CEZ Group 2020 Sustainability Report

Last year was not an easy one, but we are confident that we have managed to maintain a highly professional level. We found new solutions to ensure long-term sustainable ways of generating energy, respecting people and the environment. Always full of clean energy and at full speed, we are firmly determined to really

Ensure sustainable operations

Be a good partner

Bring useful solutions to customers

Make energy transformation possible

Start the engine of innovation

CEZ Group Sustainability Report

This CEZ Group Sustainability Report respects and fulfills the requirements of 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 provides non-financial reporting on environmental, employee and customer care, social and energy transformation measures, and gathers information on the anti-corruption and bribery efforts and diversity work. The Report is published electronically once per year in Czech and English language versions and reports on all companies of the consolidated group in Czechia and abroad.

As at December 31, 2020, CEZ Group consisted of 202 companies (i.e., the number of companies in the consolidated group) performing different business activities. Considering the size of the parent company, ČEZ, and the number of subsidiaries, the Report is unique in the Czech environment. It was developed in line with the Core version of the GRI methodology. We have prepared sustainability reports since 2017 in accordance with the GRI Standards guidelines, extended to include selected specific indicators for our material lines of business—the energy and mining sectors.

All CEZ Group Sustainability Reports issued so far are included in the official GRI (Global Reporting Initiative) report database. The CEZ Group 2019 Sustainability Report won the golden award in the Reporting category of the TOP Responsible Corporation 2019 competition.

The CEZ Group 2020 Sustainability Report will provide you with non-financial information concerning CEZ Group in the reporting period of January 1 to December 31, 2020. It follows up on CEZ Group's 2020 Annual Report and financial statements (both consolidated and unconsolidated) indicating its financial performance. It is structured based on the current sustainability strategy entitled Energy for the Future and its five priorities with assigned UN Sustainability Development Goals (SDGs), to which we subscribe. The Report represents a comprehensive introduction of CEZ Group and its business activities in compliance with the approach towards sustainability.

You will learn which sustainability strategy programs are a priority for us and where CEZ Group's sustainability strategy has moved. In our programs, key topics are also linked to disclosures of relevant text based GRI indicators. At the end of the Report, you can find consolidated numerical non-financial data in the form of the GRI Content Index and environmental and distribution data (data for the last three years); the Annexes contain information on membership in selected professional associations and societies, and awards received.

The report as a whole is not externally assured. However, key environmental data were audited by Ernst & Young as part of the process of preparation of the CEZ Group 2020 Annual Report. The CEZ Group 2020 Sustainability Report is published electronically and available on the corporate website at: www.cez.cz/zpravaoudrzitelnosti. An English version of the Report is available on the English version of the website at www.cez.cz/sustainabilityreport.

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Dear Readers:

The year 2020 will probably be long remembered as the “Covid Year”. I suppose none of us expected that after the shocking spring wave there would be only a brief respite, followed by further epidemic surges. It was a year full of strain, effort, exhaustion, and for some, unfortunately, sadness over the loss of a loved one. Nevertheless, moments of heroism, solidarity, and unbreakableness will shine through. Many such inspiring stories can be found in this Report thanks to the energy engineers from ČEZ—they are big-hearted. At the same time, let me highlight the daily efforts of my colleagues doing a great job despite the adverse situation. This, too, can be considered a form of heroism in times of epidemic, and thanks to them we have been able to ensure a safe and reliable supply of energy not only in Czechia but also abroad.

Let me first look at the year 2020 in a different way than just through the epidemic perspective. A crucial and important chapter is the ongoing Europe-wide drive to decarbonize. In the context of its commitment to the Green Deal, the European Commission has tightened its targets for reducing CO_2 emissions, increasing the share of renewables, and improving energy efficiency.

CEZ Group has traditionally been one of the pioneers of new trends in the Central European region and wants to continue to be a leader. Our new Vize 2030 Clean Energy of Tomorrow is therefore based on ambitious sustainable development goals that fully reflect the transformation of the energy sector towards low-emission. For example, we are committed to reducing the share of coal-fired power generation from nearly 40% to around 12% during this decade. At the same time, we are preparing to build large-scale renewable energy plants in Czechia. We want to build plants with a capacity of up to 6,000 MW within ten years. We are relying primarily on solar power plants, which we want to build mainly on the premises of our plants and on brownfield sites. We also have precise plans in the areas of community relations, customer orientation and relations with current and future employees. A detailed overview of all Clean Energy of Tomorrow’s goals can be found in this report.

Let me briefly turn to energy savings, which is a major focus of the European Union. We are among the Czech market leaders and our projects not only save our customers hundreds of millions of CZK (Czech koruna) a year, but also prevent the production of tens of thousands of tons of CO_2. We cooperate with major clients such as leading industrial companies, prestigious universities, and important cultural institutions. We also offer our services to the state: last autumn, we signed the Energy Efficiency Agreement with the Ministry of Industry and Trade of the Czech Republic, which will help the country to comply with its European savings commitments. But we certainly do not limit ourselves to Czechia: the companies associated with our subsidiary Elevion Group undertake over 6,000 energy projects across Europe every year.

Although it is climate action that has received the most attention in the last few years, we see sustainable development more comprehensively through the ESG (Environmental, Social, and Corporate Governance) factors. In the area of social relations and corporate governance, we have therefore set clear criteria for what we want to achieve within Vize 2030. Here, too, we are aiming high: for example, we want to establish ourselves as the energy supplier most recommended by our customers among the large energy suppliers, or to maintain our status as the most attractive employer in the energy sector. As part of the upcoming transformation towards clean energy, we want to take care of all employees affected by the decline in coal-fired generation. At the same time, we will work hard to increase the representation of women in management positions. We would like to increase their representation to 30%. I firmly believe that ČEZ will continue to be among the leaders and that our efforts will inspire other companies.

We recognize that sustainable development must have a global dimension. Therefore, like other international companies, CEZ Group builds its strategy on the UN Sustainable Development Goals (SDGs) adopted for the period of 2015 to 2030. We are actively contributing to a total of 14 out of 17 goals and we are proud that Czechia as a whole ranks 8th out of 166 countries in the global comparative ranking. In 2020, for example, we have contributed to Goal 11 (Sustainable Cities and Communities) through faster construction of charging stations, and more than a billion CZK allocated to research and development corresponds to Goal 9 (Industry, Innovation, and Infrastructure). In pursuit of Goal 4 (Quality Education), employees of the parent company, ČEZ, devoted an average of 52 hours to their personal development through various training courses. And we also made progress in Goal 5 (Gender Equality), where we managed to increase the proportion of women in CEZ Group management from 11% to 14% year-on-year.

Since this Report aims to map out 2020 in terms of non-financial indicators in particular, I would like to emphasize one more thing. What I value most when looking back at 2020 is the fact that we have managed to live up to our long-term motto “We Are with You”. In the most difficult moments, we stood firmly not only with our employees, but also with our customers, suppliers, and all those who needed our help. And we did on literally every front: we deferred advances to customers, donated equipment to hospitals, provided the state with our call center operators for tracing, distributed thousands of lunches to those in need, and supported distance education for children. The ČEZ Foundation has released one-fifth of all funds for 2020 to mitigate the impact of the epidemic. Our efforts to protect our employees from infection became a priority; we were one of the first in Czechia to introduce antigen testing and then self-testing at our facilities. We have launched a psychological hotline where employees and their family members can address their problems as well as a special Coronavirus hotline dedicated to the issue of disease symptoms, testing, and other aspects. We have also introduced a new benefit in the form of on-line medical care.

I hope that, in hindsight, our memories of 2020 will be dominated mainly by those bright moments when we felt a sense of unity and pride. I wish you pleasant reading of the following pages—I believe you will find it inspirational and encouraging.

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

Covid-19 and CEZ Group

The COVID-19 pandemic has had a significant impact on the normal functioning of companies, and we were no exception. Even though during this period our main task as a provider of critical state significant infrastructure was to ensure the smooth operation of electricity and heat generation and distribution, we knew that this was not enough.

We help to trace people positive for COVID-19

Andrea Gejdošová, Call Center Operator, ČEZ Prodej, Plzeň

“I am really happy that I can help people. It was pretty rushed, but when the offer came to get involved in helping the government with tracing people positive for COVID-19, I didn’t hesitate. It’s also a lot about psychology and empathy—you need to empathize with the feelings of the people calling. To reassure an elderly lady who is worried about a severe course of the disease. To understand the situation of the unemployed. Yet at the same time, avoid succumbing to a sad mood yourself, and stay positive.”

real **Help**

We Can Do This Together

"COVID" was without a doubt the most used word of 2020. The five letters, the meaning of which only a few experts suspected two years ago, have become a worldwide phenomenon that has turned our lives upside down. Despite the thousands of negative images and emotions that COVID-19 evokes, we would like to share with you the story of CEZ Group, which believed and believes that we can do this together.

Electricity Will Keep Flowing

We are part of the critical **state significant infrastructure**. Hospitals, laboratories, businesses, schools, and homes cannot do without electricity. As early as February 2020, when our specialists picked up disturbing reports of the spread of a dangerous virus, ČEZ activated emergency plans to **protect key personnel** in generation and distribution as much as possible. Strict separation of shifts, compulsory wearing of masks, temperature measurement when entering the workplace, frequent disinfection of premises, and protective barriers at dining tables. This is just a small list of the measures we introduced as early as in the spring. And the employees themselves helped us. As there was a critical shortage of protective equipment at the beginning, dozens of "ČEZers" rushed into sewing masks and gradually handed out more than 15,000 of them to their colleagues on the front line. A team of chemists from the Ledvice power plant, in turn, produced thousands of liters of disinfectant according to the World Health Organization's recipe for use in our plants across the country. Due to our responsibility, we were among the first to start antigen testing of selected employees, and in March 2021 we launched universal testing of all people at our workplaces.

Employees First

We know how to take good care of **our employees' safety at work**, so we decided to eliminate as many external risks as possible by preventing them altogether. During the spring epidemic wave, we compensated employees who were forced to enter quarantine with an allowance of up to **100% of their salary** for the duration of the quarantine to motivate them to behave responsibly and not to come to work with symptoms of illness (the law only ensured 60%). Instead of shopping in high-risk shopping malls, employees in Prague were able to make on-line shopping orders for delivery to the Rohlík Point at the workplace. Nuclear power plant workers safely bought Christmas carps and trees right at the power plant site. We moved our traditional charity Christmas markets on-line.

Along with protecting physical health, mental well-being is as important. Changing work schedules, the threat of infection, concerns about the health of loved ones and our own, social isolation, and closed schools and kindergartens—all of these factors increase stress levels in the long term. That is why we have offered employees and their family members a 24-hour psychological counseling hotline and a special Coronavirus hotline. As part of the employee Cafeteria program, we provided employees with discounts on vitamins and immune-boosting food supplements and also a new benefit in the form of on-line medicine, where doctors are available to employees and their families for telephone or e-mail consultations.

Helping Hand

In the spring wave of COVID-19 in 2020, the speed of assistance was crucial. Within two weeks, the **ČEZ Foundation's crisis aid** distributed over CZK 30 million to municipalities and non-profit organizations for the provision of masks, protective equipment and disinfectants, lunch and medicine deliveries, and packages of basic food and hygiene supplies for families in need. The ČEZ Foundation sent several CZK million to hospitals for the much-needed anti-virus equipment. We bought and delivered thousands of lunches for the elderly, the long-term sick, and the socially vulnerable. We deferred advance payments to customers for up to three months.

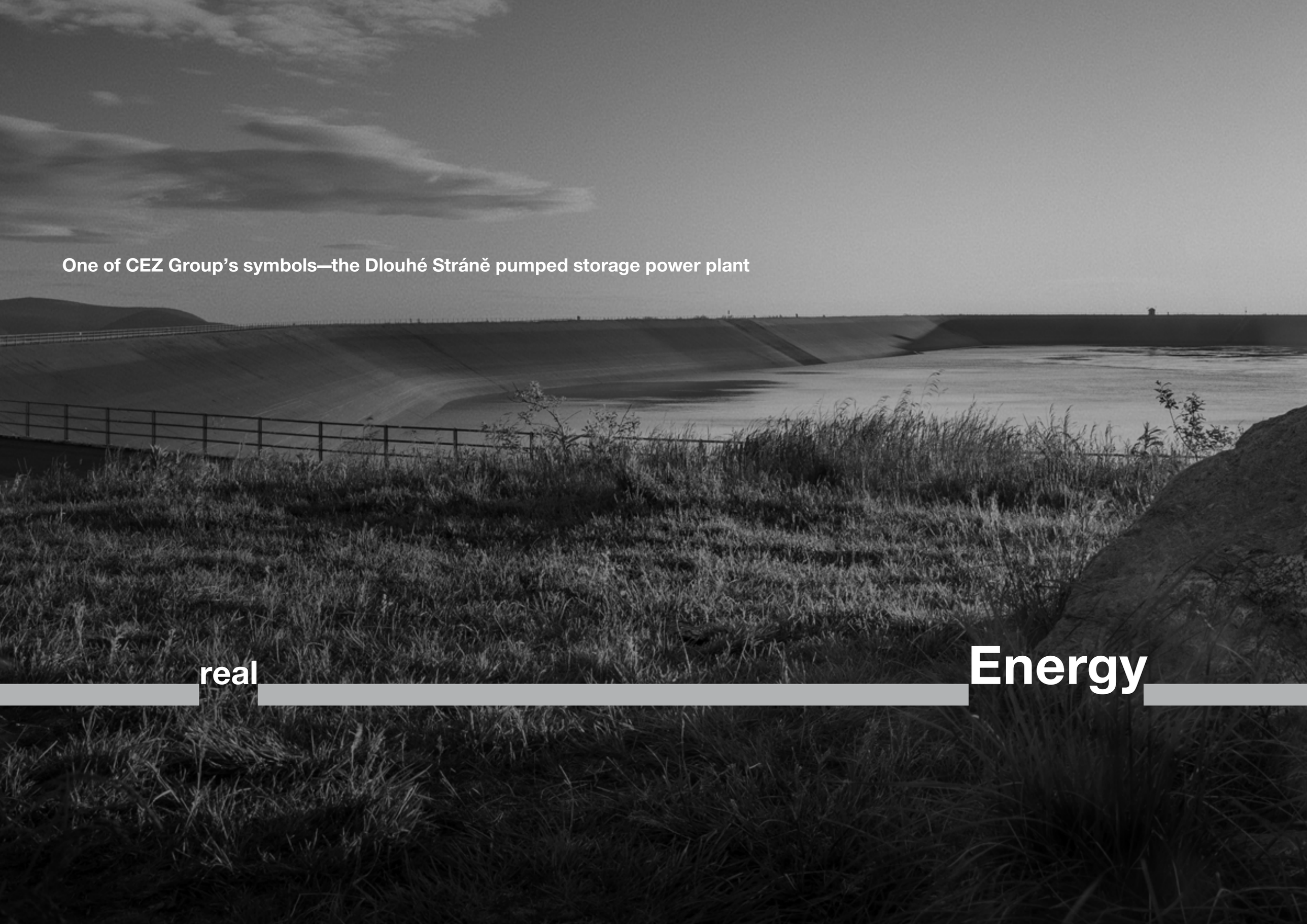
In the fall, we continued to provide additional assistance, this time to those who were in trouble due to the ongoing epidemic. We support the education of children, especially those from socially disadvantaged families: we have purchased **computer equipment and data cards** to help these families cope with the transition to an on-line learning environment. We support food banks which are particularly used by single parents. We have supported artists who come and create good spirits among the long-term isolated elderly and sick. We also help parents and teachers to home-school their children: we organize on-line tours of information centers and power plants, competitions, and fun learning.

We Are with You

We will always do our best to ensure that our customers can benefit from our services at any time. **CEZ Group's mission** is to provide safe, reliable, and positive energy to its customers and society at large. COVID-19 was a tough test of our resolve to be both a good neighbor and a good partner. We believe we have passed with flying colors.

CEZ Group Profile 1.0

CEZ Group is one of the major European energy groups. Its mission is to provide safe, reliable, and positive energy to customers and society at large.



One of CEZ Group’s symbols—the Dlouhé Stráně pumped storage power plant

real Energy

1.0

CEZ Group is one of the most important economic entities in Czechia and Central Europe, employing almost 33,000 employees, including almost 23,000 in Czechia. Abroad, it is active mainly in Germany, Poland, and Slovakia. It also operates in Romania, Bulgaria, and Turkey, regions from which CEZ Group expects to exit or is in the process of exiting in accordance with its current strategy.

Its main business activity is the generation, distribution, trade, and sale of electricity and heat. Significant activities include the provision of complex energy services, trading, and sale of natural gas, commodity trading, and mining.

A complete list of the 202 companies that formed the consolidated group of the CEZ Group as at December 31, 2020, is presented in the CEZ Group 2020 Annual Report in the chapter Financial Performance of ČEZ, a. s. The majority owner of the parent company ČEZ is the Czech Republic with a share in the registered capital of almost 70%.

The parent company ČEZ, a. s. (hereinafter referred to as the “parent company ČEZ” or “ČEZ”) has its registered office at Duhová 2/1444, Praha 4, postcode 140 53, Czechia.

1.1 Business Activities

Major business activities of CEZ Group from the perspective of revenues, profit/loss, investment, and headcount include:

- **Electricity and heat generation in nuclear facilities** with a high level of reliability and efficiency, where operating safety is the utmost priority.
- **Electricity generation from renewable sources** with the aim of acquiring important know-how and using it in the gradual transformation of the Czech energy sector towards long-term sustainable and emission-free sources in connection with the trend of decarbonization and the increasing generation of electricity from renewable energy sources.
- **Electricity and heat generation from conventional sources and brown coal mining** is ensured with the aim of minimizing the impact on climate change and the environment. Thermal coal mining is mainly carried out for the power plants’ own consumption with supply of spare capacity to the market, where CEZ Group is an important supplier, especially in the area of graded coal production.
- **Provision of energy-related (ESCO) services** to corporate, municipal, governmental, and residential customers in response to the gradual trend of energy decentralization and increasingly complex energy needs.

- **Trading of electricity and commodities on wholesale markets**—demand for electricity and ancillary services is efficiently covered from own sources and is a suitable complement to the purchase of electricity on the wholesale market.
- **Distribution of electricity** is provided to all consumers with the required reliability and safety of supplies, high customer satisfaction and reasonable costs, and in compliance with the regulatory framework.
- **The sale of electricity, gas, and heat** follows up on the complex energy needs of customers as efficiently and reliably as possible so that customer satisfaction is a priority.

In addition to these core business areas, CEZ Group is also focusing on developing new industries with promising potential in the future energy system. In particular, they include information and telecommunication technology.

CEZ Group's business activities are governed by strict ethical standards that include responsible behavior toward the environment, employees, and society. The promotion of sustainable development principles is also part of the business activities. CEZ Group actively supports energy-saving solutions, promotes new technologies, creates an environment for employee professional growth and equal opportunities, and supports diversity. CEZ Group strives to improve the quality of life throughout society by supporting public benefit goals and by working closely with municipalities, cities, and regions.

The indirect economic impacts and effects of CEZ Group's business are manifested, for example, in the following areas:

- **Employment and support of technical education**—as a major employer with an impact on employment in specific regions, we systematically support technical schools and their students.
- **Support of science, research, innovation, new technologies, and electromobility**—this is one of our priorities and is also addressed in this CEZ Group Sustainability Report.
- **Support of tourism, local communities, and operation of information centers**—the ten information centers at nuclear, coal, and hydropower plants are an important communication tool for conveying information about energy to the general public and supporting the development of tourism in the regions.

CEZ Group Corporate Governance 2.0

As the biggest company group in the energy sector in Czechia, CEZ Group is aware of its responsibility towards customers, business partners, shareholders, and employees. Correct business and interpersonal relations are the basis without which trust cannot be built inside or outside the company. Ethics are naturally integrated in our business. Therefore, we manage all our activities so that they comply with our beliefs, ethical principles, and applicable legislation.

We reinforce values and ethical principles

Denisa Srbová, Compliance Specialist

“The importance of ethics is growing today and it is a topical issue that affects the society at large. Therefore, every employee is trained in this area. For me, it’s not training in the classical sense because ethics itself cannot be taught. It is necessary to reinforce the right values in each of us, it must become our personal responsibility. And that is the goal of my training. It is only when the values and ethical principles are set right, they can bring the company together, create the right work environment and build a strong company.”

real Value

2.0

2.1 CEZ Group Mission, Vision, and Strategy

CEZ Group's mission is to provide safe, reliable, and positive energy to its customers and society at large.

CEZ Group's long-term vision is to bring innovations to solve energy-related needs and thus contribute to a higher quality of life.

In 2021, compared to 2019, CEZ Group currently accelerates in fulfilling the approved strategy and business policies, stressing the ESG aspects that are understood as a comprehensive approach to company governance in a fast-changing environment, accentuating the creation of long-term values important for the society as a whole. For individual ESG areas, CEZ Group has defined basic objectives that are based on ESG factors. All these objectives together form Vize 2030 Clean Energy of Tomorrow.

Vize 2030 Clean Energy of Tomorrow is grounded in two core priorities to transform the generation portfolio to low carbon and achieve carbon neutrality, and to deliver the most cost-effective energy solutions and best customer experience in the market.

WE HAVE DEFINED BASIC ENVIRONMENTAL OBJECTIVES E

Decarbonization

Carbon emission objectives:

- We will reduce CO_2 emissions in accordance with the "Well Below 2 Degrees" Paris Agreement by 2030.
- We will reduce emission intensity from 0.36 tCO_2/MWh in 2019 to 0.26 tCO_2/MWh by 2025 and 0.16 tCO_2/MWh by 2030.
- We will reduce the share of electricity generated from coal from 39% in 2019 to 25% by 2025 and 12.5% by 2030.

Waste, Emissions of Pollutants, and Natural Resources

Objectives in the area of emissions of pollutants:

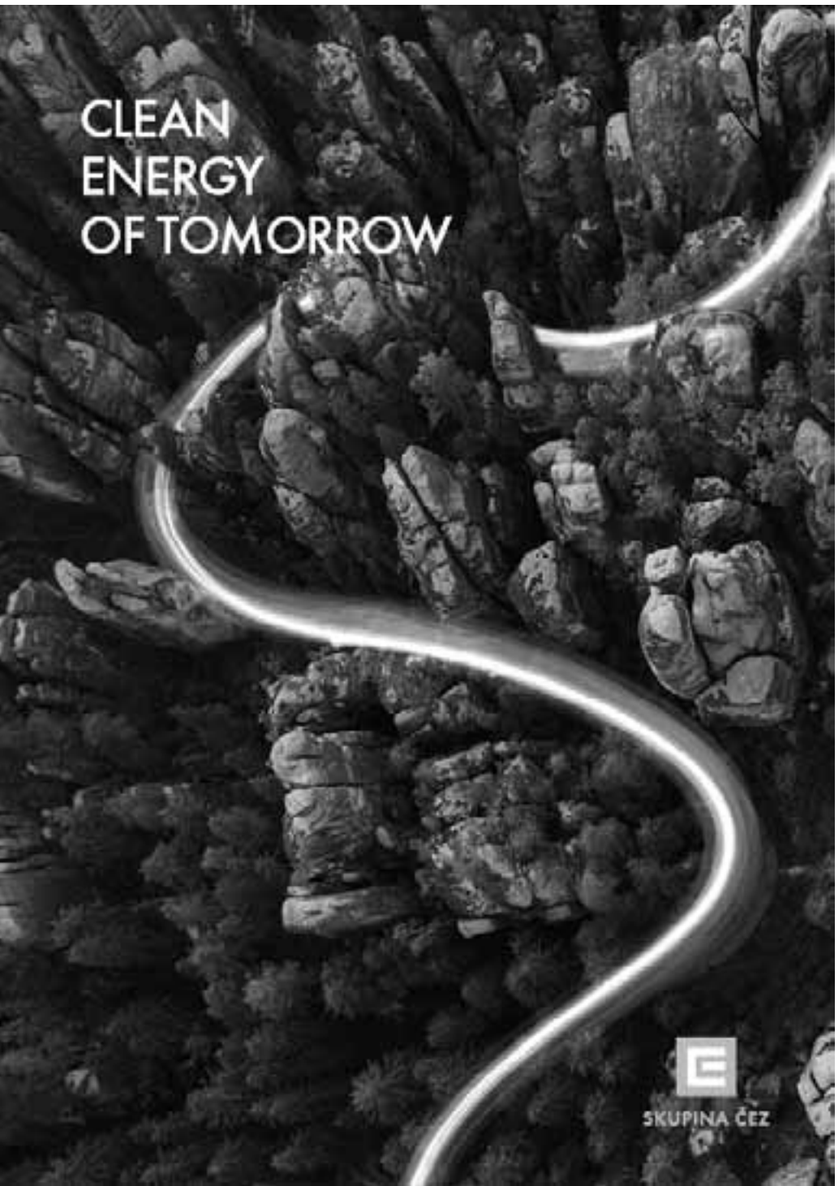
- We will reduce the quantity of NO_X from 23 kt in 2019 to 13 kt by 2025 and 7 kt by 2030.
- We will reduce the quantity of SO_2 from 21 kt in 2019 to 6.5 kt by 2025 and 3 kt by 2030.

Renewables

Targets for new capacities of renewable energy sources:

- We will build 1.5 GW renewable energy sources by 2025 and 6 GW by 2030.

G Governance



WE HAVE DEFINED BASIC SOCIAL RELATIONSHIP OBJECTIVES S

Relations with Communities
Objectives in the area of relations with communities:

- We will continue to be decent corporate citizens, cultivating good relationships with communities.

Human Capital
Objectives in the area of employer attractiveness:

- We will maintain our position as the most attractive employer for future talents and current employees.

Requalification objectives:

- We will provide all employees that will be affected by the phase-out of coal operation of CEZ Group with other work, retraining, requalification, or compensation.

Customer Orientation
Objectives in the area of customer satisfaction:

- We will maintain the highest Net Promoter Score (NPS) of all electricity suppliers in Czechia.

Digitalization objectives:

- We will ensure that all customer processes are available online by 2025.

WE HAVE DEFINED BASIC CORPORATE GOVERNANCE OBJECTIVES G

Diversity and Equal Opportunity
Objectives in the area of proportion of women in management roles:

- We will ensure that 30% of management roles will be performed by women. We will increase the share of women in management of non-technical segments to 30% by 2025.

Business Conduct
Objectives in the area of Code of Conduct training:

- We will increase the frequency of employee training concerning the Code of Conduct. We will train at least 95% of employees each year from 2022 on.

Vize 2030 Clean Energy of Tomorrow, fully respects the social and political priorities of the European Union and Czechia in the area of economics and energy. Our objective is to transform the generating portfolio to a low-emission one, i.e., to build on the trend announced in 2019 to gradually reduce the generation of electricity from coal. Together with the increase of safe generation from the current nuclear facilities, development of renewable energy sources, decarbonization of heating plants, and preparation of conditions for a new nuclear facility aiming at an increase in energy security of Czechia, this objective will contribute to achieving carbon neutrality. In the area of provision of the most advantageous energy solutions, CEZ Group's role as the main decarbonization leader shall be strengthened, allowing us to efficiently decrease emissions and achieve energy savings to our partners in industry, municipalities, and public authorities, and energy services in foreign countries shall be elaborated to acquire a significant position in the markets in Germany, Northern Italy, and Poland. To provide the best customer experience in the market, we will invest in smart grids and decentralization, resulting in further development of stable and digital distribution systems, including the advancement of optical networks. At the same time, CEZ Group will digitalize 100% of key customer processes and will enhance its activities in the area of battery production, electrical vehicles, and hydrogen.

We expect a further decrease in emission in the next ten years, advancement of renewable energy sources, and energy sector decentralization, all this accelerated by the new European objectives, fast technology development, and digitalization. This direction is even strengthened in Vize 2030. The domestic market is our priority market. Our presence abroad focuses on modern decentralized energy services.

We will supplement implementation of the strategy in the main areas by further optimization of ownership structure of the current assets, including efficient exit strategies in some markets and energy segments.

G Governance

2.0

CEZ Group's Strategic Priorities

Efficient operation, optimal utilization, and development of generation portfolio

Modern distribution and care for customers' energy needs

Development of new energy in the Czech Republic

Development of energy services in Europe

CEZ Group's Key Strategy Thesis

Efficiently managing nuclear power plants and preparing conditions for the construction of a new nuclear power plant as part of enhancement of energy security and decarbonization of the generation portfolio in Czechia

Efficient management of coal-fired power plants located near the coal basins and decarbonization of Czech generating portfolio

Modernizing and digitizing distribution and sales in Czechia, developing comprehensive services with respect to customers' needs

Developing energy services (ESCO) and renewable energy sources (RES) in Czechia while fulfilling the Czech energy and climate plan

Developing ESCO activities abroad and achieving a significant position in markets close to Czechia, primarily Germany, northern Italy, and Poland

VIZE 2030 CLEAN ENERGY OF TOMORROW

I Transforming the Generating Portfolio to Low Emissions and Achieving Carbon Neutrality

Efficiently managing nuclear power plants and preparing conditions for the construction of a new nuclear power plant as part of enhancement of energy security in Czechia

Efficient management of coal-fired power plants located near the coal basins and decarbonization of Czech generating portfolio (including transformation of the heating industry)

Developing renewable energy sources (RES) while fulfilling the Czech energy and climate plan

II Providing the Best Energy Solutions and the Best Customer Experience on the Market

Modernizing and digitizing distribution and sales in Czechia, developing comprehensive services with respect to customers' needs

Developing energy services sources (ESCO) in Czechia while fulfilling the Czech energy and climate plan

Developing energy services (ESCO) abroad to achieve a significant market position in Germany, Northern Italy, and Poland

2.0

Energy Sector Transformation

The most significant challenges include decarbonization, gradual phasing out of resources utilizing fossil fuels and ensuring a stable energy supply after their shutdown. Renewable energy sources and decentralized energy keep growing and the share in energy they provide is increasing. Various forms of energy accumulation are growing too, including battery systems, use of EVs, or power-to-gas and power to liquid technologies. These changes must be reflected in the distribution grid as well, through digitalization and smartification. The role of customers has been changing too. Thanks to decentralized sources, the role of consumers becomes mingled with the role of small producers. Customers require comprehensive services related to energy use. Energy savings, efficiency, and smart control of all elements of a smart household are important areas too. In the ESCO areas, we, therefore, want to keep growing and maintain our leadership position among large energy corporations. We have to innovate our products and services continuously and offer them to our customers in a quality and efficient manner.

2030 European targets for decarbonization, renewables and energy efficiency are getting revised and becoming stricter. This is a unique opportunity for Czechia to use financial resources allocated for the transformation of the entire economy, including the crucial energy sector, towards a zero-emission future. In this area, ČEZ is an active player. It is very serious about our climate-related commitments.

Preparations of new nuclear facility projects continue in compliance with the schedule defined by the state as needed to achieve Czechia's security and decarbonization objectives.

An umbrella objective of ČEZ is to be a growing and profitable company that is attractive to its shareholders.

2.0

2.2 Sustainable Development Strategy—Energy for the Future

Sustainable Development Strategy—**Energy for the Future** was announced in 2016. From the very beginning, CEZ Group succeeded in engaging both employees and management in these activities. The strategy consists of five priorities containing specific programs and projects. Each program has internally defined objectives and key performance indicators; we report on undertaken activities and their evaluation in the Report.

Ensure sustainable operations

- We reduce environmental impact
- We develop a circular economy
- We reduce energy intensity
- We support biodiversity
- We operate generating facillities safely
- We care about supplier quality standards
- We develop, share, and transfer knowledge and experience

Be a good partner

- We are a responsible employer
- We benefit society
- Our employees help

Bring useful solutions to customers

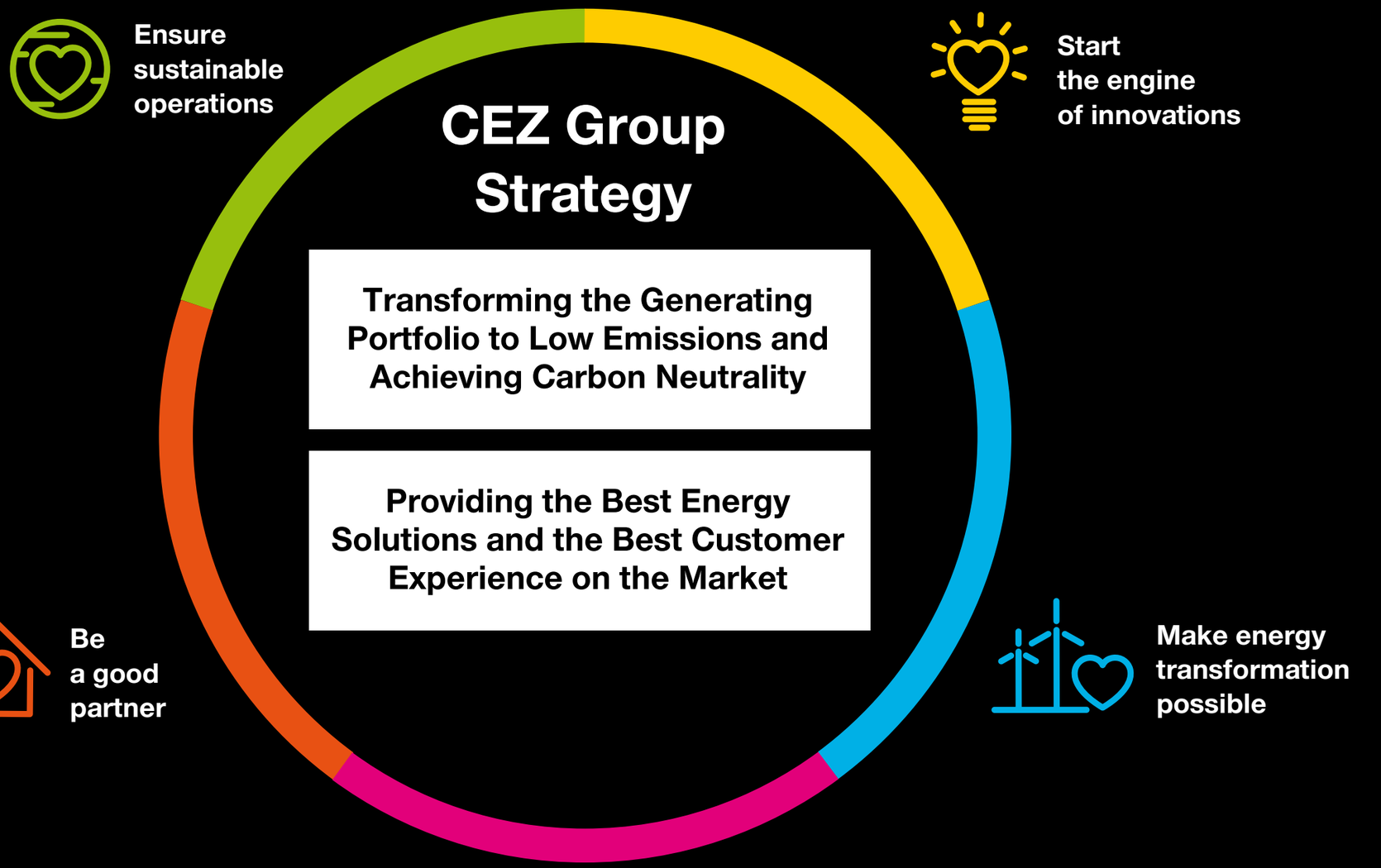
- We sell responsibly
- We offer customized products and services
- Ombudsman

Make energy transformation possible

- We are the driving force behind energy transformation
- We develop clean technologies
- We seek technologies that help
- We make cities “smart”

Start the engine of innovations

- We support research and development
- Inven Capital Investment Fund
- /E/mobility – energy to move forward
- We build partnerships for innovation


Ensure sustainable operations
Start the engine of innovations
CEZ Group Strategy
Transforming the Generating Portfolio to Low Emissions and Achieving Carbon Neutrality
Providing the Best Energy Solutions and the Best Customer Experience on the Market
Be a good partner
Make energy transformation possible
Bring useful solutions to customers

2.0

In accordance with the sustainable development strategy, CEZ Group adopted significant international documents governing the approach of corporations towards sustainable business. The European Green Deal program should be particularly highlighted. We have also subscribed to New Deal for Europe: Towards a Sustainable Future in the World (in Czechia, it is known as #odpovedne2030). As part of Vize 2030 Clean Energy of Tomorrow, we plan to further reduce the CO_2 emissions under the Paris Agreement in the “Well Below 2 Degrees” scenario.

The CEZ Group Sustainable Development Strategy fully reflects the energy sector sustainable development principles. It evaluates and manages the effects of business activities on the environment, employees, customers and interests of the society as a whole, and accentuates responsible and ethical business governance. Compliance with global climate objectives and decarbonization is considered a priority. We gradually implement sustainable solutions into business processes across all business segments.

2.3 Management of CEZ Group

CEZ Group’s management system is based on requirements set down in binding legislation and recommendations made by international organizations. It integrates requirements for safety and security, quality, environmental protection, and social responsibility. Governance bodies and their authorities and activities are described in the CEZ Group 2020 Annual Report in the Governing Bodies and Persons with Executive Authority chapters.

CEZ Group seeks to develop a management system that is as efficient as possible and ensures a transparent environment at all levels of control.

Management systems are introduced to support corporate governance in accordance with the Concern Interest—**CEZ Group Uniform Governance System**, which has been announced in the document entitled CEZ Group’s Control and Management System. Common and internal management documents, mainly the business activity concepts, strategic programs, segment concepts, business plans, and annual budgets play a critical role within the management tools of CEZ Group. Approved business activity concepts are elaborated and refined in them materially and temporally, including the use of Key Performance Indicators.

According to the expectations of our stakeholders, the management systems of CEZ Group are certified by accredited certification bodies and/or verified by applicable independent bodies. **The certification of individual companies** within CEZ Group supports transparency and communication toward the general public and other stakeholders. Management systems are a tool for systematically reducing the risks of environmental disasters and serious work-related injuries. Established management systems include continuous improvement.

2.0

2.4 Sustainability Management at CEZ Group

The sustainability management is connected to the CEZ Group's strategy and is based on the corporate culture principles, Code of Conduct, Safety and Environmental Protection Policy, as well as other policies defined at the level of CEZ Group. Top-level decision-making in these matters is within the purview of the Board of Directors, which shares joint responsibility for sustainability matters and also oversees the area of ESG (Environment, Social, Governance). The Board of Directors of ČEZ approves the CEZ Group sustainability strategy as well as the CEZ Group Sustainability Report.

Michaela Chaloupková, a member of the Board of Directors of ČEZ, is the Sustainability Leader in CEZ Group. She is responsible for individual activities in the area of sustainability and the presentation of the CEZ Group Sustainability Report for approval to the Board of Directors of ČEZ.

The everyday implementation of sustainability goals is then ensured through managers. Specific commitments in the sustainability area are included in their Key Performance Indicators. Management responsibility for individual topics is described in detail in the following chapters.

2.5 Corporate Principles and Code of Conduct

Five principles of corporate culture describe the values and desired business conduct expected from CEZ Group employees, contributing to successful and safe fulfillment of the CEZ Group's mission, vision, and strategy. Corporate culture affects the feel within the company, perception from outside as well as the results of CEZ Group.

Safety **Performance** **Innovation** **Expertise** **Collaboration**

In the area of human resources, we aim to acquire and develop a team of qualified professionals, capable and high-performing employees identifying with our corporate culture principles.

The priority is that employees:

- Act in compliance with corporate values and comply with the required safety, performance, innovation, expertise, and collaboration level
- Are motivated to achieve the CEZ Group strategic goals, mission, and vision
- Are able and willing to accept change
- Gradually develop their expertise and are willing to share their knowledge and experience
- Have courage and abilities to make decisions complying with the mission and business vision of CEZ Group

G Governance

Key Events in 2020:

- An anonymous **survey concerning the home office** was organized by an external agency in July 2020. More than 1,000 responses were collected through a brief on-line questionnaire. The survey tried to identify how the employees coped with change, what was working, and where there is room for improvement.
- **A psychology line** staffed by external psychologists is available to cope with difficult situations in life.
- To support the desired corporate culture, we have enlarged our **pool of internal coaches** by members of the top management who undergo internationally accredited training. We use **intracompany and intercompany mentoring** (a way of transferring not only professional but also soft skills, including managerial skills) to create a culture of a learning organization, collaboration, and sharing.
- Long-term **talent-development programs** aiming to develop high-potential employees have been operated in the nuclear energy and fossil and hydro generation divisions. We have commenced a new talent-development program in ČEZ Distribuce too, in order to support the company transformation. We have also commenced a program for central departments intending to enhance the desirable corporate culture and support the ongoing changes in the company.
- In the ČEZ nuclear energy division we organized a **leadership academy** for managers of all levels of management. Subsequently, undertakings from the leadership area were added to the annual goals of management. At the same time, we focused on new managers and on the development of their skills needed to successfully perform in their roles.
- We carried out an annual ČEZ **corporate survey** focusing on the fulfillment of corporate values. We monitor engagement, motivation and leadership level. Satisfaction of employees increased year-on-year.

Code of Conduct

The commitment of the Company's management to promoting ethical principles in business activities and the conduct of its employees and business partners is enshrined in two major CEZ Group documents. These are the Code of Conducts, which sets out the ethical rules for employees and members of CEZ Group's statutory bodies, and the Compliance Management System Policy, which sets out the responsibilities, conditions, and tools in the field of CEZ Group's compliance. In both these documents, the ČEZ Board of Directors accepts responsibility, without reservations, within the meaning of the applicable legislation and international standards for the compliance of adopted ethical conduct standards and undertakes to create and develop the corresponding conditions, adequate human and financial resources, effective management structures, and controls. Follow-up management documents specify procedures in individual areas, such as training, preventing conflicts of interest, verifying employees and business partners, giving and accepting gifts, whistleblowing hotline, and follow-up compliance investigations.

G Governance

All employees must get familiarized with the Code of Conduct upon their hire. Knowledge of the policy is verified on an ongoing basis by the respective superiors. All CEZ Group employees undergo regular training at least once every two years. The two-year period for the mandatory training is adequate given the extent of the training which comprehensively covers the entire ethical conduct area (focusing on prevention of corruption and conflicts of interests). The training duration of 45 minutes reflects its complexity as well. There are areas of activities of CEZ Group that are assessed by the management as riskier. In such areas, retraining is required on an annual basis. This is the case of the preparation of the construction of a new nuclear facility in Dukovany.

The main principles of the Code of Conduct are specified below. The full text of the Code of Conduct can be found on the CEZ Group website.

Ethics

1. We adhere to ethical principles and legal rules in our business and treat our partners with respect.
2. We strive to increase the value of our shareholders' equity in a systematic and ethical manner.
3. We always deal with all our customers transparently and honestly.
4. We create a positive working environment for our employees, in which they can develop their potential and achieve professional growth. We do not tolerate any form of discrimination or harassment.
5. We always deal with our suppliers with respect and honesty. We require them to comply with our ethical standards and rules.
6. We take an apolitical stance in our business and approach government authorities with due regard and mutual respect.
7. Information provided to the public must always be unbiased and true.
8. We selflessly support charitable, scientific, research, educational, cultural, and other projects, but never if there is a conflict of interest or political activity.

Integrity

9. Adherence to ethical values is one of our priorities. Therefore, we establish a system allowing non-compliance reporting.
10. We protect the company's good name. Our reputation comprises the behavior and conduct of all our employees and partners.

Requirements and expectations of this strategic document were published on February 1, 2015 in the Code of Conduct and the Code of Ethics Compliance Rules as a specification of general principles and rules for ethical conduct, a uniform interpretation and method of application to employees, suppliers, and business partners, as well as in relation to public authorities and the public, to prevent potentially unlawful or dishonest practices.

CEZ Group's Code of Conduct is published in two versions. The basic version is the so-called Decalogue, a summary of the most important principles from the area of relationships, e.g. with shareholders, customers, employees, or suppliers. It has been elaborated in document called Alphabet of the Code of Conduct, which presents a more detailed presentation of the Decalogue. The Code of Conduct is also stipulated an internal guideline.

When negotiating contractual relationships with business partners, we use the Commitment to Ethical Conduct, a summary published on the ČEZ website. Compliance with it is a contractual requirement for suppliers for CEZ Concern companies unless they use their own, similar documents and procedures. This requirement includes the contractually established right of CEZ Group to check the supplier's compliance with the ethical rules. This right is actually exercised by CEZ Group.

A Whistleblowing Hotline is used to report unethical or unlawful conduct violating the Code of Conduct. Submissions can be made using an Intranet/Internet form, also anonymously, as well as by phone at + 420 211 042 561, which can be dialed in a 24/7 mode. A call is accepted by the compliance department staff during business hours, a recorder system is available at other times. If the reporting person leaves their contact details, a compliance department employee will contact them during the next business day. It is also possible to send a notice to the Whistleblowing Hotline by e-mail (compliance@cez.cz), convey it personally or send it by ordinary mail too.

The Whistleblowing Hotline has been established for

- CEZ Group employees and statutory governing bodies
- Business partners
- Third parties and the public

The existence of the Whistleblowing Hotline is actively communicated to CEZ Group employees through mandatory training and articles on the Intranet and in the “Proud” corporate magazine. The Whistleblowing Hotline is implemented in a manner ensuring anonymity of the reporting person and their protection against retaliation or discrimination (any retaliation against the reporting person is explicitly prohibited by the internal rules of CEZ Group). The reporting person (whistleblower) may be an employee, customer, business partner or a third party/the public if they report or share their concern or suspicion of any non-compliant conduct. All reports carried out through the Whistleblowing Hotline are objectively and independently investigated by the audit and compliance department. Corrective actions are adopted on the basis of the established facts. We investigate dozens of such reports annually.

Compliance Management System Policy

ČEZ’s current experience with corporate compliance management resulted in 2019 in the **publication of the strategy managing document** Compliance Management System Policy (hereinafter referred to as the CMS). Its purpose is to develop a unified and efficient tool to manage risks of non-compliance and internal rules of behavior, particularly any type of corrupt conduct or conflict of interests. This domain includes corporate ethics, relationships with public authorities and regulators, prevention of violations of competition law, financial regulations. The document highlights the responsibility of the Board of Directors of CEZ Group and all managers for the implementation of the CMS policy, within the extent of their respective responsibilities.

The Corporate Compliance Committee of ČEZ was established to support the ČEZ Board of Directors. Its members are representatives of several professional departments within CEZ Group (the security department and the legal services) and its chairman is the manager of the audit and compliance department of ČEZ. The Committee evaluates current and potential compliance risks, assesses their impact, evaluates the level of their management, and regularly informs the Board of Directors about the results of its activities and the main events, performance, and results of CEZ Group’s CMS. The focus of compliance activities is regularly revised based on a compliance risk analysis, which is also approved by the Board of Directors of ČEZ. In this way, the Board of Directors of ČEZ can exercise its supervisory authority in the area of ethics and compliance.

The following are other binding documents concerning ethical conduct, as resulting from the Concern policy:

- CEZ Group gift permissibility criteria
- Competition compliance guidelines
- Process to check information provided by new employees
- Principles of negotiation of sales support agreements (mediation)
- Third-party due diligence methodology (suppliers, business partners)

G Governance

We Do Not Tolerate Corruption (Anti-Corruption Policy of CEZ Group)

To enforce our ethical business standards, CEZ Group management has taken systemic measures to mitigate the risk of unethical or unlawful conduct, which constitute an integral part of CEZ Group's compliance program. The fundamental principle of CEZ Group's anti-corruption agenda is zero tolerance of any form of corruption, whether directly or through third parties. Prohibition of any inadmissible payments, including bribes, illegal commissions and payments lacking legal justification stems from CEZ Group's Code of Conduct. To support this rule, we have adopted an internal regulation defining corrupt conduct, exactly defining admissible and inadmissible gifts, and prohibiting any facilitating payments. Furthermore, the document defines limits for permissible gifts (received or provided) that comply with common industry practices. Employees are obliged to keep a register of gifts and acceptance of any admissible gifts is subject to approval by a supervisor. We have defined rules to manage conflicts of interests as well as strict rules for negotiating mediation agreements to exclude any form of corruption. No confirmed incident of corruption was registered across CEZ Group companies in Czechia in 2020.

The parent company ČEZ **is not involved in public politics**, except for officially promoting its interests in the European Union through its Brussels representation office and does not make financial contributions to any political groupings. The director of the public affairs department as well as both employees of the representation office in Brussels are registered in the EU's transparency register. All standpoints of ČEZ on proposed legislation are exercised through the European Commission website and they are published there too.

We Do Not Tolerate Discrimination

We do not tolerate any acts of discrimination. We set down anti-discrimination measures, procedures, and instructions in work rules and collective agreements. The principles of nondiscrimination are also included in the valid Ethical Conduct Policy as well as the Code of Conduct.

The company management places great emphasis **on the support for diversity**, provision of equal opportunity, and a respectful working environment. Under this approach, it recognizes distinctions between people based on their age, gender, physical abilities, medical fitness, and education. We reject, however, any form of discrimination concerning sexual orientation, social status, ethnicity, religion, political allegiance, membership in a labor union, or other differences. **The goal is to establish a culture of collaboration, based on the principles of diversity and mutual respect.**

We include an **anti-corruption clause** in contracts with suppliers that defines corruption and binds the parties to adhere to the strictest ethical principles.

We regularly verified compliance with the above-specified rules systematically through internal audits and compliance checks. We also carry out compliance checks for suppliers. Fields of conflict of interest, gifts, corruption prevention, etc. are regularly inspected in this manner. All key processes and segments of CEZ Group, including abroad, are subject to internal audit supervision. We carry out about 40 internal audits per year. The internal audit uses “fraud scenarios” within its activities, which model situations and steps that can be taken by employees and customers in individual processes for gain. These tools help evaluate and increase the efficiency of internal controls to eliminate the risks of corruption and fraud. 218 potential fraud scenarios and 367 related control measures were tested out in 2020. Results of the internal audits (including any adopted corrective actions) are regularly notified in detail to the ČEZ Board of Directors and the Audit Committee.

Precautionary Principle

CEZ Group applies a precautionary principle (a rule saying that certain activities should not be pursued if their consequences are uncertain and potentially dangerous).

The principle is applicable at four levels:

- In human resources when hiring new employees and when verifying selected information given by an employee/applicant (pre-employment screening)
- In the process of business entity screening to the possible acquisitions of companies (due diligence)
- In the process of supplier screening before a contractual relationship is established
- By conducting a compliance audit as a contractual arrangement with selected suppliers during (in the course of) a contractual relationship

Corruption Risk Analyses

The Compliance team manages the anti-corruption agenda utilizing a set of measures to ensure compliance of CEZ Group employees' and business partners' conduct with legal and ethical anticorruption standards. These measures build on the compliance risk assessment and related compliance activities regularly discussed and approved by the ČEZ Board of Directors. The fundamental principle of the anticorruption agenda is zero tolerance of any form of corruption, whether directly or through third parties. The objective of anti-corruption action is to prevent corruption and detect, report, and respond to corruption within CEZ Group and among its business partners.

As regards the legal area and the issue of donations, a decision on the number of funds that the company may use to make donations is approved by the company shareholders' meeting for each calendar year. As concerns conflicts of interest, members of the company's governance bodies are obliged to comply with applicable legal regulations.

Key Events in 2020:

- An analysis of CEZ Group corporate compliance risks (at the level of ČEZ) was carried out to direct the compliance function and CMS tools in CEZ Group during the period until the end of 2021.
- Rules for negotiation of sales support agreements (mediation) were adopted, to eliminate the risk of any corrupt conduct by third parties.
- Our system to enhance the prevention of possible corrupt practices was improved by the ISO 37001 Anti-Bribery Management system in the purchase department.
- Targeted prevention training of selected groups of employees was carried out beyond the current compliance training.
- Compliance checks were performed at our suppliers (inspection of compliance with their Commitment to Ethical Conduct) and CEZ concern members (check of implementation of concern ethics and compliance principles).
- A large check of conflicts of interests at selected CEZ Group companies was performed (more than 250 employees were checked).
- A large check of transactions presenting specific compliance-related risks at selected CEZ Group companies was performed (more than 6 companies and 300 transactions were checked).
- CEZ concern agreements were audited from the viewpoint of compliance with competition legislation.
- The Covid-19 situation did not significantly affect our activities in the field of ethics, compliance, and audit. All major planned activities were carried out in 2020.

2.0

2.6 Remuneration

The remuneration of members of the ČEZ Board of Directors and Supervisory Board is based on the “say on pay” principle (shareholders can comment on the remuneration policy through voting at the company’s shareholders’ meeting). Remuneration rules are defined in a published Remuneration Policy approved by the ČEZ shareholders at the shareholders’ meeting on June 29, 2020. The Remuneration Policy contributes to the fulfillment of the corporate business strategy, protection of its long-term interests, and support for sustainability. The Remuneration Policy clearly and transparently defines all fixed and variable remuneration components, including any bonuses and other benefits of any form, their ratios, key financial and non-financial performance indicators, conditions for office termination and related payments such as severance pay, or non-competition clause.

Each year, the Board of Directors of ČEZ presents a Remuneration Report to the shareholders’ meeting for approval. The first Remuneration Report for the accounting period of 2020 with relation to annual tasks of 2019 was presented for approval to the shareholders’ meeting in June 2021. The Remuneration Report is public and includes the following information presented in a transparent manner: the total remuneration of individual members of statutory bodies paid in the period in question, broken down by individual components defined in the Remuneration Policy, a ratio of fixed and variable remuneration components, explanation of the total remuneration and its compliance with the Remuneration Policy, including how it supports the long-term performance of the company, information, on the evaluation of the applied performance indicators.

Remuneration of individual members of the Board of Directors and the Supervisory Board is established in the respective service agreements concluded with all members of ČEZ statutory bodies. Agreements with members of the Board of Directors are approved by the Supervisory Board, agreements with members of the Supervisory Board are approved by the shareholders’ meeting (by approving a Supervisory Board member agreement template). The Supervisory Board also defines and evaluates performance indicators related to any variable component of remuneration of members of the Board of Directors. In this way, the Supervisory Board fulfills its role of Remuneration Committee, in compliance with the “say on pay” principle. The conditions specified in the service agreement must be in any case defined in accordance with the Remuneration Policy approved by the ČEZ shareholders’ meeting. Such compliance must be demonstrated when presenting the Remuneration Report to the ČEZ shareholders’ meeting for approval. The shareholders’ meeting is also authorized to make decisions on payments of any board member bonuses.

2.0

2.7 Relationships with Communities—We Hold an Open Stakeholder Dialog

The Community Relationships Policy governs the relationships of CEZ Group with stakeholders in all their business activities and related activities to ensure and keep:

- Support of engagement of the stakeholders in CEZ Group business activities through engagement in communities where it is active, and creation of shared sustainable value for the society
- Response to legitimate interests of the stakeholders, with which the company collaborates
- Building of trust between the stakeholders to maintain long-term, stable, and strong relationships
- Recognition of the company's commitments to diversity in a broad sense by all stakeholders, particularly in any matters related to the professional development of their members
- Maintain the CEZ Group reputation in its respective territory through the above-specified actions

We communicate with our stakeholders regularly. The objective of the open dialog is to establish their perception of the sustainability strategy and their opinion on the future direction of CEZ Group in relation to sustainability. The respective results shall be used in updating plans and strategies.

List of stakeholder groups:

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

G Governance

2.0

In 2019, stakeholder dialog took place **based on the international standard AA1000 SES** (Stakeholder Engagement Standard), which is designed for companies so that an objective dialog and specific results can be assured. Independence was guaranteed by the “Business for Society” platform which also participated in the process.

For the questioning purposes, the following areas were established:

1. Environmental protection
2. Energy efficiency of operations
3. Attitude to emissions
4. Sustainable use of water
5. Land restoration
6. Safe operation of facilities
7. Circular economy, waste management
8. Supplier quality standards
9. Responsible employer
10. Diversity and equal opportunity
11. Transparency and ethics
12. Collaboration with local communities
13. Responsible selling
14. Energy transformation, development of clean technologies
15. Promotion of smart cities
16. Support for research and development

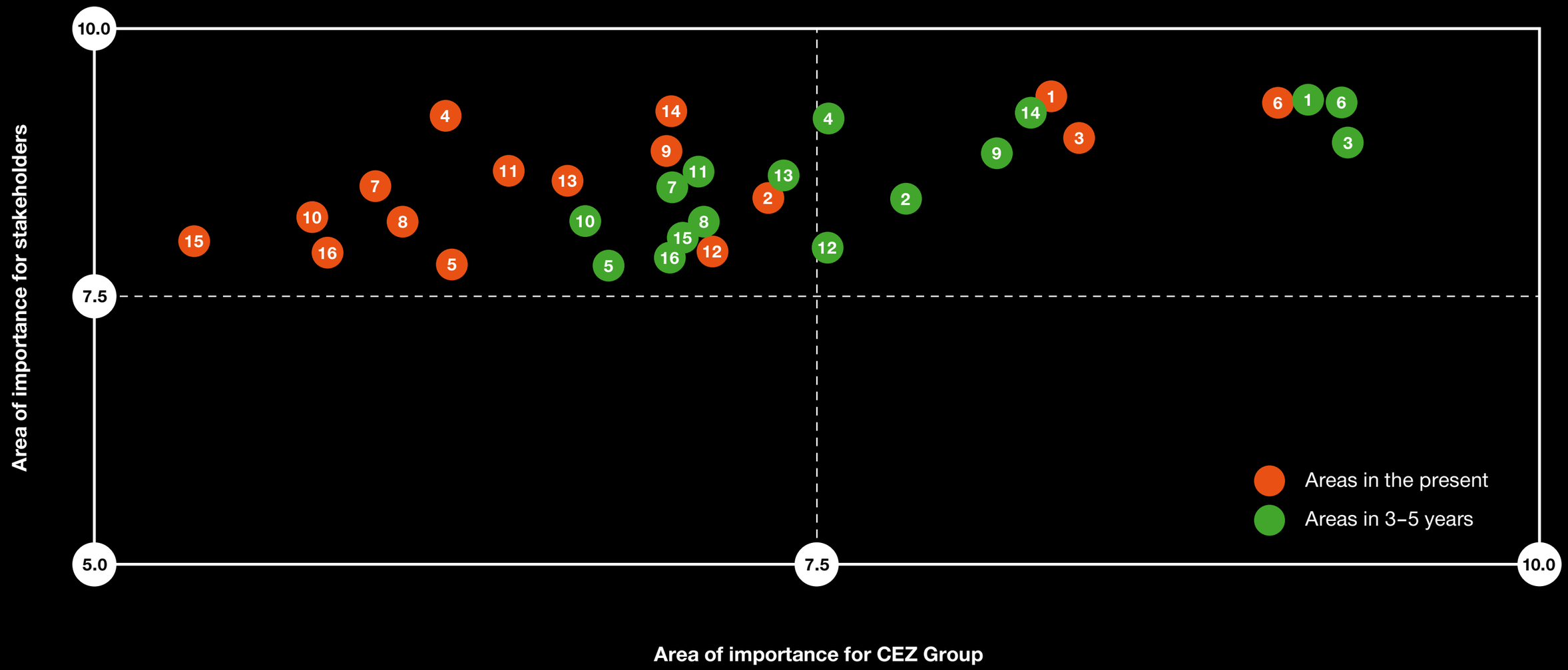
G Governance

2.0

Relevance matrix of topics for stakeholders and how it will develop over 3–5 years:

For the stakeholder dialog purposes, stakeholders have been divided into two main groups:

- Internal stakeholders—top management of ČEZ and subsidiaries, middle management, and Supervisory Board members
- External stakeholders—suppliers of raw materials, resources, contractors—services (overhead services and materials), contractors—services (facility management and transport), insurers, banks, investors, companies doing business in the energy sector, media, trade unions, professional associations, independent experts, regulators, local authorities, public bodies, customers, and educational institutions.



G Governance

Results

The relevance matrix showed the importance of the topics for CEZ Group and external stakeholders. It's upper right quadrant shows future priorities that are crucial for ensuring sustainable operation of the company (from both the internal and external viewpoint) and which are most interesting for the stakeholders.

The results of the stakeholder dialog have confirmed that the following areas are crucial for stakeholders and that their significance will keep growing:

1. Environmental protection
2. Energy efficiency of operations
3. Attitude to emissions
6. Safe operation of facilities
9. Responsible employer
14. Energy transformation, development of clean technologies

Ensure Sustainable Operation 3.0

The first strategic priority is to ensure sustainable operation. Its goal is to be a safe, healthy, and responsible corporation. We manage our assets with respect to a long-term perspective and climate protection and we are environmentally friendly.

Our power and heating plants will become a little greener

Martin Vetešník, Desulphurization Specialist, Energotrans, Mělník power plant

“As part of greening our generating units in Mělník, we were the first in Czechia to launch a pilot project to capture mercury emissions using the GORE technology. The advantage of this method was the option to use the original desulphurization wet limestone wash absorbers, which we replaced with new ones. This will further reduce unwanted emissions, meet regulatory requirements, and significantly improve the environment.”

real Responsibility

Safety and Environmental Protection Policy

The Board of Directors of ČEZ is fully aware of and accepts without reservation its responsibility in terms of applicable legislation and international obligations of Czechia to ensure safety and security of:

- Individuals and society
- The environment
- Generating facilities
- Critical infrastructure

To fulfill this responsibility, the Board of Directors of ČEZ undertakes to create and develop appropriate conditions and adequate human and financial resources, effective management structures, and control mechanisms.

We comprehend safety as an integral part of all activities related to the management system, technologies, and human resources.

E Environmental

3.0

The key document in the area of safety and environmental protection approved by the Board of Directors of ČEZ is the Environmental Safety and Protection Policy, which is based on the following principles:

1. **We prioritize the protection of human life and health over other interests.**
2. **We promote safety and environmental protection as an integral part of our management system.**
3. **We comply with the law and public commitments and take account of recognized practices.**
4. **We constantly develop safety and environmental protection standards.**
5. **We regularly assess the safety risks, prevent them, eliminate them, or reduce their impact to an acceptable level.**
6. **We make sure that technologies continuously meet safety, environmental, economic, and technical requirements.**
7. **When selecting and assessing suppliers, we take into account their approach to safety and the environment.**
8. **We openly communicate safety topics and the impacts of our activities on society and the environment.**
9. **We ensure adequate numbers of qualified and motivated employees and suppliers.**
10. **We manage key knowledge.**

E Environmental

3.0

3.1 We Reduce Our Environmental Impact

By approving the Environmental Safety and Protection Policy, the Board of Directors of ČEZ has accepted responsibility for ensuring environmental protection in all its components. We consider environmental protection to be an integral part of our management system. The basis of the system setup tools we use for monitoring and reducing our environmental impacts is management using a certified Environmental Management System (EMS) according to ČSN EN ISO 14001 and an Energy Management System (EnMS) according to ČSN EN ISO 50001. The requirements of EMS and EnMS are an integral part of our processes and activities, are in harmony with each other, and help to fulfill our social responsibility.

In order to meet the objectives set out in these systems, the Board of Directors is committed to creating and ensuring adequate conditions and resources, in particular qualified and experienced employees, the necessary infrastructure including information and communication technology, and the required financial resources.

The following have been identified as the main sources of pollutant emissions within CEZ Group:

- Electricity and heat generation from coal
- Electricity and heat generation from biomass
- Electricity and heat generation from natural gas
- Brown coal mining

Environmental Management System (EMS)

EMS is a management system that focuses on monitoring and improving all activities that affect or may affect the quality of the environment or the health and safety of employees. Within the EMS, we identify environmental risks, create conditions for their prevention and elimination, and report on the environmental performance and environmental impacts of activities. All employees receive regular EMS and environmental training at a minimum frequency of once every 2 years. We have updated the training programs for these courses in the last year and will continue to do so in the future.

Within each production site, we verify environmental conditions related to:

- Climate, air quality
- Water consumption and the impact of operations on surface and groundwater quality and water availability
- Existence of old environmental burdens
- Waste and hazardous substances management
- Availability of natural resources, biodiversity

The EMS includes a continually updated register of legal requirements that ČEZ implements in its management documents. Monitoring of the obligations arising from applicable legislation, permits, and management documentation is subject to annual internal audits of the EMS and internal environmental inspections carried out at all production sites, as well as external audits by an independent audit authority. Environmental registers are maintained for each site. The environmental aspects are determined for each facility and their significance in terms of environmental impact is also determined.

The EMS identifies the stakeholders, their needs, and expectations, and assigns responsibility for assessing and evaluating the possibility of their fulfillment.

Monitoring and Evaluating Environmental Performance

The environmental management system also includes monitoring emissions and evaluating risks in the operation of resources. Based on identified legal requirements and legitimate stakeholder requests, we monitor relevant environmental indicators. The scope and methods of measurement and monitoring are elaborated in the working documentation and methodologies.

Environmental performance is assessed in the environmental profile, which contains an evaluation of monitored indicators in individual environmental areas.

3.0

The following environmental performance indicators are identified for the area of electricity and heat supply and generation:

- Production of air emissions
- 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 recoverable waste sorted
- Production of coal combustion products (CCP)
- Amount of recovered CCP
- Amount of recovered CCP disposed of as waste

We maintain an environmental profile for all generating facilities.

We evaluate the achievement of environmental targets together with relevant environmental performance indicators in a two-stage EMS review by managing the relevant facility and at the level of the Board of Directors of ČEZ. Monitoring, measurement, and environmental impact records are also subject to review as part of internal and external audits.

Each year, as part of the EMS review, the company's Board of Directors is informed about the environmental profile of generation, i.e., CO_2, PM, CO, SO_2, and NO_X emissions, water withdrawal volumes and water consumption, production of coal combustion products and their use, and waste generation. We track the absolute quantities of these indicators and the specific quantities in relation to the volume of electricity and heat generated.

Air Pollution Monitoring

Beyond the scope of our legal obligations, we have provided accredited monitoring of the quality of air near the most important stationary combustion plants we operate since 1994. It measures pollution with NO_X, SO_2, and most importantly particulate matter of different sizes (PM_{10} and $PM_{2.5}$). We deliver the data to the Czech Hydrometeorological Institute, which publishes them as part of the information system on air quality in Czechia.

Using monitoring operated by an independent accredited laboratory, we also monitor air pollution in municipalities affected by the operations of CEZ Group's brown coal mines, where measurement stations are located to provide a continual measurement of dust pollution, especially with PM_{10} suspended particulate matter. We provide the results of our measurements to the affected municipalities and governmental agencies.

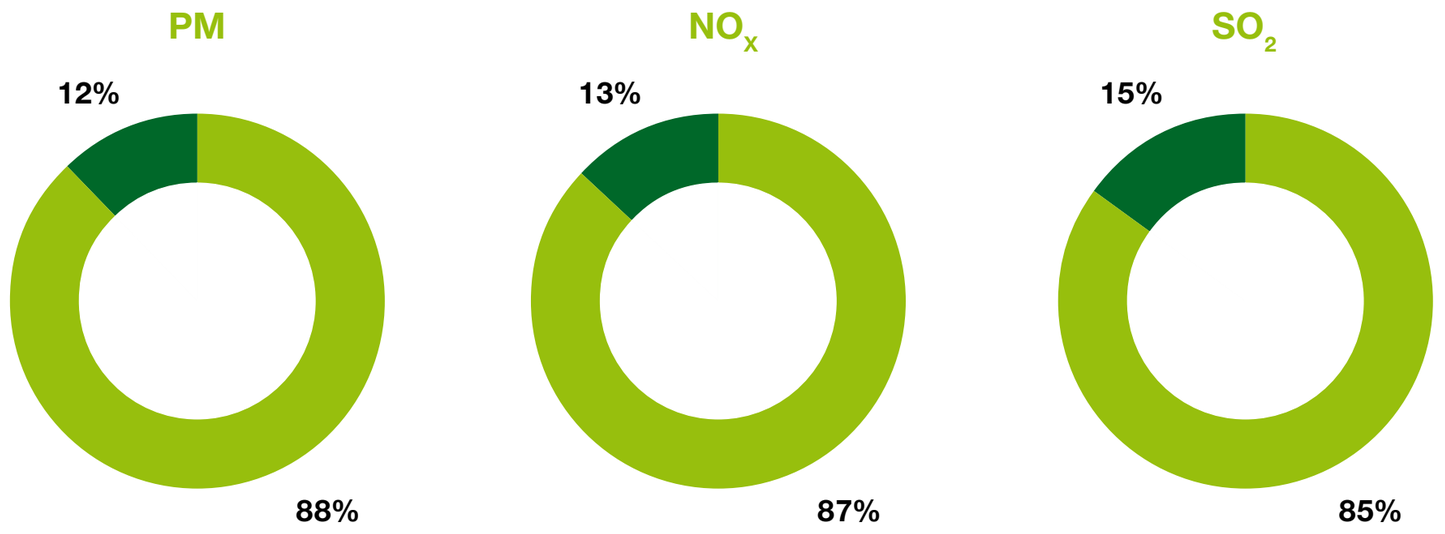
Informing of Stakeholders on Monitoring Results and Environmental Impact

We communicate information on environmental performance and the results of monitored environmental indicators to stakeholders (suppliers, business partners, associations, the public, etc.) through annual reports and sustainability reports. We also make them publicly available through integrated permit assessment reports (https://www.mzp.cz/ippc/ippc4.nsf/appliances.xsp) and the Integrated Facilities Register (https://portal.cenia.cz/irz/). In Poland, the results are available in the PRTR (European Pollutant Release and Transfer Register) reports at https://prtr.eea.europa.eu and http://www.gios.gov.pl/prtr/portal. The results of air pollution monitoring in the vicinity of large combustion facilities are published at the ČEZ website: https://www.cez.cz/cs/o-cez/energie-pro-budoucnost/zajistit-udrzitelny-provoz/zivotni-prostredi/sledovani-parametru-pro-ochranu-ovzdusi. The results of measurements and monitoring are transmitted to the public administration via the Information System for the Fulfillment of Reporting Obligations (ISPOP).

The EMS certificate holders were hydro, nuclear, and conventional power plants in ČEZ in 2020 and the following companies in Czechia: AirPlus, AZ KLIMA, Centrum výzkumu Řež, ČEZ Distribuce, ČEZ Energetické produkty, ČEZ Energetické služby, ČEZ ENERGOSERVIS, Domat Control System, Elektrárna Dětmarovice, Energotrans, ENESA, HA.EM OSTRAVA, KART, MARTIA, PRODECO, SD - Kolejová doprava, ŠKODA PRAHA, ÚJV Řež, Ústav aplikované mechaniky Brno, and the following companies in Slovakia: AZ KLIMA SK, e-Dome, ESCO Servis (formerly ČEZ SERVIS), SPRAVBYTKOMFORT, in Romania Distributie Energie Oltenia and CEZ Vanzare, and in Bulgaria CEZ Trade Bulgaria EAD.

The EMS system is implemented in 91% of CEZ Group's installed electrical capacity in fossil fuel-fired power plants and heating plants. Thus, in 2020, the most significant emissions producers are under the EMS certificate—more than 88% of emissions produced within CEZ Group, NO_X—almost 87% of total emissions production, and SO_2—almost 85% of all emissions production.

Share of EMS Certification in Total Emissions



Our goal is to expand the certified Environmental Management System in fossil fuel-fired power and heating plants to 97% of CEZ Group's installed electrical capacity by the end of 2022.

We Reduce Air Pollutant Emissions

Emissions from Combustion Sources

We monitor emissions from our sources and their impact on the environment through emissions and air pollution monitoring. The quantity of SO_2, NO_X, PM, and CO_2 emissions is determined in the case of large combustion facilities by continuous measurement, in the case of minor combustion facilities with a thermal input of less than 50 MW in accordance with legislation on the basis of one-off measurements, or alternatively the quantity of emissions is determined according to available emission intensities.

To reduce sulfur dioxide emissions, we usually use a highly efficient method of flue gas desulfurization based on the principle of wet limestone washing, or in smaller facilities a semi-dry method in which pollutants from the flue gas are absorbed in particles of lime slurry, while the particles of the resulting product are subsequently dried by the heat of the flue gas. Sulfur oxides from fluidized bed sources are captured directly during the combustion process by injecting limestone into the boiler. Sulfur dioxide emissions are reduced by replacing fossil fuels with biomass combustion in some combustion units, especially fluidized bed boilers.

We capture particulate matter by electrostatic precipitators or bag filters with separation efficiency exceeding 99%.

We reduce nitrogen oxides emissions either directly by primary measures in the combustion process, or by means of reduction techniques using ammonia water or urea.

A newly monitored pollutant emitted into the air is mercury, which we will measure at all coal-fired sources from August 2021. We are focusing on the development of techniques for capturing this pollutant at CEZ Group facilities. We have started installing them in 2020, and the corresponding measures to reduce mercury emissions will gradually be implemented in all coal-fired sources in Czechia by 2024, with the exception of the Mělník 2 power plant, which will be permanently shut down in 2026.

Key Events in 2020 with Implications for Reducing Emissions from Combustion Sources

- Permanent outage of the Prunéřov I coal-fired power plant with installed capacity of 440 MW as at June 30, 2020.
- Sale of the Počerady coal-fired power plant with installed capacity of 1,000 MWt as at December 31, 2020.
- Transfer of unit B9 of the Mělník 2 power plant and unit B2 of the Dětmarovice power plant to the backup facility mode with effective limitation of generation in these power plants.
- Implementation of greening and optimization measures in coal-fired power plants included in the Czech National Transition Plan, which were aimed at reducing pollutant emissions to the values according to the Industrial Emissions Directive as at July 1, 2020.
- Completion of a new GORE system to reduce Hg emissions in one of the desulfurization lines at the Mělník 1 power plant as a pilot project within CEZ Group.
- Increasing the capacity of the low-emission CCGT plant in Počerady, which provides the control capacity needed for safe and reliable operation of the electricity system.
- Completion of the replacement of burners in the auxiliary gas boiler room of the Temelín Nuclear Power Plant with low-emission burners.
- In summer, coal-fired heat generating units at the Dvůr Králové heating plant and Dětmarovice power plant were replaced with gas-fired units, cutting down the emissions of PM, SO_2, NO_X, and CO_2.
- Start of extensive greening of the Trmice heating plant aimed at reducing SO_2, NO_X, and mercury emissions to BAT levels (Best Available Technique).
- Initiation of investment projects in fluidized units (Ledvice, Poříčí, Hodonín) to ensure compliance with the mercury limit at BAT level.
- Start of preparation for large-scale greening of the Tušimice coal-fired power plant aimed at reducing the emission concentration of PM and mercury to BAT levels.
- Completion of the steam pipeline conversion to hot water pipelines in Janské Lázně with energy savings of 35,257 GJ/year and CO_2 emissions of 3,873 t/year.
- Completion of steam to hot water conversion projects in Teplice with total energy savings of 6,534 GJ/year and CO_2 emissions of 697.5 t/year.
- Replacement of the boiler in the Liščí Kopec—Vrchlabí gas boiler room with a low-emission boiler.

E Environmental

Emissions of Particulate Matter from Open-Cut Mines

Reducing dust from coal mining and processing is one of the priorities of Severočeské doly. When operating sources of air pollution, we implement active and passive measures in order to reduce emissions of dust. These include particularly sprinkling or misting equipment located at technology transfer points or before them.

Active measures to fight increased emissions of dust include a sprinkling of unpaved roads by large water tanks and limitation of vehicle speed in mines. When treating unpaved roads and areas in mines, we use solutions containing soil stabilizers. We have purchased new large-capacity sprinkling tankers, which will provide a sprinkling of unpaved dusty roads in the Bílina mine even during night shifts.

We are continuously expanding the scope of sprinkling in order to maximize the reduction of PM emissions at the source. We have upgraded a coal loading unit in the treatment plant in the Ledvice power plant by installing telescopic tubes that minimize dust emission when loading coal. The new investments focus mainly on reducing emissions of particulate pollutants from individual technological objects of the treatment plant itself. We have started replacing the wet level separators with new filter units with fabric filters.

The purpose of implementation of passive measures includes in particular limitation of dust emissions beyond mine boundaries. The most important elements of passive protection include terrain protection mounds, protective forest belts, and isolation walls built in the zone between the mine itself and the surrounding towns and villages. The protective forest belts and forested belts built around the mining sites are maintained continuously.

We pay high attention to the prevention of fires and conflagrations in the mining operations and coal dumps. We treat places that can potentially spontaneously ignite using heavy-duty machines so that no oxidization is possible if the soil contains coal substance to avoid spontaneous heating and fires. For utilization of any subsoils affected by former extracting activities, we develop the respective technology procedures. Partly used and open old mines are immediately closed in collaboration with the Main Mining Emergency Service in Most.

Based on an agreement concluded between Severočeské doly and representatives of cities and municipalities, we ensure regular cleaning of roads and other areas in Ledvice, Chotějovice, Braňany, Mariánské Radčice, Kaňkov, Duchcov, Bílina, Březno u Chomutova, Droužkovice, Černovice, and Málkov. The sweepers and sprinkler tankers are thus making a significant contribution to improving the quality of the environment in the towns and villages around open-cut mines.

NO_X, SO_2, and Particulate Matter Emissions

As a result of the above measures, CEZ Group managed to reduce SO_2 emissions by 32.2%, NO_X emissions by 16%, and PM emissions by 16.8% year-on-year in 2020. In relation to all these pollutants, decrease in emissions per electricity produced was achieved too, by 28% for SO_2, 10.9% for NO_X, and 11.7% for PM.

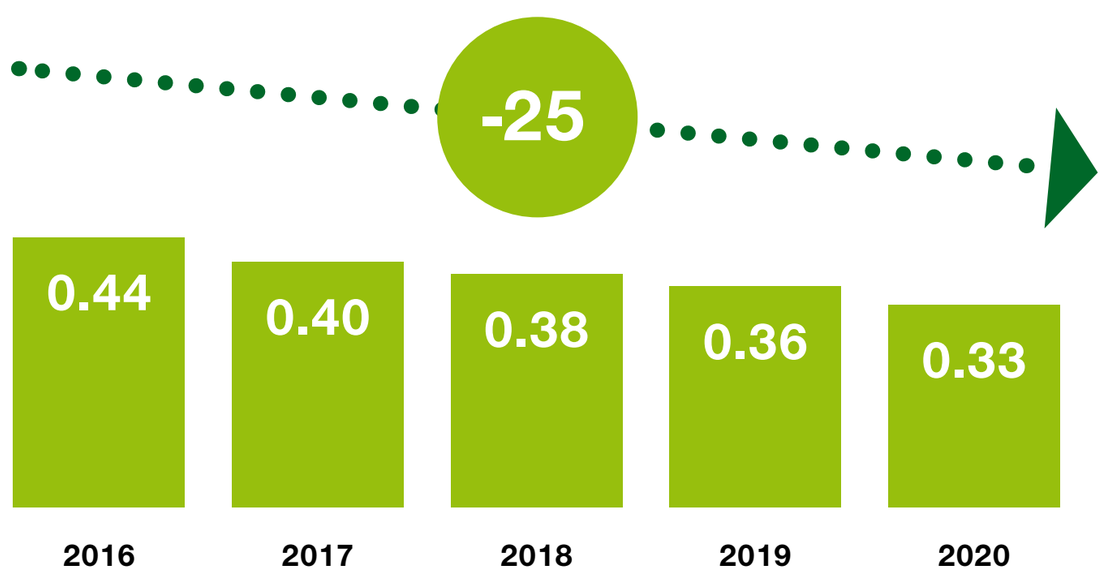
Emissions and Specific Emissions of Air Pollutants		2018	2019	2020
Particulate matter	Tons	1,589	1,575	1,311
Particulate matter per electricity and heat generated	kg/MWh	0.023	0.022	0.019
Sulfur dioxide	Tons	25,677	21,008	14,253
Sulfur dioxide per electricity and heat generated	kg/MWh	0.365	0.290	0.207
Nitrogen oxides	Tons	24,851	23,040	19,365
Nitrogen oxides per electricity and heat generated	kg/MWh	0.353	0.318	0.281

We are taking action to meet our commitment to reduce SO_2 emissions by 75% and NO_X emissions by 45% by 2025 compared to 2018.

Greenhouse Gas Emissions

Within CEZ Group, in connection with the reduction of coal-fired power plants, the average specific CO_2 emissions from the electricity generated at CEZ Group plants have decreased by more than 4.3 million tons over three years, which represents a reduction of almost 20%. The emission intensity per electricity generated by the entire CEZ Group in 2020 reached 0.33 tCO_2/MWh—this is below the level of new CCGT plants. Further reduction of emission intensity is expected.

CO_2 emissions intensity (t/MWh)



CO_2 emissions from the operation of fossil fuel facilities		2018	2019	2020
CO_2	Tons	26,802,633	26,070,966	22,458,780
CO_2 per generated electricity and heat	t/MWh	0.38	0.36	0.33

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In 2015, CEZ Group committed to generating electricity with a neutral carbon footprint by 2050. 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. At the same time, we committed to reducing CO_2 emissions per MWh of electricity generated by CEZ Group in Czechia by 46% by 2020 compared to 2001. This commitment has been met for 2020—we have achieved a 54% reduction in the CO_2 emission intensity of electricity generation in Czechia compared to 2001, and we have reduced the production of emissions in Czechia from electricity generation by more than 3.6 million tons, i.e., by more than 15% year-on-year.

tCO_2/MWh	2001	2005	2018	2019	2020
CEZ Group in Czechia	0.687	0.532	0.373	0.355	0.317
Decrease compared to 2001 in %	0	22.6	45.7	48.3	53.9

The emission intensity can be influenced by the manner in which generating facilities are deployed, favoring low-emission and renewable energy sources. In 2020, with an overall reduction in electricity generation compared to 2019, we have reduced coal generation by 14.8%, while nuclear generation has remained almost the same (only 0.7% reduction), as has natural gas generation (2.3% reduction), and renewable generation has increased by more than 7%.

We revised our progressive target towards carbon neutrality, which was to reduce CO_2 emissions by 30% by 2030 compared to 2018 and to reduce emissions intensity to at least 0.30 t/MWh. We have newly adopted a target to reduce CO_2 emissions per MWh of electricity generated by CEZ Group by 33% by 2025 compared to 2018, which means achieving an emission intensity of 0.26 t/MWh.

In order to achieve this goal, we will not be building any new coal-fired power plants; instead, we plan to slow down the operation of selected coal-fired power plants and increase the capacity of the renewable sources in operation.

During the refurbishment of existing air-conditioning and refrigeration equipment with new equipment or the replacement of high GWP (Global Warming Potential) refrigerants with lower GWP refrigerants, we transferred more than 300 kg of high GWP fluorinated greenhouse gases (F-gases) and 17 kg of R22 refrigerant (controlled substance, HCFC) for environmental disposal in 2020.

We Use Water Sustainably

In the field of water management, CEZ Group focuses—in relation to the operation of its plants—on thrifty water management, the prevention and reduction of water pollution, and compliance with surface and ground water protection measures.

Water Consumption

Water is the second most important resource for CEZ Group's generating facilities, next to fuel, and is irreplaceable in cooling during electricity generation. More than three-quarters of the surface water withdrawn is used for flow-through cooling of the condensers and the water is returned to the surface water. Although only about 20% of withdrawn surface water is used for technological purposes, we strive to use it economically and seek new ways to recycle and reuse it.

Water consumption has been reduced by more than 10%, and the volume of water consumed per electricity and heat generated has been reduced by more than 6 to 1.37 m^3 in 2020. By 2025, we are committed to reducing water consumption by 20% compared to 2018.

Water Treatment		2018	2019	2020
Amount of water withdrawn	m^3 thousand/year	758,157	640,669	592,478
Water withdrawn per electricity and heat generated	m^3/MWh	10.78	8.85	8.6
Total water consumption	m^3 thousand/year	104,950	105,309	94,475
Water consumption per electricity and heat generated	m^3/MWh	1.49	1.46	1.37
Total amount of wastewater discharged	m^3 thousand/year	653,207	535,360	498,003
Amount of wastewater discharged per electricity and heat generated	m^3/MWh	9.28	7.40	7.24

Withdrawals of surface water for production operations at CEZ Group facilities do not significantly affect the water content of the watercourses concerned. Water used for once-through cooling is returned to the river immediately after the collection point. The water body most affected by surface water withdrawal in Czechia is the Mohelno water reservoir, from which about a quarter of the surface water flow volume is withdrawn for the Dukovany Nuclear Power Plant's purposes. Although the amount of surface water withdrawn from the watercourse is relatively high, we always maintain a minimum residual flow rate downstream of the reservoir.

CEZ Group's power plants and heating plants withdraw surface water in some areas that subsequently became protected areas. Specifically, they are the Nechranice Water Reservoir and Heřmanský stav–Odra–Poolší bird areas, the Želinský meandr and Ohře sites of European importance, and the České Středohoří protected landscape area. Only the Ohře site has a direct connection between the protected watercourse area and the presumed presence of endangered animals (asp, Atlantic salmon, thick-shelled river mussel). 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.

In 2020, it was not possible to continue in the established trend of decreasing drinking water consumption—it increased by about 3%. When converted to energy generated, this is an increase from 0.072 m^3/MWh to 0.079 m^3/MWh. The reason for this is the roughly 8% increase in sales of domestic hot water, which we prepare for our customers from drinking water. The increase in hot water consumption can be linked to the pandemic situation and the change in customer behavior at that time.

None of the generation sites are in a water shortage area according to Aqueduct—Water Risk Atlas. The project's impacts on the climate system and the project's resilience and vulnerability to climate changes are assessed when new plants and changes to existing plants are considered.

Key Events in Water Management in 2020

- In 2020, we continued to repair the drinking water distribution system.
- At the Dětmarovice power plant, we reduced water leakage and operating costs by repairing and optimizing the fire mains.
- At the Poříčí power plant, verification operations confirmed a reduction in the need for surface water withdrawal by increasing the cooling circuit thickening. This represents, in relation to heat generation, almost a 30% saving in surface water compared to previous periods.
- At the Slapy power plant, the overhaul of the TG1 unit was completed, where the power was increased by replacing a new impeller and the oil charge of the control oil was reduced. Part of the modernization of the TG2 turbomachinery at the Kamýk power plant was the change of the hydraulic control of the turbomachinery and the quick-action valves from low-pressure to high-pressure hydraulics. These modifications significantly reduced the volume of the operating oil fillings and at the same time reduced the potential risk of leakage of pollutants into the surface water.
- At the Ledvice power plant, water consumption was reduced by rationalizing the dosage of water treatment agents at the cooling tower of the 660 MW unit.
- During 2020, we completed the construction of a mine water pretreatment plant at the Nástup Mines in Tušimice and commenced its one-year trial operation. Pretreatment of water from mines addresses the significant changes in mine water quality that are occurring due to climate change. Alternating periods of high temperatures, especially during the summer months, with intense precipitation events leads to a significant drop in the pH of mine water. These changes reduced the capacity of the existing mine water treatment plant in Březno near Chomutov and it was necessary to respond by building a water pretreatment plant. By this, we strengthened the capacity of the existing mine water treatment plant and its corresponding treatment of mine water before discharge to the receiving watercourse.

Water Recycling

We strive to recycle wastewater to reduce our consumption of surface water. In particular, we reuse wastewater from cooling tower blowdown, sand filter and gypsum washing, or seepage and drainage water—only that of a quality appropriate to the new use. It accounted for about 18% of the amount of surface water withdrawn for technological purposes in 2020. In addition to the resources of ČEZ's conventional power division, we also use recycled water in Elektrárna Počerady (until December 31, 2020), ČEZ Energetické služby, Severočeské doly, and CEZ Skawina.

Wastewater Management

Wastewater discharges are subject to the conditions set out in the decision of the competent authorities. We protect groundwater and only discharge wastewater from generation into surface water streams. Wastewater discharged includes both generation wastewater and some rainwater, as well as seepage and drainage water discharged through shared outlets with other wastewater.

Waters that are or could be contaminated with oil are discharged through oil separators. Wastewater is treated by mechanical-chemical wastewater treatment plants before release to the receiving watercourse to reduce the introduction of pollutants into the surrounding environment. The only untreated wastewater is wastewater from once-through steam turbine cooling and water from drainage and similar outlets whose quality does not necessitate treatment. We carry out regular monitoring of discharged wastewater at all outlets, and continuous monitoring is carried out for some pollution indicators. The aim is to monitor the quality of wastewater and to respond promptly to any risk of quality deterioration. We regularly report the results of the monitoring to the relevant authorities and river basin authorities.

Wastewater from flow-through cooling, which represents the vast majority of the volume of wastewater discharged, is only of altered quality in the temperature indicator. We discharge it in such a way that it does not alter the conditions in watercourses that are important for the life and development of biotic communities.

As well as surface water withdrawal, the volume of wastewater discharged has also decreased in 2020 compared to 2019. The total volume of wastewater discharged, i.e., including water for flow-through cooling, was reduced from 7.40 m^3 to 7.24 m^3 when converted to electricity and heat generated in MWh. The volume of wastewater excluding wastewater from flow-through cooling decreased from 0.76 m^3 to 0.74 m^3 for the same comparison.

Plans to Decrease Water Consumption:

- We are preparing the replacement of the lower part of the cooling towers at the Dukovany Nuclear Power Plant, which will contribute to the reduction of raw water evaporation. We are also preparing measures to improve the quality of the cooling water and thus reduce raw water consumption. An investment project consisting of dosing of stabilizers in cooling water circuits will be carried out in 2021 and will allow a further decrease in raw water consumption by up to 10 million m^3/year, depending on its quality. Another upcoming measure is to increase the concentration of the cooling water circuit. After selecting and implementing the final solution, savings of at least another 10 million m^3/year of pumped raw water are expected, depending on the climatic conditions and the chosen technology.
- In connection with the planned permanent outage of unit B11 at the Mělník 3 power plant, the cooling tower at the Mělník site will be shut down.

Management of Hazardous Substances

Generating sites where hazardous substances are handled operate control systems to detect leaks of the hazardous substances, the functionality of which is regularly checked by employees. We have emergency plans in place for potential releases of hazardous substances, caused for example by possible accidents in process equipment or transport of substances to warehouses, and the sites are equipped with appropriate means for their immediate disposal. Regular monitoring of the groundwater and rock environment at generating sites where hazardous substances are handled confirms that there are no releases. Internal and external EMS audits verify the level of safe handling of hazardous substances and compliance with preventive measures to avoid environmental pollution.

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

In 2020, we recorded releases of hazardous substances only at ČEZ Distribuce, which manages over 59,000 MV/LV distribution transformer stations. A total of 992 liters of transformer oil leaked into the water and 0.25 liters into the ground in 25 incidents. The leakage mostly occurred when oil transformers were overloaded after a lightning strike. During the leak liquidation, the initial intervention was carried out by ČEZ Distribuce employees, in some cases also in cooperation with the Fire Rescue Service of the Czech Republic. Subsequent remediation work was immediately provided by a remediation company contracted for 24-hour interventions.

We Also Want to Reduce Our Environmental Impact by Common Activities

We are aware that the daily operation of CEZ Group Companies and activities of their employees can also help in fighting climate change. That is why we support all seemingly insignificant activities that may not be essential compared to reducing pollutant emissions but are nevertheless important next steps on our path to sustainable development.

We Print Sustainably and Environmental

CEZ Group companies are gradually switching to printing documents on recycled paper. This protects trees, saves energy and water, and reduces air pollution. By using recycled paper, we saved 1,750 trees in 2020. We also keep in mind that recycled paper should not be wasted either.

We Think about Nature and the Future

We organized a company-wide internal educational campaign using seven videos to show employees how they can gradually change their environmental attitude and lifestyle to a sustainable one by taking small steps.

3.0

3.2 We Join the Circular Economy

We manage our waste in a circular economy to reduce our dependence on natural resources through reuse, repair, refurbishment, or recycling. We have introduced the principles of circular economy into the corporate culture, strategy, and processes of CEZ Group's business activities. Through the Environmental Protection and Safety Policy, the Board of Directors of ČEZ has assumed responsibility for waste management, setting conditions for circular economy, and fulfilling the waste management hierarchy.

The basis for setting up waste management is the Environmental Management System (EMS), which through methodologies establishes a hierarchy of waste management methods in order of priority from prevention (waste prevention), preparation for reuse, recycling, and energy recovery to disposal. Professional waste management, which in CEZ Group's conditions includes the collection, accumulation, transport, storage, treatment, recovery, and disposal of waste, or its transfer to a person authorized for these activities, is provided by professionally qualified persons—waste managers.

We work to reflect our waste-to-energy strategy in specific projects.

ČEZ Waste Management Strategy

- **We manage the technological processes of coal and biomass combustion with the aim of utilization of coal combustion products in the construction industry. By December 31, 2022, at least 98% of the coal combustion products will be passed on for further use.**
- **The waste management hierarchy is followed in all activities.**
- **In order to prevent waste, we do not purchase beverages in plastic packaging or single-use plastics.**

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We manage the technological processes of coal and biomass combustion with the aim of utilizing coal combustion products.

At CEZ Group, we prevent waste primarily by using coal combustion products.

Coal combustion products—fly ash, slag, and desulfurization products (FGD gypsum)—are used as construction materials for backfill and embankments as road base layers, and as additives for building materials (mainly concrete, cement, aerated concrete, and gypsum plasterboard). This saves primary raw materials.

- In 2020, we used 86.7% of the CCPs we produced for landscaping and terrain shaping, while the remaining 13.3% of CCPs was sold for other uses in the construction industry.
- We sold a total of 392,005 t of FGD gypsum for the manufacture of drywall panels in 2020.
- Increased utilization of CCPs will be supported by building a loading point for FGD gypsum onto rail wagons at the Prunéřov power plant which will be completed in August 2020. In 2020, ČEZ Energetické produkty sold 113,311 t of FGD gypsum (about 95% purity) from this site to external customers for the production of gypsum boards and cement, which means a saving of about 134,500 t of natural gypsum (about 80% purity).
- In 2020, the production of Sorfix binder from the fluidized bed ash was tested on a pilot basis at the Ledvice power plant. Using one ton of this binder in concrete saves 0.72 t of CO_2 emissions compared to traditionally produced cement. In 2020, we produced approximately 5,000 t of Sorfix binder, which was used in the construction of the Prague metro.

We Respect the Waste Management Hierarchy

- In the Other category, waste generation has decreased from 4.06 kg per MWh of electricity and heat in 2019 to 0.93 kg/MWh in 2020. The decrease 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. This had a significant impact on the total amount of other waste, which decreased by 78% year-on-year, but was negatively reflected in the reduction in the use of own-generated waste. However, this is a positive development in terms of the waste hierarchy and waste prevention. As coal-fired power plants are being phased out, flue gas cleaning and desulfurization products are becoming a sought-after raw material.

- In the Hazardous category, the waste production per MWh of electricity and heat generated is at the level of previous years with a value of 0.04 kg/MWh. Fluctuations in the generation of hazardous waste, both up and down, are governed by investment activities (generation of hazardous waste during construction work and demolitions). The slight increase is mainly due to the removal of oil fillings from the technological equipment of the decommissioned Prunéřov I power plant in a total volume of 305 t. The amount of hazardous waste accounted for approximately 4.5% of all waste in 2020.

Waste produced per electricity and heat generated in kg/MWh	2017	2018	2019	2020
Total weight of nonhazardous waste	7.10	6.23	4.06	0.93
Total weight of hazardous waste	0.05	0.04	0.04	0.04

- Employees sort generated waste in order to separate reusable components. We collect waste in appropriate waste collection containers and optimize the number and location of the containers according to actual needs. Waste handed over for recycling includes reusable components of municipal waste—paper, plastics, glass, and biodegradable waste—we also hand over used oil, metal materials, and other usable waste for recycling. The system includes the take-back of electrical and electronic equipment and batteries. Most of waste consists of construction and demolition waste originating from the demolition of obsolete structures and sludges from wastewater treatment. Another major category comprises waste metals and waste of municipal nature.
- Hazardous waste originates mostly from the maintenance and cleaning of plants, especially mechanical plant units working with various kinds of oil products. These are used products or their residues, contaminated materials, sludges, thinners and cleaners, contaminated sorbents, etc.
- As part of waste prevention, we regenerate transformer oils within CEZ Group's portfolio. The amount of regenerated transformer oil for reuse exceeded 110 t in 2020.
- ČEZ Distribuce handed over 136 t of ceramic insulators for recycling in 2020.
- Electrical waste is handed over to sheltered workshops employing disabled citizens for processing under the product take-back scheme.
- As coal-fired power stations are being phased out, buildings that are no longer useful will be demolished, generating large quantities of waste. We are conducting pre-demolition waste screening to identify recoverable and hazardous waste before demolition starts and we are managing demolition to maximize waste recovery.

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We have prevented the production of 1.5 tons of plastic by removing the option of ordering drinks in plastic refreshment containers. Starting in 2021, we no longer provide protective drinks in plastic bottles to employees in operations and in the field, which we have replaced with tritan bottles and powdered drinks. This step prevents the production of almost 5 tons of waste per year.

We manage radioactive waste (RAO) 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 process equipment is a film rotor evaporator where the concentrate is mixed with bitumen and water is evaporated. Semi-fluid radioactive waste (ionex and sludge) is processed by fixing it into a geopolymer matrix and filling the resulting product into 200l drums. Solid RAO is low-pressure pressed into 200 liter drums or incinerated, melted, and high-pressurized abroad.

At ÚJV Řež, both liquid RAO (concentrate) and solid RAO (after pressing) are treated by cementation into drums.

Waste to Energy (WtE)

The transposition of EU “circular economy package” targets into Czech law opens a unique opportunity to reshape the flow of waste, especially to redirect more waste from landfills to recycling; it also brings new opportunities in the energy sector. ČEZ 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 (WtE) in 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 in the site per year. Energy generated from waste will be used to provide heating in neighboring municipalities and Prague. As such, a WtE facility is an important component of a circular economy.

As part of incineration tests, possibilities of co-firing sludge from wastewater treatment plants in coal-fired power plants are being examined.

3.0

3.3 We Reduce Energy Intensity

Energy efficiency and energy performance are the basic elements of energy balances and the management system used at generating facilities in our portfolio. We set up the ISO 50001 Energy Management System (EnMS) at our coal, nuclear, and hydropower plants in 2015. We monitor especially those energy flows (heat, electricity, fuel amounts) that are crucial for determining the net total efficiency of a generating facility. We review energy consumption at every site annually, evaluating variables affecting energy indicators and significant areas of energy use and consumption, including important consumers, which account for a substantial portion of internal energy consumption.

In order to create framework conditions in the area of energy management and to fulfill the mission and business plans of CEZ Group, the Board of Directors of ČEZ approved the Energy Policy.

CEZ Group Companies Commit to:

- Continually reducing the energy intensity / increasing energy efficiency of our generation plants and buildings with respect to operational, technical, economic, and environmental parameters
- Improving the energy efficiency of electricity and heat generation in the long term wherever possible and spending financial resources for the implementation of energy saving measures effectively
- Taking action aimed to continually improve energy management, especially to monitor and evaluate energy consumption
- Obtaining and providing available information and resources as necessary to achieve energy objectives and energy targets
- Complying with all legal and other requirements concerning the use and consumption of energy at CEZ Group
- Establishing an efficient energy management system with defined responsibilities and powers for its maintenance and improvement
- Improving the level of energy management in line with our strategic objectives and with respect to our social responsibility
- Promoting the procurement of energy saving products and services and welcoming suggestions for reducing energy intensity/increasing energy efficiency
- Promoting the principles of efficient energy use and environmental protection among our contractual partners and tenants of the buildings owned
- Training of employees in energy management, supporting the training of contractors in energy management

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The EnMS includes a continually updated register of legal requirements that ČEZ implements in its management documents. Monitoring of the obligations arising from applicable legislation, permits, and management documentation is subject to annual internal audits of the EnMS at all production sites, as well as external audits by an independent audit authority.

Energy registers are maintained for each site. Environmental aspects are defined for individual facilities. Each of them is assigned activity related to the given aspect and its significance from the viewpoint of energy management is established. Energy targets and action plans are set for all sites, and their performance is evaluated in a two-stage EnMS review by the management of the respective generating site and at the level of the Board of Directors of ČEZ.

All employees receive regular EnMS training at least once every 2 years.

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We implemented the following measures at CEZ Group generating sites in 2020:

- The Kamýk hydroelectric power plant has undergone comprehensive modernization in recent years. In 2020, the modernization of the last TG2 turbomachinery was completed, including the installation of a new impeller, distribution blades and generator, which will increase the efficiency and reliability of the plant. At the same time, the hydraulic control of the unit and the quick couplers was changed from low pressure to high-pressure hydraulics, significantly reducing the volume of operating oil charge while reducing the potential for negative environmental impact. The overhaul of the TG1 power unit was completed at the Slapy power plant, where the power output was increased by replacing a new impeller.
- At the Temelín Nuclear Power Plant, the steam separator was replaced with an impact on the optimization of the operation of the secondary part of the unit, thanks to which the achievable output of the second unit of the plant was increased by 4 MW. Environmental benefits are another important aspect, as the installation of new separators will save several tons of CO_2 per year.
- In the Počerady CCGT plant, which generates only one-third of the CO_2 emissions of coal-fired power plants at the same output, we have increased the installed capacity of the plant from 845 MW to 888 MW by a combination of technical measures on combustion turbines.
- In 2020, the Prunéřov I power plant, which was one of the lowest-efficiency plants in the CEZ Group's portfolio, ceased operation. Instead, we can generate electricity and heat in more efficient and environmentally friendly power plants.
- By optimizing processes in the boiler and machine room of the Tušimice power plant, we were able to reduce process heat consumption and losses by more than half in 2019 and 2020 compared to 2018, which represents several tens of thousands of GJ of energy.
- At the Mělník site, we started insulating the office building. Insulation of the perimeter walls, replacement of windows, doors, gates and skylights, replacement of old lighting fixtures with energy-saving LED lights in the corridors—all of this will bring a substantial reduction in energy consumption.

3.0

3.4 We Support Biodiversity

CEZ Group subscribes to the obligation to “Bring nature back into our lives”, which is one of the pillars of the so-called European Green Deal and which aims to protect biodiversity. The Board of Directors of ČEZ has accepted its responsibility to protect biodiversity; biodiversity protection is part of CEZ Group’s environmental management and links all our activities.

The primary challenge for promoting biodiversity is to reduce the burning of fossil fuels and the associated reduction of brown coal mining and emissions.

ČEZ Biodiversity Strategy:

- **We protect and restore biodiversity.**
- **We reduce brown coal mining and reduce pollutant and greenhouse gas emissions (see chapter 3.1 We Reduce Environmental Impact).**
- **When reclaiming areas affected by mining and landfill activities, we restore a diverse mosaic of natural habitats, promote natural succession, and create conditions for sustainable agriculture and forestry on reclaimed land.**
- **We minimize impacts on protected areas—we live in harmony with nature.**
- **We fight non-native invasive species.**
- **We protect birds from electrocution.**

We Protect and Restore Biodiversity

We have already installed 600 nesting boxes in the premises of the Severočeské doly, built 31 mounds for lizards, 53 stone mounds with a smoldering core for reptile breeding, 9 beetle breeding sites, and 43 amphibian breeding pools. We added upright and laid logs to the areas near the original and new artificial amphibian breeding pools.

In 2020, we began building insect houses, while at the same time purposefully creating piles of branches in the monotonous areas of some of the reclamation sites to shelter various animals. To conserve populations of protected Phengaris butterfly species, meadows were purposefully mowed, in order to permanently create a suitable environment for these species.

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On the reclaimed areas of the Radovesická landfill, where the occurrence of a critically endangered butterfly species—the broomtail butterfly has been confirmed, we carry out maintenance of the areas according to the methodology developed by an entomologist. A population of the broomtail butterfly was also observed at the reclaimed Tušimice tailings impoundment, where we are also taking measures to protect it. To maintain suitable conditions for preserving the species population, sheep and goat grazing, arranged in cooperation with the regional authority and a private farmer continues at the site which, according to entomologists, positively contributes to the protection of the butterfly population.

Ornithologists repeatedly confirmed the permanent presence of valuable bird species at the Nástup Tušimice Mines site (tawny pipit, northern wheatear, and ortolan bunting). Sand martins nest on the edges of the mining area where reclamation is carried out using coal combustion products. We always manage mining and spoil tipping activities in these locations to create suitable breeding conditions for this species.

As part of rehabilitating Střezovské rokle near Březno in the Chomutov district, Severočeské doly planted sod with plants of the purple milk-vetch, which is a native species in the area. The reason for the protection of this geological site is the ravine created by erosive water activity in sands, clays, and tuffs, in which many protected plant species grow. The purple milk-vetch is listed as an endangered species on the Red List, it survives successfully in the ravine and the condition of the plants is continuously monitored.

ČEZ Distribuce specialists carried out an extraordinary inspection of the hollow poles on the power lines and the addition of covers to the upper parts of the hollow poles for the protection of the little owl in the core of its current Czech population in the Ústí nad Labem region and on the northwestern edge of the Central Bohemia Region. The little owl is a highly endangered species and given the current critical status of its population in Czechia, but also in the whole area of Central Europe, its protection is a priority for species conservation.

Proper maintenance of linear corridors of the electricity distribution grid supports the species diversity of marginal communities.

We continue activities to support the nesting of the peregrine falcon at the sites of most coal-fired power plants and heating plants as well as at nuclear power plants. Falcon nesting boxes are located at nearly all chimneys and cooling towers of our coal-fired and nuclear power plants and also in Trmice heating plant or in the premises of Energotrans in Třeboradice near Prague. In most of them, pairs of this critically endangered predator regularly bring out their young. Since 2011, when the first aluminum falcon box in the country was installed on the cooling tower gallery at the Tušimice power plant, at least 95 “power plant” falcons have hatched. In 2020, ten pairs of falcons nested on CEZ Group high-rise buildings, three more than in 2019. The boxes are installed and monitored in cooperation with ornithologists.

As part of the ČEZ Foundation, we support tree planting, especially in cities, towns, and their vicinity. New avenues, noise and dust walls or windbreaks are created. Group plantings bring shade and greenery to public places. So far, the ČEZ Foundation has supported the planting of over 100,000 trees (546 projects across the country).

When reclaiming areas affected by mining and landfill activities, we restore a diverse mosaic of natural habitats, promote natural succession, and create conditions for sustainable agriculture and forestry on reclaimed land

Severočeské doly creates substitute biotopes in accordance with its Comprehensive Cleanup and Restoration Plans, compensating for the negative effects of coal mining. Other interesting biotopes are represented by exposed parent materials, salt marshes, ponds in depressions on untreated dump surfaces, small water bodies under the toes of dumps, and other valuable biotopes with mostly forest-steppe characteristics, often formed spontaneously. The restoration of waste dumps and exhausted open-cut mines provides an opportunity to turn the sites into an area of high biodiversity value. The aim is to promote biodiversity through the following forms of reclamation:

- Refine land mosaics
- Support also the earlier successional stages
- Increase the share of (transitional) ecotonal habitats
- Imitate natural characteristics for all water elements
- Include small open spaces and more open stands in woodlands
- Put scattered vegetation elements, field boundaries, and fallows in place during the restoration of agricultural land

Severočeské doly has already planted 21,428,772 tree seedlings as part of the reclamation.

A tourist trail was created on the site of the former Radovesická landfill in the Bílina region with the contribution of Severočeské doly, which introduces not only the fauna and flora restored in these places thanks to the reclamation. The environment of the Radovesická landfill is a unique study environment where the influence of natural succession on two non-reclaimed areas and the impact of reclamation works on the further development of the fauna and flora of the whole area can be observed. On successional (naturally colonized) habitats, dramatic temporal changes and a great diversity of habitats occur, bringing dynamics to the composition of the fauna and flora. On the other hand, after a few years, reclaimed areas become a relatively stable environment with a stable fauna and flora, resembling a normal agricultural and forestry landscape. Both successional areas on the Radovesická landfill are declared and registered as a significant landscape element.

The Pokrok landfill in the vicinity of the town of Duchcov is also a registered significant landscape element in which specific conditions have spontaneously developed functional ecosystems. Therefore, there is a need for protection and research of some biological, geological, and paleontological phenomena.

In the reclaimed areas of the Nástup Tušimice Mines, the Merkur XXII—Part 1 area was registered as a significant landscape element in 2020. A biological survey was carried out there and it was found that the area is ornithologically significant and serves as a nesting site for a number of endangered bird species. Other endangered species gather or hunt for food here. When compared with the avifauna of reclaimed areas, it is preferable to leave it as it is, i.e., without reclamation.

We Minimize Impacts on Protected Areas—We Live in Harmony with Nature

Our manufacturing and non-manufacturing sites are often located near or within specially protected areas. Some operations are located directly in NATURA 2000 sites of European importance or NATURA 2000 Bird Areas, in protected landscape areas, nature reserves, or near natural monuments. Any activities in these sites are subject to the conditions set out for the protection of the species, and the operation is subject to obligations related to the object of protection. The following is a list of the most interesting protected areas in the vicinity of our sites.

The Most Important Sites of Biodiversity Value

AZ KLIMA—Milovice u Mikulova branch (manufacturing plant)	The AZ KLIMA plant is located in the Pálava Protected Landscape Area, characteristic for its valuable biotopes of species-rich communities, where the eponymous NATURA 2000 Bird Area was declared in 2004.
MARTIA—Teplická 207/129, 405 02, Děčín (administrative building, garages, warehouses)	The MARTIA operational site is located in the České středohoří Protected Landscape Area and in close proximity of the Labské pískovce protected landscape area.
ČEZ, Dětmarovice power plant, 735 71, Dětmarovice	The power plant is located in close proximity to the natural monument Nivy Olše—Věřňovice, declared in 2014 and included in the NATURA 2000 system. The reason for the protection is the distinctive river terrace of the Olše River with almost natural forest cover and the presence of protected species of plants and animals.

The Most Important Sites of Biodiversity Value

Zbrod disposal site of the Hodonín power plant (EHO)	The disposal site is located in the NATURA 2000—Hodonín Oak Wood. Protection concerns forest stands on loamy sands consisting of oak, oak-hornbeam, hornbeam-oak, and ash-alder communities and rare/protected plant and animal species.
Photovoltaic (solar) power plants Ralsko I, Ralsko III	The photovoltaic power plants are located in close proximity to the Kokořínsko—Mácha Region Protected Landscape Area, which is a unique area with a specific geomorphology of cobblestone sandstones, high diversity of plant and animal species conditioned mainly by geology, climate, and the existence of extensive wetlands and deep forests.
Černé jezero hydroelectric power plant	The hydroelectric power plant is located in the Šumava Protected Landscape Area, which is also classified as a special bird protection area within NATURA 2000.
Práčov hydroelectric power plant	The Práčov hydropower plant is located in the Železné Hory Protected Landscape Area, which is characterized by abrupt transitions between landscape types. The power plant is adjacent to the Strádovské Peklo Nature Reserve. This is a complex of natural talus forests with endangered plant and animal species.
Střekov hydroelectric power plant	The Střekov hydroelectric power plant is located in the České Středohoří Protected Landscape Area, which is one of the richest areas for many species of plants and animals in Czechia.
Vydra hydroelectric power plant Čeňkova Pila hydroelectric power plant	The hydroelectric power plants are located in the Šumava National Park, which also belongs to the NATURA 2000 system. In its territory there are bogs, peat bogs, and karst lakes, which are home to dozens of endangered species of plants and animals.
13.5 MW heating plant of EH Mohelnice	The Litovelské Pomoraví Protected Landscape Area, a narrow strip of floodplain forests and meadows with rare communities around the Morava River between the towns of Mohelnice and Olomouc, is located near the plant.

The Most Important Sites of Biodiversity Value

Romanian wind park Tomis Team, M.W. Team Invest, Ovidiu Development	The wind park is adjacent to the “Delta Dunării și Complexul Razim-Sinoie” area, which is part of the Danube Delta Nature Reserve. In 1990, it was included in the UNESCO List of Cultural and Natural Heritage. Since 2007, the Danube Delta and the Razim-Sinoie Complex have been designated as NATURA 2000 Bird Areas.
Lipno hydroelectric power plant II	The hydroelectric power plant is located in close proximity to the Vyšebrodsko Nature Park, which consists of forest spruce and beech mountain forests.
Mohelno hydroelectric power plant Dukovany Nuclear Power Plant (Mohelno reservoir)	The reservoir is connected to the Mohelenská Hadcová Step Nature Reserve, which is characterized by natural forest stands with communities of rubble forests and serpentine thermophilic oak groves.
Dlouhé Stráně hydroelectric power plant	The hydroelectric power plant is located in the Jeseníky Protected Landscape Area, which is also a NATURA 2000 Bird Area. It is a complex of subalpine biotopes of the highest positions of the Jeseníky Mountains and preserved mountain spruce forests and peat bogs with a large number of protected or endemic species of animals and plants.
Štěchovice hydropower plant I and II Slapy hydroelectric power plant Vrané hydroelectric power plant	The power plants are located in the Střed Čech Nature Park, stretching along the Vltava River and Sázava River.

We are Improving Knowledge of the Ecosystems around our Operations as an Essential Element of their Protection and Development

All investment interventions and changes in the operation of facilities that could have an impact on biodiversity are subject to environmental impact assessments; biological surveys are part of these assessments.

The negative impact of brown coal mining is land grabbing with all its manifestations. In addition to the environmental impact assessment, biological monitoring of the forcefield will be carried out immediately prior to the quarrying process, aimed at the detailed mapping of the occurrence of protected species. This is followed by their relocation to suitable habitats newly built on the reclaimed area with the participation of experts. As mining declines, land grabbing will be reduced, and only the extent necessary will be carried out.

We Fight Non-Native Invasive Species

The zebra mussel (Dreissena polymorpha) is a bivalve about 20-35 mm in size, living sessile on various objects in the water, on logs, boats, rocks, plant stems, and on the shells of other mollusks. The native habitat of the mussel is brackish waters of deltas and lower stretches of rivers flowing into the Black and Caspian Seas. With increasing shipping and the construction of canals linking the various river basins, it has gradually colonized much of Europe. Being a non-native species, the mussel does not have many natural enemies (predators) in aquatic environments. Larvae released into the water during reproduction can be consumed as planktonic food by predatory aquatic organisms, while younger clams can be eaten by fish or water birds. However, this is certainly not sufficient to naturally control mussel populations. Overpopulation not only causes technical problems in hydropower plants and other technical installations that take raw river water (waterworks, thermal and nuclear power plants, industry, etc.), but also causes the ecological collapse of the native aquatic ecosystem. In 2015, we started cooperation with Palacký University in Olomouc, which is working on several projects related to the mussel, mainly focused on monitoring, early prediction, and reduction of mussel occurrence in water reservoirs where we operate our facilities.

Giant hogweed (Heracleum mantegazzianum) is one of the tallest European herbs. The flowering stems grow up to 5 m tall, the leaves grow up to 2.5 m long. The green plant contains phototoxic juices which, when exposed to ultraviolet rays, cause severe burns on the affected areas of the skin. It is included in the EU-wide list of dangerous invasive species of the Implementing Regulation 2016/1141 of the European Union Commission. In the past, giant hogweed was widespread on land near watercourses and Severočeské doly carried out repeated interventions to suppress it. The occurrence of this species is closely monitored and, where necessary, rapid and repeated intervention is carried out to prevent its spread.

Ornamental jewelweed (Impatiens glandulifera) is another invasive species listed in the Implementing Regulation 2016/1141 of the European Union Commission that is spreading expansively. Up to 2.5 m tall, the plant, native to the Himalayas, has spread in Europe as an ornamental and nectar source. The danger of ornamental jewelweed is that it is changing the composition of plant species in areas of its range and displacing native species due to its considerable competitive prowess. This is gradually transforming native plant communities into species-poor communities dominated by jewelweeds. The occurrence of jewelweed on reclaimed areas is monitored and eliminated by regular mowing as part of cultivation management.

We Protect Birds

Our employees have addressed avian electrocution protection since the 1990s. Its objective is to prevent birds from being injured or killed by perching on power lines. Protection devices are usually installed on the support structures of medium-voltage power lines. Most often, these are plastic protectors that are mounted on insulators. Another method for power lines is using protective crossarms that prevent birds from perching on the line and getting their live parts in contact with a grounded tower structure. We equip the crossarms with bars for safe bird perching.

As of the end of 2020, 23,934 additional support points (poles) of high-voltage power lines in Czechia were safe for birds. ČEZ Distribuce owns about 475,000 high-voltage support points, which it takes care of; 64 percent are already safe for birds. Approximately 180 thousand support points remain to be secured. ČEZ Distribuce expended almost CZK 250 million on such measures in 2006–2020.

ČEZ Distribuce also continues to actively participate in the working group for solving requirements for avian protection against accidents on power lines, which consists of representatives of the Ministry of the Environment of the Czech Republic, the Ministry of Industry and Trade of the Czech Republic, the Czech Agency for Nature and Landscape Protection (AOPK), the Czech Society for Ornithology and distribution and transmission system operators. In 2020, the group has also drafted methodological guidelines “Ensuring the Avian Protection Against Impacts on Power Lines” and “Nesting Storks on Low-Voltage Power Line Poles”; commenting thereof is underway. At the same time, the preparation of the project “Securing Conductors of Extra High Voltage (EHV), High Voltage (HV), and Medium Voltage (MV) against Bird Strikes” was agreed upon by the Czech Society for Ornithology with the use of EEA and Norway Grants and with the involvement of individual distribution companies in Czechia, including ČEZ Distribuce.

Storks’ nests are removed from support structures for distribution system lines and transferred to safer places in collaboration with the Czech Society for Ornithology. The support structure is then fitted with a protection device preventing storks from perching on it again. The condition of stork nests located on the distribution system equipment is actively monitored.

Bulgarian distribution company CEZ Razpredelenie Bulgaria continued to participate in the European Life Birds program in 2020, which aims to strengthen a culture of safety and environmental protection. The “Transnational Bird Conservation on the Danube” project has been launched to protect birds living near this majestic river. It takes place in Austria, Bulgaria, Croatia, Hungary, Romania, Slovakia, and Serbia.

We are also working in Romania to protect birds from electrocution. We have installed insulators on low and high voltage lines and 189 nests for storks on distribution poles.

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3.5 We Operate Generating Facilities Safely

Safety comes first at CEZ Group. From occupational safety and health to the system of fire protection and emergency preparedness, all these safety aspects are part of our Safety and Environmental Protection Policy and internal documents. We introduced an emergency preparedness system into all generation sites in compliance with applicable law; we have approved emergency plans and related documents. We annually review the emergency plans and provide exercises and training for the people involved.

3.5.1 Safety Management

Safety management in CEZ Group is regulated by a document binding for selected members of CEZ Group—the nuclear power, conventional power, new power, and distribution sectors. It consists in defining safety management rules in ČEZ aiming at creating a systemic approach to safety management so that the requirements of legislation and other requirements based on international ISO standards are met by the management systems.

It primarily focuses on:

- Safety management principles, the Safety and Environmental Policy, key indicators, and the safety theme of the year
- Qualifications of managers, employees, and qualified persons
- Exchange of experience within special groups and coordination of activities in the provision of services related to occupational safety and health, fire protection, and environment protection
- Internal control system and independent oversight of occupational safety and health, fire protection, and environment protection
- Improving the effectiveness of the safety management system, the reporting system, and reviewing the management system

3.5.2 Safety Culture in Nuclear Activities

The safety culture is evaluated and developed in accordance with Decree No. 408/2016 Sb., and forms an integral part of the corporate culture. Safety culture features are a defined standard and are enforced together with other commitments on all levels of management.

Safety culture level has a crucial effect on the behavior of employees, management style, and technology level. That is why we conduct regular annual comprehensive safety culture assessments to identify weaknesses and strengths in individual and group behavior and to define plans to improve the safety culture.

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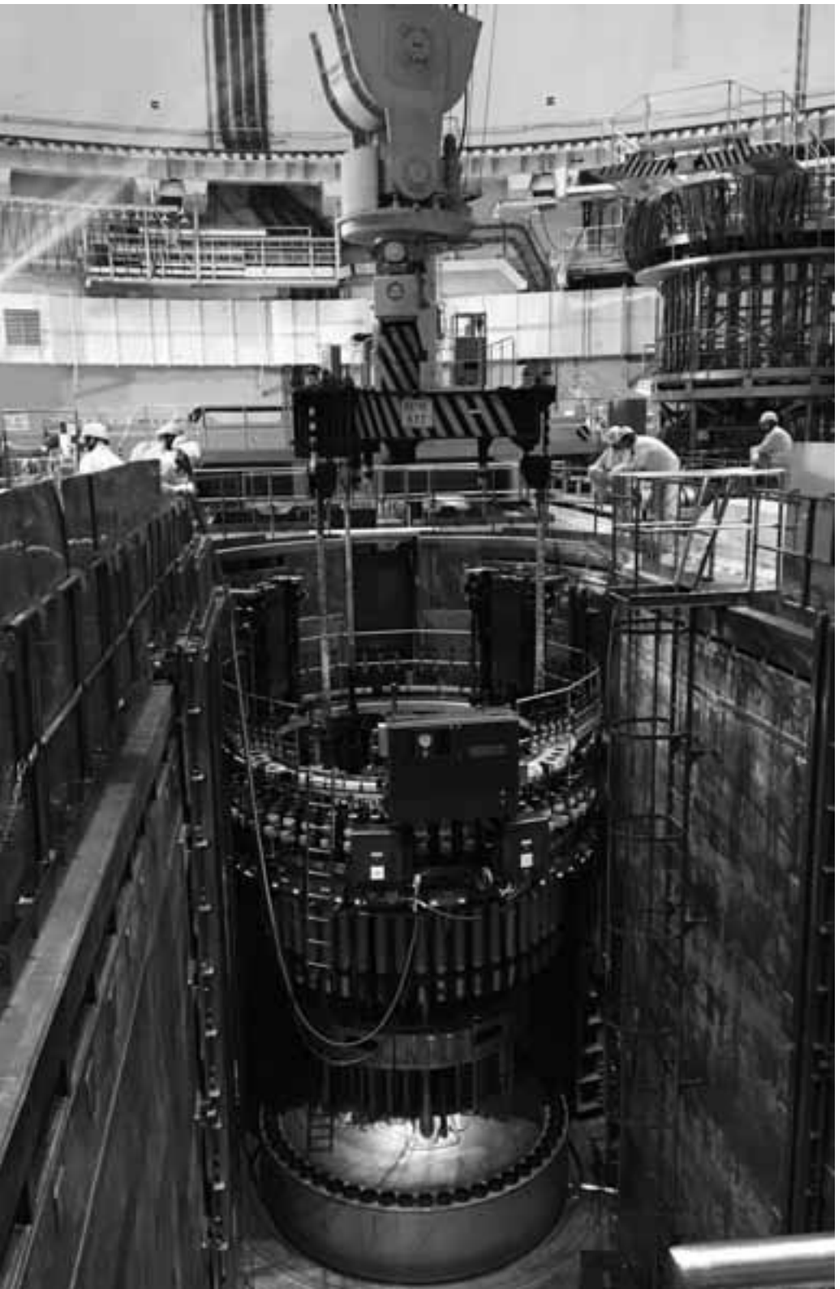
The safety of nuclear installations must be, and is, the absolute priority. ČEZ management understands this, systematically disseminating the principles of a culture of safety and creating conditions for its improvement.

The safety culture is described by the following characteristics:

1. Personal responsibility: All individuals are personally responsible for their own safety.
2. Sensible approach: All individuals avoid a sense of complacency and continually critically examine existing conditions, perceptions, anomalies, and activities to identify any discrepancies that may result in an error or inappropriate actions.
3. Safety communication: Communication focuses on safety.
4. Management responsibility: Managers demonstrate responsibility towards nuclear safety in their decision-making and by their behavior.
5. Decision-making: Decisions that involve or affect nuclear safety are systematic, consistent, and perfect.
6. Considerate work environment: Trust and mutual respect permeate the entire organization and create a considerate working environment.
7. Continuous learning (“learning” organizations): All opportunities for continuous learning are valued, sought, and used.
8. Identifying and solving problems: Issues that have potential safety implications are promptly investigated, fully evaluated, and quickly addressed according to their significance.
9. Environment for making comments: We maintain a safety-oriented work environment in which staff are free to raise concerns about nuclear safety compliance without fear of reprisal, intimidation, or discrimination.
10. Work processes: Processes for planning and managing work activities are established in such a way that nuclear safety is maintained.



Nuclear Power Professional

The goal of the long-term Nuclear Power Professional campaign is to enhance personal responsibility, observation of rules, the importance of collaboration, helpful and polite behavior, and feelings of solidarity within this exceptional professional community. The Nuclear Power Professional campaign promotes the right attitude to work and addresses our employees as well as contractors in our nuclear power plants in Dukovany and Temelín.

Evaluation of operational events, safety culture, employee surveys and other information has shown that there was a number of communication activities, some of them complex, overlapping or even confusing. We were successful in their unification, simplification and highlighting the most important ones.

The Nuclear Power Professional campaign became a part of the everyday life of personnel in both our nuclear power plants.

Risk management is part of everyday management at CEZ Group companies. The identification of hazards and the assessment of risks in individual processes of CEZ Group companies is a standard activity performed by the internal audit function. The internal audit function has a long-term strategy for auditing individual processes, based on annual risk assessment, communication with the management, the risk management function, and the Risk Committee.

In sustainable development, we build on the management of business risks. Our goal is to minimize the number of emergencies and eliminate the risk of endangering or damaging the environment.

Employees can refuse work they find risky or dangerous; they can also contact their superior or a safety engineer, trade union, or the head of Internal Audit and Compliance, as appropriate. Our OSH experts actively seek and assess new risks that can affect employee health and take appropriate action.

Safety and environment management includes the monitoring of risks and creation of action plans on the basis of certified systems:

- We participate in the Safe Enterprise program; some of our companies use an occupational safety and health management system according to OHSAS 18001.
- In respect of the environment, we use an environmental management system (EMS) according to ISO 14001.
- We also have a quality management system according to ISO 9001.
- We have been gradually introducing an energy management system (EnMS) according to ISO 50001 in CEZ Group since 2015.

Governance bodies and their authorities and activities are described in detail in the CEZ Group 2020 Annual Report. Legal compliance is the topmost priority for all CEZ Group companies.

3.5.3 Nuclear Power Plants

We operate zero-emission nuclear facilities, which are the core of our generation portfolio.

1. We monitor the effect of nuclear operations on the environment and human health.
2. We dispose of radioactive waste in a safe manner, using state-of-the-art technologies in its treatment and processing.

The Temelín and Dukovany nuclear power plants follow the Internal Emergency Plan for Nuclear Power Plants, a licensing document approved by the State Office for Nuclear Safety (SÚJB). The related External Emergency Plan for the Emergency Planning Zone is prepared by the regional Fire Rescue Service (FRS) in cooperation with the power plant and other organizations. Both nuclear power plants have their Emergency Control Center, which includes the power plant's Emergency Response Team Headquarters and Technical Assistance Center. Their purpose is to provide a nonstop technical emergency service in case an emergency has to be dealt with. Following the events at Fukushima in 2011, the Temelín and Dukovany nuclear power plants were subjected to stress tests, on the basis of which CEZ Group enhanced the operational security of the nuclear power plants.

CEZ Group provides residents of the nuclear power plants' zones with Basic Information in Case of a Radiation Accident every two years.

The emergency preparedness system is tested with unannounced exercises and drills every year. Participants include employees, suppliers, and other people present on the power plant site at the time of the exercise. Exercise scenarios vary—technology failure, radiation emergency, protection against an external threat, environmental emergency, accident during cask transport, etc.

During the exercises, the emergency preparedness unit cooperates with public authorities (State Office for Nuclear Safety, Fire Rescue Service of the Czech Republic, regional authorities, municipal authorities, etc.) and international organizations.

Fire prevention measures are in place at the nuclear power plants. Each nuclear power plant has its own corporate fire brigade, which is part of the integrated rescue system (IRS). It operates off-site, under the regional emergency plan, if necessary. In 2020, there was one fire at the Dukovany site.

Total number of firefighters leaving our nuclear power plants in cooperation with the integrated rescue system, i.e., outside the Dukovany and Temelín nuclear power plants

2017	29
2018	37
2019	56
2020	56

We also monitor the effect of nuclear operations on the environment and human health. Atmospheric discharges as well as discharges to watercourses are consistently excellent, well below permitted limits, and have a downward trend. Long-term programs monitoring the environmental impact of the Temelín and Dukovany nuclear power plants have confirmed that their operation does not have any adverse impact on the environment.

We are also looking into the ALARA (As Low As Reasonably Achievable) principle, which means keeping staff's radiation exposure or radioactive contamination as low as practical. The value of the collective effective dose is consistently low below the median value reported by the World Association of Nuclear Operators (WANO). Neither of the nuclear power plants (Temelín and Dukovany) exceeded the annual individual effective dose in 2020. Both nuclear power plants undergo regular international WANO Peer Review, which focuses on safety and compares it with international standards.

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3.5.4 Conventional Power Plants

The fossil and hydro generation division encompasses coal-fired, combined cycle gas turbine, and large hydroelectric power plants. In compliance with applicable legislation, each generating site has an electricity/heat producer emergency plan (depending on the type of operations), which describes the site's system of preparedness for emergencies and states of emergency in Czechia. This is followed by an emergency preparedness plan, which serves for better responding to possible emergencies and is adjusted to specific conditions on-site. Individual sites submit their emergency documents to the regional operations centers of the Fire Rescue Service (FRS). A corporate fire brigade (CFB) has been established for conventional power plants. It has several fire stations located at selected conventional power plants. The CFB is part of an integrated rescue system.

Every power plant/heating plant carries out at least one emergency exercise with a predetermined theme every year. The exception was in 2020 when the conventional power plant operations management unit set a plan for two emergency exercises at each site. However, due to the COVID-19 pandemic, some were postponed until the following year. The emergency exercise focus, for example, on fire, the rescue of people, release of a hazardous substance, or a breach of physical security. They verify not only the procedures in emergency preparedness plans and activities of the emergency response team and employees of individual power plants but also cooperation with external services, such as the Czech Fire Rescue Service, Czech Police, Emergency Medical Services, and affected government and local authorities.

Emergency preparedness training for site employees with the aim of deepening theoretical knowledge and supplementing practical knowledge when an emergency is declared takes place regularly every two years in the form of an e-learning course. Members of emergency response teams receive regular in-class training every year.

Fire protection of hydroelectric power plants is provided by local fire brigades from the area under the IRS. CFB units are regularly inspected by public authorities (regional FRS).

We regularly obtain and maintain the Safe Enterprise certification for our power plants and heating plants.

Total number of firefighters leaving our conventional power plants in cooperation with the integrated rescue system, i.e., outside the power plant areas

2018	29
2019	40
2020	29

Number of fires at conventional power plants

2018	2
2019	2
2020	3

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Key Events in 2020:

- In 2019, we developed the central EZOP application (Evidence of Findings and Measures) in-house and continued to improve it in 2020. It allows us to record and manage findings identified during internal controls, inspections, and audits, including related actions. CEZ Group's findings management process comprises four basic activities (recording findings, determining measures, implementing measures, and verifying effectiveness) that are fully sufficient to deal with non-conformities, events, and suggestions for improvement. The EZOP application is now implemented at ČEZ in the conventional energy division and in selected subsidiaries, mainly for OSH, fire protection, emergency preparedness, EMS, and EnMS.
- In the conventional energy division, we have completed the process of ensuring compliance with the requirements of the Atomic Energy Act. On this basis, we measure radionuclides, which are a natural part of coal, in production boilers with a thermal output of more than 5 MW. It was, therefore, necessary to set up procedures and plan the measurements in accordance with the requirements of the State Office for Nuclear Safety and the State Institute for Radiation Protection. The specified level was not exceeded at any location.
- We continued to provide expert lectures on electrician safety and the dangers of electric shock and its consequences to increase the safety of operating electricians. Lectures were given by experts from the field of electrical power engineering and medicine with a focus on burns. Based on this, we have developed standards for personal protective equipment (PPE) for electricians and are currently in the process of tendering for their purchase. We have also selected other suitable PPE to protect the face and neck against electric arc burns (flame retardant scarf, extended face shield).

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3.5.5 Crisis Communication

In the event of crisis communication, the management proceeds in compliance with applicable legislation. ČEZ distributes a manual for emergency situations for people inhabiting the main emergency planning zones of power plants. The goal is to ensure that residents are prepared not only for emergencies in power plants but also for extreme climatic conditions such as floods, windstorms, or fires.

The communication and marketing department ensures, as part of the emergency communication, collaboration with media, internal communication and communication between the communication, and marketing department and communicators (spokespeople) for local authorities, public authorities, and bodies of external services in the Integrated Rescue System (Czech Fire Rescue Service, Czech Police, Emergency Medical Services).

The fire protection and emergency preparedness department takes care of emergency communication with impact on nuclear decision-making processes between ČEZ and external emergency management services, including state and governmental agencies. It is also responsible for a timely warning of inhabitants in the emergency planning zones, informing of local authorities and government authorities and government member and central authorities if the Crisis Management Board is called up.

The management of communication in case of nuclear incidents is based on a Crisis Management Directive. This is followed up by Crisis Communication Guidelines, which detail guidelines and directives binding on the communication and marketing unit. At the operational level, communicators follow Emergency Response Instructions with checklists containing detailed descriptions of activities, including time frames and task lists.

Crisis communication plans, emergency response instructions, means, and databases are subject to regular quarterly reviews. The functionality of crisis communication means (cell phones, landlines, paging system, computer technology) is tested on an ongoing basis, at least once a week. The head of the communication and marketing unit is a member of the Primary Emergency Response Team, to which they provide regular reports on reviews and the fulfillment of assigned tasks and corrective actions.

Procedure in Case of Disaster

Distribution system emergencies and outage solutions are the most important information for our customers. They are interested in our procedures, especially the expected times for restoring electricity supply. For crisis management, we have developed the Distribution Grid Emergency Handbook. It is intended for crisis staff and municipalities and contains not only the necessary special crisis lines, but also information on our emergency procedures. It includes tips on how to prepare for a possible power outage. A similar handbook is also available to the public and defines the procedure to follow in the event of a power outage.

During emergencies, we aim to keep you as informed as possible and offer the following communication channels:

- Spokespersons are available to the media throughout the duration of emergency, usually at two- to three-hour intervals to provide information on the current situation and expected developments.
- The public can visit the ČEZ Distribuce website, where we post and regularly update fault reports during an emergencies, indicating the expected time of electricity supply restoration. There is also a 24-hour free hotline 800 850 860, where we received more than 950,000 calls in 2020, and the on-line portal Bez šťávy (bezstavy.cz), where almost 400,000 customers were informed about the current status of electricity supply at a specific service point.
- We operate an emergency information system for municipalities aiming at mayors and members of emergency teams. In 2020, we sent 66,000 messages with information about the imminent danger and the current status of fault resolution. At the same time, we also have a special hotline with priority clearance for them. Regional representatives of ČEZ Distribuce cooperate with crisis staff, especially the regional ones. They participate in their meetings when necessary and share the necessary information between ČEZ Distribuce and these crisis staff.
- For those interested, we have launched a notification service for planned outages and potential failures. Registered customers are informed in advance of a planned outage at their address and can also receive information in the event of a failure.

At ČEZ Distribuce, we have also focused on digitalization in other areas. As at January 1, 2021, we have changed the current method of notifying planned electricity outages via paper notices to sending notifications by e-mail and SMS. We, therefore, launched a major information campaign in autumn 2020, "The Leaflet Years are Over", to inform the public about this change. Households and businesses can arrange the free service easily and on-line at www.cezdistribuce.cz/sluzba. Among other things, the digital form of notification is particularly beneficial for nature. The previous system meant printing up to half a million leaflets a year. The new system saves an average of 4,000 kg of paper each year, which is approximately 10 trees, so in a few years, it could be an entire forest.

Major Distribution Grid Emergencies in 2020

In 2020, 10 emergencies affected the distribution grid.

- On February 9–11, 2020, our distribution grid was exposed to Hurricane Sabine; more than 305,000 service points were limited and a state of calamity was declared on February 10, 2020; most customers had their electricity supply restored within 24 hours. The state of calamity was terminated as at February 23, 2020. Two waves of Hurricane Sabine struck within hours of each other. The first wave of increased faultiness in the distribution grid occurred between 2 a.m. and 3 a.m. on February 10, 2020, culminating in 110,000 limited customers by 8 a.m. The second wave invaded the distribution area before noon on February 10, 2020, and peaked at around 3 p.m. We were effectively dealing with two calamities in a row within a day.
- From February 23 to 24, 2020, a pressure low hit the supply area of ČEZ Distribuce as forecasted by meteorologists in the form of strong hurricane Julia; more than 81 thousand service points were limited. Most customers had their electricity supply restored within 24 hours.
- On May 11–12, 2020, the windstorm Aki, accompanied by torrential rain, hail, snow, and increasing wind gusts, swept across part of Czechia, mainly in the Hradec Králové, Liberec, and Ústí nad Labem regions; more than 46,000 service points were limited; most customers had their electricity supply restored within 24 hours.

3.0

3.5.6 Employees Safety and Health

Occupational safety and health are a priority in the manner of management and organization of activities within CEZ Group. It is an integral part of processes and job contents at all management levels. ČEZ and selected CEZ Group companies managing conventional generating facilities are audited holders of the Safe Enterprise certification (see Risk Management), which is a way of implementing an occupational safety and health management system in overall management to enhance the level of safety and health. We care about the safety and health of the public.

In accordance with the requirements of ISO 19011 Management System Auditing to verify compliance with the requirements of ISO 45001 Occupational Health and Safety Management, the nuclear and conventional power divisions plan and carry out internal audits of the occupational health and safety management system each year. The annual OSH management system internal audit plan includes the criterion of the OSH management system internal audit, the subject of the OSH management system internal audit, the audited party, the date of the OSH management system internal audit in the quarter, and the name of the audit team leader.

An OSH auditor is an employee of the OSH department with the professional competence to act as an internal auditor who is involved in the planning, management, and implementation of the processes and activities that are the subject of the OSH management system internal audits.

We have the OSH management system reviewed by company management, verify that the policy is up-to-date, define targets, and assess OSH risk at yearly intervals. The status of safety level indicators is regularly and continually reported and communicated to stakeholders.

Employees are represented in joint OSH commissions or committees. Commissions, bodies, or committees consisting of representatives of management and representatives of employees (also from the OSH unit) meet regularly across CEZ Group in Czechia and abroad to review identified and registered nonconformities. Occupational safety and health at companies are also addressed by trade unions as employee representatives. They take part in commenting procedures concerning management documents, debates over OSH issues, comprehensive reviews, investigation of workplace injuries, etc. Employees and supplier workers can get involved by submitting their suggestions concerning OSH through the Orange Safety Mailbox or during OSH training courses. They can record any suggestion or finding in nonconformity and action tracking applications; all records are reviewed and duly acted on.

Incident investigation is directed and conducted by the OSH unit with its specialists (work safety inspectors and/or experts and advisors in fire cause investigation, as appropriate) in collaboration with the affected staff at the site of occurrence. A process of employee familiarization with the incident and adopted measures takes place after the completion of an investigation. Internal Audit monitors the implementation of corrective actions after learning about the results and causes.

One of the other means of achieving a higher level of occupational health and safety at CEZ Group is the planned update of the internal methodology for recording work-related injuries of employees and contractors, which will make it possible to fully apply the Lost Time Injury Frequency Rate (LTIFR) reporting of this indicator.

Employees Health Care

Employee safety and health care are a priority for CEZ Group. Every employee undergoes preventive medical checkups whose focus and frequency depend on their job content. Above-standard medical checkups are organized for employees in selected physically or mentally demanding jobs.

Care of employees' health also includes the specification and provision of necessary personal protective equipment according to the nature of their work.

We select safety clothing and work aids with an emphasis on high quality. For example, distribution technicians have sturdy fire-retardant overalls with fire-proof certification.

We provide new employees with OSH training as part of their induction training and existing employees with regular training, which not only includes a theoretical part concerning updates to regulations and announced OSH enhancement activities but also addresses mistakes without consequences or actual events that resulted in work-related injuries.

OSH is a priority area in our foreign companies as well. In Romania, they carry out regular medical check-ups and offer employees free blood tests and abdominal ultrasounds above the legal requirements. In Turkey, our colleagues focus on training, prevention and control of work-related risks, and occupational safety and health in power plants. Preventive checkups are arranged for employees annually. A physician is present at every working site and provides preventive checkups beyond the scope required by law. In Poland, medical checkups are carried out at the employer's recommendation, depending on the employee's job position. Such recommendation also includes information about hazards, harmful factors, or other issues in the workplace in question.

Workplaces and Occupational Activities Having a High Incidence or High Risk of Specific Diseases

Job categorization is regulated in Czech legislation by Act No. 258/2000 Sb., on the protection of public health and Decree No. 432/2003 Sb., specifying conditions for job categorization, limit values for biological exposure indices, conditions for biological sampling for biological exposure tests, and the particulars of reporting of work with asbestos and biological factors. We monitor especially positions with these risk factors: power generation worker with the risk factor of localized muscular effort; welder—eye strain, ultraviolet radiation; workshop fitter/electrician—noise, dust, welding fumes, vibration; milling machine/metal lathe operator—noise.

Employees at conventional power plants operated by CEZ Group in Czechia are included in categories 1 to 3, with categories 2 and 3 classified as high-risk. The commonest risk factors are mental stress due to shift operation, noise, and dust (coal, fly ash, limestone). In nuclear power plants, there are no occupational activities having a high risk of specific diseases; the highest category is 3, with just a few people. Across CEZ Group companies, employees are classified in categories 1–4, while 15 positions are in risk category 4.

No occupational disease cases were recorded in CEZ Group companies in 2020.

3.5.7 We Protect Personal and Other Data

Protection of the personal data (PD) and privacy of individuals, that is, customers, clients, business partners, and employees, is a priority for CEZ Group. We pay special attention to it and are constantly working on updating and improving personal data protection.

Naturally, we meet the demanding criteria set out in Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to personal data processing, also known as GDPR (General Data Protection Regulation) and the related Act No. 110/2019 Sb., on personal data processing, as amended, which affect individuals, companies, and institutions.

Following the two years since the GDPR came into force, during which the interpretation of the relevant provisions of the related legislation has been gradually clarified by the professional public and the institutions concerned, such as the Office for Personal Data Protection and the European Corps, the information, project, and interest protection unit updated the CEZ Group's internal procedures and information for data subjects in the area of personal data protection in 2020. The main purpose was to reflect new findings in this area and to provide better and more comprehensive information for data subjects regarding personal data processing in CEZ Group. At the same time, we are continuously working on digitizing all parts of personal data processing and related internal and external steps. All of this is done with consistent back control of the set processes.

S Social G Governance

Data Protection Officer

An independent monitoring and advisory function, the Data Protection Officer, was created in relation to the Regulation.

The primary mission of the Data Protection Officer is to protect the rights, interests, and data of individuals (suppliers, customers, and employees) that exist in relation to 28 CEZ Group companies and to prevent situations in which a personal data (PD) breach might occur, affecting the rights and freedoms of data subjects and making the companies liable to a penalty.

The Data Protection Officer of ČEZ provides the following activities within the Physical Protection management:

- Monitoring the compliance with PD processing
- Raising awareness and training the staff involved in PD processing
- Cooperating with the supervisory authority and representing CEZ Group externally
- A contact point for the supervisory authority in matters related to PD processing
- Implementing the exercise of subjects' rights
- Keeping a central register of data subjects' requests
- Keeping a central register of non-compliance and security incidents in the area of PD security and their resolution
- Keeping a central register of records of the processing activities of the companies concerned within the meaning of Article 30 of the GDPR

The above activities are provided by the Data Protection Officer on the basis of SLAs (Service Level Agreements) for all CEZ Group companies and also for Telco Infrastructure, CEZ RES International, and the ČEZ Foundation. The unit also advises foreign companies in which ČEZ has a participating interest. Advice is provided to data subjects, mainly employees, customers, and business partners of individual companies.

3.0

Cybersecurity

Since 2016, ČEZ has been the administrator of critical information infrastructure in the sense of Act No. 181/2014 Sb., on cybersecurity, and since 2019, the designation under the Act has been extended for ČEZ both in the critical information infrastructure (especially for electricity generation facilities), and in the field of basic services information systems (thermal energy generation facilities). In the course of 2020, ČEZ went through a period of implementation and ensuring compliance with the requirements of the Act. This phase was successfully completed at the end of 2020.

Regular training of employees of CEZ Group companies and suppliers in the field of information and cybersecurity is underway. Compliance with specific security rules is required, which is supported by security tools as well as appropriate information and technological system configuration. The basic approach is to learn safe habits for accessing and working on the Internet, using mobile phones, and on-line services. We believe that if our employees embrace these safe principles, they can use them in their personal lives as well as at work. Protecting private on-line access to a bank, protecting a social network account, being able to spot a phishing email or a risky mobile app is very useful training and a great way to learn cyber security. In order to more effectively meet the objectives of protecting key assets, the Integrated Security Operations Center (iSOC) is being further developed. Thus, we are gradually introducing measures for comprehensive security monitoring and effective response not only to cyber threats.

ČEZ also continues to duly honor its obligations concerning computer security pursuant to Act No. 263/2016 Sb., Atomic Energy Act. In this context, and in order to improve the security of computer systems in the operated nuclear power plants, ČEZ implemented new organizational measures in 2020.

S Social G Governance

3.0

3.6 We Care about Supplier Quality Standards

The purchasing process is largely centralized in CEZ Group; we purchase for 23 CEZ Group companies. We categorize suppliers, based on commodities, into four principal groups: fuels, capital expenditure, services, and materials.

Compliance checks are applied to material business relationships across CEZ Group. In practice, this means carrying out a due check of a business partner (business establishment or natural person) by obtaining and evaluating information important for a decision on the establishment or continuation of business relationships.

Our rules for the relationships with suppliers are based on the Code of Conduct:

- We deal with our suppliers on the basis of mutual respect and honesty.
- We only establish business relationships with partners that are not involved in illegal activities in their business and whose funds have legitimate sources.
- We comply with the rules of international trade.
- We require our suppliers to comply with CEZ Group's ethical standards and rules.
- We expect our business partners to meet their contractual obligations as well as to follow all legal and ethical rules—including protecting the environment and combating corruption.

When preparing major projects, we apply the Design-to-Value method, which aims to find the optimal technical and economic solution. We utilize knowledge of our markets, best practices, consultations with producers, suppliers, and designers, thus trying to achieve the necessary result, i.e., to select the best possible technical solution from the available possibilities, the one that brings the best economic benefits, is in line with CEZ Group strategy, and respects the CEZ Group management principles, particularly the safety principle.

Selecting Manufacture and Maintenance Suppliers

When selecting contractors in above-threshold public contracts, ČEZ proceeds as a sectoral contracting entity, pursuant to Act No. 134/2016 Sb., on public procurement.

Criteria for suppliers for nuclear generating facilities are subject to legal and technical requirements. Engineering companies providing technical assistance especially in nuclear operations constitute a special category.

During tendering procedures to select the suppliers of materials or services, ČEZ takes account of a supplier's responsible approach and sustainability activities when evaluating tenders. This aims to support suppliers' responsible behavior in terms of environmental impacts and responsible employer behavior. The documentation that must be submitted by tenderers in a tendering procedure includes a description of the tenderer's approach to sustainability and examples of its application.

The supply chain in the maintenance of conventional power plants consists of both external companies and CEZ Group subsidiaries. Contracted maintenance activities cover one or more integral parts, "logic units," of power plant technology. Examples of logical units include: Boiler House, Desulfurization, Turbine Building, Water Management, Electrics, Instrumentation and Control System, Coaling, Coal Combustion Products, and Construction. The supplier provides both planned and reactive maintenance and, in some cases, the supplier can also supply materials and replacement parts and provide technical assistance.

CEZ Group companies in all countries strive to use local suppliers or internal suppliers on a long-term basis. Most CEZ Group companies have 90% of Europe-based suppliers; the other suppliers come mostly from America and Asia.

Nuclear Fuel Suppliers

During tendering procedures to select the suppliers of nuclear materials or services, ČEZ takes account of a supplier's responsible approach and sustainable activities when evaluating tenders. This aims to support suppliers' responsible behavior in uranium mining and processing in terms of environmental impacts and responsible employer behavior. The documentation that must be submitted by tenderers in a tendering procedure includes a description of the tenderer's approach to sustainability and examples of its application. All of this is then taken into account during evaluation.

During the subsequent contractual relationship with nuclear materials and services suppliers, ČEZ as a stakeholder is asked to express its satisfaction and identify its priority and expectations in the approach to the sustainable development of these suppliers.

Supplier Environmental and Societal Assessment

Our focus in supplier assessment includes the suppliers' approach to the environment, both generally and specifically in nuclear safety. The area of environment is dealt with in contracts with suppliers if the nature of the fulfillment suggests so.

A key requirement defined by the Atomic Energy Act and imposed on suppliers is that all activities must be carried out by the contractors' and subcontractors' own qualified and experienced staff, which allows control of the supply chain. This requirement also indirectly reduces turnover and potential adverse social impacts on contractors' and subcontractors' staff and helps to manage quality control and safety performance.

A separate issue is the specific requirements of the Atomic Energy Act, which defines "vital zones" that may only be entered by ČEZ employees and contractor personnel that are holders of Confidential security clearance.

In the preparation of public procurement documents, we focus on the principles of responsible procurement, generally examining the possibilities of applying responsible procurement in the preparation phase for each contract.

We do not only monitor and manage our own activities, but also those of our suppliers in the context of environmental protection. We evaluate bidders, among other things, in terms of their approach to environmental protection and safety. We maintain registers of supplier environmental aspects at each EMS certified site. These aspects are monitored primarily as part of EMS inspections and audits.

When sourcing products and services, we set environmental requirements where appropriate. We then apply these in tendering procedures and subsequently in contractual relations with suppliers.

Contractor and Subcontractor Training

The situation in human resources management on the part of suppliers is of crucial importance to ČEZ; therefore, it concentrates on it during its audit activities as well as during the actual performance of activities by supplier workers. Key areas are considered to be competency maintenance, work safety, and social peace. These areas are regulated by not only contracts or applicable legal provisions but also active communication with suppliers at all management levels. The condition of human resources management is discussed at regular meetings aimed to evaluate the level of cooperation and the degree of fulfillment of defined targets.

Contractor and subcontractor workers are always trained at the relevant production site; the training concerns various safety aspects (occupational safety and health, physical security, environmental management system—EMS, nuclear safety, technical safety). Depending on requirements for the performance of activities, training is carried out on-line (e-learning) or in the form of active participation in lecturer-led training courses, which include practical classes. The field of OSH training for contractor and subcontractor workers is a key element for enhancing safety in ČEZ workplaces. There is also recurring OHS training for managers and for contractor supervisors with a period of once a year in nuclear power plants or two years in conventional power plants.

All types of training courses are completed with a final test or examination before a committee. A special category is comprised of psychological tests, which are a prerequisite for the performance of some jobs or entry to some specific zones (e.g., nuclear power plants). Another type is, for example, training provided before the actual performance of work (equipment maintenance), which is part of Prejob Briefing (PJB).

Training is provided most often to blue-collar workers (electricians, metal workers, machine fitters, insulation fitters, scaffolders) and engineers (job planners, technical and quality control personnel, designers), administrative staff, and managers taking care of a smooth course of work.

In 2020, changes were made in the purchase of metallurgical material items for both the nuclear power and conventional power divisions. In cooperation with employees of the special processes unit and the quality control and equipment care unit, we have introduced new measures to prevent the delivery of products and materials from smelters that were previously identified as non-compliant; activities are automated to the maximum extent possible down to the level of individual items of material master records to reduce the risk of human error. At the same time, technical and delivery conditions for metallurgical material items are being standardized (from individual, negotiated with individual suppliers to centrally processed and issued documents).

3.0

3.7 We Develop, Share, and Transfer Knowledge and Experience

Employees' knowledge and experience are our precious assets. Employees gather and maintain them primarily in the performance of activities relating to the designing, construction, commissioning, operation, administration, and maintenance of plants under production units but also in other important areas and activities.

We promote a culture of knowledge and experience sharing to ensure the safety and efficient performance of our companies in the long term. The retention, sharing, and utilization of internal expertise for further company development are handled by a knowledge management system at ČEZ.

Knowledge Management (KM)

The latest knowledge management approaches and tools are used to retain key knowledge and experience and reduce the risk of their loss.

Since 2018, the Knowledge Portal has been an important tool supporting KM activities on the intranet. It provides a space for virtual sharing and integrates technical information in one place. The design and functionalities of the portal are continuously developed. The Editorial Board of the Knowledge Portal has been established and its members are employees from various parts of ČEZ and selected subsidiaries. In 2020, the Knowledge Portal was converted to a new design and new functionality of the SharePoint repository was used. In addition to the already established sections on Expert Groups, the Technical Information Portal, and professional publications in the form of manuals, we have newly included the following on the Knowledge Portal:

- **Research and Development section—an overview of the research and development activities that CEZ Group is engaged in and a list of selected memberships in professional associations and societies**
- **Information on international missions and organizations (WANO, IAEA)**
- **Link to EPRI and VGB, international associations of electric power companies—an important source of unique technical information**
- **Outputs from Expert Groups—newly converted into a clear structure on a SharePoint repository with full-text search capability**

3.0

Key Events in 2020:

- Cooperation with selected suppliers continued—in sharing and developing cooperation.
- We expanded the number of expert groups and developed their leaders in on-line skills.
- We established collaboration with IAEA in the area of KM methodology.

Intergenerational Renewal

For several years, CEZ Group has been undergoing a major generation renewal. At the same time, the company is developing dynamically, for example, in distribution, renewables, or the provision of modern energy services, which creates demands for new types of qualifications and skills.

To maintain sustainable operation in generation and distribution, we have to successfully handle the generational renewal of existing employees both in terms of hiring the necessary number of new qualified employees and in terms of knowledge and experience management. In connection with an increased number of retiring employees in the future, we support the use of tools for ensuring the sharing and development of the key expertise of experienced employees and efficient adaptation for new employees.

Due to the persistently low number of new technical graduates from secondary schools and universities and the lack of qualified employees on the labor market, we focus on popularizing technical education and increasing interest in studying technical fields—we implement activities for pupils, students, and teachers and try to recruit the necessary number of qualified employees, especially in the field of generation and distribution.

A succession and talent management concept has also been created to handle generational renewal. Management realizes how important it is to keep key staff members. Their development is equally important so it creates reserves through a succession system to cover the risk that can arise from the departure of some employees.

In 2020, CEZ Group continued with activities aimed at supporting of the attractiveness of technical education and seeking new candidates to gradually replace a generation of power engineers retiring after lifelong work.

3,466 new employees joined CEZ Group during 2020. Most of them joined ČEZ Prodej, ČEZ Distribuce, and Elevion group.

The need for generational renewal of our technicians, especially in the power generation and distribution sector, forces us to take a very responsible approach and intensively communicate job opportunities to the incoming generation, as well as to job applicants from the labor market. Recruiting and training new colleagues well in advance is the basis for successfully managing the generational renewal. As an example, we may mention the training of operators for nuclear power plants which lasts for more than two years after the respective employee is hired to the new position. No more than 5 to 7% of candidates are able to successfully pass the final selection procedure for this position. Currently, the most effective source of new operators is fresh graduates from partner universities, who have accounted for more than 80% of all new operators over the last 4 years.

We Provide Training and Education to Employees

CEZ Group sees training as a means to continuously and systematically develop the professional behavior of employees of CEZ Group companies and as an investment in the future. First of all, we meet legislative requirements with an emphasis on safety as the topmost priority. We have introduced a systematic approach to legal compliance and to ensuring an appropriate level of employees' professional expertise.

In addition to the mandatory qualification training, we provide a number of development activities for employees, so that they can effectively achieve their goals. In addition to mandatory education, we pay attention to professional knowledge and personal development.

- A key principle that we apply in all types of activities, especially non-mandatory activities, is the 70: 20: 10 model (the ratio in effectiveness between formal and less formal forms of learning). We build an environment where employees learn through "on-the-job training". Through leadership development, we foster a desirable company culture based on open feedback and learning from mistakes.
- At the same time, we look for ways to make learning content available to as wide a group of employees as possible informs that not only match their preferred learning style, but follow one of the main development trends—making it available "here and now, or anytime and anywhere".

Learning from others

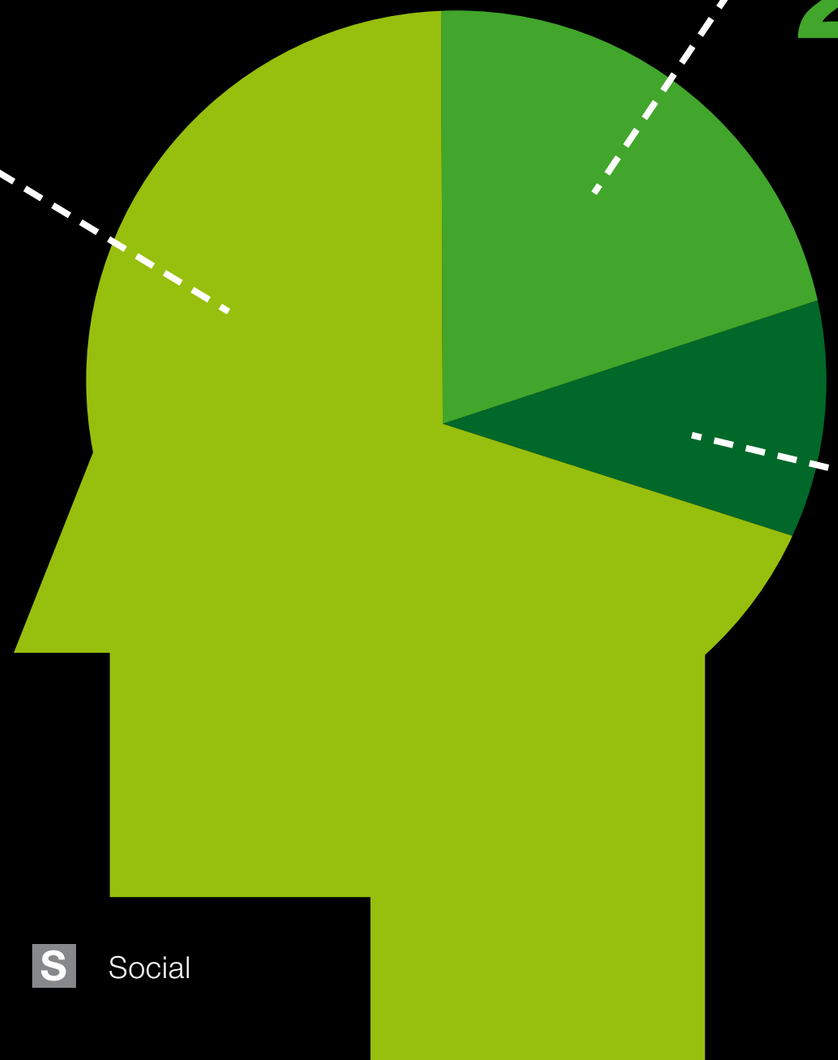
Soliciting and working with feedback/evaluation interview; sharing solutions to difficult tasks with others; collaboration; coaching/mentoring

20%

Development at work

Completing more challenging tasks; learning from mistakes; substitution; rotation; appraisal interview

70%



Formal education

Self-study: literature; e-courses; face-to-face courses, workshops; seminars; conferences

10%

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CEZ Group Training and Development System

Corporate programs to develop potential and key employee groups
Non-mandatory training

Comprehensive targeted development programs for selected employee groups (talent, women, graduates, etc.);

the aim is to increase competitiveness, promote innovation, diversity, and develop a desirable corporate culture.

Customized development programs
Non-mandatory training

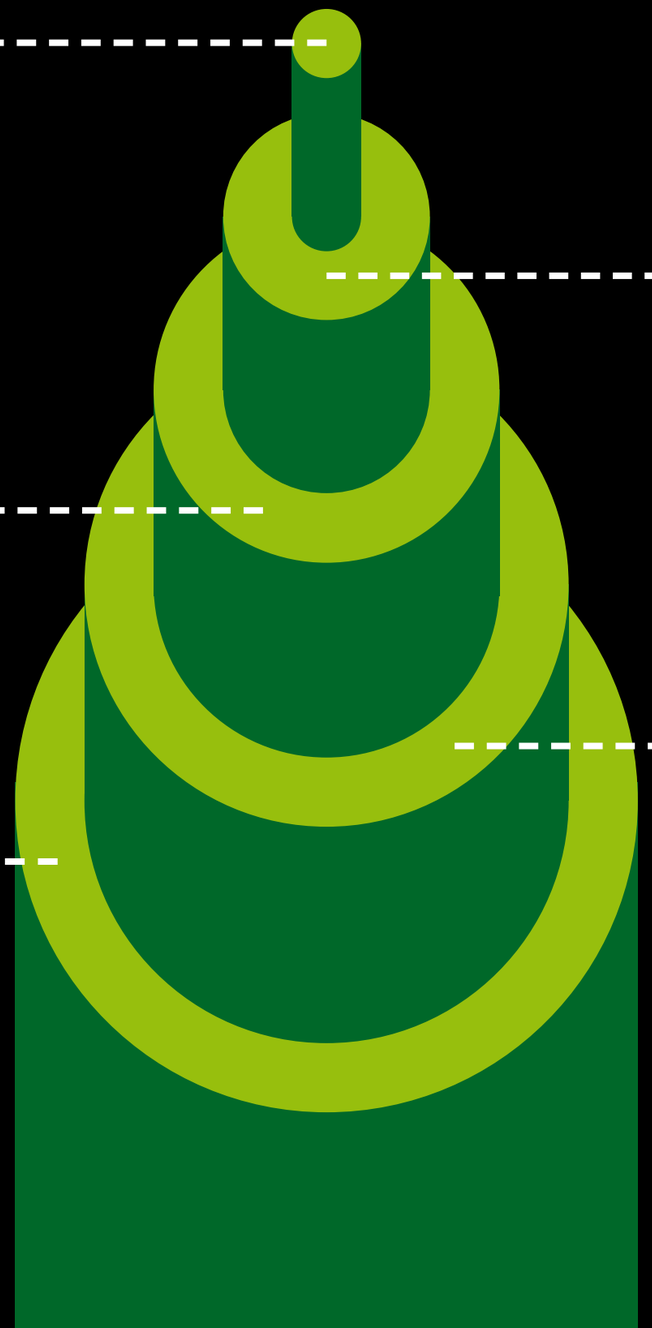
One-off or long-term development programs for teams or individuals combining different forms of development;

the aim is to develop competencies leading to the fulfillment of business objectives of individual teams.

Vocational professional qualifications under legislation
Mandatory training

Initial training, occupational safety, fire protection, environmental protection (EMS), nuclear training, etc.;

the aim is to fulfill legislative requirements, ensure safety, familiarize employees with company principles, manifestations of desirable behavior, and the Code of Conduct.



Leadership development
Non-mandatory training

Comprehensive targeted development programs aimed at the managerial population: management skills, mentoring, coaching;

the aim is to achieve economic goals in addition to developing a desirable corporate culture.

Individual development
Non-mandatory training

Both publicly offered and in-house face-to-face courses and webinars; on-line tools; e-course offerings, library, etc.;

the aim is to develop individual personal and professional skills of employees to meet work goals.

Professional Vocational Qualifications under the Legislation, Mandatory Education

The training aimed at fulfilling the qualification requirements includes general topics that are intended for all CEZ Group employees.

- All newly recruited staff members undergo initial training in person on the first working day at the latest. This includes occupational health and safety, fire protection, environmental protection, and energy management, etc.
- Trainings in occupational health and safety and fire protection are organized as separate e-courses or face-to-face trainings over a period of 12, 24, or 36 months (depending on the company, workplace, and place of work). They focus on the safe behavior of employees in relation to the risks of the activities they carry out and the risks of individual workplaces.
- The issue of environmental protection is the subject of a separate e-course or face-to-face training over a period of 12 or 24 months (depending on the specific company and place of work). The training meets the requirements of ČSN EN ISO 14001:2016 governing the environmental management system, to which CEZ Group has voluntarily subscribed. The training promotes a responsible approach of employees to the topic of environmental protection. A separate thematic block is devoted to the principles of efficient use of water resources, prevention of water pollution, and basic procedures in the event of accidents.
- Energy management is the subject of stand-alone e-learning or face-to-face training over a period of 12 or 24 months (depending on the specific company and place of work). The training fulfills the requirements of ČSN EN ISO 50001:2019 governing the energy management system. The training promotes a responsible approach of employees to the topic of energy management in their professional and private life and introduces employees to key indicators for reducing energy consumption / increasing the energy efficiency of selected CEZ Group generating sites.
- The issue of information security is part of a separate e-learning or face-to-face training over a period of 24 months. The content focuses on the safe behavior of IT users and highlights the risks that our employees face in this area in their working and private lives.
- CEZ Group's Code of Conduct and compliance is a training course delivered mainly via e-learning or face-to-face over a period of 24 months, with plans to change it to 12 months during 2021. The content focuses on compliance with the Code of Conduct including the prevention of bribery and corruption (inappropriate payments and gifts, relations with suppliers and customers, regulation of international trade), prevention of money laundering, protection of human rights, and other issues.

Another training beyond the above broad topics is based on the qualification requirements set for the specific job in relation to the activities performed by the employee in that position. Examples of such issues include: Defectoscopy and Welding, Transportation, Electrical Equipment, Metrology, Gas and Pressure Equipment, Working at Height, Machine Operators, Lifting Equipment, etc.

Further Employee Development, Non-Mandatory Education

As part of the adaptation process, all new employees undergo an induction day training course named “Welcome to CEZ Group”, which was moved to an MS Teams on-line format in 2020. During the one-day meeting, employees learn key information about the core processes that take place at CEZ Group. They will become more familiar with the functioning of CEZ Group as a whole, which will help them find their way during their first weeks in the respective company they are joining.

The issues of these meetings include:

- CEZ Group strategy, corporate culture
- Work safety, cybersecurity
- Customer experience
- HR issues, development, and training
- Ethical standards, or behavior we require and behaviors we do not tolerate—Issues: Code of Conduct, conflict of interest and workplace bullying (bossing, mobbing, staffing, sexual harassment), anonymous ethics hotline in case of identification of incorrect, unethical, or illegal conduct and conduct against the interests of CEZ Group or in violation of the Code of Conduct (collusion)
- Sustainable development strategies: meaning and activities related to the issue of “sustainability”, i.e., day-to-day promotion of a balance between the economy, social, and societal aspects of life and the environment

New employees of selected companies (e.g., ČEZ Distribuce and ČEZ Prodej) also participate in follow-up initial training during the adaptation process, focused in detail on the strategic priorities of specific employers. During the adaptation process, employees of ČEZ Prodej's customer service centers and call centers are introduced to selected chapters of the Code of Conduct in even greater detail, not only in relation to customers, but also in internal cooperation and behavior and conduct among colleagues.

As a standard, we offer employees opportunities for individual development, both in the form of external professional training, seminars, and conferences from the public market, as well as in the form of internal face-to-face courses and webinars, starting from 2020. To support training, we use e-learning or on-line education as standard to provide training to as large a group of employees as possible.

We prepare customized development programs according to the needs and strategy of companies/divisions or individual teams, ranging from one-off activities to complex programs combining various tools and development options. The standard tools for analyzing development needs are, for example, the results of employee evaluations and regular leadership, and engagement surveys or development diagnostics.

Leadership Development and Development of Key Employee Groups

We pay great attention to leadership as a standard. We have defined priorities in its development and ways of measuring progress. The Board of Directors of ČEZ is aware of the potential of women in managerial positions; therefore, it supports specific programs with topics for women's leadership development as part of the customized programs.

In the period of the COVID-19 outbreak in the spring of 2020, managers had the opportunity to use an anonymous crisis coaching hotline and consult individual difficult situations in leadership.

Similarly, in the area of internal open courses, i.e., webinars for a smaller number of people and inspirational large-format on-line lectures in the area of leadership, we focused on handling challenging situations in connection with anti-pandemic measures and teleworking employees. The topics of greatest interest were—effective management of virtual meetings and workshops, leadership in change and crisis, leadership in the on-line world, challenging managerial situations, and strategic and innovative thinking for managers.

- To develop leadership, we use external and internal coaching (pool of internal coaches) as a standard. They can be used by managers of all management levels and employees with potential. In 2020, selected managers from the highest management levels completed the first part of the certified coaching training. We are not only expanding the pool of internal coaches, but also influencing the desired company culture based on support, cooperation, and responsibility.
- Comprehensive leadership development programs continued within selected companies or divisions with the development of lower levels of management. Their content is based on an analysis of development needs, for which we used, for example, development centers, 360° feedback, and employee satisfaction surveys. At the same time, we draw on the principles and manifestations of corporate culture, which reflect ČEZ's values.
- Again, we paid a lot of attention to managers starting a new position. The aim of the corporate workshop is to provide them with support in their new role and to familiarize them with their rights and responsibilities that their career change brings. The program consists of morning presentations by several key departments (management system, strategy, employment law, etc.). The afternoon part takes the form of an interactive workshop on the roles and responsibilities of managers. In addition to the corporate modules, we implemented development programs in selected ČEZ Group companies or divisions with the aim of strengthening managerial skills or leadership.
- A survey was conducted in the area of leadership and engagement monitoring. The use of benchmark questions enabled comparison with the external market in the area of engagement. The survey also provided a comparison of results across the departments and teams that participated and a comparison with the previous survey and ČEZ results. There was an improvement in most of the indicators surveyed compared to previous years, with results generally trending upwards.
- Talent programs for key employees continued in 2020. We recently launched a program at ČEZ Distribuce for 50 selected employees to support the company's transformation. Another talent program was launched at the end of the year for central departments and selected subsidiaries with 23 participants. Its aim is to promote core competencies such as flexibility, adaptability, cooperation, and client orientation. Talent programs are always based on the strategy of the specific company and are customized in close cooperation with the top management.

Significant Development and Training Activities in 2020

In view of the COVID-19 pandemic, topics related to employee mental health, IT skills, and remote working have been strengthened in employee development. Most of the development activities took place in an on-line format in the form of MS Teams webinars.

- For the duration of the COVID-19 measures, employees can use an anonymous psychological helpline.
- To support familiarization especially with MS Teams, which have become a new communication platform in CEZ Group, webinars named “MS Office 365 Training” and “Training for Working in MS Teams” were held at least twice a month.
- Within the framework of training to meet qualification requirements, we increased the availability of content in connection with COVID-19, especially for theoretical training without practice.
- We have focused specifically on the development of internal trainers in the area of on-line training through meetings, so-called “refreshers”, and basic teachers training.
- We have regularly featured tips on how to work from home on our intranet. We offered employees video courses on teleworking topics.
- We organized professional development primarily in the form of seminars, courses, and conferences from the market, which we converted into an on-line format, themed according to individual employee needs.
- In the internal open courses, we have newly included webinar topics focused on coping with challenging situations related to the COVID-19 pandemic measures, e.g., Teleworking and Self-management, Teleworking—Working From Home and Taking Care of Children, Working with Personal Energy or How to Recharge Your Batteries, How to Create Effective Habits, Self-management in Uncertain Times, Priority Management, Training to Strengthen Psychological Resilience, Critical Thinking, and How to Do a Digital Detox: Be Offline and Happy, etc.

- We have increased the availability of inspirational lectures for all employees, e.g., How to Maintain Positive Mind and Resilience to the Next COVID Wave with Radvan Bahbouh, Working with Priorities and Innovative Thinking with Milan Formánek, Virtual Communication with Petr Mára, etc.
- As part of diversity, we continued to develop high school and university graduates in both the ČEZ Distribuce managed program and the ČEZ Potentials program, which allow us to find talented young colleagues among university students and current employees. Given the COVID-19 situation, we worked with colleagues who joined the program in 2018 and 2019 and provided them with the opportunity to participate in webinars of their choice. Women could participate in the regularly scheduled “Women’s Depth Training” in a modified on-line format again.

Our employees can utilize a number of other tiered development possibilities:

- We use intracompany and intercompany mentoring (a way of transferring not only professional but also soft skills, including management skills) to create a culture of a learning organization, collaboration, and sharing. We organize an internal mentoring program every year, with 30 pairs of mentors and mentees participating in 2020. Interest in participating increases each year. We assist mentors and mentees in the form of interactive training sessions to support the achievement of the program’s objectives. We primarily use the inter-company mentoring program to expand our professional knowledge. Mentoring is offered to employees newly put into a managerial position, employees with potential, and successors.
- Employees that are terminated in connection with organizational changes can apply for a retraining course that is paid for by the employer in accordance with the current collective agreement. The goal is to support their new career path. This extends or deepens their professional qualifications and is covered by the employer up to CZK 20,000.
- Beyond the scope of the collective agreement, we also offer outplacement services to employees affected by the organizational changes to help them find a new job in the labor market.
- In individual cases, we allow employees to study when they need to deepen (e.g., LLM, MBA) or extend their professional qualifications (e.g., secondary school, university) because of their future position.
- We offer consultations on the development needs, personal diagnostics and 360° feedback, socio-mapping for teams and team coaching.

Number of average training hours per employee in 2020:

In spite of the measures and limitations resulting from the COVID-19 pandemic, which fundamentally affected the implementation of mainly full-time forms of development, we have managed to maintain a high standard of time investment in the training of our employees.

52.6 hours, i.e.,

more than 7 working days on average per employee devoted to their development in 2020

ČEZ, a. s.

37.7 hours, i.e.,

more than 5 working days

ČEZ, a. s., and selected subsidiaries*

* Number of average hours per employee for ČEZ and selected subsidiaries: ČEZ Distribuce, ČEZ Prodej, ČEZ Korporátní služby, ČEZ ESCO, Elektrárna Dukovany II, Elektrárna Temelín II, CEZ RES International, Elevion Group, ČEZ Obnovitelné zdroje, Telco Pro Services, CEZ ICT Services, Energotrans, Elektrárna Dětmarovice, Elektrárna Počerady.

Win Czech—Women in Nuclear

Nuclear energy and research are not just a man's world. Selected ČEZ employees are members of WIN, a professional association of women who work in the nuclear sector and wherever nuclear energy and ionizing radiation are used for peaceful purposes or are interested in these fields. The purpose of the activities is to contribute to the objective information of the public about nuclear energy and the use of ionizing radiation and to deepen their own knowledge and experience in various nuclear fields.

The association's activities in 2020 were marked by the COVID-19 pandemic, yet it managed to organize a general meeting in Brno, a presentation at the training center and frequent working meetings of the association's board. We also regularly communicate news from the nuclear sector from the association's website and social networks.

Currently, the association has 90 members working in energy, research, education, consulting, and production companies.

Be a Good Partner 4.0

We establish and maintain good relations not only with our employees, trade unions, and shareholders but also with local communities, public and local administration, and other stakeholders.

The key to a good partnership is professional and satisfied employees

Jitka Hanáčková, Human Resources Development Expert

“We strive to make development a natural need for our colleagues. It brings not only competitiveness but also higher satisfaction. By continuously developing, one adapts to changes which are increasing and require our high flexibility. I am mainly involved in development of managers, with whom at this time I address topics such as managing people remotely and motivating them, offering them tools to support their work with teams. Managers have a significant impact on the atmosphere and performance, so I see their support and development as a priority.”

real **Partnership**

We Communicate with the General Public and Employees

CEZ Group is guided by the principle of the most transparent daily communication. We are interested in the opinions of the public, shareholders, employees, and communities in the localities where we operate. This is evidenced by the fact that the media reported on CEZ Group's activities in more than 30,000 articles in 2020. ČEZ issued 362 press releases. We emphasize communication on social networks, where the number of followers exceeded 111,000.

CEZ Group is active on Twitter, where we communicate through three corporate channels and ČEZ management profiles: CEZ Group—topics with an emphasis on renewable sources, CEZ Group—topics with an emphasis on renewable sources in English, and the ČEZ Foundation.

We have several Facebook profiles: CEZ Group—primarily for customer service, professional-style For Nuclear Energy or Work at ČEZ addressing students and potential and current employees. The Facebook profile EPP—Move to Help of the ČEZ Foundation focuses on the EPP application and foundation activities. The NPP Temelín Information Center and the NPP Dukovany Information Center provide information about news in the nuclear power plants and in their neighborhood.

Instagram is used to reinforce the positive image of ČEZ. Currently, we use the profiles to communicate the activities of CEZ Group and EPP—Move to Help of the ČEZ Foundation: @cez_group and @pomahejpohybem.

LinkedIn is intended for professionals in the field, while also targeting employees and graduates looking for work. ČEZ presents itself as a stable employer, a socially responsible company, a generator of mostly emission-free electricity and an expert in the energy sector. Top managers—the Chairman and Vice-Chairman of the Board of Directors actively communicate on LinkedIn.

We use YouTube to archive videos of educational lectures and talks held as part of the ČEZ education and recruitment program, as well as an archive of CEZ Group's commercials and other videos. Another example of promoting CEZ Group as an innovative company is the use of social networks as a communication tool for publicizing new projects and achievements through carefully selected employees—brand ambassadors.

Competitions help us maintain a positive relationship with customers. We strive for education in the field of energy, especially renewable sources. In 2020, for example, the summer competition associated with the Through the Landscape of CEZ Group campaign was also focused on information centers and awareness-raising in the area of emission-free facilities with an emphasis on hydropower plants.

We use influencers to support campaigns and raise awareness, whether about electricity generation, energy sources, or about CEZ Group and the ČEZ Foundation activities in general. In 2020, we worked with the following influencers: @stibrovicnikolka, @dvatatove, @emilyaben, @fitfabstrong.cz, @paja.betty, @Nikol_k, @andyfitfabstrong.cz, @andreamokrejsova, and @barunkatharine.

ČEZ Family Website in 21st Century Design

The steady increase in traffic on the CEZ Group's main website, www.cez.cz continued in 2020. More than 4.3 million unique visitors represented an increase of 18% compared to 2019. The number of users accessing the website from mobile phones also increased, already accounting for 45% of total traffic.

After redesigning the Czech version of the website in 2019, we redesigned the English version in 2020. Users from all over the world can now find it in a clearer form and richer with professional and unique photos. The overall coherence of the brand to the website has also been adjusted. In the last year, the ČEZ corporate website has attracted more than 2.5 million users.

Modifications to the non-commodity product section and improvements to the conversion rate when collecting leads to better identify potential customers continued, e.g., in the sections of photovoltaic power plant (https://www.cez.cz/cs/technologie/fotovoltaika) and heat pump (https://www.cez.cz/cs/technologie/tepelna-cerpadla).

Among the plethora of improvements on the ČEZ family websites, redesigns of two major companies stand out:

The redesigned ČEZ Distribuce website has a new and more modern administration interface, a completely responsive website behavior, a closer look at the newly created websites (cez.cz), a changed structure, and extensive textual content editing. The ČEZ ESCO website redesign ensures a clear product offer in one click, higher user-friendliness and overall brand coherence to the website.

Management Regularly Communicates with Their Employees

Management regularly informs employees about the direction of CEZ Group and explains its decisions to them. Proper communication with employees increases their work efficiency, loyalty, motivation, and overall satisfaction.

Communication with employees takes place using these tools:

- Intranet, which is now also available in mobile version
- Newsletters from members of the company's management to all employees on every significant change or company activity—we use them as needed and on a targeted basis to communicate with employees of individual CEZ Group companies or locations
- On-line interviews with management members, through which employees can ask questions on any topic
- The internal magazine PROUD
- "Orange Mailboxes," to which employees can send their questions and comments
- Internal podcast with experts from across the CEZ Group named "S éčkem v srdci"
- Internal surveys
- Video reports
- Gamification, i.e., competitions, which is a fun way of conveying information in the form of a game
- Working meetings, which have moved on-line in the era of anti-epidemic measures
- Leaflets, posters

Management grants two types of awards to employees:

- The CEO Award is presented by the Chief Executive Officer of ČEZ once a year at the ČEZ Management Meeting
- The Division Director's Award is presented by individual Division Directors twice a year within their division and subsidiaries.

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

4.0

4.1 We Are a Responsible Employer

In 2020, we welcomed 3,466 new colleagues, a third of whom joined ČEZ Prodej, ČEZ Distribuce, and Elevion Group. The proportion of university graduates was virtually unchanged compared to 2019, with only a slight decrease from 30.9% to 30.2%.

As at December 31, 2020, the companies of the CEZ Group's accounting consolidated group employed 32,535 employees. Czech companies employed 22,565 persons, foreign companies employed 10,270 persons. Across the entire CEZ Group, women account for 21.4% of employees. More detailed data can be found at the end of this Report in the GRI Content Index.

In 2020, we were also an employer of choice for a wide age range of candidates. More than a third of new hires were in the 18–29 age category, and at the other end of the spectrum, we hired more than a fifth of employees aged 50 and older. In addition to age diversity, we also place an emphasis on gender diversity and hired 29% women in 2020. The share of women in the management and control bodies of CEZ Group companies reached 14%. We ensure loyal employees' motivation for the benefit of CEZ Group's competitiveness through high-quality management, services, the building of good relationships, and remuneration.

A prerequisite for fulfilling the corporate vision and mission of CEZ Group is to have loyal and satisfied employees, a good reputation in the labor market, and the ability to reach suitable candidates with the required competencies—potential employees. The aim is to set the conditions for equal opportunities and greater flexibility for employees, which will ensure fair financial rewards, working conditions offering continuous development, open communication, equal opportunities and gender balance, work-life balance, and a wide range of social care through various benefits. We also pay attention to specifics and needs associated with the employment of people with disabilities. We work actively with the needs of employees in different age groups.

Respect for human rights is a matter of course for us in all countries where we operate. The human rights we promote include the rejection of forced or compulsory labor and the prohibition of child labor, respect for diversity and non-discrimination, the right to freedom of trade union association and collective bargaining, the right to health and safety at work, and the right to fair and satisfactory working conditions. We only use suppliers who also subscribe to these principles. It is crucial to us as an employer to maintain social peace, monitor the level of employee engagement and satisfaction, and accommodate our employees' needs by offering flexible employment types. We want to be one of the most attractive employers and, in the long run, successfully secure a sufficient number of qualified job seekers in the labor market. As the energy sector is currently changing very rapidly, it is crucial for us not only to manage the generational change smoothly, but also to attract new professionals.

Trade Union Organization in CEZ Group Companies

Union representation in Czechia was around 35% in 2020. In Poland, it exceeded 50%, it exceeded 60% in Bulgarian trade unions and in Romanian CEZ Group companies, the organization rate reached more than 80%.

In Germany, Elevion Group companies have collective agreements that are derived from the collective agreement concluded with the members of the German Trade Union Confederation (DGB).

No collective agreement has been concluded in Austria, Italy, or France.

A European Works Council has been operating within CEZ Group since 2007. The number of its members has increased by one additional staff representative from Germany in the course of 2020. At the end of 2020, The European Council had 28 staff members, with 14 members representing employees from Czechia, 2 from Poland, 4 from Bulgaria, 3 from Romania, 4 from Germany, and 1 from Slovakia.

In 2020, we achieved the highest rankings in the TOP Employers 2020 student survey, as well as in the Employer of the Year 2020 competition.

CEZ Group has again succeeded in the TOP Employers survey conducted among university students. In addition to another 1st place ranking in the Energy, Gas, and Petrochemical Sector category, as well as the prestigious Technician Award, where the votes of the 20% of technical students with the best grades are counted, we again achieved the top award of the Clear Choice for the absolute winner for the first time in three years.

For the first time in 2020, we participated in the Sodexo Employer of the Year 2020 competition organized by the Employers' Club in two categories. As a result, our parent company ČEZ was awarded the first place in the main category of over 5,000 employees, and ČEZ Distribuce made its debut in the competition by winning second place in the category of up to 5,000 employees. Due to the closure of schools as a result of the COVID-19 outbreak, the category for the most desirable employer among students, which CEZ Group won in 2019, did not open in the end.

4.0

CEZ Group People in Figures

Number of employees by gender

Men	25,573	79%
Women	6,962	21%

Number of managers by gender

Men	2,891	84%
Women	552	16%

Number of governing body members by gender

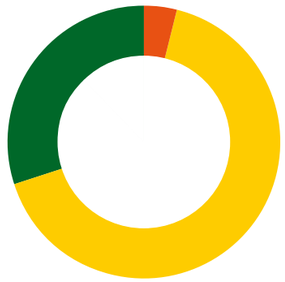
Men	529	86%
Women	86	14%

Number of employees by age

18–29 years	4,402	13%
30–49 years	15,886	49%
50+ years	12,247	38%

Number of employees by level of education

Primary	1,239	4%
Secondary	21,460	66%
University	9,836	30%



Number of employees by location

In Czechia	22,575	69%
Abroad	9,960	31%

Newly hired employees by age

18–29 years	1,166	33%
30–49 years	1,547	45%
50+ years	753	22%

Newly hired employees by gender

Men	2,461	71%
Women	1,005	29%

Part time by gender

Men	342	51%
Women	329	49%

Eligibility to retire in next ten years

Eligible	7,252	22%
Non eligible	25,283	78%

4.0

4.1.1 CEZ Group Innovates Recruitment Strategy

We actively strive for the general public to perceive us not only as one of the most attractive employers, but also as a company that is able to bring new and interesting solutions. As a result, we are able to secure a sufficient number of suitable candidates with the required competencies to fill open positions, keep pace with the market, and develop customer relationships.

CEZ Group's Virtual World

CEZ Group builds its strategy of providing qualified personnel on, among other things, personal contact and transferring experience directly from our experts in the field. We apply this approach primarily towards the target group of pupils and students from primary schools to universities.

Due to the closure of the entire education sector and the suspension of all actions based on direct contact, we were forced to completely change the way we communicate in the context of the COVID-19 pandemic. In order to maintain our competitive advantage and to sufficiently benefit from the pool of our colleagues from practice, with whom we have been cooperating for many years, we have already started in spring 2020 to build a database of professionally filmed video recordings of professional but also educational presentations by experts and representatives of CEZ Group management or public figures. We have gradually added live presentations in the MS Teams environment, which we provide to schools according to their preferences and which we also store in the expanding database. In addition, we are preparing a space for live stream lectures on selected topics from the CEZ Group environment for the general public.

The entire content that was previously available on our career website kdejinde.cz in the Students and Graduates section is currently on a separate subsite called CEZ Group's Virtual World, which has become a fixed part of the redesigned kdejinde.cz website.

Together with a wide range of information on the svetenergie.cz web portal, the podcast named "S éčkem v srdci", social network profiles on Facebook, LinkedIn, Instagram, Twitter, and other channels, we will create an on-line space that ensures active contact not only with students, but also with applicants from the free labor market, even in times of very limited opportunities for personal contact.

Key Events in 2020:

- We have aimed to strengthen the creation of mainly professional on-line content within CEZ Group's Virtual World, which will be made available to schools and the public regardless of the existing limitations.
- We have upgraded the automated chat tool for communication with job seekers at CEZ Group—the ČEZbot. The digital advisor, which can help find a suitable job position on our career website www.kdejinde.cz according to specified parameters such as location, industry, company, or commuting time, can connect job seekers to CEZ Group recruitment colleagues from the end of 2020 who then fill in the information provided by the ČEZbot.
- We have supplemented the digitalizaceenergetiky.cz website used to present opportunities for employment in the IT field with a separate subsite presenting ČEZ Prodej's IT offers.
- We have become the general partner of the DofE (The Duke of Edinburgh's International Award) program and the eSport Academic Championship of the Czech Republic and have prepared a link between both events and recruitment activities.

4.0

4.1.2 We Provide Benefits to Our Employees

At ČEZ, we provide a wide range of above-standard benefits, and we also work with partners who provide our employees with other interesting products, goods, or services.

Common benefits include in particular:

- Personal account—to be used through Cafeteria
- Contribution to life insurance
- Contribution to supplementary pension insurance or supplementary pension savings
- Meal allowance
- Five weeks of vacation
- 37.5-hour workweek
- Flexible working hours and other flexible working time arrangements
- Welfare assistance
- Loans
- Life anniversary remuneration and retirement severance pay
- Company car and mobile phone for business and personal use in selected job positions
- Favorably priced car rental services or operating lease for car purchase
- Favorably priced mobile tariffs, including data for employees and their families

4.0

We emphasize the health of our employees and one of our priorities also includes the balance between work and personal life.

- To overcome health problems, employees are granted sick days.
- We started testing employees for COVID-19 even before this obligation was introduced, and we have a special hotline for employees with questions about COVID-19.
- We organized child care for employees' children during school closures to keep the call centers running.
- We provide above-standard health examinations for the employees of the round-the-clock operation, focusing on the prevention of civilization diseases.
- We offered flu vaccinations to all employees and reimbursed selected employees for tick-borne encephalitis vaccinations.
- On a pilot basis, employees of conventional power plants were able to use the on-line medical consultation and appointment to see a doctor via uLékaře.cz.
- We have organized Health Days since 2014, during which employees can undergo various checkups, health procedures, and lectures on a healthy lifestyle.
- We offer a range of in-house on-line courses focused on coping with challenging situations related to balancing telework and childcare, building resilience, and managing stress. An anonymous psychological helpline with external experts is available for employees and their families to use when dealing with difficult life situations.
- In cooperation with the Business for Society platform, we provide professional assistance in the form of counseling and participation in a workshop within the "I care and work" program for employees in difficult life situations, when they care for sick parents or other family members.

4.0

4.1.3 We Support Diversity and Equal Opportunity

The company's management places great emphasis on equal opportunities and the promotion of diversity, and therefore the issue of diversity is addressed at the top management level—a member of the Board of Directors and the Director of Administration is responsible for implementing diversity initiatives. CEZ Group has become a signatory to the Diversity Charter as one of the first companies in Czechia and adheres to the UN Sustainable Development Goals. Promoting equal opportunities is one of the objectives of CEZ Group's sustainable development strategy. We want to create a culture of cooperation based on the principles of diversity and mutual respect. By promoting diversity, the company's management aims to strengthen cooperation, innovation, improve competitiveness, and a long-term perspective.

At CEZ Group, we support and implement selected development activities aimed at supporting and developing women in managerial positions and women with potential in order to support their professional growth. These include:

- CEZ Group's internal mentoring program
- Internal coaching
- Internal Woman's Energy course; in-depth training for women in the corporation
- A customized two-day development program for 50 selected women in senior positions (ČEZ Distribuce)
- Participation in the external To All Women festival
- BCC Equilibrium mentoring program

Other regular activities include the Inspirational Meeting—an annual meeting of selected female employees with prominent figure who share their story and experiences. However, the meeting did not take place in 2020 due to the COVID-19 pandemic.

In addition to these standard development programs, we are developing a comprehensive women's career development program to support women in management positions. This activity is aimed at expanding opportunities for women to hold (senior) management positions, grow professionally, and work to their potential. The program will primarily include mentoring with a focus on facilitating complex problem solving, supporting the achievement of career goals, and enabling new contacts. Over the course of one year, participants will have the opportunity to work with their mentors, who are selected from among ČEZ's personalities, to develop their careers, improve their leadership skills, and balance family and work life. The program will also include inspiring networking events with interesting personalities, which will offer a space for sharing experiences, and training based on development needs.

Working parents form a significant group of employees at CEZ Group. We try to help them manage all their roles, and therefore we focus on supporting them with the following:

- We have launched a thematic web portal Family and Work for employees on maternity and parental leave in order to maintain continuity of information from their employer and to support their subsequent return to work.
- We organize meetings with employees on maternity or parental leave—as a result of the pandemic, we are moving them on-line.
- Employees on maternity and parental leave are provided with an on-line version of the Future Parent's Guide, where they can find all the comprehensive information they need.
- We focus on the adaptation process for employees returning from maternity or parental leave.
- We offer flexible working hours. We have the Flexible Hours Guide to make it easier for employees to navigate these forms of working hours. In 2020, the number of part-time employees increased by more than 10% year-on-year.
- We operate company kindergartens in selected locations, such as the Watík Kindergarten at the ČEZ headquarters in Prague for the third year running.
- In selected locations, we provide day camps with children's collection and pick up right in the workplace.
- We regularly organize family events Mom, Dad, Where Do You Work, which allow our employees' children to get to know their parents' work environment.

4.0

CEZ Group supports the employment of people with disabilities (PWD). It strives to help employees with specific needs by fulfilling their requirements and wishes, for example by modifying their working conditions or working hours. The company's headquarters buildings are barrier-free, while buildings at other locations are adapted and modified based on current requirements. Relevant positions are identified as "suitable for people with disabilities" in selection procedures.

At the ČEZ headquarters in Prague, we have been supporting the employment of persons with mild mental or combined disabilities in the Rainbow Café for our employees since 2018.

We have long been dedicated to supporting former senior employees. The CEZ GROUP SENIORS Endowment Fund has been operating since 2007, and its purpose is to support and improve the life quality of former senior employees of selected CEZ Group companies. Twice a year we organize cultural activities for them. Seniors—former employees of ČEZ—are offered the option of membership in Retirement Clubs.

Key Events in 2020:

- Employees whose presence at the workplace was not necessary were working from home as a result of the COVID-19 measures. At ČEZ, for example, there was a 76% year-on-year increase in the number of teleworking employees. With the previous digitalization of the administrative steps necessary to work from home, we were prepared for the transition to this form of work.
- In mid-2020, we sent out an on-line questionnaire to employees who worked from home during the spring wave of the COVID-19 pandemic asking, "How did you manage working from home?". The results gave us an interesting insight into how we managed this difficult period and provided further suggestions for change.
- To support teleworking, video courses were made available to employees focusing on planning daily routines, creating good habits, and setting up an environment that enhances productivity and efficiency when working from home.
- By the end of 2021, we plan to adopt a new CEZ Group diversity policy as a comprehensive and transparent concept for applying diversity elements in all dimensions of corporate processes.

4.0

4.1.4 Employee Retraining and Professional Transition

Compensation for Negative Social Impacts Following Plant Closures

Employees that are terminated in connection with organizational changes can apply for a retraining course that is paid for by the employer in accordance with the current collective agreement. The goal is to support their new career path. This extends or deepens their professional qualifications and is covered by the employer up to CZK 20,000.

Beyond the scope of the collective agreement, we also offer outplacement services to employees affected by the organizational changes to help them find a new job on the labor market.

Employees whose employment is terminated for organizational reasons are paid severance pay depending on the length of employment with the employer up to ten times their average monthly earnings. This is significantly more than the severance pay provided for in the Labor Code. In the case of an agreement to terminate employment for organizational reasons, the severance pay is further increased depending on the number of months the employee has left before becoming entitled to a retirement pension. In such cases, the severance pay may amount to up to 19 times the employee's average monthly earnings.

Termination of the Prunéřov I Power Plant's Operation on June 30, 2020

In accordance with the collective agreement in force, 49 employees whose employment was terminated were offered a retraining course. 33 employees took up the offer.

An outplacement program was set up to help employees find a new job in the labor market. It included a group workshop and follow-up individual consultations.

As part of the shutdown of the Prunéřov I power plant, we conducted an analysis of the need for employees until the end of 2023 in connection with the generation turnover at Prunéřov II and Tušimice power plants. The aim was to maximize the use of employees from the shutdown in our other plants. We therefore established 37 mentoring positions. Employees were selected during an internal selection process and smoothly transferred to Prunéřov II and Tušimice, where they are gradually replacing retiring employees. The retiring employees have become mentors who train the employees from the Prunéřov I power plant on the operating technologies before their departure. A total of 48 employees from the Prunéřov I power plant were hired for mentoring, training, and vacant positions. Another employee joined EVD (hydroelectric power plant) and two employees found employment at the Ledvice power plant.

In Tušimice and Prunéřov, we used the Employer Challenge tool. It enabled termination of employment with severance pay for employees in these locations who were considering leaving CEZ Group for various (mostly family) reasons. The employees who left on the basis of this call were replaced by 4 technicians from the Prunéřov I power plant.

As at June 30, 2020, a total of 134 employees worked at the Prunéřov I power plant, 23 of them are still working in decommissioning, 51 have found further employment in the conventional power division (48 in the Tušimice and Prunéřov II power plants, 1 in the hydroelectric power plant, 2 in the Ledvice power plant), 4 have moved to new positions in connection with the employer's call, 7 have retired, and 49 have terminated their employment due to redundancy.

Employees who terminated their employment were paid severance pay, which was on average nine times their average earnings.

4.2 We Benefit Society

We aim to be a reliable partner in energy supply and other services in the European market, but we never forget the local communities where we operate.

One of the key tasks for us is to cooperate and communicate with municipalities, local communities, local non-profit organizations, companies, and the general public, especially in the vicinity of our generating facilities, in order to be perceived as a good neighbor who is actively involved in supporting and developing community life.

In the form of advertising partnerships, financial donations, or endowment contributions, we support projects to improve infrastructure, projects in the fields of education, culture, sports, environmental protection, assistance to the needy, or health care. We also allow schools and the general public to visit information centers and selected power plant sites, where they can learn about the world of energy.

Throughout the year, we organize meetings between CEZ Group representatives and members of local governments, non-profit organizations, and companies, which serve to familiarize the concerned entities with the current activities of generating facilities, the state of the distribution grid, and implemented or planned investment actions that have an impact on local communities. We also focus heavily on communicating to municipalities and local communities to provide comprehensive information about operations and developments at the power plants.

Cooperation examples in each region:

Dukovany

Long-term and permanent cooperation has been set up with municipalities and towns in the region in the vicinity of the Dukovany Nuclear Power Plant (144 towns and municipalities in the 20 km emergency planning zone). Within the framework of the community life support projects “Orange Year” and tourism “Orange Path”, we provide assistance to sports and social activities, events to strengthen community life, and selected investment projects. On the basis of donation agreements, which are based on framework agreements for long-term cooperation with 6 municipalities in the 5 km zone, we participate in key investment projects in the localities (e.g., water mains repair, road improvements, purchases of bio-waste containers, play elements for playgrounds, etc.).

Very close cooperation on the part of Dukovany takes place in the form of regular quarterly meetings with the Civic Security Committee (CSC) and with the Women in Nuclear—WIN Czech Association (organizing webinars, promoting social media content).

Temelín

Also in the region of the Temelín Nuclear Power Plant, there is a long-term and permanent cooperation with the towns and villages in its surroundings (33 towns and villages in the 13 km emergency planning zone). As part of the “Orange Year” project, we support local social, cultural, and sporting events. We have concluded donation agreements based on framework agreements on long-term cooperation with 5 municipalities in the 5 km zone, on the basis of which we implement key investment projects (e.g., ponds revitalization in the village of Dříteň).

North Bohemia Region

We have also established long-term cooperation in the North Bohemia region, where several of our major generating facilities are located. Regular meetings are held with representatives of the region, local municipalities, and manufacturing companies. The aim is to maintain cooperation that contributes to improving the lives of local communities.

Examples of activities for local communities in 2020:

- Summer car cinema in Dukovany and Temelín—during four months we screened almost 50 films, the capacity of the facility ranked among the largest cinemas in Czechia—the total number of visitors was more than 20 thousand. In Dukovany, visitors made a voluntary contribution to the Police and Firefighters Foundation in the amount of CZK 141 thousand.
- We organized charity collections “Cake for Hospice” and Christmas collections to support the Regional Charity in Třebíč and the Parish Charity in Týn nad Vltavou.
- In order to improve relations with the local community, we provided standard medical and dental care to residents in Dukovany and Temelín by company doctors.
- The power plant’s firefighters provide significant assistance to local governments in dealing with traffic accidents, fires, or the aftermath of natural disasters.

The results of the qualitative research conducted in the form of in-depth interviews with mayors of towns and villages, representatives of non-profit organizations and volunteer fire brigades showed that CEZ Group was perceived very positively as a socially responsible company and an important partner. Respondents particularly appreciate the range of support provided, covering a wide variety of projects and activities, and the quick, clear, and effective communication across the company. They consider ČEZ to be a stable and reliable employer in the region.

4.2.1 CEZ Group Information Centers

Information Centers and Plants Visit

ČEZ makes it possible for schools and the general public to visit selected power plants and neighboring information centers, where those interested have the opportunity to learn about the world of energy directly “at the source” and thus expand their knowledge in a popular and educational way. A total of 10 information centers are on offer.

Due to anti-pandemic measures, CEZ Group’s information centers could only be open for half a year in 2020, and yet a record was set. It was attended by 110,000 holiday visitors. In the summer, as many arrived as at any other time in six months. In total, more than 160,000 energy fans visited information centers in Czechia in 2020.

4.0

We anticipated that many people would be spending their summer holidays in Czechia due to the situation related to the COVID-19 pandemic, so we prepared a summer campaign “Through the Landscape of CEZ Group” for visitors. As a result, families with children were able to compete and take away stuffed mascots as souvenirs during their visit to the information centers. More than 5,000 young energy fans joined the competition with energy elves Watík and Joulinka.

In the autumn, due to the pandemic situation, the possibility of “live” tours was canceled again. Therefore, we were looking for a way to open the gates of our power plants at least virtually. Our goal was to offer teachers, children, and the general public a helping hand during the involuntary isolation. Thus, the project of on-line guided tours of the power plants with our guides was launched, completely free of charge for everyone. First, we offered our on-line *Electrifying Physics Lessons* to primary and secondary schools. To great success, we subsequently offered on-line tours of selected plants called *Virtually at the Power Plant* for families with children and energy fans in the public. We focused, in particular, on groups that now have limited leisure time and lack contact with the environment—children’s homes and homes for the elderly, for whom we prepared special versions of the tours.

For new on-line projects for schools and the public, we have made the most of the potential of all our existing tools and qualified staff. Whether at school or in their free time, participants in the on-line tours have the unique opportunity to virtually visit places that even most of our employees do not get to see, free of charge. In addition to virtual tours of the real-life environment of our power plants, we explain the principles of power generation to visitors through detailed 3D applications, illustrative animated diagrams, behind-the-scenes photos, and models from our World of Energy educational portal. But the real experience is delivered by the expert guides who share their knowledge of power plant operations with visitors and who are ready to answer even the most complex questions. In the first three months of operation alone, we have given virtual tours to several thousand visitors.

The possibility of virtual tours will be maintained even after the information centers are reopened, especially for groups that are physically unable to visit us (e.g., due to illness, poor transport accessibility, limited mobility, etc.). The redesign project of selected information centers is still underway—by modernizing the exhibitions and the tour content, we want to offer visitors an even better and more pleasant experience. In addition, we have prepared special activities in 2020 for the youngest visitors in the most visited information centers in the form of interactive play corners, which offer children entertainment and education on the importance of electricity and safety when handling it.

4.0

4.2.2 We Support Partnership in Donation

Financial donorship and advertising partnerships are important tools for creating and strengthening good neighborly relations with local communities in the areas where we operate. In 2020, we supported more than 680 projects in this way, a slight increase from previous years.

As of 2019, financial donorship and advertising partnership projects are processed in a fully electronic register of advertising partnership and financial donations. The register is undergoing continuous improvement and development according to feedback from applicants, to maximize user satisfaction in line with current technological developments and further expand information channels to the public.

The total volume of financial donations for CEZ Group amounted to CZK 397.4 million in 2020.

EBITDA amounted to CZK 64.8 billion

Total volume of financial donations in relation to 2020 EBITDA = 0.6%

In addition to direct financial donations, CEZ Group supports municipalities and non-profit organizations through non-financial donations. Among the most significant in this category are the donation of electric cars and charging stations to the Ústí nad Labem region, provision of 1,300 SIM cards to elementary schools in the South Bohemia Region to enable on-line education, and donation of 129 discarded functional printers to non-profit organizations and schools.

Examples of donor partnerships:

Christmas Tree Lighting in Towns and Villages

For the third year in a row, CEZ Group has supported more than 300 towns and villages across Czechia in the Advent lighting of Christmas trees with the financial support of CZK 6,265 thousand (20% increase in the number of towns and villages compared to 2019). Despite the complications and difficulties related to the COVID-19 pandemic, when the event had to be held on-line, CEZ Group helped to maintain this Czech cultural and historical tradition with its helpful and flexible attitude.

Outdoor Water and Civilization Exhibition

CEZ Group is the general partner of the outdoor panel exhibition Water and Civilization, which visitors could see for free in seven Czech cities in 2020. In addition, its interior form was on display in CEZ Group information centers. The exhibition continues in 2021 and CEZ Group, together with the exhibition promoter, is trying to actively involve schools in the form of an art competition (e.g., the town of Mělník). In 2021, a similar exhibition will be launched under the title Energy and Civilization with the same concept, with CEZ Group being the general partner again.

Within the framework of the Cooperation Agreement between ČEZ and the Ústí nad Labem region, the electromobility project was fulfilled for the third time at the end of 2020, this time with the help of social service homes and children's homes in the Ústí nad Labem region. A total of 24 electric cars and 22 charging stations donated by CEZ Group will be used mainly for urban transport of clients and children to health care facilities, to provide supplies, and to transport clients and children to various events and competitions.

ČEZ Foundation

CEZ Group's most important partner in the area of donations is its corporate foundation, which has long been one of the most important corporate foundations in Czechia. Since its establishment in 2002, it has supported 12,583 projects across the country with an amount exceeding CZK 2.9 billion; in 2020, it supported 1,851 public benefit projects with CZK 195 million.

The purpose of the ČEZ Foundation is to achieve public benefit goals—the foundation's contributions are aimed primarily at helping the needy, health care, support for research and development, education, sports activities, the environment, culture, animal protection and health, support for local development programs, fire protection, community activities, and civil society development projects.

Every year, the ČEZ Foundation announces several public grant procedures that reflect the company's current needs.

- Support for Regions—focuses on projects of public benefit.
- Orange Playgrounds—promotes healthy lifestyles, creating new safe places to play and do sport.
- Orange Crosswalks—increases pedestrian safety.
- Trees—brings more greenery to towns and cities to improve the environment.
- Non-Profit Organizations—new grant program contributing to the support of development and professionalization of non-profit organizations providing direct care in the field of social services.

In cooperation with CEZ Group employees, the Foundation announces the following grant procedures:

- Employee Grants—supports organizations in which CEZ Group employees are involved in their free time.
- Granting Wishes—a charity project of the ČEZ Foundation and CEZ Group employees. Employees select the area of support and recommend individuals to whom the aid should be directed. During the pre-Christmas campaign, they can donate money, which the ČEZ Foundation doubles up from its own resources.

Other ČEZ Foundation activities include:

- The mobile application EPP—Move to Help—the user can support the projects included in the application by their own movement.
- Orange Classroom—supports equipping schools with modern tools.
- Orange Bike—involves the public in helping the needy during cultural events.

For emergencies, there is also the Crisis Aid, which focuses on rapid financial support in the event of natural disasters, accidents, pandemics, or other similar events.

Information on all ČEZ Foundation activities is published on the ČEZ Foundation website (www.nadacecez.cz) or in the ČEZ Foundation Annual Report.

Key Events in 2020

Launch of the on-line platform for receiving applications

- In 2020, we launched an on-line registration system for receiving applications. As with financial donation projects, communication with applicants is now fully electronic. The challenging period of the pandemic has proven that the new platform makes it possible to manage communication with applicants and the processing of applications virtually without limitations. The Foundation expects the development to continue in 2021, not least on the basis of feedback from applicants.

Launch of the new Non-Profit Organizations grant program

- This is a grant program aimed at supporting the development and professionalization of non-profit organizations providing direct care services in the social sector.
- The interest in the new grant procedure was enormous from applicants, and within one month we received over 260 applications and funded 54 projects in the amount of CZK 4.6 million.

COVID-19 crisis assistance

- In the first (spring) wave of the pandemic, the ČEZ Foundation helped to mitigate its impact by providing rapid assistance to those in need or organizations involved in the fight against the coronavirus. This opportunity was used by organizations, towns, and municipalities that found themselves in financial distress because they could not operate in the standard mode or had no funds left for basic needs, operations, or protective, hygienic, and disinfectant equipment, as well as by entities that decided to help others.
- In two weeks, we supported a total of 654 organizations and projects with CZK 26.8 million throughout the country. The CEZ Foundation contributed an additional CZK 4.1 million to three large hospitals to purchase equipment to fight against COVID-19.

EPP—Move to Help mobile application

- Thanks to “EPP”, users can support the projects included in the app with their own movement. The energy generated is converted into points that are assigned to the projects. In 2020, thanks to its supporters, “EPP” supported over 300 projects with a total value of CZK 23.9 million.
- We also extended the possibility of using “EPP” on some types of smartwatches in 2020.

The Trees grant program

- The ČEZ Foundation also helped restore old or plant new alleys, tree plantations, orchards, parks and windbreaks or dust barriers in 2020. Since 2011, 545 planting projects have been greened under the project. In the ten years of its existence, the ČEZ Foundation has supported the planting of 104 thousand trees and shrubs worth CZK 60 million. In 2020, it enabled the implementation of 94 plantings worth CZK 7.8 million; a total of 7 thousand trees were planted. The ČEZ Foundation also actively cooperates with the Nadace Partnerství foundation, which is responsible for the Planting the Future initiative—its goal is to plant 10 million trees within 5 years.

Plans for 2021:

- Continue established grant procedures.
- Continue to focus on regional projects in the area of financial donorship and advertising partnerships.

4.0

4.3
Our Employees Help

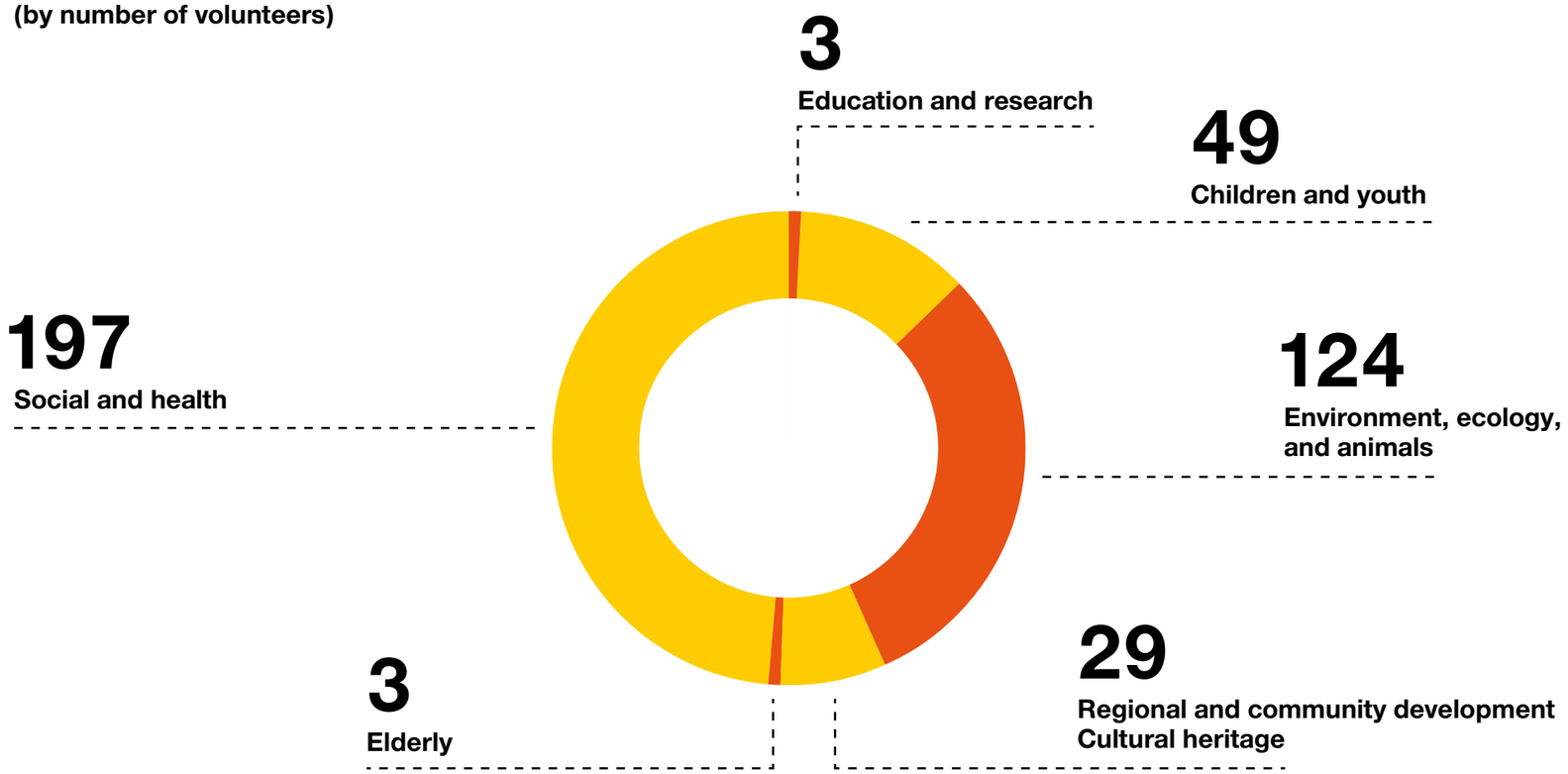
We also involve our employees in sustainable activities. The aim is to get them involved in their place of residence or place of work. They have several options to choose from: they can become a corporate volunteer, contribute financially as part of an employee collection, buy a product from a sheltered workshop, or help an organization where they are involved to obtain a financial contribution from the ČEZ Foundation.

We organize the following projects for our employees in Czechia:

Time for a Good Cause—Corporate Volunteering

The corporate volunteering program has been announced annually in all regions of Czechia. The goal is for each employee to be able to help in their immediate area. From 2019, employees can use 2 days a year to volunteer. During the 13 years of the project, almost 7,200 employees participated in around 950 events.

The focus of public benefit organizations in 2020 (by number of volunteers)



A Tree for Each Employee

We made a commitment to plant a tree by our own efforts for each CEZ Group employee in Czechia, thus helping to mitigate climate change and restore bark beetle-destroyed forests.

CEZ Group has announced a commitment to plant a tree for each Group employee in Czechia in 2019. This commitment naturally complements the strategy of gradual decarbonization of CEZ Group's production portfolio. Nearly 23,000 trees will be planted by employees themselves as part of volunteer days. In 2020, the spring planting had to be canceled due to the COVID-19 pandemic, and in autumn it took place only in the Plzeň, Hradec Králové, and Ústí nad Labem regions, where 7,100 seedlings were planted—the event had to be canceled in the other regions. We have planted 7,300 trees in 2019, leaving just under 8,500 trees to be planted before the commitment is fulfilled.

When organizing the event, great emphasis is placed on the planting quality—various species of woody plants are used, which are native to the region, so that the future forest is more diverse and more resilient. In each region planting is coordinated with local experts (PLA administrators, forestry universities, etc.). Seedlings, necessary tools, and protective work aids are provided by ČEZ, and employees contribute with their time and physical strength.

Commitment duration: from November 1, 2019, to December 31, 2021

Targets and indicators

1. We will plant one tree by our efforts for each employee in Czechia.
2. We will contribute to mitigating the effects of climate change—we will improve the landscape adaptation to climate change, and we will support water retention in the landscape.
3. We will contribute to the restoration of bark beetle-destroyed forests. The newly planted forests will also be naturally more resistant to pests and weather calamities.

Granting Wishes, Thinking about Others—Employee Collection

For the fourteenth year in a row, we have been helping people in need as part of a joint charity project of CEZ Group, the ČEZ Foundation, and CEZ Group employees focused on specifically targeted aid. Employees have the opportunity to nominate someone in their community whom they think needs help. We choose several dozens of stories from received suggestions, publish them on the corporate intranet, and ask employees to make a voluntary donation. The ČEZ Foundation then doubles the amount collected from employees. Since the beginning of the project, the employees, together with the ČEZ Foundation, have donated over CZK 36.9 million.

(CZK thousands)

Year	Project Focus	Amount Donated by the ČEZ Foundation	Amount Collected by Employees
2018	Assistance to both children and adults in a difficult situation in life	2,463	2,463
2019	Assistance to both children and adults in a difficult situation in life	3,165	3,165
2020	Assistance to both children and adults in a difficult situation in life	2,946	2,946

Employee Grants

Grants are intended to support non-profit organizations in which employees work in their spare time. They can get up to CZK 30,000 from the ČEZ Foundation. The granting is voted on by employees. In the past 8 years we have supported 827 projects with a total amount of CZK 24.3 million.

Granting Wishes by Breakfast

People with disabilities have prepared and sold breakfasts for employees at selected CEZ Group locations since 2016, by purchasing products, employees support their employment.

Sheltered Workshop Bazaars

Bazaars have been organized at selected locations before Easter and Christmas for 9 years. Public benefit organizations sell their products in our office buildings. The organizations have managed to sell us products for CZK 5.7 million since the launch of the project. Due to the COVID-19 pandemic, the 2020 sheltered workshop bazaars were held on-line and employees were able to purchase through the public benefit organizations' e-shops.

Renewal of the Wardrope

The charity collection of clothes, shoes or fashion accessories has been held among the employees since 2017. We have collected 7.5 t of clothing and helped 45 organizations during this time.

Mobile Phone Collection

In cooperation with Remobil, we launched a monthly mobile phone collection in Prague. From each mobile phone collected, we donated CZK 10 to the Jedlička Institute and schools. The main purpose of this non-profit project is to protect the environment and support the employment of people with disabilities who are involved in dismantling mobile phones.

In the pilot project, 234 mobile phones were collected, which represented CZK 2,340 for charitable purposes, 37 hours of work for disabled or otherwise disadvantaged people, and the reduction of CO_2 equivalent emissions was 371 kg.

Key Events in 2020:

The coronavirus epidemic has had a significant impact on the normal functioning of companies. The area of philanthropy, especially volunteer activities, has not been spared. However, CEZ Group managed to help despite this adversity and come up with new ideas on how to involve employees so that they could also help.

- Employees proved that COVID-19 does not weaken generosity, as they contributed almost CZK 3 million to people in need as part of the employee fundraiser Granting Wishes, Thinking about Others, the ČEZ Foundation doubled the proceeds to CZK 5.9 million. It was the second highest amount in the history of the fundraiser. At the same time, we defended the title of the most generous employee fundraiser at the Giving Tuesday in Czechia.
- As part of corporate volunteering, employees sewed face masks for their colleagues on the front line (15,000 masks).
- Instead of the standard sheltered workshops bazaars, we organized on-line sheltered workshops bazaars at Christmas.
- Workers from the Dukovany Nuclear Power Plant made protective shields for doctors.
- A total of 320 employees of the Dukovany Nuclear Power Plant donated blood or blood plasma at the Třebíč Hospital.
- A commitment was continued to plant a tree by our own efforts for each CEZ Group employee in Czechia, thus helping to mitigate climate change and restore bark beetle-destroyed forests. Tree planting will continue in 2021.
- We are preparing to expand the Remobil project to 18 locations—a collection of old unused mobile phones from ČEZ employees.

Bring Useful Solutions to Customers 5.0

We supply electricity and gas to residential customers, small, medium, and large enterprises. In addition, we also offer customers mobile services and especially smart solutions for residential customers: for example, the installation of rooftop photovoltaic power plants, including battery storage systems, heat pumps, gas boilers, and smart systems connecting and controlling these technologies.

We help customers fight unfair practices of energy sellers

Jiří Zezula, Strategy and European Legislation Expert

“Everyone likes it when their work makes a difference and helps real people. I’m lucky enough to be able to do that. It has been a long time since ČEZ has lost its monopoly on electricity supply to residential customers and businesses after dozens of new traders emerged, following the opening of the energy market. A competitive environment is healthy, but some companies have brought in Wild West practices. We have decided to do something about it. We became part of an initiative that included government agencies, business associations, and other energy companies and developed a series of steps to improve the market. This means a series of small steps and grunt work; somebody has to do the hard labor, and that’s my role and the role of my colleagues in the team.”

real **Support**

5.0

5.1
We Sell Responsibly

CEZ Group's goal is to serve customers responsibly and with high quality in electricity and gas trading and to provide advice for environmentally responsible heating. The solutions we provide are not only environmentally responsible but also economically efficient. Our commercial and contractual conditions are transparent and unambiguous.

As the first energy company not only in Czechia, but also in Central and Southeastern Europe, we introduced the ombudsman institute in 2009 in order to improve conditions and responsible sales for customers. A four-member team reviews cases of customers who were not satisfied with the handling of their complaint or claim filed with the relevant CEZ Group company.

The year 2020 presented us with major challenges in customer care. The pandemic situation caused by COVID-19 showed that the launch of the Digitalization of Services program in 2019 was a step in the right direction, not only in terms of the company's development but also in terms of its ability to respond to new challenges when the program was in its infancy.

We have responded to the temporary closure of our customer service centers and the change in customer behavior by handling substantially more requests in the ČEZ ON-LINE web interface and via call centers. The latter was significantly reinforced as part of the increased traffic; with a year-round surge, we were able to successfully serve our customers and maintain customer satisfaction at 96%.

We have put a number of measures in place to enhance security for customers and employees when dealing with their requests. We have equipped our customer care centers with protective glass and disinfectant to minimize the risk of infection. We have also supported selected operations, such as self-referrals, remotely. We have further prepared a change in the distribution rate process, whereby we have simplified a previously complicated request into a few steps thanks to digitalization, thereby reducing the number of necessary visits to customer care centers or even eliminating them.

Similarly, field staff at ČEZ Distribuce have adapted to the difficult situation, adopting additional rules for greater protection, both for themselves and their customers.

Colleagues from the technical consulting points provided perfect support to customers on-line at all times and we're always ready to deal with distribution requests when epidemic measures were relaxed, equipped with a plexiglass screen on the counter with an opening for handing over documents, masks, and gloves.

Even during the complex pandemic situation, the distribution call centers and on-line channels operated around the clock, ensuring distribution grid operation and securing the supply of electricity to customers.

S Social G Governance

Examples of a responsible approach to customers:

- We have redesigned customer invoicing to make it as clear and understandable as possible.
- We enable a number of situations to be resolved on-line using the ČEZ ON-LINE application for requests from ČEZ Prodej and the DIP web portal for ČEZ Distribuce customers dealing with distribution requests.
- We operate a free ČEZ Prodej customer line and a free ČEZ Distribuce contact line to resolve customer requests.
- We have the widest network of customer care centers and technical consulting points in Czechia (76 customer care centers and 9 technical consulting points in total).
- We operate the information portal bezstavy.cz—without the need to register, the public can find out the current status of electricity supply at a specific address, planned outages or faults in progress, and can also report power outages.
- We actively support market cultivation and education in the fight against unfair practices of door-to-door sellers of electricity and gas.

5.0

Key Events in 2020

- Changing the distribution rate can now be done via a web application, customers no longer have to go to the customer care center or manually fill in paper forms.
- For those who have run into payment issues related to the COVID-19 pandemic in spring 2020, we have prepared several options to deal with them. Whether it was a deferral of prepayments or a more accommodating approach to creating interest-free payment plans.
- In the wake of the COVID-19 pandemic, we reduced planned outages so that people could work comfortably from the safety of their homes and their children could study through on-line tuition.
- We have established that paper notices of power outages and other information will be replaced by an electronic form. At the same time, the customer can have information about outages related to the respective tapping point sent to them via the DIP web portal by e-mail or SMS. This project is part of the digitalization trend and saves nature.
- The next few years will be marked by the service digitalization, renewables, and comprehensive solutions to customer needs. For those who prefer personal contact, our branches will still be there.
- We are preparing a new design for selected customer care centers that will improve the support of environmentally responsible perception of the world. It will introduce modern heating technologies, electricity storage options, their mutual synergy complemented by many other components, such as charging electric cars, or a system that intelligently manages energy consumption according to the current situation based on predefined priorities. Other customer care centers are equipped with photovoltaic panels and other modern technologies so that customers can see them for themselves and “touch” them.

S Social G Governance

5.0

5.2 We Offer Custom Products and Services

Each customer has specific needs, whether it is a preference for a product with regard to ecology, the best price, energy savings, advice, or the way we communicate with them. Our aim is to have satisfied customers, which is why we offer them a wide range of services and products. We do not forget about vulnerable customers, such as people with disabilities, or the elderly.

When serving a customer, it is no longer about simply handling a request or making a sale, but about comprehensive energy advice that we can customize to each individual and quantify, for example, the specific parameters of a solution or potential savings. We still remain the only energy company that provides comprehensive service and consulting options in the field of energy and technology—they are supplied directly by CEZ Group, so all our guarantees and customer approach apply.

Customers can choose the most convenient way to contact us. We operate customer care centers, call centers, and technical consulting points. The operator services in the call center are free of charge—the free of charge ČEZ Prodej Customer Care Line is in operation: 800 810 820 for requirements regarding products and services and the free of charge ČEZ Distribuce contact line: 800 850 860 for fault reporting and technical requirements. We also accept requests by e-mail, mail, or via the ČEZ ON-LINE web and mobile application and the DIP web portal for solving requests regarding electricity supply.

In the past, CEZ Group had one common call center in two locations, in Zábřeh na Moravě and in Plzeň. In 2016, we split it in connection with the separation of the information systems for the dealer and distributor. The Plzeň call center and the call centers in Kolín and Třebíč jointly take care of the agenda and care for ČEZ Prodej customers, while the Zábřehcenter now belongs to ČEZ Distribuce.

On average, ČEZ Prodej call centers handle 123,000 calls and 44,000 non-voice requests (e-mails, web requests, etc.) per month. The ČEZ Distribuce call center handles 78,000 calls and 69,000 non-voice requests (e-mails, requests from the bezstavy.cz portal, etc.) per month. In the event of disasters in our distribution area, customers put a lot of pressure on operators—during the February's Hurricane Sabine only, when a state of calamity was declared in 8 regions and 300,000 customers were without electricity, operators handled 12,000 calls in a single day.

The two call centers combined handled on advarage 201,000 calls and 113,000 non voice requests (e-mail, web requests, etc.) per month.

5.0

We train our employees on a regular basis so that they are able to offer the most appropriate and customized solution to our customers based on their specific requirements.

We are also aware that people's lives are increasingly dependent on electricity—reliability and speed of electricity supply restoration is a key indicator of our customer's satisfaction. We expend billions of CZK on distribution system facilities, which allows us to ensure safe and reliable electricity supply. In case of emergency, the new advanced elements allow us to locate the point of failure faster and restore power supply sooner.

ČEZ Prodej serves customers in the area of electricity and gas trade. In addition to electricity and gas supplies, ČEZ ESCO (Energy Service Company) provides energy solutions for industrial companies, small and medium-sized businesses, municipalities, public or private organizations, and companies managing buildings and premises of all types—from residential and administrative projects to hospitals, schools, or sports arenas.

We also offer smart energy solutions to residential customers, MOBILE FROM ČEZ, heating and photovoltaic technologies, solutions in the field of electromobility, financial and assistance services. We aim to build an ecosystem of products and services aimed at improving the quality of life by using advanced technology for the generation of electricity, heat, lighting comfort, and mobility and for reducing our customers' energy consumption.

The task of ČEZ Distribuce is to ensure the reliability of electricity supply in all the products we offer and to ensure the fastest possible restoration in the event of a failure.

Support for Vulnerable Customers

We have prepared a new electricity and gas tariff for people with disabilities with a better price and priority check-in at the customer care center and on the hotline. The condition for signing up for the product is a Disabled Person's Pass—the owner can be the customer directly or a person from the same household.

In March 2021, we have launched a special hotline for vulnerable customers with a text call transcription, which facilitates communication for the elderly or the hearing impaired, among others.

5.0

Key Events in 2020:

- 660 photovoltaics and 514 heat pumps were installed in 2020.
- ČEZ ESCO's energy saving projects (EPC) saved customers CZK 232 million in 2020. From an environmental point of view, the energy savings represent a reduction in CO_2 emissions of 36,700 t.
- ČEZ Prodej's Board of Directors approved the second version of the consumer protection declaration. "The Declaration of Electricity and Gas Suppliers for Consumer Protection" is an initiative of the Confederation of Trade and Tourism of the Czech Republic (SOCR ČR) and energy suppliers across the market who want to further cultivate electricity and gas trading, strengthen customer rights and fight against the so-called "energy scammers". The declaration aims to prepare the ground for an amendment to the Energy Act and to make it easier to translate into practice.
- ČEZ Prodej customer care centers now have so-called technology gurus, i.e., specialists who will guide customers through the world of technology and advise them on how to choose it.
- For customers who are thinking about purchasing an electric vehicle, we have prepared a new B2C electromobility package to help them navigate the new topic and thus support climate change solutions. Customers can choose an electric car, which we will order as part of this service, then install a home charger or wallbox and check it at their home so they can easily charge from the comfort of their own home—all of which can of course be purchased on an installment basis. They can use the electric vehicle distribution rate for charging, which gives them up to 8 hours of overnight power, and on top of that we add a chip for public charging.
- In the future, we plan to connect the products of photovoltaic power plants, heat pumps, gas boilers into one unit so that the customer can control everything from one application.

5.0

5.2.1 Customer Experience—Customer Satisfaction

We aim for a satisfied customer. We want them to have the right information on time, their journey with us to be easy and the result to be a positive experience. Resolving requests should always be simple and quick, with minimal effort on their part. We want to be a long-term leader in customer experience. Customer satisfaction is therefore a key parameter for the CEZ Group's performance and a building block for process redesign and digitalization, which is currently our main focus.

Another integral part remains improving customer interactions based on customer satisfaction measurement, which has taken a unified form across all measured channels in 2020—customers are asked about their satisfaction with the resolution of request and with the employee's behavior and the effort they put in. Based on this feedback, we then address any customer dissatisfaction and educate our employees at the same time. The outputs also provide the basis for corrective actions, which we implement on an ongoing basis.

Proactive customer care has become an important part of our customer experience (CX) strategy in 2020.

ČEZ Prodej

Customer Trio

The customer trio was created as part of the CX strategy. It defines three principles that lead to higher customer satisfaction, namely simplicity, convenience, and helpfulness. It is no longer the case that customers are driven by price alone.

Thanks to the energy of all our employees and our focus on digitizing our services, we were able to achieve a record high in customer satisfaction in 2020. For the entire year 2020, 87% of our customers gave us the best possible rating in all areas surveyed. Employees received an "A" for request resolution from 96% of customers. For ČEZ Prodej, this means ranking among the best not only in the energy sector, but in the entire retail market. Moreover, we defended our position as the most trusted brand among energy suppliers for the fourth time in 2020—confirming that we put the customer first.

5.0

5.3 Ombudsman

ČEZ Distribuce

At ČEZ Distribuce, we conduct independent research on customer satisfaction with the services provided in the area of service and technical activities. Thanks to the regular feedback, we can improve the quality of our services and seek modern customer solutions. *“Everything was smooth—they were friendly, professional, helpful, and kind.”*—These are the most common answers when asked what specifically caused customer satisfaction.

We try to make sure that customers have the opportunity to handle as many requests as possible on-line and that they have updated information. We make it easier to get in touch with us—speed, simplicity, transparency, and the ability to keep up with the development and digitalization of services remain a priority in other sectors.

Our research has confirmed that our employees’ evaluation of our customers, whether in terms of the handling of their requirements by operators or installers in the field, is close to 100% satisfaction. Overall satisfaction with our service has once again met the estimates, reaching 98%, including grades A and B as in school.

ČEZ established the Ombudsman institute as one of the first energy companies in Europe and the first in Czechia in October 2009. The Ombudsman’s task is to investigate customer submissions and issue opinions, assess customer suggestions for improving customer services provided by CEZ Group companies, and propose systemic changes to individual CEZ Group companies.

8,075 customers approached the ČEZ Ombudsman during his operation. He sided with the customer in 845 cases—whereas the customer was right in 501 cases. In 344 cases, the Ombudsman applied a “specific approach”, satisfying the customer even though the complaint was not justified. The key criterion in such cases was the customer’s life situation.

Over the years, the ČEZ Ombudsman has selected 120 proposals for systemic changes, proposed 72 to individual CEZ Group companies, and 40 of them were accepted.

In 2020, 455 customers sought help from the ČEZ Ombudsman, while the Ombudsman sided with the customer in 38 cases—in 16 of which the customer was right. In 22 cases, the Ombudsman applied a “specific approach”, satisfying the customer even though the complaint was not justified.

Among other things, the COVID-19 pandemic also influenced the number of complaints that customers of individual CEZ Group companies sent to the ČEZ Ombudsman. The number of complaints was roughly one-third lower in 2020 compared to the long-term annual average.

S Social G Governance

Enable Energy Sector Transformation 6.0

We strive to remain a pioneer of energy sector transformation, which includes enhancing energy efficiency and using renewable energy. That is why the stringent requirements of current markets keep urging us on. We are implementing projects with a positive impact on the public, towns, villages, schools, and other entities. These include heating systems, smart buildings, smart lighting systems, etc.

Developing renewable energy in Czechia

Filip Saturka, RES Development and Implementation Expert, ČEZ Obnovitelné zdroje, Prague

“It was a challenge to build the first large Czech solar power plant on the site of a nuclear power plant, and under strict safety and hygiene conditions. In Dukovany, in cooperation with our colleagues from the plant, we deployed double-sided panels that can generate up to 25% more electricity than the standard ones. The new photovoltaic system is located above the parking lot, so we asked our employees to drive to work in light-colored cars because they reflect light better and our photovoltaic system produces more clean energy. ☺”

real Transformation

6.0

6.1 We Are the Leader of Energy Sector Transformation

Because of CEZ Group's size and significance, we strive to be the key leader of transformation in the whole energy sector. Its gradual transformation brings with it great investment opportunities, which will be further enhanced by the commitment agreed in Brussels in December 2019 at the European Council level by almost all countries, including Czechia, in a document called the European Green Deal. In the coming years, this commitment can be expected to accelerate the energy transformation towards clean technologies in all European markets where ČEZ operates.

Our goal is to make CEZ Group's public image that of a modern and innovative company and a reliable partner, to continue to monitor and represent CEZ Group's interests effectively in important discussions regarding climate neutrality and the regulatory framework, and in the future to strengthen CEZ Group's position in new energy and the provision of ČEZ ESCO energy services.

The new energy sector combines an ecological approach with requirements to meet the specific needs of individual customers. Although often perceived through the emphasis on renewables, its focus is much broader. For example, it is gradually introducing higher interest in electricity generation from renewable sources directly at points of consumption, building self-managing smart distribution networks, supporting digitalization and automation of energy solutions, reducing energy waste and, conversely, promoting its efficient use.

CEZ Group strives to seek socially responsible solutions and to follow new trends and opportunities. One example is the decision to move to the next phase in the planned lithium mining project in Cínovec. The project is closely linked to one of the basic elements of energy transformation, i.e., energy storage, and has the potential to eliminate the negative impact of the planned decline in coal mining in the region on employment.

We Are a Partner of the National Center for Energy Savings (NCES)

We are one of the founders of the NCES initiative and we try to popularize the energy sector for the association members, contribute to the inflow of investment in energy innovation and technological shift in Czechia, modernize infrastructure of municipalities, cities, and industry to reduce climate and environmental pressures and also to improve the quality of the interior environment in buildings. We are an adviser in matters concerning energy legislation and the makeup of the subsidization environment at the level of Czechia and the European Union.

Due to the COVID-19 pandemic, the originally planned seminars on energy saving in health and education could not take place. The seminars were replaced by three studio webinars on the following topics:

1. Energy Savings and the Impacts of the Pandemic on the Energy Sector
2. Energy Savings and EPC Project Implementation
3. Energy Savings and Financing EPC Projects and Technologies

We Are Close to Europe—Having an Office in Brussels, Collaborating with EU Institutions

Our office in Brussels helps us gather quality and timely information about developments in European Union institutions and their possible impacts on CEZ Group and the transformation of the energy sector. Through it, we are also able to participate in advancing our interests officially in the European Union as well as interest groups and associations headquartered in Brussels.

The ČEZ representatives regularly participate in working groups of the EU Platform on Coal Regions in Transition. This is used by representatives of European institutions, regions, public administration, and industries to share best practices in the transformation of regions depending economically on coal mining and further coal processing. We also became voluntarily involved in the EU Battery Alliance platform, which aims to create a European battery value chain. This initiative should make the European Union more competitive against global competitors while the European battery industry helps transform the energy sector. ČEZ is involved in the platforms on a voluntary basis. We have also joined the European Raw Alliance as a member.

Within the Eurelectric association, an organization representing the common interests of the European electricity sector in Brussels, a Social Sustainability Committee was established. The manager of ČEZ's Brussels office is a member of the Committee.

6.0

6.2 We Develop Clean Technologies

Our goal is to develop clean technologies in the areas of electricity generation and transport, therefore:

- We monitor CO_2 emissions per MWh generated
- We are working on further development in the field of energy savings and decentralized energy and we are developing our portfolio of renewable sources in the development phase, mainly in Czechia
- We are increasing the number of electric car charging stations installed to enable low-emission modes of transport; electricity supply through these stations increased by 24% last year
- We supply turnkey energy solutions for residential customers and companies, such as photovoltaics together with a battery system (delivery, installation, financing, maintenance), services in the field of energy audits, projects and buildings or services and products in the field of heating (smart thermostats, boiler renovation, thermal pumps).

6.2.1 Wind Parks

We are one of the pioneers of wind energy development in Czechia. CEZ Group currently generates electricity from wind in two locations in Czechia. In total, wind power plants are in operation in dozens of locations in Czechia and their nominal capacity ranges from small capacities (300 kW) for private use to 3 MW. CEZ Group gradually operated wind power plants in Dlouhá Louka above Osek near Litvínov in the Krušné Hory Mountains, at Mravenečník in the Jeseníky Mountains, or at Nový Hrádek near Náchod.

CEZ Group is active in the wind energy sector not only in Czechia but abroad as well.

- The first modern wind power plants of the new generation are the units launched in 2009 near Věžnice in the Vysočina region and near Janov in the Pardubice region with an installed capacity of around 4 MW each.
- In Germany, CEZ Group companies operate 53 turbines in onshore wind power plants with a total installed capacity of 133.5 MW. CEZ Group's wind power plants in Germany generated approx. 292 GWh of electricity in 2020, as compared to 285 GWh in 2019.
- Wind power plants in Turkey have an installed capacity of 28.2 MW.

By the end of 2020, more than 70% of CEZ Group's portfolio in the wind power sector in Western Europe was in the development phase.

In 2020, CEZ Group operated wind farms in Czechia and abroad with a total installed capacity of over 740 MW.

6.0

6.2.2 Photovoltaic Power Plants and Energy Storage

New energy storage technologies are part of our commercial offerings of decentralized renewable energy generation. ČEZ Solární and TENAUR subsidiaries have installed more than 1,800 photovoltaic power plants (PV) during their operation, and most of the customers have used a subsidy from the New Green Savings Program. Our customers can also purchase a PV plant together with a battery system storing electricity generated during the day from our other subsidiary, ČEZ Prodej.

ČEZ Prodej installed 660 rooftop photovoltaics and 514 heat pumps in 2020.

Customers are increasingly interested in combining photovoltaics with battery systems. Last year, ČEZ Prodej installed 485 of such solutions, which corresponds to three-quarters of all installations. 55 photovoltaic systems with water storage were connected.

ČEZ Prodej will meet the increasing customer demand for batteries in 2020 by offering a new type of equipment supplied in cooperation with the Czech manufacturer OIG Power, which is designed for smaller family houses with lower consumption or for houses in the low-energy standard.

The combination of a photovoltaic plant with a heat pump controlled by one common software is also becoming popular, which increases the efficiency of the whole system. In 2020, a total of 120 customers purchased this combination.

We offer a comprehensive turnkey service, i.e., from the supply of technology through administration to the offer of advantageous financing. We want to motivate the customer to use renewable energy sources. We support customers in addressing climate change.

In the middle of 2020, we deepened our cooperation with the Slovak company InoBat—its immediate intention is to build production lines for batteries used mainly in the field of electromobility.

6.2.3 Hydroelectric Power Plants

Storage and pumped-storage hydropower plants ensure the dynamic functions of the electricity system with their operational characteristics and are an essential power backup for the system. We have an approximately two-thirds share in the utilized hydraulic energy potential in Czechia. We ensure the operation of power plants in the Vltava River cascade and pumped-storage power plants in Dalešice and Dlouhé Stráně, small-scale run-of-river hydroelectric power plants, especially on the Labe River, Berounka River and Morava River. All hydroelectric power plants of the CEZ Group in Czechia generated almost 2,400 GWh of electricity in 2020.

6.0

CEZ Group's storage and diversion hydropower plants in Czechia surpassed the generation of more than one billion kWh of electricity again in 2020.

CEZ Group's storage and diversion hydroelectric power plants in Czechia produced almost 1.1 billion kWh of electricity in 2020, a year-on-year increase by 1%. The three storage power plants of the Vltava River cascade, Orlík, Slapy, and Lipno supplied the highest volumes of emission-free electricity. Storage and diversion hydroelectric power plants operated by ČEZ generated 859 million kWh, of which the Vltava River cascade alone produced 810 million kWh; the remaining more than 229 million kWh were supplied by small hydroelectric power plants under the banner of ČEZ Obnovitelné zdroje.

Key Events in 2020:

- Together with battery system manufacturer OIG Power, we are offering customers a new battery solution for lower-energy homes from 2020, making battery systems even more affordable.
- ČEZ ESCO and Slovenský plynárenský priemysel (SPP) have signed an agreement on the establishment of a joint venture called ESCO Slovensko, which will be tasked with contributing to the modernization of the energy sector in Slovakia and increasing energy efficiency, as well as helping to meet commitments related to climate change, environmental protection, and the targets set by the European Green Deal.
- Through SunFire, CEZ Group is participating in the construction of the world's largest high-temperature electrolytic cell for green hydrogen production in Rotterdam. Construction is scheduled to start in 2021.
- In 2020, CEZ Group's pumped-storage plants set an all-time record with an output of 1,293 GWh, an annual increase of almost 11%. In the last 10 years, they have doubled generation and increased the number of starts by more than 70%.
- The Kořensko hydroelectric power plant, powered by water returned to the Vltava River by the Temelín Nuclear Power Plant ("Temelín Unit 3"), generated 2,101 MWh in 2020. Since the start of operation in 1999, this small hydroelectric power plant has generated a total of 38,388 MWh of electricity.
- In France, CEZ Group has advanced the development of a portfolio of 17 onshore wind power plant projects. As at December 31, 2020, a total of 8 projects have received permits for construction and operation.

6.0

6.3 We Seek Technologies that Help

We want to allow every customer in Czechia to reduce their energy consumption and improve their quality of life by using advanced technology for electricity and heat generation, lighting comfort, and mobility.

6.3.1 Energy-Saving Projects by ČEZ ESCO Companies

ČEZ ESCO companies implement the construction of large energy facilities, cogeneration units or photovoltaic power plants, energy management and energy saving projects, or the supply of lighting, air conditioning, air conditioning, and electromobility infrastructure. By means of AZ KLIMA and ČEZ Energo, ČEZ ESCO is the number one on the air conditioning market, or more precisely the operation of cogeneration units. It operates in a total of 5 countries, employs 5,500 people and carries out approximately 14,000 contracts per year for industrial companies, small and medium-sized enterprises, municipalities, public and private organizations, and companies managing buildings and premises of all types, from residential and administrative to hospitals and schools to sports halls. The current direction of Europe and the emphasis on climate protection in the future will further strengthen the attractiveness of the solutions provided by ČEZ ESCO.

Reduction of electricity, heat, gas, and water consumption costs by CZK 248 million is last year's benefit of a total of 39 energy-saving projects with guarantee (EPC) provided by ENESA from the ČEZ ESCO Group in Czechia and Slovakia. The savings increased by 9% year-on-year, which equates to CZK 25 million. From an environmental point of view, the savings represent a reduction in CO_2 emissions of 39,300 t, the same amount as a 100 MW coal-fired power plant unit would generate in two weeks of normal operation. The total savings of all EPC projects, converted into heat units, amounted to 473 TJ, which is equivalent to the annual average consumption of almost 19,000 households in apartments or approximately 10,000 households in detached houses.

Last year was mainly marked by the implementation of the largest energy-saving project in Czechia, which will save almost CZK 22 million annually in 9 campuses of the Czech Technical University in Prague (CTU). The saving of 4,125 t of CO_2 emissions is equally significant. The energy renovation also brings savings of 71,500 m^3 of water consumption.

In industry, which is one of the most energy-intensive sectors next to transport, EPC projects are rather an exception. As the largest provider of EPC projects in Czechia, ENESA has two in its portfolio: at Tatra Truck, where the replacement of lighting for CZK 55 million brings financial savings of CZK 10 million per year, and VOP CZ, where it saves energy for at least CZK 7 million for the third year in a row. The end of last year brought another significant boost to the EPC market.

During the COVID-19 pandemic, the importance of energy saving projects became apparent. Municipal, regional, hospital, and school budgets can save hundreds of CZK millions that can be better spent elsewhere. Ideally, and most beneficially, these projects can be applied, for example, to hospitals, i.e., large energy-intensive facilities that operate on a 24/7 basis.

The birth of ESCO products has been driven by pressure from climate protection regulation, pressure from customers and markets to sustainably develop new, not just decentralized, technology in the energy sector, and pressure from advancing digitalization. Our products and solutions help save 39,000 tons of emissions CO_2 every year. Environmental solutions naturally mean not only saving emissions, but operating expenses as well.

Our energy-saving projects include:

Energy Performance Contracting (EPC)

Energy-saving projects with a guarantee (EPC) directly contractually undertakes to ČEZ ESCO customers that the supplier guarantees and achieves the savings each year, otherwise it must pay the difference itself. At the same time, customers do not have to put their money into savings solutions, because investment can be repaid from the savings. Every project is designed so that the customer can repay all investments and other related costs within a period known in advance using the savings generated by the project. The amount of savings is demonstrable by means of a data measurement system and energy management.

ENESA is a signatory of two projects awarded in the competition for the best upcoming EPC project of the year 2020: the project for the CTU and the modernization of the City Hall of Prague 14. It is also responsible for the development of the Performance Design Build (PDB) method, which applies EPC principles to new construction. This method was chosen by the South Moravian region for the construction of the new pavilions of the Children's Hospital with Speleotherapy in Ostrov near Macocha. ENESA is in charge of energy management and subsequent energy management.

ČEZ ESCO now has a roughly 60% share of the EPC market in Czechia, and ENESA is a member of the Association of Energy Service Providers (APES) with a mission to contribute to the sustainable development of energy services on the Czech market. It is also a signatory to the European Code of Conduct for Energy Performance Contracting.

Custom TENGEO Control System

The system, developed by TENAUR, enables the interconnection and control of individual components into a single functional unit within the framework of smart household control aimed at sustainable solutions. It is a connection of heat pump technologies, photovoltaics, but also control of pool heating, lighting, or blinds. With the TENGEO system, all connected components can be controlled from one application. TENGEO uses weather forecasting for control and can flexibly adapt heating and electricity generation to maintain the comfort and high efficiency of the technologies used.

Expert Advice in Choosing the Heating System

We offer expert consultancy for the selection of a heating system, installation, and maintenance. We are customer-oriented, we handle the entire administration associated with the application for a state subsidy, which can reach up to 80% of acquisition costs, we also help with financing. We are not only looking for convenience and cost savings on the customer's side, but we want to contribute to reducing the impact on climate change by using greener types of heating.

Key Events in 2020:

- Energy savings can be achieved not only through EPC projects, but also through partial measures such as lighting replacements. Production at TDK Electronics has been more cost-effective and environmentally friendly since October 2020. A total of 196 new LED luminaries will save the Šumperk manufacturer of electronic components 71% of electricity consumption and reduce annual CO_2 emissions by 99t. The design and installation of modern lighting, including the dismantling of the original lights, were provided by HORMEN, a subsidiary of ČEZ ESCO.

6.0

6.3.2 We Digitalize Distribution

ČEZ Distribuce operates 165,835 km of power lines in Czechia with 3.7 million service points. By gradual modernization, planned reconstruction of the distribution system equipment and a proactive approach, it steadily increases and ensures quality and reliable electricity supplies and meets the growing client requirements. ČEZ Distribuce also focuses on introducing various smart technologies and on digitalization, thus contributing to the decarbonization goals and enabling customers to solve their requirements from home via the Internet.

The energy sector is undergoing the biggest changes in the last few decades, and ČEZ Distribuce wants to be prepared for them. It continues to implement the digital distribution strategy launched in 2019. It aims to co-create a digital decentralized energy system that enables the development of renewables, decentralized generation, electromobility, storage, and the decarbonization of the European energy sector. This will enable ČEZ Distribuce to fulfill its mission of providing customers with reliable and secure electricity distribution including related services and ensuring the renewal and development of the distribution system to meet future customer needs.

The digitalization program focuses on two basic areas. The first is the transformation of the distribution network into a “smart” automated network, a change in the way of operational management, planning, and development of the network using data and information that the “smart” network will provide. We focus on remote control functions, regulation of operating parameters, automation of network management, and deployment of smart meters. The development of smart network concepts also includes a number of verification projects focusing on metering, communication, network automation, and improving operational safety and supply reliability. Successfully verified concepts are transitioning into implementation projects across the distribution grid.

The second area is the transformation and digitalization of internal processes, focused on customer satisfaction and efficiency, digitalization, and modernization of service and all interactions with end customers of the services we provide. The benefit will be support for the development of decentralized generation, accumulation, electromobility, and new related services, which will enable the onset of innovation in energy. The digitalization program is part of the national decarbonization plan.

Our digitalization efforts are driven by three parameters—regulations and new business models, continuous technological advancement, and our clients’ preferences. There is an increasing number of active clients that require faster access to data. Digitalization will enable us to better understand and meet the requirements of all our customers and optimize the functioning of our internal processes.

Key Events in 2020:

- We have continued to deploy digital communication tools with customers—an example is the new design and functionality of the ČEZ Distribuce website with the possibility of electronic processing of connection requests, information about outages, and the option of other interactions with our clients. In the near future, we will deploy artificial intelligence tools to automatically process requests coming to the contact center via voice and e-mail communication or via the “chat” function on our website.
- We have continued to digitalize key elements in the network at the high-voltage level and intend to build hundreds of kilometers of additional high-speed fiber-optic networks for control, remote management, and automation of the system. We will deploy on-line metering at high voltage distribution substations. We are preparing a new concept of load management and involvement of ČEZ Distribuce in flexibility and aggregation management systems.
- As part of the smart metering project, we are preparing the systems required for deploying smart meters at end customers in accordance with regulatory requirements, while taking advantage of the opportunities that this technology provides in other areas of operation. The data measured at the network elements and at the end-user service points will be used in the new system for dispatching, planning, and forecasting consumption, and for optimizing the development and maintenance of distribution assets.
- ČEZ Distribuce’s vision is to become the leader in the new digitalized environment. Within three years we should be able to switch to a system based on internal digitalization and process management, without compromising on the strict requirements for quality and safe operation of the distribution grid.

6.4 We Make Cities “Smart”

Our goal is to help cities decrease energy consumption and enhance energy efficiency under the Smart City concept. We also focus on the promotion of Smart City by ČEZ ESCO as a conceptual approach to the management of cities and municipalities, including in the field of energy.

According to a United Nations estimate, more than a half of the global population is living in cities now and about seven out of ten people on the planet will live in a city by 2050. In Prague, for example, the population could increase by approximately 20% to 1.49 million by 2050. To cities, more residents mean greater demands on transportation and energy, higher water consumption, and higher production of waste. Energy (climate) savings reduce operating expenses in budgets, thus creating more space for the necessary investments in roads, smart buildings, streets, streetlamps, etc.

E Environmental

6.0

In Europe, 40% of energy is consumed in buildings. Currently constructed buildings with optimal envelope properties will amount to only 10– 25% of the fund in 2050. The energy performance will thus be affected mainly by the renovation of the existing fund. Urban energy needs to be addressed comprehensively, but some measures can be implemented immediately.

Under the Smart City concept we support:

- Energy management
- Rooftop PV installation
- Implementation of cost-saving projects using the EPC method
- Smart public lighting
- Electromobility

Using smart technologies improves the quality of the environment in cities, towns, and villages as well as the quality of life for their inhabitants. This approach also allows us to take advantage of and expand the product portfolio of ČEZ ESCO.

Key Events in 2020:

- We delivered smart lighting including a control system with wireless communication to the village of Rajnochovice in the Kroměříž region. The village can now remotely change and adjust the lighting intensity, detect the consumption on-line, and can also immediately detect when there is any malfunction or intrusion into the substation equipment. An important bonus is a 61% reduction in electricity consumption costs, which represents a significant annual saving in municipal costs.
- In mid-December, the results of the Smart Cities 2020 competition were announced. The winner of the “Project for Cities up to 50,000 Inhabitants” category was an energy-saving project in nine campuses of the CTU in Prague, thanks to which the university will save CZK 22 million per year. The jury also appreciated the environmental benefits of the project—reduction of CO_2 emissions and water consumption.

E Environmental

Start the Engine of Innovation 7.0

We are revving up the engine of innovation in our services and products in the market. We constantly find and introduce innovation processes and services for our customers to bring them better and cheaper solutions. Our goal is to be perceived by the public as a company that is the key initiator in this field.

We prepare everything for the rise of electromobility

Karel Němec, Clean Technologies Project Manager in ČEZ, Prague

“COVID-19 has complicated our work, of course, but we have learned to think about it even more and look for new ways to develop electromobility. That is why my colleagues and I built a record of more than 80 new charging stations in 2020. We have also started using software from Driivz, an Israeli company in which CEZ Group has a stake. This innovative software gives drivers a clear and easy-to-understand view of all information they need.”

real Innovation

7.0

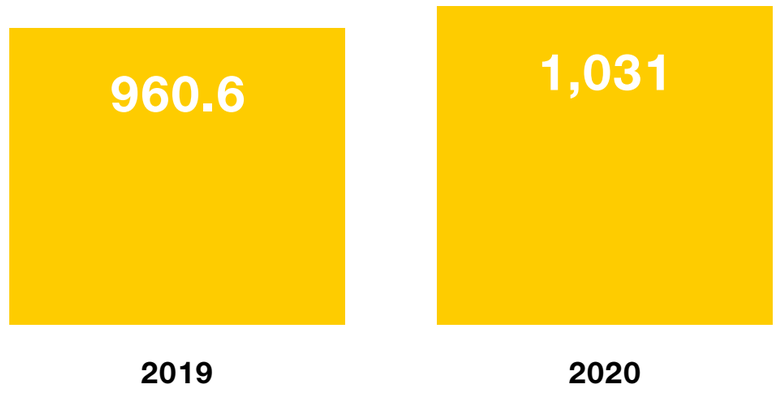
7.1 We Support Research and Development

We focus CEZ Group research and development on existing assets as well as the development of future opportunities in “new energy.” The coordination of research and development in CEZ Group enables the implementation of **projects in an optimal form with the use of group synergies**. Emphasis is put on topics with high application potential as well as on activities lessening the environmental impacts of CEZ Group’s operations. The areas in question reflect current and expected trends in energy.

The project outcomes are applied at CEZ Group, helping improve the environmental, safety, and economic parameters of CEZ Group facilities or gather information for making decisions on the implementation of new opportunities. **We focus, in particular, on nuclear energy, emission reduction in fossil fuel sources, materials engineering, the use of smaller energy sources, digitalization and information technology, and energy storage including the development of hydrogen technologies.**

CEZ Group companies’ **operating expenses** on **research and development** were CZK 1,031 million **in 2020**. Centrum výzkumu Řež (the Řež Research Center), ÚJV Řež, and ČEZ are mostly involved in implementing their own research and development projects. These companies have also received R&D subsidies of almost CZK 508 million. ÚJV Řež and Centrum výzkumu Řež participate in many European projects focused on the safety and reliability of nuclear power plants, the preparation of a new generation of nuclear reactors, or the development of new energy storage technologies.

Year-on-Year Comparison of R&D Operating Expenses in CZK Million in 2019–2020



Specific projects, outputs, and program memberships can be found in the CEZ Group’s 2020 Annual Report in the Research, Development, and Innovation chapter.

E Environmental

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7.2 Inven Capital Investment Fund

Inven Capital is a venture capital fund that focuses on investing in clean-tech start-ups. Inven Capital made its first investment in 2015 and invested in a total of 13 companies over the next five years (six German, two French, two Israeli, two Czech, one Swedish, and the UK's Environmental Technologies Fund 2). Inven Capital invests through 2 sub-funds, the main shareholder of the first sub-fund is ČEZ and the main shareholder of the second sub-fund is the European Investment Bank. Investments are companies with proven sales and significant growth potential.

In 2020, Inven Capital **joined** the international **Leaders for Climate Action (LFCA)** initiative, which aims to combat global climate change by **decarbonizing its member companies**. The LFCA brings together over 700 predominantly technology companies and investment funds from 22 countries. Its members are committed to climate neutrality and the promotion of sustainability principles in business. As a member of the LFCA, Inven Capital commits to including the Sustainability Clause in the contractual documentation for new investments that the portfolio company must monitor and strives to reduce its carbon footprint and generally strive for sustainable business.

Inven Capital itself aims to operate in a carbon neutral manner. In 2019, it became a **certified carbon-neutral business**.

All Inven Capital's investments also contribute to sustainable development in some way. It either changes the traditional way existing industries operate in the direction of reducing costs and environmental impact, or creates new hi-tech products that completely replace existing activities and processes with a high environmental footprint. All portfolio companies develop progressive IT products, whether software, applications, or AI solutions, which they apply in the mobility and energy sectors similar to CEZ Group's business areas.

One of Inven Capital's first investments in 2015 was German company **SunFire**, a leader in the field of industrial high-temperature electrolysis. The company has developed two technologies that enable the generation of renewable energy sources such as hydrogen, syngas, and e-Fuel. The company's technology enables the generation of hydrogen in a renewable way, replacing fossil fuels and contributing significantly to the reduction of CO_2 emissions across a wide range of sectors (e.g., oil processing, iron, steel, fertilizer, and various chemicals). The conversion of water and CO_2 using electrolysis produces syngas, which is used in the production of various chemical compounds or **renewable e-Fuel**. E-Fuel can also be used as a substitute for aviation fuel, diesel, or natural gas. In Norway, SunFire is involved in the construction of the first green aviation fuel plant in Europe. It is also installing electrolyzers in various European countries, for example supplying it to the steel company Salzgitter Flachstahl in autumn of 2020. In cooperation with Engie, Neste, and Paul Wurth, it is preparing another high-temperature electrolyser in Rotterdam. SunFire has won several clean-tech awards and has been named one of the top 100 global clean-tech companies by the Cleantech Group for six consecutive years.

E Environmental

Inven Capital's 2017 portfolio company, **Cloud&Heat Technologies**, is also involved in unique projects. Cloud&Heat Technologies is an expert in clean energy data storage. It develops technology that cools servers in data centers with water and allows the hot water to be used to heat buildings, greenhouses, and other facilities. This sustainable way of heat generation significantly reduces the carbon footprint. Cloud&Heat Technologies manufactures the data storage systems according to customer requirements and installs them even in extreme climatic conditions. In addition to hardware products, the company provides customers with data center software aimed at data security, network optimization, and automatic adaptation of storage to customer requirements, further contributing to energy savings. Cloud&Heat Technologies is currently developing software for the pan-European Gaia X cloud storage and has launched a "**greener**" on-line gaming program in 2020 in cooperation with Deutsche Telecom.

Digitalization in the energy sector is being addressed by German company **Zolar**, in which Inven Capital first invested in the summer of 2019. Zolar installs solar panels and batteries in households. Its innovative platform provides digital project management from parts procurement, planning, installation to maintenance and financing. This platform connects engineers and end users. The company makes it easy for people to access **green energy** without having to spend a lot of time getting information about the field. Customers can order all services on-line, from solar panel installation to financing and insurance. In turn, Zolar has built a virtual network of technicians operating throughout Germany who can find jobs on the platform and have information about them before arriving on site. In this way, Zolar also makes the use of solar energy more attractive for users who would not otherwise use renewable energy. Zolar founder Alex Melzer's goal is a future based on using only renewable energy sources, which he believes can be achieved by building energy self-sufficient households. Zolar is a member of the LFCA initiative.

The Czech company **Topíte.cz**, which is Inven Capital's latest 2020 investment, offers a similar product to Zolar. Topíte.cz combines traditional heating craftsmanship with new technologies. It installs heat pumps, photovoltaics, gas boilers, or air conditioners, offers their service and advice on the suitability of the heating method. Customers order products via a web-based platform, have an overview of how the installation will be carried out, when exactly and what the costs will be. The company creates a digital marketplace for installers and customers, providing installers with orders and customers with an overview of their project. In this way, it makes clean energy installations more accessible to the general public. The company operates in Czechia and plans to expand into the Polish market.

The German company **tado** is also a fast-growing player in the field of smart energy. The company, which Inven Capital joined in 2016, sells smart thermostats to households and businesses that allow them to accurately monitor and regulate their consumption via a mobile app, thereby reducing energy waste. The tado products are compatible with most radiators, air conditioners, and boilers. The app being developed by tado also offers automatic temperature control based on the evaluation of data on the outside temperature, the presence of a person in the room, detects an open window, departure, or arrival of a person at home. Tado also offers a unique platform for remote monitoring of smart thermostats for energy companies and boiler manufacturers, saving up to 50% of the cost of servicing their customers. In the future, it plans to expand its energy services portfolio, for example by using connected thermostats to balance the distribution grid (Demand Response). Tado has joined the LFCA initiative.

Another innovative energy company is the Swedish **Eliq**, which became a portfolio company of Inven Capital in 2020. Eliq develops a platform for electricity producers and distributors that these large companies can provide to their customers in the form of an application. Eliq's software analyzes consumption as well as other indicators such as outdoor temperature, humidity, weather forecast, etc. In this way, suppliers and customers can better regulate and predict their consumption. The benefit for customers is cost savings and less customer fluctuation for energy companies. A major customer of Eliq is the Swedish giant Vattenfall and other energy corporations in Norway, France, Spain, the UK, and South America.

In the transport sector, an important investment of Inven Capital is the Berlin-based company **Forto** in 2020, which aims to make **freight transport digital and transparent**. Forto is developing a comprehensive platform that greatly simplifies all steps in international freight transport. Customers order the transport on-line, they can then track the goods in the same application and they eliminate the amount of administration associated with communicating with individual links in the transport chain. Forto can **optimize** the utilization of transport means and thus **reduce the burden on the environment**. One of Forto's goals is to provide environmentally sustainable transportation, offering carbon neutral shipping to its customers and monitoring emissions for each of its customers to offset their carbon footprint in a selected way. Forto's customers include companies such as Home24, Viessmann, and Zero.

VU LOG (2017) and **Driivz** (2018) are developing IT products in the field of electromobility. **VU LOG** is a French company providing technology for **sharing electric vehicles, electric bikes, and scooters** to operators worldwide. It is one of the few companies to have developed technology for car sharing as well. The company's IT services are used by car rental companies or companies for their employees. The Israeli company Driivz provides a platform for digital **control of charging stations**, which ČEZ uses alongside other large energy companies as an operator of electric vehicle charging stations (more in the chapter /E/mobility—Energy to Move Forward). Customers and providers have up-to-date information on availability and consumption.

Another noteworthy investment of 2018 is the French company **Cosmo Tech**. It develops software that can optimize maintenance and investment in industrial equipment based on inputs. Another investment by Inven Capital, **NeuronSW** (2019), a Czech company that uses AI to analyze the sound of machines and industrial equipment to predict the need for maintenance or impending failure, is trying to solve similar challenges.

During its existence, Inven Capital has already made two sales of its own investments. At the beginning of 2019, it sold a stake in the German company sonnen, which was also the first investment made by Inven Capital in 2015. Inven Capital, together with other shareholders, sold its share in this company to the Royal Dutch Shell group, which has recently been reinforcing its position in decentralized energy and electric mobility. In addition to being a leader in smart battery systems for household electricity storage, sonnen is also a pioneer in innovative energy services, such as sonnenCommunity.

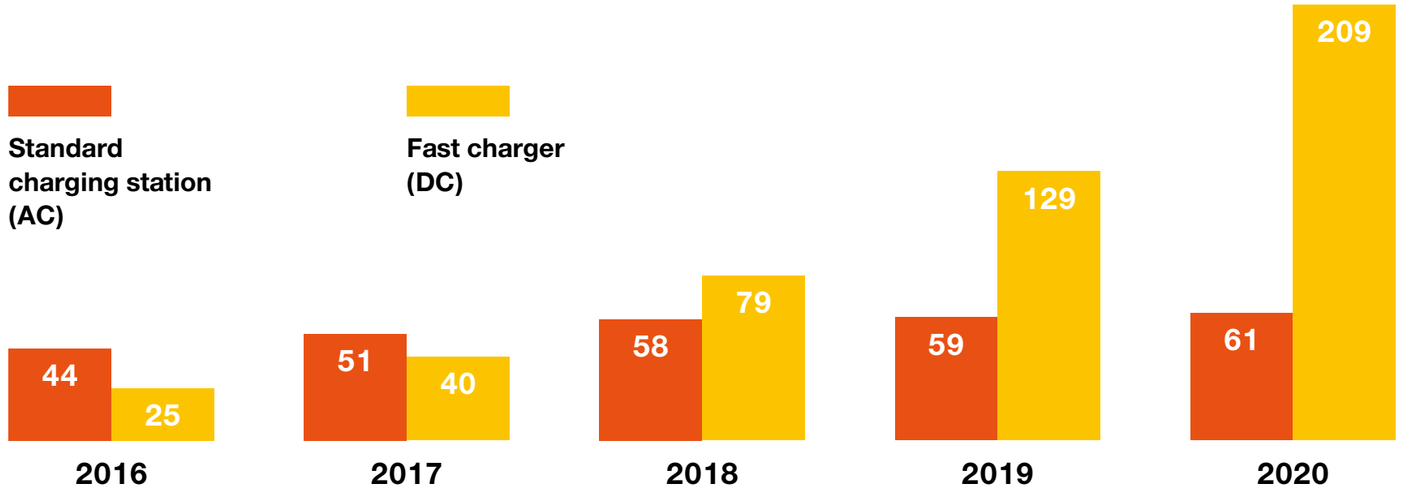
In June 2020, the Israeli company **CyberX** was sold to Microsoft. Inven Capital has been an investor in this company for 15 months and has helped it with its financial support to implement some of the cybersecurity projects it provides to companies in various sectors from the banking sector to the energy sector.

7.3 /E/mobility—Energy to Move Forward

In line with its strategy, ČEZ continued to develop a network of public charging stations in 2020 with the aim of expanding charging options across Czechia and making it easier for drivers to travel with an electric car even over longer distance. For this reason too, the construction of charging stations has focused primarily on fast charging stations (DC) and covering locations where the infrastructure has been completely lacking. **ČEZ is thus helping to meet the ambitions of Czechia** set out in the National Action Plan for Clean Mobility, which was updated in 2020, and the Memorandum on the Future of the Automotive Industry. It turns out that electromobility in Czechia is **clearly** on the rise and that interest in electric vehicles is increasing across all user segments.

Despite the complications caused by the COVID-19 pandemic, a record number of 83 public charging stations were installed and put into operation in 2020, increasing the size of the ČEZ network by 50% to 270 stands in operation at the end of 2020. Construction is expected to continue at a similar pace in the coming years.

Total Number of Public Charging Stations in 2016–2020



A significant step, especially from the end user's perspective, was the **transition to a new IT solution** from the Israeli company **Driivz**, which offered a professional solution not only for the management and control of charging stations, but especially a modern and user-friendly interface for the end customer. Customers now have an account that can be accessed through a desktop interface, but especially through the **FUTUR/E/GO** mobile application, which can replace the RFID chip used to identify the customer at the charging station, allowing them to have access to their account management at all times on their mobile phone. Simultaneously with the transition to the new IT system, the system of payment for recharging has been changed, with the lump sum payment system being replaced by the offer of several **tariffs** based on kWh energy charging, which offer coverage of the needs of different types of customers.

7.0

The demand for comprehensive solutions in the field of electromobility or overall energy management from companies, municipalities, and regions served by ČEZ ESCO also grew in 2020. In addition to car supply, the company handles not only the design and installation of charging technology, including IT solutions and accessories, but also consulting and incorporating the operation of e-cars into the customer's overall energy management and customized to their needs.

Examples of larger recent contracts include the order of Česká spořitelna, for which ČEZ ESCO installed **charging wallboxes** in the headquarters in Prague 4, or facilities for charging new electric buses in Písek. We have delivered customized solutions to dozens of ŠKODA AUTO dealerships to serve customers arriving by electric vehicles.

ČEZ /E/mobility in Figures:

- Electricity supply to electric vehicle batteries increased by 24% to more than 2.44 million kWh in 2020 compared to the previous year.
- Electric cars at the chargers have drawn energy more than 185,000 times. Compared to the previous year, the average energy supply increased slightly, in line with the trend of increasing battery capacity in vehicles.
- The share of 50kW fast charging stations in the grid increased to 80%.
- Each of the 270 stations represents two charging points, so that the grid can supply green energy to the batteries of almost 550 electric vehicles at any one time.

The construction of ČEZ public charging stations is also supported by the European **Connecting Europe Facility (CEF) program**. The first of the projects, under which 45 charging stations were installed, has already been completed and the second (83 charging stations in total) is in the final stage of implementation.

ČEZ will also draw on the support of the **Transport Operational Program** for the construction of a grid of stations, where it succeeded in two calls for the so-called **backbone grid of charging stations**, under which a total of 250 fast charging stations (DC) will be installed, and also in the call for the so-called **supplementary grid of charging stations**, under which up to 127 standard charging stations (AC) should be built.

ČEZ continues to be an active member at the **platform** level **of the National Action Plan for Clean Mobility** (NAP CM) and the **platform of the Memorandum on the Future of the Automotive Industry**, although due to anti-epidemiological measures, negotiations are less intensive and take place in the form of on-line meetings.

Key Events in 2020:

- Despite pandemic restrictions, **62%** more stations were installed than in 2019.
- The milestone **250th public charging station** was launched at the Kaufland store in Mladá Boleslav in December 2020. With 52 charging stations, Kaufland is one of the most important strategic partners of ČEZ.
- For electricity supplied by the charging stations from its own service points, **ČEZ guarantees emission-free supplies** in the form of the so-called origin guarantees of the market operator, OTE.
- With an altitude of 1,020 m above sea level, **the highest built ČEZ charging station** is a pair of stands installed in cooperation with the city **at Boží Dar** in December 2020.
- The number of locations **where 2 or more charging stands are installed is increasing.** ČEZ is thus responding to the growing interest of electric vehicle users—a larger number of stands reduces the risk of station occupancy and the need to wait for the previous customer's car to finish charging.
- In September 2020, a **load test** was carried out at a charging station in Vestec near the Prague motorway ring road. 12 Renault ZOEs arrived, with 52 kWh batteries discharged specifically for the purpose of the test, and against them a set of ABB public fast charging stations supported by a 275 kWh battery system and 20 kW rooftop photovoltaics operated by ČEZ. At each of the three charging stations, two electric vehicles were simultaneously topping up their batteries, one with a fast 50 DC connector and the other with a standard 22 AC connector. The charging system has demonstrated the ability to serve all cars at once.
- Public transport in Písek switched to electric drive at the end of 2020. The five new electric buses are based in a facility with 7 charging stations, which was supplied by ČEZ ESCO on a turnkey basis. The recharging of the batteries of the new e-buses is provided by the same number of charging stations with a capacity of 44 kW, as well as 2 ultra-fast racks with a capacity of up to 170 kW. In addition to the power supply technology and complete service for the charging stations, ČEZ ESCO also provided lighting for part of the site.
- The first Czech "nuclear" fast charging station powered exclusively from the emission-free generation of the Dukovany Nuclear Power Plant delivered in its first year of operation an amount of energy to the batteries of electric cars that would enable one electric car to circle the globe.

7.4 We Build Partnerships for Innovation

We are building an innovation ecosystem across CEZ Group and, especially in cooperation with ČEZ ESCO and ČEZ Prodej, we share our innovative know-how, which we use to create new products and services with high added value for customers. As part of our innovation projects, we focus on validating business opportunities where we see potential for market adoption in the coming years. At the same time, we try to predict the impact of regulatory and legislative measures (e.g., the European Commission's winter package, the new energy law, etc.) and create new products and services so that CEZ Group is ready for new opportunities at the time of implementation.

We are also taking inspiration from outside the energy sector to create innovative opportunities. As members of the Innovation Roadshow platform or founding members of the I2US cooperation platform, we share our experience in introducing products and services with innovation leaders in their fields in Czechia and abroad. We use the experience gained when introducing innovations in the energy sector or when adopting innovative ways of project management.

GRI Content Index and Environmental Non-Financial Data 2020 8.0

This Report has been prepared in accordance with the GRI Standards: Core option, Core version, significantly expanded to include selected specific indicators of important areas of our business—energy and mining.

With a Report compiled in this manner, we fulfill the key principles of GRI guidelines in terms of its contents, which include the topic of sustainability, materiality of topics, comprehensiveness of information, and stakeholder dialog. We also meet the requirements for quality, which include balance, comparability, accuracy, timeliness, clarity, and reliability.

The data in the following tables represent CEZ Group in Czechia and abroad.

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Data

Company Profile and Report Profile

GRI	Topic	2018	2019	2020
102	**Strategy**			
102-14	Introductory statement			
102-15	Company strategy	Sec. 1.3 AR p. 27 CEZ Group Strategic Objectives AR p. 25 A Brief Forecast of the Development of the Electricity Sector	Sec. 1.3 AR p. 26 CEZ Group Strategy AR p. 25 A Brief Forecast of the Development of the Electricity Sector	Sec. 2.1 AR p. 24 CEZ Group Strategy
	Company profile			
102-1	Name of the organization	Sec. 1	Sec. 1	Sec. 1
102-2	Activities, brands, products, and services	Sec. 1.1 and 2.6	Sec. 1.1 and 5	Sec. 1.1 and 5
102-3	Location of headquarters	Sec. 1	Sec. 1	Sec. 1
102-4	Location of operations	Sec. 1.1	Sec. 1	Sec. 1
102-5	Ownership and legal form	Sec. 1	Sec. 1	Sec. 1
102-6	Markets served	Sec. 1.1	Sec. 1	Sec. 1
102-7	Scale of the organization	Sec. 1	Sec. 1	Sec. 1
102-12	External initiatives	Annex 4.1	Sec. 9.1	Sec. 9.1
102-13	Membership of associations	Annex 4.1	Sec. 9.1	Sec. 9.2
102-18	Governance structure	Sec. 1.2 AR p. 62 Concern Management AR p. 166 Basic Organization Chart of ČEZ, a. s.	Sec. 1.2 AR p. 61 Concern Management AR p. 158 Basic Organization Chart of ČEZ, a. s.	Sec. 2.3 AR p. 60 Concern Management AR p. 162 Basic Organization Chart of ČEZ, a. s.

GRI	SDG	ESG	Topic	2018	2019	2020
102		G	**Stakeholder engagement**			
102-40		G	List of stakeholder groups	Sec. 2.5.2	Sec. 2.4	Sec. 2.7
102-42		G	Identifying and selecting stakeholders	Sec. 2.5.2	Sec. 2.4	Sec. 2.7
102-43		G	Approach to stakeholder engagement	Sec. 2.5.2	Sec. 2.4	Sec. 2.7
102-44		G	Key topics	Sec. 2.2	Sec. 2.2 and 2.4	Sec. 2.2 and 2.7
	12.6	G	**Report profile**			
102-45		G	Entities included in the consolidated financial statements	Sec. 1 and AR p. 68 Consolidated CEZ Group as at December 31, 2018	Sec. 1 and AR p. 66 Consolidated CEZ Group as at December 31, 2019	Sec. 1 and AR p. 68 CEZ Group Financial Performance
102-46		G	Defining report content and topic boundaries	Sec. 2.3	Sec. 2.2	Sec. 2.2
102-47		G	List of all material topics	Sec. 2.2	Sec. 2.2	Sec. 2.2
102-48		G	Restatements of information	AR p. 153 Changes in CEZ Group Ownership Interests	AR p. 147 Changes in CEZ Group Ownership Interests	AR p. 143 Changes in CEZ Group Ownership Interests
102-49		G	Changes in reporting	No changes in reporting.	No changes in reporting.	No changes in reporting.
102-50		G	Reporting period	January 1, 2018, to December 31, 2018	January 1, 2019, to December 31, 2019	January 1, 2020, to December 31, 2020
102-51		G	Date of most recent report	June 30, 2018	June 27, 2019	June 25, 2020
102-52		G	Reporting cycle	Annual	Annual	Annual
102-53		G	Contact point for questions regarding the report	Imprint	energieprobudoucnost@cez.cz	energieprobudoucnost@cez.cz
102-54		G	Claims of reporting in accordance with the GRI Standards	Sec. 2.3	Sec. 2.3	Sec. 8
102-55		G	GRI content index	Sec. 3	Sec. 8	Sec. 8
102-56		G	External assurance	The report as a whole is not externally assured.	The report as a whole is not externally assured.	The report as a whole is not externally assured.

GRI	SDG	ESG	Topic	2018	2019	2020
201-1			**Direct economic value generated and distributed**	AR p. 71 CEZ Group Financial Results AR p. 80 CEZ Group Capital Expenditures AR p. 81 CEZ Group Commodity Procurement, Sales, and Generation AR p. 84 Financial Performance of ČEZ, a. s.	AR p. 69 CEZ Group Financial Results AR p. 78 CEZ Group Capital Expenditures AR p. 79 CEZ Group Commodity Procurement, Sales, and Generation AR p. 82 ČEZ, a. s., Financial Performance	AR p. 68 CEZ Group Financial Performance AR p. 80 CEZ Group Capital Expenditure AR p. 81 CEZ Group Commodity Procurement, Sales, and Generation AR p. 86 ČEZ, a. s., Financial Performance
201-3	8.1, 8.2	S	**Defined benefit plan obligations and other retirement plans**	AR p. 145 Social policy	AR p. 138 Social policy	AR p. 138 Human Resources
201-4	9.1, 9.4	E	**Financial assistance received from government (subsidies and tax relief)**	AR p. 134 Research, Development, and Innovation	AR p. 128 Research, Development, and Innovation	AR p. 129 Research, Development, and Innovation
203 Management approach			**Indirect economic impacts**	Sec. 1.1	Sec. 1.1	Sec. 1.1
203-1	9.1, 9.4	E	**Development and impact of infrastructure investments and services supported**	Sec. 2.7 and 2.8	Sec. 6 and 7	Sec. 6 and 7
			Scope of development of significant infrastructure investments and services supported	Sec. 2.7 and 2.8	Sec. 6 and 7	Sec. 6 and 7
			Current or expected impacts on communities and local economies	Sec. 2.7 and 2.8	Sec. 6 and 7	Sec. 6 and 7

GRI	SDG	ESG	Topic	2018	2019	2020
203-2			**Significant indirect economic impacts**			
	8.2 	E	Examples of indirect economic impacts of the company (positive and negative)	Sec. 1.1, 2.4.8.2, 2.5, and 2.8	Sec. 1.1, 3.7.2, 4, 6, and 7	Sec. 1.1, 4, 6, and 7
			Significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas	Sec. 1.1, 2.4.8.2, 2.5, and 2.8	Sec. 1.1, 3.7.2, 4, 6, and 7	Sec. 1.1, 4, 6, and 7
Electric Utilities	9.5 	E	**Research and development**	Sec. 2.8.1 AR p. 134 Research, Development, and Innovation	Sec. 7.1 AR p. 128 Research, Development, and Innovation	Sec. 7.1 AR p. 129 Research, Development, and Innovation
Electric Utilities	15.1 	E	**Plant decommissioning**	AR p. 245 Provisions for Decommissioning and Reclamation of Mines and Mining Damages	Sec. 3.3 AR p. 245 Provisions for Decommissioning and Reclamation of Mines and Mining Damages	Sec. 3.4 AR p. 240, Sec. 2.25. Provisions for Decommissioning and Reclamation of Mines and Mining Damages
Electric Utilities	11.5 	S	**Emergency plans and response measures**	Sec. 2.4.4 AR p. 91 Safety of Operated Nuclear Power Plants AR p. 90 and p. 110 Safety and Quality Management under the Operations and Development Teams	Sec. 3.4 AR p. 85 Safety and Quality Management AR p. 86 Safety of Operated Nuclear Power Plants	Sec. 3.5 AR p. 61 Safety Management
102-11	12.2 	G	**Precautionary principle**	Sec. 2.5.1.4	Sec. 1.4	Sec. 2.5

GRI	SDG	ESG	Topic	2018	2019	2020
205		G	**Anti-corruption**	Sec. 2.5.1.4	Sec. 1.4	Sec. 2.5
205-1 Management approach		G	**Operations Assessed for Risks Related to Corruption**	Sec. 2.5.1.4	Sec. 1.4	Sec. 2.5
205-3	16.5 	G	**Confirmed incidents of corruption and actions taken**			
			Number of confirmed incidents of corruption	0—in Czechia, 2—abroad.	0	0
			Nature of confirmed incidents	Employee misconduct in Turkey.	—	—
			Number of confirmed incidents in which employees were dismissed or disciplined for corruption	2—in relation to the above	—	0
			Number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0
			Public legal cases regarding corruption brought against the company or its employees during the reporting period and the outcomes of such cases	0	0	0
102-9		G / S	**Supply chain**	Sec. 2.4.6	Sec. 3.6	Sec. 3.6
102-10		G / S	**Significant changes to the organization and its supply chain**	Sec. 2.4.6 AR p. 153 Changes in CEZ Group Ownership Interests AR p. 11 Introduction by the Chairman of the Board of Directors	Sec. 3.6 AR p. 147 Changes in CEZ Group Ownership Interests	Sec. 3.6 AR p. 143 Changes in CEZ Group Ownership Interests

GRI	SDG	ESG	Topic	2018	2019	2020
308		G / S	**Supplier environmental assessment**	Sec. 2.4 and 2.4.6	Sec. 3.6	Sec. 3.6
308-1 Management approach		G / S	**New suppliers that were screened using environmental criteria**	Sec. 2.4.6	Sec. 3.6	Sec. 3.6
308-2	12.7 	G / S	Negative environmental impacts in the supply chain	Sec. 2.4.6	Sec. 3.6	Sec. 3.6
			Number of suppliers identified as having significant actual and potential negative environmental or ecological impacts	0	0	0
			Significant actual and potential negative environmental or ecological impacts identified in the supply chain	Sec. 2.4.6	Sec. 3.6	Sec. 3.6

GRI	SDG	ESG	Topic	2018	2019	2020
414 Management approach		G / S	**Supplier Social Assessment**	Sec. 2.4.6	Sec. 3.6	Sec. 3.6
414-1		G / S	**New suppliers that were screened using social criteria**	Sec. 2.4.6	Sec. 3 and 3.6	Sec. 3 and 3.6
414-2	5.2  8.8 	G / S	**Negative social impacts identified in the supply chain and actions taken**	Sec. 2.4.6	Sec. 3.6	Sec. 3.6
			Number of suppliers identified as having significant actual and potential negative social impacts	0	0	1
			Significant, actual, and potential negative social impacts identified in the supply chain	0	0	Non-payment of the minimum wage
Electric Utilities Guidance		G / S	**Contractor and subcontractor employees—job categories and OSH training**	Sec. 2.4.6 and 2.4.4.2	Sec. 3.6	Sec. 3.6
G4-EU17, G4-EU18—modified		S	Categories of jobs performed by contractor and subcontractor employees—e.g., power plant operators, maintenance, or administrative	Sec. 2.4.6	Sec. 3.4.6 and 3.6	Sec. 3.5.6 and 3.6

Social Topics

GRI	SDG	ESG	Topic	Category	2018	2018 (%)*	2019	2019 (%)*	2020	2020 (%)*
401 Management approach		S	**Employment**		Sec. 2.5.1		Sec. 4.1		Sec. 4.1	
102-8	8.5  10.3 	S	**Information on employees and other workers**	Total number of employees	31,385	100.0	32,365	100.0	32,535	100.0
			Total workforce headcount							
			– by gender	Women	6,849	21.8	6,985	21.6	6,962	21.4
				Men	24,536	78.2	25,380	78.4	25,573	78.6
			– for a fixed period, by gender	Women	1,147	3.7	1,088	3.4	929	2.9
				Men	2,142	6.8	1,833	5.7	1,661	5.1
			– for an indefinite period, by gender	Women	5,702	18.2	5,897	18.2	6,033	18.5
				Men	22,394	71.3	23,547	72.8	23,912	73.5
			– for a fixed period, by region	In Czechia	2,535	8.1	2,251	7.0	2,029	6.2
				Abroad	754	2.4	670	2.1	561	1.7
			– for an indefinite period, by region	In Czechia	20,453	65.2	20,604	63.7	20,546	63.2
				Abroad	7,643	24.3	8,840	27.3	9,399	28.9
			– for full-time, by gender	Women	6,601	21.0	6,673	20.6	6,633	20.4
				Men	24,278	77.4	25,084	77.5	25,231	77.6
			– for part-time, by gender	Women	248	0.8	312	1.0	329	1.0
				Men	258	0.8	296	0.9	342	1.1
			Significant variations in the numbers reported in Disclosures 102–8.		0		0		0	
			Method of data compilation		Consolidation of non-financial reporting and selected data from the 2018 AR		Consolidation of non-financial reporting and selected data from the 2019 AR		Consolidation of non-financial reporting and selected data from the 2020 AR	

* Percentages are of the total number of CEZ Group employees unless otherwise stated.

GRI	SDG	ESG	Topic	Category	2018	2018 (%)	2019	2019 (%)	2020	2020 (%)
405 Management approach		S	**Diversity of governance bodies and employees**							
405-1	5.5 8.5 10.2	S	**Composition of company governance**							
			- by gender	Women	62	10.7	69	11.3	86	14.0
				Men	520	89.3	542	88.7	529	86.0
			– by age	18–29 years	3	0.5	2	0.3	7	1.1
				30–49 years	348	59.8	345	56.5	327	53.2
				50 years or more	231	39.7	264	43.2	281	45.7
			Number of employees							
			– by gender	Women	6,849	21.8	6,985	21.6	6,962	21.4
				Men	24,536	78.2	25,380	78.4	25,573	78.6
			– by age	18–29 years	4,105	13.1	4,286	13.2	4,402	13.5
				30–49 years	16,028	51.1	16,125	49.8	15,886	48.8
				50 years or more	11,252	35.9	11,954	36.9	12,247	37.6
			– by educational attainment	Primary	823	2.6	1,217	3.8	1,239	3.8
				Upper secondary	20,999	66.9	21,161	65.4	21,460	66.0
				Tertiary	9,563	30.5	9,987	30.9	9,836	30.2
			Diversity of managerial positions*							
			Total number of employees reporting directly to a governance body or a governance body member**	Women			101	19.0	111	20.6
				Men			430	81.0	429	79.4
			Total manager workforce headcount***	Women			547	15.8	552	16.0
				Men			2,915	84.2	2,891	84.0

* Indicator monitored since 2019.
** Of the total number of employees reporting directly to a governance body or a governance body member.
*** Of the total number of managers.

GRI	SDG	ESG	Topic	Category	2018	2018 (%)	2019	2019 (%)	2020	2020 (%)
401	5.5	S	**New employee hires**	Total	3,581	11.4	3,485	10.8	3,466	10.7
401-1	 8.5  10.2 	S	Number of employee hires							
			– by age	18–29 years*	1,334	32.5	1,541	36.0	1,166	26.5
				30–49 years*	1,737	10.8	1,378	8.5	1,547	9.7
				50 years or more*	510	4.5	566	4.7	753	6.1
			– by gender	Women*	1,059	15.5	929	13.3	1,005	14.4
				Men*	2,522	10.3	2,556	10.1	2,461	9.6
			– by region	Czechia*	2,626	11.42	2,175	9.5	2,056	9.1
				Abroad*	955	11.37	1,310	13.8	1,410	14.2

* Of all employees in this category.

GRI	SDG	ESG	Topic	2018	2018 (%)	2019	2019 (%)	2020	2020 (%)
Electric Utilities Guidance G4-EU15		S	**Eligibility to retire**	6,777	21.6	7,107	22.0	7,252	22.3
			– In Czechia	5,303	16.9	5,308	16.4	5,530	17.0
			– Abroad	1,474	4.7	1,799	5.6	1,722	5.3
			– Managers	773	2.5	803	2.5	816	2.5
			– Rank-and-file employees	6,004	19.1	6,304	19.5	6,436	19.8
404-1	4.4 	S	**Absolute hours of training per year**	492,550		623,829		664,615	
102-16	16.3 	G	**Values, principles, standards, and codes of behavior**	Sec. 2.5.1.4		Sec. 1.4		Sec. 2.5	
402 Management approach		S	**Labor/Management Relations**	Sec. 2.5.1.2		Sec. 4 and 4.1		Sec. 4 and 4.1	
402-1	8.8 		**Minimum notice periods regarding operational changes**						
			Minimum notice period provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them	At least 2 weeks by law.		At least 2 weeks by law.		At least 2 weeks by law.	
			Specification of the notification period and the means for consulting and negotiating in collective agreements	Selected periods are specified in collective agreements.		Selected periods are specified in collective agreements.		Selected periods are specified in collective agreements.	

GRI	SDG	ESG	Topic	Category	2018	2018 (%)	2019	2019 (%)	2020	2020 (%)
401		S	**Employee turnover**							
401-1	5.1  8.5  10.3 	S	Number of employees who have terminated their employment							
				– by age	18–29 years*	548	13.3	776	18.1	627	14.2
					30–49 years*	1,200	7.5	1,398	8.7	1,237	7.8
					50 years or more*	935	8.3	1,203	10.1	1,361	11.1
				– by gender	Women*	771	11.3	998	14.3	1,207	17.3
					Men*	1,912	7.8	2,379	9.4	2,018	7.9
				– by region	Czechia*	2,132	9.3	2,275	10.0	1,984	8.8
					Abroad*	551	6.6	1,102	11.6	1,241	12.5
				Overall employee fluctuation rate by region	Czechia*		9.3		10.0		8.8
					Abroad*		6.6		11.6		12.5
401-2	5.4  8.5 	S	**Benefits commonly provided to full-time employees**		Sec. 2.5.1.1		Sec. 4.1.2 and 4.1.3		Sec. 4.1.2 and 4.1.3	

* Of all employees in this category.

GRI	SDG	ESG	Topic	Category	2018	2018 (%)	2019	2019 (%)	2020	2020 (%)
401-3	5.1, 5.4  8.5 	S	**Parental leave**							
			Entitlement to parental leave		Pursuant to Czech law, all employees are entitled to parental leave. Abroad, CEZ Group companies comply with local law.		Pursuant to Czech law, all employees are entitled to parental leave. Abroad, CEZ Group companies comply with local law.		Pursuant to Czech law, all employees are entitled to parental leave. Abroad, CEZ Group companies comply with local law.	
			Number of employees on parental leave	Women*	500	96.0	565	95.9	598	98.5
				Men*	21	4.0	24	4.1	9	1.5
			Number of employees who returned to work after parental leave	Women*	93	81.6	89	83.2	81	91.0
				Men*	21	18.4	18	16.8	8	9.0

* Of all employees in this category.

GRI	SDG	ESG	Topic	2018	2019	2020
403 Management approach	3.9 	S	**Employee Safety and Health**	Sec. 2.4.4.2		
403-1	8.8 	S	OSH system coverage in management documentation	Yes. Specified in collective agreements.	Yes. Specified in collective agreements.	Yes. Specified in collective agreements.
			Exclusion of employees or contractors from the OSH system	No.	No.	No.
403-2		S	Processes used to identify work-related hazards and assess risks on a routine and nonroutine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks	Specification and implementation of controls, hazard identification—findings (nonconformities), nonconformity handling through corrective action. Regular internal audit checks.	Specification and implementation of controls, hazard identification—findings (nonconformities), nonconformity handling through corrective action. Regular internal audit checks.	Specification and implementation of controls, hazard identification—findings (nonconformities), nonconformity handling through corrective action. Regular internal audit checks.
403-3		S / G	Health care practices that help to eliminate hazards or minimize risks, ensure the quality of that care, and facilitate access to it by employees and contractors	Sec. 2.4.4.2 and 2.4.6	Sec. 3.4.6 and 3.6	Sec. 3.5.6 and 3.6
403-4		S / G	Employee and supplier worker involvement in occupational safety and health in the organization	Sec. 2.4.4.2 and 2.4.6	Sec. 3.4.6 and 3.6	Sec. 3.5.6 and 3.6
403-5		S / G	Methods (face-to-face training, e-learning), topics, and frequency of OSH training	Sec. 2.4.4.2 and 2.4.6	Sec. 3.4.6 and 3.6	Sec. 3.5.6 and 3.6
403-6		S	Facilitating employee access to non-work-related healthcare	Sec. 2.4.4.2	Sec. 3.4.6	Sec. 3.5.6
403-8		S	OSH coverage in the organization	100% employees	100% employees	100% employees

GRI	SDG	ESG	Topic	Category	2018	2019	2020
403-9	3.9  8.8 	S	**Work-related injuries**				
			Number of work-related fatalities	Employees	2 cases in Bulgaria, 3 cases in Czechia	0	3
			Number of reported work-related injuries*	Employees	293	363	147
			The main types of work-related injuries	Employees	Similar injuries as in 2017.	Fall on a level surface, road accident, fall from a height, handling of loads	Fall on a level surface, fall from a height, slipping, handling of loads, road accident
			Number of work-related fatalities	Suppliers	0	0	0
			Number of reported work-related injuries	Suppliers	17 abroad, 65 in Czechia	86	81
			The main types of work-related injuries	Suppliers	Similar injuries as in 2017.	Fall on a level surface, fall from a height, sprained ankle	Fall on a level surface, fall from a height, handling of loads
			Hazards with risk of serious injury and their detection		2,100 jobs solely at the distribution company; 0, i.e. no occurrence, at other companies.	2,100 jobs solely at the distribution company; 0, i.e. no occurrence, at other companies.	Work at heights, electrocution, work with heavy machinery (approx. 2,100 positions). Risks detected through risk analysis, prevention, training, and workplace inspections.
			Hazards that have caused or contributed to serious injuries		0	0	0
			Corrective measures that have been or are being implemented to eliminate or minimize these risks		x	x	x

* The methodology has been standardized since 2020 and injuries with absences of more than three days are reported.

GRI	SDG	ESG	Topic	Category	2018	2019	2020
403-10	3.9  8.8 	S	**Work-related ill health**				
			Number of fatalities as a result of work-related ill health	Employees	0	0	0
			Number of reported cases of work-related ill health	Employees	0	0	0
			Number of fatalities as a result of work-related ill health	Suppliers	0	0	0
			Number of reported cases of work-related ill health	Suppliers	0	0	0
			Work-related hazards that pose a risk of ill health		We have no such jobs.	We have no such jobs.	We have no such jobs.
			Hazards that have caused or contributed to occupational ill health		x	x	x
			Corrective measures that have been or are being implemented to eliminate or minimize these risks		x	x	x

GRI	SDG	ESG	Topic	Category	2018	2019	2020
404 Management approach		S	**Training and education**		Sec. 2.4.8.1	Sec. 3.7.1	Sec. 3.7
404-2	5.1  8.2, 8.5 	S	**Programs for upgrading employee skills and transition assistance programs**		Sec. 2.4.8.1	Sec. 3.7.1	Sec. 3.7
			Type and scope of programs implemented and assistance provided to upgrade employee skills and qualifications		Sec. 2.4.8.1	Sec. 3.7.1	Sec. 3.7
			Programs to support employees' job transitions to facilitate their continued employment and to manage career terminations due to retirement or termination of employment		Sec. 2.4.8.1	Sec. 3.7.1	Sec. 3.7
404-3	10.3 	S	**Percentage of employees receiving regular performance and career development reviews**				
			– by gender	Women	100%	100%	100%
				Men	100%	100%	100%
			– by category	Managers	100%	100%	100%
				Rank-and-file employees	100%	100%	100%
406 Management approach	5.1  8.8  10.3 	G	**Nondiscrimination**		Sec. 2.5.1.4	Sec. 1.4	Sec. 2.5
			Number of discrimination cases		0	0	0
			Incidents of discrimination and corrective actions taken		Once more, no incidents of discrimination were identified in CEZ Group in 2018. Consequently, no corrective action had to be taken.	In 2019, no cases of discrimination were detected in CEZ Group companies and no corrective measures had to be taken.	–
			Status of the incidents and actions taken		x	x	x
			Percentage of total employees covered by collective agreements		100%	100%	100%

GRI	SDG	ESG	Topic	2018	2019	2020
GRI 407 Management approach	8.8 	S	**Freedom of Association and Collective Bargaining**	Sec. 2.5.1.2	Sec. 4 (Management Regularly Communicates with Their Employees.)	Sec. 4 (Management Regularly Communicates with Their Employees.)
			Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No risky operations or suppliers in which workers' rights to freedom of association or collective bargaining might be violated/at risk were identified.	No risky operations or suppliers in which workers' rights to freedom of association or collective bargaining might be violated/at risk were identified.	No risky operations or suppliers in which workers' rights to freedom of association or collective bargaining might be violated/at risk were identified.
			Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk/significantly restricted.		x	x
			Measures taken by the company intended to support rights to exercise freedom of association and collective bargaining		x	x

GRI	SDG	ESG	Topic	2018	2019	2020
413 Management approach	17 	S / G	**Local communities**	Sec. 2.5.2, 2.5.3, 2.5.4, and 2.4.4	Foreword, Sec. 2.4, 4, 4.2, 4.3	Foreword, Sec. 2.1, 4, 4.2, 4.3
413-1		S / G	**Operations with local community engagement**	Sec. 2.5.3	Sec. 4.2	Sec. 4.2
413-2		S / G	**Operations with significant actual and potential negative impacts on local communities**	Sec. 2.5.3	Sec. 4.2	Sec. 4.2
G4-EU22		S / G	**Number of people physically or economically displaced and compensation, broken down by type of project**	0	0	0
G4-MM6		S / G	**Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples**	0	0	0
G4-MM10		S / G	**Number and percentage of operations—mines—with closure plans**	Bílina Mine (after 2050), Nástup Tušimice Mines (after 2035)	Bílina Mine (after 2050), Nástup Tušimice Mines (after 2035)	Bílina Mine (after 2050), Nástup Tušimice Mines (after 2035)
415 Management approach	16.5 		**Public policy**	The parent company ČEZ is not involved in public politics—other than officially promoting its interests in the European Union through its Brussels office.	The parent company ČEZ is not involved in public politics—other than officially promoting its interests in the European Union through its Brussels office.	The parent company ČEZ is not involved in public politics—other than officially promoting its interests in the European Union through its Brussels office.
415-1			**Political contributions**	The parent company ČEZ does not make contributions to any political groupings.	The parent company ČEZ does not make contributions to any political groupings.	The parent company ČEZ does not make contributions to any political groupings.
			Total monetary value of financial and in-kind contributions made directly and indirectly by the company by country and recipient/beneficiary	We do not make any.	We do not make any.	We do not make any.
			Method of estimating the monetary value of non-financial contributions	We do not make any.	We do not make any.	We do not make any.

GRI	SDG	ESG	Topic	2018	2019	2020
416 Management approach	16.3 	S	**Customer Safety and Health**	Sec. 2.6.1	Sec. 5.1	Sec. 5.1
416-2		S	**Incidents of noncompliance concerning the health and safety impacts of products and services**			
			Number of identified incidents of noncompliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services: I. Incidents of noncompliance with regulations resulting in a fine or penalty II. Incidents of noncompliance with regulations resulting in a warning III. Incidents of noncompliance with voluntary codes	0	0	0
			Number of individuals affected by injuries and fatalities involving company assets	0	0	0
			Number of health and safety related legal cases (resolved and pending, including diseases and judgments affecting members of the public, and the potential risks associated with these cases)	0	0	0
418 Management approach	16.3, 16.10 	G	**Customer privacy**	Sec. 2.4.4.3	Sec. 3.4.7	Sec. 3.5.7
418-1		G	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**			
			Number of substantiated complaints concerning breaches of customer privacy			
			I. Complaints received from outside parties and substantiated by the company	6	174	230
			II. Complaints from regulatory bodies	0	1	0
			Total number of identified leaks, thefts, or losses of customer data	0	1	1

GRI	SDG	ESG	Topic	2018	2019	2020
419 307 Management approach		E / S / G	**Regulatory and legal compliance**	Sec. 1.2, 2.4.1, and 2.4.4	Sec. 1.2, 3.1, 3.2, 3.4, 3.6, 4.1	Sec. 2.3, 3.1, 3.2, 3.4, 3.6, 4.1
419-1	16.3 	S / G	**Significant fines and nonmonetary sanctions for noncompliance with laws and/or regulations in the social and economic area in terms of:**	AR p. 156 Legal and Other Proceedings Involving CEZ Group Companies	AR p. 149 Legal and Other Proceedings Involving CEZ Group Companies	AR p. 148 Legal and Other Proceedings Involving CEZ Group Companies
			I. Total monetary value of significant fines	AR p. 156 Legal and Other Proceedings Involving CEZ Group Companies Examples beyond the scope of the AR: CEZ Vanzare was fined EUR 1,734 for a breach of its statutory balance obligation in the period from February 25, 2018, to February 27, 2018, when it sold its customers more gas than it could withdraw from the system.	AR p. 149 Legal and Other Proceedings Involving CEZ Group Companies	AR p. 148 Litigation and Other Proceedings Involving CEZ Group Companies Severočeské doly: CZK 19,799,000—imposed by the Office for the Protection of Competition CEZ Razpredelenie Bulgaria: CZK 798,000—imposed by the regulatory authority Distributie Energie Oltenia: CZK 1,100,000—violation of the law on metering CEZ Vanazare: CZK 160,000—penalty for incorrect invoicing
			II. Total number of nonmonetary sanctions	0	0	0
			III. Cases brought through dispute resolution mechanisms	0	0	0

GRI	SDG	ESG	Topic	2018	2019	2020
419 307		E / G	**Compliance with environmental laws and regulations**	Sec. 2.4.1	Sec. 3.1	Sec. 3.1
307-1	16.3 	E / G	Significant penalties and nonmonetary sanctions for noncompliance with environmental laws and/or regulations in terms of:	AR p. 148 Environmental Protection	AR p. 142 Environmental Protection	AR p. 124 Environment
			I. Total monetary value of significant fines	ČEZ Distribuce—Act No. 114/1992 Sb., on nature and landscape conservation. Penalty of CZK 10,000 imposed by the AOPK department. The Nature Conservation Agency, Orlické hory PLA Administration, for a breach of Act No. 114/1992 Sb., on nature and landscape conservation, consisting in not fitting a MV line support with a line disconnector with perch guard equipment after reconstruction. Energetické centrum—Act No. 114/1992 Sb., on nature and landscape conservation. The company was fined CZK 50,000 for incorrect and unskilled tree pruning. ČEZ—Act No. 185/2001 Sb., on waste. A fine of CZK 40,000 for noncompliance with the Waste Act; the operator failed to keep the Temelínec landfill body gastight as gas-collecting towers designed to collect landfill gas were not sealed. A fine of EUR 1,073 for Distributie Energie Oltenia for a double breach of Electricity Act 123/2012, Article 93(1)(25)—noncompliance with a Price and Tariff Ordinance issued by the Regulatory Authority (ANRE)—and Article 93(7)—failure to provide data, documents, or information within required time limits set by ANRE or provision of incorrect or incomplete information within time limits set by ANRE and/or groundless refusal to respond to ANRE requests.	0	CZK 200,000
			II. Total number of nonmonetary sanctions	0	0	1
			III. Cases brought through dispute resolution mechanisms	0	0	0

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Distribution 2020

SDG 7.1, 7.3  11  ESG E

GRI	Topic	2018	2019	2020
Electric Utilities Guidance	**Reliability and availability of supplies**	AR p. 116 Capital construction	AR p. 103 Distribution	AR p. 101 Distribution
Electric Utilities Guidance G4-EU3	Number of residential, industrial, institutional, and commercial customer accounts	CEZ Group has almost 7.3 million customer accounts in total. ČEZ Distribuce has 3,680,000 supply customer accounts and almost 22,000 connected generating facilities delivering electricity to the distribution system. CEZ Razpredelenie Bulgaria has a total of 2,142,892 customer accounts; Distributie Energie Oltenia has 1,449,939 customer accounts.	7.4 million service points	7.4 million service points
Electric Utilities Guidance G4-EU4	Length of above and underground lines	Distribution TAB	Distribution TAB	Distribution TAB
Electric Utilities Guidance G4-EU12	Distribution losses	Distribution TAB	Distribution TAB	Distribution TAB
Electric Utilities Guidance G4-EU28	SAIFI	Distribution TAB	Distribution TAB	Distribution TAB
Electric Utilities Guidance G4-EU29	SAIDI	Distribution TAB	Distribution TAB	Distribution TAB

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List of Consolidated Distribution Companies in CEZ Group

- ČEZ Distribuce
- CEZ Razpredelenie Bulgaria
- Distributie Energie Oltenia

ČEZ Distribuce is implementing a number of development projects contributing to increasing network reliability and security of supply. The implementation of metering at distribution end stations has been launched, which brings a number of benefits in the area of network development and renewal. One of the objectives is to optimize the connection of the distribution grid in order to further reduce technical losses. Another area is the network circularization at the MV level, which will increase reliability, reduce outage times, and further contribute to loss reduction. In the medium term, the implementation of metering, control, and management of nodal and loop distribution stations will be initiated together with further development of optical infrastructure to meet the needs of remote station control and fault detection.

Digitalization of distribution is still underway. Ongoing projects and activities that have arisen in connection with digitalization include digitalizing the call center (virtual assistant, automated processing of incoming emails using robotics, and OCR), digitalizing multichannel communication, use of robotics to automate internal processes, digitalization of relations with the construction participant, Digital Construction Log, Electronic Outage Notification, digitalizing the Customer Connection Agreement. In the course of 2021, 10 proof of concepts will be implemented to verify the feasibility of further digitalization activities (e.g., mobile applications for customers, use of the signpad to support the digitalization of documents, partial cancellation of physical reading slips—reporting readings electronically, etc.).

CEZ Razpredelenie's plans and commitments are to continue to monitor and comply with all licensed requirements. Reconstruct, develop, and maintain the distribution grid. Supply electricity to end customers at the expected quality.

In 2020, CEZ Razpredelenie launched the AGA pilot project, which focuses on the future digitalization of the distribution grid.

In accordance with the internal strategy and primary and secondary regulations, Distributie Energie Oltenia approved a development and modernization study for a period of 10 years (2019–2028), which details the company's objectives and initiatives regarding the modernization and development of the distribution grid (in accordance with secondary legislation—investment procedure approved by ANRE Decree No. 204/2019) and was sent to ANRE in 2019. Based on this study, the company's internal strategy is prepared with detailed objectives and initiatives for the next 5 years (the Company's internal strategy is updated annually).

Each year in Q1, the company prepares, approves, and submits to ANRE an investment plan for the current year detailed at the objective financing level, with the possibility to adjust this plan in Q3 with updated information and in accordance with the modification principles regulated by ANRE Decree 204/2019.

The prospective study on the modernization and development of the distribution grid will be updated in 2023 and will cover the period of 2024–2033.

Furthermore, the digitalization of distribution is underway at Distributie Energie Oltenia, with some initiatives being implemented (Mobile Workforce Management, Data Governance), some to be completed in 2021 (Low Voltage GIS, Metering Data Management), and some in earlier stages of implementation (Advance Distribution Management System and Advance Asset Management). Other initiatives are also in the pipeline focusing on operational efficiency, customer satisfaction, and employee knowledge of digitalization.

G4-EU4: Length of above and underground lines in 2019

Type of Line	ČEZ Distribuce	CEZ Razpredelenie Bulgaria	Distributie Energie Oltenia	Total (km)
HV	9,999	66	5,398	15,463
MV	51,134	24,971	21,595	97,700
LV	105,552	32,989	59,672	198,213
Total	166,685	58,026	86,665	311,376

G4-EU12: Distribution losses

	ČEZ Distribuce	CEZ Razpredelenie Bulgaria	Distributie Energie Oltenia
2018	4.67%	9.06%	8.59%
2019	4.73%	8.01%	8.17%
technical 2020	4.30%	*7.49%	**7.82%
non-technical 2020	0.30%	0%	0.98%

* CEZ Razpredelenie Bulgaria reports the total number of technological losses; there is no division into technical and non-technical losses.

** Technical losses accounted for 88.83% of total losses.

G4-EU27: Number of residential disconnections for nonpayment in 2020

	ČEZ Distribuce	CEZ Razpredelenie Bulgaria	Distributie Energie Oltenia
0–2 days	1,748	527	1,134
2–7 days	3,590	82	491
7–30 days	2,859	107	498
30–365 days	687	109	789
Over 1 year	0	0	176
Total	8,884	825	3,088

G4-EU28: SAIFI

	ČEZ Distribuce	CEZ Razpredelenie Bulgaria	Distributie Energie Oltenia
Excluding calamities and blackouts (number of interruptions per customer)			
2018	2.22	2.65	3.29
2019	2.09	2.47	3.1
2020	2.11	2.07	1.76
Including calamities and blackouts (number)			
2018	2.74	*n/a	4.82
2019	2.89	*n/a	4.51
2020	2.87	*n/a	3.22

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

G4-EU29: SAIDI

	ČEZ Distribuce	CEZ Razpredelenie Bulgaria	Distributie Energie Oltenia
Excluding calamities and blackouts (interruption duration per customer—minutes)			
2018	246.64	157.9	440.0
2019	232.68	138.2	396.2
2020	219.96	121.2	411.3
Including calamities and blackouts (minutes)			
2018	307.09	*n/a	850.8
2019	348.52	*n/a	661.6
2020	311.60	*n/a	162.88

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

Number of renewed connections after payment

	*ČEZ Distribuce	**CEZ Razpredelenie Bulgaria	Distributie Energie Oltenia
Within one day	0	519	1,164
One day to one week	0	302	1,866
More than one week	0	4	31
Total	0	825	3,061

* Due to the liberalized EU electricity market, the distributor performs disconnection and reconnection requests from the trader. ČEZ Distribuce does not have data on the payment of the amount owed by the customer to the trader and therefore we cannot report this data.

** CEZ Razpredelenie's reconnected customers are customers with a direct contract with the company on the open market and customers billed for non-technical losses due to Section 56 of the Electricity Metering Rules.

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Environmental Topics

GRI	SDG	ESG	Topic	2018	2019	2020
300 Management approach		E	**Environmental Protection**	Sec. 2.4 AR p. 148 Environmental Protection	Sec. 3.1 AR p. 142 Environmental Protection	Sec. 3.1 AR p. 124 Environment
302 Management approach	7.3  8.4  12.2 	E	**ENERGY**	Sec. 2.4.2 & environmental tables (TAB)	Sec. 3.2 & environmental tables (TAB)	Sec. 3.3 & environmental tables (TAB)
302-1		E	Energy consumption within the organization	TAB	TAB	TAB
302-3		E	Energy intensity	TAB	TAB	TAB
303 / 306 Management approach		E	**WATER**	Sec. 2.4.1.1 & TAB	Sec. 3.1.1 & TAB	Sec. 3.1 & TAB
303-3		E	Water withdrawal	Sec. 2.4.1.1 & TAB	Sec. 3.1.1 & TAB	Sec. 3.1 & TAB
303-4 / 306-1		E	Water discharge	Sec. 2.4.1.1 & TAB	Sec. 3.1.1 & TAB	Sec. 3.1 & TAB
303-5		E	Water consumption	Sec. 2.4.1.1 & TAB	Sec. 3.1.1 & TAB	Sec. 3.1 & TAB
306-3		E	Significant spills	TAB	TAB	TAB

GRI	SDG	ESG	Topic	2018	2019	2020
304 Management approach		E	**BIODIVERSITY**	Sec. 2.4.3.1 AR p. 150 Fauna Protection and Support & TAB	Sec. 3.3 AR p. 144 Fauna Protection and Support & TAB	Sec. 3.4
304-1	6.6	E	Operational sites in protected areas	TAB	TAB	Sec. 3.4
304-2	 14.2  15.1 	E	Demonstrable impacts on biodiversity	TAB	TAB	TAB
304-3		E	Habitats protected or restored	TAB	TAB	TAB

GRI	SDG	ESG	Topic	2018	2019	2020
305 Management approach		E	**EMISSIONS**	Sec. 2.4 & TAB	Sec. 2.3 & TAB	Sec. 2.3 & TAB
305-1	3.9  12.4  13.1  15.2 	E	Direct CO_2 emissions	Sec. 2.4.1 & TAB	Sec. 3.1 & TAB	Sec. 3.1 & TAB
305-2			Indirect emissions—Scope 2	Sec. 2.4.1 & TAB	Sec. 3.1 & TAB	Sec. 3.1 & TAB
305-3		E	Indirect emissions—Scope 3	Sec. 2.4.1 & TAB	Sec. 3.1 & TAB	Sec. 3.1 & TAB
305-4		E	CO_2 emissions intensity	Sec. 2.4.1 & TAB	Sec. 3.1 & TAB	Sec. 3.1 & TAB
305-6		E	Emissions of ozone-depleting substances (ODS)	Sec. 2.4.1 & TAB	Sec. 3.1 & TAB	Sec. 3.1 & TAB
305-7		E	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Sec. 2.4.1 & TAB	Sec. 3.1 & TAB	Sec. 3.1 & TAB

GRI	SDG	ESG	Topic	2018	2019	2020
306 Management approach		E	**WASTE**	Sec. 2.4.5 & TAB	Sec. 3.5 & TAB	Sec. 3.2 & TAB
306-2	3.9  6.3  12.4, 12.5 	E	Total waste generated	TAB	TAB	TAB
G4-EU1	7.1 	E	Installed capacity	TAB	TAB	TAB
G4-EU2		E	Net energy output	TAB	TAB	TAB
G4-EU5		E	Allocation of CO_2 emission allowances	TAB	TAB	TAB

Environmental Tables

SDG 7.3 8.4 12.2 ESG E

GRI 302—Energy

302-1 Energy consumption within the organization

Fuel consumption from non-renewable sources [TJ]

	2018	2019	2020
CEZ Group	604,159	603,059	563,471

Fuel consumption from renewable sources [TJ]

	2018	2019	2020
CEZ Group	10,305	12,692	14,967

Total consumption [TJ]

	2018	2019	2020
Electricity	19,479	19,164	17,801
Heat	12,464	12,762	11,552

Total sold [TJ]

	2018	2019	2020
Electricity	190,677	196,692	184,921
Heat	23,213	24,116	23,982

Total energy consumption within the organization [TJ]

	2018	2019	2020
Nonrenewable fuels	604,159	603,059	563,471
+			
Renewable fuels	10,305	12,692	14,967
+			
Energy procured	0	0	0
+			
Energy generated from “nonfuel sources”	8,816	9,973	10,320
–			
Energy sold	213,890	220,808	208,903
=			
Total energy consumption within the organization	409,390	404,916	379,855

302-3 Energy intensity

Energy intensity ratio—consumption of energy in fuel per energy unit supplied [TJ/TJ]

	2018	2019	2020
Energy consumption within the organization (fuel)	614,463	615,751	578,439
Energy supplied (electricity + heating)	213,890	220,808	208,903
Energy intensity ratio	2.873	2.789	2.769

GRI 303—Water

303-3 Water withdrawal

SDG 6.3, 6.4 8.3 12.2 ESG E

	2018 All areas [Ml/year]	2019 All areas [Ml/year]	2020 All areas [Ml/year]	2020 Areas with water stress [Ml/year]
Surface water				
Freshwater (≤ 1000 mg/l TDS)	752,361	634,948	586,628	
Other water (> 1000 mg/l TDS)			0	
Groundwater				
Freshwater (≤ 1000 mg/l TDS)	372	388	432	
Other water (> 1000 mg/l TDS)				
Produced water				
Freshwater (≤ 1000 mg/l TDS)				
Other water (> 1000 mg/l TDS)				
Third-party water				
Freshwater (≤ 1000 mg/l TDS)	5,424	5,333	5,417	22
Other water (> 1000 mg/l TDS)				
Third-party water withdrawal by withdrawal source				
Surface water			4,774	22
Groundwater			633	
Produced water				
Total water withdrawal	758,157	640,669	592,478	22

303-4 Water discharge

	2018 All areas [Ml/year]	2019 All areas [Ml/year]	2020 All areas [Ml/year]	2020 Areas with water stress [Ml/year]
Water discharge by destination	653,207	535,360	498,003	22
Surface water	653,207	535,360	496,136	
Groundwater			0	
Third-party water total			1,866	22
thereof third-party water sent for use to other organization			951	
Total water discharge	653,207	535,360	498,003	22
Water discharge by freshwater and other water	653,207	535,360	498,003	22
Freshwater (≤ 1000 mg/l TDS)			496,070	22
Other water (> 1000 mg/l TDS)			1,933	
Water discharge by level of treatment				
No treatment	623,061	513,465	477,001	22
After treatment	25,873	21,286	21,002	

303-5 Water consumption

	2018 All areas [Ml / year]	2019 All areas [Ml / year]	2020 All areas [Ml / year]	2020 Areas with water stress [Ml / year]
Total water consumption	104,950	105,309	94,475	–

304-2 Demonstrable impacts on biodiversity

SDG 15.1  ESG E

Biodiversity	Site of High Biodiversity Value	Actual 2020 Data
Nature of significant direct and indirect impacts on biodiversity		
Construction or use of manufacturing plants, mines, and transport infrastructure	Severočeské doly a.s.	Severočeské doly a.s. completed the restoration of 110.29 ha of land in 2020 and started new land restoration on 30.50 ha. Additional 45 ha and 24.55 ha of land were appropriated at the Bílina Mines and the Nástup Tušimice Mines, respectively. Note: Area surveys are conducted on appropriated land and selected plant/animal species are relocated to new habitats.
Pollution from point and nonpoint sources		–
Introduction of invasive species		0
Reduction of species		0
Habitat conversion		–
Changes in ecological processes outside the natural range of variation, such as salinity or changes in groundwater level		NO
Nature of significant direct and indirect positive and negative impacts on biodiversity		–

304-3 Habitats protected or restored

SDG 14.2 15.1 ESG E

Biodiversity	Site of High Biodiversity Value	Actual 2020 Data
Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was approved by independent external professionals	Zbrod disposal site of the Hodonín Power Plant (EHO)	0.266 ha Note: Reclamation approved by the relevant national authority is underway.
	Restoration of habitats as part of land restoration by SD	5,967.030 ha Note: Reclamation approved by the relevant national authority is underway.
Existence of partnerships with third parties to protect or restore habitats	Protection is part of standard cooperation with competent authorities.	
Status of each area at the close of the reporting period	Severočeské doly a.s.	Restoration of 5,967.03 ha completed, including 2,719.25 ha restored to agricultural land, 2,482.27 ha restored to forests, and 204.07 ha of water bodies.

8.0

GRI 305—Emissions

SDG 3.9 12.4 13.1 15.2 ESG E

305-1 Direct CO_2 emissions—Scope 1

CEZ Group Emissions (tCO_2)	2018	2019	2020
from Electricity and Heat Generation*			
Fossil fuel emissions from facility operation	26,802,633	26,070,966	22,458,780
Biomass emissions from facility operation	1,048,267	1,343,775	1,534,381
Emissions from non-generation diesel generators**			1,014
CH_4 source emissions (tCO_2 eq)**			60,746
N_2O source emissions (tCO_2 eq)**			284,379
Fugitive emissions from CH_4 coal mining (tCO_2 eq)**			335,522
Fugitive emissions from CH_4 landfill (tCO_2 eq)**			1
from own transport	54,378	61,640	57,640
Passenger cars	17,760	19,068	17,074
Trucks	16,608	22,893	16,149
Trains	2,672	2,760	1,733
Buses	88	162	134
Other (machinery)	17,251	16,757	22,550

* CO_2 emissions from large facilities are detected by continuous CO_2 measurements. To calculate equivalent emissions, emission factors were used according to https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf.

** Indicator monitored since 2020.

305-2 Indirect CO_2 emissions—Scope 2

CEZ Group Emissions (tCO_2)*	2018	2019	2020
Emissions from Purchased and Consumed Energy	444,364	356,198	333,409
Distribution of ungenerated electricity		355,858	329,547
Purchase of electricity and heat**		340	3,862

* Generation mix emission factors were used for the calculation (https://www.aib-net.org).

** Indicator monitored since 2019.

305-3 Indirect CO_2 emissions—Scope 3

CEZ Group Emissions (tCO_2)*	2018	2019	2020
Other Indirect Emissions		18,322,716	17,377,703
Purchase of goods and services		41,112	33,316
Energy and fuel consumption not included in Scope 1 and Scope 2—generation		865,296	580,131
Energy and fuel consumption not included in Scope 1 and Scope 2—transport and distribution		95,961	87,548
Energy and fuel consumption not included in Scope 1 and Scope 2—sales		1,672,690	1,811,788
Usage of products sold		15,647,657	14,864,921

* Indicator monitored since 2019.

305-4 CO_2 emissions intensity

Emissions Intensity of Electricity Generation, excluding Renewables (tCO_2/MWh)	2018	2019	2020	2020/2019 Index (%)
CO_2 emissions intensity per generated electricity	0.39	0.36	0.33	89.9
CO_2 emissions intensity, including biomass emissions, per generated electricity	0.40	0.38	0.35	91.2
CO_2 emissions intensity per generated electricity and heat	0.38	0.36	0.33	91.5
CO_2 emissions intensity, including biomass emissions, per generated electricity and heat	0.40	0.38	0.35	93.0

Note: The emission intensity is expressed in terms of direct generation CO_2. emissions.

305-6 Emissions of ozone-depleting substances (ODS)

Type of fluorinated greenhouse gas [t eq CO_2]	HFC leaks from cooling and air-conditioning equipment	PFC leaks from cooling and air-conditioning equipment	SF_6 (sulfur hexafluoride)
2020	1,158	5.1	2,132

Note: These substances are neither produced nor used as a raw material. These are leaks from cooling and air-conditioning equipment.

305-7 Other emissions

		2018	2019	2020
TZL	t	1,589	1,575	1,311
SO_2	t	25,677	21,008	14,253
NO_X	t	24,851	23,040	19,365
Specific emissions from electricity generation				
TZL	kg/Esv_{MWh}	0.025	0.024	0.022
SO_2	$kg/Egen_{MWh}$	0.408	0.325	0.234
NO_X	$kg/Egen_{MWh}$	0.395	0.356	0.318
Specific emissions from electricity and heat generation				
TZL	$kg/E_{gen}+Q_{HEAT}$ MW_h	0.023	0.022	0.019
SO_2	$kg/E_{gen}+Q_{HEAT}$ MW_h	0.365	0.290	0.207
NO_X	$kg/E_{gen}+Q_{HEAT}$ MW_h	0.353	0.318	0.281

GRI 306—Effluents and Waste

SDG 3.9 6.3 12.4, 12.5 ESG E

306-2 Total weight of waste by type and disposal method

	Disposal method	Unit	2018	2019	2020
Total weight of nonhazardous waste		t/year	438,634	293,653	64,344
Total weight of hazardous waste		t/year	2,801	3,033	3,035
Weight of waste reused (slag, ashes, gypsum, waste soil)	Reuse	t/year	389,917	249,380	17,494
Weight of waste recycled (paper, plastic, metal waste)	Recycling	t/year	17,264	14,138	13,541
Weight of waste composted (biodegradable waste)	Composting	t/year	317	655	712
Weight of waste with its energy recovered/incinerated	Incineration (mass burn)	t/year	549	428	724
Weight of waste landfilled	Landfill	t/year	29,393	21,983	26,777
Weight of waste handed over to authorized operator (end use unknown)	Handover to authorized operator (end use unknown)	t/year	3,995	10,103	8,131
Total weight of radioactive waste					
Weight of radioactive waste placed in radioactive waste repository	On-site storage	t/year	373	370	313
Weight of waste products handed over in a take-back system as waste prevention*	Total	t/year	377	342	309
Batteries and accumulators handed over for take-back (not included in reported waste)	Product take-back	t/year	9	5	6
Discarded equipment handed over for take-back (not included in reported waste)	Product take-back	t/year	289	276	237
Discharge and fluorescent lamps handed over for take-back (not included in reported waste)	Product take-back	t/year	12	17	10
Oils handed over for take-back (not included in reported waste)	Product take-back	t/year	0	0	0
Tires handed over for take-back (not included in reported waste)	Product take-back	t/year	68	45	56
Transboundary movement of hazardous waste according to Basel Convention		t/year	0	0	0
Of which, hazardous waste exported		t/year	0	0	0
Of which, hazardous waste imported		t/year	0	0	0

* Under the waste management hierarchy and in compliance with the applicable EU directive, used products were reused (recycled) in a product take-back system. This is not considered waste but the prevention of waste.

306-3 Significant spills

Number of spills, volume, and type of substances released	2018	2019	2020
	TAB	TAB	Sec. 3.1

SDG 7.1 ESG E

G4-EU1—Installed capacity in MW

	2018	2019	2020
CEZ Group	14,848	14,643	12,933
Nuclear power plants	4,290	4,290	4,290
CCGT power plants; gas-fired CUs and boiler plants	940	955	963
Coal-fired power plants and heating plants	6,761	6,541	4,822
Hydroelectric power plants	1,984	1,984	1,985
Photovoltaic power plants	130	130	130
Wind power plants	742	742	742
Biogas plants	1	1	1

G4-EU2—Net energy output

in thousands of MWh	2018	2019	2020
Energy supplied from CEZ Group facilities	56,930	58 381	54,902
Energy generation by source	63,081	64,635	60,946
Nuclear	29,920	30,245	30,042
Coal	26,974	25,416	21,659
Hydro	1,974	2,315	2,465
Biomass	789	1,028	1,167
Photovoltaic	146	142	135
Wind	1,380	1,479	1,560
Natural gas	1,895	4,006	3,915
Biogas	4	2	3
In-house & other consumption, including pumped storage	(6,151)	(6,254)	(6,044)

G4-EU5—Allocation of CO_2 emissions allowances

Allocation of Emissions Allowances to CEZ Group in 2017–2019

(EUA)	2018	2019	2020
Free allowances (for heating)	704,696	575,100	441,761
Allowances in exchange for investments (for electricity)	4,796,169	2,693,932	0
Total	5,500,865	3,269,032	441,761

Balance of CO_2 Emissions [t] and CEZ Group Allowances

(EUA)	2018	2019	2020
Allocated allowances	5,500,865	3,269,032	441,761
Emissions (from fossil fuels)	26,802,633	26,070,966	22,458,780
Difference—additionally purchased allowances	21,301,768	22,801,934	22,017,019

CEZ Group Allocation by Method

(%)	2018	2019	2020
Free allowances (for heating)	3	2	2
Allowances in exchange for investments (for electricity)	18	10	0
Allowances additionally purchased in the market	79	87	98

Totals and subtotals in this report can differ from the sum of individual values due to rounding.

Annexes
9.0

CEZ Group employees take part in the activities of a number of professional and social organizations as representatives of their profession, sharing appropriate information with their colleagues. CEZ Group‘s approach is also appreciated by professionals, as evidenced by the many awards we have received for our activities.

We are members of selected professional associations and societies and we receive awards for our activities from experts.

real

Cooperation

9.0

9.1 External Collaboration

Membership in Selected Professional Associations, Societies, and Cooperation Partnerships

The activities of associations are typically aimed at promoting the interests of members and improving the quality of the profession. The objectives supported include education, research, or representation of the profession in the public and international field. Such activities are very useful and are fully in line with legislation. However, in addition to its undeniable benefits, membership of associations also has its risks. Particularly in those groups which bring together representatives of competing companies. Like the notorious cartel agreements between competitors, decisions by associations encouraging members to coordinate their market behavior are prohibited by law. In particular, the most serious offenses are the coordination of prices of goods and services, the disaggregation of markets, including agreements to manipulate public procurement, and the restriction of generation volumes.

The competition compliance group of the legal services unit is currently carrying out specialized training to prevent these risks. Representatives of CEZ Group companies in associations including our competitors in the affected markets are addressed.

Czechia

Nuclear Energy Agency—NEA (ÚJV Řež)

AKU-BAT CZ (ČEZ)

Czech Energy Alliance (OSC)

Alliance of Czech Suppliers for Nuclear Power Plants (ŠKODA PRAHA)

U.S. institutions by means of agreements between nuclear regulators—NRC—SÚJB and ministries—US DOE—MIT CR (ÚJV Řež)

Association of Chartered Certified Accountants—ACCA (ČEZ)

Association of Certified Fraud Examiners—ACFE (ČEZ)

Association of Energy Auditors—Energy Specialists (ČEZ Teplárenská)

Association of Energy Managers—AEM (ČEZ, ČEZ Energetické služby, OSC)

Association of Corrosion Engineers (ČEZ)

Czech Critical Infrastructure Association—AKI CR (ČEZ)

Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic (HORMEN CE)

Association of Lifting Equipment Professionals (ČEZ)

Pressure Equipment Workers Association (ČEZ)

Association for the Development of Collective Bargaining and Labor Relations (ČEZ, Počerady Power Plant, Severočeské doly)

Association for the Utilization of Coal Combustion Products—ASVEP (ČEZ Energetické produkty)

Czech Heat Pump Association (ČEZ)

Association of Providers of Energy Services—APES (ENESA)

Social Responsibility Association (ČEZ)

Association of Technical Diagnosticians of Czechia (ČEZ)

Association of High Voltage Testing Laboratories (ČEZ, Energotrans)

Association of Business Service Leaders in Czechia (ČEZ Korporátní služby)

Atomic Energy Research—AER (ČEZ)

BlueRe m.a. (ČEZ)

Business for Society (ČEZ)

Accumulation and Photovoltaics Guild—CAFT (ČEZ ESCO)

COGEN Czech Society for Combined Heat and Power Generation (ČEZ Energo, ČEZ ESCO)

Compliance Academy—CA Club (ČEZ)

Corporate Governance Institute—CGI (ČEZ)

CZ Biom—Czech Biomass Association (Energocentrum Jindřichův Hradec)

Czech Number Portability Administrative Center—CNPAC (Telco Pro Services)

CZECH POWER INDUSTRY ALLIANCE—CPIA (ŠKODA PRAHA)

Czech Risk Management Association—CZRMA (ČEZ)

Czech Agency for Standardization —ČAS (ČEZ, ČEZ Distribuce, MARTIA)

Czech Archives Association (ČEZ)

Czech Association for Financial Management—CAFIN (PRODECO)

Czech Association of Local Distribution System Operators (ČEZ Energetické služby)

Czech Treasury Association (Severočeské doly, Energotrans)

Czech Compliance Association (ČEZ Plant, Severočeské doly)

Czech Chamber of Authorized Engineers and Technicians in the Construction Business—ČKAIT (ČEZ, ŠKODA PRAHA, AZ KLIMA)

Czech Management Association (ČEZ, DOMAT)

Czech Membrane Platform (ČEZ)

Czech Nuclear Society (ČEZ, OSC)

Czech Business Council for Sustainable Development—CBCSD (ČEZ)

Czech Green Building Council—CZGBC (ČEZ ESCO)

Czech Society for Quality (ŠKODA PRAHA)

Czech Society for Non-Destructive Testing (ČEZ)

Czech Construction Law Society (ČEZ)

Czech Society for Maintenance—ČSPÚ (ČEZ)

Czech Wind Energy Association (ČEZ Obnovitelné zdroje)

Czech Nuclear Forum (OSC)

Czech Calibration Association (ČEZ, MARTIA)

Czech Association for Technical Equipment (MARTIA)

Czech Association of Regulated Energy Companies—ČSRES (ČEZ Distribuce)

Czech-Israeli Joint Chamber of Commerce (ČEZ)

Czech-Hungarian Chamber of Commerce (ŠKODA PRAHA)

Czech-Russian Nuclear Industry Working Group—PSJE, MPO / ROSATOM (ÚJV Řež)

Czech Institute of Internal Auditors—ČIIA (ČEZ)

Czech CIRED Committee (ČEZ Distribuce, Telco Pro Services)

Czech Gas Association (ČEZ)

Czech Dam Committee (ČEZ)

Czech Association of Energy Employers (ČEZ, Energotrans)

Developers Club (HORMEN CE)

EKO-ENERGOSVAZ ČR (ČEZ Energo)

EU Battery Alliance (ČEZ)

EURELECTRIC Blockchain Discussion Platform (ČEZ, ČEZ Distribuce)

European Atomic Forum—FORATOM (ČEZ)

European Committee for Electrotechnical Standardization—CENELEC (ČEZ Distribuce)

European Federation of Energy Traders (ČEZ)

European Federation of Energy Traders Deutschland (Verband Deutscher Energiehändler e.V.) (ČEZ)

European Federation of Energy Traders Legal Committee—EFET (ČEZ)

European Liability Insurance for the Nuclear Industry—ELINI (ČEZ)

European Network for Inspection and Qualification (ČEZ)

European Nuclear Installations Safety Standards (ČEZ)

European Utility Requirements (ČEZ)

Krušnohoří Euroregion (ČEZ)

European Association for Science and Research on Generation II and III Reactors (Nuclear Generation II and III Association)—NUGENIA (ČEZ, ÚJV Řež)

European Nuclear Society (ČEZ)

European Raw Alliance (ČEZ)

European Energy Forum—EEF (ČEZ)

European Association of Coal Combustion Product Manufacturers—ECOBA (ČEZ Energetické produkty)

European EE—EDSO Distribution System Operators' Association (ČEZ Distribuce)

Forum Européen de l´Énergie (ČEZ)

Hellenic Association of Energy Trading & Supply Companies—ESEPIE (ČEZ)

Mining Company of the Krušné Mountains—HSPO (Revitrans)

Economic and Social Council of the Chomutov Region (Severočeské doly)

Economic and Social Council of Teplicko (Severočeské doly)

Chamber of Commerce of the City of Prague (ČEZ, HORMEN CE)

IFE Halden—Institute for Energy Technology (ÚJV Řež)

Information Systems Audit and Control Association—ISACA (ČEZ)

Czech Institute of Directors—CIoD (ČEZ)

International Electric Research Exchange—IERE (ČEZ)

International Emissions Trading Association (ČEZ)

International Facility Professionals Worldwide—IFMA (KART, ČEZ Korporátní služby)

International WWER Radioactive Waste Operations Benchmarking System (ČEZ)

Czech Pellet Cluster (ČEZ)

CFO Club (ČEZ)

Commissioner for Nuclear Energy—CEA (ÚJV Řež)

Czech Chamber of Tax Advisers—KDP ČR (ČEZ)

Chamber for Economic Relations with the CIS (ŠKODA PRAHA)

Lithuanian World Power Association (ČEZ)

International Atomic Energy Agency—MAAE/IAEA (ÚJV Řež)

International Chamber of Commerce—ICC (ŠKODA PRAHA)

Modbus Organization (Domat Control System)

National Center for Energy Savings (ČEZ)

National Organization of the European Eurachem Network (ČEZ)

Czech Machinery Cluster (ČEZ Energetické služby)

Neutral Internet eXchange—NIX (Telco Pro Services)

Nordic Association of Electricity Traders—NAET (ČEZ)

Chomutov District Chamber of Commerce (Severočeské doly)

Most District Chamber of Commerce (ČEZ, ČEZ Energetické produkty, PRODECO, Severočeské doly)

Třebíč District Chamber of Commerce (ČEZ ENERGOSERVIS)

Ústí nad Labem District Chamber of Commerce (MARTIA)

People Management Forum (ČEZ)

Platform on Coal Regions in Transition (ČEZ)

Framework programs and projects EUROPEAID, Horizon 2020, Nuclear Safety Cooperation (ÚJV Řež)

RECS International (ČEZ)

Réseaux IP Européens—RIPE NCC (Telco Pro Services)

Brno Chamber of Commerce (AZ KLIMA)

EC Coal and Steel Development Fund (ČEZ)

Czech Association of Public Transport Companies (ČEZ ESCO)

Association of Railcar Holders and Operators Prague (SD - Kolejová doprava)

ASSOCIATION OF THE NEW TOWN OF PRAGUE (HORMEN CE)

Association for the Development of the Moravia-Silesia Region (ČEZ Korporátní služby)

Solus Association (ČEZ Prodej)

Association of Large Energy Consumers —SVSE—working section of the Association of Power Engineering Managers (ČEZ)

Association of Manufacturers and Users of Explosives (Revitrans)

Association of Railway Freight Carriers of the Czech Republic—ŽESNAD CZ (SD - Kolejová doprava)

Sigma 2 (ČEZ)

Czech-Chinese Joint Chamber (ČEZ)

Solar Association (ČEZ ESCO)

Society for Nuclear Safety and Equipment—GRS (ÚJV Řež)

Society for Public Lighting Development (ČEZ Energetické služby)

Society for Strategic Management, Innovation, and Entrepreneurship (ČEZ)

Society for Blasting Technology and Pyrotechnics (Revitrans)

Sustainable Nuclear Energy Technology Platform—SNETP (ČEZ, ÚJV Řež)

Refrigeration and Air Conditioning Association (AirPlus)

Association of Building Entrepreneurs (HORMEN CE)

Confederation of Industry of the Czech Republic (ČEZ, ČEZ Distribuce)

World Association of Nuclear Operators—WANO (ČEZ)

Technological Platform Sustainable Energy of the Czech Republic—TPUE (ČEZ)

Mining Union (LOMY MOŘINA)

TF-CSIRT Trusted Introducer (Telco Pro Services)

Union of Corporate Lawyers of the Czech Republic (ČEZ, Počerady Power Plant, Severočeské doly, Energotrans)

Institute for Radiological Protection and Nuclear Safety—IRSN (ÚJV Řež)

State Scientific and Technical Center for Nuclear and Radiation Safety—SSTS NRS (ÚJV Řež)

VGB PowerTech (ČEZ)

Bhabha Research Center—NPCIL (ÚJV Řež)

Electric Power Research Institute—EPRI (ČEZ, ÚJV Řež)

World Nuclear Association—WNA (ČEZ)

World Nuclear Fuel Market (ČEZ)

Association of Mining and Petroleum Industry Employers—ZSDNP (Severočeské doly)

Slovakia

Association of Energy Service Providers in Slovakia—APES

Bohunice Civil Information Commission

Slovak Chamber of Civil Engineers

Slovak Council for Green Buildings

Slovak Union of Heat Generators

Association of Flats for Better Management of Apartment Houses—ZLSBD

Association of Housing Management in Slovakia—ZBHS

Association of Energy Suppliers

Association of Construction Entrepreneurs of Slovakia

Energy Employers' Association

Bulgaria

American Chamber of Commerce in Bulgaria

Association of Traders with Electricity in Bulgaria

Bulgarian Association for People Management

Bulgarian Branch Chamber of the Energetics

Bulgarian Business Leaders Forum

Bulgarian Center of Women in Technology

Bulgarian Construction Chamber

Bulgarian Chamber of Commerce

Bulgarian Forum of Business Leaders

Bulgarian Industrial Capital Association

Bulgarian Public Relations Society

Confederation of Employers and Industrialists in Bulgaria

Council of Women in Business in Bulgaria

Electrical Vehicles Industrial Cluster

Energy Management Institute

European Association of Communication Directors

Institute of Internal Auditors in Bulgaria

National Energy Chamber

France

France Energie Eolienne (France Wind Energy)

Office franco-allemand pour la transition énergétique (French-German Office for Energy Transition)

Germany

Baukammer Berlin (Berlin Chamber of Construction)

Bundesindustrieverband Technische Gebäudeausrüstung e.V. – BTGA (Federal Industrial Association for Technical Building Equipment)

Bundesverband der Energie- und Wasserwirtschaft—BDEW (German Association of Energy and Water Industries)

Deutsche Unternehmensinitiative Energieeffizienz e.V. – DENEFF (German Corporate Initiative Energy Efficiency)

Erneurbare Energien Cluster Hamburg—EEHH (Renewable Energy Cluster Hamburg)

Gesundheitstechnische Gesellschaft e.V. (Health Technology Society)

Handelsblatt Energy Academy (Commercial Energy Academy)

Haymarket Media Group

Ingenieurkammer Hessen (Hessen Chamber of Engineers)

United Nations Global Compact Initiative

Verband der Elektrotechnik, Elektronik und Informationstechnik e.V. (Association for Electrical Engineering, Electronics and Information Technology)

VfW Verband für Wärmelieferung e.V. (VfW Association for Heat Supply)

Wirtschaftsrat der CDU. e.V. (Economic Council of the CDU)

Turkey

Çevresel ve Sosyal Eylem Planı (Environmental and Social Action Plan)

Dünya Enerji Konseyi (World Energy Council Turkish National Committee)—DEK TMK

Elektrik Dağıtım Hizmetleri Derneği (Electricity Distribution Services Association)—ELDER

Elektrik Mühendisleri Odası (Chamber of Electrical Engineers)—EMO

Elektrik Teknisyenleri Derneği (Electrical Technicians Association)

Elektrik Üreticileri Derneği (Electricity Producers Association)—EUD Enerji Ticareti Derneği (Energy Traders Association)—ETD

Enerjide Dijitalleşme Derneği (Association for Digitalization in Energy)—EDİDER

Foreign Economic Relations Board of Turkey—DEİK

Hidroelektrik Santraller Sanayi İşadamları Derneği (Hydroelectric Power Plants Industry and Business Association)—HESİAD

İstanbul Maden ve Metaller İhracatçı Birlikleri (Istanbul Mineral and Metals Exporters' Association)—IMMIB

Petrol Platformu Derneği (Petroleum Platform Association)—PETFORM

Professional Woman Network—PWN

Rüzgar Enerjisi ve Su Santralleri İşadamları Derneği (Wind Power and Hydropower Plants Businessmen's Association)—RESSİAD

Sakarya Ticaret ve Sanayi Odası (Sakarya Chamber of Commerce and Industry)—SATSO

TEDAŞ Çalışma Grupları (TEDAŞ Working Groups)

Türk Etik ve İtibar Derneği (Turkish Ethics and Reputation Society)—TEID

Türk Sanayicileri ve İşadamları Derneği Çalışma Grupları-Enerji Çalışma Grubu ve Çevre ve İklim Değişikliği Çalışma Grubu (Turkish Industry and Business Association Working Groups-Energy Working Group and Environment and Climate Change Working Group)—TÜSİAD

Türkiye Elektrik Sanayi Derneği (Association of Turkish Electricity Industry)—TESAB

Türkiye İnsan Yönetimi Derneği (Human Management Association)—PERYÖN

Türkiye Odalar ve Borsalar Birliği (Union of Chambers and Commodity Exchanges of Turkey)—TOBB

Türkiye Rüzgar Enerjisi Birliği (Turkish Wind Energy Association)—TUREB

Uluslararası Yatırımcılar Derneği (International Investors Association)—YASED

Yatırımcı İlişkileri Derneği (Investor Relations Association)—TÜYİD

Poland

Forum Gospodarcze Powiatu Czarnkowsko-Trzcianeckiego Związek Pracodawców Prywatnych członek Polskiej Konfederacji Pracodawców Prywatnych Lewiatan (Economic Forum of the Czarnkowsko-Trzcianecki Poviat under the Polish Confederation of Private Employers LEWIATAN)

Fundacja Centrum Partnerstwa Publiczno-Prywatnego (Private-Partnership Center Foundation)

Izba Gospodarcza Ciepłownictwo Polskie (Economic Chamber of Polish Heat Engineering)—IGCP

Krajowa Izba Gospodarcza Elektroniki i Telekomunikacji (Polish Chamber of Commerce for Electronics and Telecommunication)—KIGEiT

Polskie Stowarzyszenie Energetyki Wiatrowej (Polish Wind Energy Association)

Polskie Towarzystwo Elektrociepłowni Zawodowych (Association of Professional Heat and Power Plants)

Program Ograniczenia Niskiej Emisji (Low Emission Reduction Program Skawina)

Stowarzyszenie Energetyków Polskich (Association of Polish Power Engineers)

Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)

Towarzystwo Obrotu Energią—TOE

Związek Pracodawców Prywatnych Energetyki Konfederacji Lewiatan (Association of Energy Industry Employers Confederation Lewiatan)

Romania

Asociatia Companiilor de Utilitati din Energie (The Energy Utilities Companies' Association)—ACUE

Asociatia Producatorilor de Energie Eoliana din Romani (Romania Wind Energy Association)—RWEA

Asociatia Romana a Microhidrocentralelor (Romanian Micro Micropower Association)—ARmHE

Asociatia Societatior de servicii energetice in Romania (Association of energy efficiency services companies in Romania)—ESCOROM

Asociatiia Furnizorilor de Energie Electrica din Romania (Association of Electricity Suppliers in Romania)—AFEER

Camera de Comert Americana in Romania (American Chamber of Commerce in Romania)—AmCham

Centrul Roman al Energiei (Energy Romanian Center)—CRE

CIGRÉ Paris (International Council on Large Electric Systems Paris)

CIGRÉ Romania (International Council on Large Electric Systems Romania)

Comitetul National Roman (World Energy Council—Romanian National Committee)—CNR-CME

Eurelectric

European Small Hydropower Association—ESHA

Institutul Național Român pentru Studiul Amenajării și Folosirii Surselor de Energie (Romanian National Institute for Energy Sources Development and Usage)—IRE

Serbia

Privredna komora Srbije (Serbian Chamber of Commerce)

Hungary

Magyar Energiakereskedők Szövetséges (Hungarian Energy Traders' Association)

Initiatives

Czechia

Centrum výzkumu Řež—Generation IV International Forum—GIF

Centrum výzkumu Řež– EERA

Centrum výzkumu Řež—OECD/NEA

ČEZ Energetické produkty—voluntary initiative ASVEP 2009—preparation of documentation for energy products under REACH (Association for the use of combustion products)

ENESA—European Code of Conduct for EPC

Inven Capital—Leaders for Climate Action, SICAV, a.s.

Solární servis—Interflex

Solární servis—Nová zelená úsporám (New Green Savings Program)—NZÚ

Turkey

Akenerji Elektrik Üretim A. S.
- MRV for Erzin CCGT— commitment under the Monitoring, Reporting, and Verification System for Greenhouse Gas Emissions Regulation
- CDP Carbon Disclosure Project Climate Change Program
- CDP Carbon Disclosure Project Water Program

Sakarya Elektrik Dağitim A.Ş. – Necmi Odyakmaz, Ph.D., dobrovolná iniciativa Sustainability
UN Global Compact / BM Global Compact

Sakarya Elektrik Dağitim A.Ş. – WEPs (Women’s Empowerment Principles—WEPs)

Poland

CEZ Skawina S.A. Ciepło dla Krakowa (Heat for Krakow)

CEZ Skawina S.A. Ciepło dla Skawiny (Heat for Skawina)

Bulgaria

Free Energy Project Oreshets EAD—monthly green certificate awarded by SEDA—Provided to Energy Security Fund

Germany

Kofler Energies Systems GmbH—climate protection project NEMo—ero emissions in the Motzener Straße industrial area in Berlin

9.2 Selected Awards Won

ČEZ

1st place and the title of the Clear Choice in the TOP Employers 2021 poll (data collection in 2020) for the largest number of votes from students of all universities in Czechia regardless of the field of study and academic focus—the poll and study in one are a project of the Association of Students and Graduates of Czech Universities, all implemented in cooperation with the research agency GfK, universities, student organizations, and corporate partners.

1st place in the TOP Employers 2021 poll (data collection in 2020) in the Energy, Gas, and Petrochemical industry category—the poll and study in one are a project of the Association of Students and Graduates of Czech Universities, all implemented in cooperation with the GFK research agency, universities, student organizations, and corporate partners.

1st place in the TOP Employers 2021 poll (data collection in 2020) in the Technician category, voted by 20% of students of faculties of technical disciplines with the best study results—the poll and study in one are a project of the Association of Students and Graduates of Czech Universities, all implemented in cooperation with the research agency GfK, universities, student organizations, and corporate partners.

1st place in the Sodexo Employer of the Year poll in the category of companies with over 5,000 employees—awarded by the Employers' Club.

9th place in the TOP 10 poll of most attractive employers in Czechia—awarded by the Randstad personnel consulting agency.

3rd place in the Czech Top 100 poll competition—awarded by the CZECH TOP 100 company.

1st place in the competition for the best annual report in Czechia for 2019—awarded by the CZECH TOP 100 company.

1st place in the Fénix Content Marketing 2020 competition in the category Disposable Media for the ČEZ Foundation 2018 Annual Report—awarded by a jury of marketing and media professionals.

The TPA Special Award for the Nonprofit Sector in the Annual Report category for 2019 went to the ČEZ Foundation—awarded by TPA as part of the CZECH TOP 100.

TOP Responsible Large Company—awarded by Business for Society.

TOP Responsible Company in Reporting—awarded by Business for Society.

2nd place in the SDGs Award in the Reporting category for CEZ Group 2019 Sustainability Report—awarded by the Corporate Social Responsibility Association.

The award for the Greatest Support for Volunteering for allowing 2 working days for corporate volunteering—awarded by Business for Society.

The Throughout Czechia award for helping corporate volunteering in all regions of the country—awarded by Business for Society.

2nd place in the professional awards in the category of 2020 PR Team of the Year for the media department—awarded by the PR Club.

2nd place in the LEMUR competition in the field of corporate communication for the Green Core program—awarded by the Association of PR Agencies.

1st place and the Randstad Award in the Energy Solutions, Construction and Facilities category—awarded by the Randstad HR consultancy.

Safe Enterprise Certificate for Temelín Nuclear Power Plant and Dukovany Nuclear Power Plant—awarded by the State Office of Labor Inspection and the Ministry of Labor and Social Affairs.

Ranked in the TOP 25 in the 2019 list of corporate foundations and endowments for the CEZ GROUP SENIORS Endowment Fund—compiled by the Donors Forum.

Individual Awards

Michaela Chaloupková (ČEZ) was awarded 6th place in the Most Influential Women in Czechia poll—awarded by Forbes magazine.

Michaela Chaloupková and Zuzana Krejčiříková (ČEZ) were ranked in the TOP Women of Czechia 2020 poll in the Manager category—awarded by Hospodářské noviny and Economia.

Ladislav Kříž (ČEZ) won 2nd place in the professional award Spokesperson of the Year 2020 in the Private Sector category—awarded by PR Club.

Otakar Tuček (ČEZ) was awarded for his contribution to the Ústí nad Labem region in the field of energy and for his active cooperation with the Chamber of Commerce—awarded by the Governor of the Ústí nad Labem region, Oldřich Bubeníček.

Jakub Smetana (ČEZ ICT Services) was awarded the FM Awards 2020 for the project of the year Modernization and Comprehensive Expansion of FM Process Support in CEZ Group—awarded by IFMA.

Jiří Brabenec (Revitrans) received the Jiří Agricola medal for Merit for the Development of Czech Mining—awarded by the Minister of Industry and Trade of the Czech Republic and the Chairman of the Czech Mining Authority.

Martin Skala (Centrum výzkumu Řež) received the prestigious VGB Innovation Award 2020 in the category of application-oriented development for the design and development of zeolite-based sorbents for mercury capture—awarded by the VGB Board of Directors.

Lenka Slavíková, Hana Machýčková, and Pavel Ekl won the Deloitte Legal Disruptors Awards for outstanding innovators from the world of law for the development of a new software application called VH Live! —awarded by Deloitte Legal.

Subsidiaries in Czechia

ČEZ Distribuce

2nd place in the Sodexo Employer of the Year poll in the category of companies with up to 5,000 employees—awarded by the Employers' Club.

ČEZ ESCO

The award for the most interesting innovation in corporations for the product Photovoltaics for CZK 1—awarded by the Czech on-line magazine CzechCrunch.

ENESA

Winner in the Smart Cities 2020 competition in the category “Project for a City of 10 to 50 Thousand Inhabitants” for a comprehensive energy saving project in the form of EPC in 9 campuses of the CTU in Prague—awarded by the non-governmental non-profit organization Smart City Innovations Institute.

Energotrans

Safe Enterprise Certificate—awarded by the State Office of Labor Inspection and the Ministry of Labor and Social Affairs of the Czech Republic.

Centrum výzkumu Řež

Secretary of the Interior Award for Fukushima 1 and 2 projects for outstanding achievements in the field of security research, experimental development, and innovation for 2020.

Subsidiaries Abroad

Slovakia

AZ KLIMA SK

Awarded in the Building of the Year competition in the category of progressive building materials and innovative construction methods for the project to expand the ZKW Group’s generating facility in Krušovce—one of the competition’s coordinators is the Ministry of Transport and Construction of the Slovak Republic.

Bisnode AAA award—the company is one of the companies that meet very strict criteria for this award due to its long-term financial stability.

Bulgaria

CEZ Razpredelenie Bulgaria

Energy Globe Award for project implementation to protect the life and health of wild birds in the vicinity of the transmission system; the project is carried out in cooperation with the Bulgarian Association for Protection of Birds and is part of the EU LIFE Program.

CEZ Bulgaria

Award for long-term partnership with SOS Children's Villages—over several years, CEZ Bulgaria has supported these charities by paying the monthly electricity bills of several families.

Romania

Distributie Energie Oltenia

Adrian Radu Marcu has been awarded the title of The Young Energy Professional / Tânarul Profesionist in Energie—awarded by Energynomics.

TMK Hydroenergy Power

Excellence in Culture Award Caras Severin Heritage and Culture Department / Excelenta in Cultura—Directia de Patrimoniu si Cultura Caras Severin

CEZ Romania

Award in the Event Production category for The Green Power of NEVERSEA music festival

BIZ PR Award Excellent in PR / Excelenta in PR

CEZ Vanzare

Energy CEO Forum & Awards Gala 2020—CSR category for CODE Kids

Gold Level Recognition in CSR Index 2020—the most important and comprehensive sustainability assessment in Romania.

Gold level in the Oltenia Marathon—Cule in Lumina initiative in the Communities category

The Sustainability Report has been internationally certified by the Global Reporting Initiative (GRI).

1st place in the Romanian CSR Awards for supporting employees with the internal project Wellbeing Generators

3rd place in the Romanian CSR Awards in the category CSR Campaigns in social media for the project Energy for Wellbeing on-line Platform

Turkey

Sakarya Elektrik Perakende Satis

Ranked No. 85 on The Fortune 500 for net sales and No. 46 among the companies with the highest return on equity, Fortune's economic magazine has ranked the company continuously for 13 years.

Ranked among Turkey's Top 500 private companies by Capital500—ranked by the economic magazine Capital Turkey for 22 years.

Awarded in the Yıldız Akköklüler competition in the professional category for the project of minimizing market transaction fees.

Akenerji Elektrik Üretim

Silver position in the Stevie Awards for Large Employers in the Most Admired Employer category for the COVID-19 pandemic plan

Bronze position in the Stevie Awards for Large Employers in the category Most Valuable Team–Europe for COVID-19 pandemic plan

Ranked at the 3rd Turkey Energy and Natural Resources Summit in the Best Socially Responsible Project category for the Women's Support Project

Stevie Awards in the Human Resources category for innovation in human resource management, planning, and practice

Stevie Awards in the New Products category for innovation in personal, learning, and work environments

Sakarya Elektrik Dağitim

Stars of Akkök (Yıldız Akköklüler) award in the category of entrepreneurship and innovation for the establishment of a maintenance and materials recycling facility

Poland

Euroklimat

Eagles 2020—Wprost (Orły 2020 tygodnika Wprost) award for special contribution to the development of the economy, region, and the country

Metrolog

Effective Company 2020 title (Tytuł Efektywna Firma 2020) for exceptional efficiency in the heating industry