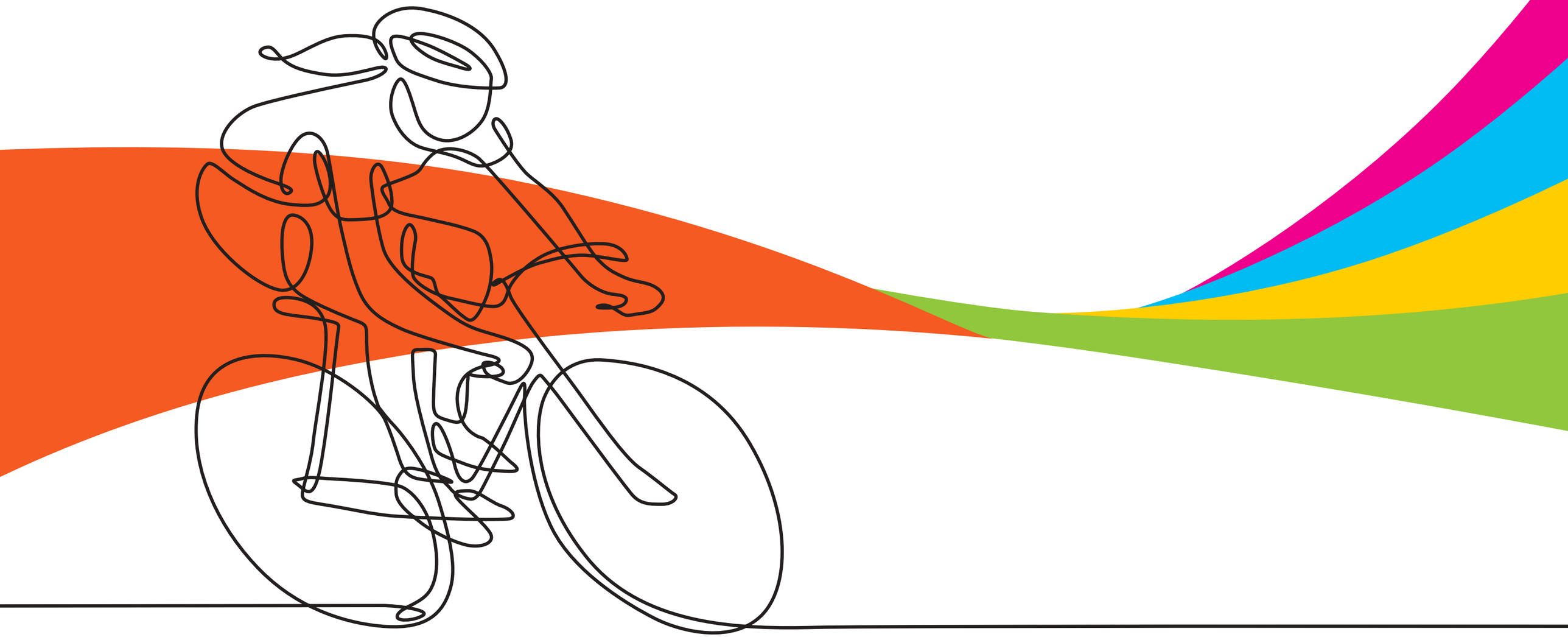
CEZ GROUP 2019
SUSTAINABILITY REPORT

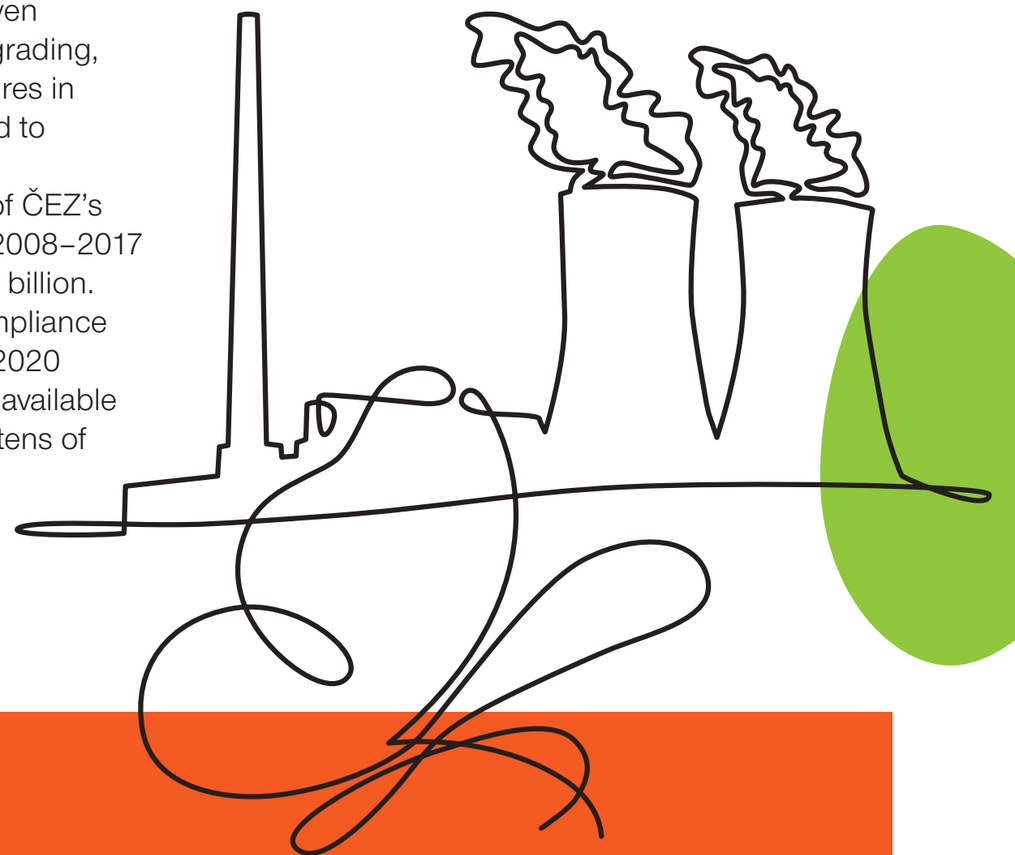


ENERGY FOR THE FUTURE

30 YEARS OF ENERGY GREENING

The approach to greening power plants has changed radically over the last thirty years. In the past, the main priority was to mine coal and generate electricity. Since those times, Czechia has witnessed the largest power plant greening project in Central and Eastern Europe.

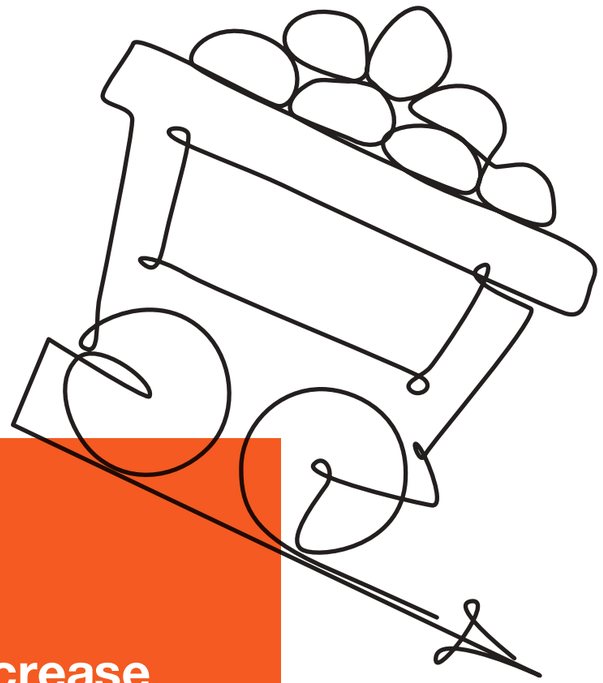
- During 1992–1998, desulfurization of 5,930 MW of installed capacity of coal-fired power plants was carried out, while a further 500 MW were equipped with modern fluidized-bed boilers. This most extensive and fastest environmental upgrade project in Europe was implemented within only seven years. In total, investments in upgrading, desulfurization, and other measures in coal-fired power plants amounted to CZK 111 billion.
- The second wave of upgrading of ČEZ's coal-fired facilities took place in 2008–2017 and its costs exceeded CZK 100 billion.
- Future investments ensuring compliance with the new European limits in 2020 and limits at the level of the best available technologies in 2021 amount to tens of billions of CZK.



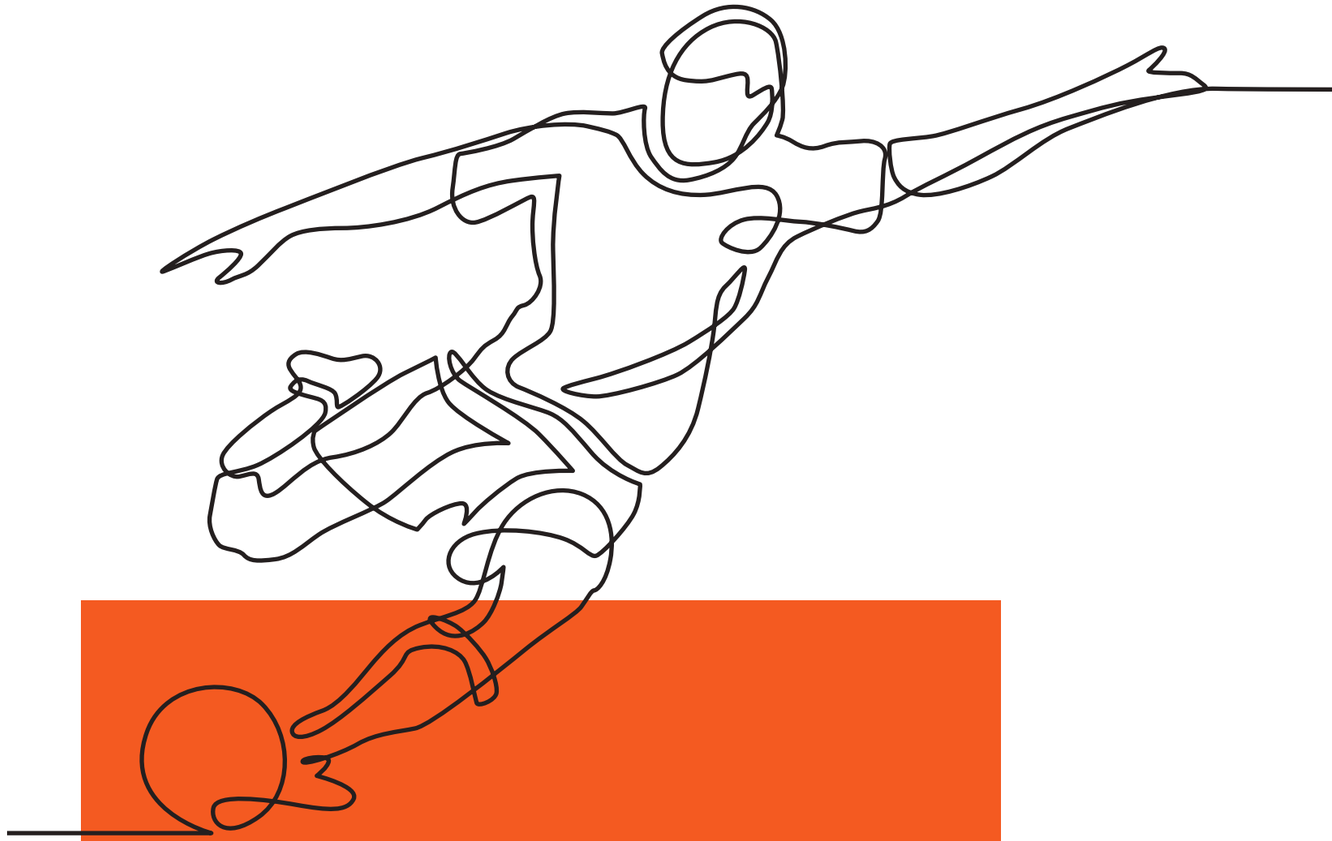
Thanks to desulfurization, ČEZ succeeded in reducing significantly adverse effects of operation of power plants on their surroundings. Compared to 1989, emissions of sulfur dioxide have decreased so far by 98%, dust emissions decreased by 99%, and nitrogen oxides emissions decreased by 87%.

Change in the environment is directly apparent in the surroundings of power plants and mines. Restoration relates to an area totaling to almost 140 km^2 – 5,818 hectares have been completed; 1,693 hectares are in progress.

- Since the establishment of Severočeské doly in 1994, our investments in restoration have reached CZK 6.7 billion.
- According to experts from the Czech University of Life Sciences, 420 species of plants, 146 species of birds, 30 species of mammals, and 17 species of amphibians and reptiles can be found in the restored areas. Restored areas are also inhabited by 50 species of butterflies and thousands of species of invertebrates.
- We have also been very active in planting of trees. We have already planted nearly 11 million seedlings.



A 60% decrease in the role of coal in the Czech energy mix since 1989



For the period of 2020–2060, we have another 5,795 ha ready for reclamation, which in total equals an area of more than 8,000 football fields. We plan to have spent more than CZK 11 billion by 2060.

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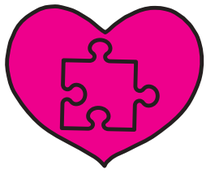
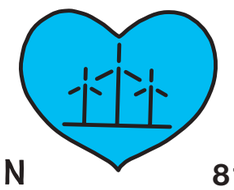




INTRODUCTION BY A MEMBER OF THE BOARD OF DIRECTORS

Dear Readers,

At the beginning of 2020, few of us could possibly imagine what would come as a consequence of the COVID-19 pandemic. All of Europe, including Czechia, has been paralyzed by states of emergency, lock-downs, restrictions of production and business activities as well as sad stories of those who died due to the disease. At the same time, we can witness an unprecedented show of solidarity and mutual help.

During these unsettling times, ČEZ, as a provider of critical state infrastructure, has the main task of ensuring the smooth operation of generation and distribution of electricity and heat. We too, however, felt that this was not enough. The ČEZ Foundation therefore immediately established a Crisis Help fund. Within a few days, it paid more than CZK 30 million to 651 projects of non-government organizations, cities, and municipalities in order to implement measures aiming at mitigation of consequences of the COVID-19 pandemic. Assistance was directed primarily to people at the front line: those helping people in enclosed areas, volunteers helping seniors and disabled people with shopping, organizations producing face masks. Our employees voluntarily sewed thousands of face masks and printed hundreds of shields for medical professionals in the regions. We also donated hundreds of liters of hand sanitizer produced by our colleagues in power-plant laboratories. We allowed customers in difficult financial situations to defer energy payments. By doing this, we have again verified that making donations and helping others are something quite natural for us and that our processes are set in such a way that they allow a fast response to critical situations.

At the same time, however, we have to devote full attention to problems we have been facing for a long time. There is no doubt that 2019 was a year of climate. The topic of climate changes and efforts to slow them down resonated across continents. Particularly in Europe, it culminated in December with approving an ambitious agreement, the European Green Deal. Although the energy sector started its path to greener operation a few years ago and has been going through major changes since then, the pace of introduction of various measures will have to be accelerated and other revolutionary changes are ahead of us.

CEZ Group has been paying attention to the gradual mitigation of effects of its operations on the climate for a long time. Its undertaking to achieve carbon neutrality from generation of electricity by 2050 was announced already in 2015. Since then, we have been decreasing the emission intensity of our production. Over the last three years, specific emissions from our facilities decreased by 20%. By 2040, we expect a decrease by a further 72%. We see the protection of the climate as one of our priorities.

Our company, however, considers the world to be much more complex. We understand that climate action is an important part of the world's sustainable development, but still only one of multiple parts. Therefore, we thoroughly analyze all of our activities from the viewpoint of the UN Sustainable Development Goals (the SDGs). As one of 14 Czech companies, we also participated in the global SDG Challenge 2019. In total, we identified 14 of 17 goals to which we can actually contribute. At the same time, we also carried out a stakeholder dialog in accordance with international standards, specifically on the topic of CEZ Group's sustainable development. Thanks to that, we have obtained a better understanding of areas which are perceived as being crucial in relation to our company.

It is always very difficult to select from the large number of activities performed in 2019 those that are most significant. I am proud of all our successes, however small they may be. If I should name just some of them, I cannot omit the area of water management. For the energy sector, water is an absolutely critical raw material and also a liquid that is getting more and more precious. We have to handle it in the most efficient manner. We gradually decrease consumption of surface water as well as of drinking water. We make an effort to recycle water in our production to the maximum level. At the same time, we upgrade our hydroelectric power plants so that they can generate more electricity from the same amount of water.

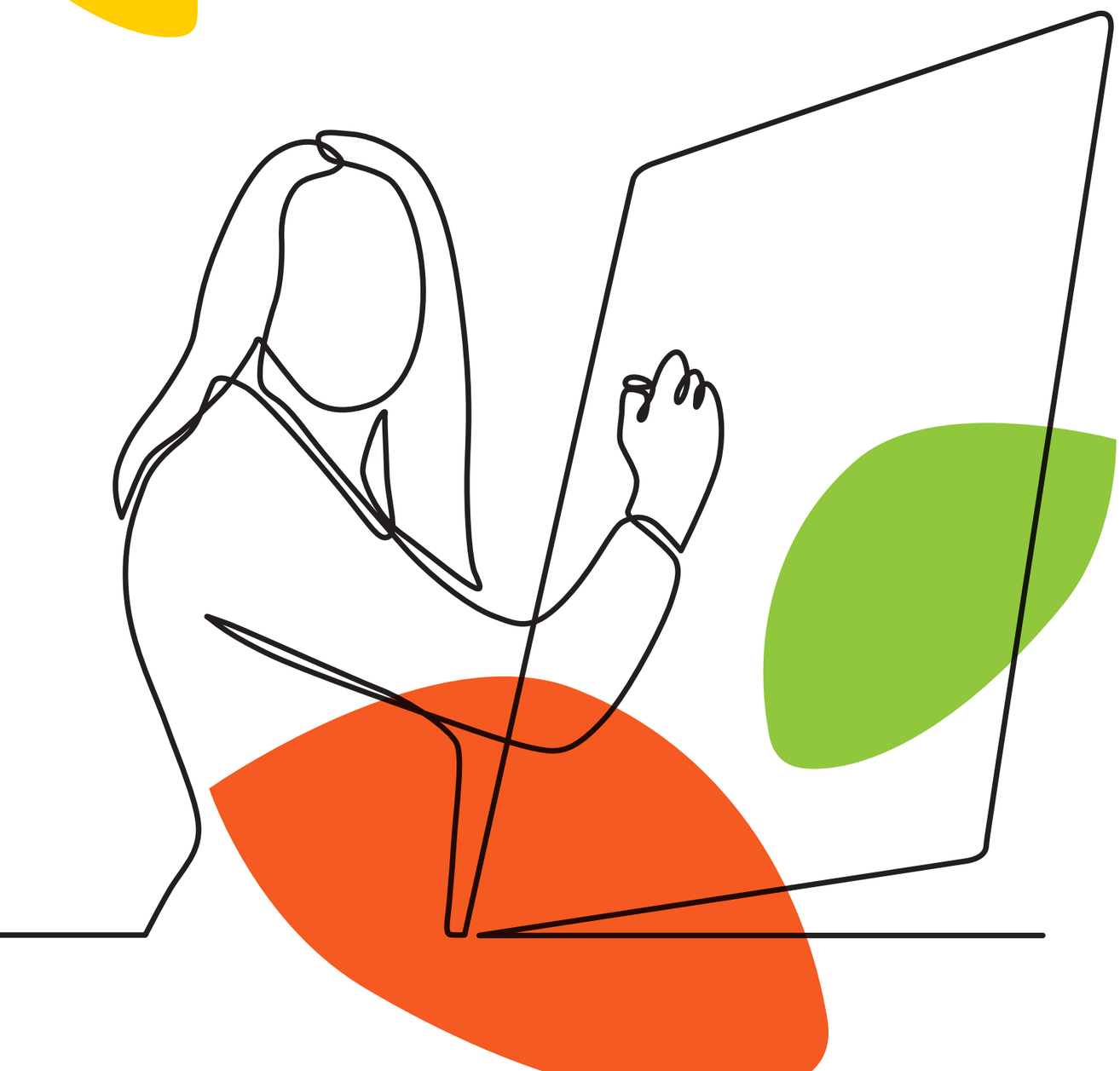
Protection of customers is another topic I would like to mention. ČEZ has been pointing out unfair practices of some players in the energy sector for a long time. It has been also supporting the adoption of legislation protecting senior citizens in particular.

I would also like to highlight our effort to positively contribute to our local communities. Our support is not limited to financial assistance only, although it is very important too. In my opinion, a helpful attitude in daily interaction like between good neighbors is something worth mentioning too. Our firefighting units help in areas surrounding our power plants, our physicians have opened the door of their offices for citizens of neighboring municipalities, our employees buy products of local sheltered workshops at regular charity markets. We organize cultural and family events in our facilities and information centers. I would say that thanks to it we have become an inseparable part of life in regions.

I hope that you find reading our report inspirational.

Michaela Chaloupková
Member of the Board of Directors
Chief Administrative Officer
CEZ Group Sustainability Leader

1 CEZ GROUP PROFILE



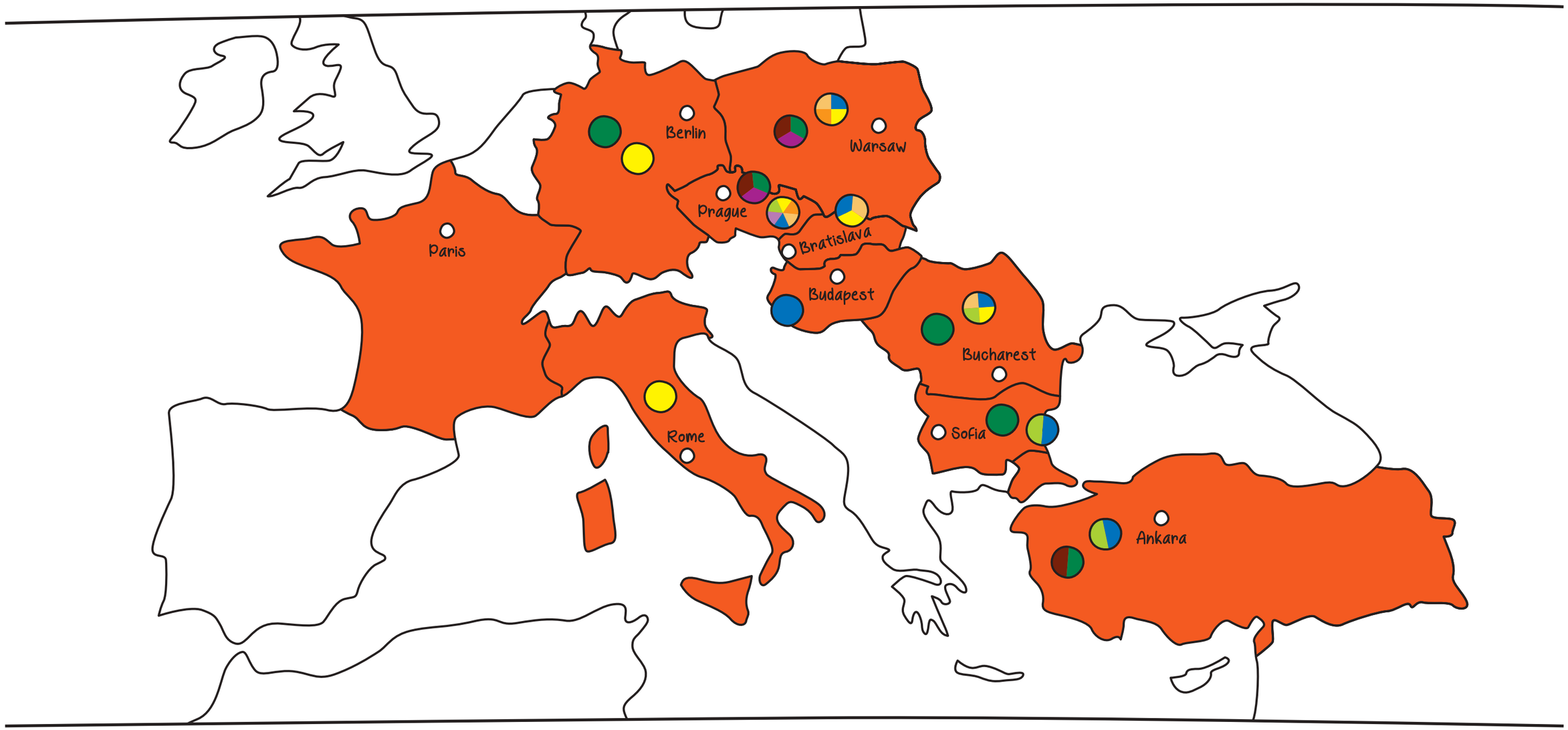
CEZ Group belongs among the largest corporations in Czechia and is also active in countries of Western, Central, and South-Eastern Europe. Foreign activities of CEZ Group focus particularly on Germany, Poland, Romania, Bulgaria, Slovakia, Italy, France, Hungary, and Turkey.

Its core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. Comprehensive energy services are also provided to customers. CEZ Group is one of the ten largest energy corporations in Europe. It has more than 7.4 million points of supply and employs more than 32 thousand employees, of which nearly 23 thousand in Czechia.

A full list of companies that comprised the consolidated CEZ Group at December 31, 2019, can be found in the CEZ Group 2019 Annual Report (pages 66–68). The majority shareholder of the parent company ČEZ is the Czech Republic with a nearly 70% stake in the company's stated capital.

The headquarters of the parent company ČEZ, a. s. (referred to as the "parent company ČEZ" or "ČEZ") have their registered office at Duhová 2/1444, Praha 4, postcode 140 53, Czechia.

CEZ Group's Presence in the Energy Sector by Territory



Generation
- Traditional electricity generation
- Renewable electricity generation
- Heat generation

Distribution and Sale
- Electricity distribution
- Heat distribution
- Sale of electricity to end-use customers
- Sale of natural gas to end-use customers
- Sale of heat to end-use customers
- Sale of energy services

1.1 BUSINESS ACTIVITIES

Our core business is the generation, distribution, trade in, and sales of electricity and heat, coal extraction, trade in and sales of natural gas, and provision of comprehensive energy services.

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

- Generation of electricity and heat in nuclear facilities with a high level of reliability and efficiency, where operating safety is the utmost priority.
- Generation of electricity and heat from traditional sources and extraction of brown coal is carried out with the aim of minimizing effects on climate change and the environment. Extraction of thermal coal is carried out mostly for the needs of our power plants, while excess capacities are placed on the market, where CEZ Group plays a significant role especially in the area of production of sized coal.
- Generation of electricity from renewable sources with the aim of developing important know-how and using it in a gradual transformation of the Czech energy sector in the direction of energy sources characterized by long-term sustainability and zero emissions, following also the decarbonization trends and increase in generation of electricity from renewable resources.
- Trade in electricity and commodities in wholesale markets – demand for electricity and support services is effectively covered by our own resources. It is a suitable addition to our purchases of electricity in 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 in compliance with the regulatory framework.
- Sale of electricity and gas follows our customers' comprehensive energy needs and is carried out in a manner that is as efficient and reliable as possible because customer satisfaction is our priority.
- Provision of energy (ESCO) services to customers including corporations, municipalities, government institutions, and households is our response to the gradual decentralization trends in the energy sector and the increasing complexity of energy needs.

Apart from these main areas of activities, CEZ Group has also been focusing on the development of new industries with a promising potential in relation to the future energy system. In particular, these industries 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 business activities also include the promotion of sustainable development principles, support for energy savings, promotion of new technology, and creation of an environment supporting career development of our employees. By supporting public benefit projects and collaborating with municipalities, cities, and regions, CEZ Group makes an effort to increase the quality of life throughout our society.

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

- Employment and support for technical education – We are a major employer influencing the employment rate in specific regions. We support educational institutions with a technical focus and their students.
- Promotion of science, research, innovation, new technology, and electromobility – These topics belong to our priorities and we focus on them in this CEZ Group Sustainability Report too.
- Promotion of tourism, support for local communities, and operation of information centers – Eleven information centers in nuclear power plants, coal-fired power plants, and hydroelectric power plants represent an important communication tool for the provision of energy-related information to the general public.

1.2 MANAGEMENT OF CEZ GROUP

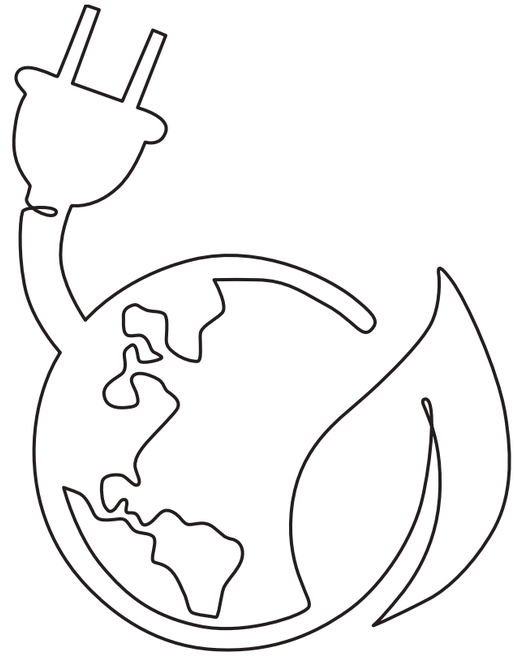
CEZ Group's management system is based on requirements stipulated by binding legislation and recommendations made by international organizations. It integrates requirements for safety and security, quality, environmental protection, and social responsibility. Governance bodies and their authorities and activities are described in the CEZ Group 2019 Annual Report.

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**. Apart from 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 the management systems for a shorter term, including the use of Key Performance Indicators.

According to expectations of our stakeholders, 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.

1.3 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 vision

is to bring innovations for addressing energy needs and help improve the quality of life.

In 2019, we introduced an updated strategy that includes four strategic priorities:

- Efficient Operation, Optimum Generation Portfolio Utilization, and Development
- Modern Distribution and Care for Customers' Energy Needs
- New Energy Sector Development in Czechia
- Energy Services Development in Europe

We expect that the next ten years will witness a further decrease in emissions, boom of renewable energy sources, and decentralization of the energy sector. All that will be accentuated by new European goals, fast development of technology, and digitalization. The new strategy further enhances this direction. The domestic market will be a priority for us. Activities of ČEZ in the foreign markets will focus mainly on services related to the modern decentralized energy sector.

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

In 2019, the process of optimization of central activities of CEZ Group commenced in response to further changes in the energy sector. The Redesign project and optimization of central and support services within CEZ Group aim at decreasing annual costs of CEZ Group by CZK 0.6 billion.

Transformation of the Energy Sector

Traditional energy is stagnating but remains an indispensable part of the energy market. Its main challenges include decarbonization, gradual decommissioning of generating facilities, and simultaneous ensuring of stable supply capacities in spite of the decommissioning progress. Renewables and decentral energy keep growing. In the area of new energy, we expect further development of renewable energy sources, now directly in Czechia. Customers require comprehensive services relating to energy use. In the ESCO area, we want to maintain our growth and be a key player capable of succeeding among our competitors, large energy corporations. Our products and services must undergo regular innovation. In the area of distribution, we face a fundamental digitalization of the entire distribution network and its preparation for decentralized generation and new services. Sales must then be able to offer the new services and products to our customers in a high-quality and efficient manner.

The European Commission approved new highly ambitious targets for 2030 in decarbonization, renewables, and energy efficiency. Czechia has started to elaborate the EC targets in a climate-energy plan with a significant increase in the share of generation from renewable energy sources. It is also preparing conditions for the construction of new nuclear facilities, and starting implementation of action plans focusing on smart grids, electromobility, and digitalization.

Preparations of projects of new nuclear facilities proceed in accordance with the conditions set out by the state within deadlines needed to ensure the compliance with Czech safety and decarbonization targets.

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

1.4 CORPORATE PRINCIPLES AND ETHICAL BEHAVIOR POLICY

Five principles of corporate culture describe the values and desirable corporate behavior expected from CEZ Group employees. They contribute to a successful and safe fulfillment of CEZ Group's mission, vision, and strategy. Corporate culture influences the internal atmosphere in the company, external perception as well as the results achieved by CEZ Group.

In the area of human resources, we aim at ensuring and developing a team of qualified professionals, skilled and efficient employees who adopt our company 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 fulfill the strategic goals, mission, and vision of CEZ Group
- Are able and willing to adapt to 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

Events and Plans in 2019:

- The **Corporate Culture standard** was issued for CEZ Group, setting out its bearers and their influence on the desirable corporate culture, specifying tools for development and corporate culture monitoring.
- In ČEZ and in the ČEZ Distribuce and ČEZ Prodej subsidiaries, we have organized a **corporate survey** focusing on the fulfillment of the corporate values. We monitor engagement, motivation, and leadership level. In the Nuclear Energy division of ČEZ, we implemented a **leadership academy** for the top and mid-level management. Subsequently, we added leadership-related commitments into the management's annual objectives. We continue developing the corporate principles by means of internal open courses. These include workshops and training sessions the topics of which reflect the current strategy.
- We work with our talented employees and use their potential.

Ethical Conduct Policy

In 2019, we continued in the development of our corporate culture and ethical business in accordance with the strategy management document **Ethical Conduct Policy**. It was issued in order to promote corporate interests of **implementation and fulfillment of ethical and responsible conduct in CEZ Group**.

The **Ethical Conduct Policy** (see below) must be studied by all new employees upon taking up their duties. Their knowledge of the policy is verified on an ongoing basis by their supervisors.

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 of 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 noncompliance 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 previously published in the **Code of Ethics** 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, with the aim of preventing potential unlawful or dishonest practices.

The significance of the Code of Ethics and the Compliance Rules is reinforced by the **CEZ Group Ethical Conduct Standard**, a binding management document applicable to companies belonging to the CEZ Concern. The Code of Ethics and the rules for compliance with it are integrated into our corporate culture through the **corporate principle of Collaboration**.

CEZ Group's **Code of Ethics** is published in two versions. The basis is what we call the Decalogue, i.e. a summary of crucial principles in the area of relationships, e.g. with shareholders, customers, employees or suppliers. It has been extended by the so-called Alphabet, which elaborates on the ten fundamental principles. The Code of Ethics and the rules for compliance with it govern most companies within CEZ Group; some of them have their own, internal code of ethics depending on the nature of their business and security risks.

When negotiating contractual relationships with business partners, we use the Commitment to Ethical Conduct, a brief 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.

An **Ethics Hotline** has been established for reporting unethical or unlawful behavior violating our Ethical Conduct Policy. Submissions can be made using an Internet form, also anonymously, as well as by phone at +420 211 042 561 or by e-mail at compliance@cez.cz, and, of course, in person or by standard letter.

It has been established for

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

Compliance Management System Policy

ČEZ's current experience with corporate compliance management resulted in 2019 in the **publication of the second 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. These include any type of corrupt behavior or conflict of interests. 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** has been established to support the Board of Directors of ČEZ.

The CMS connects already established elements and tools, like the Code of Ethics and rules for its implementation, Ethical Conduct Standard of CEZ Group, Corporate Compliance Guidelines, Ethics Hotline, and internal investigation of illegal and unethical activities with further procedures and processes helping to decrease cases of risk activities and their consequences for CEZ Group.

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
- Third-Party Screening Methodology

We Do Not Tolerate Corruption and Discrimination

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 **anticorruption agenda is zero tolerance of any form of corruption**, whether direct or through third parties. No confirmed incident of corruption was registered across companies in Czechia in 2019.

The parent company ČEZ **is not involved in public politics**, except for officially promoting its interests in the European Union through its Brussels office, and does not make financial contributions to any political groupings.

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 included in the valid Ethical Conduct Policy as well as the Code of Ethics.

Company management places **great emphasis on promoting diversity** and providing equal opportunity, and a dignified 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 **anticorruption clause** in contracts with suppliers that defines corruption and binds the parties to adhere to the strictest ethical principles.

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.

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 manifests 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 in relation 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 anticorruption agenda by means of 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 up-to-date compliance risk assessment and priority compliance activities until 2020 as discussed and approved by the Board of Directors of ČEZ. The fundamental principle of the anticorruption agenda is zero tolerance of any form of corruption, whether direct or through third parties. The objective of anticorruption action is to prevent corruption and detect, report, and respond to corruption within CEZ Group and among its business partners.

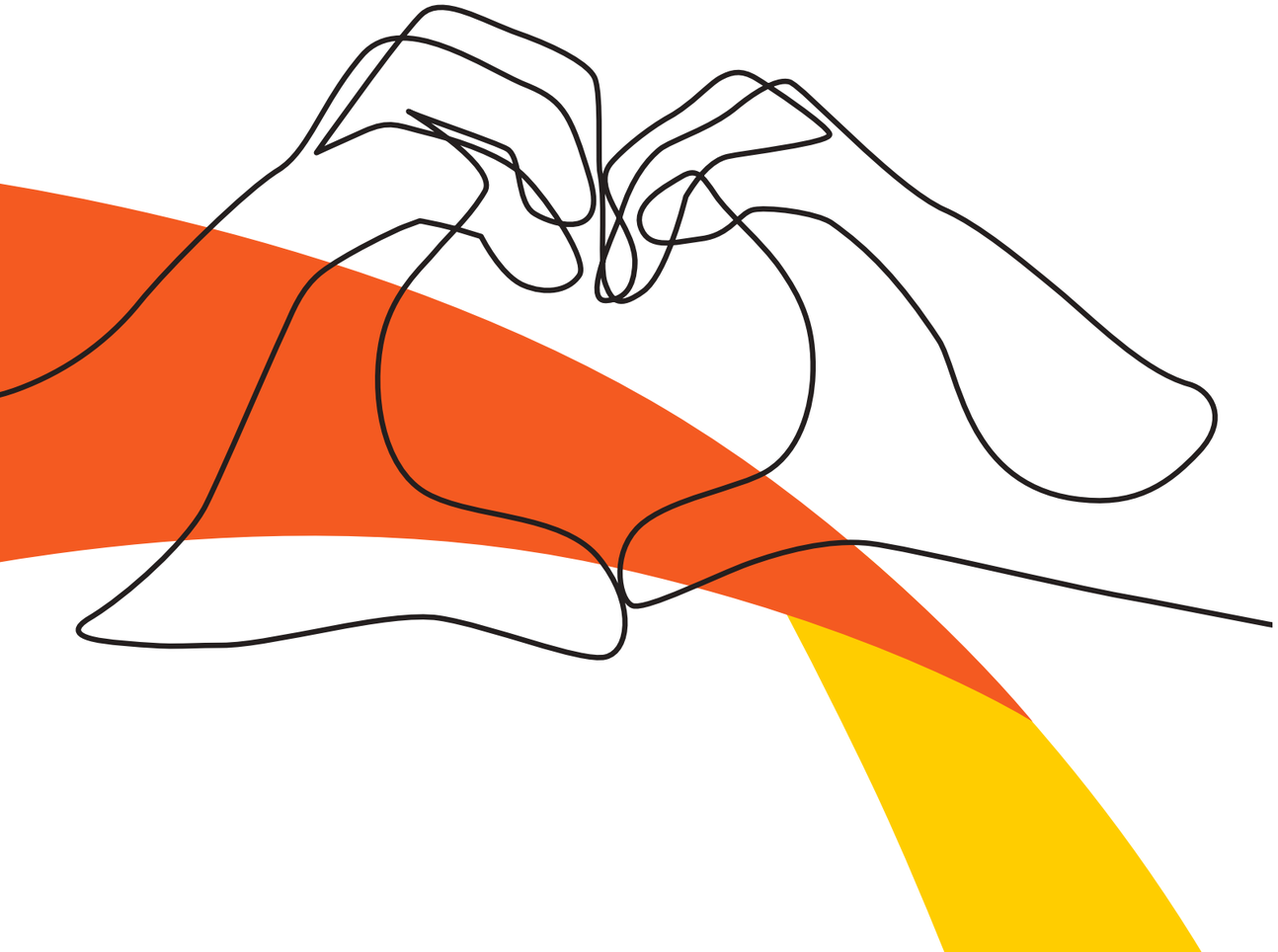
As regards the legal area and the issue of donations, a decision on the amount of funds that the company may use to make donations is approved by the company shareholders' meeting for each calendar year. As concerns conflicts of interest, members of the company's governance bodies are obliged to comply with applicable legal regulations. For the purposes of procurement, contracts with suppliers include an anticorruption clause that defines corruption and binds the parties to adhere to the highest ethical principles.

Corruption-related risks are analyzed at the level of the management of individual CEZ Group companies.

Events and Plans in 2019:

- In order to align the compliance function and CMS tools in CEZ Group with the tasks until 2020, we carried out analysis of corporate compliance risks of the CEZ Concern (at the level of ČEZ).
- We have issued a new Third-Party Screening Methodology in CEZ Group and launched a routine screening procedure based on the requirements of purchasing and other departments, particularly in relation to acquisitions, divestments, and trading counter-parties.
- In order to enhance the prevention of possible corruption practices, we carried out a CMS development project in the purchasing department, following the ISO 37001 Anti-Bribery Management System international standard.
- We approved the continuation of the current mitigation activities and supplementation of new ones for the identified risks of corruption, particularly systemic provision of information on compliance topics, with a focus on prevention (regular section on our Intranet and in the corporate newsletter Proud).
- We carried out targeted preventive training of selected groups of employees exceeding the extent of the current compliance training (sales representatives of ČEZ ESCO and of ČEZ ESCO Group subsidiaries and others).
- We carried out compliance inspections/internal audits in the areas of conflict of interests, participation of CEZ Group in public procurement (as a bidder), and in the area of subsidies (at the state and EU level).
- In the purchasing department of ČEZ, all employees in the role of purchaser were trained with a focus on the topic of corruption prevention. We created the role of compliance representative in the purchasing department in order to provide the employees with professional support in the area of corruption prevention. We also have other plans for CMS development for 2020.

2
SUSTAINABLE DEVELOPMENT AT CEZ GROUP



2.1
SUSTAINABILITY MANAGEMENT AT CEZ GROUP

Our sustainability management is connected to CEZ Group's strategy and is based on the company's strategic values, corporate culture principles, Code of Ethics, 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 CEZ Group's Sustainability Strategy as well as CEZ Group's Sustainability Report.

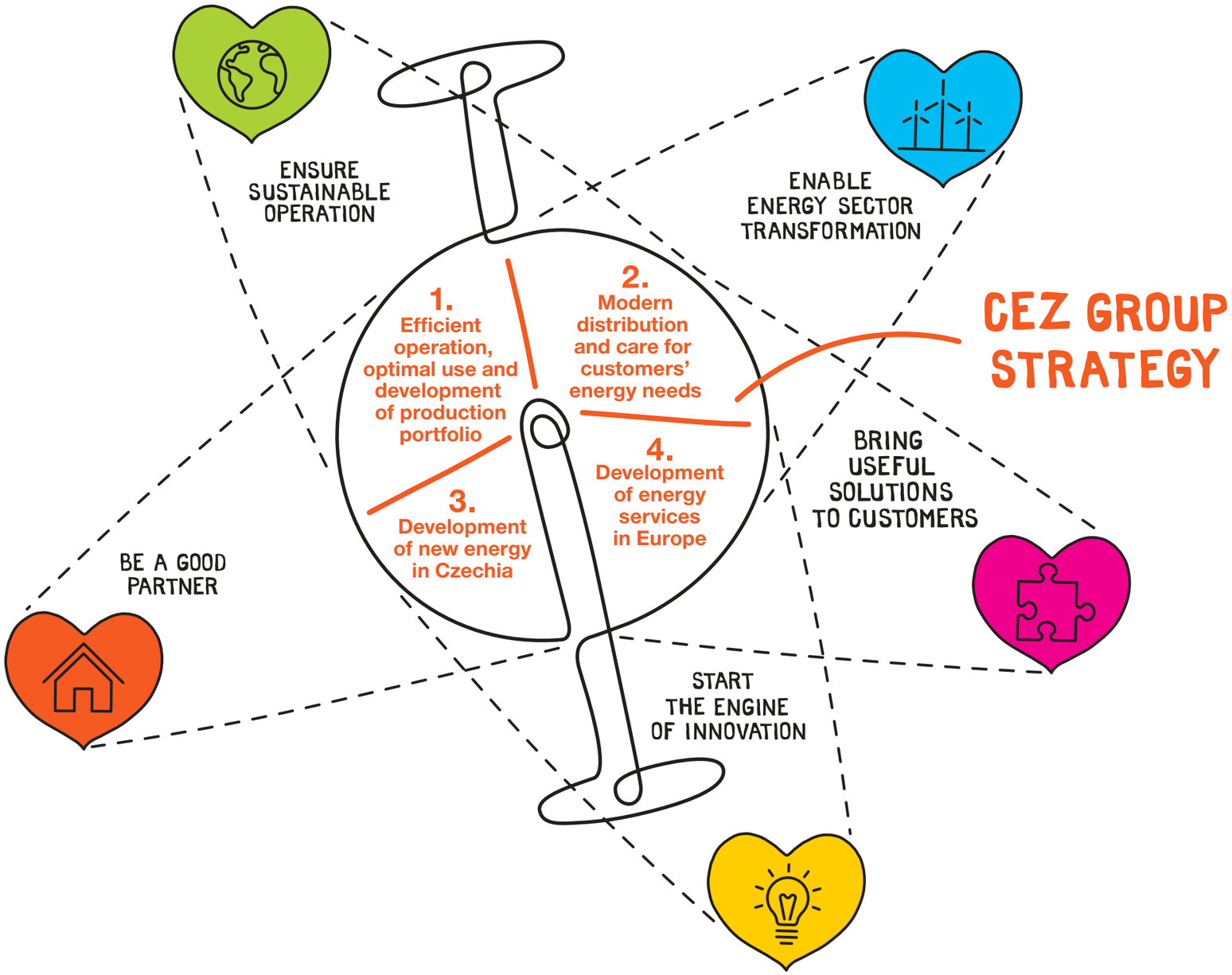
The leader for sustainable development in CEZ Group is Michaela Chaloupková, member of the Board of Directors of ČEZ, who is responsible for individual activities and also for the presentation of CEZ Group's Sustainability Report for approval by the Board of Directors of ČEZ.

At the management level, daily implementation of the sustainability targets is also ensured. Specific commitments in the sustainability area are included in the Key Performance Indicators of the management. The manager of the sustainability department is responsible for defining and updating CEZ Group's sustainability strategy. The head of the non-financial reporting department is responsible for the fulfillment of legislation-related undertakings in the non-financial reporting area.

2.2 SUSTAINABLE DEVELOPMENT STRATEGY – ENERGY FOR THE FUTURE

Sustainable Development Strategy – **Energy for the Future** was announced in 2016. From the very beginning, we succeeded in engaging both employees and management in these activities. The strategy consists of five priorities containing specific programs and projects, 22 in total. Each program has internally defined objectives and key performance indicators; we report undertaken activities and their evaluation in the Report.

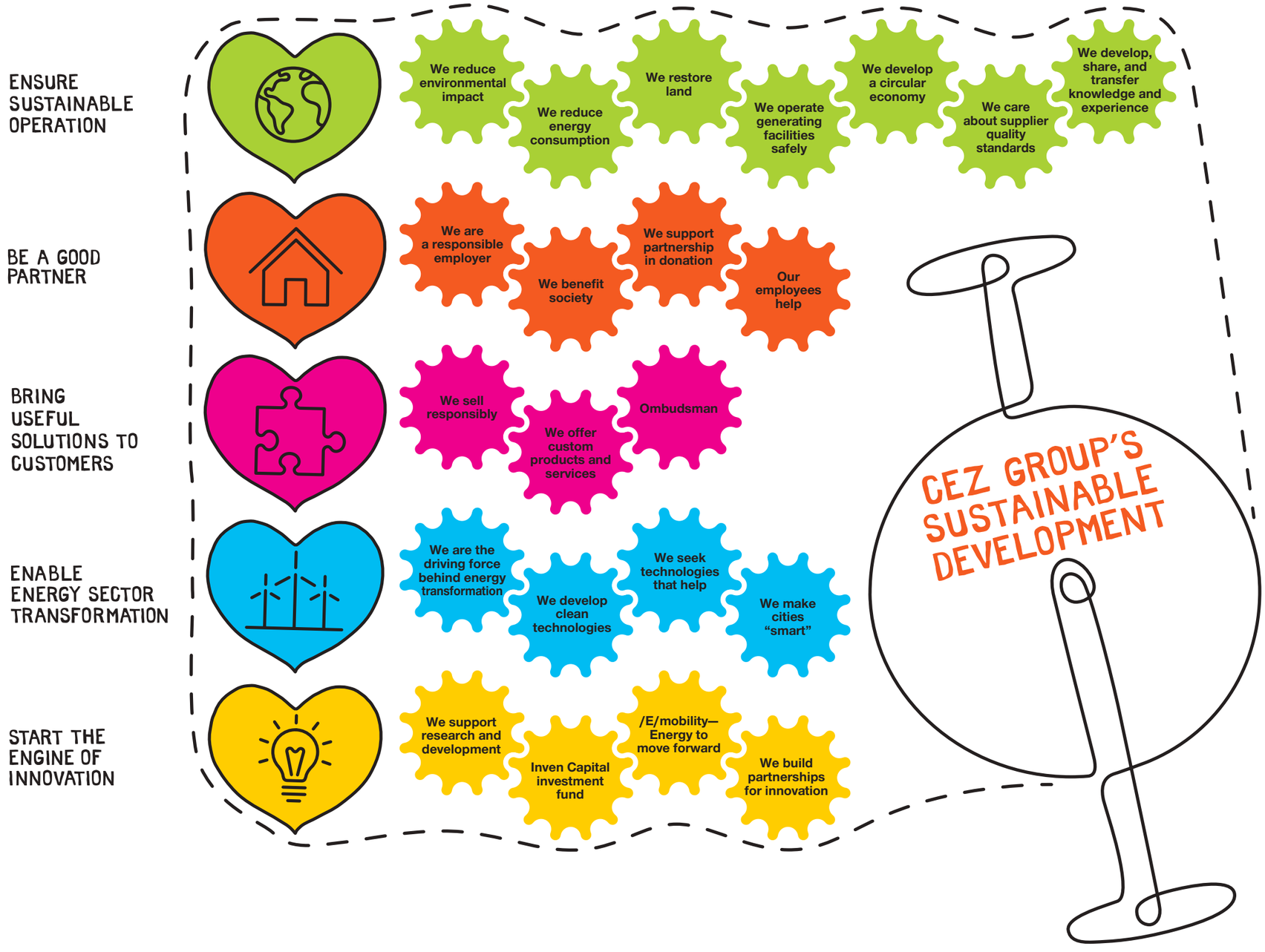
ENERGY FOR THE FUTURE
SUSTAINABLE DEVELOPMENT STRATEGY



The Five Priorities of CEZ Group's Sustainable Development Strategy Consist of Specific Activities

In 2019, several significant activities took place. We implemented stakeholder dialog with a focus on the CEZ Group sustainability strategy and adopted significant international documents in the area of approach of companies towards sustainable business practices, particularly the European Green Deal program. We have also subscribed to New Deal for Europe: Towards a Sustainable Future in the World (in Czechia, it is known as #odpovedne2030).

We are preparing an update of CEZ Group's sustainable development strategy in connection with these events, which we will introduce to you in CEZ Group's Sustainable Development Report for 2020.



2.3 CEZ GROUP SUSTAINABILITY REPORT

The 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 in Czech legislation through an amendment to the Accounting Act. The report provides non-financial reporting from the area of environment, social areas, employee and customer care, and measures related to energy transformation, and collects information on anticorruption and antibribery measures and on diversity topics.

The report is issued in electronic format on an annual basis in Czech and English versions. It includes reports from all companies of the consolidated group in Czechia and foreign countries. As at December 31, 2019, CEZ Group consisted of 208 companies (i.e. the number of companies in the consolidated group) performing different business activities. Taking into account the size of the parent company ČEZ, and the number of subsidiaries, the Report is unique in the Czech environment.

This report has been prepared in accordance with the **GRI Standards: Core option**, as has been the case since 2017, 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 2018 Sustainability Report won the **golden award** in the **Reporting category of the Top Responsible Corporation 2019** competition.

TOP CENA BYZNYSU PRO SPOLEČNOST
ODPOVĚDNÁ FIRMA V REPORTINGU
2019

CEZ Group 2019 Sustainability Report

The CEZ Group 2019 Sustainability Report will provide you with non-financial information concerning CEZ Group in the reporting period of January 1, 2019, to December 31, 2019. It follows up on CEZ Group's 2019 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**, to which UN Sustainability Development Goals (SDGs) have been assigned, and which we support.

The Report represents a comprehensive introduction of CEZ Group and its business activities in compliance with the approach towards sustainability. You can see which sustainability strategy programs we prioritize and how the CEZ Group sustainability strategy has shifted. 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 numeric non-financial data in the form of the **GRI Content Index and data from the environmental area and distribution** (we always provide data for the last three years). Annexes include information about membership in selected professional associations and any awards obtained.

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 2019 Annual Report.

The CEZ Group 2019 Sustainability Report is published electronically and available on the corporate website at: https://www.cez.cz/cs/o-cez/energie-pro-budoucnost. It is available in English on the English version of the website at: https://www.cez.cz/en/sustainable-development.

2.4 WE HOLD AN OPEN DIALOG WITH STAKEHOLDERS

CEZ Group commenced the **process of comprehensively setting up the dialog with stakeholders** in 2019. The aim was to establish how they perceived the current sustainability strategy and what was their opinion on the future direction of CEZ Group and its approach towards sustainability.

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
- Media
- Nonprofit organizations
- Insurance companies, banks
- Certification bodies

Stakeholder dialog took place **on the basis of 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 “Byznys pro společnost” 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 opportunities
11. Transparency and ethics
12. Collaboration with local communities
13. Responsible sale
14. Energy transformation, development of clean technologies
15. Promotion of smart cities
16. Support for research and development

Stakeholders were divided into two major groups:

Internal stakeholders:

- Top management of ČEZ and subsidiaries, members of mid-level management and members of the Supervisory Board.

External stakeholders:

- Suppliers – 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.

Results

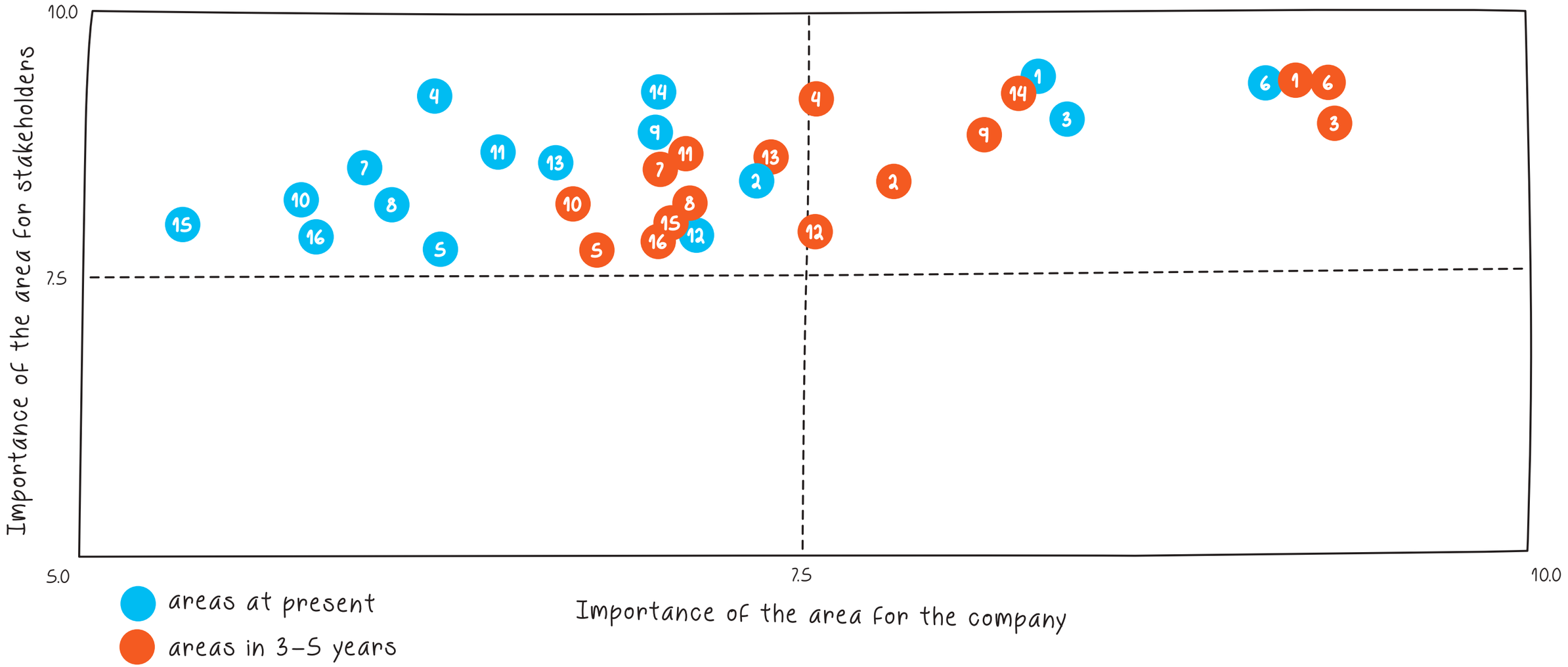
The materiality matrix showed the importance of the topics for the company and for external stakeholders. The right upper quadrant in the matrix shows future priorities that are crucial for ensuring sustainable operation of the company (from both the internal and external viewpoint) and which are most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

The results have shown that the following areas are most interesting for the stakeholders. Their importance will even rise in the future:

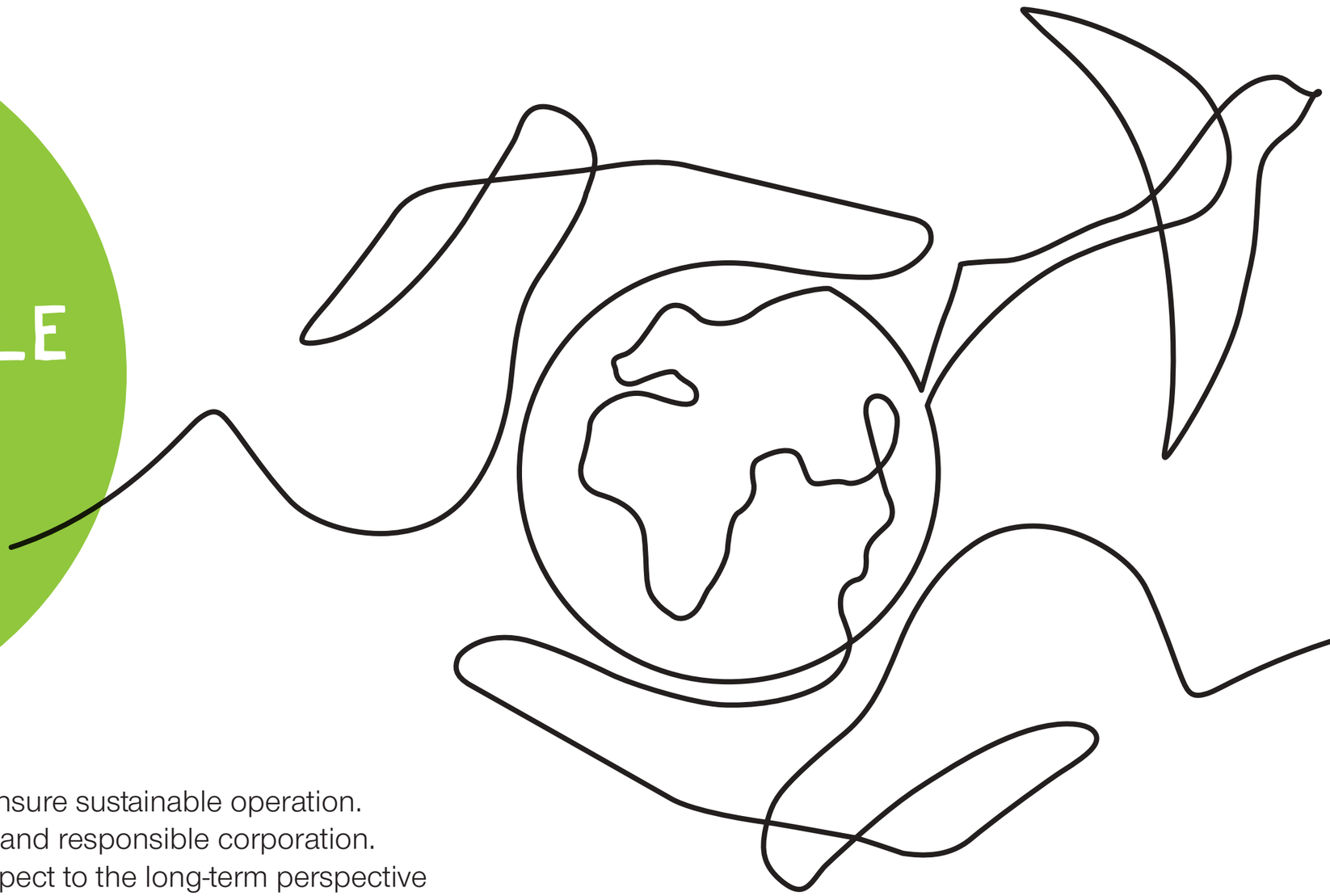
1. Environmental protection
3. Attitude to emissions
6. Safe operation of facilities
9. Responsible employer
14. Energy transformation, development of clean technologies

The results will be taken into account in the update of our sustainable development strategy.

Significance Matrix of Topics for Stakeholders and How It Will Develop over 3–5 Years



3 ENSURE SUSTAINABLE OPERATION



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

Safety and Environmental Protection Policy

The Board of Directors of ČEZ is fully aware of and without reservations accepts responsibility by course of valid legislation and the international commitment of Czechia to ensure the safety and protection of:

- Generating facilities
- Individuals and society
- Environment
- 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.

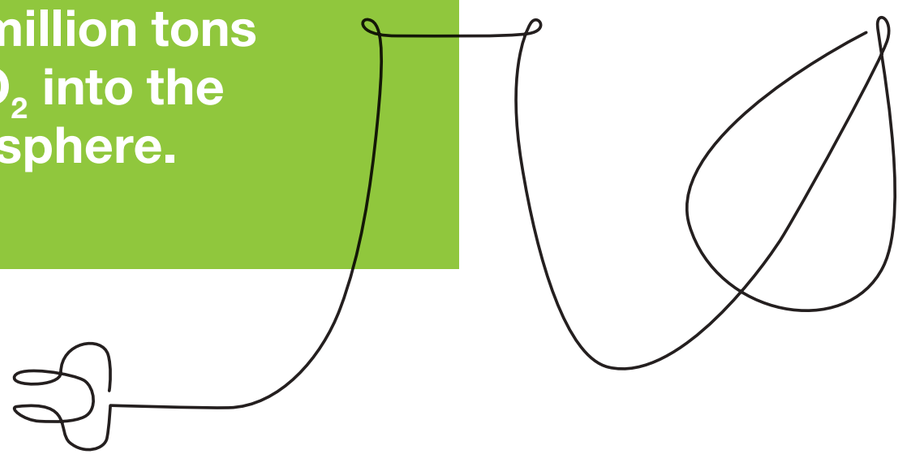
Safety and Environmental Protection Policy is the top document in the area of safety and environment protection.

1. WE PRIORITIZE 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 RECOGNIZED PRACTICES INTO ACCOUNT.
4. WE PERMANENTLY DEVELOP THE SAFETY AND ENVIRONMENTAL PROTECTION STANDARD.
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.

3.1 WE REDUCE OUR ENVIRONMENTAL IMPACT

Monitoring and reducing environmental impacts is our primary obligation and condition for the operation of our generating facilities. To reduce our environmental impact, we carry out a number of activities, like decommissioning of old facilities, their substitution with zero-emission or low-emission sources, greening of generating facilities, restoration of areas affected by extraction, creation of conditions for circular economy or measures to save water. One of the system setup tools we use for monitoring and reducing our environmental impacts is management using an Environmental Management System (EMS) according to ČSN EN ISO 14 001 and an Energy Management System (EnMS) according to ČSN EN ISO 50 001.

Thanks to nuclear power plants, Czechia did not release 680 million tons of CO_2 into the atmosphere.



Environmental Management System (EMS)

The EMS is a management system that focuses on monitoring and enhancing all corporate activities that have or may have an impact on the environment or employees' health and safety. It also helps identify environmental risks and allows creating the conditions for their elimination.

The EMS includes a continually updated register of legal requirements that the company implements in its management documents. Obligations arising from applicable legislation, issued permits, and management documents are reviewed annually by EMS audits. In addition to the register of legal requirements, there are also registers of environmental aspects (RAS) for specific sites. 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 environment is established. Internal audits of the EMS system assess their applicability. There are environmental objectives and programs defined for all sites, the fulfillment of which is assessed during EMS reviews.

EMS certifications are held by ČEZ's hydroelectric, nuclear, and conventional power plants as well as by ČEZ Energetické produkty, ČEZ Energetické služby, ČEZ ENERGOSERVIS, Energotrans, Počerady power plant, Dětmarovice power plant, MARTIA, PRODECO, SD - Kolejová doprava, ŠKODA PRAHA Invest, AZ KLIMA, AirPlus, ČEZ Distribuce, ÚJV Řež, HA.EM OSTRAVA, KART, ENESA in Czechia, e-Dome in Slovakia, and Distributie Energie Oltenia and CEZ Vanzare in Romania.

Companies that generate electricity and heat in CEZ Group have the following environmental objectives:

- Reducing the environmental impacts of generation to the level of Best Available Techniques (BAT) by modifying their operations and undertaking capital investment projects
- To achieve carbon-neutral electricity generation by 2050

Emissions of Pollutants from Combustion Plants

The Environmental Management System (EMS) also includes emission monitoring and risk assessment in the combustion of fossil fuels and biofuels during which pollutant emissions are released to the atmosphere. The main pollutants are sulfur dioxide (SO_2), nitrogen oxides (NO_X), and particulate matter (PM).

We use continual measurement to determine the amount of SO_2, NO_X, and PM emissions from large combustion plants. Minor combustion plants, with a heat input of less than 50 MW, have emissions determined on the basis of single measurements or their amounts of emissions are determined on the basis of available emission intensities, as appropriate.

To reduce emissions of sulfur dioxide, most facilities use a highly efficient flue-gas desulfurization method based on wet limestone scrubbing; smaller facilities use a semi-dry method in which pollutants from flue gases are absorbed on lime suspension particles and particles of the resulting product are then dried by the heat in the flue gases. Sulfur oxides from fluidized bed boilers are captured directly in the combustion chamber by dosing limestone to the furnace. Sulfur dioxide emissions are reduced by replacing fossil fuels with biomass combustion in some combustion units, especially fluidized bed boilers.

Particulate matter is captured by electrostatic precipitators or bag filters with separation efficiency exceeding 99%.

Nitrogen oxides emissions are reduced 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 to the air is mercury. Development of technologies to capture this pollutant in CEZ Group's facilities gets much attention. Their installations in individual facilities will start in 2020 and subsequently appropriate measures shall be implemented at all brown-coal-fired facilities in Czechia by 2024.

Emissions of Particulate Matter from Open-Cut Mines

Reduction of dust from extraction and treatment of coal is one of the priorities of Severočeské doly. When operating sources of air pollution, active and passive measures are implemented in order to reduce emissions of dust. Active measures include particularly sprinkling or misting equipment located at technology transfer points or before them. The extent of sprinkling is regularly increasing with the aim of maximizing the elimination of dust emissions directly at their source. We have also upgraded a coal loading unit in the treatment plant in Ledvice by installing telescopic tubes that minimize dust emission when loading coal. We regularly use cleaning vehicles to clean surface areas of industrial facilities.

Active measures to fight increased emissions of dust include sprinkling of unpaved roads by large water tanks during dry summer months and limitation of vehicle speed in mines. When treating unpaved roads and areas in mines, we start to use solutions containing soil stabilizers.

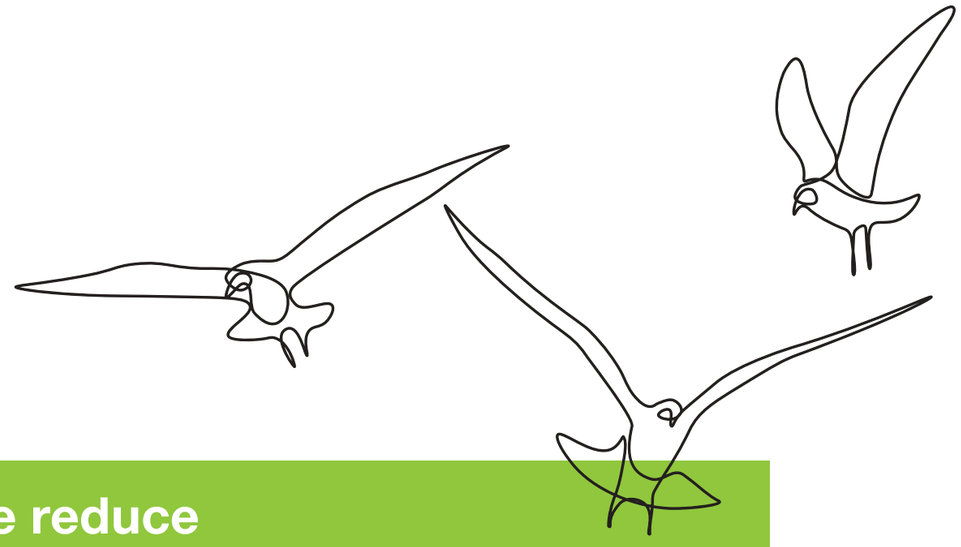
The purpose of implementation of passive measures is in particular limitation of dust emissions beyond mine boundaries. The most significant passive protective measures are protective embankments, protective woodland belts, and insulating walls built in the areas between the actual mine and surrounding cities and municipalities.

We also pay a lot of attention to the prevention of ignition and spontaneous heating in our extraction operations. Places that can potentially spontaneously ignite are treated using heavy-duty machines so that no oxidization is possible if soil contains coal substance to avoid spontaneous heating and fires. For utilization of any subsoils affected by former extracting activities the respective technology procedures are developed. 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 near Chomutov, Droužkovice, Černovice, and Málkov. Sweeping vehicles and sprinkling tankers thus significantly participate in enhancing the quality of the environment in cities and municipalities in areas near open-cut mines.

Activities to Reduce Emissions in 2019

- Completion of the new desulfurization system at the Mělník I power plant.
- Commissioning of the new gas-fired boiler at the Vítkovice site as a substitute for coal-fired units of the Vítkovice Heating Plant.
- Permanent shutdown of the Ledvice II Power Plant with a rated thermal input of 595.5 MW.
- Completion and commissioning of a gas-fired boiler in the Trmice Heating Plant. Its operation shall allow for environmental upgrade of coal-fired units without any limitations on supplies of heat.
- Environmental upgrades to gas-fired boiler plants operated by ČEZ Teplárenská, replacing existing boiler plants with new ones featuring lower NO_x emission parameters.
- In the Temelín Nuclear Power Plant, new low-emission burners were installed in the auxiliary gas-fired boiler plant, replacing the old 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, as well as NO_X.
- Completion of the DeNOx project at the Skawina coal-fired power plant in Poland.
- Optimization of operation of electric separators and desulfurization equipment at the B3 unit of the Počerady Power Plant.
- Performance of burning tests aiming at assessment of suitable techniques to decrease mercury emissions in the atmosphere.
- Construction of pilot equipment for reducing mercury emissions using the GORE technique at Mělník I power plant.
- Completion of the conversion of a steam-and-water heating system in Janské Lázně to a hot-water system (reduction of heat transfer losses) together with the replacement of an existing standby unit with a new unit with lower emission parameters to reduce NO_x emissions.
- In Severočeské doly, more than 1,400 meters of belt conveyors used for transport of coal were covered.
- Construction of walls protecting against wind and dust at underground silos of the Ledvice Coal Treatment Plant was completed, with the wall height of 13.5 meters and the total length of nearly 300 m.
- At the Bílina Mine, a system of sprinkling of transfer points of belt conveyors was completed and commissioned. These conveyors are used to transport extracted clays with a high level of dustiness.
- At Nástup Mines, dust-preventing measures included a treatment by pulp of 10.4 hectares at the head of a coal seam in order to minimize dustiness.



We reduce pollutant emissions

In 2019, CEZ Group succeeded in achieving a year-on-year decrease in emissions of SO_2 by 18.2%, NO_x by 7.3%, particulate matter emissions by 0.9%. In relation to all these pollutants, decrease in emissions per electricity produced was achieved too, by 20.1% for SO_2, 9.5% for NO_x, and 3.6% for particulate matter.

Air Pollution Monitoring

Beyond the scope of our legal obligations, we have provided accredited monitoring of the quality of air near the 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 because they serve as a basis for monitoring and evaluating the quality of air in Czechia for us and third parties.

Air pollution, especially with dust, is also monitored around sites storing coal combustion products from the Mělník, Tušimice, Prunéřov, and Počerady power plants.

Using remote data transmission, 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 continual measurement of dust pollution, especially with PM10 suspended particulate matter. We provide the results of our measurements to the affected municipalities and governmental agencies.

We Are Active in Reducing Greenhouse Gas Emissions

CEZ Group made a commitment to generate carbon neutral electricity before 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. The United Nations Framework Convention on Climate Change (UNFCCC) anticipates that NAZCA will report on the current status of commitment fulfillment and will therefore track progress on the basis of annually updated data.

Our partial target on the way to carbon neutrality is a decrease in emission of CO_2 by 30% before 2030 in comparison with 2018 and reduction in emission intensity to at least 300 g per kWh. We plan to phase out the operation of selected coal-fired power plants and to increase the capacity of the operated renewable energy sources.

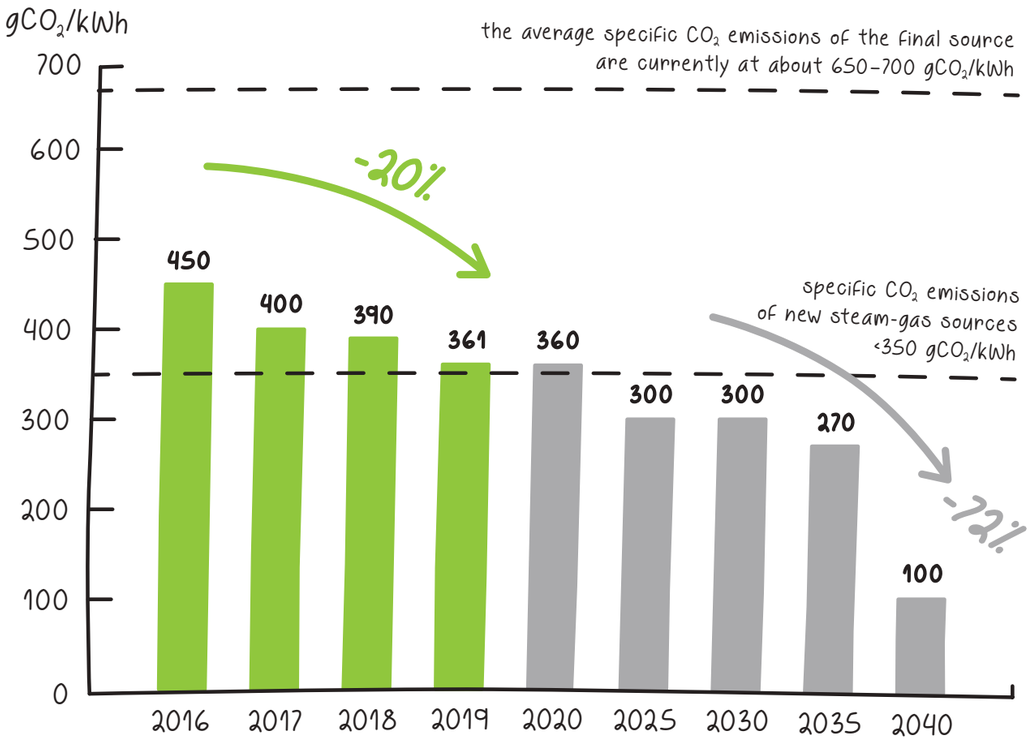
Our emission intensity can be influenced by the manner in which generating facilities are deployed, favoring low-emission and renewable energy sources. Generation from coal decreased by 5.8%, nuclear generation increased by almost 1%, and generation from natural gas more than doubled, while generation from renewable energy sources increased by 16% in 2019. Emission intensity of CO_2 for the generation of electricity by CEZ Group decreased by nearly 6.7%.

CO_2 emissions in electricity generation were reduced by 48.3% as compared to 2001 in Czechia.

We work to reduce ČEZ's carbon footprint; annual CO_2 emissions decreased by 4 milion tons in 3 years

The average specific emissions of CO_2 from the electricity produced by CEZ Group sources decreased by 20% in 3 years. The value of 361 gCO_2/kWh reached in 2019 is almost at the level of new CCGT sources.

CO_2 Emissions from Electricity Generated by CEZ Group Sources



Activities to Reduce Greenhouse Gas Emissions and Other Pollutants in 2019

In addition to actions aiming at reduction of pollutant emissions which contribute to a reduction of greenhouse gas emissions as well:

- We are renovating hydroelectric power plants to increase their efficiency. A comprehensive renovation of TG4 assembly of the Kamýk power plant was completed in 2019. Thanks to the renovation, the volume of oil in the assembly has been reduced by more than a half and its efficiency has increased. A comprehensive renovation of TG2 assembly of the Kamýk power plant and of TG1 assembly of the Slapy power plant is being carried out. It is again expected that the renovated systems should achieve better efficiency and decrease in oil volume by more than a half.
- In the Dukovany Nuclear Power Plant, gradual replacement of halons in fire-extinguishing systems with less harmful halon alternatives continued. Projects of energy savings at ČEZ ESCO customers resulted in decrease in the equivalent of CO_2 emissions by 36,700 tons.

3.1.1 We Use Water Sustainably

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

Water Withdrawal

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 withdrawn surface water is used for once-through condenser cooling. 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 it.

Dry weather with a very hot summer characterized the year of 2019. Watercourses with less water were subject to restrictions of operation of facilities, where needed. In connection with reallocation within the facility portfolio, the amount of water per generated MWh decreased slightly from 11.9 m^3/MWh to 9.8 m^3/MWh.

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 downstream of the point of withdrawal.

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 power plant's purposes. Although the amount of surface water withdrawn from the watercourse is relatively high, a minimum residual flow rate is always maintained 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 meander and Ohře sites of community 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 an endangered animal (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.

Water-Saving Activities in 2019

- In 2019, we focused primarily on repairs of leaks on surface water supply piping and drinking water distributing pipes.
- Repairs of potentially leaky segments of the surface water feeder continued at the Počerady Power Plant to reduce leaks of withdrawn surface water.
- In the Dukovany Nuclear Power Plant, consumption of raw water drawn from the Mohelno water reservoir was reduced due to replacement of internal eliminators within the cooling towers for new equipment with higher efficiency. Eliminators are used to capture water drops from the flowing air inside of the cooling tower as part of disposal of the residual heat.
- In the Poříčí Power Plant, consumption of surface water decreased by approx. 20% from 3,895 m^3/GWh in 2018 to 3,128 m^3/GWh in 2019. The savings were achieved by increasing concentration within the cooling circuit. In 2019, four PROTUR bladeless rolling turbines with the total installed capacity of 1 kW were installed on the discharge channel from the Ledvice wastewater treatment plant.

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. Reused wastewater accounted for about 20% of the amount of surface water withdrawn for process purposes in 2019. In addition to the fossil and hydro generation division of ČEZ, recycled water is used by the Dětmarovice Power Plant, Počerady Power Plant, ČEZ Energetické služby, Severočeské doly, CEZ Chorzów, and CEZ Skawina.

Wastewater Discharges

Wastewater discharging is subject to conditions stipulated by water authorities and/or in integrated authorizations. We only discharge wastewater to surface water courses. Discharged wastewater includes both wastewater from generation and a portion of rainwater and hard-to-measure seepage and drainage water discharged through shared outlets together with other wastewater.

Discharged 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.

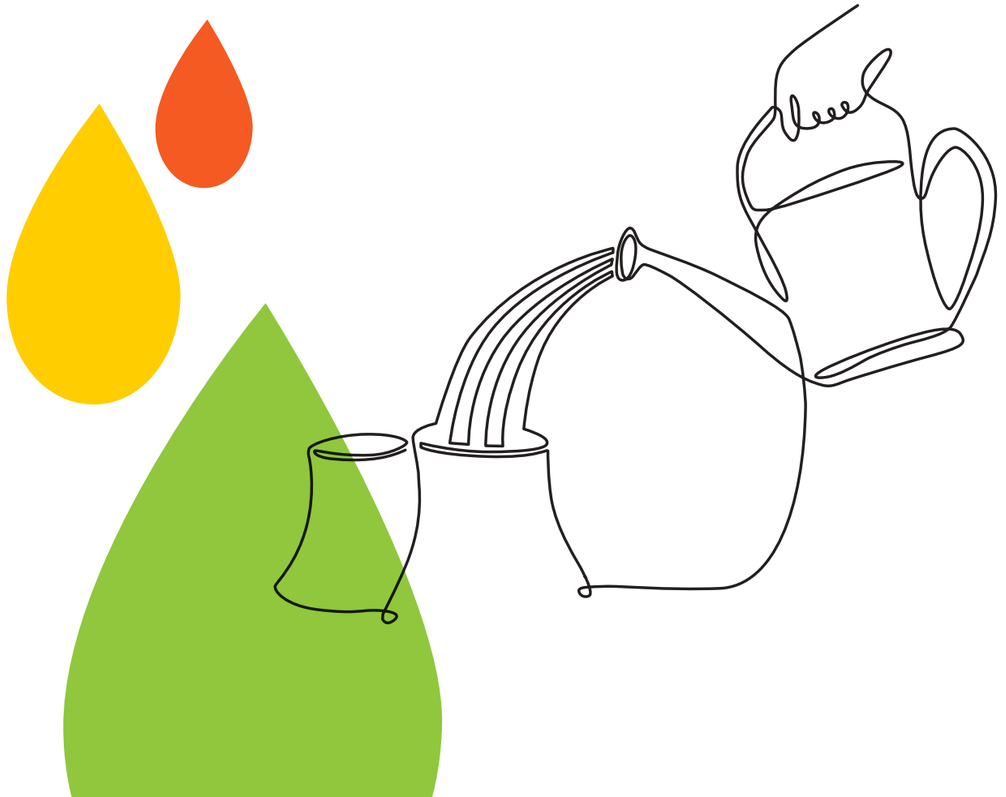
The only untreated wastewater is wastewater from once-through steam turbine cooling and water from drainage and similar outlets whose quality does not necessitate treatment. Regular monitoring of discharged wastewater is performed at all outlets in order to evaluate water quality and respond promptly to any risk of quality deterioration. Monitoring results are regularly reported to competent authorities.

Wastewater from once-through steam turbine cooling, which accounts for an absolute majority of discharged wastewater, has its quality altered in a single parameter, temperature, and is discharged so that there is no change to water stream conditions important for the life and development of biotic populations.

Volume of discharged wastewater per produced MWh of electricity, including water used for once-through steam turbine cooling, decreased from 10.4 m^3/MWh to 8.3 m^3/MWh, without water used for once-through steam turbine cooling from 1.08 m^3/MWh to 0.85 m^3/MWh. Consumption of drinking water per generated MWh decreased from 0.085 m^3/MWh to 0.081 m^3/MWh.

Plans to decrease water consumption:

- We are preparing a replacement of bottom parts of inner built-in units of cooling towers of the Dukovany Nuclear Power Plant. It will contribute to a decrease in water evaporation too. In addition to that, we are preparing actions focusing on improvement of cooling water quality, which will allow for a decrease in 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 project under preparation aims at decreasing of concentration within the cooling water circuit. Taking into account the high costs of technology acquisition, we will verify efficiency of these actions and suitability of various solutions within actual operating conditions of the pilot line. After selecting and implementing the final solution, the total savings of the drawn raw water will amount to 10–24 million m^3/year, depending on climate conditions and technology selected.
- Higher concentration of cooling waters leading to water savings is planned in the Ledvice Power Plant too.



ČEZ reduced its consumption of drinking water by 12.8% in 2019, and by more than 64% since 2001

A total of 521 thousand m^3 of drinking water were consumed in 2019 in generation facilities of nuclear, coal-fired, and hydroelectric power plants of ČEZ in Czechia. Consumption of drinking water by conventional and hydroelectric power plants decreased by 15.1%. As regards nuclear power plants, year-on-year savings amounted to 7.1%.

When compared to the total consumption of drinking water in 2001, i.e. 1.45 million m^3, the savings amount to 64.2%. The continuous decrease in consumption is possible due to ongoing upgrades of facilities and also to various saving-oriented measures.

We have also succeeded in decreasing consumption of surface water. In 2019, ČEZ operations consumed 466.9 million m^3 of surface water. This quantity represents a year-on-year drop by 7.3%. In the segment of conventional and hydroelectric power plants, the savings amounted to 8.5%, in nuclear power plants it was 2.4%.

“After the recent years characterized by insufficient precipitation, we are better able to appreciate the importance of water for our lives. The energy sector is one of the key areas needed for the functioning of the entire country and its economy. Water is one of the key input raw materials needed for production in our plants. We consider the optimization of its consumption and continuous search for savings in this area as crucial matters,” says Michaela Chaloupková, member of the Board of Directors and Chief Administrative Officer, CEZ Group Sustainability Leader.

We Also Want to Reduce Our Environmental Impact by Common Activities

We are aware that the daily operation of our companies and activities of their employees can also help in fighting climate change. We therefore support all minor activities which do not appear to be significant at first sight – compared to a decrease in emissions of pollutants – but they also represent important steps towards our sustainable targets.

We print environmentally friendly

CEZ Group companies are gradually moving to printing documents on recycled paper. This protects trees, saves energy, water, and also reduces air pollution. At the same time, we try not to waste even the recycled paper.

- More and more companies abroad request supplies of green energy as they want to protect the climate. CEZ Trade Bulgaria sells green energy produced from renewable energy sources e.g. to Bulgarian companies of KVS Group. Thanks to the implementation of this policy, CEZ Group will contribute to reduction of the environmental impact of our daily operations at the level corresponding to 8,500 tons of carbon emissions. Furthermore, it helps in achieving environmental objectives by providing 5,000 MWh of green energy to Nestlé Bulgaria, thus reducing its carbon emissions by 6,500 tons.
- The Turkish company Sakarya Elektrik Dagitim commenced the “No Plastic Bottles at the Workplace” project in 2019 and replaced plastic bottles for daily use with their glass counterparts. The company provided its employees with thermo bottles. It aims at decreasing its consumption by 1,273,188 plastic bottles per year.

3.2 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 introduced a management system according to the ISO 50001 – Energy Management System (EnMS) – at our coal-fired, nuclear, and hydroelectric power plants already 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 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 undertake to:

- Continually improve the energy performance of our production plants and buildings with respect to operational (economic), technical, and environmental parameters
- Improve the energy efficiency of electricity and heat generation in the long term wherever possible and practicable
- Take action aimed to continually improve energy management, especially to monitor and evaluate energy consumption
- Obtain and provide available information and resources as necessary to achieve energy objectives and energy targets
- Comply with all legal and other requirements concerning the use and consumption of energy at CEZ Group
- Establish an efficient energy management system with defined responsibilities and powers for its maintenance and improvement
- Improve the level of energy management in line with the company's strategic objectives
- Promote the procurement of energy saving products and services and welcome suggestions for reducing energy intensity
- Promote the principles of efficient energy use and environmental protection among our contractual partners
- Provide training in energy management to all of our employees

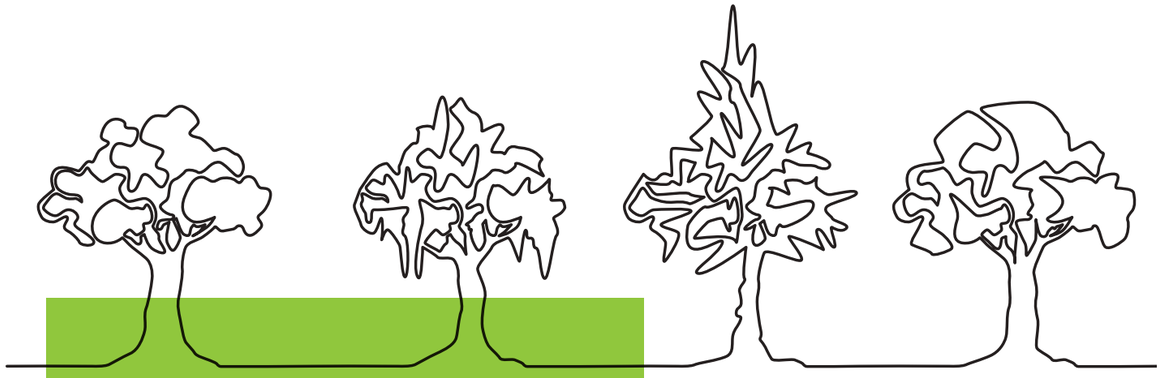
The following actions at generation sites of CEZ Group were carried out in 2019:

- By optimizing operations of cooling pumps in the Tušimice power plant, we achieved a year-on-year decrease of their consumption by more than 400 MWh.
- By modifying pipe routing and by the commissioning of two high-pressure water heaters (of four that had been shut off for a long time) within the Mělník III power plant, we achieved an increase in temperature of supply water and related energy savings amounting to tens of thousands of GJ.
- In the Dětmarovice power plant, we equipped a large administration building with thermal insulation, thus changing the classification of the building with the area of 8,785 m^2 from E class (inefficient) to B class (very efficient).
- In the Temelín Nuclear Power Plant, a major project was implemented with the objective of improving energy efficiency of buildings by renovating external cladding of buildings housing the control center, training and education center, medical center, and fire station.
- Reconstruction of heat distributing pipes at the Jitka housing estate in Jindřichův Hradec was completed, resulting in a decrease in heat losses.

Even a power plant may be environmentally friendly. The Dětmarovice power plant invested CZK 120 million in an upgrade, thus reducing its carbon footprint by more than 1,000 tons

The only hard coal-fired power plant and heating plant of CEZ Group completed an investment project costing nearly CZK 120 million focusing on thermal insulation and renovation of lighting. Improvements in energy efficiency of building operation and upgrading of lighting result in financial savings. At the same time, these factors promote the long-term plan of CEZ Group to reduce the carbon footprint of individual operations. Energy savings should be around 1,533 MWh per year, which is a decrease by approx. 37% compared to the pre-renovation state. Such quantity of heat would be sufficient for heating of more than 200 low-energy family houses. The power plant thus achieves annual savings of several million CZK. At the same time, the production of CO_2 decreases by no less than 1,305 tons.

3.3 WE RESTORE LAND



CEZ Group's Severočeské doly has planted
21,196,889 seedlings.

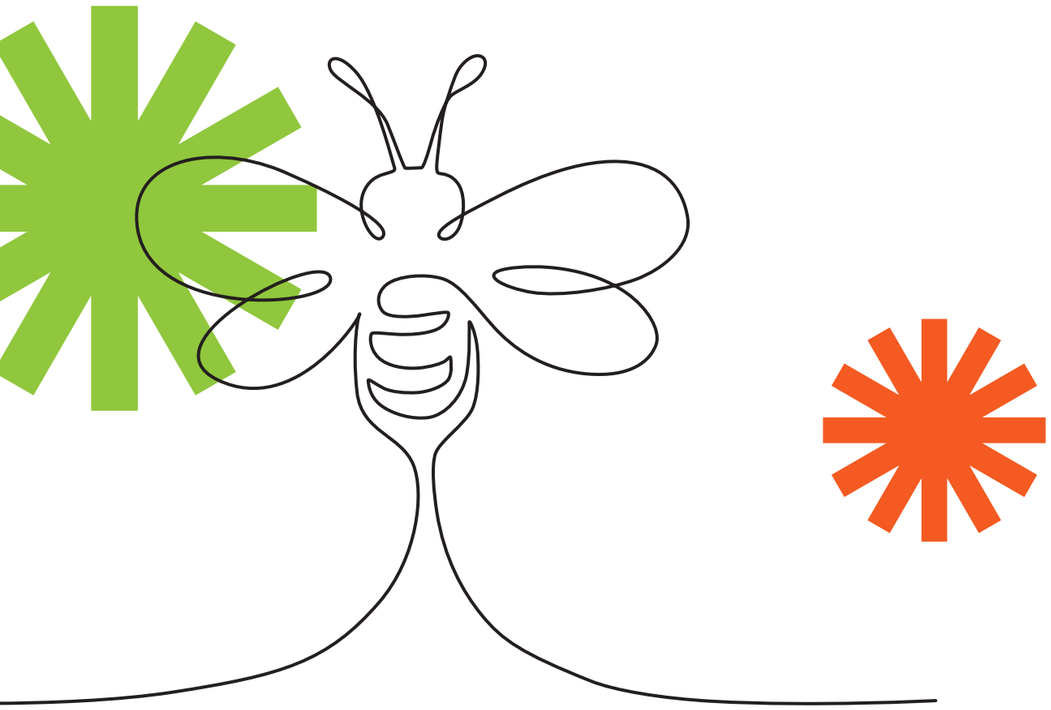
Severočeské doly creates substitute biotopes in accordance with its Comprehensive Cleanup and Restoration Plans, compensating for the negative effects of coal mining. Other interesting biotopes are represented by exposed parent materials, salt marshes, ponds in depressions on untreated dump surfaces,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

We focus on:

- Restoring mined areas, disposal ponds, and landfills
- Screening towns and villages from active mining and dumping areas (for example, with noise reducing embankments, walls, and woodland belts)
- Taking protective and compensatory measures
- Creating conditions supporting biodiversity

3.3.1 We Respect Protected Areas, Animals, and Plants

Two successive areas were registered as significant landscape features on Radovesice waste dump, while the Pokrok waste dump has been registered as a significant landscape feature since 2014. As functional ecosystems started to develop spontaneously under the specific conditions at the site, the site needs protection and research into some biological, geological, and paleontological phenomena.



Vegetation cultivation continues on protective elements built around the Bílina Mine for the village of Mariánské Radčice and the towns of Duchcov, Ledvice, and Lom. At the Nástup Tušimice Mines, cultivation continues in the protective woodland belts of Březno and Droužkovice. These protective elements help protect the municipalities from mining operations and meet public health limits. We carried out new substitute plantation in Braňany, Bílina, Duchcov, Hrobčice, Osek, Březno, Droužkovice, and Spořice.

In the Bílina Mine Site, we placed a total of 240 nest boxes. In 2019, we built 9 new small ponds for amphibian breeding in restored areas of the Pokrok waste dump and in the front face zone. We built 2 insect habitats too. To conserve populations of protected grayling butterfly species, meadows were purposefully mowed, in order to permanently create a suitable environment for these species.

The presence of critically endangered grayling butterflies was confirmed in restored areas at the Radovesice waste dump, on the basis of which changes were made to the schedule of restoration work and an entomologist prepared a methodology for the maintenance of the areas.

In the Nástup Tušimice Mines site, we placed a total of 240 nest boxes. In 2019, we built 5 new ponds for amphibian breeding, 22 new stone mounds with a decaying core for reptile breeding, and 6 insect habitats. 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 in the edges of the mining area in places where we store fly ash with gypsum.

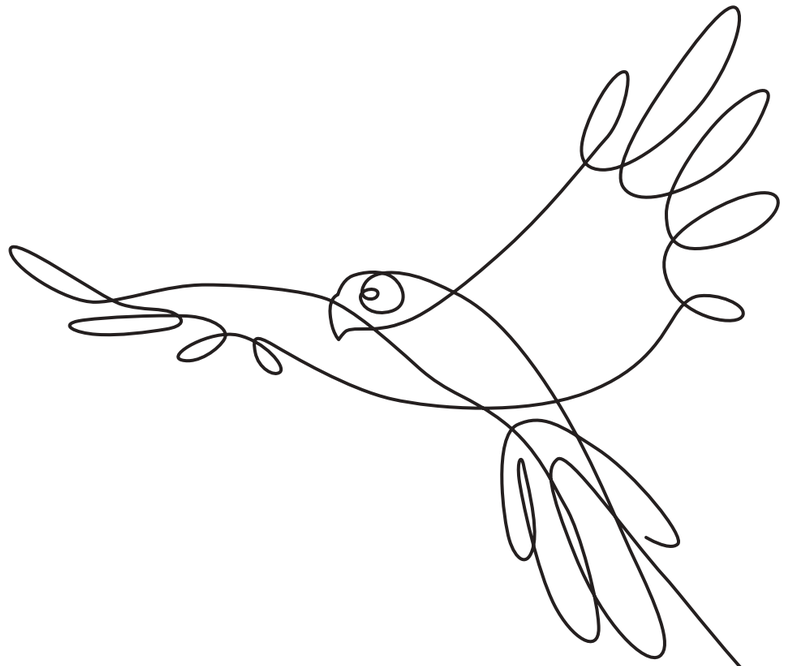
3.3.2 We Protect Birds

Our engineers 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, they are plastic sheaths that are pulled over insulators. Another method for protecting birds on 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.

Up to 2009, CEZ Group regularly exceeded legislative requirements which related (since 2004) only to new and reconstructed lines. From 2009, the Energy Act demanded installation of measures protecting birds against electrocution on all medium voltage lines. Within the scope of ČEZ Distribuce, this requirement concerned a total of 50,000 km of exterior electrical lines of 22–35 kV voltage.

Bulgarian distributor CEZ Razpredelenie Bulgaria has been focusing on these technical measures for the safety of risky towers as part of the Life Birds project since 2018. Until the end of 2019, 520 towers were secured and 127 marking devices were installed.

ČEZ Distribuce protects birds against electrocution. It has invested nearly CZK 210 million so far.
The energy sector took another step in avian electrocution protection. From 2019, a further 19,593 support points (towers) of medium voltage electric lines are safe for birds. ČEZ Distribuce owns and manages approximately 475,000 medium voltage support structures; 60 percent of them are already safe for birds. There are still about 200,000 support structures to be made safe. ČEZ Distribuce expended almost CZK 210 million on such measures in 2006–2019.



CEZ Group is a pioneer in the protection of the peregrine falcon at industrial sites

Each spring, our power plants become one large falcon farm. Falcon nesting boxes are located at nearly all chimneys and cooling towers of our coal-fired and nuclear power plants and also in the Trmice Heating Plant or in the premises of Energotrans in Třeboradice near Prague.
The majority of these nesting boxes are regularly occupied by pairs of this critically endangered species of bird of prey and their chicks. Since 2011, when the first falcon nesting box made of aluminum was installed at the cooling tower walkway at the Tušimice power plant, the first one in Czechia, 83 “power-plant” falcons have been born. In 2019, ten falcons were born in the north and seven in Central Bohemia.

3.4 WE OPERATE GENERATING FACILITIES SAFELY

Safety comes first at CEZ Group. From occupational safety and health to the system of fire protection to emergency preparedness, all 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.

3.4.1 Safety Management

Safety Management in CEZ Group is governed by a document mandatory for selected members of the CEZ Concern, for the area of nuclear energy, conventional energy, new energy and distribution. 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, safety and environment protection policy, key indicators and an annual safety topic
- Qualifications of leaders, employees and qualified persons
- Exchange of experience within special groups and coordination of activities in 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
- Efficiency enhancement of the safety management system, reporting system and reviewing of the management system

Safety Culture

The safety culture forms an integral part of the corporate culture. Safety culture principles are incorporated in the Safety Policy and are enforced together with other commitments on all levels of management.

Safety culture level has a crucial effect on behavior of employees, management style, and technology level. Therefore, we carry out safety culture surveys in CEZ Group regularly. They allow us to identify weaknesses and strengths in individual areas of safety and respond to these findings.

Safety of nuclear installations must be, and is, our 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 principles:

1. Everyone is personally responsible for safety.
2. Leaders demonstrate their commitments to safety.
3. We establish the atmosphere of mutual trust (e.g. by not punishing unintentional mistakes).
4. Decision-making reflects the “safety first” principle.
5. We respect nuclear technology as special and unique.
6. We promote an inquisitive approach.
7. We learn from mistakes (we are a learning organization).
8. We constantly examine the level of safety.

Nuclear Power Professional

In 2019, the Nuclear Power Professional campaign evaluated one year of its existence. Its aim is to enhance personal responsibility, observation of rules, 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 were a number of communication activities, some of them complex, overlapping or even confusing. We were successful in their unification, simplification and highlighted the most important ones.

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

3.4.2 Risk Management

Risk management is part of everyday management at CEZ Group companies. The identification of hazards and the assessment of risks in individual corporate processes is a standard activity performed by the internal audit function. The internal audit function has prepared 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 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 2019 Annual Report. Legal compliance is the topmost priority for all CEZ Group companies.

3.4.3 Nuclear Power Plants

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

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

The Temelín (ETE) and Dukovany (EDU) 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' emergency planning zones with Basic Information in Case of a Radiation Accident in the form of a calendar 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. Two fires occurred at the Dukovany and Temelín sites in 2019, one in each site.

Total Number of Operations Conducted by Our Nuclear Power Plant Fire Brigades under Cooperation with the Integrated Rescue System, i.e., outside the Dukovany and Temelín Nuclear Power Plant Sites

2017	29
2018	37
2019	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 in their vicinity.

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). The annual individual effective dose was not exceeded in either of our nuclear power plants (Temelín and Dukovany).

3.4.4 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 (IRS).

Every power plant/heating plant carries out at least one emergency exercise with a predetermined theme every year. They focus, for example, on fire, rescue of people, release of a hazardous substance, or a breach of physical security. The exercises serve to test not only procedures in the 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.

Employee training is provided once in 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 Operations Conducted by Our Conventional Power Plant Fire Brigades under Cooperation with the Integrated Rescue System, i.e., outside Power Plant Sites

2017	20
2018	29
2019	40

Number of Fires at Conventional Power Plants

2017	7
2018	4
2019	2

Events and Plans in 2019:

- Since the beginning of 2019, we have been using a new EZOP application in CEZ Group. Thanks to it, we can register and manage nonconformities, events, and improvement ideas and learn from them. In EZOP, we register ratings, i.e. controls, inspections, audits, etc. and record their findings, including any related actions. The findings management process in CEZ Group consists of four basic activities (registration of findings, specification of action, implementation of action, and verification of effectiveness), which are fully sufficient to deal with nonconformities, events, and proposals for improvement. The EZOP application has now been implemented in the conventional energy division of ČEZ and in selected subsidiaries, primarily in the area of HSE, fire protection, emergency preparedness, EMS, and EnMS.

3.4.5 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 and in 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.

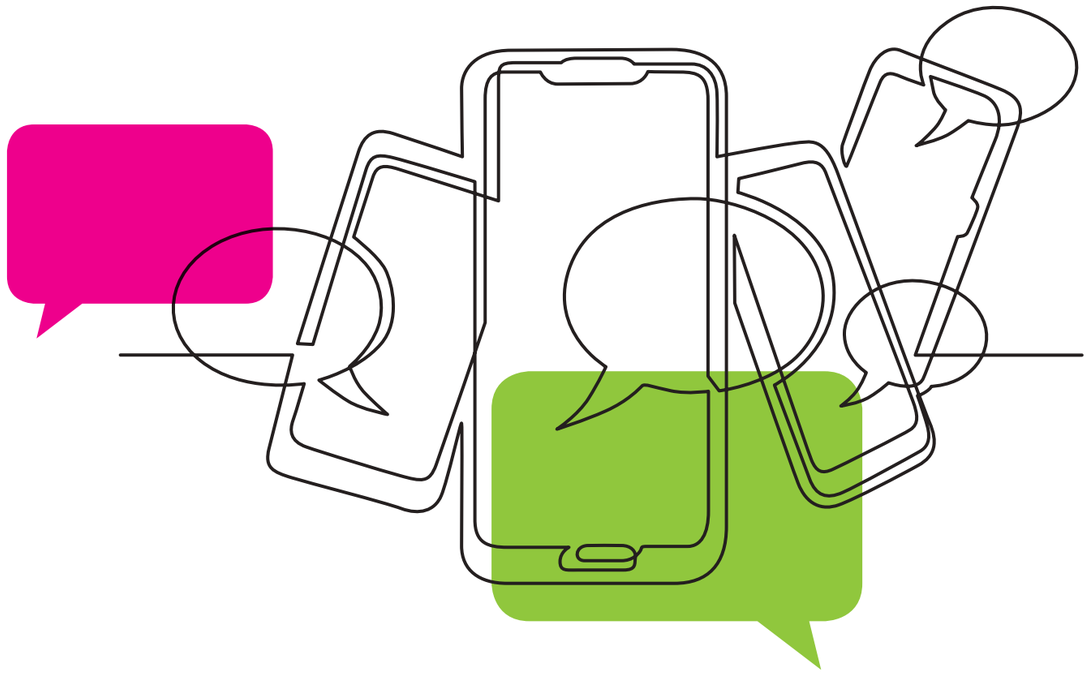
Crisis communication plans, emergency response instructions, means, and databases are subject to regular quarterly reviews. The functionality of crisis communication means (cell phones, landlines, paging system, computer technology) is tested on an ongoing basis, at least once a week. The head of the 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 a Disaster

Reliability of the operation of the distribution system is affected mainly by weather. We therefore regularly review the established recovery processes for disasters in the distribution system.

To facilitate communication with municipal customers, we created a Guide to Dealing with Emergencies in the Distribution System, which lists procedures for dealing with such situations and special crisis response lines. The Guide is also used by regional authorities' crisis management boards in which our regional representatives newly participate. We are in contact with local and regional authorities through our regional representatives and crisis management board representatives.

- Public relations officers can be contacted by phone throughout the duration of a disaster and send out press releases describing the current situation – we strive to send information approximately every 2–3 hours.
- We put reports on the declaration of a state of disaster on the welcome page of both CEZ Group's and CEZ Distribuce's websites, providing the estimated date and time of power restoration.
- We have introduced notifications of energy outages and failures by e-mail and SMS for our customers. The website www.bezstavy.cz can also be used to find information on failures and planned outages of energy supplies.
- We created a Crisis Information System for Mayors (KISMO), a special line with preferential treatment for municipality representatives.



Several emergencies in the distribution system occurred during 2019 when we faced difficult weather conditions and emergencies related to electricity supply outages. Among the most significant, we should name hurricanes Pirmin and Eberhard.

- Snowstorm Benjamin, accompanied by heavy winds, especially from January 9 to January 10, 2019, caused faults in medium- and low-voltage lines and a state of disaster was declared in three districts (Jablonec nad Nisou, Semily, and Děčín).
- On February 3 and 4, 2019, Czechia was passed over by a cold front associated with cyclone Pirmin, hitting mostly the Plzeň and Central Bohemia Region, with wind speeds locally exceeding 125 kmph, that is, hurricane force.
- In the evening of March 10, 2019, storm Eberhard hit Czechia from the west; approximately 356,000 service points were affected and a state of disaster was declared on March 11, 2019. After 22 hours, power supply had been restored for almost 343,000 services points throughout most of the service area.

3.4.6 Safety and Health of Employees

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.

We have the OSH management system reviewed by company management, define policies and 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 also 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 investigation. Internal Audit is then informed about the results and causes and monitors the fulfillment of corrective actions.

Employee Health Care

Employee safety and health care is 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 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, regular medical checks are carried out and the employer offers employees free blood tests and abdomen ultrasound examination beyond 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 Coll., on the protection of public health and Decree No. 432/2003 Coll., 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. Employees across CEZ Group companies are classified in categories 1–3. Risk category 4 is not present.

No occupational disease cases were recorded in CEZ Group companies in 2019.

3.4.7 We Protect Personal and Other Data

Protection of the personal data and privacy of individuals, that is, customers, clients, business partners, and employees, is a priority for CEZ Group companies.

Compliance with demanding criteria of Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data, the so-called GDPR, which concerns individuals, companies, and institutions, is a matter of course. Our processes in the area of handling personal data were all aligned with it.

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 27 CEZ Group companies and to prevent situations in which a personal data breach might occur, affecting the rights and freedoms of data subjects and making the companies liable to a penalty. The team provides its services to selected CEZ Group companies under a service level agreement (SLA). It provides consulting and advisory activities to companies abroad.

We became the first company in Czechia to implement the possibility for natural persons to send requests exercising their rights and reporting violations of security through a web-based form.

Cybersecurity

To protect important business information assets and comply with legal requirements, we gradually implement better and better IT security measures. This kind of protection comes under the purview of statutory governing bodies; obligations in information and data security are imposed on all employees.

IT-related safety measures:

- Internet access – Employees can access the CEZ Group network from their laptops only via remote access.
- USB drive encryption – We activated enforced encryption of external storage devices such as USB drives or SD cards.
- Information kiosks – We are building on-site kiosks where it will be possible to download data from drives under the supervision of Data Leak Prevention technology, which will check whether data and documents leaving our company comply with the cybersecurity policy.
- Information classification – Our files are classified through DocTag software. Thanks to this, we understand their importance and are better able to protect them using technical measures.

ČEZ monitors security threats in cyberspace and is systematically and consistently committed to sound security of our generating, process, and distribution facilities, IT systems, data, and employees. In 2019, CEZ Group faced cyber-attacks in the form of e-mails containing malware and fraudulent invoices. We have, however, functional tools ready to cope with such incidents. In the environment of CEZ Group, we observe the principles of multi-layer protection. We are supported by personnel and secure infrastructure of ČEZ ICT Services and Telco Pro Services.

To better protect CEZ Group and its employees, taking into account the increasing number of cyber threats, the company started to build a new security monitoring center, the SOC (Security Operations Center). It will not only detect and proactively identify cyber-attacks but also take action to protect us. It will also become the contact point for reporting nonstandard events and incidents concerning information security and cybersecurity.

In June 2019, CEZ Group commissioned one of the largest data centers in Czechia

Premises of the former Tušimice power plant now host the most modern data center in Czechia, with the operating storage capacity of 2 PB (backup data capacity amounts to approx. 6 PB). Direct connection to the power plant provides the data center with an efficient power source. The entire object is fenced and under permanent supervision. The data center itself has its own protective perimeter, including special scanners for entrance of vehicles and persons.

The center will gradually replace the current data centers in Prague and Plzeň. Centralization of data storage will allow for improved flexibility and faster implementation of new systems. The data center in the Temelín Nuclear Power Plant will undergo a reduction and become a backup facility.

3.5 WE DEVELOP A CIRCULAR ECONOMY

Circular economy is a manner of production and consumption that makes use of sharing, leasing, reusing, repairing, reworking, or recycling to increase the value of already existing products and raw and processed materials. As such, it leads to reduced dependency on natural resources. Our goal is to introduce circular economy principles into CEZ Group's corporate culture, strategy, and business processes. We perceive the efforts of the European Commission, national initiatives and mainly the demand of the entire society for reduced use of one-off plastics.

How We Manage Waste

Waste management is governed by our Safety and Environmental Protection Policy and Environmental Management System (EMS) in line with the waste management hierarchy. We consistently support the established hierarchy of waste management with priorities sorted from prevention (avoiding the production of waste), preparation for reuse, recycling, and energy recovery to waste disposal. We work to reflect our waste-to-energy strategy in specific projects.

Employees sort generated waste in order to separate reusable components. Waste is collected in appropriate waste collection containers, whose number and location are continuously optimized according to actual needs. Waste handed over for recycling includes reusable components of municipal waste – paper, plastics, glass, and biodegradable waste – as well as used oils, metal materials, and other reusable waste. The system includes the take-back of electrical and electronic equipment and batteries. A majority 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 technological equipment, 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.

We manage radioactive waste at nuclear power plants in compliance with Act No. 263/2016 Coll., Atomic Energy Act. Concentrated liquid waste, sludge and ion exchange resin waste from the current nuclear facilities are mixed with bitumen or aluminosilicate. Selected solid radioactive waste is further processed using fragmentation and/or decontamination, and its volume is reduced using a low- or high-pressure pressing. A part of waste which complies with requirements of the processor's technical specifications, is incinerated in an external incineration plant; contaminated metals can be recast in ingots.

Solid or solidified radioactive waste in steel barrels of 200 liters is characterized and subsequently transported to Dukovany Radioactive Waste Storage Site (URAO) for storage. The waste must conform to eligibility conditions of Dukovany URAO.

Waste Generation and Utilization

- In the Other Waste category, waste generation decreased from 7 tons per generated MWh in 2018 to 4.5 t/MWh in 2019. The lower generation of waste is related primarily to the higher utilization of incineration products in Polish power plants in the regime of coal combustion products.
- In the Hazardous Waste category, waste generation increased from 44 kg per generated MWh in 2018 to 47 kg/MWh in 2019. Fluctuations in generation of hazardous waste, both up and down, are governed by investment activities (generation of hazardous waste during construction work and demolitions). The amount of hazardous waste accounted for approx. 1% of all waste in 2019.
- The share of the utilization of self-generated waste decreased from 88.9% in 2018 to 84.8% in 2019. This is mainly due to the volume of coal combustion products from Polish power plants, which were used as waste in the previous period while in 2019 they were traded as products. This concerns mainly the fly ash for concrete production or DURASET, a geotechnical binder on the basis of a fluid ash used in construction or restoration works.
- In 2019, 85.6% of coal combustion products was used for landscaping, and another 14.4% of CCPs was sold for other use in the construction industry.

A Coal Combustion Product (CCP) can be used as a building material for fills, backfills, and embankments, for road bases, or as an ingredient for construction materials (especially concrete, cement, aerated concrete, drywall panels) to save primary raw materials. A total of 312,075 tons of FGD gypsum for the manufacture of drywall panels was sold in 2019.

Waste to Energy (WtE)

Czechia ranks among the best countries in Europe in the percentage of waste sorted, nevertheless, millions of tons of mixed municipal waste are landfilled here every year. The transposition of EU “circular economy package” targets into Czech law opens up 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 this opportunity to help improve the environment and replace primary sources (especially coal).

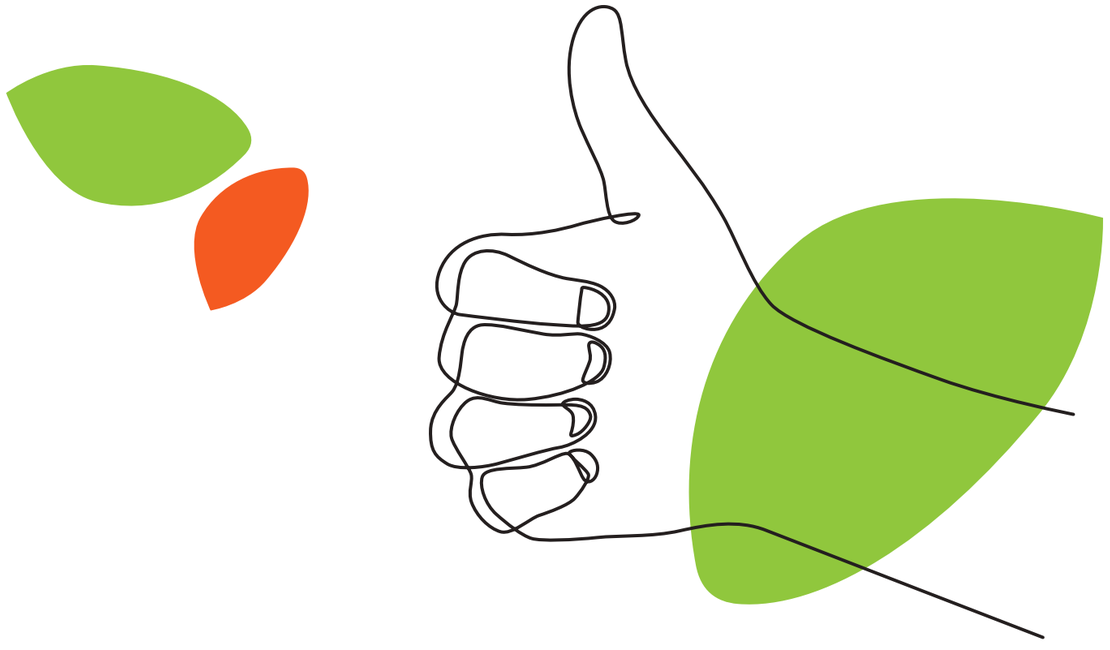
A project of a waste-to-energy facility (WtE) in the Mělník power plant premises is under preparation. The objective of the facility is to utilize residual non-recyclable waste thus replacing up to 3 thousand wagons of coal in the site. Energy generated from waste will be used to provide heating in neighboring municipalities and Prague. While a standard incineration plant serves only for waste disposal, a WtE facility uses its thermal energy to generate heat and electricity. As such, a WtE facility is an important component of a circular economy.

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

Events and Plans in 2019:

- Transformer oils within the CEZ Group portfolio are regenerated as waste prevention. The amount of regenerated transformer oil for reuse exceeded 188 tons in 2019.
- ČEZ Distribuce handed over 149 tons of ceramic insulators for recycling, i.e. an increase by 30 tons compared to 2018.
- We hand over electrical waste for processing by sheltered workshops employing physically disabled persons.
- In 2019, we returned 9 tons of used batteries using the take-back regime. From this quantity, it is possible to recover nearly 6 tons of metal-producing raw materials that can be reused for the production of new products.
- Higher utilization of coal combustion products shall be supported by the newly constructed loading point for FGD gypsum to railway wagons at the Prunéřov power plant. This will allow us to sell up to 400 thousand tons of FGD gypsum per year. In Prunéřov, a new loading station for dry fly ash which can be used as a replacement of aggregates, with the capacity of 70 thousand tons per year, has been constructed.
- Measures aiming at achieving the highest possible level of sorting of waste from the operation of offices and buildings have been implemented.
- We are a partner of the Crystal Trash Can competition, in which EKO-KOM awards municipalities that are successful in managing municipal waste and informing residents on how individual types of waste should be managed. CEZ Group supports competing municipalities under its partnership in the Achiever of the Year award.

3.6 WE CARE ABOUT SUPPLIER QUALITY STANDARDS



The supply chain is largely decentralized at CEZ Group. We categorize suppliers, based on their activities, into four principal groups: fuels, capital expenditure, services, and materials. The broad ranges of business activities, geographical presence, and sizes of companies prevent us from aggregating individual internal and external supplier reports in a uniform manner because we take care of centralized procurement for 23 CEZ Group companies. The numbers of suppliers that invoiced individual companies range between 10 and 3,825, where the highest number of invoicing suppliers (3,825) relates to ČEZ.

Due diligence is 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 Ethics:

- 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 focuses on finding the so-called optimum technical-economic solution. We utilize knowledge of our markets, best practices, consultation 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 Coll., 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 logic units include Boiler House, Desulfurization, Turbine Building, Water Management, Electrics, Management 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% Europe-based suppliers; the other suppliers come mostly from America and Asia.

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 the need to deal with it.

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 performing control of the supplier chain. This requirement also indirectly restricts fluctuation and possible adverse social impacts on employees of suppliers and subcontractors and is useful for managed quality control and fulfillment safety.

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 a Confidential security clearance.

Contractor and Subcontractor Training

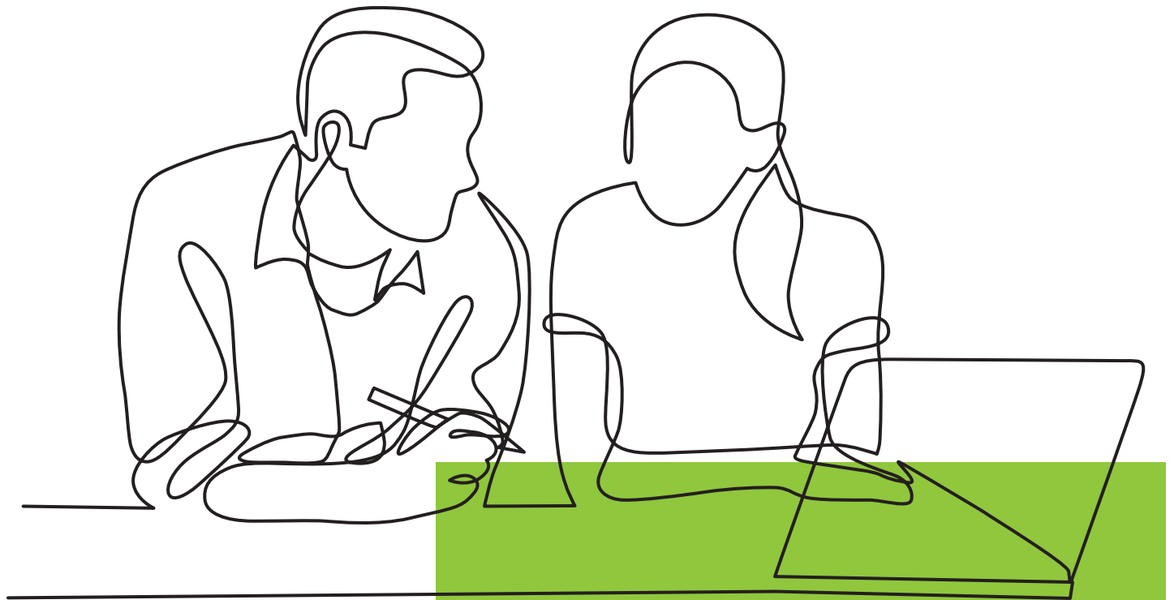
The situation in human resources management on the part of suppliers is of crucial importance to ČEZ; therefore, it concentrates on it during its audit activities as well as during the actual performance of activities by supplier workers. Key areas are considered to be competency maintenance, work safety, and social peace. These areas are regulated by not only contracts or applicable legal provisions (e.g., Atomic Energy Act and related ordinances) 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, nuclear safety, technical safety). Depending on requirements for the performance of activities, training is carried out online (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. Regular OSH training is also provided to supplier managers and work team leaders at yearly intervals. In conventional power plants, two-year intervals are used.

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. 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.

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.

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. To this end, a Knowledge Portal integrating technical information in one place has been available on our intranet since mid-2018. It is essentially a tool to promote knowledge sharing. The design and functionalities of the portal are continuously developed. To fulfill this purpose, the so-called Editorial Board of the Knowledge Portal was established in 2019. Its members are employees from various areas of ČEZ and selected subsidiaries. Employees are encouraged to share their experience and knowledge, key information is captured and systemically interlinked, and there are a number of tools available to support sharing "from head to head", such as:

- Technical information portal – Guiding ČEZ Distribuce employees through the technical description of individual devices or elements; it is also used for self-studies within adaptation programs.
- Knowledge and experience library – Shared list of knowledge bearers, experts, experience records, best practice examples, international missions.
- Expert groups – Sharing between departments and divisions, building of expertise, safety enhancement, networking.
- Electrician's guide – Set of legal requirements, practical guidelines and examples of electrician's work.

Events and Plans in 2019:

- We have initiated collaboration with selected suppliers in the area of knowledge management.
- We innovate Sharepoint, the shared storage.
- Expert groups have been significantly extended and anchored.
- We have introduced a new tool to engage retiring employees, the so-called mentors-seniors.
- Regular benchmarking is conducted using companies of similar specialization. In 2019, we carried out benchmarking with the Finnish energy company Fortum.

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 demand 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.

Taking into account the low numbers of new graduates from technical secondary schools and universities and the lack of qualified employees in the labor market, we make an effort to popularize technical education and the attractiveness of technical subjects. We organize activities for pupils, students and teachers and seek to acquire the necessary numbers of qualified employees primarily in the generation and distribution areas.

A succession and talent management concept have also been created to handle the 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.

CEZ Group continued in 2019 with activities aimed at supporting of attractiveness of technical education and seeking new candidates to gradually replace a generation of power engineers retiring after lifelong work.

Czech energy sector witnesses a major generation renewal
During 2019, the parent company ČEZ and selected subsidiaries hired 1,078 new employees. Most of them were hired by ČEZ, particularly the nuclear industry division, followed by ČEZ Prodej and ČEZ Distribuce. The challenge of the generation renewal of our engineers goes on and forces us not to relent in our very responsible attitude. Recruiting and training new colleagues in good time is a basis for coping with it successfully. 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 10% of candidates are able to successfully pass the bottleneck of the selection procedure for this position. Our intention to hire about 100 employees in 2019 for the Temelín Nuclear Power Plant and approximately 120 employees for the Dukovany Nuclear Power Plant has been mostly fulfilled. We hired 89 new colleagues in Temelín and 115 new colleagues in Dukovany in 2019.

3.7.1 We Provide Training and Education to Our Employees

CEZ Group considers education to be an investment in the future. First of all, we meet legislative requirements with 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. The fundamental basis of the whole system is internal specialists' and experts' supervision over the quality of education.

In addition to the mandatory qualification training, we ensure a number of development activities for employees, so that they can achieve their goals defined as part of the annual performance evaluation system more easily. In addition to mandatory education, we pay attention to professional knowledge and personal development. We offer internal open courses to our employees. They may also participate in external special education, workshops and conferences. We use e-learning or on-line training facilities to support education of our people.

To cover current development and learning activities, ČEZ has a range of products that reflect current market trends. At the same time, we observe the practical utilization of development activities. Internal sources are used for a number of topics, which helps increase development effectiveness, especially because of their unique knowledge of the internal environment.

When planning development activities, we strive to achieve a ratio of 70% on-the-job development/20% self-development/10% training courses. Employee development activities can be divided into three categories: for managers, for team, and for employees.

Our employees can utilize a number of development possibilities:

- 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 collaboration and sharing within and among companies. We engage selected managers in this activity to enhance a desirable management culture. Mentoring is offered to employees newly put into a managerial position, employees with potential, and successors.
- Much attention is paid to leadership; priorities for its development and methods to measure progress have been defined. The company is aware of the potential of women in managerial positions; therefore, it supports specific programs with topics for women's leadership development.
- We use coaching, both internal (a pool of internal coaches) and external, for development. Managers at all management levels and employees with potential are involved in the coaching.

- 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, employees affected by organizational changes are also offered outplacement services that should help in finding a new job in the labor market.
- The employer provides a mobility allowance to support key employees changing their place of work.
- In exceptional 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.

In addition to normal mandatory trainings and internal open courses in CEZ Group, trainings and programs implemented in 2019 included:

- Deepening of knowledge in the area of GRI (Global Reporting Initiative) and CSR (Corporate Social Responsibility), training in the area of public procurement in Romanian companies.
- Golden Age project in Bulgarian companies focusing on employees in pre-retirement age. The program provides information about retirement, explanation of necessary documents, and individual consultations.
- GDPR training in Metrolog in Poland and other companies.
- Week of Compliance is an initiative of employees of compliance departments in Romanian companies. It is attended by a large number of employees.

3.7.2 We Support Technical Education and Collaborate with Pupils and Students

CEZ Group has been supporting technical education for a long time. It actively collaborates with institutions in Czechia in the education sector and supports nearly 70 secondary vocational schools and selected grammar schools as well as 13 faculties of technical universities. The network of our partner secondary schools and university faculties includes technical, economic and natural-science specializations, focusing e.g. on the environment and ecology. Our foreign subsidiaries are interested in collaboration with students already during their studies too. Programs for their support include scholarships for talented students.

We actively engage in supporting teaching of physics as a general partner of mathematical and physical olympiads. In 2019, we again compiled a list of dozens of topics for bachelor or master theses for students of universities. They may choose the topics on www.kdejinde.cz in the section for students and graduates.

CEZ Group supports partner schools in the area of study field profiling. An example of maximum overlap between the needs of a school and those of an industrial partner is the power engineering program at the Secondary Technical School in Třebíč, which purposefully prepares students for work in the energy sector, aiming primarily at getting a position in the Dukovany Nuclear Power Plant. Since it beginnings, the project has been built on the collaboration of ČEZ, the school and the Vysočina Region as the school's founder. In 2019, the study field capacity was again easily filled and all thirty pupils started their first year.

Collaboration with students of secondary schools and universities and their support is performed, apart from the parent company ČEZ, by a number of other Czech and foreign companies.

Programs for Pupils and Students

In 2019, we participated in labor market and education trade fairs, as well as in presentations and discussions with experts in secondary schools and universities. Our involvement in the project Introduction of Selected Elements of Dual Education in the preparation of students in the Electrician Apprenticeship program at the Secondary School of Electrical Engineering in Ostrava, Na Jízdárně 30, continued. Employees of ČEZ Distribuce participate in teaching activities within the company's sites.

CEZ Group Finals focus on conventional and nuclear energy, or on distribution of generated energy. In all cases, it is a three-day program with experts including workshops and practical examples. It is intended for selected pupils of our partner schools focusing on electrical engineering and energy study programs. In addition to Distribution Finals, there are also Energy and Nuclear Finals. Connection of lectures of our experts with many years of experience with a visit to a transformer station, for instance, and with practical examples shown directly in the field, is the best way to bring students of secondary schools closer to their potential future professional experience.

Prokop Diviš motivational program focuses on students of electrical study fields of selected secondary schools from areas serviced by ČEZ Distribuce. Pupils that take part in the program and achieve an award have an advantage in finding a job with CEZ Group.

The Summer University is a two-week internship for engineering college students interested in nuclear energy. It includes expert lectures by employees and external specialists, tours of a power plant site, and visits to individual facilities. Selected students may obtain a scholarship and start their career in ČEZ at the position of a secondary circuit operator or reactor physics technologist.

Total Numbers of Participants of Our Programs in 2019

Nuclear Finals – Dukovany	66
Nuclear Finals – Temelín	101
Power Engineering Finals – Tušimice	38
Distribution Finals – Kladno	32
Distribution Finals – Hradec Králové	29
Distribution Finals – Ostrava	30
A Chance for an Engineer	15
Summer University – Dukovany	32
Summer University – Temelín	33

The Graduate/Intern program is a one- to two-year development program for fresh secondary school, college, and university graduates that serves as a tool for managed generational renewal, offering participants an opportunity to test their knowledge under the leadership of experienced specialists and orient toward their target position in CEZ Group.

Thanks to the ČEZ Potentials program, we acquire talented university and college graduates with no more than two years of practice, who will undergo a one-year development program led by expert sponsors to get prepared for an expert career at CEZ Group. A total of 88 people have undergone the program since 2005. Most of them still work in CEZ Group and have demonstrated interesting career successes. They include managers and nominees for the highest awards within CEZ Group (e.g. CEO Award). In 2019, five colleagues completed the program.

University students can get an internship for two to three months at some CEZ Group sites within the ČEZ Experience program.

World of Energy – CEZ Group Learning Portal

The website www.svetenergie.cz provides a number of interactive applications, detailed information on operation of various types of power plants, including virtual tours, transmission system and smart grids.

What they will find especially attractive is 3D models that allow them to take a look inside a nuclear power plant reactor, spin turbines, or take a walk through a smart city of the future. In 2019, the portal was extended by new 3D models of distribution grid and a model of a transmission system loaned to us by ČEPS. The website also includes an application focusing on renewable energy sources, which shows the principles of environment-friendly energy.

World of Energy Club – Education of Educators

ČEZ supports active teachers of physics, chemistry and other technical subjects in further education. Each year, it organizes several visits to technical sites for them, not only in energy industry, and lectures on suitable experiments usable in teaching. The program is accredited by the Ministry of Education, Youth, and Sport. 5 visits took place in 2019.

"Energy – the Future of Humanity" Talks

247,942 pupils of the 8th and 9th grades of primary and secondary schools and their teachers have already participated in two-hour lectures, screening of movies and debates on energy. Teaching staff from the Czech Technical University (CTU) and experts from the State Office for Nuclear Safety or operators and physicists working in the Temelín or Dukovany Nuclear Power Plants participate as speakers in the talks. 355 discussions were organized in 2019. We organize a school team competition for schools that hosted an "Energy – The Future of Humanity" talk as part of the ČEZ learning program.

Scholarship program for candidates for prestigious positions in control rooms of both Czech nuclear power plants

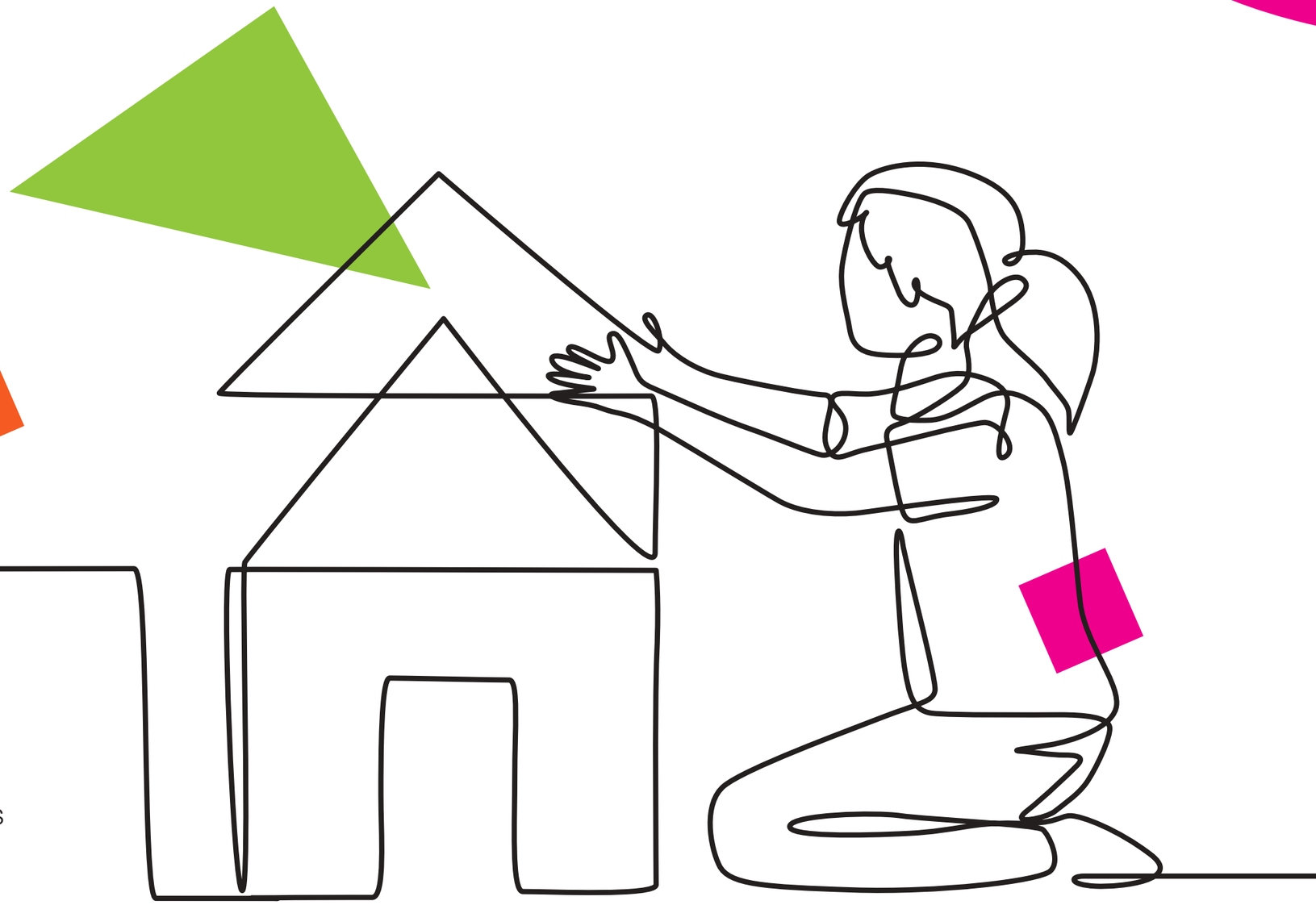
Both nuclear power plants of CEZ Group employ a total of two hundred operators. They need technical university education, a clean criminal record, clearance by the National Security Authority, a suitable psychological profile and must complete a more than two-year preparatory course completed with a state exam.

Perfect concentration, excellent memory, stress tolerance, respect for rules and authorities and enormous technical knowledge – these are just some of the requirements of ČEZ for their operators. Only 5% to 7% of candidates are therefore able to succeed in the selection procedure. Future employees are sought by ČEZ already in secondary schools and universities. Apart from internships, summer jobs, and topics for bachelor or master theses, the best ones may even get a scholarship. In 2019, ČEZ hired 13 people in the operator position in nuclear power plants.

Events and Plans in 2019:

- What's in the air? (CO_2 je ve vzduchu?) We support a new project focusing on the quality of air in classrooms. "GLOUBáci" carry out weather, water course or soil monitoring; now they focus on air quality inside of schools as well, as it is something with a direct impact on each pupil and teacher. Ten schools from various areas of Czechia participated in the pilot project in collaboration with CEZ Group. In November 2019, a workshop for educators and students took place where all the participants were trained in the basics of research-oriented teaching and could try working with CO_2 concentration meters, which they could keep for their schools.

4 BE A GOOD PARTNER



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.

We Communicate with the General Public and Employees

CEZ Group advocates as much transparency in communication as possible. We are interested in the opinions of the public, employees and the communities where we operate. We emphasize communication on social networks, where the number of followers exceeded 100,000.

CEZ Group is active on Twitter, where we communicate through three corporate channels and ČEZ management profiles: Skupina ČEZ – topics with an emphasis on renewable sources in Czech, 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, Work at ČEZ addressing students and potential employees. The EPP – Move to Help and the ČEZ Foundation profiles are focused on the application of the EPP and the ČEZ Foundation, the Temelín NPP Information Center and the Dukovany NPP Information Center profiles inform about news in nuclear power plants and their immediate surroundings.

Instagram – serves to reinforce the company's positive image. In 2019, we established a new profile to support the EPP – Move to Help application and the ČEZ Foundation: @cez_group and @pomahejpohybem.

LinkedIn is intended for professionals in the field (employees) and graduates looking for work. Here ČEZ presents itself as an employer, responsible company, electricity producer and energy expert.

We use YouTube as a repository for commercials and other CEZ Group videos.

Another example of CEZ Group's promotion as an innovative company is the use of social networks as a communication tool for publishing new projects and successes through the mouths of carefully selected employees – brand ambassadors.

Competitions help us maintain positive relationship with customers. We strive for education in the field of energy, especially renewable sources.

- The CEZ Group's Summer Landscape is focused on information centers and education on hydroelectric power plants.
- The goal of the EPP – Move to Help Advent Calendar is to maintain a positive relationship with the application users and increase its download.

Cooperation with influencers:

- The youtuber Karel Kovář (nickname: Kovy) helped us to support the nuclear topic in communication, educated young people about the technologies used by ČEZ, and also promoted recruitment.
- As part of the CEZ Group's Summer Landscape campaign, we used 4 influencers who visited our information centers with their families and spread information about hydroelectric power plants and the summer contest to the public.
- As part of the autumn call, we also supported the new instagram profile @pomahejpohybem and the application EPP – Move to Help with three influencers.

ČEZ's website reigns among the websites of Czech industrial and energy companies

New Czech, German, and French versions, an improved customer section or the use of professional and unique photos and the overall connection of the brand and the website – these are just some of the new features on the ČEZ corporate website (www.cez.cz). This year, the website dominated the Industry and Energy branch ranking of the respected WebTop100 competition – a prestigious competition for the best domestic corporate Internet presentation.
The ČEZ website scored points with the evaluators, among other things, thanks to the energy savings calculator, which accompanies users through the entire issue through a series of small, logically connected steps. The Support website also received a good report for its comprehensibility and orientation from the user point of view. Overall, the website impressed with its balance between level of detail, simplicity, and intelligibility. In the last year, the ČEZ corporate website has attracted more than 2.5 million users.

Management Regulary Communicates with Their Employees

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

Communication with employees takes place through:

- Intranet
- Internal surveys
- Online debates with members of management where employees can ask questions about any topic
- Newsletters from members of company management to all employees concerning any material change or company activity
- Internal mentoring in which management and employees are engaged as both mentors and the mentored
- Working with talents and key employees that take part in the improvement of corporate culture
- Management's systematic and periodic monitoring of employees' job performance through annual appraisal interviews
- "Orange Mailboxes," to which employees can send their questions and comments

Management hands out two types of employee awards.

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

4.1 WE ARE A RESPONSIBLE EMPLOYER

We welcomed 1,078 new employees to our ranks last year. More than half of them strengthened the ranks of ČEZ Prodej and ČEZ Distribuce. Compared to the previous year, CEZ Group managed to attract more university students – their share increased year-on-year from 27% to 37% of all new employees.

As of December 31, 2019, the companies of CEZ Group's accounting consolidated group employed 32,365 employees. Czech companies employed 22,864 people, companies abroad 9,501 people. Across CEZ Group, women make up 21.6%. More detailed data on employees can be found at the end of this Report in the GRI Content Index.

We strive to be a sought-after employer for all age groups. In 2019, 44% of employees who joined us were aged 18–29 and at the same time more than 16% were aged 50–59. The share of women in the management and control bodies of CEZ Group companies reached 11.3%. 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.

The prerequisite for fulfilling the corporate vision and mission of CEZ Group is to have loyal and satisfied employees, a good reputation on the labor market and the ability to address 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 not only fair financial rewards but also 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 specifics and 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 rejection of forced or compulsory labor and prohibition of child labor, respect for diversity and non-discrimination, right to freedom of association and collective bargaining, right to health and safety at work, and the right to fair working conditions. We only use suppliers that embrace these principles as well. 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 on the labor market.

We are the most sought-after employer for students again in 2019, and we are also among the 500 best employers in the world

CEZ Group once again succeeded in a survey conducted as **part of the TOP Employers competition**, where we won **first place** in the Energy, Gas, and Petrochemical Industry category for the fifth time in a row, as well as the **prestigious award in the Technician category**, where the votes of 20% of technical students with the best grades are counted.

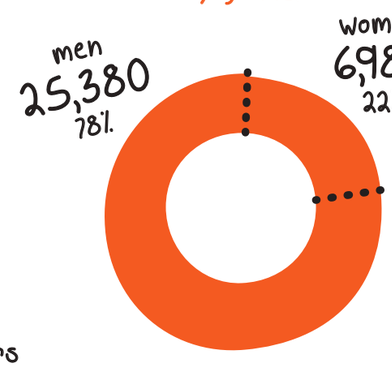
In the **Sodexo Employer of the Year award**, organized by the Employers' Club, CEZ Group defended its first place in the **Most Desired Employer among Students** category in 2019, and also won second place in the main category among companies with more than 5,000 employees. High school and university students voted on the dream employer in a poll, which was part of the 17th year of the Employer of the Year competition.

The prestigious **Forbes ranking** included ČEZ even among the **500 best employers in the world**. It was thirteenth in the energy category. No other Czech company made it into the poll.

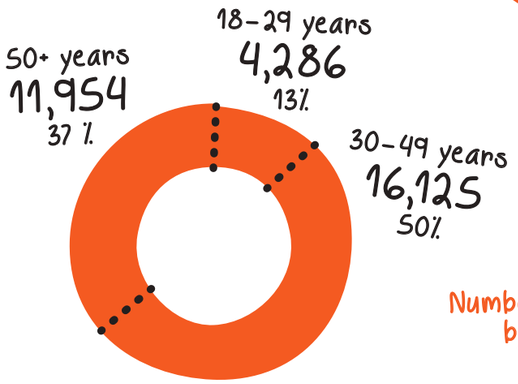
"The energy sector is now changing right before our eyes. That is why it is absolutely crucial for us not only to manage the generational change smoothly, but also to attract new experts. I am glad that ČEZ remains in the top positions of the most sought-after employers," says Daniel Beneš, Chief Executive Officer and Chairman of the Board of Directors of ČEZ.

People of CEZ Group in Numbers

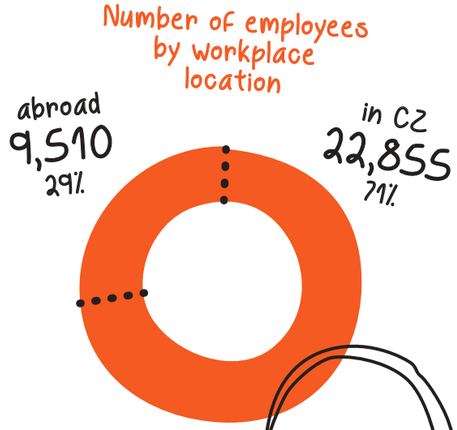
Number of employees by gender



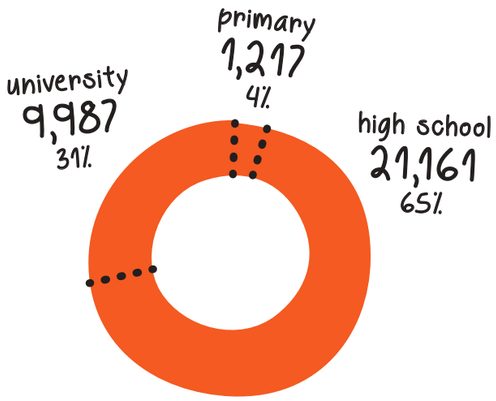
Number of employees by age



Number of employees by workplace location

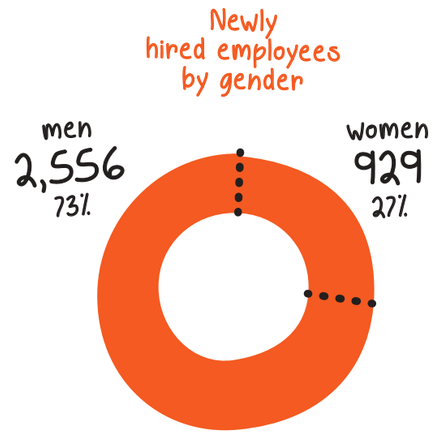


Number of employees by education

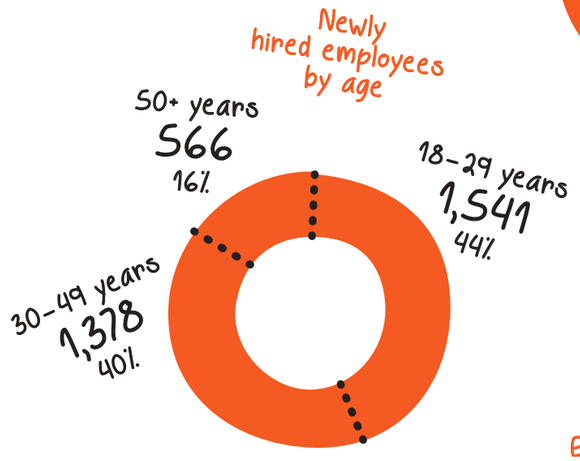


32,365 total employees

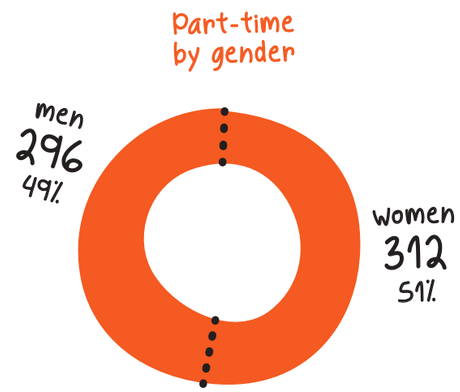
Newly hired employees by gender



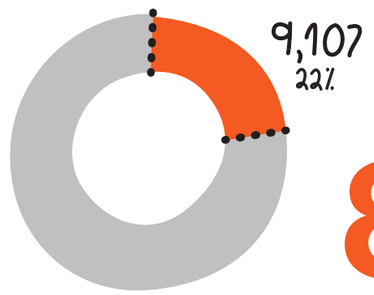
Newly hired employees by age



Part-time by gender



Eligibility to retire in next 10 years



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4.1.1 Innovative People Want to Work for CEZ Group

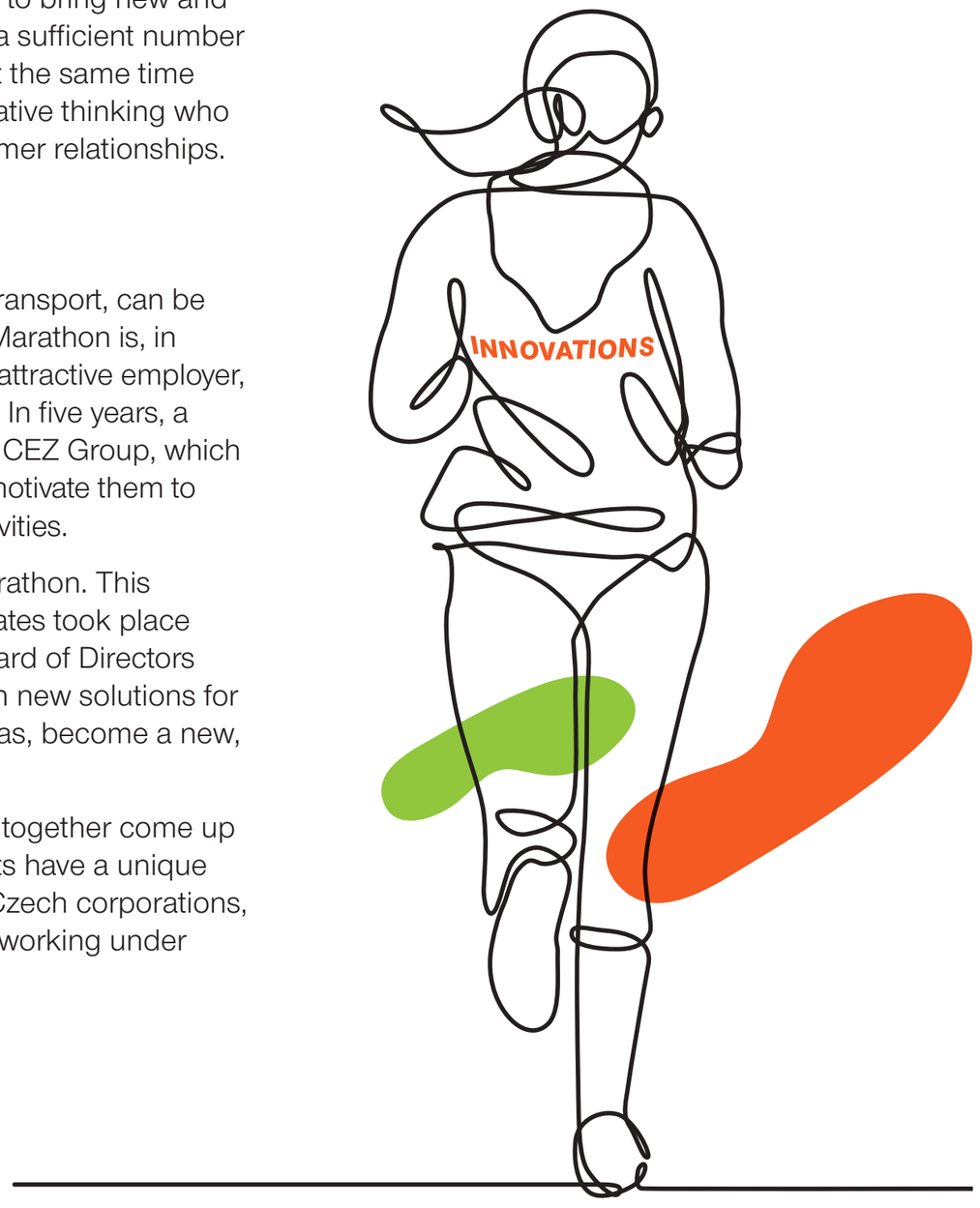
We actively strive for the general public to perceive us not only as one of the most attractive employers, but also as a company that is able to bring new and interesting solutions. Based on this, we succeed in securing a sufficient number of suitable candidates with the required competencies and at the same time fill open job positions with business-oriented people with creative thinking who help CEZ Group keep up with the market and develop customer relationships.

Innovation Marathon

Today's problems, whether they concern energy, housing or transport, can be solved with innovative ideas. The goal of the ČEZ Innovation Marathon is, in addition to promoting ČEZ as an innovative company and an attractive employer, also to collect new ideas for innovative products and services. In five years, a number of participants have joined their working careers with CEZ Group, which shows that the CEZ Innovation Marathon successfully helps motivate them to enter employment in almost all segments of CEZ Group's activities.

In 2019, we organized the 5th year of the ČEZ Innovation Marathon. This 24-hour event aimed at students and recent university graduates took place under the auspices of Pavel Cyrani, Vice-Chairman of the Board of Directors and Chief Sales and Strategy Officer. The topic was to design new solutions for the planet 2.0 settlement, which could, thanks to student ideas, become a new, better home for humanity.

During a demanding day, students improve in teamwork and together come up with specific solutions to the given task together. The students have a unique opportunity to get to know the settings of one of the largest Czech corporations, consult with experts from various fields, and try their hand at working under pressure, finalized by a presentation before an expert panel.



The winning team of the fifth ČEZ Innovation Marathon won CZK 50,000 for the idea of a smart suit for athletes or the army

Parabolic skyscrapers producing electricity from the sun, parking balloons in the center of Prague, an entertaining platform for sharing tips on ecological life or wireless charging of household appliances – students were coming up with innovations for planet 2.0. Victory and the prize of CZK 50,000 went to the team that introduced the Smart Body Suit – a smart suit equipped with various sensors.

Events and Plans in 2019:

- During job fairs, we support personal contacts with those interested, so we added additional virtual tours using 3D glasses. In addition to the nuclear power plant technology model, we provide insight into the environment of the electricity distribution system and the smart city in a virtual space, or enable a visit to CEZ Group's real operations, including all types of generating facilities of the current energy mix.
- We have launched a new automated chat tool for communication with job seekers in CEZ Group – ČEZbot. It is an innovative form of digital advisor that will help you find a suitable job position on our career website www.kdejinde.cz according to specified parameters, such as location, field, company or commuting time. ČEZbot was included in the competition for innovative CACIO projects, where we were shortlisted.
- In 2019, we started preparing a web presentation focused on energy digitalization where we want to show those interested in employment in the IT field that CEZ Group also offers a number of opportunities in the field of IT innovations. In addition to the environment of our Digi Hub, the website will also present projects in the field of customer service or electricity distribution.

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

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

- 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 wide range of internal online courses focused on stress management or healthy living.
- 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, if they care for sick parents or other family members.
- We provide above-standard medical checkups and pay for vaccination against tick-borne encephalitis and flu for selected professions, especially of an operational nature. Selected professions at nuclear power plants are provided with a special health and relaxation program.

Some of the CEZ Group companies have other interesting benefits, such as childbirth allowance (OSC, ČEZ Energetické služby, MARTIA), package for a newborn child (ČEZ Distribuce) or Christmas packages for children (OEM Energy).

4.1.3 We Support Diversity and Equal Opportunity

Company management places great emphasis on equal opportunity and promoting diversity, as enshrined in the Diversity Charter. CEZ Group became its signatory as one of the first companies in Czechia. The goal is to establish a culture of collaboration, based on the principles of diversity and mutual respect. By promoting diversity and different views, company management seeks to enhance mutual cooperation, innovativeness, competitiveness, and long-term prospects.

We pay more attention to the area of diversity and employees returning from maternity or parental leave due to results of the gender audit, which we carried out in Prague in 2018 and thanks to which we have been working on the implementation of new measures since 2019.

CEZ Group supports employment of people with disabilities. It strives to help employees with specific needs by fulfilling their requirements and wishes, for example by modifying their working conditions or working hours. Headquarters buildings are barrier-free and other sites are adjusted and modified on the basis of current requirements. Relevant positions are identified as "suitable for people with disabilities" in selection procedures. For example, our company KART actively searches for people with disabilities, and the percentage of these employees is thus higher than stipulated by law.

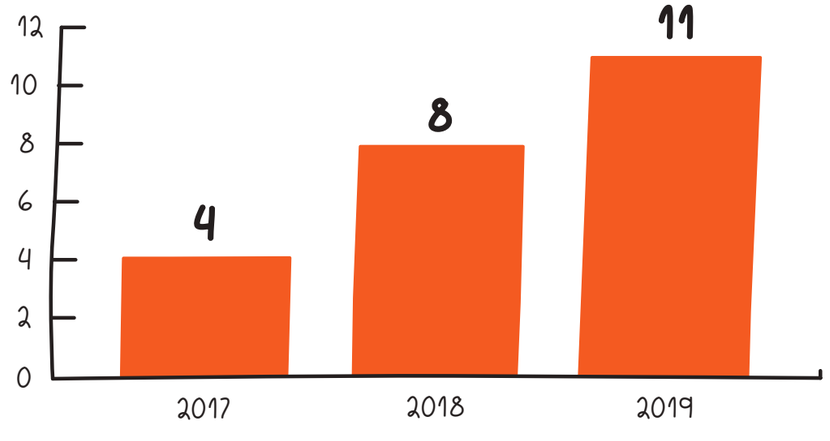
At the ČEZ headquarters in Prague, we have been supporting employment of people with mild mental or combined disabilities in the Rainbow Café for our employees since 2018.

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 life quality of former senior employees of selected CEZ Group companies. Twice a year we organize cultural activities for them. Seniors – former employees of CEZ – are offered the option of membership in Retirement Clubs.

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 compiled comprehensive necessary information for employees on maternity and parental leave in the form of an online Future Parent's Guide.
- We focus on the adaptation process for employees returning from maternity or parental leave.
- We offer part-time work or work from home (home office). We have developed the Guide to Flexible Working Hours, which guides employees in the possibilities of these forms of working hours.
- We have been operating corporate nursing schools in selected localities, for example the nursery school Watík at the company's headquarters in Prague for the third year in a row.
- In selected localities, we provide day camps with children's collection and pickup right in the workplace.
- We regularly organize the family event Mom, Dad, Where Do You Work, which allows the children of our employees to get to know the working environment of their parents.

Percentage of the Number of CEZ Group Employees on Home Office in the Years 2017–2019



Events and Plans in 2019:

- There has been a further expansion of flexible work forms, which we have been supporting more since the implementation of the gender audit. Employees are most interested in working from home. There was a slight increase in the number of part-time jobs; more than 4.7% of the total number of women and 0.9% of the total number of men used this form at ČEZ in 2019.
- The first meeting of employees on maternity or parental leave took place at ČEZ headquarters, which included, for example, information on current events in the company or a visit to a on-site day nursery, and helped us set up further work for this group of employees.
- The launch of the thematic website Family and Work exclusively for these employees and further meetings with them is planned for 2020.
- We are gradually introducing exit questionnaires to terminate our employment in order to obtain the necessary information to map the reasons for leaving the company.
- We are expanding the offer of day camps to cover not only summer but also spring holidays.
- Sakarya Elektrik Dagitim is active in the field of equal opportunities, which is why it organized several training sessions and other events in this area as part of the Gender Equality project in 2019 and became a signatory to the Women Empowerment Principles (WEPs).
- In 2019, CEZ Group's Romanian companies joined the Romanian Diversity Charter initiative, which aims to support diversity in leadership positions in companies, institutions, and organizations.

4.2 WE BENEFIT SOCIETY

991 ČEZ employees

helped this year in the role of volunteers.

We care about being perceived as a good neighbor and a reliable fair-weather partner. Therefore, we contribute to improving infrastructure and developing community life, we communicate with representatives of municipalities, local non-profit organizations and companies, local communities, and the general public. We have long supported projects in our community through the ČEZ Foundation, for example in the field of education, culture, sports, environmental protection, etc.

We meet with representatives of local governments and local non-profit organizations and companies throughout the year. During these meetings, they are acquainted with information concerning the current activities of generating facilities, the state of the distribution system, implemented or planned investment projects that have an impact on local communities.

Our activities in this area include:

- Cultural activities in information centers and power plants – exhibitions (photos, paintings, graphics), travel lectures, thematic events for families, support for tourism in the region, open days, summer cinema, multimedia projections, etc.
- Involvement in projects organized by the local community
- Support for local sheltered workshops – breakfasts in power plants, Christmas and Easter markets
- Open communication – regular meetings with local government representatives, open days
- Donations and sponsorship – support for the development of infrastructure, culture, sports, environment, tourism development
- Support of local communities – we are a major employer in the localities

Examples of activities for local communities in 2019:

- Planting of greenery in the village of Málkov in the area of Sady pod Vysokou.
- The Ústí nad Labem Region received 22 electric cars and the same number of charging stations for use in social services. Further donations of electric cars for contributory organizations of the Ústí nad Labem Region providing social services are planned for the year 2020.
- Crossing the Vysočina area by bike 2019. CEZ Group has been involved in the construction of the Třebíč–Dukovany cycle path for several years.
- Financial support for the Třebíč Hospital.
- The summer car cinema in the parking lot of the Dukovany Nuclear Power Plant screened a total of 9 films during three weekends.
- Four summer film evenings at the Dalešice pumped storage hydroelectric power plant – screening under the largest functional spillway in Europe.
- The very successful cooperation with more than 230 cities and municipalities across Czechia continued with the Christmas Tree Lighting event.
- For the period 2019–2021, CEZ Group became the general partner of the panel exhibition Water and Civilization, which travels through Czech cities, is freely accessible, and acquaints the general public with the past, present, and future of this life-giving fluid on earth.

Information Centers

ČEZ operates 11 information centers in Czechia. They are usually located directly on the power plant premises and offer public tours of the power plant's expositions and operations. Visitors not only learn about the principles of electricity generation and power plant operation, but they also get acquainted with other activities of CEZ Group and with the company itself and its social significance. Selected CEZ Group operations can also be visited virtually on the http://virtualniprohlidky.cez.cz/cez-virtual-tour/ website.

Every year we evaluate the quality of our services through "mystery shopping"; we are interested in how visitors perceive the tour content, what they learned during the tour, how satisfied they are with guides, and how visiting the information center affected their perception of CEZ Group. We also pay attention to guide training – considering they are often former employees of power plants who know the operation perfectly and have great expertise, we focus primarily on developing their communication skills.

ČEZ information centers and power plants attracted a record 244,000 energy fans in 2019, with the greatest interest in emission-free sources
The quarter-million target has so far remained narrowly unconquered, and even so, the energy locations under the ČEZ flag continue to move upwards every year. 244,365 visitors came to information centers and operations throughout Czechia, which is 9,111 more year-on-year. The massive demand of industrial tourism fans was once again faced by three emission-free sources – the Dlouhé Stráně pumped-storage hydroelectric power plant and the Temelín and Dukovany Nuclear Power Plants.

Events and Plans in 2019:

- We are the general partner of the Municipalities in Data project, which made available data in the field of health, material conditions and relations between people in all 206 Czech municipalities with extended powers in 2019, for the first time with the possibility of comparing 2018 and 2019. They are a useful tool and impetus for positive change for the leadership of municipalities.
- In May 2019, ČEZ Teplárenská decided to build modern bookcases from the former ventilation houses that were part of the central heat supply.
- In the years 2020–2022, the Information centers will face a complete redesign, which will take place in full compliance with our sustainable development priorities.

4.3 WE SUPPORT PARTNERSHIP IN DONATION

CEZ Group has long been active in the field of financial donations and endowment activities. In line with the motto “We help where we work”, it focuses on a wide range of support in the areas of education, culture, sports, environmental protection, community life and healthcare. The assistance is directed primarily to locations where the generating facilities and distribution networks of CEZ Group companies are located. These activities are implemented in close cooperation with local governments and, thanks to them, above-standard relationships important for the joint support of community life are established. As part of ČEZ’s advertising partnership and financial donorship, over 650 projects were supported in 2019 (in previous years, there was always between 400–600 projects).

According to the research, mayors of towns and municipalities in Czechia perceive us positively; mayors appreciate the effort to minimize the impact of our activities on the environment, provide job opportunities, open communication and support a wide range of public benefit projects. Cooperation with the ČEZ Foundation is also perceived positively thanks to the diversity of supported projects, simple application administration and transparent communication.

In October 2019, a fully electronic record of advertising partnerships and financial donation billing was launched in the ERPA system. The new environment is very intuitive and simple for submitting applications and then contacting.

Financial Donations by CEZ Group Companies in 2019 (CZK millions)

	For ČEZ Foundation	Direct donations	Total
ČEZ, a. s.	35.5	74.4	109.9
Other fully consolidated CEZ Group companies	143.4	96.1	239.5
CEZ Group, total	178.9	170.5	349.4

4.3.1 ČEZ Foundation

NADACE ČEZ

In the area of donations, the most important partner of CEZ Group is its corporate foundation. The ČEZ Foundation has long been one of the most important corporate foundations in the Czech Republic, and since its establishment in 2002, it has supported more than 10,700 projects across Czechia in excess of CZK 2.71 billion. It supported 1,049 public benefit projects with a total amount of CZK 170.44 million in 2019.

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

- Regional Support focuses on the development of community life.
- Orange Playgrounds support the development of movement and provide a safe space for playing and sports.
- Orange Crosswalks increase pedestrian safety.
- Trees bring new alleys and new greenery to towns and villages.
- Orange Bike involves the public in helping the needy during cultural events.

Information about all of the foundation’s activities is published on the ČEZ Foundation website.

Charitable Mobile Application EPP – Move to Help

The EPP mobile application motivates the public to play sports through charity. From its inception in May 2015 until the end of 2019, it was installed by almost 450,000 people. Last year alone, it covered a distance of 6.5 million km, which is more than 160 times around the globe. “Eppers”, as we call our users, supported 341 projects in the amount of CZK 25 million by walking, running, cycling or cross-country skiing.

How EPP – Move to Help works
The application records user movement during the chosen sports activity. Apart from the usual data on speed, time, pace and distance, it also generates points that the user can dedicate at any time to one of the currently offered projects of non-profit organizations, schools or municipalities. If the application users accumulate a certain number of points in a given time, the ČEZ Foundation will support the project with a specific, predetermined amount.

Orange Crosswalk – Lighting Risky Pedestrian Crossings

The Orange Crosswalk grant procedure is aimed at supporting increased safety by installing pedestrian crosswalk lighting. The endowment contribution is intended for the installation of lighting for as yet unlit dangerous pedestrian crossings. Since 2002, pedestrians have been able to safely cross 151 newly lit crossings worth CZK 22.7 million. In 2019, 20 crossings worth CZK 2.4 million were illuminated.

Orange Playgrounds

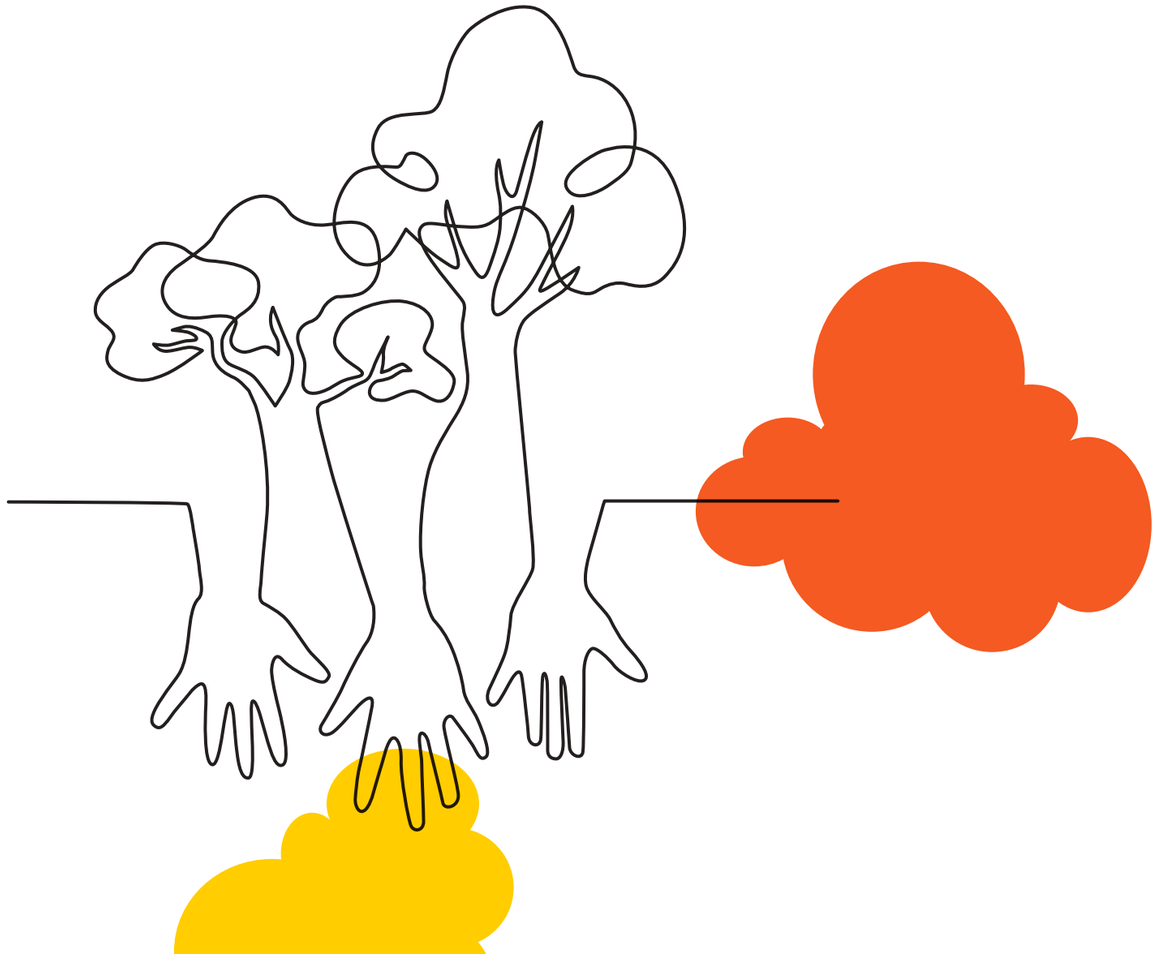
At the ČEZ Foundation, they are aware of the great importance of places suitable for the active leisure time of all citizens. That is why they help build children’s, sports, traffic, or workout playgrounds.

The ČEZ Foundation has opened almost 600 Orange Playgrounds
The CEZ Foundation’s orange playgrounds are used by children, youth, athletes, and seniors in almost 480 municipalities and cities throughout Czechia. In the last three years, the ČEZ Foundation has supported an average of 52 projects per year. Playgrounds now often return to natural materials: various wooden sets or rope pyramids are popular. The growing popularity of floorball and in-line skates has shown on sports fields, and we are also registering an increased interest in climbing walls.

ČEZ Foundation Trees

Until now, the ČEZ Foundation's Trees grant has focused on municipalities and cities, helping them restore old alleys or plant new alleys and windbreaks or line dust barriers. Since 2011, 453 alleys have been greened within the project. In the eight years of its existence, the ČEZ Foundation has supported the planting of 95,637 trees and shrubs worth CZK 51.8 million. It supported the creation of 51 alleys worth almost CZK 5.5 million in 2019.

The priority of the Trees grant remains planting in place of the original tree species so that the trees have the best possible conditions for growth. ČEZ also applies the same principle in its newly announced commitment to plant a tree by its own efforts for every employee in Czechia, which you can read more about in the chapter Our Employees Help.



Events and Plans in 2019:

- We provide contributions to projects that improve patient care and facilitate the medical staff work at Thomayer Hospital in Prague. The ČEZ Foundation contributed a total of CZK 949,850 to the purchase of two high-quality and important devices in 2019.
- With a financial amount of CZK 347,100, we supported the implementation of the fourth Run for Memory of Nations. The main motto of the ten May runs in ten Czech cities was to raise public awareness of witnesses to the often dark times of totalitarian regimes. The proceeds of the run made it possible to shoot hundreds more of their stories.
- The ČEZ Foundation joins the We Plant the Future initiative, which aims to plant 10 million trees throughout Czechia in five years. By modifying the conditions of the Trees grant procedure, the foundation will enable the planting of a much wider range of applicants than before. It has expanded the circle of potential applicants, and non-profit organizations, associations and schools can now apply for a contribution of up to CZK 150,000. At the same time, in addition to alleys and windbreaks, it will also support planting in parks, orchards and natural localities.
- In the area of financial donations and advertising partnerships, CEZ Group's activity will continue to focus on projects of a regional nature in locations with generating facilities and distribution networks. In the future, greater emphasis will be placed on projects related to environmental protection and the support of community life.
- The ČEZ Foundation plans to launch a new grant procedure in 2020 aimed at supporting non-profit organizations and their operating expenses. The scope of foundation activities and the volume of financial contributions spent will ensure it continues to be among the most important corporate foundations in the Czech Republic.

4.4 OUR EMPLOYEES HELP

We also involve our employees in our charitable activities. The goal is for employees to participate in CEZ Group's charitable activities in the place of their residence or 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 7 projects for our employees in Czechia:

1. Time for a Good Cause – Corporate Volunteering

The corporate volunteering program is 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 now use 2 days a year to volunteer. During the 12 years of the project, almost 6,800 employees participated in almost 900 events.

CEZ Group has announced a commitment to plant a tree by its own efforts for each employee in Czechia. This commitment naturally complements the strategy of gradual decarbonization of CEZ Group's production portfolio.

A tree for each employee

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. The planting of almost 23,000 trees will be carried out by the employees themselves as part of volunteer days, which the company has regularly organized in the spring and autumn for the last 12 years. The first run in November 2019 was attended by 64 energy workers, who planted 7,300 seedlings of mostly beeches, firs, oaks, and alders in the bark beetle-infested areas in the Vysočina, Beskydy, and Central Bohemia Region. The next volunteer planting days will take place in the course of 2020. 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 Nov 1, 2019 to Dec 31, 2021

Targets and indicators

1. We will plant 1 tree by our own 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.

2. Granting Wishes, Thinking about Others – Employee Collection

For thirteen years we have helped those in need under this joint charity project run by CEZ Group, the ČEZ Foundation, and their employees that is aimed at specifically targeted aid. Employees can propose somebody in their neighborhood that they believe needs our 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. In 2019, we helped people who found themselves in a difficult life situation. Since the beginning of the project, the employees, together with the ČEZ Foundation, have donated over CZK 31 million.

(CZK thousands)

Year	Project Focus	Amount from the ČEZ Foundation	Amount Collected by Employees
2017	Support for children and youths up to 26 years old suffering from any serious disease	2,085	2,085
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

3. 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 for them from the ČEZ Foundation. The granting is voted on by employees. In six years, 726 projects have already been supported with a total amount of CZK 21,304,099.

4. Blood Donation

Blood donations took place for the first time at ČEZ's Prague headquarters in 2019. Within two dates, paramedics from the Central Military Hospital took 46.8 liters of blood from 104 employees. Energy workers from Dukovany also took part, donating blood on new sampling chairs, the purchase of which was financed by the ČEZ Foundation. In 2019, 257 employees came to donate blood or blood plasma from the Dukovany Nuclear Power Plant.

5. Granting Wishes by Breakfast

People with disabilities have prepared and sold breakfasts for employees at selected CEZ Group locations since 2016.

6. Sheltered Workshop Bazaars

Bazaars have been organized at selected locations before Easter and Christmas for nine years. Public benefit organizations sell their products in our office buildings. The organizations have managed to sell products for CZK 5.6 million since the launch of the project.

7. Renewal of the Wardrobe

The charity collection of clothes, shoes or fashion accessories has been held among the employees since 2017. We have collected 5.7 tons of clothing and helped 36 organizations during this time.

Events and Plans in 2019:

- As part of the Granting Wishes, Thinking About Others employee collection, for the first time, assistance went directly to people directly from the ČEZ Foundation, because a new special grant procedure was announced for this project, through which individuals can be supported.
- In corporate volunteering, we started to pay more attention to events aimed at supporting the environment.
- A commitment was made 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 2020.
- The Blood Donation project at the headquarters in Prague was a welcome innovation.
- We are preparing a project with Remobil – collection of old unused mobile phones from ČEZ employees. CZK 10 will be donated to charity for each collected mobile phone. 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.

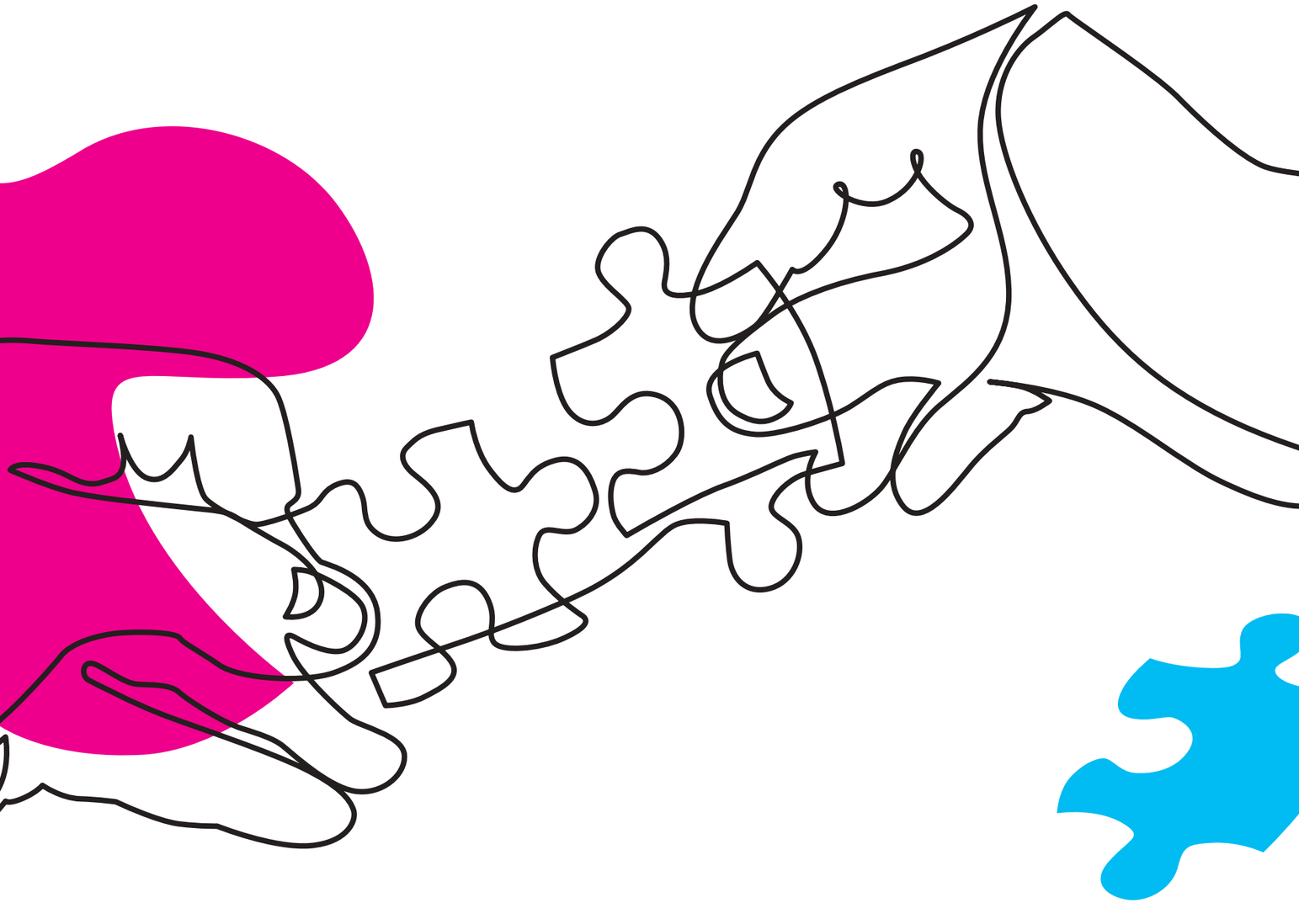
The most generous employee fund-raising campaign: CEZ Group and ČEZ Foundation raised CZK 6,330,562

#GIVING TUESDAY in the Czech Republic: raised total of CZK 70,990,649

A record CZK 6.3 million are donated to people in need by CEZ Group employees together with the ČEZ Foundation on the occasion of Giving Tuesday

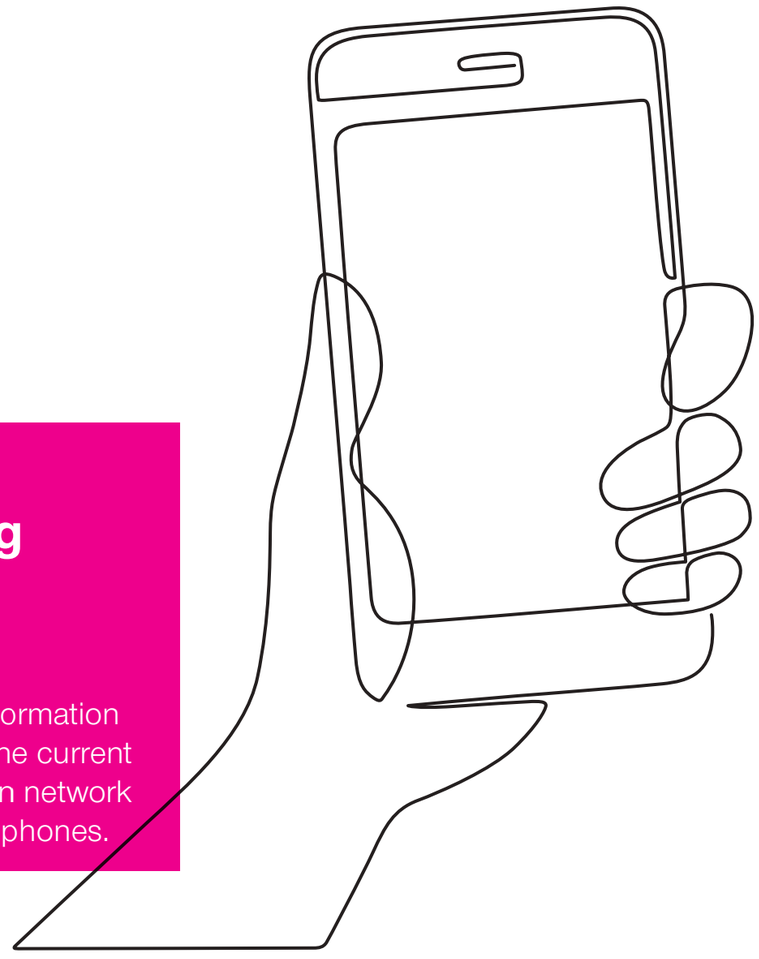
Thanks to ČEZ employees, 104 people from their surroundings who found themselves in a difficult life situation were nominated for the charity project “Granting Wishes, Thinking About Others” this year. Over the course of a month and a half, they were able to collect over CZK 3 million from each other, which was subsequently doubled by the ČEZ Foundation to the final CZK 6,330,562. The record amount, announced on the occasion of the international donation day Giving Tuesday, exceeded last year’s amount by CZK 1.4 million.

5
BRING USEFUL SOLUTIONS TO CUSTOMERS



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: e.g. the installation of rooftop photovoltaic power plants, including battery storage systems, heat pumps, gas boilers, and smart systems connecting and controlling these technologies.

5.1 WE SELL RESPONSIBLY



Are you experiencing an outage? Tell us!

www.bezstavy.cz – information reporting service on the current state of the distribution network for laptops, tablets or phones.

CEZ Group's goal is to responsibly serve CEZ Group customers in the area of electricity and gas trading, provide advice on savings and support for environmental resources, and support purchase decisions based on information, savings calculation, clarity, and transparency of contractual terms.

The conditions for the protection of customer privacy (according to GDPR) are systematically incorporated. We pay extraordinary attention to the care for and guarantees of customer and public safety when providing our products and services.

ČEZ Prodej also provides its customers with subsidy consultancy related to the installation of electricity and heat sources, handles the entire administration associated with the application for a subsidy and helps with financing. Its vision is to become a natural partner for residential customers and entrepreneurs, bringing energy, comfort, savings, and ecology.

Customers can choose the most comfortable manner of contacting 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: 800 810 820 is in operation 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, post, fax or via the ČEZ ON-LINE website and mobile application.

The DIP web application, the Distribution Portal, is intended for dialog with a distributor, with whom it is also possible to communicate at the e-mail address info@cezdistribuce.cz.

Customers can verify scheduled outages, report faults or simply find out the current status of electricity distribution at a specific address at our new website www.bezstavy.cz. Notification of scheduled outages by e-mail and faults by SMS to the phone number entered by the client also contributes to the improvement of ČEZ Distribuce's client service.

Over 152,000 users used the distribution website www.bezstavy.cz in the first year of operation

ČEZ Distribuce launched the interactive website www.bezstavy.cz at the end of January 2019, which serves for easier and faster communication with electricity customers in the event of reports of failures and outages. During the year of operation, 152,169 users visited the website, who checked the status of electricity distribution at 319,763 addresses. Subsequently, the portal sent 20,779 SMS with information on the course of troubleshooting and resumption of electricity supply.

We are constantly expanding the network of technical consultation points (TCP) in our supply area. Customers primarily use the contact points to handle their requests concerning distribution activities, measurement and sealing, and also come in with connection and relocation applications. TCP offers all clients the care of professionally trained employees who assist with requirements related to more complex distribution issues.

Although the number of requests handled via the Internet is growing, we still have a large number of customers that prefer personal contact. Therefore we operate a network of 76 customer care centers and contractual partner branches throughout Czechia.

We continue to reconstruct customer centers to match current service trends as much as possible. A pilot "non-commodity corner" will be created in the Customer Center in Plzeň, which will help clients with the selection of optimal heating technologies with a focus on renewable sources, and thus on energy savings. Primarily it concerns photovoltaics in combination with battery storage or heat pumps. Another activity is the reallocation of selected customer centers, where we try to get closer to our clients, to natural city centers or to shopping galleries.

Web and mobile applications are already winning over e-mails

ČEZ Prodej customer service handled almost **3.5 million customer requests** in 2019. The total number of requests does not change much, but the number of clients who want to solve everything via the ČEZ ON-LINE website or mobile application is increasing. ČEZ Prodej is now focusing intensively on digitalization. The goal is to speed up service processes with automation as much as possible.

ČEZ Prodej has handled a total of **659,561 requests submitted via online applications**. Call centers remain the most used service channel, where operators handled **1,277,365 calls**, followed by customer centers and branches of contractual partners, where **753,526 people** arrived in the same period. ČEZ Prodej also handled **534,846 customer e-mails, 121,116 letters and 403 faxes.**

According to research by IPSOS, 96% of customers rate our operators and service workers with mark A, which is three percentage points more than a year ago.

Fight Against Unfair Practices

ČEZ Prodej continues to take an active position in cultivating the market and fighting unfair practices. We have subscribed to the updated Code of Ethics of the Energy Regulatory Office, we publish advice on how to defend against unscrupulous methods of traders, we have created a specialized team for solving problems caused by unfair behavior. We actively participate in professional seminars and meetings organized by the Ministry of Industry and Trade (MIT) with the participation of representatives of the Energy Regulatory Office, other energy suppliers and the Confederation of Trade and Tourism of the Czech Republic. The result is the adoption of the Declaration on Consumer Protection Across the Market and the amendment of legislation to significantly increase customer protection.

We have set up a counseling center for our customers at www.cez.cz/nedejtese, where the 10 Aid Principles are also published, according to which our customers can prevent unfair practices.

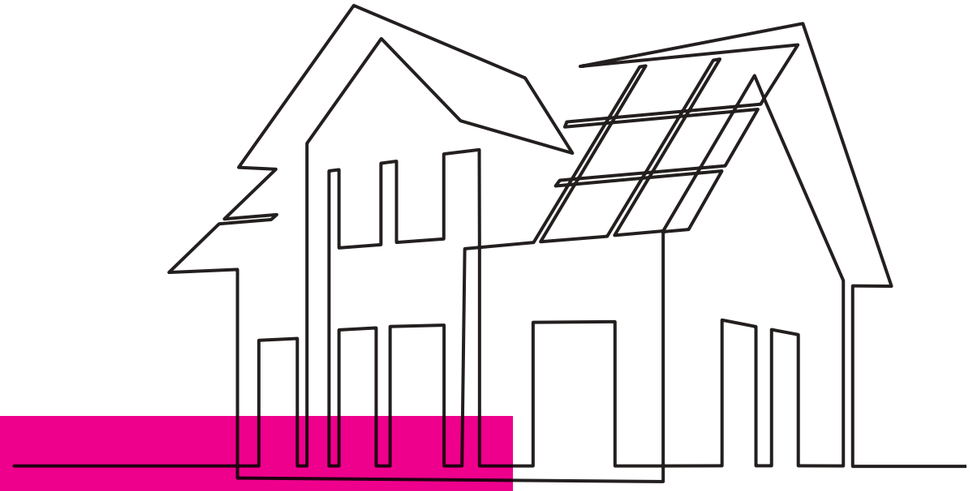
ČEZ Prodej has officially joined the declaration against unfair commercial practices

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 unfair commercial practices. The declaration aims to prepare the ground for an amendment to the Energy Act and to make it easier to translate into practice.

Events and Plans in 2019:

As part of the sale of photovoltaic power plants (PV), ČEZ Prodej introduced a guarantee of obtaining the New Green Subsidy for Savings when signing a contract for the supply of PV.

5.2 WE OFFER CUSTOM PRODUCTS AND SERVICES



537 photovoltaics and 358 heat pumps

were installed in 2019.

ČEZ Prodej serves customers in the area of electricity and gas trade. 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. Our goal is 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.

ČEZ ESCO provides comprehensive energy services tailored to specific needs, whether it is, for example, installation or operation of a local energy source, distribution network, energy audit, implementation and operation of lighting or the overall modernization of operation energy. It offers solutions to energy needs of customers, especially at a decentralized level with an emphasis on new technologies and efficient use of energy. Supplies of electricity and gas are a matter of course, as well as financing of investments in the modernization of operation through the realized savings where the customer does not have to invest any of his own funds.

Energy saving projects (EPC) from ČEZ ESCO have so far saved customers almost CZK 1.4 billion

The installations of ČEZ ESCO subsidiaries saved almost 300,000 tons of CO_2. In total, ČEZ ESCO subsidiaries provided their customers with savings of CZK 1.354 billion. It thus accounts for about a third of the volume of all EPC projects that have taken place in Czechia and which have saved over CZK 4 billion and 820 thousand tons of CO_2 emissions in 25 years. Most projects took place in urban buildings, followed by regional ones. Buildings owned by state institutions and in companies make up a smaller share. Typically, projects are implemented in schools, kindergartens, office buildings, hospitals and social care institutions, or in theaters.

On the occasion of 25 years of the EPC method in Czechia, the Association of Energy Service Providers awarded exceptional EPC projects and personalities for their contribution in this area. In connection with the awards, the names of projects in which ČEZ ESCO subsidiaries participated were often mentioned. The Outstanding Project titles were awarded to the City of Písek for the combination of EPC and smart city (ENESA project), Jihlava Hospital for an exemplary project in healthcare (ENESA project), and Siemens Mohelnice electric motors for a project with savings of more than 50% of original costs.

Selected projects in 2019:

- Dětmarovice power plant modernizes lighting. The new fixtures will reduce the power plant's carbon footprint by 967 tons per year.
- ČEZ Solární delivered photovoltaic power plants to 8 roofs of Lidl stores. Thanks to this installation, the stores will save 800,000 kWh of energy per year and reduce the amount of CO_2 emissions produced by 420 tons over the same period.
- The building of the Academy of Fine Arts awaits an extensive reconstruction of the energy infrastructure. The ten-year project from ENESA aims to save at least CZK 31.6 million from public funds. CO_2 emissions will be 6,547 tons lower than now.
- In six buildings owned by the capital city of Prague (for example, in the Municipal House, at the Holešovice Exhibition Grounds and in the Šutka Aquacentre), ENESA started modernizing their technological equipment. The aim is to reduce energy consumption in these buildings by at least 12% per year, which will bring a minimum saving of more than CZK 85 million during the twelve years of the project.

EPC in figures:

- **Date of commencement of the first EPC project in Czechia:** Nov 15, 1994
- **Number of projects in 25 years:** more than 250
- **Number of buildings:** 1,100
- **Average project length:** 8 years
- **Biggest project:** Congress Center, investment of CZK 150 million
- **Investments in EPC projects:** CZK 3.6 billion
- **Energy savings brought by these projects:** CZK 4.1 billion
- **Environmental benefits:** 820 thousand tons of CO_2 = annual consumption of 230 thousand residential customers

Events and Plans in 2019:

- In 2019, Tenaur expanded to other regions of Czechia, and three new branches were established from the original one branch in the Plzeň Region: in Cheb, Roudnice nad Labem, and Sviadnov. ČEZ Prodej supplies photovoltaic power plants and heat pumps to residential customers through Tenaur and develops its own TENGEO control system for these technologies.
- 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.
- We have prepared a package for B2C electromobility (wallbox, control of electrical installation at the customer, electric car orders and a chip for public charging).
- We have launched a new Leonardo CRM system for customer service in the lead-to-installation process, thanks to which we will provide customers with more efficient service in the technology process and increase the quality of customer experience. In 2020, we will continue to implement effective solutions through digitalization in order to simplify and speed up processes.

5.2.1 Customer Experience

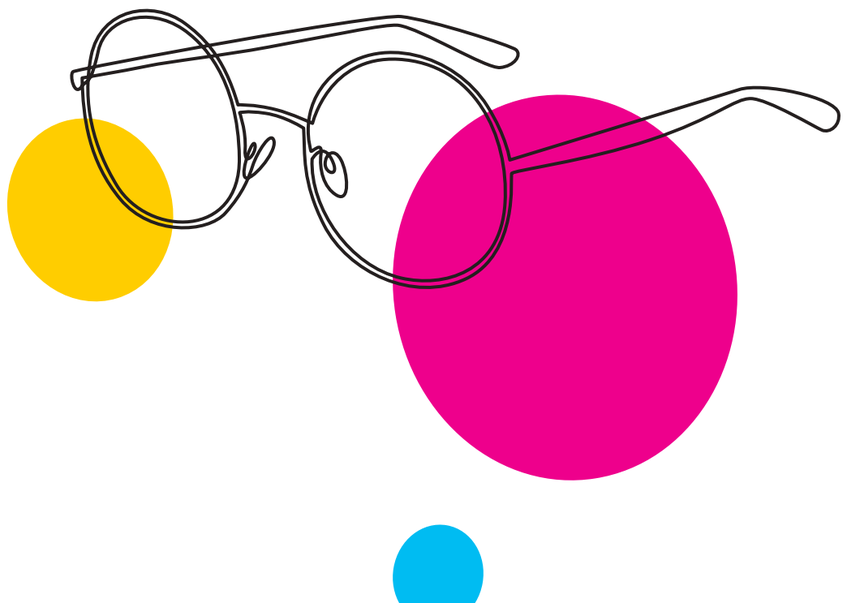
The most trusted brand

of 4,000 consumers took part in the largest trust survey in the Czech Republic conducted by Nielsen. The ČEZ brand won in the #Dodavateléenergií (energy suppliers) category.

Customer satisfaction is one of the key priorities of their loyalty to the energy supplier. We measure customer satisfaction with the process of solving their request, we focus on customer satisfaction, the level of supplier recommendations, and the level of effort that the customer must expend on the solution. The outputs serve as a basis for corrective actions that are taken on an ongoing basis in order to increase customer satisfaction.

Events and Plans in 2019:

- We received feedback from approximately 67,500 customers, which means a significant increase compared to previous years.
- We carried out an extensive comparative study of customer satisfaction. In comparison with the competition across industries (a total of 24 companies from the fields of energy, banking, insurance, transport, etc.), ČEZ ranked in 6th–7th place.
- We have launched automatic processing of customer disagreements expressed in continuous research in accordance with the rules of GDPR.
- For 2020, we set the goal to increase the recommendation levels of our customers, set motivational KPIs (Key Performance Indicators) for service in the area of customer experience. In the following years, we aim to increase the share of electronic inquiries (e-mail) instead of telephone inquiries.



5.3 OMBUDSMAN

We 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.

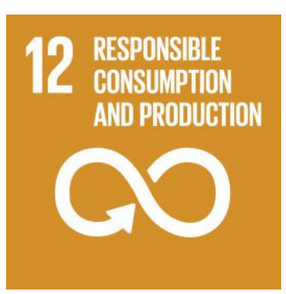
7,620 customers approached the ČEZ Ombudsman during his operation. He sided with the customer in 807 cases – whereas the customer was right in 485 cases. In 322 cases, the Ombudsman applied a "specific approach", satisfying the customer even though the complaint was not justified. The key criterion in such cases is the customer's life situation.

Over the years, the ČEZ Ombudsman has also selected 116 proposals for systemic changes, proposed 68 to individual CEZ Group companies, and 36 of them were accepted.

In 2019, 707 customers sought help from the ČEZ Ombudsman. The number of people who have approached him is declining in recent years. This proves that the overall quality of customer service of CEZ Group companies is constantly improving. Not only are the number of people dissatisfied with the solution of their complaint decreasing, but the share of complaints that we evaluate as justified, i.e. that the company has acted incorrectly, is gradually decreasing.

6 ENABLE ENERGY SECTOR TRANSFORMATION

We strive to remain a pioneer of energy sector transformation, which includes enhancing energy efficiency or 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 society, towns, villages, schools, and other entities. These include heating systems, smart buildings, smart lighting systems, etc.



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 also brings with it great investment opportunities, which will be amplified by a commitment agreed in Brussels in December 2019 at the level of the European Council by almost all countries, including Czechia, with a document called the European Green Deal. It can be expected that this commitment will accelerate the energy transformation towards clean technologies in all European markets in which ČEZ operates.

Our goal is for CEZ Group's public image to be a modern and innovative company and a reliable partner. In order to continue to effectively monitor and represent CEZ Group's interests 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 CEZ 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 production of electricity 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.

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

In 2019, the NCES organized three seminars on the topic of energy saving measures aimed at municipalities and cities and five seminars on the topic of energy saving measures for the business sector, which were attended by 199 people.

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 the company and the transformation of the energy sector. In turn, we are 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.

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

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 produced.
- 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.
- We are increasing the number of electric car charging stations installed to enable low-emission modes of transport; the supply of electricity through these stations has doubled 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 Power Plants

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

In addition to Czechia, CEZ Group is also active in wind energy in France, Romania, Germany, and Turkey.

- The first modern, new-generation wind power plants are the turbines put into operation in 2009 at Věžnice in the Vysočina Region and at Janova in the Pardubice Region, each with an installed capacity of around 4 MW.
- In Romania, CEZ Group operates Europe's largest onshore wind farm at Fântânele and Cogealac. Its 240 turbines with a total installed capacity of 600 MW generate clean energy in an area of 12 × 6 km. The Fântânele and Cogealac wind power plants generated 1,185 GWh of electricity in 2019, which was a year-on-year increase of 80 GWh.
- 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 285 GWh of electricity in 2019, as compared to 266 GWh in 2018.
- Wind power plants in Turkey have an installed capacity of 28.2 MW.

Due to new acquisitions, about 70% of the CEZ Group portfolio of wind power plants in Western Europe is now under development.

CEZ Group operates wind power plants with a total installed capacity of over 740 MW.

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 a thousand 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 purchase a PV plant together with a battery system that stores electricity produced during the day.

In 2019, ČEZ Prodej installed 537 photovoltaic power plants on the roofs of households, most of them with battery systems

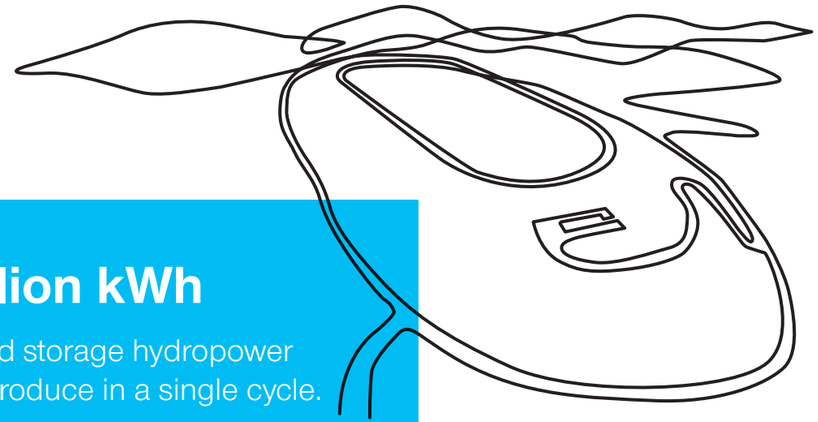
The installed capacity of new roof photovoltaics from ČEZ Prodej reached 2,800 kWp. 458 battery systems were installed to store the energy produced. About a third of photovoltaics emerged in Prague and the Central Bohemia Region, about 10% in the north of Moravia, in the Ústí nad Labem Region, and in the Plzeň Region.

The installation is performed by Tenaur, a subsidiary of ČEZ Prodej. ČEZ Prodej focuses more on sophisticated systems connected to battery storage or air-to-water heat pumps. Batteries can cover one to two days of normal consumption and the combination with heat pumps allows the electricity produced to be used not only for lighting and to drive appliances, but also for domestic heating. The company has installed 358 heat pumps.

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.

6.2.3 Hydroelectric Power Plants

With their operating characteristics, impoundment and pumped-storage hydroelectric power plants ensure dynamic functions in the electricity system and provide indispensable reserve capacity 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 cascade and pumped-storage power plants in Dalešice and Dlouhé Stráně, small-scale diversion hydroelectric power plants, especially on the Elbe, Berounka, and Morava. All CEZ Group hydroelectric power plants in Czechia produced well over 2,200 GWh in 2019.



5.9 million kWh

ČEZ pumped storage hydropower plants can produce in a single cycle.

CEZ Group's storage and diversion hydroelectric power plants in Czechia exceeded one billion KWh of electricity and increased the year-on-year production by almost 30%

CEZ Group's storage and diversion hydroelectric power plants in Czechia produced almost 1.1 billion kWh of electricity in 2019, a year-on-year increase by 29.3%. The three storage power plants of the Vltava cascade Orlík, Slapy, and Lipno supplied the highest volumes of emission-free electricity. Hydroelectric power plants operated by ČEZ produced 881 million kWh, of which 858 million kWh were produced at the Vltava cascade, and the remaining almost 197 million kWh were supplied by small hydroelectric power plants under the banner of ČEZ Obnovitelné zdroje.

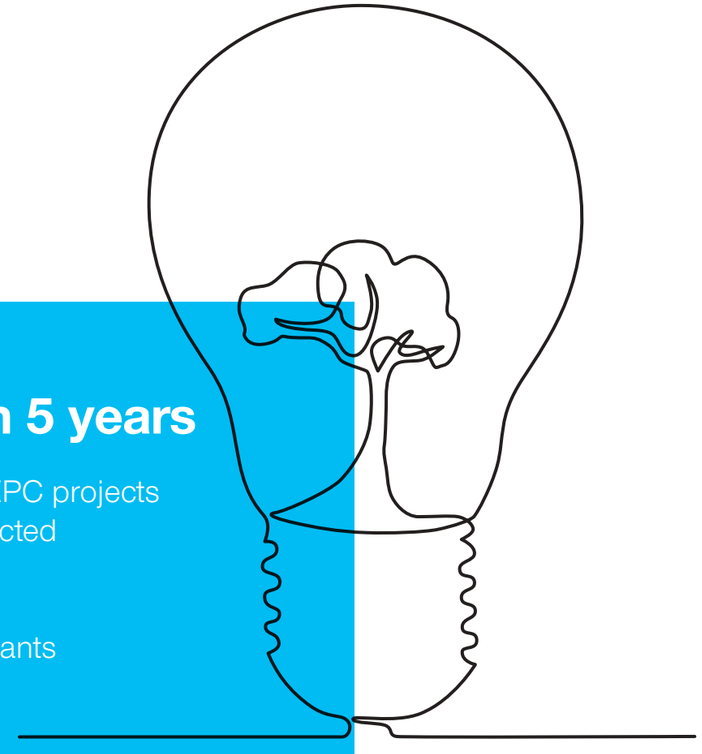
Events and Plans in 2019:

- CEZ Group acquired another portfolio of 8 mainland wind power plant projects in France in an advanced stage of development with a potential total output of up to 119 MW. Two of the projects were approved for construction and operation.
- As part of the onshore wind power plant portfolio acquired in France in 2017 (potential installed capacity up to 106.6 MW), CEZ Group has received building permits and operating permits for five projects. Implementation of one project with an installed capacity of 13.6 MW has begun, and we expect construction of one project with an installed capacity of 12 MW to begin in 2020.
- CEZ Group has acquired the German group Hermos in its portfolio, which is a leading supplier of solutions based on Industry 4.0 in the field of energy services.

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



ČEZ ESCO:
21,000 orders in 5 years

- CZK 1.4 billion saved by EPC projects
- we have built or reconstructed 50,000 fixtures
- implemented more than 500 photovoltaic power plants
- operated 132 cogeneration units

Energy-saving and smart solutions in the field of energy services have been offered to customers by ČEZ ESCO since 2014, which is a leader in the field of efficient, energy-saving, and environmentally friendly solutions for companies, municipalities, and the government.

ČEZ ESCO companies implement, for example, 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, ventilation, and electromobile 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. Today, it operates in a total of five 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.

The birth of ESCO products came under pressure from climate protection regulation, pressure from customers and markets on the sustainable development of new, not just decentralized energy and digitalization technologies. Our products and solutions help save 35,000 tons of CO_2 every year. Environmental solutions naturally mean not only saving emissions, but also operating expenses.

Our energy-saving projects include:

Energy Performance Contracting (EPC)

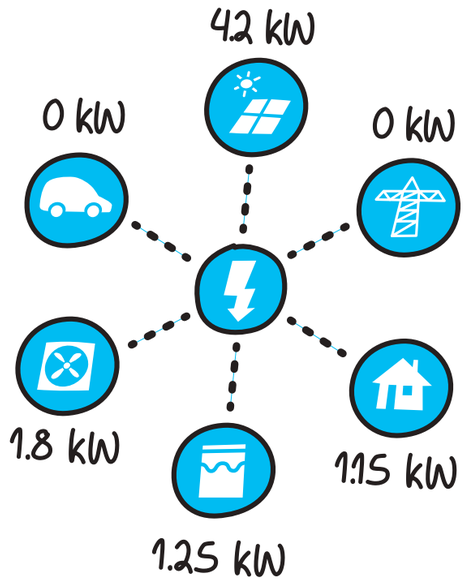
Energy-saving projects with a guarantee (EPC) directly contractually guarantee ČEZ ESCO customers that the supplier will achieve a savings solution; otherwise it must pay the difference amount by itself. At the same time, customers do not have to put their money into savings solutions, because the investments can be repaid from the savings themselves. Another advantage is that the supplier guarantees the achieved savings every year; otherwise it pays the difference by itself. 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.

ČEZ ESCO now has a roughly 40% share of the EPC market in Czechia, and our company 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 enables the connection and control of individual components into one functional unit within a smart home control. It is a connection of heat pump technologies, photovoltaics, but also, for example, 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.

You can combine all components into one unit – this will guarantee the maximum degree of self-sufficiency.



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. Not only do we monitor the comfort and cost savings on the part of the customer, but by using greener types of heating, we aim to contribute to reducing the climate change impact.

Events and Plans in 2019:

- The best energy saving project in Slovakia comes from the e-Dome company within ČEZ ESCO. The competition jury evaluated projects in the Public and Private Sector categories. The main prize was awarded to the EPC project to reduce energy consumption at the Vranov nad Topľou Hospital. Because of this, EUR 88,000 (CZK 2.2 million) per year will be saved and the volume of greenhouse gases reduced by 400 tons.
- We plan to develop technological products, especially photovoltaic power plants and heat pumps.

6.3.2 Distribution Digitalization

ČEZ Distribuce operates 165,835 km of power lines in Czechia with 3.7 million points of consumption. 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 the introduction of various smart technologies and digitalization, as customers can already solve a number of 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. Therefore, in 2019, it prepared a new digital distribution strategy until 2028, abbreviated digid28, together with a digital transformation program. Its aim is to co-create a digital decentralized energy system that will enable the development of renewables, decentralized generation, electromobility, storage, and decarbonization of European energy. 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. Emphasis will be placed on remote control functions, regulation of operating parameters and network control automation. The second area is efficiency increasing, internal process digitalizing with a focus on customer satisfaction, digitalizing their service and overall modernization of contacts and 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 program is part of the national decarbonization plan.

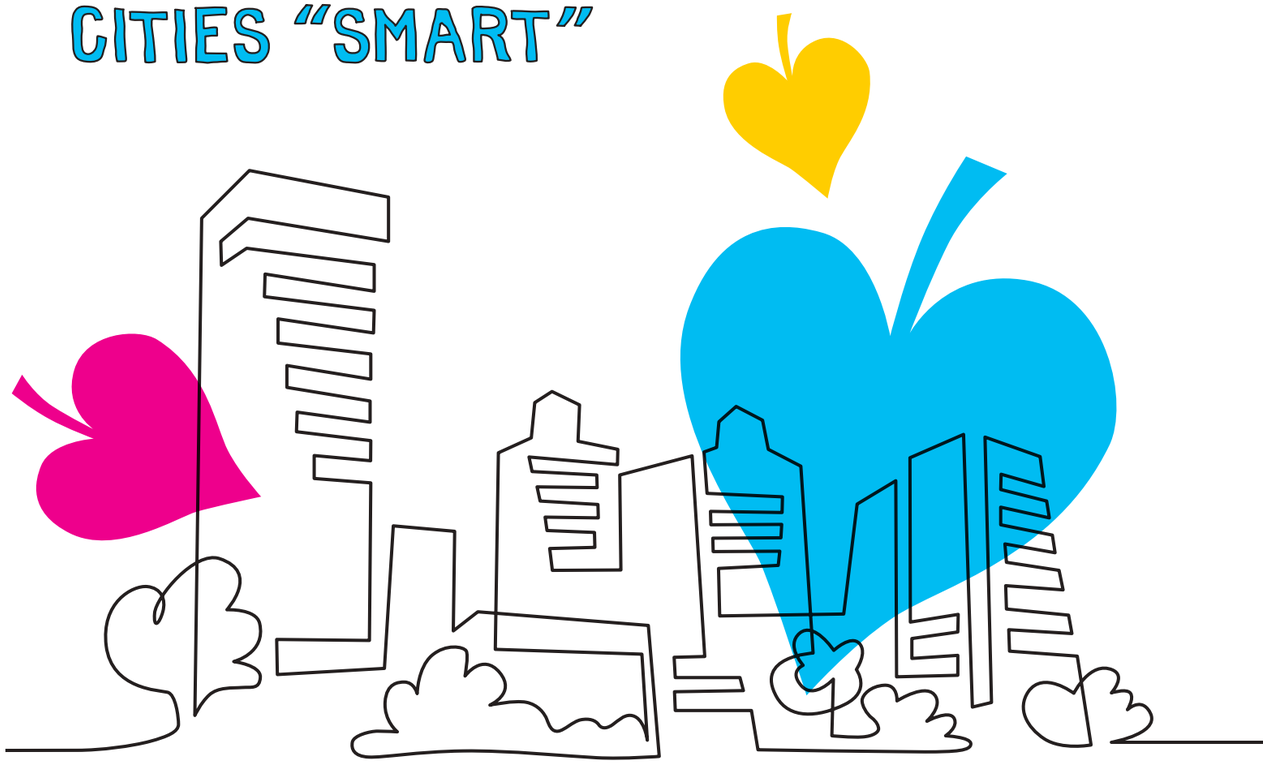
Our digitalization efforts are driven by three parameters – the European Union’s regulation, continuous technological advancement, and our clients’ preferences. There are an increasing number of active clients that will require faster access to data. It is digitalization that will help us understand their requirements, while it contains a key moment for us, which is optimization.

Events and Plans in 2019:

- Digitalization of communication with customers is planned in the near future, for example, online acceptance of connection requests, information on outages, contract digitalization, use of various communication channels according to the type of communication, customer profile settings, and digitalization of ČEZ Distribuce field operations.
- In the scope of three years, we will be able to digitalize key elements in the network at the high voltage level, build high-speed optical networks to expand system automation, deploy online measurements on high-voltage distribution substations and remote control of critical network elements.
- Furthermore, we plan gradual deployment of smart meters at end customers, continuation of digitalization and remote control of distribution transformer stations and deployment of new systems for dispatch control, planning, and prediction of consumption and for digitalization of asset management.
- ČEZ Distribuce's vision is to become the leader in the new digitalized environment. Within four years we should be able to switch to a system based on internal digitalization and process management without giving up the safe operation of our distribution grid.

ČEZ will modernize its networks and strengthen its capacities
A major network reconstruction will affect nine Czech regions, including large regional cities. It will be a major network modernization. CEZ Group has signed a loan agreement with the European Investment Bank (EIB) to support the financing of the investment program for renewal, further development of the distribution system, and preparation for new energy in Czechia up to EUR 330 million.
The project will make it possible to integrate more electricity from renewable sources within the idea of climate protection. Twenty thousand new customers will benefit from more reliable supplies every year.

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, street lamps, etc.

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 of buildings 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
- Energy consumption measurement as the first step
- Rooftop PV installation
- Implementation of cost-saving projects using the EPC method

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.

Events and Plans in 2019:

- The project of ARRIVA VÝCHODNÍ ČECHY, ABB, and ČEZ ESCO contributes to improvement of the environment and to modern public transport in Trutnov.
- The ENESA energy management pilot project became part of the ENESA Smart Buildings and Energy project within the concept of Smart Prague 2030.
- We collaborate on creating How To brochures within the working groups of the Czech Smart City Cluster.
- We have concluded a memorandum on mutual cooperation in the field of Smart City with the towns of Kladno and Havířov.
- We work on preparing the Smart City methodology within the NCES/SMOČR project (Union of Towns and Municipalities of the Czech Republic).
- We have prepared a pilot project of IoT (Internet of Things) Smart City portal for towns and municipalities.
- We are actively involved in supporting the quality of indoor environment through measurements for schools and kindergartens.

The town of Trutnov together with ČEZ ESCO received the Quality Certificate for greening the public transport under the Smart City/Region project in the 3rd year of the Smart Cities for the Future 2019 competition

Trutnov Town Hall decided to green the public transport. Since February 2019, passengers have been transported in the town by CNG-powered electric buses and buses. For this project, the city was awarded by the expert jury of the Smart City for the Future 2019 competition. The fleet consists of three articulated buses and four “short” electric buses.

7
START THE ENGINE OF INNOVATION

We are revving up the engine of innovation in our services and products in the market. We strive to 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.

7.1 WE SUPPORT RESEARCH AND DEVELOPMENT

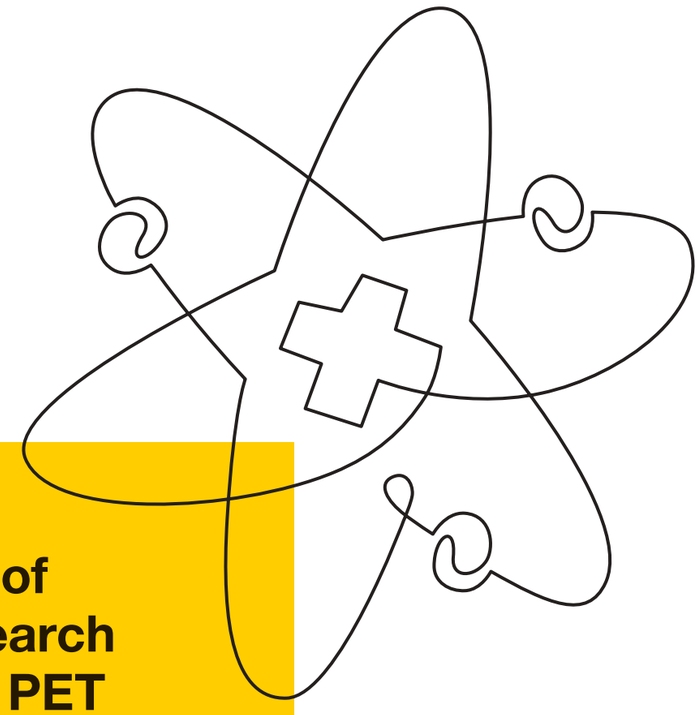
We focus CEZ Group research and development on existing assets as well as the development of future opportunities in “new energy.” An established system of **central coordination of research and development at CEZ Group** allows carrying out key research and development activities in the optimum form of projects set up across CEZ Group, making purposeful use of Group synergies and available resources.

Research and development activities naturally reflect **current and estimated trends in the energy sector**. Emphasis is put on fields and topics with high application potential as well as on activities lessening the environmental impacts of CEZ Group’s operations.

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 intended development projects. **We focus in particular on nuclear industry, materials engineering, and the use of low-emission energy sources, such as the development of hydrogen technologies.** Projects implemented at the moment include, for example, research into air pollutants or waste-to-energy development.

CEZ Group companies’ **operating expenses on research and development reached CZK 960.6 million in 2019**. The highest expenses were incurred by the research center Řež, ÚJV Řež, and ČEZ. The companies (especially Centrum výzkumu Řež) also received research and development subsidies amounting to almost CZK 478.4 million. ČEZ expenses also include a reactor vessel material surveillance program (CZK 208.9 million), which is aimed at obtaining information on the current state of reactor pressure vessels and providing an objective basis for predicting their useful life.

You can find specific projects, outputs, and program memberships in CEZ Group’s Annual Report 2019 on pages 128–134.



The Institute of Nuclear Research Řež supplies PET radiopharmaceuticals to 14 hospitals in Czechia.

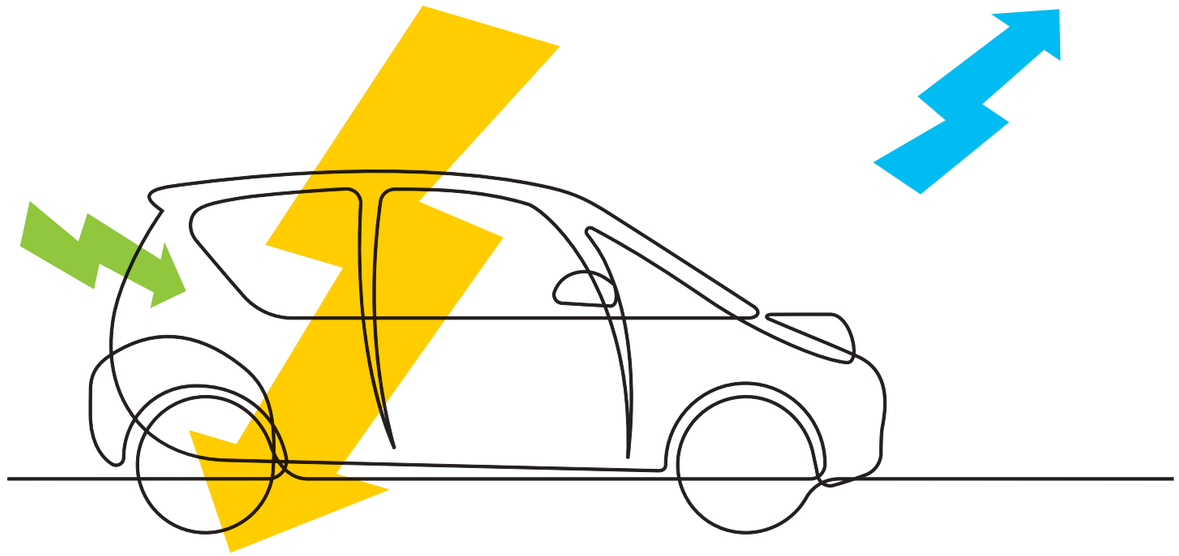
7.2 INVEN CAPITAL INVESTMENT FUND

The purpose of Inven Capital, a venture capital fund, is to **seek opportunities for investment in smaller to mid-size innovative businesses operating in the new energy sector**. Inven Capital focuses on investments in clean-tech startups in later stages of growth with a business model proven by sales and with considerable growth potential. Since its establishment, Inven Capital has invested in ten companies (five German, two French, two Israeli, and one Czech) and in Environmental Technologies Fund 2 in the U.K.

Inven Capital's current portfolio consists of the following companies:

- SunFire – A manufacturer of fuel cells that can convert fuel into electricity and heat but also turn electricity back into hydrogen and other gases (power-to-gas)
- tado – The European leader offering smart heat control for households based on the user's location and habits
- Cloud&Heat Technologies – The designer, vendor, and operator of the most energy- and cost-efficient distributed data centers deploying water-cooled servers whose waste heat is used to heat buildings and hot water
- VU LOG – A global leader in providing technology for shared mobility of green cars, scooters and kick scooters in the city
- Cosmo Tech – Supplier of a software platform for modeling complex systems providing key information for decision optimization in the management of critical infrastructure and processes
- Driivz – Supplier of a software platform for the control of charging stations for electric cars, including energy management (charging optimization), the modular system for the control of charging stations is used globally by 300,000 drivers
- CyberX – The vendor of a software platform providing comprehensive solutions for industrial cybersecurity
- NeuronSW – A technology firm that developed a comprehensive solution for sound analysis enabling prediction of machinery failures
- Zolar – A digital platform providing installation of photovoltaic panels and battery systems in family houses through external plumbing companies, which it consolidates within its platform

7.3 /E/MOBILITY – ENERGY TO MOVE FORWARD



CEZ Group has been developing electromobility since 2009, when it began building and operating a network of public charging stations. As demand for electricity in transportation is presently growing, we **enable a low-emission mode of transportation** by developing charging stations. We ensure serving retail customers (ČEZ Prodej) as well as service for clients in the corporate, municipal, and regional administration sector (ČEZ ESCO).

We design and install turnkey charging stations, provide electrification of car fleets, charging platforms, including IT solutions, rental or sale of electric cars, or wallboxes and charging cables. For municipalities, ČEZ offers the implementation and operation of charging stations for electric buses or conceptual designs of electric mobility in individual cities and regions.

Through the **construction of a network of public charging stations** in accordance with the strategy of Czechia – with the National Action Plan for Clean Mobility and the Memorandum on the Future of the Automotive Industry – our **goal** in this area is to **stimulate the development of electromobility** by building functional and user-friendly network of charging stations, which will ensure optimal coverage of the entire country with charging infrastructure and will enable convenient charging of the electric car both at the place of its use and on longer journeys.

ČEZ /E/mobility in figures:

- We already operated 188 public charging stations, of which 129 were fast-charging stations (DC) and 58 were normal charging stations (AC) by the end of 2019.
- Electricity supply to electric car batteries doubled in 2019 compared to 2018, and 1,963,523 kWh (959,115 kWh) had already been delivered.
- Electric cars drew energy 153,612 times at energy chargers. There is an emerging trend for smaller but more frequent recharges.
- On the website https://www.cezesco.cz/cs/kalkulacky-uspory?slideOpen=fuelSavingsCalculator customers can calculate how much they will save on fuel with an electric car.

Support from the **European Connecting Europe Facility (CEF) program** also contributes to the continued construction of public charging stations. Fast-charging stations are being located close to the main TEN-T (trans-European transport network) roads.

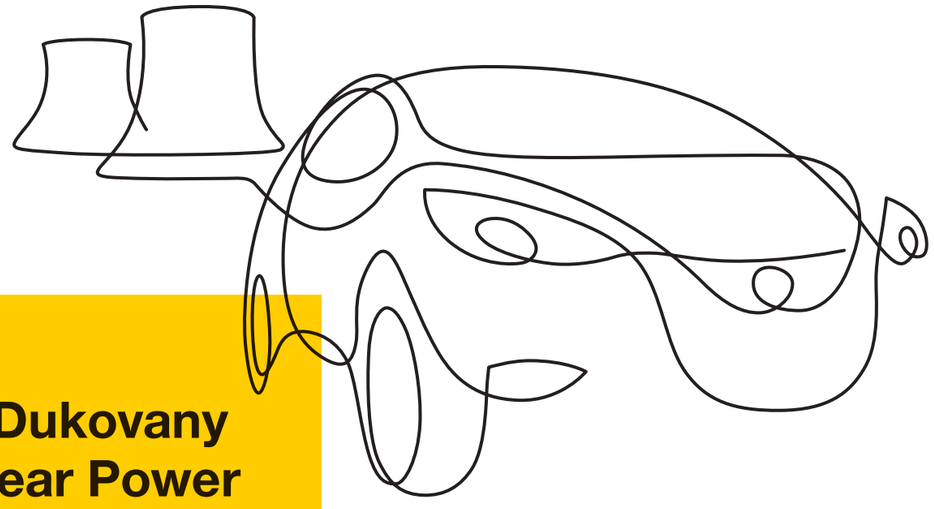
ČEZ also succeeded with an application for support for the backbone network of fast-charging stations and with an application for support for an additional network in the **Transport Operational Program**. It continues to be active at the level of the **National Action Plan for Clean Mobility (NAP CM) platform and the Memorandum on the Future of the Automotive Industry platform**.

Events and Plans in 2019:

- The jubilee 100th fast-charging stand was launched in Prague in mid-2019.
- Using the obtained subsidy support from the Transport Operational Program, we plan to build 125 new fast-charging stations in all regions of Czechia.
- We put into operation the first high-performance stand, which will gradually enable recharging with an output of up to 1,750 kW. It easily ensures recharging within 15–20 minutes, even for new vehicles with a larger volume of batteries operating at 400 V and 800 V.
- We are working on deployment of a new IT system for the comprehensive management of the ČEZ public charging station network and customer service from Driivz. The solution is part of the construction of a charging infrastructure financed from the European Connecting Europe Facility (CEF) program. Altogether, 108 fast-charging stations should be built, including two sites featuring a combination of a renewable energy source, energy storage, and three charging stations each.
- 59 charging stations were built in the locations of the largest infrastructure partners – Benzina, Kaufland, and McDonald's.
- Thanks to the newly launched photovoltaic power plant with an output of 20 kWp and an accumulation system with a capacity of 275 kWh, the three fast-charging stations in Vestec will be able to recharge the batteries of up to 7 e-cars at a time.
- The first public fast-charging station for electric vehicles in Czechia, which is powered exclusively with production of an emission-free nuclear source, has been operating since December 2019 in the car park in front of the Dukovany Nuclear Power Plant. It is precisely by being involved in the power consumption of the power plant itself that it can be 100% guaranteed that the electric car does not contribute to greenhouse gas emissions during recharging, and thus does not burden the climate.

Students from the Czech Technical University and the Israeli Technion figured out for ČEZ how to continue to use used batteries from electric cars

Mixed teams across universities and faculties worked together to gather available knowledge and market research. Subsequently, they worked together in the ideological part on variants of solutions and prepared specific recommendations for companies, why and in what direction to innovate. "Electromobility is the future of the European car industry, but many issues remain unresolved. The battery in the electric car will not last forever, it will have to be replaced over time," says Kamil Čermák, CEO of ČEZ ESCO. "Our student team came up with a number of interesting ideas on how to continue to use used batteries, for example as emergency power supplies in hospitals or mobile charging stations."



The Dukovany Nuclear Power Plant charges 12 electric cars a second.

7.4 WE BUILD PARTNERSHIP FOR INNOVATION

Our cooperation and partnerships in the field of innovation aim to establish an innovation ecosystem not only within CEZ Group, but also outside it. We establish cooperation with academia, smaller business partners, and business incubators. We also rely on students and fresh graduates, whom we engage in our teams. We succeed, for example, thanks to the Innovation Marathon, which we work on under the We are a Responsible Employer program.

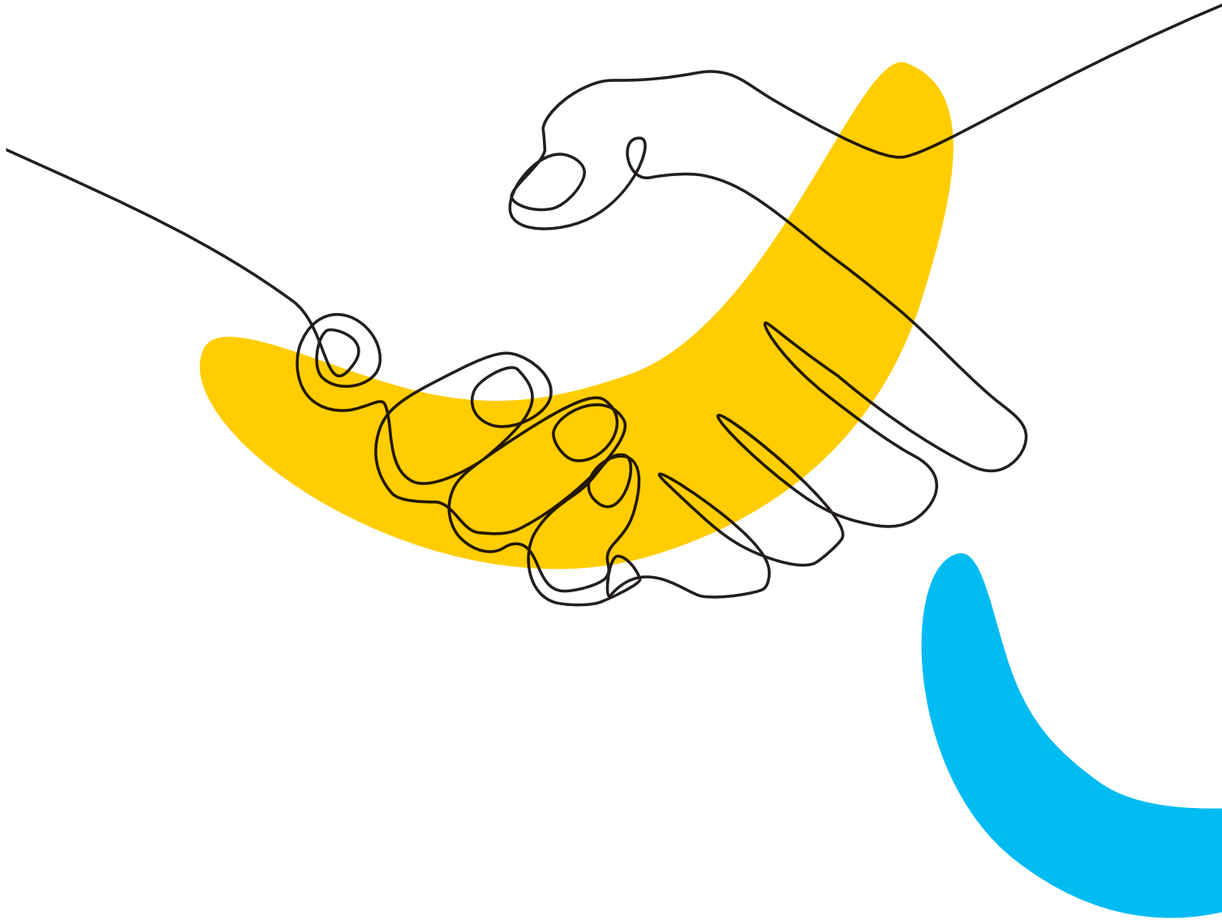
We continuously commission projects in the field of innovations for implementation, many of which are carried out by our companies ČEZ ESCO and ČEZ Prodej. Successful exchange internships with EDP, the implementation of professional associations, start-ups and other cooperating entities took place in this area.

ČEZ is a founding member of the international **I2US cooperation platform**, associating primarily innovative, mutually noncompeting utilities and other businesses from related industries. The I2US platform has an ambition to accelerate innovation to exploit business opportunities and address the needs of customers and the energy sector itself. Its main collaboration tool is sharing innovation opportunities and experience with the implementation of new services, products, and methods for cooperation with partners. Experience gained from the platform is used to implement innovation in the energy sector.

We also foster bilateral relations with individual partners outside the platform. We held another meeting with the involvement of member utilities: EDP, EDF, EDF UK, Alstria, Orsted, Eneco, Encevo, Thüga, Hydro-Québec, and WILSON SONSINI GOODRICH & ROSATI, Agder energy, Østfold Energi, Eidsiva Energi, and Verbund.

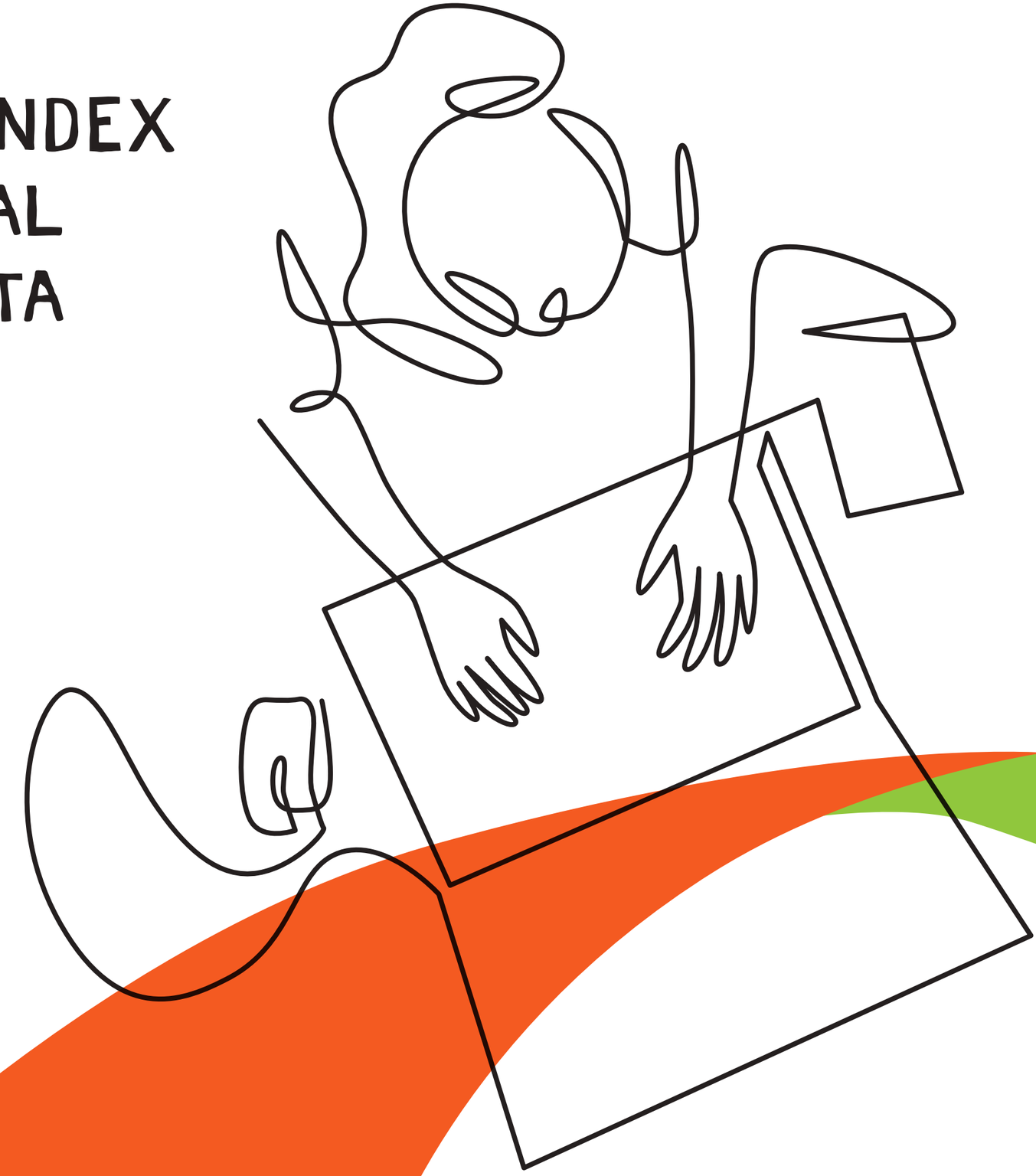
Events and Plans in 2019:

- ČEZ created a **Test Center** in 2019 to obtain first-hand information on the features and capabilities of a technology to facilitate decision-making on its commercial deployment within CEZ Group. The Test Center's objective is to speed up the launches of services and products built on new technologies and reduce risks associated with guarantees given for and customer experience with newly introduced products and services.
- Within the **Company Roadshow** innovation group, which ČEZ is a member of, we promote the culture of innovation across leading companies in Czechia and participate in the development of a network that aims to integrate innovation as an integral part of any company. Company Roadshow is a platform for meeting leading innovative companies and innovation leaders to share innovative know-how. Other members include Lego, ABB, SAZKA, Deloitte, and others.



8 GRI CONTENT INDEX AND ENVIRONMENTAL NON-FINANCIAL DATA

Data in the tables below represent
CEZ Group both in Czechia and abroad.



Company Profile and Report Profile

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text
		Strategy	
GRI 102	102-14	Introductory statement	
	102-15	Company strategy	Sec. 1.3 AR p. 26 CEZ Group Strategy AR p. 25 A Brief Forecast of the Development of the Electricity Sector from CEZ Group's Perspective
		Company profile	
	102-1	Name of the company	Sec. 1
	102-2	Activities, brands, products, and services	Sec. 1.1 and 5
	102-3	Location of headquarters	Sec. 1
	102-4	Location of operations	Sec. 1
	102-5	Ownership and legal form	Sec. 1
	102-6	Markets served	Sec. 1
	102-7	Scale of the organization	Sec. 1
	102-12	External initiatives	Sec. 9.1
	102-13	Membership of associations	Sec. 9.1
	102-18	Governance structure	Sec. 1.2 AR p. 61 Concern Management AR p. 158 Basic Organization Chart of ČEZ, a. s., as at March 1, 2020

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text
		Stakeholder engagement	
GRI 102	102-40	List of stakeholder groups	Sec. 2.4
	102-42	Identifying and selecting stakeholders	Sec. 2.4
	102-43	Approach to stakeholder engagement	Sec. 2.4
	102-44	Key topics	Sec. 2.2 and 2.4
		Report profile	
	102-45	Entities included in the consolidated financial statements	Sec. 1 and AR p. 66 Consolidated CEZ Group as at December 31, 2019
	102-46	Defining report content and topic boundaries	Sec. 2.2
	102-47	List of all material topics	Sec. 2.2
	102-48	Restatements of information (mergers, acquisitions, changes in the nature of business)	AR p. 147 Changes in CEZ Group Ownership Interests
	102-49	Changes in reporting	No changes in reporting.
	102-50	Reporting period	January 1, 2019, to December 31, 2019
	102-51	Date of most recent report	27/6/2019
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the CEZ Group Sustainability Report	energieprobudoucnost@cez.cz
	102-54	Claims of reporting in accordance with the GRI Standards	Sec. 2.3
	102-55	GRI content index	Sec. 8
	102-56	External assurance	The report as a whole is not externally assured.

Economic, Operational, and Supplier Topics

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text
GRI 201	201-1	**Direct economic value generated and distributed**	AR p. 69 CEZ Group Financial Results AR p. 78 CEZ Group Capital Expenditure AR p. 79 CEZ Group Commodity Procurement, Sales, and Generation AR p. 82 ČEZ, a. s., Financial Performance
	201-3	**Defined benefit plan obligations and other retirement plans**	AR p. 138 Welfare Policy
	201-4	**Financial assistance received from government (subsidies and tax relief)**	AR p. 128 Research, Development, and Innovation
GRI 203	Management approach	**Indirect economic impacts and effects**	Sec. 1.1
	203-1	**Infrastructure investments and services supported**	Sec. 6 and 7
		What is the extent of development of significant infrastructure investments and services supported?	Sec. 6 and 7
		Report current or expected impacts on communities and local economies.	Sec. 6 and 7
		Are these investments and services commercial or pro bono engagements?	Both
	203-2	**Significant indirect economic impacts**	
		Provide examples of significant identified indirect economic impacts of the organization, including positive and negative impacts.	Sec. 1.1, 3.7.2, 4, 6, and 7
		What is the 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, 3.7.2, 4, 6, and 7
Electric Utilities Guidance		**Research and development**	Sec. 7.1 AR p. 128 Research, Development, and Innovation
Electric Utilities Guidance		**Plant decommissioning**	Sec. 3.3 AR p. 245 Provisions for Decommissioning and Reclamation of Mines and Mining Damages
Electric Utilities Guidance		**Emergency plans and response measures**	Sec. 3.4 AR p. 85 Safety and Quality Management AR p. 86 Safety of Operated Nuclear Power Plants
GRI 102	102-11	**Precautionary principle or approach**	Sec. 1.4

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text
GRI 205	Management approach	**Anti-corruption**	Sec. 1.4
	205-1	**Operations assessed for risks related to corruption**	Sec. 1.4
	205-3	**Confirmed incidents of corruption and actions taken**	
		What is the number of confirmed incidents of corruption?	0
		Describe the nature of confirmed incidents.	—
		What is the number of confirmed incidents in which employees were dismissed or disciplined for corruption?	—
		What is the number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption?	0
		Report public legal cases regarding corruption brought against the company or its employees during the reporting period and describe the outcomes of such cases.	0
GRI 102	102-9	**Supply chain**	Sec. 3.6
	102-10	**Significant changes to the organization and its supply chain**	Sec. 3.6 AR p. 147 Changes in CEZ Group Ownership Interests
GRI 308	Management approach	**Supplier environmental assessment**	Sec. 3.6
	308-1	**New suppliers that were screened using environmental criteria**	Sec. 3.6
	308-2	**Negative environmental impacts in the supply chain and actions taken**	Sec. 3.6
		What is the number of suppliers identified as having significant actual and potential negative environmental or ecological impacts?	0
		Report significant actual and potential negative environmental or ecological impacts identified in the supply chain.	Sec. 3.6

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text
GRI 414	Management approach	**Supplier social assessment**	Sec. 3.6
	414-1	**New suppliers that were screened using social criteria**	Sec. 3 and 3.6
	414-2	**Negative social impacts identified in the supply chain and actions taken**	Sec. 3.6
		What is the number of suppliers identified as having significant actual and potential negative social impacts?	0
		Report significant actual and potential negative social impacts identified in the supply chain.	0
Electric Utilities Guidance	G4-EU17, G4-EU18—modified	**Contractor and subcontractor employees—job categories and OSH training**	Sec. 3.6
		List categories of jobs performed by contractor and subcontractor employees—e.g., power plant operators, maintenance, or administrative.	Sec. 3.4.6 and 3.6

Social Topics

GRI STANDARD	Indicator Number	Disclosure	Category	Result Figure/Text 2017	Result %* 2017	Result Figure/Text 2018	Result %* 2018	Result Figure/Text 2019	Result %* 2019
GRI 401	Management approach	**Employment**		Sec. 2.7.3		Sec. 2.5.1			
GRI 102	102-8	**Information on employees and other workers**	Total number of employees	29,837	100.0	31,385	100.0	32,365	100.0
		What is the total number of employees by gender and employment contract—temporary?	Women	939	3.2	1,147	3.7	1,088	3.4
			Men	1,904	6.4	2,142	6.8	1,833	5.7
		What is the total number of employees by gender and employment contract—permanent?	Women	5,440	18.2	5,702	18.2	5,897	18.2
			Men	21,554	72.2	22,394	71.3	23,547	72.8
		What is the total number of employees by region and employment contract—temporary?	In Czechia	2,517	8.5	2,535	8.1	2,251	7.0
			Abroad	326	1.1	754	2.4	670	2.1
		What is the total number of employees by region and employment contract—permanent?	In Czechia	19,765	66.2	20,453	65.2	20,604	63.7
			Abroad	7,229	24.2	7,643	24.3	8,840	27.3
		What is the total number of employees by gender and employment type—full-time?	Women	6,127	20.5	6,601	21.0	6,673	20.6
			Men	23,099	77.4	24,278	77.4	25,084	77.5
		What is the total number of employees by gender and employment type—part-time?	Women	252	0.9	248	0.8	312	1.0
			Men	359	1.2	258	0.8	296	0.9
		Report any significant variations in the numbers reported in Disclosures 102–8.		0		0		0	
		Explain how the data have been compiled.		Consolidation of non-financial reporting and selected data from the 2017 AR		Consolidation of non-financial reporting and selected data from the 2018 AR		Consolidation of non-financial reporting and selected data from the 2019 AR	
		What is the total number of employees—by gender?	Women	6,379	21.4	6,849	21.8	6,985	21.6
			Men	23,458	78.6	24,536	78.2	25,380	78.4

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

GRI STANDARD	Indicator Number	Disclosure	Category	Result Figure/Text 2017	Result % 2017	Result Figure/Text 2018	Result % 2018	Result Figure/Text 2019	Result % 2019	Comment
GRI 405	Management approach	**Diversity of governance bodies and employees**								
	405-1	Composition of company governance bodies—by gender?	Women	50	10.1	62	10.7	69	11.3	
			Men	446	89.9	520	89.3	542	88.7	
		Composition of company governance bodies—by age?	18–29 years	2	0.4	3	0.5	2	0.3	
			30–49 years	307	61.9	348	59.8	345	56.5	
			50 years or more	187	37.7	231	39.7	264	43.2	
		What is the number of company employees—by gender?	Women	6,379	21.4	6,849	21.8	6,985	21.6	
			Men	23,458	78.6	24,536	78.2	25,380	78.4	
		What is the number of company employees—by age?	18–29 years	3,549	11.9	4,105	13.1	4,286	13.2	
			30–49 years	15,431	51.7	16,028	51.1	16,125	49.8	
			50 years or more	10,857	36.4	11,252	35.9	11,954	36.9	
		What is the total number of employees by educational attainment?	Primary	760	2.5	823	2.6	1,217	3.8	
			Upper secondary	20,441	68.6	20,999	66.9	21,161	65.4	
			Tertiary	8,636	28.9	9,563	30.5	9,987	30.9	
		Diversity of managerial positions*								
		What is the total number of employees reporting directly to a governance body or a governance body member?	Women					101	19.0	Of the total number of employees reporting directly to a governance body or a governance body member
			Men					430	81.0	Of the total number of employees reporting directly to a governance body or a governance body member
		What is the total number of managers?	Women					547	15.8	Of the total number of managers
			Men					2,915	84.2	Of the total number of managers

* Indicator monitored since 2019

GRI STANDARD	Indicator Number	Disclosure	Category	Result Figure/Text 2017	Result % 2017	Result Figure/Text 2018	Result % 2018	Result Figure/Text 2019	Result % 2019	Comment
GRI 401	401-1	**New employee hires**	Total	3,856	12.9	3,581	11.4	3,485	10.8	Of the total number of employees
		What was the number of new employee hires during the reporting period—by age?	18–29 years	1,370	38.6	1,334	32.5	1,541	36.0	Of all employees aged 18–29
			30–49 years	1,936	12.5	1,737	10.8	1,378	8.5	Of all employees aged 30–49
			50 years or more	550	5.1	510	4.5	566	4.7	Of all employees aged 50 or more
		What was the number of new employee hires during the reporting period—by gender?	Women	1,261	19.8	1,059	15.5	929	13.3	Of all female employees
			Men	2,595	11.1	2,522	10.3	2,556	10.1	Of all male employees
		What was the number of new employee hires during the reporting period—by region?	Czechia	2,808	12.6	2,626	11.4	2,175	9.5	Of all employees in Czechia
			Abroad	1,048	13.87	955	11.4	1,310	13.8	Of all employees abroad

GRI STANDARD	Indicator Number	Disclosure	Category	Result Figure/Text 2017	Result % 2017	Result Figure/Text 2018	Result % 2018	Result Figure/Text 2019	Result % 2019	Comment
GRI 401	401-1	**Employee turnover**								
		What was the number of employee turnover during the reporting period—by age?	18–29 years	539	15.2	548	13.3	776	18.1	Of all employees aged 18–29
			30–49 years	1,259	8.2	1,200	7.5	1,398	8.7	Of all employees aged 30–49
			50 years or more	1,066	9.8	935	8.3	1,203	10.1	Of all employees aged 50 or more
		What was the number of employee turnover during the reporting period—by gender?	Women	831	13.0	771	11.3	998	14.3	Of all female employees
			Men	2,033	8.7	1,912	7.8	2,379	9.4	Of all male employees
		What was the number of employee turnover during the reporting period—by region?	Czechia	2,002	9.0	2,132	9.3	2,275	10.0	Of all employees in Czechia
			Abroad	862	11.4	551	6.6	1,102	11.6	Of all employees abroad
		What is the total rate of employee turnover during the reporting period—by region?	Czechia		9.0		9.3		10.0	Of all employees in Czechia
			Abroad		11.4		6.6		11.6	Of all employees abroad

GRI STANDARD	Indicator Number	Disclosure	Category	Result Figure/Text 2017	Result % 2017	Result Figure/Text 2018	Result % 2018	Result Figure/Text 2019	Result % 2019	Comment
GRI 401	401-2	**Benefits commonly provided to full-time employees**		Sec. 2.7.1		Sec. 2.5.1.1		Sec. 4.1.2 and 4.1.3		
	401-3	**Parental leave**								
		How many employees are entitled to parental leave—by gender?	Women	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.		
			Men							
		How many employees are on parental leave—by gender?	Women	481	96.2	500	96.0	565	95.9	Of all employees in this category
			Men	19	3.8	21	4.0	24	4.1	Of all employees in this category
		How many employees returned to work after parental leave—by gender?	Women	88	86.3	93	81.6	89	83.2	Of all employees in this category
			Men	14	13.7	21	18.4	18	16.8	Of all employees in this category

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text 2017	Result % 2017	Result Figure/Text 2018	Result % 2018	Result Figure/Text 2019	Result % 2019
Electric Utilities Guidance	G4-EU15	**Eligibility to retire**	5,213	17.5	6,777	21.6	7,107	22.0
		Number of employees eligible to retire in the next 10 years in Czechia	3,995	13.3	5,303	16.9	5,308	16.4
		Number of employees eligible to retire in the next 10 years abroad	1,218	4.1	1,474	4.7	1,799	5.6
		Number of employees eligible to retire in the next 10 years by job category—management	523	1.8	773	2.5	803	2.5
		Number of employees eligible to retire in the next 10 years by job category—rank-and-file employees	4,690	15.7	6,004	19.1	6,304	19.5
GRI 404	404-1	**Absolute hours of training per year**						
		Absolute hours of training per year—management and rank-and-file employees	466,803		492,550		623,829	
GRI 102	102-16	**Values, principles, standards, and norms of behavior**	Sec. 1.5 and 2.6.10		Sec. 2.5.1.4		Sec. 1.4	
GRI 402	Management approach	**Labor/management relations**	Sec. 2.7.1		Sec. 2.5.1.2		Sec. 4 and 4.1	
	402-1	**Minimum notice periods regarding operational changes**						
		What is the 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.	
		For companies with collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified 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 STANDARD	Indicator Number	Disclosure	Result Figure/Text 2019
GRI 403	Management approach	**Occupational safety and health**	
	403-1	What control documents cover the OSH system?	Specified in collective agreements.
		Are there any employees or supplier workers exempt from the OSH system?	No.
	403-2	Describe the 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.
	403-3	Describe the occupational health services' functions that contribute to the identification and elimination of hazards and minimization of risks, and explain how the organization ensures the quality of these services and facilitates workers' access to them.	Sec. 3.4.6 and 3.6
	403-4	Employee and supplier worker involvement in occupational safety and health in the organization	Sec. 3.4.6 and 3.6
	403-5	How is OSH training provided (in-class training, e-learning) and what topics does the training cover? Which employees and supplier employees attend the training and how often?	Sec. 3.4.6 and 3.6
	403-6	How do you facilitate workers' access to nonoccupational medical and healthcare services?	Sec. 3.4.6
	403-8	OSH coverage in the organization	100% employees

GRI STANDARD	Indicator Number	Disclosure	Category	Result Figure/Text 2019
GRI 403	403-9	**Work-related injuries**		
		Number of work-related fatalities	Employees	0
		Number of reported work-related injuries	Employees	363
		Report the main types of work-related injuries.	Employees	Fall on a level surface, road accident, fall from a height, handling of loads
		Number of work-related fatalities	Suppliers	0
		Number of reported work-related injuries	Suppliers	86
		Report the main types of work-related injuries.	Suppliers	Fall on a level surface, fall from a height, sprained ankle
		Report hazards that pose a risk of high-consequence injury and how these hazards are determined.		2,100 jobs solely at the distribution company; 0, i.e. no occurrence, at other companies.
		Which of these hazards have caused or contributed to high-consequence injuries?		0
		What actions have been taken or are underway to eliminate or minimize these risks?		x
	403-10	**Work-related ill health**		
		Number of fatalities as a result of work-related ill health	Employees	0
		Number of reported cases of work-related ill health	Employees	0
		Number of fatalities as a result of work-related ill health	Suppliers	0
		Number of reported cases of work-related ill health	Suppliers	0
		Report work-related hazards that pose a risk of ill health. How do you determine these hazards?		We have no such jobs.
		Which of these hazards have caused or contributed to cases of work-related ill health?		x
		What actions have been taken or are underway to eliminate or minimize these risks?		x

GRI STANDARD	Indicator Number	Disclosure	Category	Result Figure/Text 2019
GRI 404	Management approach	**Training and education**		Sec. 3.7.1
	404-2	**Programs for upgrading employee skills and transition assistance programs**		Sec. 3.7.1
		Report the type and scope of programs implemented and assistance provided to upgrade employee skills and qualifications.		Sec. 3.7.1
		What transition assistance programs do you provide to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?		Sec. 3.7.1
	404-3	**Percentage of employees receiving regular performance and career development reviews**		
		What is the percentage of total employees that received a regular performance and career development review during the reporting period—by gender?	Women	100%
			Men	100%
		What is the percentage of total employees that received a regular performance and career development review during the reporting period—by category?	Management employees	100%
			Rank-and-file employees	100%
GRI 406	Management approach	**Nondiscrimination**		Sec. 1.4
		Incidents of discrimination and corrective actions taken		As in previous years, no cases of discrimination were registered and no corrective action had to be taken at CEZ Group companies in 2019.
		How many incidents of discrimination did you identify during the reporting period?		0
		Describe the status of the incidents and actions taken.		x
		Report the percentage of total employees covered by collective agreements.		100%

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text 2019
GRI 407	Management approach	**Freedom of association and collective bargaining**	Sec. 4 (Management Regularly Communicates with Their Employees)
	407-1	**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.
		Report 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
		Describe measures taken by the company in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	x
GRI 413	Management approach	**Local communities**	Foreword, Sec. 2.4, 4, 4.2, 4.3
	413-1	**Operations with local community engagement**	Sec. 4.2
	413-2	**Operations with significant actual and potential negative impacts on local communities**	0
Electric Utilities Guidance	G4-EU22	**Number of people physically or economically displaced and compensation, broken down by type of project**	0
Electric Utilities Guidance	G4-MM6	**Number and description of significant disputes relating to land use, customary rights of local communities and indigenous peoples**	0
	G4-MM10	**Number and percentage of operations—mines—with closure plans**	Bílina Mine (after 2050), Nástup Tušimice Mines (after 2035)
GRI 415	Management approach	**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.
	415-1	**Political contributions**	The parent company ČEZ does not make contributions to any political groupings.
		If political contributions were made, report the recipients. What was the 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.
		How was the monetary value of in-kind contributions estimated and who were the recipients?	We do not make any.

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text 2019
GRI 416	Management approach	**Customer safety and health**	Sec. 5.1
	416-2	**Incidents of noncompliance concerning the health and safety impacts of products and services**	
		What is the number of identified incidents of noncompliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period, categorized as follows? 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
		Report the number of individuals affected by injuries and fatalities involving company assets.	0
		Report the annual 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
GRI 418	Management approach	**Customer privacy**	Sec. 3.4.7
	418-1	**Substantiated complaints concerning breaches of customer privacy and losses of customer data**	
		How many substantiated complaints did you receive concerning breaches of customer privacy?	
		I. Complaints received from outside parties and substantiated by the company	174
		II. Complaints from regulatory bodies	1
		Total number of identified leaks, thefts, or losses of customer data	1

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text 2019
GRI 419 GRI 307	Combination of two management approaches	**Regulatory and legal compliance**	Sec. 1.2, 3.1, 3.2, 3.4, 3.6, 4.1
	419-1	**Non-compliance with laws and regulations in the social and economic area**	AR p. 149 Legal and Other Proceedings Involving CEZ Group Companies
		Report significant fines and non-monetary sanctions for noncompliance with laws and/or regulations in the social and economic area in terms of:	
		I. Total monetary value of significant fines	AR p. 149 Legal and Other Proceedings Involving CEZ Group Companies
		II. Total number of non-monetary sanctions	0
		III. Cases brought through dispute resolution mechanisms	0
	307-1	**Non-compliance with environmental laws and regulations**	Sec. 3.1 AR p. 142 Environmental Protection
		Report significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:	
		I. Total monetary value of significant fines	0
		II. Total number of non-monetary sanctions	0
		III. Cases brought through dispute resolution mechanisms	0

Distribution 2019

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text
Electric Utilities Guidance		**Reliability and availability of supplies**	AR p. 103 Distribution
Electric Utilities Guidance	G4-EU3	**Number of residential, industrial, institutional, and commercial customer accounts**	7.4 million service points
Electric Utilities Guidance	G4-EU4	**Length of above and underground lines**	Distribution TAB
Electric Utilities Guidance	G4-EU12	**Distribution losses**	Distribution TAB
Electric Utilities Guidance	G4-EU28	**SAIFI**	Distribution TAB
Electric Utilities Guidance	G4-EU29	**SAIDI**	Distribution TAB

List of Consolidated Distribution Companies in CEZ Group

- ČEZ Distribuce, a. s.
- CEZ Razpredelenie Bulgaria AD
- Distributie Energie Oltenia S.A.

ČEZ Distribuce strives to provide its customers with reliable and safe electricity distribution and related services at reasonable prices and to ensure distribution system renovation and development to meet customers' future needs.
ČEZ Distribuce wants to be a top-level European distribution system operator in terms of effectiveness and the introduction of innovative technologies.

Electricity consumption adjusted for climatic and seasonal effects increased by 0.1% year-on-year in 2019. Unadjusted consumption in the distribution area served by ČEZ Distribuce decreased by 0.3%. By means of regional distribution grids, ČEZ Distribuce supplies about 65% of electricity in Czechia and covers about 66% of Czechia's territory. Annual consumption in the whole country grew in the past five years; according to Energy Regulatory Office statistics, it increased from 52.8 TWh in 2015 to a preliminary 55.4 TWh in 2019, that is, by 4.9%.

G4-EU4 Length of Above and Underground Lines in 2019

Type of Line	ČEZ Distribuce, a. s.	CEZ Razpredelenie Bulgaria AD	Distributie Energie Oltenia S.A.	Total (km)
HV—Overhead	10,002	66	5,398	15,466
MV—Overhead	51,006	24,775	21,595	97,376
LV—Overhead	104,827	32,833	59,672	197,332
Total	165,835	57,674	86,665	310,174

G4-EU12: Distribution Losses

	ČEZ Distribuce, a. s.	CEZ Razpredelenie Bulgaria AD	Distributie Energie Oltenia S.A.
2017	4.70%	10.35%	9.78%
2018	4.67%	9.06%	8.59%
2019	4.73%	8.01%	8.17%

G4-EU27: Number of Residential Disconnections for Non-Payment in 2019

	ČEZ Distribuce, a. s.	CEZ Razpredelenie Bulgaria AD	Distributie Energie Oltenia S.A.
0–2 days	1,429	30	7,797
2–7 days	2,024	2	2,158
7–30 days	1,589	3	2,402
30–365 days	425	5	1,937
Over 1 year	0	0	1,330
Total	5,467	40	15,624

G4-EU28: SAIFI

	ČEZ Distribuce, a. s.	CEZ Razpredelenie Bulgaria AD	Distributie Energie Oltenia S.A.
Excluding calamities and blackouts (number of interruptions per customer)			
2017	2.21	3.04	3.96
2018	2.22	2.65	3.29
2019	2.09	2.47	3.10
Including calamities and blackouts (number)			
2017	3.41	*n/a	4.91
2018	2.74	*n/a	4.82
2019	2.89	*n/a	4.51

* CEZ Razpredelenie Bulgaria AD 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, a. s.	CEZ Razpredelenie Bulgaria AD	Distributie Energie Oltenia S.A.
Excluding calamities and blackouts (interruption duration per customer—minutes)			
2017	257.41	180.2	479.5
2018	246.64	157.9	440.0
2019	232.68	138.2	396.2
Including calamities and blackouts (minutes)			
2017	501.47	*n/a	599.1
2018	307.09	*n/a	850.8
2019	348.52	*n/a	661.6

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

Environmental Topics

GRI STANDARD	Indicator Number	Disclosure	Result Figure/Text
GRI 300	Management approach	**Environmental protection**	Sec. 3.1 AR p. 142 Environmental Protection
GRI 302	Management approach	**ENERGY**	Sec. 3.2 & environmental tables (TAB)
	302-1	Energy consumption within the organization	TAB
	302-3	Energy intensity	TAB
GRI 303	Management approach	**WATER AND EFFLUENTS**	Sec. 3.1.1 & TAB
GRI 306	303-1	Water withdrawal by source:	Sec. 3.1.1 & TAB
	303-3	Water recycled	Sec. 3.1.1 & TAB
	306-1	Wastewater discharges	Sec. 3.1.1 & TAB
	306-3	Significant spills	TAB
GRI 304	Management approach	**BIODIVERSITY**	Sec. 3.3 AR p. 144 Fauna Protection and Support & TAB
	304-1	Operational sites in protected areas	TAB
	304-2	Demonstrable impacts on biodiversity	TAB
	304-3	Habitats protected or restored	TAB
GRI 305	Management approach	**EMISSIONS**	Sec. 3 & TAB
	305-1	Direct CO_2 emissions	3.1 & TAB
	305-3	Indirect emissions—transportation CO_2 emissions	3.1 & TAB
	305-4	CO_2 emissions intensity	3.1 & TAB
	305-6	Emissions of ozone-depleting substances (ODS)	3.1 & TAB
	305-7	Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions	3.1 & TAB
GRI 306	Management approach	**EFFLUENTS AND WASTE**	Sec. 3.5 & TAB
	306-2	Total waste generated	TAB
Electric Utilities Guidance	G4-EU1	Installed Capacity	TAB
	G4-EU2	Net energy output	TAB
	G4-EU5	Allocation of CO_2 emissions allowances	TAB

Environmental Tables

GRI 302—Energy

302-1 Energy Consumption within the Organization

Fuel consumption from nonrenewable sources [GJ]

	2017	2018	2019
CEZ Group	593,812,293	604,158,616	603,058,733

Fuel consumption from renewable sources [GJ]

	2017	2018	2019
CEZ Group	9,953,025	10,304,789	12,692,027

Total consumption [GJ]

	2017	2018	2019
Electricity	20,913,786	19,479,209	19,163,870
Heat	12,791,892	12,464,218	12,762,047

Total sold [GJ]

	2017	2018	2019
Electricity	188,798,539	190,676,566	196,691,623
Heat	23,659,000	23,213,000	24,116,000

Total energy consumption within the organization [GJ]

	2017	2018	2019
Nonrenewable fuels	593,812,293	604,158,616	603,058,733
+			
Renewable fuels	9,953,025	10,304,789	12,692,027
+			
Energy procured	0	0	0
+			
Energy generated from “nonfuel sources”	9,701	8,816	9,973
–			
Energy sold	212,457,539	213,889,566	220,807,623
=			
Total energy consumption within the organization	391,317,480	400,582,656	394,953,110

302-3 Energy Intensity

Energy intensity ratio—Consumption of energy in fuel per energy unit supplied [GJ/GJ]

	2017	2018	2019
Energy consumption within the organization (fuel)	603,765,318	614,463,405	615,750,760
Energy supplied (electricity + heating)	212,457,539	213,889,566	220,807,623
Energy intensity ratio	2.842	2.873	2.789

GRI 303—Water

303-1 Water Withdrawal by Source

	Unit	2017	2018	2019
Volume of water withdrawn—surface water	m^3/year	767,171,926	752,361,286	634,948,232
Of which, cooling water	m^3/year	614,973,253	588,989,546	478,755,206
Volume of water withdrawn—groundwater	m^3/year	379,064	372,399	388,440
Volume of drinking water withdrawn from public water utilities	m^3/year	5,218,763	5,358,014	5,240,831
Volume of service and cooling water withdrawn from industrial water works	m^3/year	107,099	66,096	92,073
Volume of waste water withdrawn for reuse from another organization	m^3/year	0	0	0
Volume of rainwater used	m^3/year	1,630,947	1,024,375	1,123,894
Volume of water originating from the organization's activities (e.g., mine water)*				5,567,308

* Reported since 2019

303-3 Water Recycled and Reused

	Unit	2017	2018	2019
Volume of water recycled and reused	m^3/year	23,346,039	39,203,863	32,620,375

For example, use of rainwater, wastewater from chemical water treatment, water from gypsum washing, continuous and periodical blowdown, or return water from slag washing

GRI 306—Effluents

306-1 Total Water Discharges, Excluding Separately Reported Rainwater and Domestic Sewage

	Unit	2017	2018	2019	Comment
Total volume of water discharges	m^3/year	639,357,227	653,206,664	533,647,939	
Of which, volume of once-through cooling water discharged	m^3/year	611,385,372	588,989,546	478,755,206	
Of which, volume of treated water	m^3/year	25,534,457	25,872,811	21,285,507	
Of which, volume of water without treatment	m^3/year	35,425,510	37,887,749	34,709,493	Wastewater from once-through turbine cooling is excluded.
Of which, volume of water discharged to surface water	m^3/year	57,184,003	60,025,761	54,444,589	Wastewater from once-through turbine cooling is excluded.
Of which, volume of water discharged to public sewers (incl. removal by trucks)	m^3/year	1,450,333	1,417,119	185,541	Reported excluding domestic sewage since 2019.
Of which, volume of discharged water reused by another organization	m^3/year	2,686,762	1,802,749	1,854,610	
Quality of discharged water					
Suspended solids (SS)	t/year	316	301	332	
Chemical oxygen demand (COD)	t/year	738	930	932	
Volume of domestic sewage discharges	m^3/year			519,561	

306-3 Significant Spills

Location of Spill	Material of Spill	Unit	Volume of Spill
Mělník Power Plant	Spill of turbine oil into the Elbe. The accident resulted from a combination of two technical failures in a cooling circuit, namely the occurrence of a leak in the oil cooler of Unit B11 with a concurrent failure of the online monitoring of aromatic hydrocarbons indicating oil product leakage into the cooling circuit. The accidental release was detected in the river outside of the plant; the oil product was removed from the Elbe by the river authority. As soon as the accident was reported, a sorption boom was installed to capture residual pollution. According to available information, no fish or other animals perished during the accident.	m^3/year	Approx. 0.1
Mělník Power Plant	Spill of oil from a burst sealing in the cooling oil system during tests on TG 4. No oil was released into groundwater or surface water.	m^3/year	Approx. 0.1
ČEZ Distribuce, a.s.	There were 23 spills into soil or onto paved surfaces. There was no spill into groundwater or surface water. The total amount of materials released during all the incidents is reported. The maximum amount released in a single incident was 300 liters of oil.	m^3/year	1,293
Slapy Hydroelectric Power Plant	Spill of transformer oil into a sump without release into the environment in connection with a ball valve failure in an oil drain pipe in a transformer vault.	m^3/year	Approx. 0.25

GRI 304—Biodiversity

304-1 Operational Sites in or Adjacent to Protected Areas and Areas of High Biodiversity Value

Biodiversity	Site of High Biodiversity Value	Actual 2019 Data	Comment
Geographic location	AZ KLIMA a.s.—Milovice u Mikulova branch (manufacturing plant)	48°51’13.7’’N 16°41’54.0’’E	The AZ KLIMA a. s. plant is located in the Pálava protected landscape area characterized by valuable biotopes of species-rich rocky, sod-grass, and tall-grass steppes, forest steppes, thermophilic oak woods, and talus forests that have developed on the Pavlovské vrchy limestone hills. A special protection area under the Birds Directive was created in the protected landscape area in 2004. Protection applies to populations of, for example: the white stork (Ciconia ciconia), middle spotted woodpecker (Dendrocoptes medius), or white-tailed eagle (Haliaeetus albicilla). The protected landscape area includes the Milovická stráň nature reserve (approximately 480 m from the plant). These are valuable forest, forest-steppe, and steppe phytocoenoses hosting rare species.
Position in relation to the protected area or high biodiversity value area		Pálava PLA, Special Protection Area (in the area), Milovická stráň NR (approx. 480 m)	
Size of operational site		0.00039 km^2	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Pálava PLA, Milovická stráň NR, Special Protection Area	
Geographic location	MARTIA a.s.—Teplická 207/129, 405 02, Děčín (administrative building, garages, warehouses)	50°46’44.2’’N 14°11’00.1’’E	The MARTIA operational site is located in the České středohoří protected landscape area and in close proximity to the Labské pískovce protected landscape area. The Labské pískovce protected landscape area was created to protect its landforms, having an effect on the occurrence of rare plant and animal species such as the golden ground beetle (Carabus auratus) or the minotaur beetle (Typhaeus typhoeus). There are both montane (at the bottom of deep ravines) and thermophilic species (dry and warm rock plains) occurring in close proximity. With its specific natural conditions, the České středohoří PLA, located on both sides of the lower reach of the Czech portion of the Elbe, is one of Czechia’s richest areas in terms of the numbers of plant and animal species.
Position in relation to the protected area or high biodiversity value area		České středohoří PLA (in the area), Labské pískovce PLA (adjacent to)	
Size of operational site			
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		České středohoří PLA Labské pískovce PLA	

Biodiversity	Site of High Biodiversity Value	Actual 2019 Data	Comment
Geographic location	ČEZ, a. s., Dětmarovice Power Plant, 735 71, Dětmarovice	49°54'26.9''N 18°27'52.2''E	The Dětmarovice power plant is located in close proximity to the Olše Floodplain–Věřňovice nature reserve. This is an area in the Olše river floodplain with former meanders and a preserved river terrace, with accompanying developed vegetation, mostly linear, and an alluvial softwood forest in former meander areas. There are also remnants of pond dams with crops of old trees. The area is the habitat of a rare bug, the hermit beetle (Osmoderma eremita), as well as the yellow-bellied toad (Bombina variegata). The area is classified as a site of Community importance under the European NATURA 2000 network.
Position in relation to the protected area or high biodiversity value area		Adjacent to	
Size of operational site		Approx. 0.4 km^2	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Olše Floodplain–Věřňovice NR, NATURA 2000	
Geographic location	Zbrod disposal site of the Hodonín Power Plant (EHO)	48°50'51''N 17°07'12''E	The disposal site is located in the Hodonín Oak Wood, a site of Community importance. Protection concerns forest stands consisting of oak, oak-hornbeam, hornbeam-oak, and ash-alder communities and rare/protected plant and animal species. Such plants include, for example: Festuca amethystina, Stipa borysthenica, Daphne cneorum, and Iris variegata. The animals include, for example: the barbastelle (Barbastella barbastellus), the European fire-bellied toad (Bombina bombina), or a stag beetle (Lucanus cervus). The soil environment consists of aeolian sands.
Position in relation to the protected area or high biodiversity value area		In the area	
Size of operational site		0.266 km^2	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Site of Community importance pursuant to Directive 92/43/EEC	

Biodiversity	Site of High Biodiversity Value	Actual 2019 Data	Comment
Geographic location	Ralsko I and II photovoltaic (solar) power plant	50°34'47,94''N 14°47'45,623''E RA1 south (technical facilities)	The RA1 photovoltaic power plant is located in close proximity to the Kokořínsko—Máchův kraj protected landscape area. The area is unique in its geomorphology—flat basins with numerous ponds and peat bogs, quader sandstones, neovolcanic hills, sandstone formations and canyons, naturally meandering course of the Ploučnice river, and the valleys of the Liběchovka and Pšovka streams. There are also specially protected animals (such as the common crane, Grus grus, and the white-tailed eagle, Haliaeetus albicilla) and plants (such as Dactylorhiza bohemica and Pinguicula bohemica—endemic species).
Position in relation to the protected area or high biodiversity value area		Adjacent to (in close proximity to the border of the PLA)	
Size of operational site		0.872 km^2 (area of the whole PV power plant site)	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Kokořínsko—Máchův kraj PLA	
Geographic location	Černé jezero hydroelectric power plant	49°11'30.984''N 13°12'26.425''E	The Černé jezero hydroelectric power plant is located in the Šumava protected landscape area, which is also classified as a special protection area under the Birds Directive. The special protection area serves to protect populations of, for example, the hazel grouse (Tetrastes bonasia), western capercaillie (Tetrao urogallus), corncrake (Crex crex), and black stork (Ciconia nigra). The Černé jezero hydropower plant is located approximately 400 m from the Brčálnické mokřady nature reserve, situated in a valley on the upper reaches of the Úhlava river. The reason for protection is dynamically and spontaneously developing herb and woody plant communities.
Position in relation to the protected area or high biodiversity value area		Šumava PLA (in the area), Special Protection Area (in the area), Brčálnické mokřady NR (approx. 400 m)	
Size of operational site		0.002 km^2 (power plant and inner court built-up area)	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Šumava PLA, Special Protection Area, Brčálnické mokřady NR	
Geographic location	Střekov hydroelectric power plant	50°38'18.5"N 14°02'46.7"E	The operational site of the Střekov hydropower plant is located in the České středohoří protected landscape area. With its specific natural conditions, the České středohoří PLA, located on both sides of the lower reach of the Czech portion of the Elbe, is one of Czechia's richest areas in terms of the numbers of plant and animal species.
Position in relation to the protected area or high biodiversity value area		In the area	
Size of operational site		0.009 km^2 (area of the HPP building, intake, and outlet)	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		České středohoří PLA	

Biodiversity	Site of High Biodiversity Value	Actual 2019 Data	Comment
Geographic location	Vydra hydroelectric power plant	49°6'19.956''N 13°29'35.239''E	The Vydra hydroelectric power plant is located in the Šumava protected landscape area, which is also classified as a special protection area under the Birds Directive. The area serves to protect populations of species such as: the western capercaillie (Tetrao urogallus), black stork (Ciconia nigra), white-backed woodpecker (Dendrocopos leucotos), and Ural owl (Strix uralensis). The Šumava National Park features moors, peat bogs, and tarns, which are home to dozens of endangered plant and animal species (such as the European lynx, Lynx lynx; western capercaillie, Tetrao urogallus; three-toed woodpecker, Picoides tridactylus; ring ouzel, Turdus torquatus; or also the boreal owl, Aegolius funereus). There are also endemic plants (Aconitum plicatum, Gentianella praecox subsp. bohemica, Phyteuma nigrum, Dactylorhiza majalis subsp. turfosa) and animals (Oreonebria castanea sumavica).
Position in relation to the protected area or high biodiversity value area		In the area	
Size of operational site		0.004 km^2 (power plant and inner court built-up area)	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Šumava PLA, Šumava National Park, Special Protection Area	
Geographic location	Čeňkova Pila hydroelectric power plant	49°6'35.084''N 13°29'33.103''E	The Čeňkova Pila hydroelectric power plant is located in the Šumava protected landscape area, which is also classified as a special protection area under the Birds Directive. The area serves to protect populations of species such as: the western capercaillie (Tetrao urogallus), black stork (Ciconia nigra), white-backed woodpecker (Dendrocopos leucotos), and Ural owl (Strix uralensis). The Šumava National Park features moors, peat bogs, and tarns, which are home to dozens of endangered plant and animal species (such as the European lynx, Lynx lynx; western capercaillie, Tetrao urogallus; three-toed woodpecker, Picoides tridactylus; ring ouzel, Turdus torquatus; or also the boreal owl, Aegolius funereus). There are also endemic plants (Aconitum plicatum, Gentianella praecox subsp. bohemica, Phyteuma nigrum, Dactylorhiza majalis subsp. turfosa) and animals (Oreonebria castanea sumavica).
Position in relation to the protected area or high biodiversity value area		In the area	
Size of operational site		0.0002 km^2 (built-up area of the power plant building)	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Šumava PLA, Šumava National Park, Special Protection Area	

Biodiversity	Site of High Biodiversity Value	Actual 2019 Data	Comment
Geographic location	13.5 MW heating plant of the Mohelnice Energy Management Facility	49°46’45.738’’N 16°55’51.122’’E	The Litovelské Pomoraví protected landscape area is located 753 m from the operational site. It is a narrow, 3–8 km wide strip of riparian forests and meadows along the Morava river between the cities of Mohelnice and Olomouc. The fauna of the Litovelské Pomoraví protected landscape area is a typical representative of river, lake, pool, wet meadow, and riparian forest communities. The western and northern part of the protected landscape area hosts drier oakwood communities. There are rare crustaceans, water fleas, and clam shrimps in the area. There is also a large population of the clouded Apollo (Parnassius mnemosyne), a butterfly that is virtually extinct in Bohemia. Critically endangered species found at the site include the common spadefoot toad (Pelobates fuscus); the red kite (Milvus milvus), a rare bird, also nests in the area. In respect of community and gene pool conservation, the Litovelské Pomoraví protected landscape area can be considered one of the most important sites in Central Europe for the preservation of temporary pool communities. Its flora consists of riparian forests, mixed oak-hornbeam woods, lime-oak-hornbeam woods, and alder woods. Very rare inhabitants of its floodplain meadows include, for example, the marsh pea (Lathyrus palustris). Litovelské Pomoraví special protection area—protected species are the common kingfisher (Alcedo atthis), the middle spotted woodpecker (Dendrocopos medius), and the collared flycatcher (Ficedula albicollis).
Position in relation to the protected area or high biodiversity value area		Litovelské Pomoraví (753 m)	
Size of operational site		0.000736 km^2	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		Protected Landscape Area, Special Protection Area	
Geographic location	Romanian wind park of TOMIS TEAM S.A., MW TEAM INVEST S.R.L., OVIDIU DEVELOPMENT S.R.L.	44°34’50’’N 28°33’37’’E	The wind park is adjacent to the “Delta Dunării și Complexul Razim-Sinoie” area, part of the Danube delta natural reservation, which was put on the UNESCO World Heritage List in 1990. The Danube delta and Razim-Sinoie Complex have been designated special protection areas under the Birds Directive since 2007. The area mostly consists of lakes, sea coast, and higher raised formations. Very rare species inhabiting the area include, for example, the snow bunting (Plectrophenax nivalis), the western cattle egret (Bubulcus ibis), the pied avocet (Recurvirostra avosetta), the grey heron (Ardea cinerea), the Alpine swift (Tachymarptis melba), or the common rosefinch (Carpodacus erythrinus).
Position in relation to the protected area or high biodiversity value area		Adjacent	
Size of operational site		95 km^2	
Biodiversity value		Terrestrial ecosystem	
Biodiversity value—listing of protected status		NATURA 2000—Special Protection Area	

304-2 Demonstrable Impacts on Biodiversity

Biodiversity	Site of High Biodiversity Value	Actual 2019 Data	Comment
Report the 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 39.24 ha of land and started new land restoration activities on 51.21 ha in 2019. Additional 70.30 ha and 30.68 ha of land were appropriated at the Bílina Mines and the Nástup Tušimice Mines, respectively.	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	
Report the nature of significant direct and indirect positive and negative impacts on biodiversity.		—	
Species affected		—	
Extent of areas impacted		—	
Duration of impacts		—	
Reversibility of the impacts		—	

304-3 Habitats Protected or Restored

Biodiversity	Site of High Biodiversity Value	Actual 2019 Data	Comment
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	Under way
	Restoration of habitats as part of land restoration by SD	5,856.75 ha	Approved by competent national authority
Do partnerships exist with third parties to protect or restore habitat areas?	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 5,856.75 ha completed, including 2,654.43 ha restored to agricultural land, 2,442.66 ha restored to forests, and 199.17 ha of water bodies.	

GRI 305—Emissions

305-1 Direct CO_2 Emissions (Scope 1)

CEZ Group Emissions from Electricity and Heat Generation (tCO_2)	2017	2018	2019
Emissions from fossil fuels	27,866,642	26,802,633	26,070,966
Emissions from biomass	1,051,439	1,048,267	1,343,775

305-2 Indirect CO_2 Emissions—Emissions from Purchased and Consumed Energy (Scope 2)

	2017	2018	2019
Amount of CO_2 emissions (t)*	565,939	444,364	383,096

* Emission factors used for calculation are taken from Carbon Footprint—Country Specific Electricity Grid Greenhouse Gas Emission Factors.

305-3 Indirect Emissions—Transportation CO_2 Emissions (Scope 3)

Amount of CO_2 emissions (t)	2017	2018	2019
Cars	18,407	17,760	19,068
Trucks	21,994	16,608	22,893
Trains	3,237	2,672	2,760
Buses	226	88	162
Other (machinery)	20,214	17,251	16,757
Total	64,078	54,378	61,640

305-4 CO_2 Emissions Intensity

Emissions Intensity of Electricity Generation, excluding Renewables (tCO_2/MWh)	2017	2018	2019	Index 2019/2018 (%)
CO_2 emissions intensity per generated electricity	0.40	0.39	0.36	93.3
CO_2 emissions intensity, including biomass emissions, per generated electricity	0.41	0.40	0.38	95.2
CO_2 emissions intensity per generated electricity and heat	0.40	0.38	0.36	94.9
CO_2 emissions intensity, including biomass emissions, per generated electricity and heat	0.41	0.40	0.38	96.0

305-6 Emissions of Ozone-Depleting Substances (ODS)

Type of Fluorinated Greenhouse Gas	HFC Leaks from Cooling and Air-Conditioning Equipment (kg)	PFC Leaks from Cooling and Air-Conditioning Equipment (kg)	SF6 (Sulfur Hexafluoride) (kg)
2019	634	1.19	2,501

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

		2017	2018	2019
PM	t	1,534	1,589	1,575
SO_2	t	27,476	25,677	21,008
NO_X	t	25,905	24,851	23,040
Specific emissions from electricity generation				
PM	$kg/Egen_{MWh}$	0.024	0.025	0.024
SO_2	$kg/Egen_{MWh}$	0.437	0.408	0.325
NO_X	$kg/Egen_{MWh}$	0.412	0.395	0.356
Specific emissions from electricity and heat generation				
PM	$kg/E_{gen}+Q_{HEAT}$ MW_h	0.022	0.023	0.022
SO_2	$kg/E_{gen}+Q_{HEAT}$ MW_h	0.390	0.365	0.290
NO_X	$kg/E_{gen}+Q_{HEAT}$ MW_h	0.367	0.353	0.318

GRI 306—Effluents and Waste

306-2 Waste by Type and Disposal Method

	Disposal Method	Unit	2017	2018	2019
Total weight of nonhazardous waste		t/year	500,541	438,634	293,653
Total weight of hazardous waste		t/year	3,240	2,801	3,033
Weight of waste reused (slag, ashes, gypsum, waste soil)	Reuse	t/year	457,445	389,917	249,380
Weight of waste recycled (paper, plastic, metal waste)	Recycling	t/year	12,410	17,264	14,138
Weight of waste composted (biodegradable waste)	Composting	t/year	246	317	655
Weight of waste with its energy recovered/incinerated	Incineration (mass burn)	t/year	842	549	428
Weight of waste landfilled	Landfill	t/year	28,451	29,393	21,983
Weight of waste handed over to authorized operator (end use unknown)	Handover to authorized operator (end use unknown)	t/year	4,387	3,995	10,103
Total weight of radioactive waste					
Weight of radioactive waste placed in radioactive waste repository	On-site storage	t/year	142	373	370
Weight of waste products handed over in a take-back system as waste prevention	Total	t/year	118.76	376.93	342.03
Batteries and accumulators handed over for take-back (not included in reported waste)	Product take-back	t/year	14.01	8.77	4.51
Discarded equipment handed over for take-back (not included in reported waste)	Product take-back	t/year	75.49	288.59	275.54
Discharge and fluorescent lamps handed over for take-back (not included in reported waste)	Product take-back	t/year	8.24	11.84	16.94
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	21.02	67.74	45.05
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

G4-EU1—Installed Capacity in MW

	2017	2018	2019
CEZ Group	14,865	14,848	14,643
Nuclear power plants	4,290	4,290	4,290
CCGT power plants; gas-fired CUs and boiler plants	845	940	955
Coal-fired power plants and heating plants	6,871	6,761	6,541
Hydroelectric power plants	1,985	1,984	1,984
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	2017	2018	2019
Energy supplied from CEZ Group facilities	56,620	56,930	58,381
Energy generation by source	62,889	63,081	64,635
Nuclear	28,339	29,920	30,245
Coal	28,176	26,974	25,416
Hydro	2,156	1,974	2,316
Biomass	808	789	1,028
Photovoltaic	138	146	142
Wind	1,571	1,380	1,479
Natural gas	1,698	1,895	4,005
Biogas	4	4	2
In-house & other consumption, including pumped storage	(6 269)	(6 151)	(6,254)

G4-EU5—Allocation of CO_2 Emissions Allowances

Allocation of Emissions Allowances to CEZ Group in 2017–2019

(EUA)	2017	2018	2019
Free allowances (for heating)	839,961	704,696	575,100
Allowances in exchange for investments (for electricity)	7,260,619	4,796,169	2,693,932
Total	8,100,580	5,500,865	3,269,032

Balance of CO_2 Emissions [t] and CEZ Group Allowances

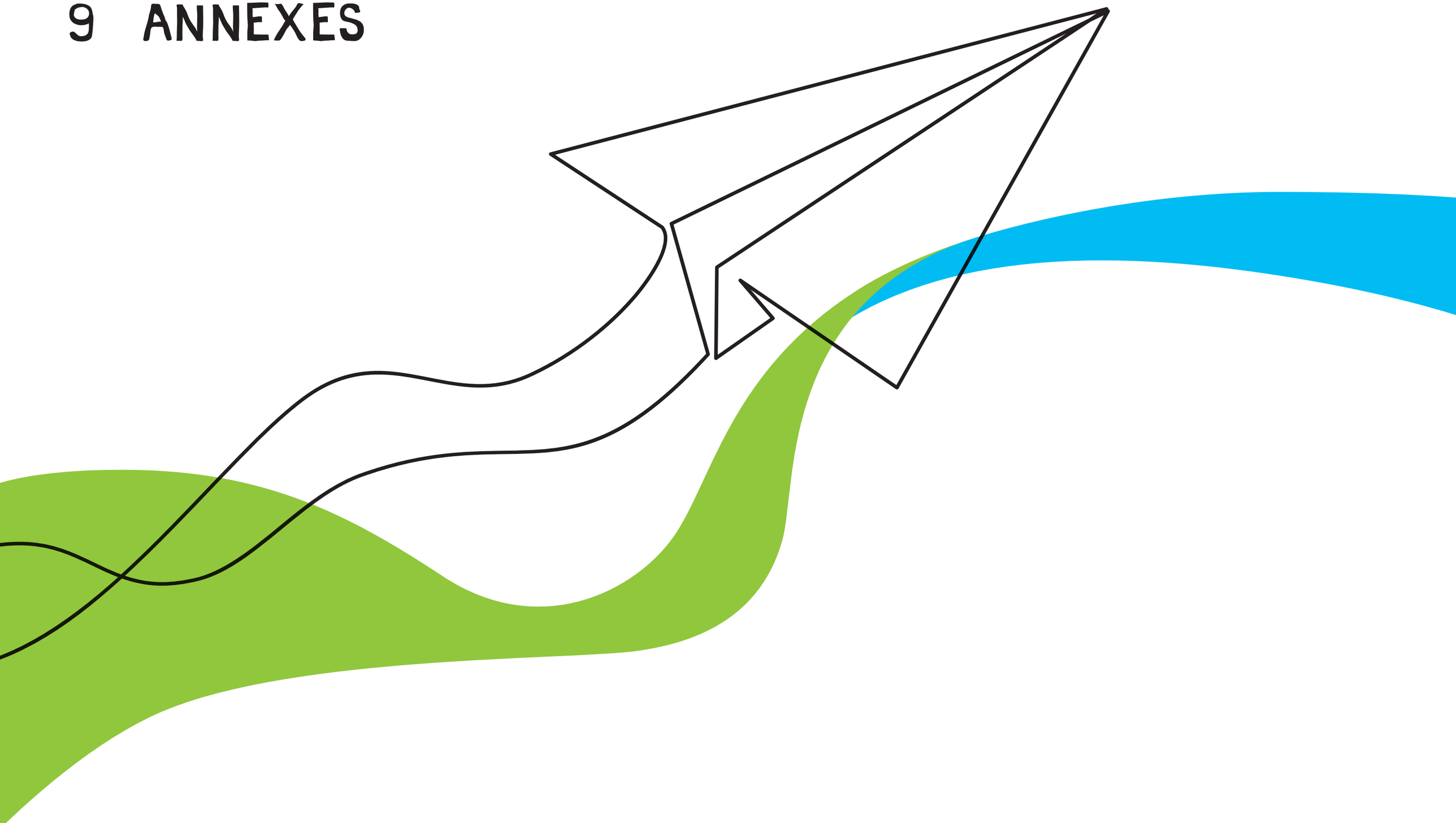
(EUA)	2017	2018	2019
Allocated allowances	8,100,580	5,500,865	3,269,032
Emissions (from fossil fuels)	27,866,642	26,802,633	26,070,966
Difference—additionally purchased allowances	19,766,062	21,301,768	22,801,934

CEZ Group Allocation by Method

(%)	2017	2018	2019
Free allowances (for heating)	3	3	2
Allowances in exchange for investments (for electricity)	26	18	10
Allowances additionally purchased in the market	71	79	87

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

9 ANNEXES



9.1 EXTERNAL COLLABORATION

Membership in Selected Professional Associations, Societies and Cooperation Partnerships

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.

Czechia

Nuclear Energy Agency – NEA (ÚJV Řež)

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 – MPO ČR (ÚJV Řež)

Association of Certified Accountants – ACCA (ČEZ)

Association of Certified Fraud Investigators (CEZ)

Association of Energy Auditors (ČEZ Teplárenská)

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

Czech Critical Infrastructure Association – AKI CR (ČEZ)

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

Association for the Utilization of Energy Products (ČEZ)

Association of Energy Services Operators – APES (ČEZ, ENESA)

Social Responsibility Association (ČEZ)

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

Business for Society (ČEZ)

City Center of the Future CIIRC CTU (ČEZ ESCO)

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

Corporate Governance Institute – CGI (ČEZ)

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

CZECH POWER INDUSTRY ALLIANCE – CPIA (ŠKODA PRAHA)

Czech Smart City Cluster (ČEZ ESCO)

Czech Agency for Standardization – ČAS (ČEZ Distribuce)

Czech Archives Association (ČEZ Korporátní služby)

Czech Association for Financial Management – CAFIN (PRODECO)

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

Czech Compliance Association (ČEZ)

Czech Photovoltaic Association (ČEZ)

Czech Chamber of Authorized Engineers and Technicians in the Construction Business – ČKAIT (ŠKODA PRAHA, AZ Klima)

Czech Membrane Platform (ČEZ)

Czech Nuclear Society (ČEZ, OSC)

Czech Nuclear Society – Women in Nuclear Section (ČEZ)

Czech Green Building Council – CZGBC (ČEZ ESCO)

Czech Society for Quality (ŠKODA PRAHA)

Czech Society for Maintenance – ČSPÚ (ČEZ)

Czech Wind Energy Association (ČEZ Obnovitelné zdroje)

Czech and Slovak Association of Coal Combustion Products Manufacturers – ASVEP (ČEZ Energetické produkty)

Czech Nuclear Forum (OSC)

Czech Calibration Association (MARTIA)

Czech Biomass Association - CZ BIOM (Energy Center)

Czech Association for Maintenance (ČEZ)

Czech Association of Regulated Electricity Sector Companies (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 Association of Energy Employers (ČEZ)

Českobudějovicko-Hlubocko Destination Management (ČEZ)

EFET Deutschland – Verband Deutscher Energiehändler e.V. (ČEZ)

EKOE-NERGOSVAZ ČR (ČEZ Energo)

Electric Power Research Institute – EPRI (ČEZ, ÚJV Řež)

EU Battery Alliance (ČEZ)

EURELECTRIC (ČEZ, ČEZ Distribuce)

European Federation of Energy Traders (ČEZ)

European Association for Black and Brown Coal – EURACOAL (Severočeské doly)

United Nations Economic Commission for Europe – UNECE (Severočeské doly)

European Energy Forum (ČEZ)

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

European Atomic Energy Community – EURATOM (ČEZ)

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

FORATOM (ČEZ)

Donors Forum (ČEZ Foundation)

Mining Company of the Ore Mountains – HSPO (Revitrans)

Czech Chamber of Commerce (ČEZ)

IFE Halden – Institute for Energy Technology (ÚJV Řež)

Industry Advisory Panel – Energy Charter (ČEZ)

Information Systems Audit and Control Association – ISACA (ČEZ)

Innovation to us – I2US (ČEZ)

International Emissions Trading Association (ČEZ)

International Facility Professionals Worldwide – IFMA (KART)

Czech Pellet Cluster (ČEZ)

Commissioner for Nuclear Energy – CEA (ÚJV Řež)

Chamber of Certified Accountants (ČEZ Korporátní služby)

Chamber for Economic Relations with the CIS (ŠKODA PRAHA)

Regional Economic and Social Council of the Ústí Region (Severočeské doly)

International Atomic Energy Agency – MAAE/IAEA (ČEZ, ÚJV Řež)

International Chamber of Commerce – ICC (ŠKODA PRAHA)

National Center for Energy Savings (ČEZ)

Czech Machinery Cluster (ČEZ Energetické služby)

Neutral Internet eXchange – NIX (Telco Pro Services)

NUGENIA – European Nuclear Generation II & III Association (ČEZ, ÚJV Řež)

Civil Safety Committee (ČEZ)

ECHO Labor Union (LOMY MOŘINA)

Chomutov District Chamber of Commerce (Severočeské doly)

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

Teplice District Chamber of Commerce (Severočeské doly)

Třebíč District Chamber of Commerce (ČEZ ENERGOSERVIS)

People Management Forum (ČEZ Korporátní služby)

Platform on Coal Regions in Transition (ČEZ)

Preparatory Committee of the International Mining Congress – IOC WMC
(Severočeské doly)

Quality Council of the Czech Republic (ČEZ)

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

Réseaux IP Européens – RIPE NCC (Telco Pro Services)

ČSRES Association (ČEZ Distribuce)

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)

Association of Manufacturers and Users of Explosives (Revitrans)

Association of Railway Freight Carriers of the Czech Republic
(SD - Kolejová doprava)

Association of Industrial Enterprises in Moravia and Silesia – SPPMS
(ČEZ Energetické služby, ČEZ Korporátní služby)

Society for Nuclear Safety and Equipment – GRS (ÚJV Řež)

Society for Public Lighting Development (ČEZ Energetické služby)

Society for Blasting Technology (Revitrans)

Sustainable Nuclear Energy Technology Platform – SNETP (ČEZ, ÚJV Řež)

Refrigeration and Air Conditioning Association (AirPlus)

Confederation of Industry of the Czech Republic (ČEZ, ČEZ Distribuce)

Association of Accountants (ČEZ Corporate Services)

Association of Electricity Sector Employers (ČEZ Distribuce)

World Association of Nuclear Operators – WANO (ČEZ)

Technological Platform Sustainable Energy of the Czech Republic – TPUE (ČEZ)

Czech Association for District Heating – TSČR
(ČEZ, ČEZ Energetické služby, ČEZ Teplárenská, Energotrans)

Mining Union (LOMY MOŘINA)

TF-CSIRT Trusted Introducer (Telco Pro Services)

Union of Corporate Lawyers of the Czech Republic (ČEZ, Počerady Power Plant)

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) – proposal for a joint memorandum
of cooperation (ÚJV Řež)

Western European Nuclear Regulators' Association – WENRA (ČEZ)

Slovakia

Bohunice Civil Information Commission

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 Construction Chamber

Bulgarian Chamber of Commerce

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 energétique
(German-French 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)

Ingenieurkammer Hessen (Hessen Chamber of Engineers)

Verband der Elektrotechnik, Elektronik und Informationstechnik e.V.
(Association for Electrical Engineering, Electronics and Information Technology)

United Nations Global Compact Initiative

VfW Verband für Wärmelieferung e.V. (VfW Association for Heat Supply)

Wirtschaftsrat der CDU. e.V. (Economic Council of the CDU)

Turkey

CDP (Karbon Saydamlık Projesi) İklim Değişikliği Programı (CDP (Carbon Disclosure Project) Climate Change Program)

CDP (Karbon Saydamlık Projesi) Su Programı (CDP (Carbon Disclosure Project) Water Program)

Elektrik Mühendisleri Odası (Chamber of Electrical Engineers)

Elektrik Teknisyenleri Derneği (Electrical Technicians Association)

Enerji Ticareti Derneği – ETD (Energy Traders Association)

İstanbul Maden ve Metaller İhracatçı Birlikleri – IMMIB (Istanbul Mineral and Metals Exporters' Association)

Sakarya Ticaret ve Sanayi Odası – SATSO (Sakarya Chamber of Commerce and Industry)

Türk Etik ve İtibar Derneği – TEID (Turkish Ethics and Reputation Society)

Türk Sanayicileri ve İşadamları Derneği Çalışma Grupları-Enerji Çalışma Grubu ve Çevre ve İklim Değişikliği Çalışma Grubu – TÜSİAD (Turkish Industry and Business Association Working Groups-Energy Working Group and Environment and Climate Change Working Group)

Türkiye Odalar ve Borsalar Birliği – TOBB (Union of Chambers and Commodity Exchanges of Turkey)

Uluslararası Yatırımcılar Derneği – YASED (International Investors Association)

Çevresel ve Sosyal Eylem Planı (Environmental and Social Action Plan)

Dünya Enerji Konseyi – DEK (World Energy Council)

Elektrik Dağıtım Hizmetleri Derneği – ELDER (Electricity Distribution Companies Society)

Elektrik Üreticileri Derneği – EUD (Electricity Producers Association)

Hidroelektrik Santraller Sanayi İşadamları Derneği – HESİAD (Hydroelectric Power Plants Industry and Business Association)

Petrol Platformu Derneği – PETFORM (Petroleum Platform Association)

Rüzgar Enerjisi ve Su Santralleri İşadamları Derneği – RESSİAD (Wind Power and Hydropower Plants Businessmen's Association)

TEDAŞ Çalışma Grupları (TEDAŞ Working Groups)

Türkiye Elektrik Sanayi Derneği – TESAB (Association of Turkish Electricity Industry)

Türkiye İnsan Yönetimi Derneği – PERYÖN (Human Management Association)

Türkiye Rüzgar Enerjisi Birliği – TUREB (Turkish Wind Energy Association)

Yatırımcı İlişkileri Derneği – TÜYİD (Investor Relations Association)

Poland

Ciepło dla Krakowa (Heat for Krakow)

Ciepło dla Skawiny (Heat for Skawina)

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 – IGCP (Economic Chamber of Polish Heat Engineering)

Konfederacja Lewiatan (Lewiatan Confederation)

Krajowa Izba Gospodarcza Elektroniki i Telekomunikacji – KIGEiT (Polish Chamber of Commerce for Electronics and Telecommunication)

Polskie Stowarzyszenie Energetyki Wiatrowej (Polish Wind Energy Association)

Polskie Towarzystwo Elektrociepłowni Zawodowych (Association of Professional Heat and Power Plants)

Program Ograniczenia Niskiej Emisji – PONE (Low-Stack Emission Reduction Program)

Stowarzyszenie Energetyków Polskich (Association of Polish Power Engineers)

Towarzystwo Gospodarcze Polskie Elektrownie (Polish Power Plants Association)

Romania

Asociatia Companiilor de Utilitati din Energie – ACUE (The Energy Utilities Companies' Association)

Asociatia Producatorilor de Energie Eoliana din Romani – RWEA (Romania Wind Energy Association)

Asociatia Romana a Microhidrocentralelor – ARmHE (Romanian Micro Micropower Association)

Asociatia Societatior de servicii energetice in Romania – ESCOROM (Association of energy efficiency services companies in Romania)

Asociatiia Furnizorilor de Energie Electrica din Romania (Association of Electricity Suppliers in Romania)

Camera de Comert Americana in Romania (American Chamber of Commerce in Romania – AmCham)

Centrul Roman al Energiei – CRE (Energy Romanian Center)

CIGRÉ Paris (International Council on Large Electric Systems Paris)

CIGRÉ Romania (International Council on Large Electric Systems Romania)

Comitetul National Roman – CNR-CME (World Energy Council – Romanian National Committee)

Eurelectric

European Small Hydropower Association – ESHA (European Small Hydropower Association)

Institutul Na ional Român pentru Studiul Amenajării și Folosirii Surselor de Energie – IRE (Romanian National Institute for Energy Sources Development and Usage)

Serbia

Privredna komora Srbije (Serbian Chamber of Commerce)

Hungary

Magyar Energiakereskedők Szövetséges (Hungarian Energy Traders' Association)

9.2 SELECTED AWARDS WON

ČEZ

The title TOP Responsible Large Company Leader 2019 – awarded by Business for Society

The title TOP Responsible Company in Reporting – awarded by Business for Society

1st place in the competition for the best annual report in the Czech Republic for 2018 – awarded by the CZECH TOP 100 company

2nd place in the Czech Top 100 poll competition – awarded by the CZECH TOP 100 company

1st place in the competition of corporate websites in the Industry and Energy field ranking – based on the evaluation of the expert jury, WebTop 100 award

Corporate Volunteering Award 2019: The greatest volunteering support – awarded by Business for Society and the website pripimse.cz

Corporate Volunteering Award 2019: Throughout the country – awarded by Business for Society and the website zapojimse.cz

The Safe Company certificate – ČEZ won the award for the sixth time, Dětmarovice power plant for the third time and Počerady power plant for the first time – awarded by the State Office of Labor Inspection and the Ministry of Labor and Social Affairs

1st place and title A Clear Choice in the category Most Wanted Employer – the survey is organized among university and high school students by the Employers' Club in cooperation with the global student organization AIESEC

1st place in the category TECHNICIAN 2019 – the survey is organized by 20% of university students with the best study results of the Association of Students and Graduates

1st place in the field category ENERGY & GAS INDUSTRY & PETROCHEMICAL INDUSTRY 2019 – the survey is organized among university students by the Association of Students and Graduates

2nd place in the Sodexo Employer of the Year competition in the category Employer of the Year with over 5,000 Employees – awarded by the Employers' Club

1st place for long-term contribution in the Olomouc Region Award for the Environment in the category Water was won by the Dlouhé Stráně pumped-storage hydroelectric power plant – awarded by the Olomouc Region

1st place in the poll of the Ústí nad Labem Region in the category of Good Deed was won by the Ledvice power plant for the transformation of one of its towers into a lookout tower – awarded by the Ústí nad Labem Region

1st place in the category BEST INVESTOR RELATIONS PROGRAM – awarded by Institutional Investor – Emerging EMEA Executive Team

13th place among energy companies in the ranking of the Best Employers in the World, 260th place in the overall ranking of 2,000 companies, ČEZ ranked as the only company from Czechia – evaluated by Forbes magazine

4th place in the ranking of the most important corporate taxpayers for 2018 (announced in June 2019) – awarded by the Ministry of Finance of the Czech Republic and the General Financial Directorate

1st place in the category of the Most Trusted Brands in Services and Institutions in 2019 – awarded by the Nielsen agency

2nd place in the Corporate Websites category (www.cez.cz) – awarded by the Czech Industry Challenge 2019

Individual Awards

Award for Michaela Chaloupková in the category Top Women Business-Manager in the TOP Women of the Czech Republic 2019 poll

Jiří Hes was awarded the title Lawyer of the Year in 2019 in the Procedural Law category – awarded by the Union of Corporate Lawyers of the Czech Republic

1st place in the BEST IR PROFESSIONAL category was won by Barbara Seidlová – awarded by Institutional Investor – Emerging EMEA Executive Team

Subsidiaries in Czechia:

ČEZ Teplárenská

1st place and the Crystal Chimney award (for the fifth time) in the category Development and modernization of sources and systems of heat supply for the project Heat for Thermalium Spa Teplice in the spa house Beethoven – awarded by the Heating Association of the Czech Republic

ČEZ ESCO

The Quality Certificate of the Smart City Regions project in the Smart Cities for the Future 2019 competition – based on the evaluation of the expert jury, awarded by SCII – Smart City Innovations Institute

ENESA

Award for the best prepared project solved by the EPC method for the year 2019 and two awards for exceptional projects solved by the EPC method – awarded by the Association of Energy Service Providers (APES)

Energotrans

Safe Enterprise Certificate – awarded by the State Office of Labor Inspection and the Ministry of Labor and Social Affairs of the Czech Republic for the years 2018–2021

ČEZ Distribuce

Safe Enterprise Certificate – awarded by the State Office of Labor Inspection and the Ministry of Labor and Social Affairs of the Czech Republic for the years 2018–2021

ČEZ Korporátní služby

The HREA Excellence Award for the project of digitalization and automation of the personnel tax agenda – awarded by the People Management Forum

ÚJV Řež Group

Petr Vokáč and Lubomír Junek won the award for two technological innovations for the operation of nuclear power plants: a new computer model MAAP5 and the introduction of a new method of repairing Weld Overlay welds – awarded by the American Institute for Electricity Research EPRI

Subsidiaries abroad:

Slovakia

e-Dome

The main award in the Efektia competition for the overall best project to reduce energy consumption in Slovakia at the Vranov nad Topľou Hospital (reconstruction of heat management and modernization of air conditioning, introduction of an energy management system and monitoring of technological equipment operation) – awarded by the Association of Energy Service Providers (APES-SK)

SPRAVBYTKOMFORT

Award for the best reconstructed house – for the reconstruction of the apartment building of Armádního generála Svobody 26, the city of Prešov appreciated the extraordinary commitment, cooperation and coordination

AZ KLIMA SK

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

Poland

ČEZ ESCO Polska

The Hippocampus Award for reliability and trustworthiness in the modernization of student house heat management of the Navy Academy in Gdynia, this is a prestigious award given in exceptional circumstances – awarded by the Academy of the Navy in Gdynia

Metrolog

The award Zasłużony dla ciepłownictwa / Distinguished for heating was received by Lech Wojcieszyński, the Chairman of the Board, it is given to directors or chairmen of the board of heating companies who have been in office for at least 25 years – by the Polish District Heating Chamber of Commerce, L. Wojcieszyński Golden Badge of the Chamber of Commerce for Polish Heating for long-term active participation in this Chamber of Commerce

Bulgaria

CEZ Elektro Bulgaria

The award for one of the “greenest” companies in Bulgaria in the PR campaign category – awarded by B2B Media

True Leader Award for a leader in the energy sector and for the application of good business practices – awarded by ICAP Bulgaria

CEZ Bulgaria

The award for the company with the best social benefits for students studying in the field – the conditions that ČEZ creates for students in dual education were awarded, and for the effort to support the dual form of training in the field – awarded by DOMINO Project In Bulgaria

2nd place in the European Excellence Awards in Energy – the award was received for the communication campaign of the Life Birds project aimed at protecting and striving for the conservation of life and health of endangered bird species in western Bulgaria, the project is implemented under the auspices of the European Commission’s LIFE program

Award in the category Best HR Project in a large company – awarded by the Bulgarian Association for People Management (BAUH)

CEZ Razpredelenie Bulgaria

The award for the company with the best social benefits for students studying in the field – the conditions that ČEZ creates for students in dual education were awarded, and for the effort to support the dual form of training in the field – awarded by DOMINO Project In Bulgaria

Romania

CEZ ESCO Romania and CEZ Romania

CEZ Group published its second sustainability report in Romania, which received the International Global Reporting Initiative (GRI) Certificate in business for the non-financial report in the period 2017–2018

CEZ Group in Romania received Gold Level Recognition Award in CSR Index 2019, one of the most important analyses in Romania

2nd place in Romania CSR Awards for interdisciplinary partnership with Never Alone – Friends of Elderly Association and 4th place for community support through the internal project Wellbeing Generators

Award of the Cule in lumina project, which aims to promote architectural gems in the Oltenia region – the project was awarded in the Social Activities category in a survey organized by Diplomat Bucharest magazine

Silver ranking in the PR award in the Sports and Entertainment category – marathon in the Oltenia region

Silver ranking in the PR award in the category Communication in the field of the environment – for the music festival Green Power of Neversea

CEZ Trade Romania

1st place in TOP BUSINESS ROMANIA 2019 Bucuresti

CEZ Vanzare

1st place in the category of large companies in the electricity market for results achieved in 2018 on the occasion of the social event Top of Companies in Dolj

Distributie Energie Oltenia

The Excellence Award on the occasion of the social event Top of Companies Gala in Dolj for activities in 2018

Cosmin Ghita – Director of Digitalization and Innovation, won the Young Energy Professional Award in the 2019 Energynomics Awards

Award for the best program in the development of digitalization in the year – awarded on the occasion of the Romanian Energy Awards 2019

2nd place in teams in the national competition Electrician's Trophy 2019 and individual awards in the categories Electrician MT – JT and 1st place in the category Electrician PRAM

Excellence Diploma – awarded by the Chamber of Commerce and Industry on the occasion of the Gala Top Companies in Argeş

Turkey

Sakarya Elektrik Dağıtım (SEDAŞ)

SEDAŞ Call Center received the Most Sincere Customer Experience Award – awarded by the Call Center Association

Sakarya Elektrik Perakende Satis

Special Prize for Women's Employment – awarded by the Turkish Personnel Agency İşkur