

INVESTORS WELCOME VALIDATION OF CEZ GROUP'S CARBON REDUCTION TARGETS

The investor group engaging with CEZ Group in the framework of Climate Action 100+ (Kempen, Generali Investments, NN Investment Partners, Northern Trust Asset Management, Robeco) have welcomed the announcement (see [press release](#)) that the Science Based Target Initiative has validated the 2030 targets of the CEZ Group as being aligned with a “well below 2°C” Paris Agreement goal.

The SBTi assessed CEZ's plan to reduce greenhouse gas emissions in all three Scope categories. CEZ addresses Scope 1 (direct emissions from production, industrial processes, and company-owned vehicles) and Scope 2 (indirect emissions associated with the consumption of purchased energy - electricity, heat, steam or cooling which are not generated directly in the company) as part of its plan to reduce the intensity of its emissions by more than half, from 0.38 tonnes of CO₂e/MWh in 2019 to 0.16 in 2030. In the Scope 3 category (indirect emissions which are related to the company's activities, and which originate from sources outside the company's control or ownership), CEZ wants to reduce emissions by 30%.

Narina Mnatsakanian, Executive Director, Sustainability Centre at Kempen: “We applaud the openness and responsiveness of the company to our concerns raised since 2018, when we initiated the Climate Action 100+ engagement, encouraging company to adopt 1.5°C aligned targets and accelerate coal phase out plan in multiple meetings and discussions we had with the leadership of the company. We recognize the energy transition for CEZ is a long and complicated road and the SBTi validation of the new targets is an important step they have taken. We are pleased to have played an important part in this journey with CA100+ group”. Harold van Acht, Senior Portfolio Manager at Kempen said: “As a group of investors we are taking an active role to ensure CEZ is taking necessary actions on climate change. In this capacity we look forward to continue to work together with the company in their ambition to align with the 1.5°C targets.”

Francois Humbert, Lead Engagement Manager in Generali Investments said: “Such an achievement, as the SBTi validation, is the result of a long-term partnership with the company started in 2018, understanding the mutual benefit of a Just Transition. Such a result for a company having 4.8GW of coal in 2020 (from 8.1GW in 2015 to be phased out in 2038) and 37% of coal in the energy mix is a great example for all issuers in countries with an energy mix highly reliant on coal. Knowing the numerous geographical constraints in Czech Republic and given the geopolitical situation, this is to be highlighted. Generali Investments is glad to have been involved in the whole process: highlighting the importance of SBTi validation at the 2020 CEZ Annual general Meeting, and organizing a subsequent workshop between CEZ and CDP, suggesting our fellow CA100+ investors to join as well. In the framework of our CA100+ discussion, as co-lead, we have been also supporting CEZ in their pursuit for an alignment with SBTi expectations. It has been a pleasure to work closely with Kateřina Bohuslavová, Chief Sustainability Officer and Director of the ESG Office at CEZ. Her team worked hard to prepare a high-quality submission of its targets for validation and communicated with the SBTi extensively. Their dedication reflects in the fact that took them less than a year to complete the validation process and

they are the first Czech company to succeed in this. We will continue to work jointly with CEZ towards a 1.5°C ambition. We are also glad the progresses made by CEZ have been reflected in CA100+ benchmark” - <https://www.climateaction100.org/company/cez-a-s/>

Peter van der Werf, Senior Manager Engagement at Robeco said “Setting externally-verified emissions reduction targets is a positive step forward for CEZ. The new science-based targets confirm CEZ’ commitment to the energy transition, while their alignment with a well-below 2C scenario reflect the complexity of balancing climate ambitions with socio-economic and political conditions. Robeco has been part of the collaborative engagement with CEZ since 2020. We have contributed by sharing best practices we identified from our engagement with other European electric utilities. We look forward to continuing our dialogue with CEZ and encouraging the adoption of progressively ambitious climate targets and strategy that align with a 1.5C transition pathway.”

Yvon Philips-Meltzer Senior Responsible Investment Specialist at NN Investment Partners shares: “We support and applaud CEZ with this important step in their energy transition. NN IP has been a co-lead on the Climate Action engagement with CEZ since 2019 and it’s rewarding to see the steps being taken after constructive engagements we had with CEZ. As part of our Net Zero Commitment, we incentivize companies to transition towards a low-carbon economy by setting targets in line with 1.5°C, and thus CEZ’s goal of setting targets in line with well below 2°C is a significant milestone that we welcome. We look forward to continue the engagement to further support CEZ with their next steps in strengthening and achieving their climate ambition.”

Valeria Dinershteyn, CFA, Director of Sustainable Investing Client Engagement for EMEA at Northern Trust Asset Management: “We view climate risk as a systematic risk to financial markets. As such, we believe we will make the most progress toward achieving climate goals through relationship-driven engagement and collaboration. We applaud CEZ for continuing to raise their climate ambitions and consider SBTi’s validation of these targets an important milestone, reflective of the positive outcomes achieved through constructive dialogue over the years between CEZ and members of CA100+. We look forward to continue the dialogue with CEZ going forward.”

„I am very pleased that CEZ has received a validation of its decarbonisation targets from SBTi. This is the result of a journey, which started when the group of investors from Climate Action 100+, coordinated by Kempen, initiated the dialogue with CEZ, and when Generali Investments organized a meeting with CDP in order to introduce SBTi. We valued the local knowledge brought by NN Investments Partners which enabled to contextualize our discussions, as well as the contributions of Robeco and Northern Trust. CA100+ clearly communicated their expectation consistently on many occasions. These interactions helped to steer strategic thinking of CEZ Group in the right directions. In May 2021, CEZ announced new, more ambitious decarbonisation goals and specific steps needed to achieve them. Carbon intensity will drop to 0.16 t CO₂/MWh in 2030, coal generation and mining will be terminated by 2038,” says Barbara Seidlova, Head of Investor Relations at ČEZ.

SBTi: The SBTi is an initiative which defines and promotes ambitious science-based approaches to setting climate targets, provides technical and expert support to companies wishing to set climate targets, and independently evaluates these proposed corporate targets. More than

3,200 companies from all around the world have currently registered their climate targets with SBTi. The initiative is the result of collaboration between the international entities CDP (a not-for-profit charity which runs a global information system for investors, companies, cities, countries and regions to manage their environmental impacts), the United Nations Global Compact (a pact to encourage businesses and companies around the world to implement sustainable and socially responsible measures and report on their implementation), the World Resources Institute (a global not-for-profit organisation which works with political, business and civic leaders to research, design and implement practical solutions which improve people's lives while enabling nature to thrive) and the World Wildlife Fund (international organisation dedicated to conserving biodiversity, sustainable use of natural resources, reduction of pollution and stemming of climate change).

CA100+: Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

700 investors, responsible for over \$68 trillion in assets under management, are engaging companies on improving climate change governance, cutting emissions and strengthening climate-related financial disclosures.

The work of the initiative is coordinated by five regional investor networks: the Asia Investor Group on Climate Change (AIGCC), Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and Principles for Responsible Investment (PRI). It is supported by a global Steering Committee.

Launched in December 2017, Climate Action 100+ garnered immediate worldwide attention. Designed by investors for investors, the initiative aims to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

CEZ Group

CEZ Group is one of the most important economic entities in the Czech Republic. It operates in Western and Central Europe. The main business activities are the generation, distribution, trade and sale of electricity and heat, the trade and sales of natural gas, the provision of complex energy services and coal mining. It is one of the ten largest listed utilities in Europe with 28,000 employees.

Generali Insurance Asset Management S.p.A. Società di gestione del risparmio ("GIAM"): GIAM, part of Generali Investments' ecosystem, partners with clients of all sizes to develop and manage customised LDI solutions to help them achieve their long-term investment goals. They offer Asset Liability Management (ALM), Strategic Asset Allocation (SAA) and Capital Management, and benefit from extensive proprietary research and ESG analysis resources. The firm has managed bespoke segregated LDI mandates for pension schemes and insurers since 2005 and have managed Generali Group insurance portfolios and pension mandates since 1998. GIAM has been involved in CA100+ since 2018.

Kempen Capital Management (hereafter Kempen) is a specialist asset manager with a focused approach and a clear investment philosophy. We believe in long-term stewardship for our clients and other stakeholders. Kempen provides sustainable returns, fiduciary management services, manager selection, portfolio construction and monitoring, alongside a number of actively-managed investment strategies. As of 31 March 2022, Kempen Capital Management managed a total of 83.2 billion in client assets under management. Kempen has been involved in CA100+ Engagement since the launch of the initiative and co-led several engagements in addition to CEZ.

NN Investment Partners is an asset manager headquartered in The Hague, the Netherlands and manages approximately EUR 282 bln (USD 314 bln)* in assets for institutions and investors worldwide. NN Investment Partners employs over 900 staff and has offices in 15 countries, servicing clients across Europe, North America, Latin America, Asia and the Middle East. NN Investment Partners is part of Goldman Sachs Asset Management.

* Figures as of 31 March 2022

Northern Trust Asset Management is a global investment manager that helps investors navigate changing market environments, so they can confidently realize their long-term objectives. Entrusted with US\$1.2 trillion of investor assets as of March 31, 2022, we understand that investing ultimately serves a greater purpose and believe investors should be compensated for the risks they take — in all market environments and any investment strategy. That's why we combine robust capital markets research, expert portfolio construction and comprehensive risk management to craft innovative and efficient solutions that deliver targeted investment outcomes. As engaged contributors to our communities, we consider it a great privilege to serve our investors and our communities with integrity, respect, and transparency.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc. Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K, NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Belvedere Advisors LLC, Northern Trust Asset Management Australia Pty Ltd, and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

Robeco is an international asset manager that uses a combination of fundamental, sustainable, and quantitative research. We offer our clients an extensive selection of active investment strategies that cover a broad range of asset classes. As of December 2021, we managed €201bn in assets, €195bn of which is in ESG-integrated strategies. To manage climate-related risks and opportunities we act as responsible stewards to our investments. Our Active Ownership team engages with companies on how companies manage climate-related risks. Robeco has been a signatory of the Climate Action 100+ initiative since its launch and we act as co-lead investor with nine focus companies.”