callouts from Conventional Power and Heating Plants in Cooperation with the Integrated Rescue System*	2019	2020	2021
Total number	40	29	18

Fires at Conventional Power and Heating Plants*	2019	2020	2021
Total number	2	3	1

\* Data include power and heating plants from the Renewable and Conventional Energy Division of ČEZ, a. s.

#### 4.3.5.2 Nuclear Power Plants Safety

SASB IF-EU-540a.2

We operate two nuclear power plants, Dukovany and Temelín, which are the basis of our generation portfolio. Since nuclear safety is one of the most strictly regulated and internationally monitored areas, we:

- keep track of the environmental and human health impacts of nuclear operations
- handle radioactive waste safely using the latest technologies in its treatment and processing
- improve our safety systems and implement best practices and recommendations of nuclear authorities

Both nuclear power plants meet international requirements for safe operation and are subject to periodic safety reviews and regular international reviews by the nuclear authorities.

Both nuclear power plants are holders of the Safe Enterprise certificate, issued by the State Labor Inspection Office following an audit.

In terms of emergency preparedness, nuclear power plants follow the Internal Emergency Plan for Nuclear Power Plants approved by the State Office for Nuclear Safety (SONS). Additionally, both nuclear power plants adhere to the External Emergency Plan for the Emergency Planning Zone, drafted by the regional Fire Rescue Service (FRS) in cooperation with the power plants and other organizations.

Each nuclear power plant has its own Emergency Control Center, which includes an Emergency Response Team and a Technical Support Center to ensure round-the-clock technical stand-by in the event of an emergency.

We test emergency preparedness annually using unannounced exercises, and we apply various exercise scenarios such as technology failure, radiation accident, and environmental accident. We engage all persons present on the premises during the exercise, including suppliers and their workers. We cooperate with public authorities (SONS, Czech Fire Rescue Service, regional and municipal authorities) and international organizations during the exercises.

Regarding fire protection, each plant has its own Corporate Fire Brigade unit (CFB), which is part of the Czech Integrated Rescue System. If necessary, CFB units may operate off-site under the regional emergency plan. The most important focus of CFBs is prevention.

In 2021, 17 emergency exercises and rehearsals of the use of alternative and mobile means took place at both nuclear power plants and followed the approved scenarios. The emergency exercises and rehearsals occurred as planned, with all state pandemic measures against COVID-19 observed.

As part of nuclear safety, we monitor the impact of nuclear operations on the environment and human health. Long-term environmental monitoring programs for nuclear power plants have confirmed that we operate without negative environmental impacts.

We also apply the ALARA (As Low As Reasonably Achievable) principle, which means that exposure or radioactive contamination of employees should be kept as low as possible. The value of the collective effective dose is consistently below the median of the World Association of Nuclear Operators.

Every two years, CEZ Group provides the population in nuclear power plant zones with basic information on what to do in the event of a radiation accident.

Firefighter Callouts from Nuclear Power Plants in Cooperation with the Integrated Rescue System	2019	2020	2021
Total number	56	56	77

Fires at Nuclear Power Plants	2019	2020	2021
Total number	2	1	0

**4.3.5.3 Crisis Communication**

In crisis communications, the management proceeds according to applicable legislation, crisis commutation plans, and emergency plans.

In CEZ Group, the main crisis communication roles are assigned to the Communication and Marketing Department and the Fire Protection and Crisis Preparedness Department.

The Communication and Marketing Department ensures:

- contact with the media
- internal communication
- communication with local and public authorities and external bodies of the Integrated Rescue System (Czech Fire Rescue Service, Czech Police, Medical Rescue Services)

The Head of the Communication and Marketing Department is a member of the CEZ Crisis Management Board (CMB) and regularly reports to CMB.

In the case of an incident at a nuclear facility, the nuclear power plant emergency committee (NPPEC) is activated, including its designated spokesperson, who handles communication between CEZ Group and external crisis management units. Before the activation of NPPEC, the shift engineer is responsible for early warning of the population in emergency planning zones and informing local authorities and state administration bodies. Upon its activation, NPPEC takes over and carries out these activities.

Communication of nuclear emergencies follows:

- Crisis Management Directive
- Crisis Communication Guidelines
- Emergency Response Instructions

All means of nuclear crisis communication (e.g., guidelines, instructions, plans, databases) are subject to regular quarterly reviews, and technologies used are tested continuously, at least once a week.

As for power and heating plants of the Renewable and Conventional Energy Division, Emergency Preparedness Plans have an annual review period.

We distribute an emergency manual to residents of emergency planning zones of nuclear power plants. We want to ensure that residents have basic information in case of emergencies.

As for distribution network emergencies, customers are most concerned about outage management. Customers want to know our procedures, and they are especially interested in the estimated time for the renewal of the electricity supply.

The Distribution Grid Emergency Handbook provides more details related to our crisis management. The Handbook serves as a guide for Emergency Response Teams and municipalities. The Handbook also includes the necessary crisis hotlines, information on our emergency procedures, and tips on how to prepare for and what to do in case of an outage. The public version of the Handbook is available on our website.

Before planned outages and during distribution network emergencies, we inform our stakeholders through various communication channels (e.g., spokespersons, websites, hotlines, the online portal [bezstav.cz](http://bezstav.cz), SMS/email notification service). We see digitalization as an important aspect of crisis communication and informing the public about planned outages.

#### 4.3.5.4 Occupational Health and Safety

GRI 403-9, 403-10, SASB IF-EU-320a.1

In CEZ Group, occupational health and safety (OHS) is among the five basic principles (see Section 5.4.1.1) and therefore has a major role in the overall company management. The OHS management system is covered by the Safety and Environmental Protection Policy. The Safety and Environmental Policy is followed by related internal guidelines. Several CEZ Group companies are holders of the Safe Enterprise certificate or hold ISO 45001 certificates.

We ensure compliance with relevant legislation: designated departments carry out annual internal audits and risk analyses of the OHS system and regularly communicate safety performance indicators to stakeholders. Based on the audit findings, changes in legislation, and periodic risk assessments, we take preventive measures and update safety guidelines and procedures. We also improve working standards and train employees and suppliers.

Each year, we announce a Safety Topic of the Year in accordance with the Group rules and goals. We include the frequency of employee accidents in our Management KPIs. At the same time, we regularly prepare a safety status report for the Board of Directors.

We keep a register of OHS risks and continuously evaluate all potential dangers. To identify potential hazards, we use all possible sources of information, such as consultations with employees. In case of work accidents, we perform ad-hoc OHS risk analysis and put the findings into practice.

We monitor relevant indicators and rates of work-related injuries. Based on the results, we update the methodology for recording workplace accidents of employees and suppliers to bring OHS to a higher level.

New employees must complete a mandatory initial OHS training on their first day at work and existing employees every two years. Employees learn about practical examples of accidents resulting in work-related injuries during the training.

Every employee receives occupational medical examination, the extent and frequency of which depends on the nature of work. Additionally, employees working in selected physically or mentally demanding jobs are subject to above-standard medical examinations.

Employees and suppliers can make suggestions on OHS issues via the Staff Inquiry Box or during OHS training.

Trade unions also have their say in OHS topics. Trade unions comment on relevant OHS documents, participate in debates on OHS issues and workplace accident investigations, etc. At the same time, trade unions participate in OHS inspections at all CEZ Group workplaces. The checks are performed by inspection committees composed of employees of CEZ Group companies concerning their respective workplaces or facilities. The inspection results are brought to the management meetings of the respective companies for discussion with the participation of an appointed trade union representative.

When work-related injuries occur, the OHS Department conducts an on-site investigation. Upon completion of the investigation, corrective actions are taken, and their implementation is subsequently monitored.

To enable better comparison, we are implementing reporting of the Lost Time Injury Frequency Rate (LTIFR). A working group is drafting an internal methodology for data collection and reporting of this parameter, including software support.

We monitor workplaces and activities with a high incidence or high risk of specific injuries and illnesses. We primarily focus on positions with risk factors related to vibration, noise, radiation, and dust.

In 2021, we recorded the following statistics for work-related injuries.

Work-related Injuries			2019	2020	2021
Hours worked*	Employees		N/A	N/A	44,940,976
Fatalities	Employees	number	0	3	1
		rate**	N/A	N/A	0.02
Reported injuries	Suppliers	number	0	0	1
	Employees***	number	363	147	130
LTIFR****	Suppliers	number	86	81	25
	Employees		N/A	N/A	2.89

\* Indicator monitored as of 2021.

\*\* Frequency calculated per 1,000,000 hours worked.

\*\*\* As of 2020, a standardized methodology used for reporting injuries with more than 3 days' absence at work.

\*\*\*\* Internal methodology for LTIFR data collection and reporting is under preparation. Indicator calculated on a pilot basis as "number of reported injuries with absences of more than 3 days/hours worked \* 1,000,000 hours worked".

We deeply regret the two fatalities in 2021. Any loss of life is a tragedy. Our goal is zero injuries and especially zero deaths. Each incident is carefully reviewed, and measures to prevent future accidents are strengthened.

Main Types of Work-related Injuries	2019	2020	2021
Employees	Fall on a flat surface, road accident, fall from a height, cargo handling	Fall on a flat surface, road accident, fall from a height, slipping, cargo handling	Electricity, fall on a flat surface, leg and arm injuries, tripping, slipping
Suppliers	Fall on a flat surface, fall from a height, sprained ankle	Fall on a flat surface, fall from a height, cargo handling	Electricity, sprained ankle, electric shock, laceration on head, fall

Work-related Ill Health		2019	2020	2021
Fatalities because of ill health	Employees	0	0	0
	Suppliers	0	0	0
Reported cases of ill health	Employees	0	0	0
	Suppliers	0	0	0

## 4.4 Customer Orientation

GRI 103, 416-2

In May 2021, the strategic directions of CEZ Group were announced in VISION 2030—Clean Energy of Tomorrow. The directions include the commitments to provide the best energy solutions and highest quality customer experience and to modernize and digitize distribution and retail in Czechia. By 2025, all key customer processes will be available online.

We aim to develop effective, economical, and environmentally-friendly energy solutions while fulfilling the Czech energy and climate plan.

### 4.4.1 Approach to Customers

CEZ Group serves customers responsibly and provides comprehensive energy advice and services that can be customized to customers' needs. We offer energy solutions to various individuals and institutions: residential customers, industrial companies, small and medium-sized businesses, municipalities, public and private organizations, hospitals, schools, sports arenas, and companies managing buildings and premises of all types. Our energy solutions reduce energy consumption and improve our customers' quality of life by using advanced technology for electricity and heat generation, lighting comfort, and mobility.

CEZ Group promotes the Smart City concept, an approach to the management of cities and municipalities, including the field of energy. Our goal is to help cities, towns, and villages decrease their energy consumption and enhance energy efficiency. The use of smart technologies improves the quality of the environment and the quality of life of inhabitants. In the Smart City concept, we support energy management, rooftop photovoltaics installation, implementation of cost-saving projects, smart public lighting, and electromobility.

CEZ Group actively supports market cultivation and education in the fight against unfair practices of door-to-door sellers of electricity and gas. We support stricter legislation, and we help customers fight unfair practices. Our commercial and contractual conditions are transparent and unambiguous. Our employees receive regular training to offer the most appropriate and customized solutions to our customers while maintaining the highest level of service.

CEZ Group invests billions of Czech crowns into distribution system facilities to ensure a safe and reliable electricity supply. In case of emergency, the new advanced elements allow us to locate the point of failure faster and restore supply sooner. The reliability of the electricity supply and the speed of its restoration in case of failure are key indicators of our customers' satisfaction.

In mid-2021, ČEZ Distribuce launched the Cooperating Partners program, which establishes cooperation between inspection technicians and energy companies. The program aims to help customers simplify and speed up the entire administration of inspection reports and reduce the error rate in these reports. Inspection technicians have access to the Distribution Portal to verify the technical data of the point of consumption and can confirm inspection reports online. The interest in the program is significant; ČEZ Distribuce currently cooperates with 276 inspection technicians.

#### 4.4.1.1 Energy Access for Vulnerable Groups

SASB IF-EU-240a.4 / SDG7

Based on VISION 2030, we aim to provide the best energy solutions and the highest quality customer experience. In our business, we do not forget vulnerable customers, such as people with disabilities and the elderly.

Our product portfolio offers a new electricity and gas tariff for people with disabilities. This tariff comes with a better price and enables priority check-in at customer care centers and on the hotline. To sign up for this product, the customer or a person from the same household must present a Disabled Person's Pass. In March 2021, we launched a special hotline with a text call transcription, facilitating communication for the elderly and the hearing impaired.

The turbulent development in the energy market in the last quarter of 2021 had a negative impact on some of our customers. The increase in energy prices and the failure of several energy providers affected many people. CEZ Group is always prepared to help customers in difficult situations. The key elements of a successful solution are open communication and cooperation. ČEZ Prodej offers individual payment plans, repayment arrangements, and distribution of payment installments. A reduction of interest or waiver of interest on late payments and collection costs can be offered in individual cases after scrutiny. ČEZ Prodej also supports civic counseling centers that help clients organize their family budgets and provide financial advice free of charge.

In 2021, CEZ Group joined the nationwide campaign Gracious Summer, which allows debtors to avoid foreclosures if they have them with public institutions and companies with a majority state share. For citizens with utility debts, CEZ Group launched a dedicated website with detailed instructions on how to proceed. For many years now, ČEZ Prodej has not enforced small amounts owed in court or by foreclosures due to the excessive burden on debtors.

#### 4.4.1.2 Supplier of the Last Resort

In 2021, we witnessed the biggest turbulence in the Czech energy market in history. In October 2021, CEZ Group became the supplier of the last resort for customers of several failed energy providers, which terminated energy supplies to their clients. As the supplier of the last resort, CEZ Group automatically took over more than 370,000 customers of suppliers who had gone out of business. ČEZ Prodej significantly increased its customer service capacity and prepared a quick and easy online switch to a guaranteed fixed-price contract.

The unexpected situation once again clearly demonstrated the advantages of online service. Customers could arrange the switch from the supplier of the last resort to a standard contract with CEZ Group completely online for both electricity and gas supplies. The online option was by far the most popular way of signing a new contract, and it was used across all age groups, including customers over 70 years of age. Customers leaving the supplier of the last resort could do so also via a dedicated telephone line and at selected branches of the Czech Post.

CEZ Group actively informed all customers in the supplier of the last resort mode about the switch to a more favorable standard contract to protect them from a price shock. By the end of 2021, only 10% of the original number of customers remained in the supplier of the last resort mode. These were actively contacted by CEZ Group via mail, text messages, e-mails, social networks, and websites. In several hundreds of cases of undelivered mail caused by outdated contact information, CEZ Group representatives managed to locate and visit additional customers in person.

## 4.4.2 Net Promoter Score

Credibility is a key parameter of customer experience, and CEZ Group focuses intensively on strengthening it. The pro-customer orientation is reflected in the VISION 2030—Clean Energy of Tomorrow, where CEZ Group sets the goal to maintain the highest Net Promoter Score among large energy suppliers.

In 2021, CEZ Group was named the most trusted energy supplier for the fifth consecutive year. CEZ Group topped the Most Trusted Brand ranking in the energy supplier category. In the poll, 4,000 respondents rated 700 brands in various areas and categories. CEZ Group confirmed its position as a company with a long-term focus on customer experience, its improvement, and fostering trust.

### 4.4.2.1 Customer Experience (CX)

The energy industry is one of the more complex industries, and it can present a challenge to our customers, who have encountered its processes only a few times in their lives. In customer experience, we have long been concerned about the necessity of a higher level of effort a customer puts into resolving their request. Therefore, our goal in CEZ Group is to make the experience as pleasant and as simple as possible. We want to keep the CX parameter above 85% in the long term and make significant progress in CX efforts by 2022 so that our customers can always handle their requests quickly and smoothly.

To reach a higher level of customer satisfaction, CEZ Group established a Trio of principles of customer care: simplicity, convenience, and responsibility. The ultimate objective is a satisfied customer – a customer whose requests and needs are resolved quickly and without complications in a simple and easy-to-understand way. In the complex area of energy and technology, the customer is our priority. We always explain the benefits of our solutions, and we make sure the customer knows how to use our technologies, takes advantage of expert advice, and recognizes financial savings opportunities.

### 4.4.3 Digitalization

#### SDG9

Strategic priorities of CEZ Group include continuous modernization and digitalization of distribution network and digitalization of key customer services. The priorities were announced in VISION 2030—Clean Energy of Tomorrow, and the transformation of the distribution network includes three targets for 2030:

- the use of smart meters (the goal is 80% of power consumption to be covered by smart meters)
- remotely measured transformer stations (the goal is 80% of transformer stations to be measured remotely)
- installation of optic fiber networks (the goal is 11,000 km compared to 4,200 km installed at present)

The aim of the digital transformation of the distribution network is the development of a smart automated grid with increased reliability. The development of the smart grid includes verification projects focused on metering, communication, network automation, and improvements in operational safety and supply reliability. Successfully verified concepts will become a part of implementation projects across the distribution grid. Our priority is efficient network management and subsequent cost reduction. The new smart grid will enable new connections of decentralized generation. It will also allow the utilization of the capacity of fiber optic networks for telecommunication services.

The second strategic priority is the transformation and digitalization of key customer services to ensure efficiency and customer satisfaction. The target is 100% of key customer processes to be digital by 2025.

### 4.4.4 Ombudsman

CEZ Group established the Office of the Ombudsman in October 2009 as one of the first energy companies in Europe and the first one in Czechia. The ombudsman reports directly to the Board of Directors and is completely independent of CEZ Group subsidiaries. The ombudsman's tasks include investigations of customer claims, assessments of customer suggestions for improvement of services provided by CEZ Group, and proposals of systemic changes to individual CEZ Group companies. As an independent body, the ombudsman also considers each case based on the customer's individual circumstances and potential hardship. Since the establishment of the ombudsman office, 8,600 claims have been processed.

In 2021, the CEZ Group ombudsman received 525 notifications from customers: 511 submissions and 14 suggestions for improvement. The ombudsman assessed 23 complaints as legitimate. In nine cases, the customers' claims were recognized as legitimate by CEZ Group. In 14 cases, the ombudsman applied a so-called "specific approach" for the customer's benefit, namely exercising the right to apply for an exception in the case of a customer in a difficult life situation even if the claim is not justified.

# 5.1 CEZ Group Corporate Governance

## 5.1.1 Governance Bodies

SDG16

CEZ Group governance bodies are described in detail in the CEZ Group 2021 Annual Report (pp. 32–53).

### 5.1.1.1 Independence of Governance Bodies

ČEZ, a. s., adheres to the Best Practice 2021 of the Warsaw Stock Exchange (GPW), which defines the principles of corporate governance for GPW-listed companies. According to Article 2.3., the Supervisory Board is deemed independent if at least two members of the Supervisory Board meet the independence criteria and have no real and significant relationships with shareholders holding at least 5% of the total votes in the company.

All members of the Supervisory Board sign an Affidavit on compliance listing the criteria for independence of a member of the Supervisory Board. The content of the Affidavit is in line with Commission Recommendation 2005/162/EC of February 15, 2005. They either confirm their complete independence or indicate why they cannot be deemed independent. In 2021 based on these affidavits, six out of 12 members of the Supervisory Board were independent, including Otakar Hora, who served as the Chairman of the Supervisory Board during the entire year 2021. Four members were not independent because they were employees of ČEZ, a. s. Two members were employees of the majority shareholder. The Supervisory Board submits a report to the annual Shareholders' Meeting, which includes information on their independence.

## 5.1.2 Sustainability Governance and ESG Management

GRI 102-18, 102-26

CEZ Group is committed to transparent and effective sustainability and ESG governance. In July 2021, we established an ESG Office led by the Chief Sustainability Officer (CSO), Kateřina Bohuslavová. The CSO reports directly to the CEO, Daniel Beneš. They are both sustainability leaders in CEZ Group. ESG Office is responsible for everyday sustainability agenda, non-financial reporting, coordination of ESG initiatives, and management of ESG working groups.

**ESG management uses the centralized-coordination-decentralized-implementation model.**



### 5.1.2.1 ESG Strategic Steering Committee (SSC)

The SSC is the highest level of ESG management. The rights and responsibilities of the SSC are set out in the ESG Strategic Steering Committee Charter. The SSC determines CEZ Group’s sustainability strategy and monitors the progress of ESG initiatives and working groups. The SSC also monitors the fulfillment of targets set in VISION 2030—Clean Energy of Tomorrow.

The ESG Sponsor and the Chairman of the SSC is Daniel Beneš, CEO and Chairman of the Board of Directors. The ESG Executive Sponsor and the Vice-Chairwoman of the SSC is the CSO, Kateřina Bohuslavová. Other members of the SSC are the members of the Board of Directors, the Strategy Director, the Communication and Marketing Director, the Legal Affairs Director, and the Audit and Compliance Director.

### 5.1.2.2 ESG Executive Steering Committee (ESC)

The ESC is the managerial and operational level of governance and coordination of the ESG agenda. The Chairwoman of the ESC is Kateřina Bohuslavová, CSO. Its members are representatives of all Divisions and key departments in terms of ESG management.

### 5.1.2.3 ESG Initiatives

ESG Initiatives are projects led by teams managed within one division to implement ESG objectives approved by the SSC across the CEZ Group. The ESG initiatives are headed by managers appointed by the initiative sponsors.

### 5.1.2.4 ESG Working Groups

ESG Working Groups are cross-divisional management teams that implement ESG objectives approved by the SSC across the CEZ Group. The ESG Working Groups are headed by leaders appointed by the Chairwoman of the ESC.

### 5.1.2.5 ESG Education

CEZ Group is committed to the highest quality of sustainable management. Each member of the Board of Directors, the CSO, and other top management are enrolled in an ESG-related certified educational program. The programs will be completed in the summer of 2022 and include higher education institutions in the United States of America and Czechia:

- Berkeley Law: ESG: Navigating the Board’s Role
- Berkeley Law: Sustainable Capitalism & ESG
- Diligent Academy: Diligent Climate Leadership Certification
- Prague University of Economics and Business: Academy of Corporate Sustainability Management

### 5.1.2.6 Policy Matrix

CEZ Group developed a policy matrix to strengthen the managerial responsibility for ESG issues. The matrix illustrates both board-level oversight and executive managerial responsibility for each area. Responsibilities are linked to designated positions regardless of the individuals holding them. In 2022, we will review all policies and expand the matrix with specific initiatives and targets.

#### Board Level Oversight

Sustainable Strategy Oversight	Pillar Oversight	Policy	Policy Oversight
CEO	E Chief of Renewable and Traditional Energy Division	Emissions & Waste	Chief of the Renewable and Traditional Energy Division, Chief of the Nuclear Energy Division
		Water Stress & Water Use	Chief of the Renewable and Traditional Energy Division, Chief of the Nuclear Energy Division
		Climate-Related Issues	Chief of the Renewable and Traditional Energy Division, Chief of the Nuclear Energy Division, CEO
		Climate-Related Issues: Suppliers	Chief of the Renewable and Traditional Energy Division, Chief of the Administration Division*
		Environmental Risks	Chief of the Finance Division
		Biodiversity	Chief of the Renewable and Traditional Energy Division
		Site Closure	Chief of the Sales and Strategy Division
		Renewable Energy	Chief of the Renewable and Traditional Energy Division
		Community Engagement	CEO
	S Chief of the Administration Division	Health & Safety	CEO
		Human Capital	Chief of the Administration Division
		Human Rights	Chief of the Administration Division
		Diversity	Chief of the Administration Division
		Customer Engagement	Chief of the Sales and Strategy Division
		Purchasing Practices	Chief of the Administration Division*
	G CEO	Public Engagement (lobbying)	CEO
		Remuneration, Clawback & Malus	Chief of the Administration Division
		Business Ethics	CEO
		Whistleblower	CEO
		Bribery and Anti-Corruption	CEO, Chief of the Administration Division*
		Anti-Corruption: Suppliers	Chief of the Administration Division*
Anti-Money Laundering	Chief of the Finance Division		
Cybersecurity	CEO		
Business Travel	Chief of the Administration Division		

\* The policy falls under the responsibility of the CEO of ČEZ, a. s.; the policy is supervised by the Director of the Administration Division.

**Managerial Oversight**

POLICY	DIVISION	Manager	Coordination (ESG Office)	ESG Oversight
Emissions & Waste	Renewable and Traditional Energy	Head of Generation and Operation	<b>ESG specialist for environmental</b>	
	Nuclear Energy	Head of Safety		
Water Stress & Water Use	Renewable and Traditional Energy	Head of Generation and Operation		
	Nuclear Energy	Head of Safety		
Climate-Related Issues	Renewable and Traditional Energy	Head of Generation and Operation		
	Nuclear Energy	Head of Safety		
Climate-Related Issues: Suppliers	Renewable and Traditional Energy	Head of Technical Management		
	CEO	Head of Procurement for Generation		
Environmental Risks	Finance	Head of Risk Management		
Biodiversity	Renewable and Traditional Energy	Chairman of the BoD of Severoceske doly, a.s.		
Site Closure	Sales and Strategy	Strategy Director		
Renewable Energy	Renewable and Traditional Energy	CEO of CEZ Obnovitelne zdroje, s r.o.	<b>ESG specialist for social</b>	<b>CSO</b>
Community Engagement	CEO	Head of Public Affairs		
Health & Safety	CEO	Head of Management System		
Human Capital	Administration	Head of HR		
Human Rights	Administration	Head of HR		
Diversity	Administration	Manager of Diversity and Inclusion		
Customer Engagement	Sales and Strategy	CEO CEZ Prodej, a.s.		
Purchasing Practices	CEO	Head of Procurement		
Public Engagement (lobbying)	CEO	Head of Public Affairs		
Remuneration, Clawback & Malus	Administration	Head of HR		
Business Ethics	CEO	Head of Audit and Compliance		
Whistleblower	CEO	Head of Audit and Compliance		
Bribery and Anti-Corruption	CEO	Head of Procurement for Generation		
	CEO	Head of Procurement		
	CEO	Head of Audit and Compliance		
Anti-Corruption: Suppliers	CEO	Head of Procurement for Generation		
	CEO	Head of Procurement		
Anti-Money Laundering	Finance	Head of Accounting		
Cybersecurity	CEO	Head of CEZ Group Security		
Business Travel	Administration	Head of HR		

**5.1.2.7 Remuneration Policy**

The Remuneration Policy clearly and transparently defines all fixed and variable remuneration components of the Board of Directors and Supervisory Board members. Remuneration is based on the Say-on-Pay principle: shareholders can comment on the remuneration policy through voting at the Shareholders' Meeting. The Remuneration Policy specifies any bonuses, other benefits, maluses, a clawback provision, conditions for office termination, severance pay, and a non-competition clause. It also defines key financial and non-financial performance indicators. Each year, the Board of Directors submits a public Remuneration Report of ČEZ, a. s., to the Shareholders' Meeting for approval.

The Supervisory Board defines and evaluates performance indicators related to any variable component of remuneration of members of the Board of Directors. These include ESG-linked performance indicators. Thus the Supervisory Board fulfills its role as the Remuneration Committee.

All Board members individually have a unified ESG task with a weight of at least 15% for 2022. This task requires reaching a target level of international ESG rating, fulfilling our public commitments, implementing ESG initiatives, and taking measures in line with the accelerated strategy of VISION 2030.

## 5.2 Climate-related Risk Management and TCFD

GRI 103, 201-2; SASB IF-EU-110a.3 / SDG13

CEZ Group recognizes that climate change poses severe risks to business and society. We are committed to both climate change mitigation and adaptation. To operate sustainably, ethically, and transparently, we must address climate-related risks and opportunities within our strategy. We aim to disclose governance, strategy, risk management, and metrics and targets in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We review the latest scientific evidence and evaluate climate scenarios to build our strategic resilience in the short, middle, and long terms. To address any blind spots, we cooperate with an independent third-party consultancy – S&P Global. This cooperation ensures a robust assessment of both physical and transition risks.

Climate risk analysis has a high priority. It will be completed and published in a separate TCFD report in the second half of 2022. Please check our website for more details. Here we list the steps taken so far:

### Governance (for more details, see Section 5.1)

- We established the ESG Office in July 2021.
- We appointed Chief Sustainability Officer.
- We established ESG Strategic Steering Committee and ESG Executive Steering Committee.
- We assigned responsibility for climate-related and environmental risks at the board and executive levels.
- We started an initiative to implement climate-related policies at the group level.
- We became an official TCFD supporter in November 2021 and implemented projects to adhere to their recommendations.

### Strategy

- We accelerated our strategy in May 2021 as VISION 2030—Clean Energy of Tomorrow. It defines a clear path for the next decade with measurable and public targets for decarbonization and other ESG areas.
- We set ambitious targets to increase our renewable energy capacity.
- We joined the Business Ambition for 1.5°C campaign of the Science Based Targets initiative (SBTi) and committed to net-zero science-based emissions reduction targets as follows:
  - Short- and mid-term targets (by 2030) are set in line with well below 2°C scenario. This target was approved and validated by SBTi in May 2022.
  - Long-term targets are aligned with 1.5°C scenario. We reevaluated our commitment to reaching carbon neutrality and moved the target date forward to 2040.
- We are working on detailed scenario analyses with an independent third-party consultancy S&P Global.

### Risk management

- We incorporated double materiality: The risk management department monitors (1) the impact of climate-related physical risks (i.e., floods, fires, earthquakes, landslides, lightning strikes, storms, and tornados) on our facilities; and (2) the effects of our business on the environment and the climate. The effects are categorized as follows:
  - Critical: material and irreversible impact on the environment and climate
  - High: material impact with a long-term return to the original state
  - Medium: impact with a mid-term return to the original state
  - Low: immaterial impact with a low-cost short-term return to the original state
- We implemented Environmental Management Systems (EMS) in selected facilities to minimize the risks and their effects. We continue to expand the list. See Section 3.3.3 for more details.
- We recognize that climate-related risks are overarching, as they can trigger other types of risks (reputational, operational, financial). They can also jeopardize stakeholder relationships.
- We monitor regulations related to climate at the national and EU level to adapt to transition risks.
- We monitor non-governmental organizations and initiatives, as they tend to be ahead of regulation. This helps to predict trends and minimize transition risks.

### Metrics and targets

(for full disclosure of our GHG emissions data, see p. 19)

- Carbon emissions targets
  - We will reduce CO<sub>2</sub> emissions in line with the Paris Agreement well below 2°C by 2030
  - We will reduce the emission intensity from 0.38 tCO<sub>2</sub>/MWh in 2019 to 0.26 tCO<sub>2</sub>/MWh in 2025 and to 0.16 tCO<sub>2</sub>/MWh in 2030
  - We will reduce the share of coal-fired electricity generation from 39% in 2019 to 25% by 2025 and to 12.5% by 2030
  - We will reach carbon neutrality by 2040 in line with well below 1.5°C
- Toxic emissions targets
  - We will reduce NO<sub>x</sub> from 23 kt in 2019 to 13 kt in 2025 and 7 kt in 2030
  - We will reduce SO<sub>2</sub> from 21 kt in 2019 to 6.5 kt in 2025 and 3 kt in 2030

For risk management in general, see the CEZ Group 2021 Annual Report (pp. 56–58).

## 5.3 Diversity and Equal Opportunity

GRI 103, 405-1 / SDG5, SDG10

In CEZ Group, we perceive diversity as a principle that enables people to fulfill their potential irrespective of individual differences. We believe that providing equal opportunities and promoting diversity and inclusion is a natural way of doing business innovatively and sustainably. We reject discrimination of any kind. All our actions and activities are regularly monitored, evaluated, and transparently communicated.

CEZ Group has had a long history of promoting diversity. In 2014, we were one of the first signatories of the European Diversity Charter in Czechia. Following the Diversity Charter, we are committed to maintaining a workplace environment open to all, irrespective of their gender, race, skin color, nationality, ethnicity, religion, disability, age, sexual orientation, political affiliation, or trade union membership.

We are also actively committed to implementing Sustainable Development Goal 5, which aims to achieve gender equality and empower all women and girls. We support equal opportunities for women and their full and effective participation in decision-making at all levels of private and public life.

In May 2021, the Board of Directors approved CEZ Group's strategy VISION 2030—Clean Energy of Tomorrow. The strategy reflects our ESG ambitions and goals: regarding diversity, we have set a long-term goal of achieving a 30% share of women in management.

In December 2021, the Board of Directors adopted a Diversity and Inclusion Policy, binding for all CEZ Group companies. The policy declares a culture of diversity, respect, trust, equal opportunities, and workplace dignity. The policy outlines a comprehensive approach to the company's diversity goals. It integrates diversity and inclusion into the company's activities, encompassing recruitment, management and remuneration, development of employee potential, and work-life balance. The policy protects vulnerable groups of employees and provides them with opportunities. It includes measures to improve employment conditions for employees over 50, employees with disabilities, parents of young children, LGBT+, and informal caregivers.

Several practical outcomes of the new policy are already incorporated in collective agreements with trade unions. One of them is the adjustment of the rights of registered partners to the level of married couples above and beyond the scope of Czech law. Registered partners are now able to take paid or unpaid leave in the same cases as spouses: to get married, to accompany their partner to a medical facility, to attend a birth, and to take parental leave. Another practical outcome focuses on employees with disabilities. Their personal benefits account is increased by CZK 3,000, and they can take up to two days of paid leave to claim their PWD (person with a disability) status. The collective agreement also includes the principle of non-discrimination and equal pay.

The company's supportive approach to employees who are also informal caregivers was recognized by the Ministry of Labor and Social Affairs and Business for Society, the largest platform for sustainable business in Czechia. In 2021, we received the award for being Informal Caregiver-Friendly Employer 2021 in the inaugural year of establishing the award by the Ministry in cooperation with Business for Society. The awarded project is called "I care, and I work." In this project, employees can participate in webinars on health, social and financial issues, discussing topics relevant to their experience as informal caregivers. They can also take advantage of individual counseling. Employees in difficult life situations can use anonymous chats for support.

In 2021, there were zero harassment and discrimination incidents reported, and no cases of harassment or discrimination were confirmed.

In 2022, our activities to promote diversity and inclusion include various plans and commitments. In April, we joined the Pride Business Forum Memorandum and committed to creating an open environment for LGBT+ employees. In May, we offered a series of lectures, discussions, and online events to celebrate the Month of Diversity. Further, we plan to establish informal groups for our female employees. We will also start diversity and inclusion awareness training for all employees in ČEZ, a. s., and integrated daughter companies. We will launch a recruitment campaign to attract women to work in the energy sector.

### 5.3.1 Women in Leadership Positions

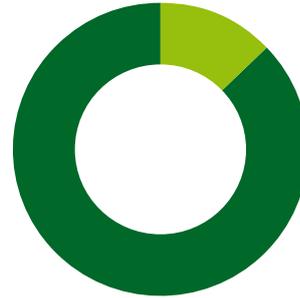
The energy industry has a long history of being predominantly male. Achieving gender equity thus requires a strong and proactive effort. This includes focusing on corporate culture, recruitment practices and processes, career development, leadership training, mentoring, retention and engagement efforts, and compensation parity.

CEZ Group supports women at work and their career advancement in multiple ways. We offer flexible working hours, company kindergartens, and day camps for children, and we maintain contact with employees on parental leave and offer them support when they return to work. They can keep in touch with the company and take advantage of workshops and courses while on parental leave and after return to work.

In addition to the existing activities, CEZ Group launched new programs for women to develop their managerial skills. Women in Focus is a development program for women in management positions and focuses on their personal and professional growth. The program is based on workshops with inspiring mentors and role models and enables women to share their experience. Women Hub is a program for women from CEZ Group who have the skills, ambition, and energy to lead people and are currently working as specialists or experts. Both programs are sponsored by Michaela Chaloupková, a member of the Board of Directors and Director of the Administration Division.

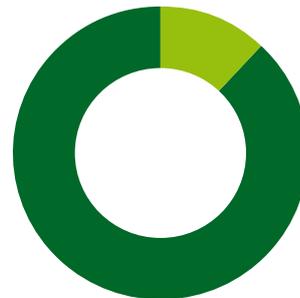
In VISION 2030—Clean Energy of Tomorrow, we have set a long-term goal of achieving a 30% share of women in management. In line with our principle of equal opportunity, gender-neutral job advertising is implemented, and the principle of balanced gender representation is incorporated into the recruitment process. Whenever practically applicable, both men and women will be represented equally during recruitment on both sides: in the group of candidates for a position and the evaluation committee in all rounds of the selection procedure. We aim to encourage women to start a career in the energy industry. Having a balanced gender representation in the recruitment process gives a fair chance to all suitable candidates.

Diversity of Governing Bodies by Gender



	%
Women	<b>12.2</b>
Men	<b>87.8</b>

Diversity of Managerial Positions by Gender



	%
Women	<b>13.5</b>
Men	<b>86.5</b>

### 5.3.2 Gender Pay Gap

GRI 405-2

In CEZ Group, we understand that competitive compensation is essential for attracting and retaining talented people. Our key objective is to recognize and encourage high performance, professional development, and behavior that match our strategy and values. We determine remuneration respecting objective and gender-neutral criteria. We respect and strive to comply with the principle of equal pay and equal working conditions for equal or equivalent work.

The principles of equal pay form an integral part of the Diversity and Inclusion Policy, and they were incorporated into collective agreements. A gender pay gap analysis was conducted to identify and eliminate any shortcomings. The analysis was concluded in December 2021, and its results will address any currently existing pay gap and its elimination in the affected departments. Currently, contractual salary adjustments and alignment for the same position regardless of gender are underway.

## 5.4 Business Conduct

SDG8, SDG16

### 5.4.1 Code of Conduct and Ethics in CEZ Group

GRI 103, 102-16, 205-1, 205-2, 409-1, 419

We are aware of our role in society and the responsibility this role inevitably entails. Our management emphasizes ethical principles in all employee and supply chain conduct. Through sound business ethics and relations, we build trust with both shareholders and stakeholders.

#### 5.4.1.1 Company Values

CEZ Group's values are the basis of the corporate culture on which we have grown over the years. The values represent shared beliefs and desired conduct expected of all our employees. Embedded in key governing policies, these values are naturally integrated into the company. As a result, the values positively influence the internal atmosphere, external perception, customer satisfaction, and business results of CEZ Group.

The following principles represent our corporate values:



**Safety**



**Performance**



**Innovation**



**Expertise**



**Collaboration**

We encourage employees to put the principles at the forefront of their daily working lives. In doing so, employees create synergies inherent to CEZ Group and help implement our strategy and vision. Accordingly, we set the right values and principles to develop a proper work environment and build a strong team.

### 5.4.1.2 CEZ Group Code of Conduct

CEZ Group management promotes ethical values in all business activities and conduct. Management clearly states its objective in two primary documents: the Code of Conduct Policy (Code of Conduct) and the Compliance Management System Policy.

The Code of Conduct sets forth ethical rules for employees and members of CEZ Group's statutory bodies. The Compliance Management System Policy sets out the responsibilities, conditions, and tools for ensuring compliance with ethics in CEZ Group. Details of practical measures (e.g., training, prevention of conflicts of interest, whistleblowing, investigations) are part of the subsequent internal guidelines.

The Board of Directors of ČEZ, a. s., accepts full responsibility for compliance with the adopted ethical standards. This responsibility includes, among other things, the creation of appropriate conditions, adequate resources, effective governance structures, and control mechanisms.

Published first in 2015, the Code of Conduct exists in two publicly available versions. The basic version, the Decalogue, summarizes the most important principles regarding stakeholder relations. The unabridged version, the Alphabet, supplements the Decalogue with rules for observing the Code of Conduct. Both documents undergo regular reviews to reflect legislative demands and best practices.

The Code of Conduct is binding for all employees. New employees must review the Code upon hiring. Subsequent training takes place at least once every two years. From 2022, the training frequency was adjusted to an annual basis, with at least 95% of staff participating.

### 5.4.1.3 Compliance Management System

Approved in 2019, the Compliance Management System (CMS) Policy covers the topics of corporate ethics, corruption prevention, criminal risks, competition rules, etc. Given its broad scope, CMS Policy has sought to create a unified and effective tool for managing risks of non-compliance and rules of behavior. The current CMS built on the CMS Policy meets the following international compliance standards:

- ISO 37001:2016 – Anti-Corruption Management System
- ISO 19600:2014 – Compliance Management System

To assist in the practical management of CMS objectives, the Board of Directors established an advisory body, the Corporate Compliance Committee. Having a delegated authority over corporate compliance, the Committee evaluates current and potential compliance risks and assesses their impacts and management. In addition, the Committee regularly reports to the Board of Directors on its activities, main events, performance, and the results of CMS, which the Board approves.

In 2021, CMS underwent an independent external evaluation by Deloitte. Deloitte's findings concluded that the CMS was at the level of ISO standard 37301:2021 – Compliance management systems – Requirements with guidance for use. Moreover, the audit company reaffirmed that CMS included vital compliance elements – prevention, detection, and response.

### 5.4.1.4 Suppliers and Business Partners

Our ethical rules include cooperation with suppliers and business partners. The rules translate specific requirements into the Commitment to Ethical Conduct, which forms a part of contracts with suppliers and is publicly available on the company's website. We monitor compliance with the rules set out in the Commitment to Ethical Conduct through compliance checks. Naturally, a breach of the rules may lead to the termination of the business relationship.

To reduce the risk of corruption and conflicts of interest, due diligence of business partners plays a key role in the third-party verification system (compliance checks). Due diligence is a mandatory part of procurement, acquisitions, and divestment processes for potentially high-risk business cases. More than 1,000 cases were subject to compliance checks in 2021.

In addition to ethical rules, we take account of the supplier's overall responsible approach and sustainability activities. The aim is to support the suppliers in strengthening responsible behavior towards the environment and governance.

### 5.4.1.5 Anti-corruption

GRI 103, 205-3, 415-1

In 2021, the departments of Procurement and Compliance met the requirements for the certification of the anti-corruption management system according to ISO 37001:2016. We were the first company listed on the Prague Stock Exchange and the first energy company in Central Europe to meet the international standard.

The official certification is another step in our efforts to contribute to an ethical and transparent environment. Certification crowns the long-term development of a robust compliance management system based on zero tolerance for corruption. Furthermore, the internationally recognized certificate provides all stakeholders with a guarantee that we continuously take systemic measures to uphold ethical and lawful conduct. For example, we use the four-eyes principle, segregation of duties, limits on the value of gifts, third-party due diligence, a ban on facilitating payments, and rules for negotiating brokerage contracts.

No confirmed incident of corruption was registered in CEZ Group in 2021.

We neither engage in public politics nor make financial donations to any political group. The only exception is the promotion of our interests in the European Union through the Public Affairs Office in Brussels. Three office employees are on the EU Transparency Register. All our opinions on the proposed legislation are applied through the European Commission's website and published there.

### 5.4.1.6 Discrimination and Human Rights

GRI 103, 406-1

Direct or indirect discrimination and harassment have no place in our company culture. The nondiscrimination principles are set out in the Code of Conduct and the Ethical Conduct Policy. Practical anti-discrimination measures, procedures, and guidelines are in place to ensure compliance with these principles. The principles aim to create a culture of cooperation based on diversity, mutual respect, and protection of vulnerable groups.

We strongly advocate diversity, equal opportunities, and a respectful working environment. Under this approach, we create desirable conditions for employees to develop their full potential and career growth. When it comes to new hires, education, expertise, qualifications, and skills are the deciding factors for hiring a candidate.

We have absolute respect for human rights and clearly declare our stance in the Code of Conduct. We operate only in countries with a strong human rights legal framework. Each country in which we operate is a signatory of International Labor Organization conventions, and the respect for human rights is a norm in CEZ Group. As a UN Global Compact participant, we duly subscribe to its principles, which entails rejecting forced or compulsory labor and the prohibition of child labor.

As an employer, we strive to maintain social peace. We recognize the importance of the right to freedom of association and collective bargaining, occupational health and safety, and fair and satisfactory working conditions. Therefore, we monitor employee satisfaction and meet their needs. At the same time, we only work with suppliers who also subscribe to these principles.

#### 5.4.1.7 Training and Communication

Training on ethics and anti-bribery rules is mandatory for all employees during on-boarding and at least once a year. The 45-minute training session on preventing corruption and conflicts of interest reflects the complexity of this topic.

Reinforcing the right values among employees is important to protect the company's reputation. To maintain the highest level of integrity, business ethics and anti-corruption training will take place annually from 2022. Our target is to have a minimum of 95% of employees complete the course each year.

In addition, the Audit and Compliance Department communicates compliance-related issues in the company magazine and on the Intranet. The Audit and Compliance Department uses these communication channels to prevent unethical conduct, introduce key compliance topics, and explain their importance to the entire CEZ Group.

#### 5.4.1.8 Whistleblowing Hotline

GRI 102-17

The Whistleblowing Hotline is one of many measures we have taken to reduce the risk of unethical or illegal conduct.

The Whistleblowing Hotline is an effective CMS tool to report violations of the Code of Conduct or concerns about suspected misconduct. The Hotline is designed to ensure the anonymity of all whistleblowers (i.e., employees, customers, business partners, or third parties/public) and to protect them from sanctions, discrimination, and other retaliation. Information can be submitted via the Intranet, Internet, by email (compliance@cez.cz), or by phone (+ 420 211 042 561), available 24/7.

Upon receipt of a report through the Hotline, the Audit and Compliance Department carries out an objective and independent investigation. Based on the relevant findings, we take corrective action. The Audit and Compliance Department reviews dozens of notifications each year.

Employees learn about the Hotline during mandatory training (initial and regular), in articles on the Intranet, and in the company magazine.

#### 5.4.1.9 Anti-competitive Behavior

GRI 206-1

Competition creates a healthy economic environment and promotes sustainable growth. Being the largest energy group in Czechia, compliance with anti-competitive and anti-trust rules is central to our business conduct. Hence, prevention of anti-competitive behavior and compliance with related legislation take priority on the CMS agenda.

In practice, all employees must behave properly in business relations and safeguard the company's reputation as a fair market player. Employees must not only avoid anti-competitive behavior but also prevent it. This also refers to compliance with the unbundling rules. To act appropriately, employees learn about this topic and what is required of them in ethics training and through internal communication channels.

CEZ Group contracts are subject to mandatory legal checks focused on compliance with the rules of competition protection. Any findings lead to adequate measures.

In 2021, no illicit anti-competitive behavior or violations of anti-trust and anti-monopoly legislation occurred. One competition law dispute is currently pending between a CEZ Group company (Severočeské doly) and the Office for the Protection of Competition.

#### 5.4.1.10 Audits and Precautionary Approach

GRI 102-11

Regular and systematic internal audits and compliance checks are performed to verify compliance with all the above-specified rules. They assure the governing bodies that the management and control systems are operational and that significant risks are covered.

Audits are performed by the Audit and Compliance Department, whose independence and efficiency come under the scrutiny of the ČEZ, a. s., Audit Committee. In 2021, the ČEZ, a. s., Internal Audit underwent an external quality assessment based on international standards. This assessment confirmed full compliance of ČEZ, a. s., internal audit activities with internationally recognized standards for internal audit, including independence and high efficiency of ČEZ, a. s., Internal Audit. Compared to other European energy companies and DAX 30 companies, our Audit and Compliance Department is considered one of the most advanced.

ČEZ, a. s., Internal Audit systematically checks all key processes and segments of CEZ Group. The Board of Directors and the Audit Committee receive a quarterly summary of the audit results and corrective actions taken.

In 2021, 35 audit investigations were performed: 14 in ČEZ, a. s., and 21 in its subsidiaries (including two audits of foreign holdings).

In addition to internal audits, we apply a precautionary approach. We do not pursue activities with uncertain or potentially hazardous effects. We take a precautionary approach at four levels:

- verification of selected information provided by the new employee/applicant (pre-employment screening)
- business entity screening before the potential acquisition of a company (due diligence)
- vetting suppliers before entering a contractual relationship
- compliance audit of selected suppliers during the business relationship

## 5.4.2 Sustainable Supply Chain

Sustainability can no longer be just an internal matter for individual companies. More than ever, sustainability must become a focal point for the whole value chain. Taking care of inputs needs to receive the same attention as taking care of impacts of internal processes and outputs. Having responsibility for critical infrastructure, we intensely focus on maintaining a highly reliable and sustainable supply chain. CEZ Group has focused on evolving its policies and processes to ensure responsible procurement and purchasing, with particular attention to higher-risk aspects of the supply chain.

### 5.4.2.1 Procurement and Selection Criteria

GRI 102-9, 103, 308-1, 414-1

Every year, we hold thousands of tenders for investment and maintenance projects, technical engineering works, supply of materials, and spare parts. From the procurement perspective, we categorize suppliers into four main groups: fuel, capital expenditure, services, and materials.

Our procurement and tendering processes are mainly centralized. The Purchasing Department takes care of this process and provides related services in full for 23 CEZ Group companies.

Depending on their nature, tenders are either public (subject to Public Procurement Act No. 134/2016 Sb.) or non-public (subject to internal policies). Tenders follow applicable law, internal procurement policy, and procedures. Implementing tenders transparently while ensuring impartiality, efficiency, and optimal contract conditions is the main goal of purchasing departments.

By law, we inform about public tenders in the Public Procurement Bulletin, an online tool enabling unrestricted access to information about tenders. Once the procurement process ends, we publish the result of the public tender. As regards non-public tenders, we directly invite suppliers based on pre-defined rules. Afterward, the whole process runs through an online CEZ Group supplier portal.

As part of the tender, we review many parameters (e.g., financial, ISO credentials, and applicant's business in high-risk countries), including reputational risks, and law violations. We enter into relationships only with suppliers willing to honor obligations specified in the Commitment to Ethical Conduct. Depending on the nature and purpose of the procurement, we consider the benefits of innovation when setting conditions, evaluating tenders, and selecting suppliers.

Responsible procurement addresses employment opportunities, human and labor rights, social inclusion, decent working conditions, local sourcing, and other relevant social aspects. Responsible procurement also deals with various environmental factors, sustainable development, the life cycle of supplies, services, construction works, and impact on biodiversity.

Using ESG criteria for tender evaluation is becoming an accepted corporate management tool. Although not yet applied globally, specific environmental provisions and conditions form a part of contracts when applicable. General terms and conditions allow us to monitor that suppliers meet requirements for environmental protection.

The most in-depth tenders relate to nuclear power plants. Selection criteria are subject to specific technical, legal, security, and environmental requirements (e.g., uranium mining and processing).

If third parties feel that a tender lacks transparency and equal treatment, they can submit a complaint either to the tender organizer, via the Whistleblowing Hotline or the Office for the Protection of Competition as an independent authority.

Our supply chains consist of both external companies and CEZ Group subsidiaries. We prefer local suppliers (mainly from Czechia or Europe) and keep supply chains as short as possible for several reasons: communication, environmental impact, local economic development, and costs.

### 5.4.2.2 Verification Process

GRI 102-10, 308-2, 414-2

Material business cases in CEZ Group require third-party compliance checks. These compliance checks identify and mitigate the Group's risks of becoming involved in unwanted business relations, reputational damage, financial loss, or criminal liability.

In practice we use three types of internally conducted compliance checks, which differ in their scopes. A responsibility of the Compliance Department, compliance checks are based on the information from publicly available sources (e.g., commercial databases, sanction lists, the Internet). Compliance checks result in a third-party risk rating and, if necessary, proposals for further action. Depending on the type of compliance check, the outcome is valid for 6 or 12 months. More than 900 reviews take place annually.

For potentially high-risk business cases, third-party due diligence is carried out by external experts.

We express to suppliers our expectations and identify priorities for suppliers' approach to sustainable development. We reserve the right to verify the fulfillment of contract conditions at any time, and suppliers must provide necessary cooperation. We actively exercise this right and perform audits either remotely (i.e., questionnaires, substantiated evidence) or onsite. We apply seven auditing principles of ISO 19011 (Guidelines for auditing management systems).

We monitor suppliers' activities in the area of environmental protection and social aspects. All our sites with an ISO 14001 certification (environmental management system - EMS) maintain registers of suppliers' environmental factors. When conducting EMS inspections, we check these aspects primarily. In 2021, we identified two suppliers whose activities had significant adverse environmental impacts and agreed on improvements with them.

Supply Chain Impacts (suppliers with significant actual or potential adverse impacts)		2019	2020	2021
environmental	number of suppliers	0	0	2
	nature of impacts	N/A	N/A	water discharge above authorized limits
social	number of suppliers	0	1	0
	nature of impacts	N/A	payment below the minimum wage	N/A

From a verification perspective, suppliers of nuclear power plants represent a specific category. Suppliers need to factor in the requirements of the Atomic Energy Act No. 263/2016 Coll. and the decrees of the State Office for Nuclear Safety. Suppliers of nuclear safety-relevant items and services undergo initial and repeated audits, and we continually monitor the quality of their work.

Suppliers' human resources management is also subject to verification in line with the Atomic Energy Act. As per the Act, suppliers must carry out their activities using their own qualified and experienced staff. Moreover, only suppliers' personnel with confidential security clearance can enter nuclear power plants' vital zones. Therefore, suppliers must pay attention to staff turnover, which helps us manage quality control and safety performance.

We concentrate on key human resources issues during suppliers' audits and during the actual onsite activities by suppliers' workers. We actively communicate our concerns at regular meetings with suppliers, clarifying our requirements and expectations and agreeing on remediation actions where warranted.

### 5.4.3 Tax Governance

GRI 103, 207-1, 207-2, 207-3, 207-4

We strive to be a responsible and trustworthy corporate citizen. Cultivating good community relationships is the basis for long-term sustainable development. Responsible and transparent tax governance is one way to honor our commitments to society.

#### 5.4.3.1 Approach to Tax

CEZ Group is a multinational corporation comprised of over 200 entities operating in many countries, primarily in Central Europe. Despite the differences in tax laws of individual countries, CEZ Group's tax principles and management closely follow the underlying rules of the Code of Conduct: ethics, integrity, responsibility, and transparency.

The Group's approach to tax management is incorporated in internal policies and guidelines, which describe a general framework and details of responsibilities related to the tax agenda.

Domiciled in Czechia, CEZ Group does not apply a consolidated corporate income tax because Czech tax laws disallow consolidated tax returns. From a tax perspective, CEZ Group companies are separate entities and independent taxpayers. Hence, the companies pay taxes locally according to valid legislation in each country of operation. The overview of total income tax paid forms a part of the consolidated annual report, which is externally audited.

The main responsibility for tax governance and strategy lies with the Chief Financial Officer (CFO), Martin Novák, who is also a member of the Board of Directors and the Head of the Finance Division. The CFO consequently delegates tax daily operational authority to the Tax Department. The domain of the Tax Department is especially tax administration, tax advisory and opinions, preparation of tax returns, and tax assessment of contracts. Analyses and reports of the Tax Department to the Board of Directors lend support to business investment decisions. The Supervisory Board and the Audit Committee check whether the Board of Directors exercised its powers in compliance with legislation, principles, and good practices.

The Tax Department's agenda also includes communication with tax authorities. Typically, Czech companies come under the Tax Authority according to their place of operation. Due to its size ČEZ, a. s., comes under the Specialized Tax Authority, which handles tax matters of large companies.

### 5.4.3.2 Tax Integrity, Transfer-pricing, and Grievance Mechanism

CEZ Group fully meets tax standards and regulations in all conduct and countries where it operates. CEZ Group's tax governance and risk management are subject to internal processes and aligned with a responsible, credible, and sustainable approach. The Group does not adopt any tax mechanisms or business structures to alleviate its tax burden deliberately, nor does it participate, directly or indirectly, in tax avoidance schemes or the use of tax havens. Taxation issues are not the primary driver of the Group's business decisions.

Internal transfer pricing guidelines stipulate tasks, responsibilities, and procedures for transfer pricing in CEZ Group. Applying an arm's length principle, the Group transfer pricing fulfills the market standard, local tax legislation, and the concepts of the OECD Guidelines.

To mitigate transfer pricing risks and avoid disputes, CEZ Group employs an advance pricing agreement (APA) for the companies situated in Czechia. APA represents a formal agreement with tax authorities to determine and use transfer prices with related parties for a certain period.

The Whistleblowing Hotline serves as a tool for raising concerns or suspicions about illicit tax conduct. The Hotline offers various means to submit a concern (via the Intranet, Internet, email, or phone) and ensures whistleblowers' anonymity to protect them from repercussions. The Audit and Compliance Department investigates all reports independently and takes remedial measures.

### 5.4.3.3 Facts and Figures

In 2021, the CEZ Group's current corporate income tax amounted to CZK 5.4 billion, of which CZK 5.2 billion in Czechia and CZK 0.2 billion abroad. In 2020, the CEZ Group's current corporate income tax amounted to CZK 3.5 billion, of which CZK 3.2 billion in Czechia and CZK 0.3 billion abroad. ČEZ, a. s., regularly ranks among the largest corporate income taxpayers in Czechia. The Czech corporate income tax rate enacted for 2021 was 19%.

Apart from the corporate income tax, ČEZ, a. s., also declared CZK 1.8 billion in health and social insurance (+7% year-on-year) as a mandatory contribution of the company to health and social systems organized by the Czech government. In addition, ČEZ, a. s., collected CZK 715 million in employment taxes (21% decrease year-on-year; the impact of significant changes in tax legislation). ČEZ, a. s., collects employment taxes from employees on behalf of the Czech government.

CEZ Group provides a wide range of above-standard welfare benefits, including nontaxable contributions to employees' pension savings and life insurance. In 2021, ČEZ, a. s., contributed CZK 96 million to employees' pension savings and life insurance (4.6% increase year-on-year).

At the end of 2021, no legal tax disputes concerning CEZ Group were pending.

## 5.4.4 Cyber Security and Information Privacy

GRI 103, 418-1

Information security is one of the major aspects of our operations. We go to great lengths to meet the highest security standards and manage the risks involved.

### 5.4.4.1 Data Protection Officer

In CEZ Group, we pay special attention to processing and protecting personal data and privacy. Therefore, we duly reflect the provisions of the relevant personal data protection legislation in our internal directives, namely:

- Regulation (EU) 2016/679 of the European Parliament and the Council (GDPR)
- Personal Data Processing Act No. 110/2019 Coll.

We constantly monitor and adjust processes and measures to adapt them to the current legislative developments and interpretative trends, mainly those of the courts, supervisory authorities, and the European Data Protection Board. Given CEZ Group's strategic goal to digitize 100% of key customer processes by 2025, we see compliance with strict data protection standards as an imperative.

Pursuant to Article 37 of the GDPR, CEZ Group has appointed a Data Protection Officer who provides his services to the members of the concern of CEZ Group and other selected companies.

The Data Protection Officer (DPO) is an independent monitoring and advisory body. The DPO serves as a contact point for personal data subjects who are in contact with CEZ Group companies. The personal data subjects are mainly employees, customers, and business partners. Data subjects send requests to the DPO to exercise their rights electronically, by mail, or via data mailbox.

In 2021, data subjects submitted 1,160 requests to exercise rights, with 295 coming directly from data subjects and 865 from auction companies on behalf of data subjects. While all requests lodged by the data subjects themselves were processed as legitimate, the auction companies' requests were rejected for insufficient powers of attorney granted by the data subjects.

Other tasks of the DPO and his team are, in particular:

- to protect the rights and interests of data subjects
- to monitor compliance of personal data processing with the GDPR
- to cooperate with specialized departments of the concern members in dealing with security incidents and personal data breaches

The DPO's duties also include communicating with supervisory authorities and raising employee awareness of personal data processing, e.g., through training, e-learning, or newsletters.

In 2021, the DPO reported to the supervisory authority one case of a completed serial external attack on our call centers to gain access to customers' online accounts.

In performing his activities, the DPO did not receive any complaints in 2021, either from the supervisory authority or from the data subjects concerned. In 2021, no financial sanctions were incurred by CEZ Group companies in connection with possible personal data protection breaches.

#### 5.4.4.2 Cyber Security

(SASB IF-EU-550a.1)

We manage critical information infrastructure and information systems of essential services in line with the Cyber Security Act No. 181/2014 Coll. We check compliance with the Act annually by an internal audit. We also responsibly secure the computer systems used for nuclear safety management pursuant to the Atomic Act No. 263/2016 Coll. In 2021, we met all our obligations under both Acts and protected key assets. As a result, we have not experienced any incidents of non-compliance with cyber security standards or regulations.

In 2021, the most important cyber security events were:

- establishment of the new Integrated Security Operations Center (iSOC)
- international audit of information security management system of our nuclear power plants
- inspections by the International Atomic Energy Agency (IAEA) and the State Office for Nuclear Safety

iSOC oversees the protection of CEZ Group in terms of physical, information, and cyber security. The Center's main task is to detect security events and incidents, activate effective countermeasures, and ultimately prevent possible future security events. Therefore, iSOC cooperates intensively with national security forces and institutions, including the National Cyber and Information Security Agency (NCISA), Military Intelligence, and the Czech Police. The iSOC's efforts help reduce the risk of threats, eliminate attacks, and prevent economic losses.

A successful international audit of the information security management system took place in our nuclear power plants. As per the ISO/IEC 27001:2017 standard, the audit focused on the set-up of information systems, compliance with legal requirements, and employee awareness. The audit valued highly that nuclear facilities allow contractors to maintain and configure safety control systems using only the nuclear operator's computers. Having passed the audit, we received international certification valid until October 2024. Our nuclear plants are among the first in the world to pass such an audit.

The IAEA inspected physical and cyber security compliance with international rules at our nuclear power plants. The IAEA evaluated our best practices highly positively and made minor suggestions that we will address responsibly in the coming period.

Before the IAEA survey, the State Office for Nuclear Safety (SONS) inspected our Dukovany Nuclear Power Plant. SONS focused on computer security following the Atomic Act No. 263/2016 Coll. In its final report, SONS stated that we met the requirements of the Act.

In addition, we performed tasks assigned by the NCISA regarding security vulnerabilities in the Apache Log4j and other software components.

We keep strengthening our cyber defenses and closely monitor and evaluate all incidents showing signs of a potential security threat. In 2021, we recorded 1,911 incidents related to information or cyber security. This was a year-on-year decrease of 44%, primarily due to employee training in cyber security. We also made cyber security an integral part of all investment projects.

Raising awareness and understanding of cyber security is a key part of our employee training. Therefore, regular training of CEZ Group employees takes place every two years. The goal is to teach employees how to develop good Internet habits, how to recognize malicious emails, and how to use mobile phones and online services safely. In addition to online courses, the Cyber Security Department tests employees' attention with random fake phishing campaigns. In 2021, approximately 16,000 employees received several simulated phishing emails producing an average 10% click-through rate. About 4% of employees repeatedly failed to apply the correct practices and, as high-risk users, had to retake the information and cyber security e-course. The Cyber Security Department will continue these phishing campaigns.

## 6.1 Selected Indicators

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Headcount employees	Persons	28,043	32,555	32,365	102-8			
Women/men	Persons	5,751/22,292	6,972/25,583	6,985/25,380	102-8			
Energy consumption	TJ	344,176	379,855	404,916	302-1			
Energy generation - non-renewable fuels	TJ	523,583	563,471	603,059	302-1			
Energy generation - renewable fuels	TJ	12,408	14,967	12,692	302-1			
Renewable energy from non-fuel sources	TJ	7,351	10,320	9,973	302-1			
Sold energy	TJ	199,166	208,903	220,808	302-1			
of which electricity/heat	TJ	172,773/26,393	184,921/23,982	196,692/24,116	302-1			
Water withdrawal (all fresh water), percentage in areas with water stress	mil. L, %	525,431/0	592,478/0	640,669 / N/A	303-3	IF-EU-140a1	Water consumption and withdrawal in water-stressed areas	
Surfacewater	mil. L	521,149	586,628	634,948	303-3			
Groundwater	mil. L	459	432	388	303-3			
Third party water	mil. L	3,824	5,417	5,333	303-3			
Third party water (Surface/ground water)	mil. L	3,262/562	4,774/633	N/A	303-3			
Water withdrawal in water stressed areas	mil. L	0	22	N/A	303-3		Water consumption and withdrawal in water-stressed areas	
Water discharge	mil. L	443,277	498,003	535,360	303-4			
Water discharge (freshwater/other)	mil. L	442,568/709	496,070/1,933	N/A	303-4			
Surfacewater	mil. L	440,495	496,136	535,360	303-4			
Groundwater	mil. L	0	0	N/A	303-4			
Treatment/no treatment	mil. L	16,477/426,800	21,002/477,001	21,286/513,465	303-4			
Water discharge in water stressed areas	mil. L	0	22	N/A	303-4			
Water consumption, percentage in areas with water stress	mil. L, %	82,154/0	94,475/0	105,309 / N/A	303-5	IF-EU-140a1	Water consumption and withdrawal in water-stressed areas	
Scope 1 emissions	mil. tCO <sub>2</sub> e	18.99	23.44	26.14	305-1	IF-EU-110a1	GHG emissions	
Fossil fuels emissions	mil. tCO <sub>2</sub>	18.70	22.46	26.07	305-1			
CH <sub>4</sub> source emissions*	mil. tCO <sub>2</sub> e	0.07	0.06	N/A	305-1			
N <sub>2</sub> O source emissions*	mil. tCO <sub>2</sub> e	0.14	0.52	N/A	305-1			
Fugitive CH <sub>4</sub> emissions from coal mining*	mil. tCO <sub>2</sub> e	0.03	0.34	N/A	305-1			
Transportation emissions	mil. tCO <sub>2</sub> e	0.05	0.06	0.06	305-1			
C/F-HC, SF <sub>6</sub> except production emissions	tCO <sub>2</sub> e	3,000	3,295	3,136	305-1			
Emissions from non-generation diesel generators*	tCO <sub>2</sub> e	224	1,014	N/A	305-1			
Fugitive CH <sub>4</sub> emissions from landfill*	tCO <sub>2</sub> e	1	1	N/A	305-1			
Biomass emissions	mil. tCO <sub>2</sub> e	1.29	1.53	1.34	305-1			
Scope 2 emissions	mil. tCO <sub>2</sub> e	0.14	0.33	0.36	305-2		GHG emissions	
Emission intensity	tCO <sub>2</sub> e/MWh	0.29	0.34	0.38	305-4			
Fatalities (employees)**	Number, rate	1/0.02	3 / N/A	0 / N/A	403-9	IF-EU-320a1	Health and safety	
Reported work-related injuries (employees)***	Number	130	147	363	403-9		Health and safety	
Hours worked (employees) - NEW	Number	44,940,976	N/A	N/A	403-9		Health and safety	
Lost Time Injury Frequency Rate (LTIFR) (employees)** - NEW	Rate	2.89	N/A	N/A	403-9	IF-EU-320a1	Health and safety	
Main types of work-related injuries	-	Section 4.3.5.4	Section 8, p. 186	Section 8, p. 109	403-9		Health and safety	60
Fatalities (suppliers)	Number	1	0	0	403-9	IF-EU-320a1	Health and safety	
Reported work-related injuries (suppliers)	Number	25	81	86	403-9		Health and safety	
Average hours of training per year per employee*	Hrs	31.4	37.7 <sup>1)</sup>	N/A	404-1		Training provided	
Absolute hours of training per year	Hrs	879,870	664,615	623,829	404-1			
Diversity of governance bodies women/men	%	12.2/87.8	14.0/86.0	11.3/88.7	405-1		Governance body composition, Diversity and inclusion	
Diversity of governance bodies by age (≤ 29 years, 30-49 years, ≥ 50 years)	%	0.4/51.3/48.4	0.8/53.3/45.8	0.3/56.5/43.2	405-1		Governance body composition, Diversity and inclusion	
Diversity of employees women/men	%	20.5/79.5	21.4/78.6	21.6/78.4	405-1		Diversity and inclusion	
Diversity of employees by age (≤ 29 years, 30-49 years, ≥ 50 years)	%	14.0/47.7/38.3	13.5/48.8/37.6	13.2/49.8/36.9	405-1		Diversity and inclusion	
Diversity of employees by education (primary, secondary, tertiary)	%	4.5/67.2/28.3	3.8/66.0/30.2	3.8/65.4/30.9	405-1		Diversity and inclusion	

\* Indicator reported since 2020.

\*\* Rate calculated per 1,000,000 hours worked.

\*\*\* As of 2020, a standardized methodology used for reporting injuries with more than 3 days' absence at work.

<sup>1)</sup> Indicator includes ČEZ, a. s., and selected subsidiaries.

## 6.2 Other Indicators

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Name of the organisation	-	Section 2.1 AR, p. 166	Section 1, p. 15	Section 1, p. 8	102-1			12
Activities, brands, products and services	-	Section 2.1 AR, p. 2	Section 11, p. 15-16	Section 1, p. 10	102-2			12
Location of headquarters	-	Section 2.1 AR, p. 166	Section 1, p. 15	Section 1, p. 8	102-3			12
Locations of operations	-	Section 2.1 AR, p. 2	Section 1, p. 15	Section 1, p. 8	102-4			12
Ownership and legal form	-	Section 2.1 AR, p. 166	Section 1, p. 15	Section 1, p. 8	102-5			12
Markets served	-	Section 2.1 AR p. 2	Section 1, p. 15	Section 1, p. 8	102-6			12
Scale of organisation	-	Section 2.1 AR, p. 2	Section 1, p. 15 AR p. 11	Section 1, p. 8 AR p. 12	102-7			12
Fixed contract women/men	Persons	899/1,959 <sup>1)</sup>	929/1,661	1,088/1,833	102-8			
Indefinite contract women/men	Persons	4,834/20,203 <sup>1)</sup>	6,043/23,922	5,897/23,547	102-8			
Fixed contract Czechia/Abroad	Persons	2,022/833 <sup>1)</sup>	2,029/561	2,251/670	102-8			
Indefinite contract Czechia/Abroad	Persons	20,696/4,344 <sup>1)</sup>	20,546/9,419	20,604/8,840	102-8			
Full time women/men	Persons	5,343/21,811 <sup>1)</sup>	6,633/25,231	6,673/25,084	102-8			
Part time women/men	Persons	388/353 <sup>1)</sup>	340/351	312/296	102-8			
Supply chain	-	Section 5.4.2	Section 3, p. 90	Section 3	102-9			77
Significant changes to the organization and its supply chain	-	AR p. 154 Section 5.4.2	AR p. 143, 268 Section 3.0, p. 93	AR p. 147 Section 3.0	102-10			77
Precautionary Principle or approach	-	Section 5.4.1.10	Section 2.5, p. 33	Section 1.4	102-11			76
External initiatives	-	Link to web	Section 91, p. 213	Section 91, p. 132	102-12			
Membership of associations	-	Link to web	Section 91, p. 213	Section 91, p. 132	102-13			
Statement from senior decision-maker	-	Section 1.1	p. 7	Section 1.0, p. 6	102-14			7
Key impacts, risks, and opportunities	-	Section 1.1, 2.1 AR p. 26	Section 2.1, p. 19 AR p. 24	Sec. 1.3 AR p. 25, 26	102-15		Integrating risk and opportunity into business process	7, 12
Values, principles, standards, and norms of behavior	-	Section 5.4.1	Section 2.5, p. 27	Section 1.4	102-16			74
Mechanism for advice and concerns about ethics - <b>NEW</b>	-	Section 5.4.1	N/A	N/A	102-17		Protected ethics advice and reporting mechanisms	74
Governance structure	-	Section 5.1	Section 2.5, p. 26 AR p. 38, 162	Section 1.2 AR p. 61, 158	102-18			67
Consulting stakeholders on economic, environmental, and social topics - <b>NEW</b>	-	Section 2.2	N/A	N/A	102-21		Material issues impacting stakeholders	14
Composition of the highest governance body and its committees	-	AR p. 32-53	AR p. 38-60	AR p. 38-60	102-22		Governance body composition	
Role of highest governance body in setting purpose, values, and strategy - <b>NEW</b>	-	Section 5.1	N/A	N/A	102-26		Setting purpose	67
Annual total compensation ratio*	Ratio	48.30	50.30	52.80	102-38		Wage level (%)	
List of stakeholder groups	-	Section 2.2	Section 2.7, p. 37	Section 2.4	102-40			14
Collective bargaining agreements	%	100	100	100	102-41			
Identifying and selecting stakeholders	-	Section 2.2	Section 2.7, p. 36	Section 2.4	102-42			14
Approach to stakeholder engagement	-	Section 2.2	Section 2.7, p. 36	Section 2.4	102-43		Material issues impacting stakeholders	14
Key topics and concerns raised	-	Section 2.1, 2.2	Section 2.7, p. 37-38	Section 2.2 and 2.4	102-44			12, 14
Entities included in the consolidated financial statements	-	AR p. 74-76	AR p. 68-70	AR p. 66-68	102-45			
Defining report content and topic boundaries	-	Section 2.1	Section 2.2, p. 24	Section 2.2	102-46			12
List of material topics	-	Section 2.2	Section 2.7, p. 39	Section 2.2	102-47		Material issues impacting stakeholders	14
Restatements of information	-	AR p. 154	AR p. 143	AR p. 147	102-48			
Changes in reporting	-	N/A	N/A	N/A	102-49			

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Reporting period	-	January 1, 2021, to December 31, 2021	January 1, 2020, to December 31, 2020	January 1, 2019, to December 31, 2019	102-50			
Date of most recent report	-	June 23, 2021	June 25, 2020	June 26, 2019	102-51			
Reporting cycle	-	Yearly			102-52			
Contact point for questions regarding the report	-	esg@cez.cz	energiprobudoucnost@cez.cz		102-53			
Claims of reporting in accordance with the GRI Standards	-	Section 6	Section 8, p. 170	Section 2.3	102-54			82
GRI content index	-	Section 6	Section 8, p. 172	Section 8, p. 97	102-55			82
External assurance - <b>NEW</b>	-	p. 98	N/A	N/A	102-56			98
Management Approach GRI 201	-	Section 5.2	AR p. 68, 80, 81, 86, 137, 129	AR p. 69, 78, 79, 82, 138, 128	103-1, 103-2, 103-3			70
Direct economic value generated and distributed	CZK	AR p. 77, 83, 84	AR p. 68, 80, 81, 86	AR p. 69, 78, 79, 82	201-1		Economic contribution, Total tax paid, Additional tax remitted	
Financial implications and other risks and opportunities due to climate change - <b>NEW</b>	-	Section 5.2	N/A	N/A	201-2			70
TCFD implementation - <b>NEW</b>	-	Section 5.2	N/A	N/A			TCFD implementation	70
Defined benefit plan obligations and other retirement plans	-	Section 5.4.3.3	AR p. 139	AR p. 138	201-3			79
Financial assistance received from government	CZK	AR p. 122	AR p. 129	AR p. 128	201-4		Economic contribution	
Financial investment contribution	CZK	AR p. 14-17, 83	AR p. 12-15, 80	AR p. 12-15, 78			Financial investment contribution	
Total R&D expenses	mil. CZK	952.40	1,031.00	960.60			Total R&D expenses	
Management Approach GRI 202	-	Section 4.3.1	Section 4.1.2	Section 4.1.2	103-1, 103-2, 103-3			50
Ratios of standard entry level wage by gender compared to local minimum wage women/men**	Ratio	218/2.32	219/2.31	2.29/2.39	202-1		Wage level	
Management Approach GRI 203	-	Section 4.1	Section 11	Section 11	103-1, 103-2, 103-3			47
Infrastructure investments and services supported	-	Section 4.1	Section 6 and 7	Section 6 and 7	203-1		Infrastructure investments and services supported	47
Significant indirect economic impacts	-	Section 4.1	Section 6 and 7	Section 6 and 7	203-2		Significant indirect economic impacts	47
Management Approach GRI 205	-	Section 5.4.1	Section 2.5	Section 1.4	103-1, 103-2, 103-3			74
Operations assessed for risks related to corruption	-	Section 5.4.1	Section 2.5	Section 1.4	205-1			74
Communication and training about anti-corruption policies and procedures - <b>NEW</b>	-	Section 5.4.1	N/A	N/A	205-2		Anti-corruption	74
Confirmed incidents of corruption and actions taken	Number	0	0	0	205-3		Anti-corruption	
Management Approach GRI 206	-	Section 5.4.1.9	Section 2.5	Section 1.4	103-1, 103-2, 103-3			76
Legal actions for anti-competitive behavior, anti-trust, and monopoly practises - <b>NEW</b>	Number	1	N/A	N/A	206-1			
Management Approach GRI 207 - <b>NEW</b>	-	Section 5.4.3	N/A	N/A	103-1, 103-2, 103-3			78
Approach to tax - <b>NEW</b>	-	Section 5.4.3	N/A	N/A	207-1			78
Tax governance, control, and risk management - <b>NEW</b>	-	Section 5.4.3	N/A	N/A	207-2			78
Stakeholder engagement and management of concerns related to tax - <b>NEW</b>	-	Section 5.4.3	N/A	N/A	207-3			78
Tax country-by-country reporting, Czechia/Abroad	bil. CZK	5.2/0.2	3.2/0.3	N/A	207-4		Total tax paid by country for significant locations	

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Management Approach GRI 302	-	Section 3.5.7	Section 3.3	Section 3.2	103-1, 103-2, 103-3			37
Total electricity generated, percentage by major energy source, percentage in regulated markets	GWh, %	55,989/0	60,946 / N/A	64,635 / N/A		IF-EU-000.D		
of which: nuclear/hydro/ photovoltaic/wind/coal/ natural gas/biomass/biogas	%	54.9/4.5/0.2/11/ 32.1/5.6/1.6/0.0	49.3/4.0/0.2/2.6/ 35.5/6.4/1.9/0.0	46.8/3.6/0.2/2.3/ 39.3/6.2/1.6/0.0		IF-EU-000.D		
Total wholesale electricity purchased	GWh	223,085	259,851	304,648		IF-EU-000.E		
Energy intensity	-	2.69	2.77	2.79	302-3			
Management Approach GRI 303	-	Section 3.3.1	Section 3.1	Section 3.1.1	103-1, 103-2, 103-3			27
Interactions with water as a shared resource	-	Section 3.3.1	Section 3.1	Section 3.1.1	303-1			27
Management of water discharge related impacts	-	Section 3.3.1	Section 3.1	Section 3.1.1	303-2			27
Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations - <b>NEW</b>	Number	0	N/A	N/A		IF-EU-140a.2		
Description of water management risks and discussion of strategies and practices to mitigate those risks	-	Section 3.3.1	Section 3.1	Section 3.1.1		IF-EU-140a.3		27
Management Approach GRI 304	-	Section 3.3.2	Section 3.4	Section 3.3	103-1, 103-2, 103-3			29
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	Section 6.3	Section 3.4	Section 8, p. 121	304-1		Land use and ecological sensitivity	93
Significant impacts of activities, products and services on biodiversity	-	Severočeské doly Section 3.3.2	Severočeské doly completed landscape reclamation in 2020 on an area of 110.29 ha and started new reclamation on an area of 30.50 ha. New reclamation was carried out at Břilina Mines land reclamation on an area of 45 ha and on the Nástup Tušimice Mine on an area of 24.55 ha.	Severočeské doly completed in 2019 landscape reclamation on an area of 39.24 ha and started new land reclamation on an area of 51.21 ha. At the Mines Břilina, new land reclamation was carried out on an area of 70.30 ha and at the Nástup Tušimice Mine on an area of 30.68 ha.	304-2			29
Habitats protected or restored	Number	Section 6.3	Section 8.0	Section 8	304-3			93
Management Approach GRI 305	-	Section 3.1	Section 3.1	Section 3.1	103-1, 103-2, 103-3			19
Discussion of long-term and short-term strategy or plan to manage: Scope 1 emissions, emissions reduction targets, analysis of performance against those targets - <b>NEW</b>	-	Section 3.1, 5.2	N/A	N/A		IF-EU-110a.3		19, 70
Scope 1 emissions under ETS	%	97	96	N/A	305-1	IF-EU-110a.1		
Scope 3 emissions	mil. tCO <sub>2</sub> e	11.24	17.38	18.32	305-3		GHG emissions	
- Purchased goods and services	mil. tCO <sub>2</sub> e	0.04	0.03	0.04	305-3			
- Fuel and energy related activities	mil. tCO <sub>2</sub> e	1.53	2.48	2.63	305-3			
- Use of sold products	mil. tCO <sub>2</sub> e	9.67	14.86	15.65	305-3			
Emissions associated with power deliveries - <b>NEW</b>	tCO <sub>2</sub> e	7,452,329	N/A	N/A		IF-EU-110a.2		
ODS emissions	tCO <sub>2</sub> e	5.27	5.10 <sup>2)</sup>	1.19	305-6			

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
SO <sub>x</sub> emissions, percentage in or near areas of dense population	t, %	7,920/98.3	14,385/98.8	N/A	305-7	IF-EU-120a.1		
SO <sub>2</sub> emissions	t	7,812	14,253	21,008				
NO <sub>x</sub> emissions, per emissions (excluding N <sub>2</sub> O), percentage in or near areas of dense population	t, %	14,306/99.4	19,365/99.1	23,040 / N/A	305-7	IF-EU-120a.1		
PM emissions	t	823	1,311	1,575	305-7			
PM <sub>10</sub> emissions, percentage in or near areas of dense population	t, %	649/97.8	1,044/97.7	N/A		IF-EU-120a.1		
Pb emissions, percentage in or near areas of dense population	t, %	0.9/99.5	1.65/99.8	N/A		IF-EU-120a.1		
Hg emissions, percentage in or near areas of dense population	t, %	1.11/98.7	1.41/99.3	N/A		IF-EU-120a.1		
PM per electricity and heat generated	kg/MWh	0.013	0.019	0.022				
SO <sub>2</sub> per electricity and heat generated	kg/MWh	0.121	0.207	0.290				
NO <sub>x</sub> per electricity and heat generated	kg/MWh	0.222	0.281	0.318				
Management Approach GRI 306	-	Section 3.2.2	Section 3.2	Section 3.5	103-1, 103-2, 103-3			24
Waste generation and significant waste-related impacts - <b>NEW</b>	-	Section 3.2.2 <sup>3)</sup>	N/A	N/A	306-1			24
Management of significant waste related impacts - <b>NEW</b>	-	Section 3.2.2 <sup>3)</sup>	N/A	N/A	306-2			24
Weight of generated waste (non-hazardous/hazardous)	kt	59.24/2.99	64.34/3.04	293.65/3.03	306-3			
Weight of generated waste incl. radioactive	kt	62.57	67.69 <sup>4)</sup>	297.06	306-3			
Significant spills	Number, volume	26 / 78L water, 779L soil	25 / 0.25L water, 992L soil	26 / ca 100L water, 1,293,100L soil	306-3: 2016			
Weight of waste diverted from disposal	kt	65.86	31.75	264.17	306-4			
Weight of non-hazardous waste directed to disposal	kt	19.45	35.63	32.51	306-5			
Weight of hazardous waste directed to disposal	kt	1.62	included in non-hazardous	included in non-hazardous	306-5			
Weight of radioactive waste	kt	0.34	0.31	0.37				
Amount of coal combustion residuals (CCR) generated	kt	5,048	6,651	N/A		IF-EU-150a.1		
CCR recycled	%	99.60	99.80	N/A		IF-EU-150a.1		
CCR impoundments - <b>NEW</b>	Number	0	N/A	N/A		IF-EU-150a.2		
Management Approach GRI 307	-	Section 3.2, 3.3, 5.4	Section 2.3, 3.1, 3.2, 3.4, 3.6, 4.1	Section 1.2, 3.1, 3.2, 3.4, 3.6, 4.1	103-1, 103-2, 103-3			23, 27, 74
Non-compliance with environmental laws and regulations	Number, CZK	AR p. 140 0/0	AR p. 124 1/200,000	AR p. 142 0/0	307-1			
Total number of non-monetary sanctions	Number	0	1	0	307-1			
Cases brought through dispute resolution mechanisms	Number	0	1	0	307-1			
Management Approach GRI 308	-	Section 5.4.2.1	Section 2.5	Section 3.6	103-1, 103-2, 103-3			77
New suppliers that were screened using environmental criteria	-	Section 5.4.2.1	Section 2.5, p. 33	Section 3.6	308-1			77
Negative environmental impacts in the supply chain and actions taken	Number	2	0	0	308-2			
Management Approach GRI 401	-	Section 4.3.1	Section 4.1	Section 4.1	103-1, 103-2, 103-3			50
New employee hires	Persons	2,935	3,466	3,485	401-1		Absolute number and rate of employment	
Employee hires by age (≤ 29 years, 30–49 years, ≥ 50 years)	Persons	1,138/1,336/461	1,166/1,547/753	1,541/1,378/566	401-1			
Employee hires men/women	Persons	2,089/846	2,461/1,005	2,556/929	401-1			

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Employee hires Czechia/Abroad	Persons	1,991/944	2,056/1,410	2,175/1,310	401-1			
Employee turnover	Persons	2,883	3,225	3,377	401-1			
Employee turnover (≤ 29 years, 30–49 years, ≥ 50 years)	Persons	647/1,122/1,114	627/1,237/1,361	776/1,398/1,203	401-1			
Employee turnover (≤ 29 years, 30–49 years, ≥ 50 years)	%	16.5/8.4/10.4	14.2/7.8/11.1	18.1/8.7/10.1	401-1			
Employee turnover men/women	Persons	2,162/721	2,018/1,207	2,379/998	401-1			
Employee turnover men/women	%	9.7/12.5	17.3/7.9	14.3/9.4	401-1			
Employee turnover Czechia/Abroad	Persons	1,939/944	1,984/1,241	2,275/1,102	401-1			
Employee turnover Czechia/Abroad	%	8.5/18.2	8.8/12.5	10.0/11.6	401-1			
Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	Section 4.3.1	Section 4.1.2, 4.1.3	Section 4.1.2, 4.1.3	401-2			50
Entitlement to parental leave	-	Pursuant to Czech law, all employees are entitled to parental leave. Abroad, CEZ Group companies comply with local law.			401-3			
Parental leave men/women	Persons	30/602	9/598	24/565	401-3			
Return to work after parental leave men/women	Persons	24/75	8/81	18/89	401-3			
Eligibility to retire Total	Persons	6,304	7,252	7,107				
Eligibility to retire Czechia/Abroad	Persons	5,581/723	5,530/1,722	5,308/1,799				
Eligibility to retire Czechia/Abroad	%	19.9/2.6	17.0/5.3	16.4/5.6				
Eligibility to retire managers/other employees	Persons	749/5,555	816/6,436	803/6,304				
Eligibility to retire managers/other employees	%	2.7/19.8	2.5/19.5	2.5/19.8				
Management Approach GRI 402	-	Section 4.3.1	Section 4, 4.1	Section 4, 4.1	103-1, 103-2, 103-3			50
Minimum notice periods regarding operational changes	Days	30	30	at least 2 weeks	402-1			
Management Approach GRI 403	-	Section 4.3.5	Section 3.5.6	Section 3.4.6	103-1, 103-2, 103-3			57
Occupational health and safety management system	-	Yes. Specified in collective agreements			403-1			
Hazard identification, risk assessment, and incident investigation	-	Specification and implementation of controls, hazard identification—findings (nonconformities), nonconformity handling through corrective action. Regular internal audit checks.			403-2			
Occupational health services	-	Section 4.3.5	Section 3.5.6, 3.6	Section 3.4.6, 3.6	403-3			57
Worker participation, consultation, and communication on occupational health and safety	-	Section 4.3.5	Section 3.5.6, 3.6	Section 3.4.6, 3.6	403-4			57
Worker training on occupational health and safety	-	Section 4.3.5	Section 3.5.6, 3.6	Section 3.4.6, 3.6	403-5			57
Promotion of worker health	-	Section 4.3.5	Section 3.5.6	Section 3.4.6, 3.6	403-6		Health and safety	57
Workers covered by an occupational health and safety management system†	Persons, %	27,816/99.9%	100%	100%	403-8			
Workers covered by an occupational health and safety management system (internally audited)† - NEW	Persons, %	24,863/89.2%	N/A	N/A	403-8			
Workers covered by an occupational health and safety management system (externally audited or certified)**** - NEW	Persons, %	20,060/72.0%	N/A	N/A	403-8			
Work-related fatalities as a result of ill health (employees/suppliers)	Number	0/0	0/0	0/0	403-10			

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Work-related ill health (employees/suppliers)	Number	0/0	0/0	0/0	403-10			
Management Approach GRI 404	-	Section 4.3.2	Section 3.7	Section 3.7.1	103-1, 103-2, 103-3			53
Programs for upgrading employee skills and transition assistance programs	-	Section 4.3.4	Section 3.7	Section 3.7.1	404-2			56
Percentage of employees receiving regular performance and career development reviews women/men	%	100/100	100/100	100/100	404-3			
Percentage of employees receiving regular performance and career development reviews Managers/other employees	%	100/100	100/100	100/100	404-3			
Average costs of training per year per employee - NEW	CZK	3,965	N/A	N/A			Training provided	
Management Approach GRI 405	-	Section 5.3	Section 2	Section 4.1.3	103-1, 103-2, 103-3			72
Vulnerable groups (employees with disabilities) - NEW	Persons, %	557/2.0	N/A	N/A	405-1		Diversity and inclusion	
Ratio of basic salary of women to men - management*	Ratio	0.98	0.89	0.91	405-2		Pay equality	
Ratio of basic salary of women to men - leaders*	Ratio	0.93	0.93	0.98	405-2		Pay equality	
Ratio of basic salary of women to men - senior specialists*	Ratio	0.86	0.83	0.82	405-2		Pay equality	
Ratio of basic salary of women to men - specialists*	Ratio	0.91	0.91	0.92	405-2		Pay equality	
Ratio of basic salary of women to men - technicians*	Ratio	0.94	0.95	0.95	405-2		Pay equality	
Ratio of basic salary of women to men - administrative and manual workers*	Ratio	0.94	0.95	0.96	405-2		Pay equality	
Ratio of remuneration of women to men - management***	Ratio	0.99	0.88	0.87	405-2		Pay equality	
Ratio of remuneration of women to men - leaders***	Ratio	0.95	0.94	0.99	405-2		Pay equality	
Ratio of remuneration of women to men - senior specialists***	Ratio	0.84	0.82	0.81	405-2		Pay equality	
Ratio of remuneration of women to men - specialists***	Ratio	0.89	0.90	0.91	405-2		Pay equality	
Ratio of remuneration of women to men - technicians***	Ratio	0.88	0.89	0.90	405-2		Pay equality	
Ratio of remuneration of women to men - administrative and manual workers***	Ratio	0.91	0.91	0.91	405-2		Pay equality	
Employees reporting directly to a governance body or a governance body member women/men	Number	N/A <sup>51</sup>	111/429	101/430				
Manager workforce women/men	Number	410/2,628	552/2,891	547/2,915				
Management Approach GRI 406	-	Section 5.4.1.6	Section 2.5	Section 1.4	103-1, 103-2, 103-3			75
Incidents of discrimination and corrective actions taken	Number	0	0	0	406-1			
Management Approach GRI 407	-	Section 5.4.1	Section 4	Section 4	103-1, 103-2, 103-3			74
Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Number	0	No risky operations or suppliers in which workers' rights to freedom of association or collective bargaining might be violated/at risk were identified		407-1			

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Management Approach GRI 408	-	Section 5.4.1	Section 4.1	Section 4.1	103-1, 103-2, 103-3			74
Operations and suppliers at significant risk for incidents of child labor - <b>NEW</b>	Number	0	N/A	N/A	408-1		Risk for incidents of child, forced or compulsory labour	
Management Approach GRI 409	-	Section 5.4.1	Section 4.1	Section 4.1	103-1, 103-2, 103-3			74
Operations and suppliers at significant risk for incidents of forced or compulsory labor - <b>NEW</b>	Number	0	N/A	N/A	409-1		Risk for incidents of child, forced or compulsory labour	
Management Approach GRI 413	-	Section 4.1	Section 4.2	Section 4.2	103-1, 103-2, 103-3			47
Operations with local community engagement, impact assessments, and development programs	-	Section 4.1	Section 4.2	Section 4.2	413-1			47
Operations with significant actual and potential negative impacts on local communities	-	Section 4.1	Section 4.2	Section 4.2	413-2			47
Management Approach GRI 414	-	Section 5.4.2.1	Section 3, 3.6	Section 3, 3.6	103-1, 103-2, 103-3			77
New suppliers that were screened using social criteria	-	Section 5.4.2.1	Section 3, 3.6	Section 3, 3.6	414-1			77
Negative social impacts in the supply chain and actions taken	Number	0	1	0	414-2			
Management Approach GRI 415	-	The parent company ČEZ, a. s., does not make any political contributions.			103-1, 103-2, 103-3			
Political contributions	-	The parent company ČEZ, a. s., does not make any political contributions.			415-1			
Management Approach GRI 416	-	Section 4.4	Section 5.1	Section 5.1	103-1, 103-2, 103-3			61
Incidents of non-compliance concerning the health and safety impacts of products and services	Number	0	0	0	416-2			
Management Approach GRI 418	-	Section 5.4.4	Section 3.5.7	Section 3.4.7	103-1, 103-2, 103-3			79
Complaints from regulatory bodies and third parties	Number	0	0	1	418-1			
Total number of identified leaks, thefts, or losses of customer data	Number	0	1	1	418-1			
Management Approach GRI 419	-	Section 4.1, 5.4	Section 2.3, 3.1, 3.2, 3.4, 3.6, 4.1	Section. 1.2, 3.1, 3.2, 3.4, 3.6, 4.1	103-1, 103-2, 103-3			47, 74
Non-compliance with laws and regulations in the social and economic area	-	AR p. 140	AR p. 148	AR p. 149	419-1			
Total number of non-monetary sanctions	Number	0	0	0	419-1			
Cases brought through dispute resolution mechanisms	Number	0	0	0	419-1			
Number of residential, industrial, institutional, and commercial customer accounts	Million	3.80	7.40	7.40	G4-EU3			
Number of: - <b>NEW</b> 1) residential 2) commercial 3) industrial customers served	Number	1) 2,461,119 <sup>6)</sup> 2) 272,025 <sup>6)</sup> 3) 7,186 <sup>6)</sup>	N/A	N/A		IF-EU-000.A		
Total electricity delivered to: - <b>NEW</b> 1) residential 2) commercial 3) industrial 4) all other retail customers 5) wholesale customers	-	AR p. 85	N/A	N/A		IF-EU-000.B		

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Length of above and underground lines	km	167,628 <sup>7)</sup>	311,376	310,174	G4-EU4	IF-EU-000.C		
of which high-voltage/ medium-voltage/ low-voltage	km	10,002/ 51,295/ 106,331	15,463/ 97,700/ 198,213	15,466/ 97,376/ 197,332	G4-EU4			
Distribution technical losses (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distributie Energie Oltenia)	%	3.60 <sup>7)</sup>	4.30/7.49/7.82	4.73/8.01/8.17	G4-EU12			
Distribution non-technical losses (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distributie Energie Oltenia)	%	0.30 <sup>7)</sup>	0.30/0.00/0.98	included in technical losses	G4-EU12			
Number of people physically or economically displaced and compensation, broken down by type of project	Persons	0	0	0	G4-EU22			
Average retail electric rate for: - NEW 1) residential 2) commercial 3) industrial customers	CZK/kWh	1) 1.98 2) 1.82 3) N/A	N/A	N/A		IF-EU-240a.1		
Typical monthly electric bill for residential customers for: - NEW 1) 500 kWh 2) 1,000 kWh of electricity delivered per month	CZK	1) 2,650 2) 3,760	N/A	N/A		IF-EU-240a.2		
Number of residential customer electric disconnections for non-payment	Number	7,282	12,797	21,131	G4-EU27	IF-EU-240a.3		
of which disconnections 1) 0-2 days 2) 3-7 days 3) 8-30 days 4) 31-365 days 5) more than 1 year	Number	1) 1,300 2) 1,766 3) 2,426 4) 1,790 5) 0	1) 3,409 2) 4,163 3) 3,464 4) 1,585 5) 176	1) 9,256 2) 4,184 3) 3,994 4) 2,367 5) 1,330	G4-EU27	IF-EU-240a.3		
Percentage of residential customers reconnected within 30 days, ČEZ Distribuce	%	75	92	92		IF-EU-240a.3		
Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory - NEW	-	Section 4.4.11	N/A	N/A		IF-EU-240a.4		61
System Average Interruption Frequency Index (SAIFI) - incl. calamities and blackouts (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distributie Energie Oltenia)	Number	2.65 / N/A / N/A	2.87 / N/A <sup>8)</sup> / 3.22	2.89 / N/A <sup>8)</sup> / 4.51	G4-EU28	IF-EU-550a.2		
System Average Interruption Frequency Index (SAIFI) - excl. calamities and blackouts (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distributie Energie Oltenia)	Number	1.85 / N/A / N/A	2.11/2.07/1.76	2.09/2.47/3.10	G4-EU28	IF-EU-550a.2		
System Average Interruption Duration Index (SAIDI) - incl. calamities and blackouts (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distributie Energie Oltenia)	Minutes	32757 / N/A / N/A	311.60 / N/A <sup>8)</sup> / 162.88	348.52 / N/A <sup>8)</sup> / 661.60	G4-EU29	IF-EU-550a.2		
System Average Interruption Duration Index (SAIDI) - excl. calamities and blackouts (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distributie Energie Oltenia)	Minutes	214.45 / N/A / N/A	219.96/121.20/ 411.30	232.68/138.20/ 396.20	G4-EU29	IF-EU-550a.2		
Customer Average Interruption Duration Index (CAIDI) - incl. calamities and blackouts (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distributie Energie Oltenia) - NEW	Number	123.80 / N/A / N/A	N/A	N/A		IF-EU-550a.2		

Parameter	Unit	2021	2020	2019	GRI	SASB	WEF	Page
Customer Average Interruption Duration Index (CAIDI) – excl. calamities and blackouts (ČEZ Distribuce/ CEZ Razpredelenie Bulgaria/ Distribuție Energie Oltenia) – NEW	Number	115.87 / N/A / N/A	N/A	N/A		IF-EU-550a.2		
Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples	Number	0	0	0	G4-MM6			
Number and percentage of operations—mines—with closure plans	-	Bílina Mines and Nástup Tušimice Mines – closure of coal mining by 2038 in accordance with the recommendation of the Coal Commission	Bílina Mine (after 2050), Nástup Tušimice Mines (after 2035)		G4-MM10			
Percentage of electric load served by smart grid technology – NEW	%	85	N/A	N/A		IF-EU-420a.2		
Description of efforts to manage nuclear safety and emergency preparedness	-	Section 4.3.5.2	Section 3.5.3	Section 3.4.3		IF-EU-540a.2		57
Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations – NEW	Number	0	N/A	N/A		IF-EU-550a.1		

\* The data include ČEZ, a. s., and subsidiaries for which ČEZ, a. s., processes wages and remuneration.

\*\* The data include ČEZ, a. s., and subsidiaries for which ČEZ, a. s., processes wages and remuneration. 2) The amount of the minimum wage for each year is set by the Czech Government. In 2020, the minimum wage in Czechia increased by 9.4% compared to 2019 and in 2021 it increased by 4.1% compared to 2020.

\*\*\* The data include ČEZ, a. s., and subsidiaries for which ČEZ, a. s., processes wages and remuneration. 2) Total remuneration does not include the profit share component paid in the Trading Department, which is fully dependent on the business results achieved by individual employees in this department. The calculation of the profit share component is uniform for all Trading employees and the parameters entering into the calculation are gender neutral.

\*\*\*\* Valid standards for certification: ISO 45001:2018, certification by accredited certification bodies, National Safe Enterprise Programme 2017 (certificate issued by the State Labor Inspection Office based on an audit).

† As of 2021, a standardized methodology used for reporting the coverage of employees by occupational health and safety management system.

<sup>1)</sup> For 148 employees, details on their contracts and types of employment are not available, see Section 4.3.1 for more details.

<sup>2)</sup> The increase in 2020 and 2021 was due to the decommissioning of the Prunéřov I power plant, which was shut down on 30 June 2020.

<sup>3)</sup> The new Waste Standard GRI 306:2020 reported for the first time in 2021.

<sup>4)</sup> The decrease in amounts between 2019 and 2020 is mainly due to the higher use of CCPs from Polish power plants, which were reported in the waste regime in the previous period, while in 2020 they were traded as products.

<sup>5)</sup> Due to data collection delay, data were not available at the time of report closure.

<sup>6)</sup> Figures include end customers in Czechia and Hungary as of 31 December 2021. In other countries, electricity sales to end customers were discontinued or the customer portfolio was sold during 2021.

<sup>7)</sup> The drop between years 2020 and 2021 is due to divestment of a Bulgarian and Romanian distribution company, only ČEZ Distribuce is reported in 2021.

<sup>8)</sup> CEZ Razpredelenie Bulgaria follows guidelines published by the Bulgarian regulatory authority (Energy Water and Regulatory Commission), which do not provide for separate records.

## 6.3 Biodiversity Indicators

GRI standards - disclosures	BIODIVERSITY Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
304-1	Site of biodiversity importance	AZ KLIMA - Milovice u Mikulova (manufacturing plant)
	Geographic location	48.853807, 16.698325
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	PLA Pálava, Bird area (at the location), NR Milovická stráň (ca 480 m)
	Size of operational site	0.00039 km <sup>2</sup>
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area (PLA) Pálava, Nature Reserve (NR) Milovická stráň, Bird area
	<b>Comment:</b> The plant of AZ KLIMA is located in the Pálava Protected Landscape Area, characteristic for its valuable biotopes of species-rich rock, sod and meadow steppes, forest steppes, thermophilous oak forests and debris forests developed on the limestone hills of the Pavlov Hills. The area was declared a bird area in 2004. The subject of protection are the populations of e.g., the White Stork, the Swift and the Sea Eagle. In the territory of the protected landscape area there is a NR Milovická stráň (about 480 m from the plant). It is a valuable forest, woodland and forest-steppe phytocenosis with the occurrence of rare species.	
	Site of biodiversity importance	AZ KLIMA - office building and storage Plzeňská, Rokycany
	Geographic location	49.742447, 13.585023
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	NM Rokycanská stráň (ca 550 m), NM U hřbitova (ca 650 m)
	Size of operational site	14.8 m <sup>2</sup> office, 30 m <sup>2</sup> storage
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation)	Natural Monument (NM) Rokycanská stráň, NM U hřbitova	
<b>Comment:</b> The Rokycanská stráň is located at a distance of approximately 550 m from the plant. The reason for the protection is the stratotype of the Klabava layers of the Barrandien Ordovician and the fossil site. Further on, at a distance of approximately 650 m from the plant, lies the U hřbitova Natural Monument, which is a classic site of quartz concretions with fossils.		
Site of biodiversity importance	ČEZ, a. s., Dětmorovice Power Plant (EDE)	
Geographic location	49.907465, 18.464491	
Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	in close proximity	
Size of operational site	ca 0.4 km <sup>2</sup>	
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem	
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Special Area of Conservation (SAC) Niva Olše - Věřňovice, NATURA 2000	
<b>Comment:</b> The EDE is located in close proximity to the Niva Olše - Věřňovice SAC. It is an area of the Olše river floodplain with former meanders and a preserved river terrace, with developed mainly linear accompanying vegetation and soft meadow in places of former meanders. There are also remnants of pond dykes with stands of old trees. The area is the habitat of the rare brown stink bug and also of the yellow-bellied marten. The area is classified as a site of European importance within the European NATURA 2000 network.		
Site of biodiversity importance	Repository of the Hodonín Power Plant (EHO)	
Geographic location	48.847500, 17.120000	
Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	at the location	
Size of operational site	0.266 km <sup>2</sup>	
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem	
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Special Area of Conservation (SAC) according to 92/43/EHS	
<b>Comment:</b> The site is part of the Special Area of Conservation - Hodonínská Doubrava. The object of protection are forest stands consisting of oak woodland, oak-hawthorn woodland, ash and alder meadows and rare/endangered species of plants and animals. Examples of plants include: amethyst fescue, sand cavi, scented foxglove, iris. Animals include, for example: black bat, common pipistrelle, common hornbill. The soil environment is made up of woolly sands.		

GRI standards - disclosures	BIODIVERSITY Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
304-1	Site of biodiversity importance	Nástup Tušimice Mines
	Geographic location	50.416675, 13.364825
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	SAC and NM Černovice (860 m), SAC Pražská pole (456 m), NM Střezovská rokle (940 m)
	Size of operational site	24.376 km <sup>2</sup>
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Special Area of Conservation (SAC) according to 92/43/EHS, Natural Monument (NM) Černovice, Natural Monument Střezovská rokle
	<b>Comment:</b> The northern boundary of the Tušimice mining area is located ca 860m from the Černovice site of European importance. It is a well-preserved island of original oak woodland in an otherwise intensively used landscape and a refuge of the xylophagous insect – the common lucanus cervus. At a distance of 456 m from the north-eastern boundary of the Tušimice is the Special Area of Conservation Pražská pole. The site is a valuable area with habitats close to nature that have evolved naturally in connection with the presence of waterlogged areas and shallow water bodies. A number of endangered species of organisms (the great crested newt, the common pipit and the clear-spotted dragonfly) occur here. The slopes and upper parts of the Střezovská rokle are covered with thermophilous trees and shrubs, while the bottom of the ravine with its periodic watercourse is covered with wetland plants. A number of ruderal and cultivated plants occur here (e.g. yellow iris, two-leaved cattail, two-leaved sedge, bitter earthwort). Černovice Natural Monument – preserved original oak woodland with a scrubby edge and a relatively poor herbaceous understorey. The subject of protection is the local population of the common lucanus cervus.	
	Site of biodiversity importance	Photovoltaic power plant Ralsko I
	Geographic location	50.579983, 14.796006 RA1 south (facilities); 50.600374, 14.887482 E RA1a; 50.609030, 14.888323 E RA1ca; 50.608746, 14.882176 E Racb
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	in close proximity
	Size of operational site	0.872 km <sup>2</sup> (area of the power plant)
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area Kofínsko - Máchův kraj
	<b>Comment:</b> The Ralsko I South photovoltaic power plant is located in close proximity to the Kokořín - Macha Region Protected Landscape Area. The area is unique in its geomorphology – flat basins with numerous ponds and peat bogs, blocky sandstones, neovolcanic hills, rock towns and canyon-like valleys, the naturally meandering course of the Ploučnice River and the valleys of the Liběchovka and Pšovka streams. There are also specially protected animals (e.g., the ash crane, the sea eagle) and plants (e.g., the Bohemian ringwort and the Bohemian penguin – endemic species).	
	Site of biodiversity importance	Photovoltaic power plant Ralsko III
Geographic location	50.644370, 14.728632 RA3 (Mimoň)	
Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	ca 570 m from the Protected landscape area	
Size of operational site	0.362 km <sup>2</sup> (area of the power plant)	
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem	
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area Kofínsko - Máchův kraj	
<b>Comment:</b> The photovoltaic power plant Ralsko III is located at a distance of about 570 m from the border of the Kokořín - Macha Region. The area is unique in its geomorphology – flat basins with numerous ponds and peat bogs, blocky sandstones, neovolcanic hills, rock towns and canyon-like valleys, the naturally meandering course of the Ploučnice River and the valleys of the Liběchovka and Pšovka streams. There are also specially protected animals (e.g., the ash crane, the sea eagle) and plants (e.g., the Bohemian ringwort and the Bohemian penguin – endemic species).		
Site of biodiversity importance	Hydroelectric power plant Černé jezero	
Geographic location	49.191940, 13.207340	
Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	PLA Šumava (at the location), Bird area (at the location), NR Brčálnícké mokřady (ca 400 m)	
Size of operational site	0.002 km <sup>2</sup> (the built-up area of the power plant building with courtyard)	
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem	
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area (PLA) Šumava, Bird Area, Nature Reserve (NR) Brčálnícké mokřady	
<b>Comment:</b> The Černé jezero is located in the Šumava Protected Landscape Area, which is also a designated bird area. The subject of protection of the bird area are the populations of, for example: the wood crane, the capercaillie, the fieldfare and the black stork. The Brčálnícké mokřady is located about 400m from the Černé jezero and is situated in the valley of the upper reaches of the Uhlava river. The reason for the protection is the dynamic and spontaneously evolving herbaceous and woody plant communities.		

GRI standards - disclosures	BIODIVERSITY Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
304-1	Site of biodiversity importance	Hydroelectric power plant Práčov
	Geographic location	49.876810, 15.814368
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	PLA Železné hory (at the location), NR Strádovské Peklo (in proximity)
	Size of operational site	0.004 km <sup>2</sup> (the built-up area of the power plant building with courtyard)
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area (PLA) Železné hory, Nature Reserve (NR) Strádovské Peklo
	<b>Comment:</b> The Práčov hydroelectric power station is located in the Železné hory Protected Landscape Area, which is characterised by abrupt transitions between different types of landscape. The dominant feature is a fault ridge stretching from Saxony. The Strádovské Peklo Nature Reserve is located in close proximity to the power plant. It is a complex of natural debris forests with endangered species of plants and animals.	
	Site of biodiversity importance	Hydroelectric power plant Střekov
	Geographic location	50.638465, 14.046312
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	at the location
	Size of operational site	0.009 km <sup>2</sup> (the built-up area of the power plant building, inflow and outflow)
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area České středohoří
	<b>Comment:</b> The České Středohoří Protected Landscape Area is located at the site of the Střekov power plant. The České Středohoří PLA, which extends along both banks of the lower part of the Czech Labe river, is one of the richest areas in the Czech Republic in terms of plant and animal species.	
	Site of biodiversity importance	Hydroelectric power plant Vydra
	Geographic location	49.105543, 13.493122
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	at the location
	Size of operational site	0.004 km <sup>2</sup> (the built-up area of the power plant building with courtyard)
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area Šumava, National Park Šumava, Bird area
	<b>Comment:</b> Vydra is located in the Šumava Protected Landscape Area, which is also a designated bird area. The populations of species such as: the ruffed grouse, black stork, black-backed shrike and white-tailed ptarmigan are the object of protection of this area. The Šumava National Park is home to moors, peat bogs and karst lakes, which are home to dozens of endangered species of plants and animals (e.g., the lynx, the red grouse, the three-toed woodpecker, the mountain blackbird and the rousy tit). There are also endemic plants (Ornate salamander, Bohemian gentian, black bellflower, peat sedge) and animals (Šumava shobill <i>Oreonebria castanea sumavica</i> ).	
Site of biodiversity importance	Hydroelectric power plant Čeňkova Pila	
Geographic location	49.109746, 13.492529	
Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	at the location	
Size of operational site	0.0002 km <sup>2</sup> (the built-up area of the power plant building)	
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem	
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area Šumava, National Park Šumava, Bird area	
<b>Comment:</b> Čeňkova Pila is located in the Šumava Protected Landscape Area, which is also a designated bird area. The populations of species such as: the ruffed grouse, black stork, black-backed shrike and white-tailed ptarmigan are the object of protection of this area. The Šumava National Park is home to moors, peat bogs and karst lakes, which are home to dozens of endangered species of plants and animals (e.g., the lynx, the red grouse, the three-toed woodpecker, the mountain blackbird and the rousy tit). There are also endemic plants (Ornate salamander, Bohemian gentian, black bellflower, peat sedge) and animals (Šumava shobill <i>Oreonebria castanea sumavica</i> ).		

GRI standards - disclosures	BIODIVERSITY Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
304-1	Site of biodiversity importance	13,5MW Heating plant EH Mohelnice
	Geographic location	49.779372, 16.930867
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	Litovelské Pomoraví (753m)
	Size of operational site	0.000736 km <sup>2</sup>
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area (PLA) Litovelské Pomoraví, Bird area
	<p><b>Comment:</b> The Litovelské Pomoraví Protected Landscape Area is 753m away. It is a narrow 3-8km wide strip of floodplain forests and meadows around the Morava River between the towns of Mohelnice and Olomouc. The fauna of the Litovelské Pomoraví belongs to typical representatives of the communities of rivers, lakes, pools, wet meadows and floodplain forests. In the western and northern part of the PLA there are communities of drier oak forests. Rare crustaceans, pearl mussels, clam shells occur here. There is also a rich population of a butterfly that is practically extinct in Bohemia - Clouded Apollo. Among the critically endangered species occurring in this locality is the spotted marsh harrier (an amphibian), and the rare red-breasted merganser also nests here. From the point of view of the protection of the communities and gene pool, the Litovelské Pomoraví can be assessed as one of the most important sites in Central Europe for the conservation of periodic pool communities. The flora consists of floodplain forests, mixed oak-hickory groves, linden oak-hickory forests and alders. Very rare inhabitants of the floodplain meadows include, for example, the mud pea. Litovelské Pomoraví bird area - the subject of protection are the river kingfisher, the common snipe and the white-crowned sparrowhawk.</p>	
	Site of biodiversity importance	Hydroelectric power plant Lipno II
	Geographic location	48.626249, 14.304468
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	Vyšebrodsko (ca 50m)
	Size of operational site	0.002743 km <sup>2</sup> (operational building with facilities)
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Nature Park (NP) Vyšebrodsko
	<p><b>Comment:</b> The Lipno II hydroelectric power plant is located in close proximity to the Vyšebrodsko Nature Park. It is an area with a cooler climate, its altitude ranges from 535 m above sea level to 1038 m above sea level (foothill to mountain area). Most of the area is made up of spruce forests, with the exception of beech forests in the natural monuments Medvědí hora and Uhlířský vrch and part of the oak forests around Vyšší Brod. There are three small-area protected areas in the area of this nature park and the Čertova stěna-Luč National Nature Reserve is situated on its northern border.</p>	
	Site of biodiversity importance	Hydroelectric power plant Mohelno
	Geographic location	49.102616, 16.180769
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	in close proximity
	Size of operational site	0.00054 km <sup>2</sup> (operational building)
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem	
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	National Nature Reserve Mohelenská hadcová step	
<p><b>Comment:</b> The Mohelno hydroelectric power plant is connected to the Mohelenská hadcová step NNR, which is characterized by natural forest vegetation, which mainly consists of communities of debris forests and sagebrush thermophilous oak forests, communities of narrow-leaved dry grasslands and subpannonian rock grasslands, crevice vegetation of rocks and ravines and rock vegetation. Rare and endangered plant species growing in the area include the snakeweed, while animals include the common gopher and the costivale.</p>		
Site of biodiversity importance	Hydroelectric power plant Dlouhé Stráně	
Geographic location	50.085443, 17.179800	
Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	at the location	
Size of operational site	0.299 km <sup>2</sup> (including both dams, operational building and facilities)	
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem	
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Protected Landscape Area Jeseníky, Bird area Jeseníky	
<p><b>Comment:</b> The Jeseníky Protected Landscape Area is situated in the north-eastern part of the Czech Republic, in the area where the Dlouhé stráně hydroelectric power station is located. The main object of protection of the Jeseníky is the complex of subalpine biotopes of the highest positions of the Jeseníky Mountains and preserved mountain spruce forests and peat bogs. There are protected species of animals and plants here, even endemic species can be found here (for example, the mountain plover from the fauna and the Jeseník bell from the flora). The Jeseníky bird area covers more than 70% of the Jeseníky PLA and was declared for the protection of the fieldfare and the wood crane.</p>		

GRI standards - disclosures	BIODIVERSITY Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			
304-1	Site of biodiversity importance	Hydroelectric power plant Slapy		
	Geographic location	49.824348, 14.434149		
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	at the location		
	Size of operational site	0.0018 km <sup>2</sup> (operational building with facilities)		
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem		
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Nature Park Střed Čech		
	<b>Comment:</b> The site of the power plant is located in the Střed Čech Nature Park along the Vltava and Sázava rivers. There are a total of 4 small protected areas (Teletínský lom, Medník, Kobylí draha and Zvolská homole) in the area of the Park.			
	Site of biodiversity importance	Hydroelectric power plant Štěchovice I a II		
	Geographic location	49.846009, 14.420857		
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	at the location		
	Size of operational site	0.059434 km <sup>2</sup> (upper dam and operational building including accessories)		
	Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem		
	Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Nature Park Střed Čech		
	<b>Comment:</b> The site of the power plant is located in the Střed Čech Nature Park along the Vltava and Sázava rivers. There are a total of 4 small protected areas (Teletínský lom, Medník, Kobylí draha and Zvolská homole) in the area of the Park.			
	Site of biodiversity importance	Hydroelectric power plant Vrané		
	Geographic location	49.937689, 14.375653		
	Position in relation to the protected area (in the area, adjacent to, or containing portions of the protected area) or the high biodiversity value area outside protected areas	Nature Park Střed Čech (ca 550m)		
	Size of operational site	0.004017 km <sup>2</sup> (operational building including facilities)		
Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem)	terrestrial ecosystem			
Biodiversity value characterized by listing of protected status (such as IUCN Protected Area Management Categories, Ramsar Convention, national legislation).	Nature Park Střed Čech			
<b>Comment:</b> The site of the power plant is located in the Střed Čech Nature Park along the Vltava and Sázava rivers. There are a total of 4 small protected areas (Teletínský lom, Medník, Kobylí draha and Zvolská homole) in the area of the Park.				

GRI standards - disclosures	BIODIVERSITY Habitats protected or restored			
304-3	Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals.	Repository of the Hodonín Power Plant (EHO)	0,266 ha	In progress
	Whether partnerships exist with third parties to protect or restore habitat areas distinct from where the organization has overseen and implemented restoration or protection measures.	Habitat restoration as part of Severočeské doly reclamation	6,059.99 ha	Approved by the relevant national authority
	Status of each area based on its condition at the close of the reporting period.	Protection is provided within the framework of standard cooperation with the relevant authorities and institutions		
		Severočeské doly	Completed 6,059.99 ha of reclamation, including 2,724.34 ha of agricultural land reclamation, 2,535.15 ha of forestry reclamation, 204.87 ha of water areas.	

# Independent Auditor's Report



## INDEPENDENT ACCOUNTANT'S ASSURANCE REPORT

To the management of ČEZ, a. s.:

### Scope

We have been engaged by ČEZ, a. s., (the "Company") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on selected key performance indicators in the Company's Sustainability Report for the year ended 31 December 2021.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Subject Matter and Applicable Criteria

The limited assurance engagement relates to the selected 2021 key performance indicators comprising the operations in the Czech Republic (the "Subject Matter") which has been prepared based on the Global Reporting Initiative Sustainability Reporting Guidelines ("GRI Standards"/the "Criteria") and that consists of:

- Information on employees and other workers - by gender, age, education, employment contract, employment type (GRI 102-8) on page 51 of which the Czech Republic operations represent 81% in 2021,
- Work-related injuries - fatalities and reported injuries (GRI 403-9) on page 60 of which the Czech Republic operations represent 92% (reported injuries) and 100 % (fatalities) in 2021,
- Diversity of governance bodies and employees (GRI 405-1) on page 52 of which the Czech Republic operations represent 63% in 2021,
- Diversity of employees (GRI 405-1) on page 51 which the Czech Republic operations represent 86%
- Total energy consumption within the organization in TJ (302-1) on page 38 of which Czech Republic operations represent 96% in 2021,
- Water withdrawal in thousand m<sup>3</sup> (GRI 303-3) on page 28 of which the Czech Republic operations represent 68% in 2021,
- Water discharge in thousand m<sup>3</sup> (GRI 303-4) on page 28 of which the Czech Republic operations represent 62% in 2021,
- Direct (Scopes 1) GHG emissions - in t CO<sub>2</sub>eq (GRI 305-1) on page 20 of which the Czech Republic operations represent 87% in 2021 and GHG emissions intensity (GRI 305-4) in t/MWh on page 21 of which Czech Republic operations represent 94%,
- Energy indirect (Scope 2) GHG emissions (GRI 305-2) on page 20 of which the Czech Republic operations represent 0% in 2021,
- Training hours per year (GRI 404-1) on page 54 of which the Czech Republic operations represent 96% in 2021.

### Company's Responsibilities

Company's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.



### *EY's Responsibilities*

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Company on 7 April 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### *Our Independence and Quality Control*

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Description of Procedures Performed*

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and applying analytical and other appropriate procedures.

In respect of the Subject Matter we have performed mainly the following procedures:

- Conducted interviews with selected key personnel of the Company, its subsidiaries and at selected sites to understand the current processes in place for collecting, collating and reporting the Subject Matter during the reporting period,
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria,
- Identified and tested assumptions supporting calculations,



- Tested, on a sample basis, underlying source information to check the accuracy of the data,
- Re-performed, on a sample basis, calculations used to prepare the Subject Matter for the reporting period,
- Performed additional procedures on Direct (Scopes 1) GHG emissions under ETS and on a sample basis traced the performance data to third-party verification reports,
- Conducted site visits at two Company's plants (Jaderná elektrárna Temelín a Elektrárna Tušimice) to test the application of the Company's reporting procedures and test a sample of performance data back to source documentation for accuracy and completeness,
- Assessed the disclosure and presentation of the Subject Matter in the Company's Sustainability Report.

We also performed such other procedures as we considered necessary in the circumstances.

#### *Conclusion*

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended 31 December 2021 in order for it to be in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines ("GRI Standards").

#### *Restricted Use*

This report is intended solely for the information and use of ČEZ, a. s., for the purpose of reporting on the Sustainability Report prepared by the Company for the year ended 31 December 2021 in accordance with the Criteria and is not intended to be and should not be used by anyone other than those specified parties.

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Luděk Jireček, Auditor  
License No. 2164

27 June 2022  
Prague, Czech Republic

