



VIZE 2030 – CLEAN ENERGY OF TOMORROW (INFORMATION ON CEZ GROUP'S DEVELOPMENT PLANS UNTIL 2030)

1. CEZ Group's Achievements

Updated CEZ Group's strategy approved at the 2019 General Meeting contributed to the increase in CEZ Group's performance, which was reflected in a 30% increase in EBITDA between 2018 and 2020 and a 75% increase in adjusted net income between 2018 and 2020.

Success has been achieved in all of CEZ Group's segments — examples include safe generation from nuclear power plants steadily exceeding generation of 30 TWh, more efficient generation from emission sources, modernization and digitization of the distribution grid, increasing customer satisfaction and the overall number of customers to 2.9 million, and digitizing key customer processes. ČEZ ESCO has become a market leader in energy savings and the decentralized energy sector in Czechia and Germany. The sale of the Romanian assets was successfully completed and the sale of the Bulgarian assets is nearing completion.

At the same time, coal-fired electricity generation is being gradually reduced. CEZ Group's CO₂ emissions intensity decreased by 25% between 2016 and 2020. The installed capacity of CEZ Group's coal-fired power plants decreased by 40% over the same period.

2. Changes in the Social and Economic Environment and Articulation of CEZ Group's Targets in Individual ESG Areas

Climate neutrality by 2050 has become an absolute priority for the EU, with significant increases in all targets last year— both in reducing greenhouse gas emissions and in increasing the share of renewables in final energy consumption, as well as in increasing energy savings. The European Commission's proposed greenhouse gas emission reduction target for 2030 amounts to a minimum of 55% compared to 1990, a share of renewables of 38–39% in total final energy consumption, which means a share of 63–65% in electricity generation, and a target for energy savings of 39–40% compared to the levels in 2007 predictions.

Overall, social and political influence on the economy and energy sector is accelerating. Investors, banks, and insurance companies are increasingly making decisions based on the ESG ratings. Companies that do not meet the ESG standards are then denied their services. Nowadays, the financial markets penalize ČEZ as a coal-fired energy company, even though it pays the highest dividend, or offers the highest dividend yield, among European energy companies and generates steady operating cash flow. Energy companies are actively responding to this. Seven out of ten comparable companies in the energy sector have committed to phasing out coal by 2030. Energy companies are also responding to carbon neutrality targets with changes in their organizational structure.

CEZ Group is therefore accelerating the implementation of the approved strategy compared to 2019 and its Business Concept with an emphasis on the ESG. This acronym describes the relationship to the environmental ("E"), to social ("S"), and to governance ("G"). CEZ Group considers the ESG as a comprehensive approach to managing a company in a rapidly changing environment with an emphasis on creating long-term sustainable values important for the entire society.

For each ESG area, CEZ Group has set core targets based on the ESG methodology. CEZ Group aims to achieve an ESG score of at least 80% by 2023, as measured by the average of MSCI and Sustainalytics ratings.

In environment, these are Decarbonization; Waste/Toxic Emissions and Natural Resources; and Renewables targets as set out in the documentation for this General Meeting.

Social targets include Community, Customer Orientation and Human Capital development.

In governance, CEZ Group has set targets for Diversity and Equal Opportunities and Business Ethics.

All these targets are then framed as VIZE 2030 Clean Energy of Tomorrow.

3. Information on CEZ Group's Development Plans until 2030

As I have already mentioned, meeting our ESG targets requires accelerating the implementation of our current strategy. We are reformulating the priority areas as follows. Firstly, the aim is to (i) **transform the generating portfolio to low-emission and achieve carbon neutrality**, and secondly, (ii) to **provide the best energy solutions and the best customer experience on the market**.

(i) For CEZ Group, transforming its generating portfolio to low-emission and achieving carbon neutrality includes:

In Nuclear Power Plants

- We will **safely increase generation from existing nuclear power plants** to an average of **over 32 TWh** and achieve a 60-year lifespan
- **We will build a new nuclear unit in Dukovany**
- We will prepare for the construction of **small modular reactors (SMRs)** with a total capacity of over 1,000 MW after 2040

In Renewables

- We will build **1.5 GW in renewables by 2025** and **6 GW in renewables by 2030**
- We will increase the installed capacity for **electricity storage** by at least **300 MWe** by 2030

In Conventional Power Plants

- We will **decarbonize the heating sector** and **convert our coal-fired sites** to new activities after phasing out coal
- We will build **new gas-fired capacity** that will be ready for **hydrogen combustion**
- We will **reduce** the share of **coal-fired electricity** generation to 25% by 2025 and to **12.5%** by 2030

(ii) Providing the best energy solutions and the best customer experience in the market includes:

In Distribution

- We will invest in **Smart grids** and **decentralization** to further develop a reliable and **digital distribution grid**, including the development of fiber optic networks

In Sales

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

In ESCO

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

In the new segments

- Last but not least, we will **expand our activities into the areas of battery production, electromobility, and hydrogen**

Together with the emission reduction and the ESG targets in general, Vize 2030—Clean Energy of Tomorrow has a financial target of increasing CEZ Group's EBITDA by 40% by 2030.

Let me conclude by summarizing CEZ Group's development plans until 2030 once again:

- **We will develop CEZ Group responsibly and sustainably in line with the ESG**
- **As part of the strategy, we will accelerate the development:**
 - **We will transform our generating portfolio to low-emission** in accordance with the Paris Agreement by 2030 and achieve **carbon neutrality** by 2050
 - We will provide the **most cost-effective energy solutions and the best customer experience on the market**
- **We aspire to increase our ESG rating to 80% by 2023, reduce our emissions intensity by more than 50% by 2030, and increase EBITDA by 40% by 2030**
- We will adapt the **CEZ Group's structure** to meet the demands of our investors, financing banks, and employees

Board of Directors' comment:

On the subject of Vize 2030—Clean Energy of Tomorrow, the Board of Directors presents information on CEZ Group's development plans until 2030. Given the changing social and economic environment, the Board of Directors considers it appropriate to provide shareholders with basic information about CEZ Group's development plans until 2030. The appropriate platform for providing such information is the General Meeting. The purpose of including this item on the General Meeting agenda is not to take any decision at the General Meeting regarding the CEZ Group's development plans, as they are fully in line with the business concept approved in 2019. As such, this item is of a purely informative nature and will not include voting on any draft resolution.