



REMUNERATION REPORT ČEZ, a. s. FOR THE ACCOUNTING PERIOD OF 2020

1. Introduction

This Remuneration Report is prepared on the basis of Sec. 121(o) and Sec. 121(p) of Act No. 256/2004 Coll., on capital market undertakings, as amended (hereinafter the “**ACMU**”) and builds on the Remuneration Policy ČEZ, a. s., company ID: 45274649, having its registered office at Praha 4, Duhová 2/1444, postcode 14053, registered in the Commercial Register kept by the Municipal Court in Prague, ref. B 1581 held at the Municipal Court in Prague (hereinafter referred to as the “**Company**”), which was approved by the General Meeting of the Company (hereinafter referred to as the “**General Meeting**”) on June 29, 2020 (hereinafter referred to as the “**Remuneration Policy**”), and which was the first Remuneration Policy submitted to the General Meeting after the Act No. 204/2019 Coll., entered into force, amending certain acts related to supporting the exercise of shareholders’ rights.

This Remuneration Report relates to remuneration of members of the Company’s Board of Directors and the Supervisory Board (hereinafter the “**Body Members**”).

The Remuneration Report is prepared for the accounting period of 2020. The Remuneration Report includes the remuneration not only of current Body Members but also of former Body Members who were provided the remuneration in 2020. Amounts are stated in the Remuneration Report before statutory deductions are carried out.

The Company has not deviated from the Remuneration Policy for the remuneration of Body Members in 2020.

2. Remuneration of the Company’s Body Members in the Accounting Period of 2020

The remuneration of members of the Company’s Board of Directors and the Supervisory Board is defined in the publicly available Remuneration Policy. The Remuneration Policy contributes to fulfilling the Company’s business strategy, defending its long-term interests and promoting its sustainability. The Remuneration Policy provides a clear and transparent description of all components of fixed and variable remuneration, including all bonuses and other benefits in any form and their proportion, key financial and non-financial performance indicators, conditions for termination of service and related benefits such as severance pay (in the case of contracts that came into force prior to January 1, 2020), and a non-compete clause.

Remuneration of the Company’s members of the Board of Directors and the Supervisory Board is agreed in a service contract concluded individually with each Company’s Body Member, approved by the Supervisory Board in case of members of the Board of Directors and by the General Meeting in case of members of the Supervisory Board. The Supervisory Board also sets and evaluates performance indicators related to the variable remuneration of the members of the Board of Directors. In this manner, the Supervisory Board also fulfills its role of the Remuneration Committee. The terms and conditions set out in the service contract are determined in accordance with the Remuneration Policy. This fact shall be documented upon submitting the Remuneration Report to the shareholders for approval at the Company’s General Meeting. This complies with the “Say on Pay” policy by the Company’s shareholders. The General Meeting also decides on any royalty payments to members of the Board of Directors and the Supervisory Board.

The remuneration of the members of the Board of Directors is based on cooperation with Korn Ferry s.r.o. (formerly Hay Group) (hereinafter referred to as “Korn Ferry”), an expert consultant company with a long-standing and global focus on remuneration consulting and human resources management, including the remuneration surveys. ČEZ, a. s., uses the globally uniform Korn Ferry analytical method and standardized remuneration surveys to compare the amounts of remuneration. The Korn Ferry analytical method evaluates functions in terms of the amount of responsibility and authority, scope of management in terms of the number

of employees and countries, variety of processes and segments managed, complexity of the problems solved, know-how required, amount of revenue, amount of investment, and the degree of freedom in decision-making. Using this position valuation methodology, the Company ensures comparisons to comparable positions based on the Korn Ferry's remuneration surveys.

2.1 Overview of Remuneration Components of Members of the Board of Directors

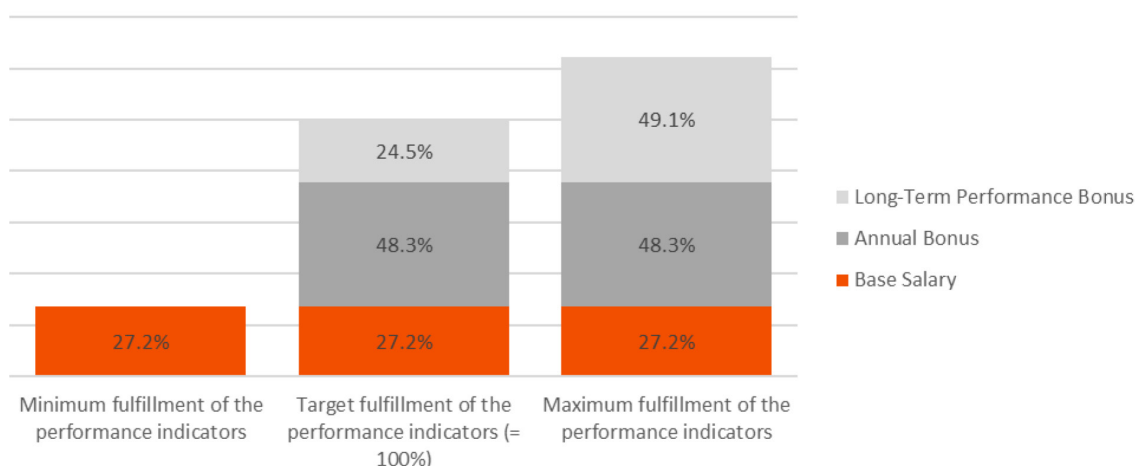
The total remuneration of a Body Member consists of a **fixed remuneration component** and a **variable remuneration component**.

Fixed remuneration component in the case of members of the Board of Directors includes a base salary, benefits, and pension schemes.

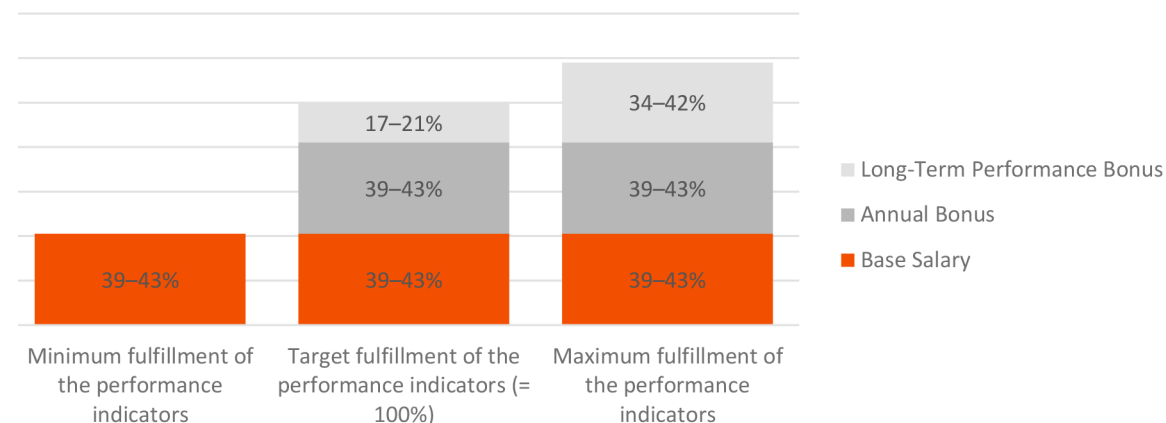
The variable remuneration component for members of the Board of Directors includes annual bonus, target-based bonus, long-term performance bonus, and royalty.

The variable remuneration component depends on fulfilling the performance indicators set and evaluated for the members of the Board of Directors by the Supervisory Board. The following charts illustrate the proportions of the base salary, annual bonus, and long-term performance bonus as a function of the level of fulfilling the performance indicators.

Remuneration structure of the Chairman of the Board of Directors for minimum, target, and maximum performance indicators



Remuneration structure of the other Members of Board of Directors for minimum, target, and maximum performance indicators



2.1.1 Base Salary

In 2020, members of the Company's Board of Directors were paid a monthly base salary for their performance as a member of the Board of Directors in accordance with Sec. 3.1 of the Remuneration Policy, to the extent set out in Art. 2.1.8. of this Remuneration Report. The base salary is part of the fixed remuneration component.

By analogy to personal income taxes for employment tax purposes, the amount of total base salary paid in 2020 and published in this Remuneration Report does not include the remuneration paid in January 2020 for performance as a member of the Board of Directors in December 2019, and includes the remuneration paid in January 2021 for performance as a member of the Board of Directors in December 2020.

2.1.2 Benefits

In addition, the members of the Board of Directors were provided benefits in accordance with Section 3.2 of the Remuneration Policy in the period of January to December 2020, to the extent set out in Art. 2.1.8. of this Remuneration Report. The benefits are part of the fixed remuneration component.

In accordance with the Remuneration Policy, the following benefits were provided to the members of the Board of Directors, representing other benefits pursuant to Section 121l(2)(a) of the ACMU:

- Use of mobile phone provided for office duties of a member of the Board of Directors and for private purposes;
- Use of vehicle provided for office duties of a member of the Board of Directors and for private purposes, including all-risk insurance and reimbursement of repair and maintenance costs;
- Comprehensive medical care for a member of the Board of Directors and his/her family members consisting of the provision of labor-related medical services in accordance with the applicable legislation and other medical services focusing primarily on prevention of civilizational diseases and musculoskeletal system problems;
- Contribution for a meal plan in the Company's canteen or in the form of meal vouchers in the same value and amount as it is common for employees in the given location, in the form of a contribution for one meal collected / meal voucher per a business day, when he/she performs activities related to his/her duties of a member of the Board of Directors;
- Contribution for the private life insurance;
- Financial resources provided to the personal account of a member of the Board of Directors that can be used by the member of the Board of Directors and his/her family members for free-time activities (e.g. recreation, education, culture, sports, relaxation and health-related activities);
- Arrangement of a capital life insurance with the duration of insurance of 4 years;
- Accident insurance, and third-party liability insurance that can be used, in addition to claims related to the performance of office of a member of the Board of Directors, also in claims of personal nature.

This Remuneration Report follows the same approach for benefits as for base salary, i.e. the amount of benefits provided for 2020 does not include benefits provided in December 2019 and charged to base salary in January 2020, and includes benefits provided in December 2020 and charged to base salary in January 2021. Meal vouchers are provided in the month following the end of the calendar quarter according to entitlements incurred in that quarter. The meal vouchers for Q4 2019 are therefore provided in January 2020 and are included under the 2020 remuneration in this Remuneration Report. A similar procedure will follow for the meal vouchers for Q4 2020, which will be included in the remuneration for 2021.

2.1.3 Pension Schemes

In addition, pension schemes were provided to the members of the Board of Directors in 2020 in accordance with Sec. 3.3 of the Remuneration Policy, to the extent set out in Art. 2.1.8. of this Remuneration Report. The pension schemes are part of the fixed remuneration component. The Company provides the members of the Board of Directors with a contribution for supplementary pension insurance and/or additional pension savings. Provision of the contribution is conditioned by the conclusion of a valid contract on supplementary

pension insurance (and/or additional pension savings) with a state contribution by the respective member of the Board of Directors, and a regular monthly co-payment by the member of the Board of Directors in agreed amount from his/her own resources. The pension contribution or supplementary retirement scheme provided in January 2020 together with base salary for December 2019 is not included in this Remuneration Report under pension schemes for 2020 and the contribution provided in January 2021 together with base salary for December 2020 is included in this Remuneration Report under pension schemes for 2020.

2.1.4 Annual Bonus

The criteria (indicators) for the annual bonus provided to the members of the Board of Directors are set to reflect the Company's key financial and non-financial performance indicators based on the Company's objectives of the applicable strategy, business plan, and budget in accordance with the applicable legislative and regulatory business conditions. The established indicators for individual members of the Board of Directors reflect the areas of responsibility entrusted to the respective member of the Board of Directors.

A common group target is set for all members of the Board of Directors, derived from CEZ Group's EBITDA for the calendar year in question, i.e., from a standardized indicator that appropriately indicates the operating cash flow generated in the year, and is objectively measurable. CEZ Group's adjusted EBITDA target for 2019 was met at 105.3%. The outperformance of the baseline target was achieved mainly in Commodity Trading, Distribution and, thanks to fixed cost savings, mainly in the Generation— Conventional Energy segment. CEZ Group's EBITDA (Operating Earnings Before Depreciation and Amortization) increased year-on-year by 21%. The increase was mainly due to a rise in realized prices of electricity generated in Czechia thanks to a multiannual presale on the wholesale markets in Germany and record profits from commodity trading.

CEZ Group's adjusted EBITDA target for 2020 was met at 101.5%. The baseline budget target was surpassed despite the negative impact of the covid-19 pandemic, mainly through higher gains from commodity trading, higher revenues from generation ancillary services, and lower costs compared to the baseline budget. The EBITDA (Operating Earnings Before Depreciation and Amortization) increased year-on-year by 8%. The growth was mainly due to an increase in the realized prices of the electricity generated thanks to the multiannual presale on the wholesale market and the stable safe operation of nuclear power plants. Even in a period when most economy sectors were hit hard by the impacts of the pandemic, CEZ Group proved to be a stable company that provides security to its shareholders, employees, and suppliers. CEZ Group paid a dividend of CZK 18 billion in 2020, providing CEZ shareholders with the highest dividend yield for 2020 among all European energy companies in the STOXX Europe 600 Utilities Index.

In 2020, the members of the Company's Board of Directors were paid an advance payment of their annual bonus for 2020 and an balance payment of their annual bonus for meeting the annual bonus criteria for 2019.

The indicators (performance criteria for annual bonus) set for Ing. Daniel Beneš, MBA, included the common objective of all members of the Board of Directors, which was to achieve the target value of the group indicator "CEZ Group Adjusted EBITDA". Other indicators (performance criteria for annual bonus) set for Ing. Daniel Beneš, MBA, for 2019 included the areas of continuous improvement of safety and ensuring the conditions for long-term operation of nuclear power plants, updating corporate strategy, EU and Czech legislations and regulations, meeting the objectives of the strategic program for preparing a new nuclear power plant, maximizing the Mining segment's generation of operating cash flow, communicating and supporting the positive perception of CEZ Group, and minimizing the costs of the division managed. Ing. Daniel Beneš, MBA, achieved an overall rating of 100%.

The indicators (performance criteria for annual bonus) set for Ing. Pavel Cyrani, MBA, included the common objective of all members of the Board of Directors, which was to achieve the target value of the group indicator "CEZ Group Adjusted EBITDA". Other indicators (performance criteria for annual bonus) set by Ing. Pavel Cyrani, MBA, included the areas of maximizing the generation of operating cash flow of ČEZ, a. s., from trading activities (i.e., trading of generation positions including active dispatching and including sales of ancillary services, proprietary trading), updating the corporate strategy, ensuring optimal progress at the Počerady site in the context of options for the sale of the coal-fired power plant, legislations and regulations, maximizing the generation of operating cash flow in the Sales segment (sales of commodity and complex energy services), contracting ESCO-related revenues for the following year, and minimizing costs of the division managed. Ing. Pavel Cyrani, MBA, achieved an overall rating of 99.98%.

The indicators (performance criteria for annual bonus) set for JUDr. Michaela Chaloupková, MBA, included the common objective of all members of the Board of Directors, which was to achieve the target value of the group indicator “CEZ Group Adjusted EBITDA”. Other indicators (performance criteria for annual bonus) set for JUDr. Michaela Chaloupková, MBA, included the areas of securing fuel supplies for nuclear power plants according to the 2019 schedule, ensuring the implementation of steps leading to the purchase of optimal nuclear fuel for 2020–2023, providing quality HR services, ensuring collective bargaining in accordance with CEZ Group’s strategy, and minimizing costs of the division managed. JUDr. Michaela Chaloupková, MBA, achieved an overall rating of 100%.

The indicators (performance criteria for annual bonus) set by Ing. Martin Novák, MBA, included the common objective of all members of the Board of Directors, which was to achieve the target value of the group indicator “CEZ Group Adjusted EBITDA”. Other indicators (performance criteria for annual bonus) set for Ing. Martin Novák, MBA, included the areas of ensuring CEZ Group’s mid-term financial stability (adequate debt capacity and rating, ambitious business plan), minimizing average financing costs, managing expenses for support services (ICT and facility management), completing the construction and commissioning of the new corporate data center, and minimizing costs of the division managed. Ing. Martin Novák, MBA, achieved an overall rating of 100%.

The indicators (performance criteria for annual bonus) set for Ing. Tomáš Pleskač, MBA, included the common objective of all members of the Board of Directors, which was to achieve the target value of the group indicator “CEZ Group Adjusted EBITDA”. The indicators (performance criteria for annual bonus) set for Ing. Tomáš Pleskač, MBA, included the areas of developing renewables in Czechia and abroad, maximizing operating cash flow generation of the existing assets in the Renewables segment, maximizing the value of Inven Capital’s portfolio, maximizing the operating cash flow generation of the existing assets of the Distribution segment, implementing steps leading to materialization of the Distribution segment’s strategic ambitions, and minimizing costs of the division managed. Ing. Tomáš Pleskač, MBA, achieved an overall rating of 100%.

The indicators (performance criteria for annual bonus) set for Ing. Ladislav Štěpánek included the common objective of all members of the Board of Directors, which was to achieve the target value of the group indicator “CEZ Group Adjusted EBITDA”. The indicators (performance criteria for annual bonus) set for Ing. Ladislav Štěpánek included the areas of continuous improvement of the safety of the fossil/hydro power plants in operation, maximizing the generation of operating cash flow of the Generation—Conventional Energy segment (resources under the responsibility of the Fossil and Hydro Generation division), ensuring optimal availability of generating facilities under the responsibility of the Fossil and Hydro Generation division, optimizing the investment cash flow of ČEZ and its subsidiaries under the responsibility of the Fossil and Hydro Generation division, effective management of meeting the target parameters of the new power plant construction project in Ledvice, and minimizing overhead costs of the division managed. Ing. Ladislav Štěpánek achieved an overall rating of 100%.

The indicators (performance criteria for annual bonus) set for Ing. Bohdan Zronek included the common objective of all members of the Board of Directors, which was to achieve the target value of the group indicator “CEZ Group Adjusted EBITDA”. The indicators (performance criteria for annual bonus) set for Ing. Bohdan Zronek included the areas of continuous improvement of safety and ensuring the conditions for long-term operation of nuclear power plants, maximizing the generation of operating cash flow of the Generation—Conventional Energy segment (nuclear power plants), ensuring optimal availability of nuclear power plants, meeting the objectives of the strategic program to prepare a new nuclear power plant, and minimizing overhead costs of the division managed. Ing. Bohdan Zronek achieved an overall rating of 99.62%.

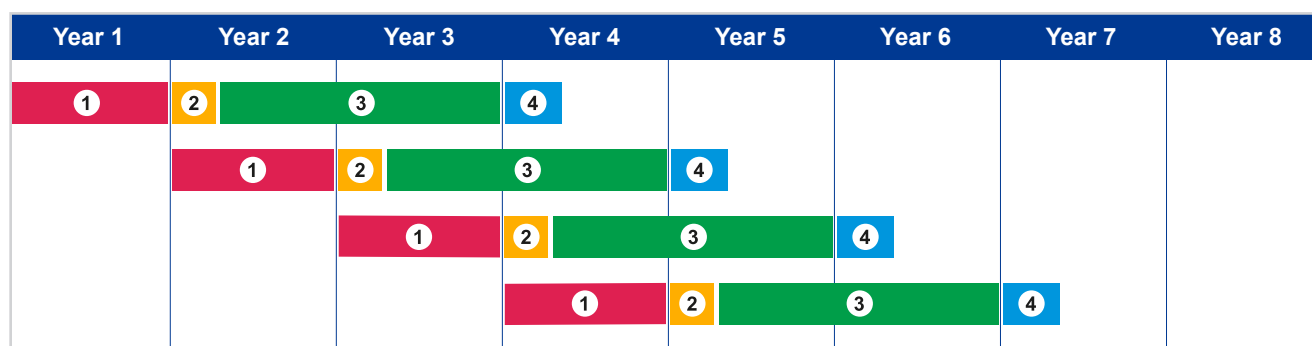
2.1.5 Target-Based Bonus

Pursuant to Sec. 3.5 of the Remuneration Policy, the target-based bonus is a variable remuneration component of members of the Company’s Board of Directors and depends on the fulfillment of objectives set out by the General Meeting. Details, including the amount and payment date of target-based remuneration, are specified by the Supervisory Board, subject to principles laid down by the General Meeting. Objectives that are decisive for the determination of the target-based bonus of individual members of the Board of Directors will be assessed by the Supervisory Board. The target-based bonus has not been set for 2020 and therefore not paid.

2.1.6 Long-Term Performance Bonus

The long-term performance bonus plan pursuant to Sec. 3.6 of the Remuneration Policy was introduced in the Company, effective from January 1, 2020, replacing the Share Option Plan which was discontinued as at December 31, 2019. The long-term performance bonus is based on a three-year period commencing by the provision of a certain amount of performance units and ending by the creation of entitlement to its payment. Its amount depends on the long-term development of the market price of the share, payments of dividend and assessment of fulfillment of criteria (indicators) decided by the Supervisory Board. The criteria (indicators) for the award of the long-term performance bonus (performance indicator) are defined by the Supervisory Board to reflect the long-term implementation of the Company's business strategy while protecting the Company's interests and supporting its sustainability, and the Supervisory Board may operationally determine the most appropriate, usually financial, indicators that best fulfill the Company's long-term strategy in a given calendar year. According to the parameters of the long-term performance bonus, no long-term performance bonus was paid to any of the members of the Board of Directors in 2020.

Step-by-step diagram of the long-term performance bonus



1 Performance Measurement Period

At the beginning of each calendar year, "Provision" of performance units to beneficiaries takes place, and at the same time performance indicators are set for this Provision for the Performance Measurement Period. Number of Performance Units provided = the stated annual value of the long-term performance bonus divided by the average market price of the Company's share for the month immediately preceding the Provision of the bonus.

2 Performance Evaluation

At the end of the Performance Measurement Period, the defined performance indicators will be evaluated and the number of performance units provided (0%–150%) will be adjusted according to the degree to which they have been met. This determines the "Adjusted Provision", i.e., the number of Performance Units whose value will be paid to the beneficiary in the future.

3 Holding Period

After the performance indicators are evaluated and the Adjusted Provision is determined, the Holding Period begins, whereas the Adjusted Provision reflects the long-term share price performance and dividends paid. It lasts until the end of the 3rd year following the Provision.

4 Payment of Long-Term Performance Bonus

At the beginning of the 4th year following the Provision, the beneficiary is paid a long-term performance bonus equal to the product of multiplying the number of Performance Units from the Adjusted Provision and the average market price of the share for the last month of the Holding Period plus the value of the dividends paid on the Company's shares during the Holding Period.

The total amount paid may not exceed 200% of the annual value of the long-term performance bonus set out by the Supervisory Board upon its provision.

For 2020, the Supervisory Board has set one performance indicator, namely the annual Total Shareholder's Return (TSR), taking into account its relative comparison with the TSR achieved within the industry. The TSR for shareholders of a given company corresponds to the change in the market value of the Company's traded shares over the evaluated period, including dividends. The Company's resulting TSR was compared to energy companies included in the STOXX Europe 600 Utilities stock index. The Company's resulting TSR placed the Company at the 50th percentile among the compared companies. The Company's final position in the ranking of companies reflected the fact that in the energy sectors were particularly successful companies, which had a strong position in renewables and benefited from the significant strengthening of the EU's climate goals and ambitions promoted under the European Green Deal. After the end of the evaluated period, i.e., the year 2020, the fulfillment of the performance indicator was evaluated by the Supervisory Board. The resulting indicator performance was 0%, as the lower (minimum) threshold for target achievement was ambitiously set at the 65th percentile, resulting in an provision of 0 performance units to all the Board of Directors members for the 2020 measurement period. Given the resulting performance indicator evaluation at 0% for 2020, there will be no long-term performance bonus payment in 2023.

The following numbers of performance units were awarded to individual members of the Board of Directors under the long-term performance bonus for 2020:

Long-Term Performance Bonus	Number of performance units allocated as at January 1, 2020	Evaluation of fulfilling the Performance Indicator for 2020	Adjusted allocation of performance units for 2020
Ing. Daniel Beneš, MBA	20,203 pcs	0%	0 pcs
Ing. Pavel Cyrani, MBA	7,360 pcs	0%	0 pcs
JUDr. Michaela Chaloupková, MBA	5,413 pcs	0%	0 pcs
Ing. Martin Novák, MBA	8,191 pcs	0%	0 pcs
Ing. Tomáš Pleskač, MBA	7,360 pcs	0%	0 pcs
Ing. Ladislav Štěpánek	5,413 pcs	0%	0 pcs
Ing. Bohdan Zronek	5,413 pcs	0%	0 pcs

2.1.7 Royalty

A member of the Board of Directors shall be entitled to a royalty pursuant to Sec. 3.7 of the Remuneration Policy, if the Company's General Meeting so decides, in the amount determined by the General Meeting. No royalties were paid to members of the Company's Board of Directors in 2020.

2.1.8 Summary of the Amount of Remuneration Paid, Proportion of Fixed and Variable Components of the Board of Directors Members

The total remuneration of a member of the Board of Directors is a sum of a **fixed remuneration component** and a **variable remuneration component**.

Fixed remuneration includes a base salary, benefits, and pension schemes in accordance with the Remuneration Policy. The variable remuneration component is dependent on achieving performance indicators and includes only annual bonus in 2020, as neither target-based bonus, long-term performance bonus nor royalties were paid to members of the Board of Directors. None of the members of the Board of Directors exercised share option rights under the Share Option Plan in 2020.

The amount of remuneration provided by the Company to individual members of the Board of Directors in total for 2020 and the proportions of fixed and variable components of the total remuneration amount for individual members of the Board of Directors:

Summary of Remuneration, Proportion of Fixed and Variable Components (in CZK thousands)	Fixed remuneration component			Variable remuneration dependent on fulfilling the performance indicators				Total amount of remuneration ⁷⁾	Proportion of the fixed component of the total remuneration	Proportion of the variable component of the total remuneration
	Fixed base salary (total for the whole year of 2020)	Benefits	Pension schemes	Annual bonus dependent on fulfilling the performance indicators ²⁾	Long-Term performance bonus ⁴⁾	Target-based bonus ⁵⁾	Royalty ⁶⁾			
Ing. Daniel Beneš, MBA	12,883	1,854	0 ¹⁾	20,110	0	0	0	34,846	42.3%	57.7%
Ing. Pavel Cyrani, MBA	8,199	1,310	16	6,814	0	0	0	16,338	58.3%	41.7%
JUDr. Michaela Chaloupková, MBA	7,074	1,297	16	5,361 ³⁾	0	0	0	13,747	61.0%	39.0%
Ing. Martin Novák, MBA	9,179	1,449	16	10,490	0	0	0	21,133	50.4%	49.6%
Ing. Tomáš Pleskač, MBA	8,151	1,443	16	8,184	0	0	0	17,794	54.0%	46.0%
Ing. Ladislav Štěpánek	7,026	1,344	16	6,000	0	0	0	14,386	58.3%	41.7%
Ing. Bohdan Zronek	6,956	1,318	16	5,977	0	0	0	14,267	58.1%	41.9%

¹⁾ Ing. Daniel Beneš, MBA, did not receive pension scheme in 2020.

²⁾ In 2020, advance payments of the annual bonus for 2020 were paid and a balance payment of the annual bonus for meeting the annual bonus criteria for 2019 was paid .

³⁾ The balance annual bonus payment for 2019 for JUDr. Michaela Chaloupková, MBA includes the period from January 1, 2019 to October 21, 2019, during which JUDr. Michaela Chaloupková, MBA, served as a member of the Board of Directors in the calendar year 2019. Her four-year office ended on October 21, 2019.

⁴⁾ No target-based bonus was paid to any of the members of the Board of Directors.

⁵⁾ No long-term performance bonus was paid to any of the members of the Board of Directors in 2020. Given the parameters set for the long-term performance bonus, the first payment would be possible in 2023. With respect to the resulting evaluation of the 2020 performance indicator set at 0%, the first payment of the long-term performance bonus will be possible in 2024 based on the provision and evaluation of the performance indicators for 2021.

⁶⁾ No royalty was paid to any of the members of the Board of Directors in 2020.

⁷⁾ The value, as well as its individual parts, are rounded to the nearest CZK thousands.

In 2020, all members of the Board of Directors were in office for the entire calendar year, i.e., from January 1 to December 31.

2.1.9 Remuneration Provided by CEZ Group Companies

Individual members of the Board of Directors also received remuneration from CEZ Group companies. The approach taken in this Remuneration Report for these bonuses is the same as for the base salary, i.e., they do not include remuneration provided in December 2019 and settled together with the monthly fee in January 2020 (where the right to remuneration has originated and been settled with the relevant company for that period) and they include remuneration provided in December 2020 and settled together with the monthly fee in January 2021 (where the right to remuneration has originated and been settled with the relevant company for that period).

Ing. Daniel Beneš, MBA, was provided a total remuneration of CZK 3,475,563 by Severočeské doly, a. s., for the year 2020 for his membership in the Company's Supervisory Board. Of this, fixed monthly fee amounted to CZK 600,000, benefits to CZK 125,000 and royalties to CZK 2,750,563.

Ing. Pavel Cyrani, MBA, was provided remuneration from the following CEZ Group companies in 2020: ČEZ ESCO, a. s., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. ČEZ Prodej, a. s., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. ŠKODA PRAHA, a. s., provided a fixed monthly fee in the total amount of CZK 112,000 for 2020 for membership in the Company's Supervisory Board. CEZ Bulgaria, EAD, provided a fixed monthly fee in the total amount of EUR 1,944 for 2020 for membership in the Company's Supervisory Board. CEZ Romania, S.A., provided a fixed monthly fee in the total amount of EUR 2,500 for 2020 for membership in the Company's Supervisory Board. CEZ Polska, sp. z o.o., provided a fixed monthly fee in the total amount of EUR 2,750 for 2020 for membership in the Company's Supervisory Board. CEZ CEZ Polska, sp. z o.o., provided a fixed monthly fee in the total amount of EUR 900 for 2020 for membership in the Company's Supervisory Board. CEZ ESCO II, GmbH, provided a fixed monthly fee in the total amount of EUR 8,800 for 2020 for membership in the Company's Supervisory Board. CEZ ESCO Romania, S.A., provided a fixed monthly fee in the total amount of EUR 300 for 2020 for membership in the Company's Supervisory Board. Euroklimat, sp. z o.o., provided a fixed monthly fee in the total amount of EUR 2,129 for 2020 for membership in the Company's Supervisory Board. Elevation Group, B.V., provided a fixed monthly fee in the total amount of EUR 8,800 for 2020 for membership in

the Company's Supervisory Board. Elevion, GmbH, provided a fixed monthly fee in the total amount of EUR 9,600 for 2020 for membership in the Company's Supervisory Board.

JUDr. Michaela Chaloupková, MBA, was provided remuneration from the following CEZ Group companies in 2020: ČEZ Distribuce, a. s., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. ČEZ ICT Services, a. s., provided a fixed monthly fee in the total amount of CZK 120,000 for 2020 for membership in the Company's Supervisory Board. ČEZ Korporátní služby, s.r.o., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. Elektrárna Dukovany II, a. s., provided a fixed monthly fee in the total amount of CZK 50,000 for 2020 for membership in the Company's Supervisory Board. Elektrárna Dukovany II, a. s., provided a fixed monthly fee in the total amount of CZK 120,000 for 2020 for membership in the Company's Supervisory Board. ÚJV ŘEŽ, a. s. provided a total remuneration of CZK 240,000 in total for 2020 for membership in the Company's Supervisory Board, of which the fixed monthly fee amounted to CZK 120,000 and the annual bonus amounted to CZK 120,000.

Ing. Martin Novák, MBA, was provided remuneration from the following CEZ Group companies in 2020: ČEZ ICT Services, a. s., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. ČEZ Korporátní služby, s.r.o., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. ČEZ OZ uzavřený investiční fond, a. s., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. Inven Capital, SICAV, a. s., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. Telco Infrastructure, s.r.o., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. Severočeské doly, a. s., provided a total remuneration of CZK 2,640,193 in total for 2020 for membership in the Company's Supervisory Board, of which the fixed monthly fee amounted to CZK 480,000, benefits to CZK 125,000, and royalties to CZK 2,035,193. Elevion Group, B.V., provided a fixed monthly fee in the total amount of EUR 8,800 for 2020 for membership in the Company's Supervisory Board.

Ing. Tomáš Pleskač, MBA, was provided remuneration from the following CEZ Group companies in 2020: ČEZ Distribuce, a. s., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. ČEZ Obnovitelné zdroje, s.r.o., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. ČEZ OZ uzavřený investiční fond, a. s., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. Inven Capital, SICAV, a. s., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. CEZ Polska, sp. z o.o., provided a fixed monthly fee in the total amount of EUR 18,000 for 2020 for membership in the Company's Supervisory Board. Distributie Energie Oltenia, S.A., provided a fixed monthly fee in the total amount of EUR 18,000 for 2020 for membership in the Company's Supervisory Board. CEZ Romania, S.A., provided a fixed monthly fee in the total amount of EUR 16,500 for 2020 for membership in the Company's Supervisory Board. Akcez Enerji, A.S., provided a fixed monthly fee in the total amount of TRY 60,172.88 for 2020 for membership in the Company's Supervisory Board. Akenerji Elektrik Üretim, A. S., provided a fixed monthly fee in the total amount of TRY 96,718 for 2020 for membership in the Company's Supervisory Board. CEZ RES International, B.V., provided a fixed monthly fee in the total amount of EUR 8,800 for 2020 for membership in the Company's Supervisory Board.

Ing. Ladislav Štěpánek was provided remuneration from the following CEZ Group companies in 2020: ČEZ Energetické produkty, s.r.o., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. ČEZ ENERGOSERVIS, spol. s r. o., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. ČEZ ESCO, a. s., provided a fixed monthly fee in the total amount of CZK 144,000 for 2020 for membership in the Company's Supervisory Board. ČEZ Teplárenská, a. s., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. Energotrans, a. s., provided a total remuneration of CZK 336,000 in total for 2020 for membership in the Company's Supervisory Board, of which the fixed monthly fee amounted to CZK 168,000 and the annual bonus amounted to CZK 168,000. ŠKODA PRAHA, a. s., provided a fixed monthly fee in the total amount of CZK 96,000 for 2020 for membership in the Company's Supervisory Board. ÚJV ŘEŽ, a. s., provided a total remuneration of CZK 288,000 in total for 2020 for membership in the Company's Supervisory Board, of which the fixed monthly fee amounted to CZK 144,000 and the annual bonus amounted to CZK 144,000. CEZ Polska, sp. z o.o., provided a fixed monthly fee in the total amount of EUR 15,000 for 2020 for membership in the Company's Supervisory Board. CEZ Chorzów, S.A., provided a fixed monthly fee in the total amount of EUR 12,000 for 2020 for membership in

the Company's Supervisory Board. CEZ Skawina, S.A., provided a fixed monthly fee in the total amount of EUR 12,000 for 2020 for membership in the Company's Supervisory Board.

Ing. Bohdan Zronek was provided remuneration from the following CEZ Group companies in 2020: ČEZ ENERGOSERVIS, spol. s r.o., provided a fixed monthly fee in the total amount of CZK 168,000 for 2020 for membership in the Company's Supervisory Board. Elektrárna Dukovany II, a. s., provided a fixed monthly fee in the total amount of CZK 125,162 for 2020 for membership in the Company's Supervisory Board. Elektrárna Temelín II, a. s., provided a fixed monthly fee in the total amount of CZK 120,000 for 2020 for membership in the Company's Supervisory Board. ŠKODA PRAHA, a. s., provided a fixed monthly fee in the total amount of CZK 80,000 for 2020 for membership in the Company's Supervisory Board. ÚJV ŘEŽ, a. s., provided a total remuneration of CZK 336,000 in total for 2020 for membership in the Company's Supervisory Board, of which the fixed monthly fee amounted to CZK 168,000 and the annual bonus amounted to CZK 168,000.

2.1.10 Compliance with the Remuneration Policy

The payment of all remuneration components of the members of the Board of Directors was in accordance with the Remuneration Policy. The individual remuneration components were determined and paid in accordance with the terms and conditions set out in the Remuneration Policy and the amount of the individual remuneration components were paid in accordance with the terms and conditions set out in the Remuneration Policy. Therefore, the total remuneration of all members of the Board of Directors is in accordance with the Remuneration Policy.

The fixed component of total remuneration includes base salary, benefits, and pension schemes provided and paid in accordance with the Remuneration Policy.

The variable component of the total remuneration consisted only of an annual bonus in 2020. Its amount depended on how the individual members of the Board of Directors met the predetermined indicators. Indicators, including performance criteria for the purpose of determining annual bonuses, are set out so that take into account of the Company's key performance indicators of financial and non-financial performance, which are based on the applicable Company's strategy and business plan, in accordance with market- and legislation-based business conditions, in order that they reflect the area of responsibility of the respective member of the Board of Directors. This process motivates individual members of the Board of Directors to pursue the Company's business strategy, defend its long-term interests and support its sustainability in the area entrusted to their management.

When assessing the fulfillment of the indicators decisive for the annual bonus, the Supervisory Board assesses the specific defined indicators against predetermined criteria, following the evaluation of economic results of the Company for the given year and after its financial accounts are verified by an auditor. Such an assessment of fulfillment of specific indicators is decisive for the determination of the amount of annual bonus of individual members of the Board of Directors for the calendar year in question.

The specific value of fulfilling the set indicators and the amount of annual bonus paid is presented for individual members of the Board of Directors in Sections 2.1.4 and 2.1.8. The indicator evaluation had an impact on the annual bonus paid. This amount then influenced both the absolute amount of the variable remuneration and its share of the total remuneration.

Alignment with the Company's long-term performance is provided through the long-term performance bonus, which is part of the variable remuneration of the members of the Board of Directors. The long-term performance bonus depends on the long-term development of share prices, payment of dividends and fulfillment of predetermined performance indicators specifically set out by the Supervisory Board for each calendar year. Dependence of the long-term performance bonus on key financial indicators of the Company, i.e. on the development of share prices and generated dividends, creates a connection between the motivation for members of the Board of Directors and long-term interests of shareholders, in compliance with the OECD Code (G20/OECD Principles of Corporate Governance).

Increase or decrease in market price of a share clearly reflects the dynamics of the total value for the shareholders and the attractiveness of the Company and its business for investors and shareholders. Dependence of the remuneration on the multi-annual development of the Company's share price contributes to the support of the Company's business strategy, its long-term interests and sustainability particularly by motivating members of the Board of Directors to determine and fulfill the Company's strategy in compliance with shareholders' interests, to manage the Company to achieve long-term profits and increase the Company's value for shareholders.

2.1.11 Share Option Plan

The Company's Share Option Plan was discontinued as at December 31, 2019 and replaced with a long-term performance bonus for the members of the Board of Directors.

After the termination of the Share Option Plan, members of the Board of Directors are not provided new Company's share options. After January 1, 2020, the members of the Board of Directors may only exercise their Company's shares options, which belong to them from the period before December 12, 2019, and there is no set period after which the shares acquired as a result of the option may not be disposed of.

During the period of the Share Option Plan, members of the Board of Directors were provided options (rights of option) for a certain number of shares, as defined in their service contracts. A member of the Board of Directors is entitled to exercise his/her options no sooner than after two years from provision of options and no later than by the middle of the fourth year. In case of exercise of his/her option, a member of the Board of Directors will pay for each Company's share the purchase price, which is set out as a weighted average of prices for which the Company's shares were traded in the Czech regulated market during the period of one month before the provision of options. The purchase price shall be paid by the member of the Board of Directors within 30 calendar days of the transfer. The right of option of a member of the Board of Directors is limited in such a way that the appreciation of the Company's shares on a public market on the date of exercise may be no more than 100% over the purchase price applicable to the option grant in question.

In 2020, none of the members of the Board of Directors exercised the option rights granted under the Share Option Plan.

2.2 Overview of Remuneration Components of Members of the Supervisory Board

The total remuneration of a Supervisory Board member consists of a **fixed remuneration component** and a **variable remuneration component**. In case of members of the Supervisory Board, the fixed remuneration component includes the monthly fee and benefits. In case of members of the Supervisory Board, the variable remuneration component includes royalty.

2.2.1 Monthly Fee

In 2020, the Supervisory Board members were paid a monthly fee for their office duties as a member of the Supervisory Board, as set out in Art. 2.2.4. of the Remuneration Report. The monthly fee represents the monthly fee under Section 4.1 of the Remuneration Policy and forms a part of the fixed remuneration component.

By analogy to personal income taxes for employment tax purposes, the amount of total monthly fee paid in 2020 and published in this Remuneration Report does not include the remuneration paid in January 2020 for performance in December 2019, and includes the remuneration paid in January 2021 for performance in December 2020.

2.2.2 Benefits

Benefits were provided to the members of the Supervisory Board in 2020. Benefits represent benefits under Section 4.2 of the Remuneration Policy that were provided for the office duties as members of the Supervisory Board in the period of January to December 2020. The benefits are part of the fixed remuneration component.

In accordance with the Remuneration Policy, the following benefits constituting other benefits within the meaning of Section 121l(2)(a) of the ACMU were provided to the Supervisory Board member to the extent set out in Article 2.2.4. of this Remuneration Report:

- Use of mobile phone provided for office duties of a member of the Supervisory Board and for private purposes;
- Use of vehicle provided for office duties of a member of the Supervisory Board and for private purposes, including all-risk insurance and reimbursement of repair and maintenance costs;
- Arrangement of a capital life insurance with the duration of insurance of 4 years;

This Remuneration Report follows the same approach for benefits as for monthly fee, i.e. the amount of benefits provided for 2020 does not include benefits provided in December 2019 and charged to monthly fee in January 2020, and includes benefits provided in December 2020 and charged to monthly fee in January 2021.

2.2.3 Royalty

A member of the Supervisory Board is entitled to be paid a royalty in accordance with Section 4.3. of the Remuneration Policy, if the Company's General Meeting so decides, in the amount determined by the General Meeting. No royalties were paid to members of the Company's Supervisory Board in 2020.

2.2.4 Summary of the Amount of Remuneration Paid, Proportion of Fixed and Variable Components of the Supervisory Board Members

The total remuneration of a member of the Supervisory Board is a sum of a **fixed remuneration component** and a **variable remuneration component**.

Fixed remuneration includes a monthly fee and benefits in accordance with the Remuneration Policy. The only variable component of remuneration for the Supervisory Board members is the royalty, which was not paid in 2020. The proportion of the fixed component to the total remuneration is therefore 100% in 2020 and the proportion of the variable component is 0%.

The amount of remuneration provided by the Company to individual members of the Supervisory Board in total for 2020 and the proportions of fixed and variable components of the total remuneration amount for individual members of the Supervisory Board:

Summary of Remuneration, Proportion of Fixed and Variable Components (in CZK thousands)	Fixed remuneration component		Variable remuneration component	Total amount of remuneration ⁷⁾	Proportion of the fixed component of the total remuneration	Proportion of the variable component of the total remuneration
	Fixed Monthly fee (total for the whole year of 2020)	Benefits	Royalty ⁶⁾			
Ing. Otakar Hora	1,260	1,130	0	2,390	100%	0%
JUDr. Zdeněk Černý, MBA	1,008	865	0	1,873	100%	0%
Mgr. Ondřej Landa ¹⁾	465	0	0	465	100%	0%
Jitka Čermáková	630	720	0	1,350	100%	0%
Ing. Vladimír Černý ²⁾	313	667	0	981	100%	0%
Vladimír Hronek	630	638	0	1,268	100%	0%
Lubomír Klosik	630	723	0	1,353	100%	0%
Ing. Vladimír Kohout	630	638	0	1,268	100%	0%
Josef Suchánek	630	721	0	1,351	100%	0%
Ing. Karel Tyll ³⁾	345	0	0	345	100%	0%
Ing. František Vágner	630	0 ⁵⁾	0	630	100%	0%
Ing. Jan Vaněček	630	707	0	1,337	100%	0%
Doc. Ing. Lubomír Lízal, PhD. ⁴⁾	317	48	0	365	100%	0%

1) Mgr. Ondřej Landa served as Vice-Chairman of the Supervisory Board from January 1 to July 1 and from July 23 to December 31 in 2020. He was a member of the Supervisory Board from July 2 to July 22. Mgr. Ondřej Landa is a civil servant appointed to the Company's Supervisory Board by his official institution. In accordance with Sec. 81 of Act No. 234/2014 Coll., on the civil service, as amended (hereinafter referred to as "Act No. 234/2014 Coll."), the remuneration paid to Mgr. Ondřej Land was limited and paid only in the form of a monthly fee.

2) Ing. Vladimír Černý was a member of the Supervisory Board from July 2, 2020.

3) Ing. Karel Tyll is a civil servant appointed to the Company's Supervisory Board by his official institution. In accordance with Sec. 81 of Act No. 234/2014 Coll., the remuneration paid to Ing. Karel Tyll was limited and paid only in the form of a monthly fee.

4) Doc. Ing. Lubomír Lízal, Ph.D., was a member of the Supervisory Board until July 1, 2020.

5) Ing. František Vágner did not receive any benefits in 2020.

6) No royalty was paid to any of the members of the Supervisory Board in 2020.

7) The value, as well as its individual parts, are rounded to the nearest CZK thousand.

In 2020, unless otherwise stated, the members of the Supervisory Board held office for the entire calendar year, i.e., from January 1 to December 31.

None of the members of the Supervisory Board were paid remuneration by any other CEZ Group company in 2020.

2.2.5 Compliance with the Remuneration Policy

The payment of all remuneration components of the members of the Supervisory Board was in accordance with the Remuneration Policy. The fixed component of total remuneration includes monthly fee and benefits provided and paid in accordance with the Remuneration Policy.

Remuneration of the members of the Supervisory Board takes into account the responsibility related to the duties of the body with controlling authority, which—unlike the Board of Directors—bears responsibility neither for the business matters of the Company nor for the achievement of the defined economic goals of the Company. Therefore, the variable remuneration component is not linked to fulfilling the Company's performance indicators.

No Supervisory Board member was paid any royalty in 2020, which is the only component of variable remuneration that can be provided to Supervisory Board members under the Remuneration Policy.

2.2.6 Application of Performance Criteria

With regard to the variable remuneration component in the Remuneration Policy, performance criteria do not apply to the remuneration of members of the Supervisory Board.

2.3 Reclaim of the Variable Remuneration Component

For the accounting period of 2020, the Company was not entitled to apply the right to reclaim of the variable remuneration component or its part from any Body Member and therefore did not exercise such right in 2020.

2.4 Deviations of the Remuneration Policy

The Company did not make any deviations of the process of implementing the Remuneration Policy in 2020 nor any deviations from the Remuneration Policy itself.

Translation of a report originally issued in Czech

Independent Practitioner's Assurance Report

To the General Meeting of Shareholders of ČEZ, a. s.

Introduction

In accordance with the contract for the verification of a remuneration report pursuant to Section 121q of Act No. 256/2004 Coll. on Capital Market Business, as amended (hereinafter "the CMBA"), we have been engaged by the Board of Directors of ČEZ, a. s., business registration No. (IČO) 45274649, registered in the Commercial Register maintained by the Municipal Court in Prague, File No. B1581 (hereinafter "the Company"), to perform an assurance engagement to report on the remuneration report prepared by the Company's Board of Directors for the year ended 31 December 2020 (hereinafter "the Remuneration Report"), which presents information required by Section 121p(1) of the CMBA.

Underlying Subject Matter and Applicable Criteria

The purpose of the assurance engagement is to perform the verification required by Section 121q of the CMBA to report on whether the Remuneration Report contains the information required by Section 121p(1) of the CMBA.

The independent practitioner is not required to verify whether the Remuneration Report and the information contained therein is accurate.

Specific Purpose

This independent practitioner's report is intended solely for the purpose of meeting the requirements of the CMBA and for your information and must not be used for other needs or distributed to other recipients. The report refers exclusively to the Remuneration Report and must not be associated with any Company's financial statements as a whole.

Responsibilities of the Board of Directors / the Board

The Company's Board of Directors is responsible for the preparation of the Remuneration Report in accordance with the requirements of the CMBA. In addition, the Board of Directors is responsible for publishing the Remuneration Report on the Company's website and for ensuring free access for a period of at least 10 years from the date of the General Meeting where the Remuneration Report is submitted. The Board of Directors is also responsible for the preparation of financial and non-financial information and for the design, implementation and maintenance of internal control systems and processes and for accounting records necessary to prepare the Remuneration Report that is free from material misstatements and meets applicable legal or regulatory requirements.

Independent Practitioner's Responsibilities

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Remuneration Report. We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which establishes the fundamental principles of professional ethics, i.e. integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of the Work Performed

The procedures selected depend on our judgment. The procedures include, in particular, inquiry of the relevant personnel and additional procedures aimed at obtaining evidence about the Remuneration Report. The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

We have performed mainly the following procedures:

- Understanding of the resolution of the General Meeting of Shareholders on the remuneration policy for Directors / Board members and Supervisory Board members and other persons pursuant to § 121m(1) of the CMBA; understanding of the resolutions, if any, of the Supervisory Board and of other documents governing the remuneration policy required to be disclosed in the Remuneration Report;
- Understanding of the procedures adopted by the Supervisory Board and by the Board of Directors / the Board in order to meet the requirements of the remuneration policy, to prepare the Remuneration Report and assess the application of the relevant criteria for preparing the Remuneration Report;
- Identification of the persons pursuant to Section 121m(1) of the CMBA that are required to be included in the Remuneration Report;
- For each person identified based on the above, assessment of whether the Remuneration Report contains all information required by Section 121p(1) of the CMBA.

Please note that the Remuneration Report was not audited as part of the audit of the Company's financial statements and annual report pursuant to Act No. 563/1991 Coll. on Accounting, as amended. During the assurance engagement, we did not audit or review the financial or non-financial information used to prepare the Remuneration Report; however, as part of our procedures, we have assessed whether the information provided in the Remuneration Report is not materially inconsistent with the findings obtained during the audit of the Company's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion expressed below.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Remuneration Report does not contain, in all material respects, the information required by Section 121p(1) of the CMBA.

Ernst & Young Audit, s.r.o.
License No. 401

Jiří Křepelka, Statutory Auditor
License No. 2163

17 May 2021
Prague, Czech Republic