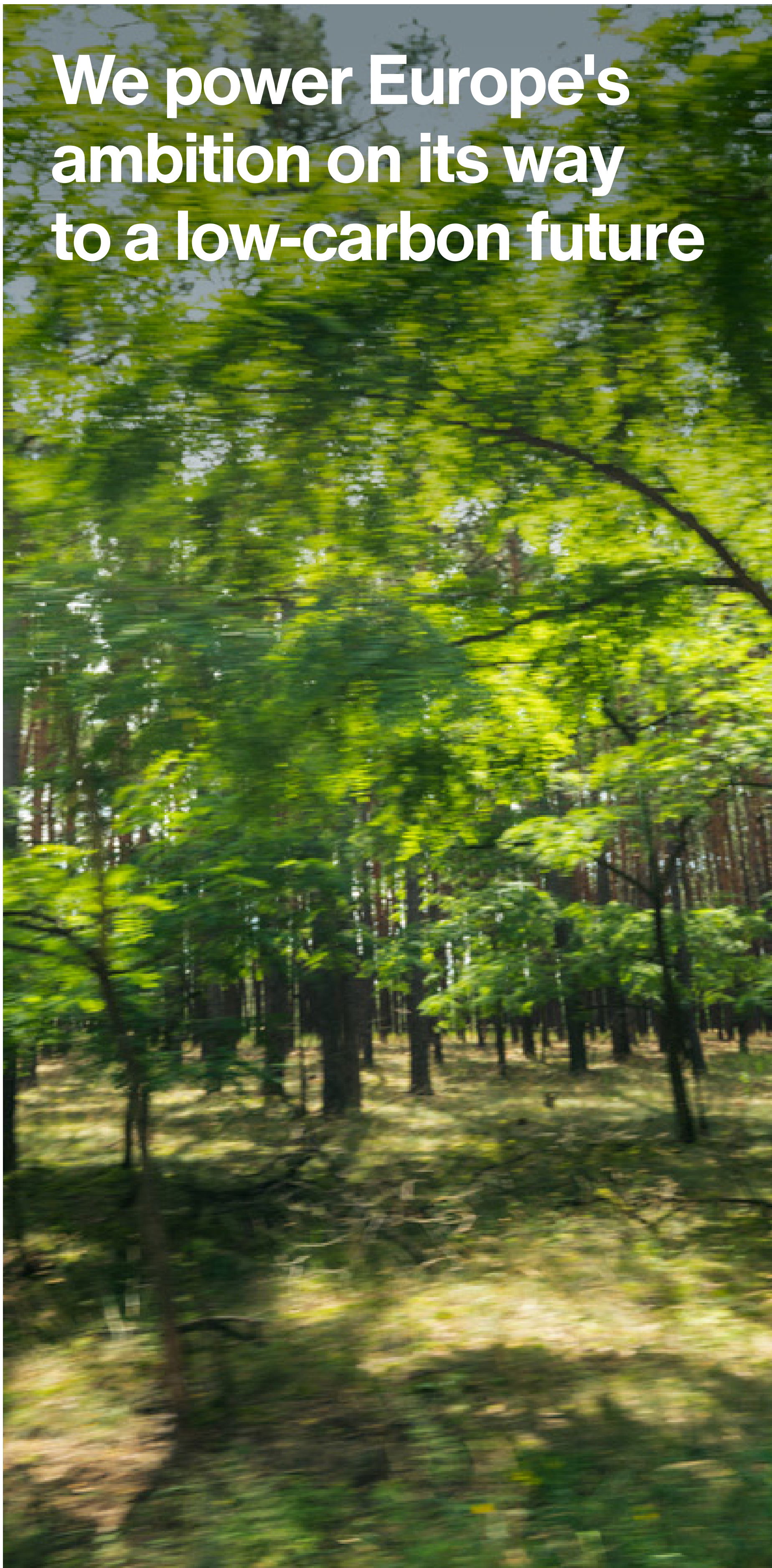
Sustainability Report 2019

EP Infrastructure

www.epinfrastructure.cz

We power Europe's ambition on its way to a low-carbon future



EP **Infrastructure** Sustainability Report 2019

Contents

Foreword

Dear Stakeholders,

It is my great pleasure to introduce to you the second Sustainability Report of EP Infrastructure, a.s., which covers the 2019 calendar year. The Report is based on the Global Reporting Initiative's Guidelines and presents an overview of our Group's performance, emphasising the environmental, social and governance aspects of our activities.

This year and due to our fast business growth and stakeholders' expectations, we have decided to update the previous year's Report with two important steps. First of all, we performed an analysis updating our Materiality Matrix considering EPIF's impact on people, economy and the environment, along with the review of our stakeholders' reasonable expectations and interests. In addition, as part of our sustainability commitment with the most relevant global initiatives, this Report incorporates for the first time our alignment with the United Nations Sustainable Development Goals and the 2030 Agenda. We selected particular SDGs of high relevance, to which EPIF has the highest potential contribution.

In 2019, EPIF continued to operate its traditional energy infrastructure assets in Central Europe. Its activities concentrated on the transmission, distribution and storage of natural gas, the distribution of electricity and the heat industry. EPIF is an active agent in promoting transition towards a new, more sustainable and inclusive energy model. Around 89% of EPIF's Adjusted EBITDA comes from gas transmission, gas and power distribution and gas storage activities, with limited GHG emissions. Therefore, only 11% of our business is connected to heat and electricity generation (Heat Infra segment), which is the primary source of emissions.

Our 2019 business decisions, stemming from our long-term commitment to implement measures increasing energy efficiency and reducing carbon and overall emissions footprint, were focused on investing in operational security, storage technology modernisation, automation enhancement and thorough utilisation of available information to further optimise our processes. Our companies pursued the strategy for major modernisation investment projects leading to higher production efficiency and reduced environmental impact of its operations. The acquisition of a new entity Plzeňská teplárenská at the end of 2018 to our portfolio marked a partial shift of our energy mix in 2019 towards fuels such as biomass and communal waste.

Year 2019 has been marked by a significant growth of the volume of natural gas transported by eustream, 16% more than the previous year, due to our risk management plan to respond to the potential Russian-Ukranian crisis, which was not however materialised as the gas transit agreement was confirmed by respective parties in the last days of 2019. As a part of our efforts to enhance the energy security, we substantially increased gas transmission capacities from the Czech Republic to Slovakia after the extended CS05 compressor station was launched in January 2020, and continued works on a strategic project of the Slovak-Polish Interconnector, which is on the list of critical European infrastructural projects, with expected completion in 2021. ►

I strongly believe that EPIF operations are resilient to withstand the current challenges.

Along with the rapid operations growth and successful financial results, thanks to the high-quality structure of assets and their efficient operational management, our Group's footprint means an even higher commitment to our customers and stakeholders. Owing to this and other positive factors, in 2019 investments ratings for the EPIF Group were all affirmed by renowned rating agencies Moody's, Fitch and S&P. For the second year, our Group was also rated by the established ESG rating agency Sustainalytics, helping us to keep our journey to further improve our sustainability performance. For the first time, S&P rated our Environmental, Social and Governance performance, supporting us to better identify opportunities to strengthen our sustainability commitment. We are the first company in the CEE to have obtained such rating.

As a key player in the Central European energy infrastructure, we are conscious of our substantial responsibility for enhancing energy security and sustainability. Our commitment to strengthening the Group's sustainability performance started in 2018 with the publication of our first Sustainability Report, followed by tangible steps aimed to set the path of our long-term corporate responsibility journey. In March 2020, we approved our new sustainability-related policies applicable for all subsidiaries: an Environmental, Social and Governance policy framework, a Code of Conduct, specific Environmental, Operational and Responsible Procurement Policies.

We issue this Sustainability Report at difficult times in the light of the coronavirus pandemic posing great challenges for many aspects of our society including business matters of EPIF. Since the beginning of March 2020, we have concentrated our efforts on mitigating the impact of the COVID-19 outbreak, particularly in the area of health and safety. The key implemented measures included distribution of adequate protective equipment to on-site employees and remote working staff whose on-site presence is not essential. Continuity of commodity supplies and other key services for our customers is ensured through special separation regime for personnel working in critical infrastructure, such as dispatchers.

To support fast recovery, we have also substantially participated in large scale humanitarian aid representing a purchase of vital medical supplies which were donated to healthcare facilities, municipalities and others in need in Slovakia and the Czech Republic.

To conclude, I would like to personally thank all our employees, investors and business partners, who have been supporting us in fulfilling our main business objectives, ensuring safe, reliable and profitable operation of the energy infrastructure prices favourable for our customers. Our sustainability commitment aims to continuously improve in all fields of our activities to the benefit of all our stakeholders. Thank you, everyone who read this Report with an interest in finding a more detailed picture of our environmental, economic and social performance.

Sincerely,

Daniel Křetínský

chairman of the board of directors

Powering Europe's ambition on its way to a sustainable future

- We **empower communities** all over Europe by safely transmitting and storing natural gas, as well as by generating and distributing affordable heat and electricity.
- **We show transparency and commitment** to our customers when faced with unplanned outages, unpredictable natural phenomena or international crises.
- It is **our responsibility** to offer the best working conditions for our employees and to minimise our impact on the environment.

consolidated sales

€ 3,476 million

households supplied

2,736 thousand

total number of employees

6,458 (FTEs)

We Approach Citizenship Proactively

We are fully aware of our effect on people, economy and the environment, and we work tirelessly to enhance our positive impact. Working across all ESG fields, we have aligned our sustainability commitment with the United Nations Sustainable Development Goals and Agenda 2030, and we strive to contribute to their timely fulfilment. We predominantly focus our efforts on strict regulatory compliance, modernisation of our facilities and robust monitoring. With the help of renowned ESG rating agencies, we will continue to identify every opportunity to improve our performance further.

SUSTAINABLE DEVELOPMENT GOALS

Read more on: www.un.org/development/desa/disabilities/envision2030.html

2019 **Sustainable Highlights**

Even though 89% of EPIF's adjusted EBITDA comes from infrastructural assets, which are only a marginal emitter of GHG, we intend to keep on playing an active role in Europe's transition towards a sustainable future.

Year-On-Year **Progress**

CO_2 emission reduction

For each GWh produced we saved 70 tonnes of CO_2 and reduced our emission imprint by 731 thousand tonnes of CO_2-eq.

SO_2 and NO_x emission reduction

We reduced our SO_2 emissions by 32%, our NO_x emissions by 15% and our dust emissions by 40%.

Decommissioning and re-cultivation

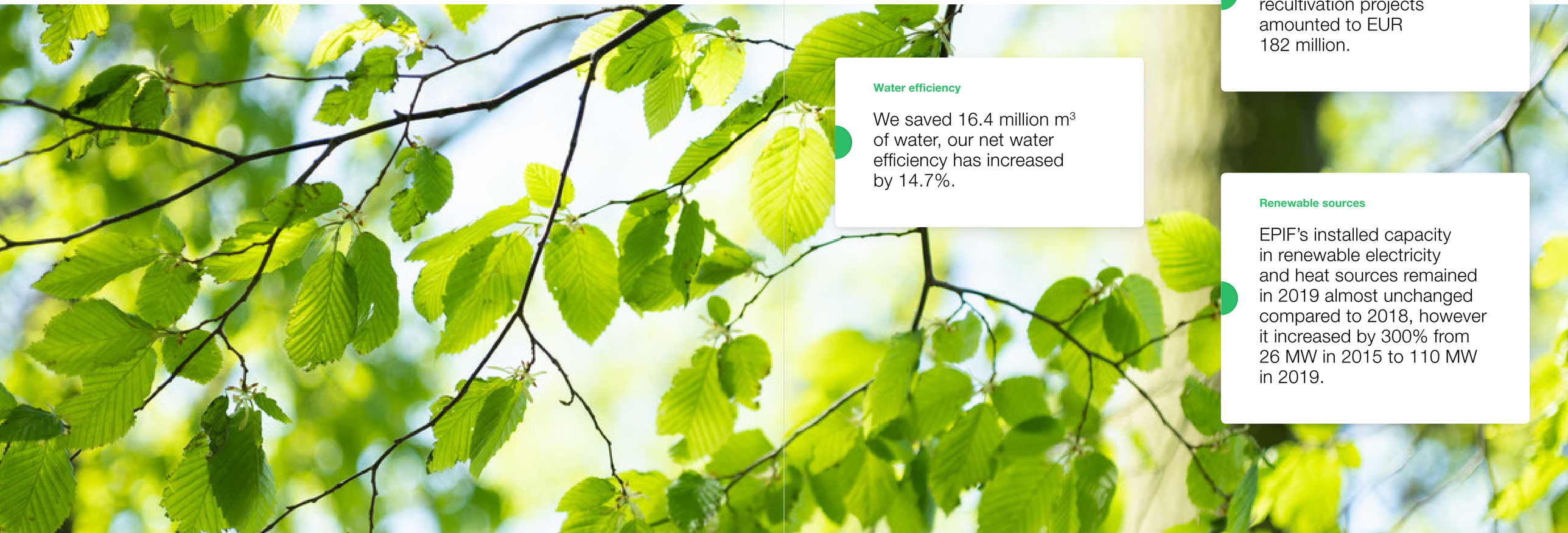
The total provision for decommissioning and recultivation projects amounted to EUR 182 million.

Water efficiency

We saved 16.4 million m^3 of water, our net water efficiency has increased by 14.7%.

Renewable sources

EPIF's installed capacity in renewable electricity and heat sources remained in 2019 almost unchanged compared to 2018, however it increased by 300% from 26 MW in 2015 to 110 MW in 2019.



Natural Gas for Europe

customers served

Millions

natural gas corridor length

2,332 km

gas transmitted

69 billion m^3

Given the decreasing domestic production coupled with a steady increase in demand, eustream corridor plays a critical role in supplying the west, centre and south of the continent with natural gas. Since the coal and nuclear sources are gradually being phased out, meeting basic needs of a developed society without natural gas becomes virtually impossible.

We ensure a safe & reliable flow of natural gas into Europe.

Powering Households

Essential physiological needs are non-negotiable foundations of any thriving society. We provide households and institutions with reliable gas, electricity and heat deliveries while minimising our environmental impact through co-generation.

final households supplied with gas, power and heat

2.7 million

heat supplied

23 PJ

electricity produced

3.8 TWh

natural gas distributed

52 TWh

electricity distributed

6.2 TWh

We provide access to high-quality, affordable gas, electricity and heat.

Securing **Supplies**

security of supply for

millions of customers

gas storage facilities

6 underground sites

overall storage capacity

61 TWh

In today’s climate of both social and political changes, having failsafe mechanisms in place is more important than ever before. We enhance the energy security of Central Europe by operating its most extensive, modern underground gas storage facilities.

We keep our gas supplies secure and available thanks to our underground storage sites.

Why Natural Gas?

Is a Low-emission Energy Source

In contrast to coal, electricity and heat generation from natural gas produces fewer greenhouse gases – up to 60% less CO_2 and 80% less NO_x[1]

Does not Pollute the Air

Compared to other solid fuels, natural gas emits up to 99.9% less harmful particles that damage the human respiratory tract[1]

Complements Green Energy Sources

When the wind does not blow, or it is overcast, gas-fired power plants can react quickly and cover power outages of renewable sources

Is Available for Everyone

Natural gas remains one of the most affordable sources of electricity and heat for European customers

Contributes to the Transformation of the Energy System

Natural gas reserves are predicted to meet global demand for the next decades, providing us with space and time for innovation and technological development[2]

Guarantees Energy Security

Given the expected significant drop in European gas production, a robust and flexible infrastructure supplying Russian natural gas is critical to Europe's sufficient supply

Brings New Long-term Sustainable Solutions

Renewable types of gas such as biomethane and synthetic methane, as well as storing energy by converting electricity from renewables into gas or hydrogen, open new possibilities for a responsible future

1 Source: Sustainability Report EPH 2018 p. 93

2 Source: Statistical Review of World Energy 2020, 69th edition, BP p.l.c., pages 32 and 36, downloaded on 31 July 2020 from: https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2020-full-report.pdf

The Indispensability of our **Employees**

During the past more than ten years, we have been offering stable conditions for 6,458 professionals in five countries. We keep their health and safety as well as their personal and career development at the forefront. We fully appreciate our mutual dependencies — as our employees rely on EPIF's future sustainable development, no innovation is possible without their top talent.

→ Understanding the critical importance of good wellbeing of our employees, we strive to put in place safety mechanisms of the highest standards and promote a culture of "putting health and safety first" throughout our supply chain.

→ We increased the total training hours per an employee by almost 11%. EPIF now provides almost 200,000 training hours annually to its staff.

→ We raise our own employees through mentoring and scholarship initiatives. We set up our own tailor-made programs to recruit young candidates, even without any specific education, and provide them with top theoretical and practical training.

→ We are proud employers of 144 employees with various disabilities. We strive to provide them with the best available conditions to engage in daily activities.

Inside this Report

In April 2020, we obtained a score of 65/100 in our inaugural ESG evaluation from S&P Global Ratings, confirming our commitment and continuous efforts in the ESG area. We thus became the first company in Central Europe with the S&P rating report publicly disclosed, helping our stakeholders better understand our strategy and corporate purpose.

Read more on page 41 →

As part of our sustainability commitment with the most relevant global initiatives, this report incorporates for the first time our alignment with the United Nations Sustainable Development Goals and the 2030 Agenda. EPIF works tirelessly to enhance our positive impact. Working across numerous fields, we are committed to Sustainable Development Goals and strive to contribute to their timely fulfilment.

Read more on page 102 →

Aiming at enhancing European energy security, we substantially increased gas transmission capacities from the Czech Republic to Slovakia after the CS05 compressor station was launched in January 2020, and continued works on a strategic project of the Slovak-Polish Interconnector, which is on a list of critical European infrastructural projects, with expected completion in 2021.

Read more on page 84 →

Our commitment to strengthening EPIF's sustainability performance has materialised in the implementation of new ESG policies – an Environmental, Social and Governance policy framework, a Code of Conduct, specific Environmental, Operational and Responsible Procurement Policies.

Read more on page 127 →

We Have a Strong Vision for Sustainable Future.

Key Performance Indicators

Business

69 bcm
GAS TRANSMISSION

4.8 bcm
GAS DISTRIBUTION

7,619 GWh
TOTAL ENERGY PRODUCTION

5.7 bcm
GAS STORAGE CAPACITY

Financial

€ 1,606 mil
ADJUSTED EBITDA

€ 3,476 mil
REVENUES

69 %
GROUP CASH CONVERSION RATIO

€ 1,107 mil
ADJUSTED FREE CASH FLOW

Environmental

1,495 MWe
INSTALLED CAPACITY IN ELECTRICITY

731 ths tonnes
OF CO_2 EMISSIONS SAVED

184 GWh
OF ELECTRICITY FROM RENEWABLES

170 GWh
OF HEAT FROM RENEWABLES

Employees

6,458
TOTAL NUMBER OF EMPLOYEES

20 %
WOMEN OUT OF TOTAL WORKFORCE

10.7 mil
HOURS WORKED BY OUŘ EMPLOYEES

almost 96 %
COVERED BY COLLECTIVE AGREEMENTS

Social

2.7 mil
HOUSEHOLDS SUPPLIED

almost 200 ths
OF TRAINING HOURS

775
PROJECTS SUPPORTED

€ 1.7 mil
TOTAL EPH FOUNDATION CONTRIBUTION

About this Report

This is the second Sustainability Report of EP Infrastructure, a.s., through which we aim to provide a comprehensive overview of environmental, governance and social aspects of our operations in 2019.

About this Report

While EPIF data and case studies have been included in previous Sustainability Reports issued since 2015 by our parent company, EPH, we have decided to provide relevant detailed information about our commitment to sustainability separately, responding to the expectations of our key stakeholders and the growing size of our operations.

Our Group has grown on the back of acquisitions of various entities in different countries, inheriting their own reporting standards and internal policies. Unification of internal policies, standards and processes related to sustainability is a very challenging goal, which will require a substantial amount of work, which we intend to carry out over time.

As the next step towards this commitment, we started collecting more in-depth data on sustainability-related aspects of our operations and are implementing revised **Group sustainability-related policies** (named specifically in the section Governance), which provide a set of unified principles and detailed guidelines for our daily business activities. That being said, we recognise there is still a decent room for improvement in terms of quantity and quality of published data, but we do our best to meet the expectations of our stakeholders with our second Report and we commit to keep raising the bar in the upcoming years.

In terms of the reporting period, the operational information (e.g. electricity produced) presented in this Report relates to our operations during the whole 2019 calendar year (same as the fiscal year), with comparative data from the previous reporting period, where available.

In terms of data presented in the Report, we include financial and non-financial information for the acquired subsidiaries following the IFRS consolidated financial statements logic, e.g. for a company acquired on 30 June financial performance is presented for the period from 1 July to 31 December.

We plan to issue our next Sustainability Report for 2020 in 2021.

Principles of our Report

Our sustainability reports are based on the guidelines by Global Reporting Initiative (“GRI”). This Report has been developed to follow selected GRI Standards[3]: Core option. The Report has been developed with **GRI’s materiality, stakeholder inclusiveness, sustainability context, and completeness principles in mind**. Further details on our approach to materiality and stakeholder engagement undertaken during normal business activity and also as part of the preparation for this Report is included in section 4 Materiality Analysis.

Principles for Report Content and Quality

GRI principles for Sustainability Reporting, including the principles of the Report content and quality as shown in the table below were the main source of inspiration for EPIF in the preparation of this Report.

3 GRI Standards 2016 edition

Principle	EPIF approach
Stakeholder inclusiveness	Mapping of stakeholders at local and global level
	Assessment of their relevance and selection of stakeholders with whom to engage
	Analysis of stakeholder concerns and expectations
Sustainability context	Analysis of sustainability framework at global, European and country level
	Study of trends in the utility and energy sector and benchmarking with peers and competitors
	Definition of future risks and challenges at local and global level
Materiality	Materiality matrix definition
	Focus on material aspects and companies in the scope of our operations
Completeness	Detailed analysis of available data in relation to all companies under management control
	Inclusion of information on newly acquired companies

Table 1 Principles for the Report content.

Principles	EPIF approach
Balance	Assessment of strengths and weaknesses in relation to 2019 results and future goals
Comparability	Presentation of 2016–2019 trends for most indicators and comments on changes in report scope and restatements
Accuracy	Establishment of internal analysis focused on quantitative measurements for all material aspects identified
Timeliness	Sustainability report 2019 issued around the same time as the EPIF Annual report 2019
Clarity	Consultations with local units interacting with stakeholders in order to define the most appropriate amount and presentation of data
Reliability	Continued engagement of external assurance provider

Table 2 Principles for the Report quality.

Report Boundaries

The Report content covers all our operations in the Czech Republic, Slovakia, Hungary and Germany. For more detailed information on our countries of operation and legal entities please refer to the next section of this Report. The Report boundaries are based on the operational control approach and are the same for all GRI Indicators with the exception of the GRI 200 Economic data and GRI 400 Social data, which has been reported using financial control in order to align the data with the financial information reported in the EPIF Annual Report. As a result, EPIF has consolidated data from all controlled entities that were deemed material for the purposes of this Report. This list of entities covered by the Report is shown in the section 3 EPIF and its business.

Further details on our stakeholder analysis and engagement are provided in section 4 Materiality Analysis covering stakeholders and priorities. This Report is focused on those areas that were deemed most material to our business and our stakeholder groups. These areas, or aspects, are explained in the different sections of this Report with further detailed data shown in GRI Content Index.

Assurance

As well as publishing our second Sustainability Report, we also obtained an external assurance of certain material data included in this Report in order to enhance its credibility. The energy consumption, water withdrawal and discharge and injury data of our facilities located in the Czech Republic, Slovakia and Hungary were assured in accordance with ISRS 4400 Engagements to perform agreed-upon procedures regarding financial information by an independent auditor. The assurance statement could be found in the chapter Assurance.

Organisational Boundaries

The list presented below includes all of the entities within the EPIF portfolio deemed material for the purposes of this Report.

Company name	Country	Ownership Share	Financial Control	Operational Control
EP Energy, a.s.	CZ	100.0%	Yes	Yes
Gas storage				
NAFTA Speicher GmbH & Co. KG	DE	69.0%	Yes	Yes
NAFTA a.s.	SK	69.0%	Yes	Yes
Pozagas a.s.	SK	62.0%	Yes	Yes
SPP Storage, s.r.o.	SK	49.0%	Yes	Yes
Gas transmission				
eustream, a.s.	SK	49.0%	Yes	Yes
Gas and Power distribution				
EP ENERGY TRADING, a.s.	CZ	100.0%	Yes	Yes
SPP - distribúcia, a.s.	SK	49.0%	Yes	Yes
Stredoslovenská energetika a.s.	SK	49.0%	Yes	Yes
Stredoslovenská distribučná a.s.	SK	49.0%	Yes	Yes
Heat Infra				
Elektrárny Opatovice, a.s.	CZ	100.0%	Yes	Yes
EP Cargo a.s.	CZ	100.0%	Yes	Yes
EP Sourcing, a.s.	CZ	100.0%	Yes	Yes
Pražská teplárenská a.s.	CZ	100.0%	Yes	Yes
United Energy, a.s.	CZ	100.0%	Yes	Yes
Plzeňská teplárenská a.s.	CZ	35.0%	Yes	Yes
Budapesti Erőmű Zrt ("BERT")	HU	95.6%	Yes	Yes
Renewables				
Powersun a.s.	CZ	100.0%	Yes	Yes
Triskata, s.r.o.	CZ	100.0%	Yes	Yes
VTE Pchery, s.r.o.	CZ	64.0%*	Yes	Yes
Arisun, s.r.o.	SK	100.0%	Yes	Yes
Alternative Energy, s.r.o.	SK	90.0%	Yes	Yes
Greeninvest Energy, a.s.	SK	41.7%	No	No

Table 3 EPIF Group companies.
Note: We include only the main companies in the Group that have a major impact on the operation. For the complete list of companies, please refer to the EP Infrastructure, a.s. consolidated annual report for 2019.
* Share increased to 100% in January 2020.

The majority of indicators used in the Report are reported at the level of the operating company from the list above. In order to properly capture the extent of operations, HR data, namely the indicators on headcount, training hours, fatalities, injuries and hours worked are reported in line with the respective subsidiaries of the above-mentioned entities.

Operational Boundaries

We set the boundary as the core business operations of respective companies for environmental indicators, meaning that we exclude some data for administrative and other non-core facilities (e.g. electricity for administrative buildings) as we deemed these immaterial. In some instances, however, even this data is included as the separation from the underlying data was not possible. In addition, the boundaries for the environmental indicators are restricted to the physical locations of the core operations meaning that we exclude the data from facilities not located in the physical location of main operation whose environmental impact is not deemed material compared to the impact of the main operation. We consider these issues as an area for further improvement for our future reporting.

Restatements of Information

From the last year's report, values for few performance indicators were adjusted due to a revision in reporting.

- Number of final households supplied was restated retrospectively for the heat infrastructure segment. The total number in 2018 was increased from 2,385,551 to 2,720,557.
- Net installed heat capacity of EOP and UE was restated retrospectively to represent heat capacity of the boilers. The reported heat capacity in 2018 was increased from 4,767 MW to 5,624 MW.
- Power and heat production by sources in 2018 was restated for PLTEP. Biomass which is co-combusted with lignite, is now reported separately within renewable sources. Net power production from biomass in 2018 was increased by 68 GWh, while production from lignite was reduced by the same amount. Net heat production from biomass in 2018 was increased by 570 TJ, while production from lignite was reduced by the same amount.

Following performance indicators were added:

- Number of employees by country of operations.
- Number of employees by age group.
- Number of employees with a disability.
- Indirect GHG emissions (Scope 2)

EPIF and its **Business**

EPIF is committed to further improve its governance of the ESG areas, including implementation of new ESG policies and disclosures which should lead to an ESG rating upgrade as well.

Approximately 89% of EPIF's Adjusted EBITDA[4] is derived from **gas transmission, gas and electricity distribution and gas storage activities**. A smaller part of EPIF's business (approximately 11% of 2019 EPIF's Adjusted EBITDA) is concentrated around heat infrastructure in the Czech Republic and Hungary.

EPIF views the areas of environmental, social and governance matters as being vital to the overall well-being of the EPIF Group's employees and its stakeholders. For the first time, EPIF Group obtained the ESG rating "Average Performer" in 2019 from the renowned ESG rating agency Sustainalytics. In April 2020, we were the first company in Central Europe with ESG rating report from S&P which was publicly disclosed. The achieved score of 65/100 confirms our commitment and continous efforts in the ESG area.

The **EPIF Group activities are regulated by several environmental and energy rules** by national legislations. These include regulations governing the discharge of pollutants, handling of hazardous substances and their disposal, cleaning of contaminated sites and health and safety of employees.

In 2019, the EPIF Group continued to be very active in the area of environmental protection, which is further described in the Environmental section of the Report. The companies within the EPIF Group are operated in a manner to ensure their failure-free operation and high efficiency in producing heat and electricity (while heat is a primary product), which has a direct impact on the volume of produced emissions.

4 For a full overview of EPIF financial results, please see Annexes or its annual report.

5 For full disclosure of financial results, please see Annexes of this report. In the environmental section, we are referring to the adj. EBITDA of segments.

EPIF Group Highlights

Governed from the headquarters in Prague, the EPIF Group:

- acts as the major distributor of natural gas and electricity in Slovakia
- EPIF again confirmed its role of major infrastructure player in the Central European region
- operates the largest gas storage capacities in Central Europe with additional storage facilities in Germany
- operates a transit gas pipeline, one of the biggest corridors for gas suppliers to Western, Central and Southern Europe
- and its subsidiaries are significant heat distribution network operators and heat producers in the Czech Republic and Hungary

€ 3,476 million
CONSOLIDATED SALES 2019

€ 1,606 million
TOTAL ADJ. EBITDA 2019

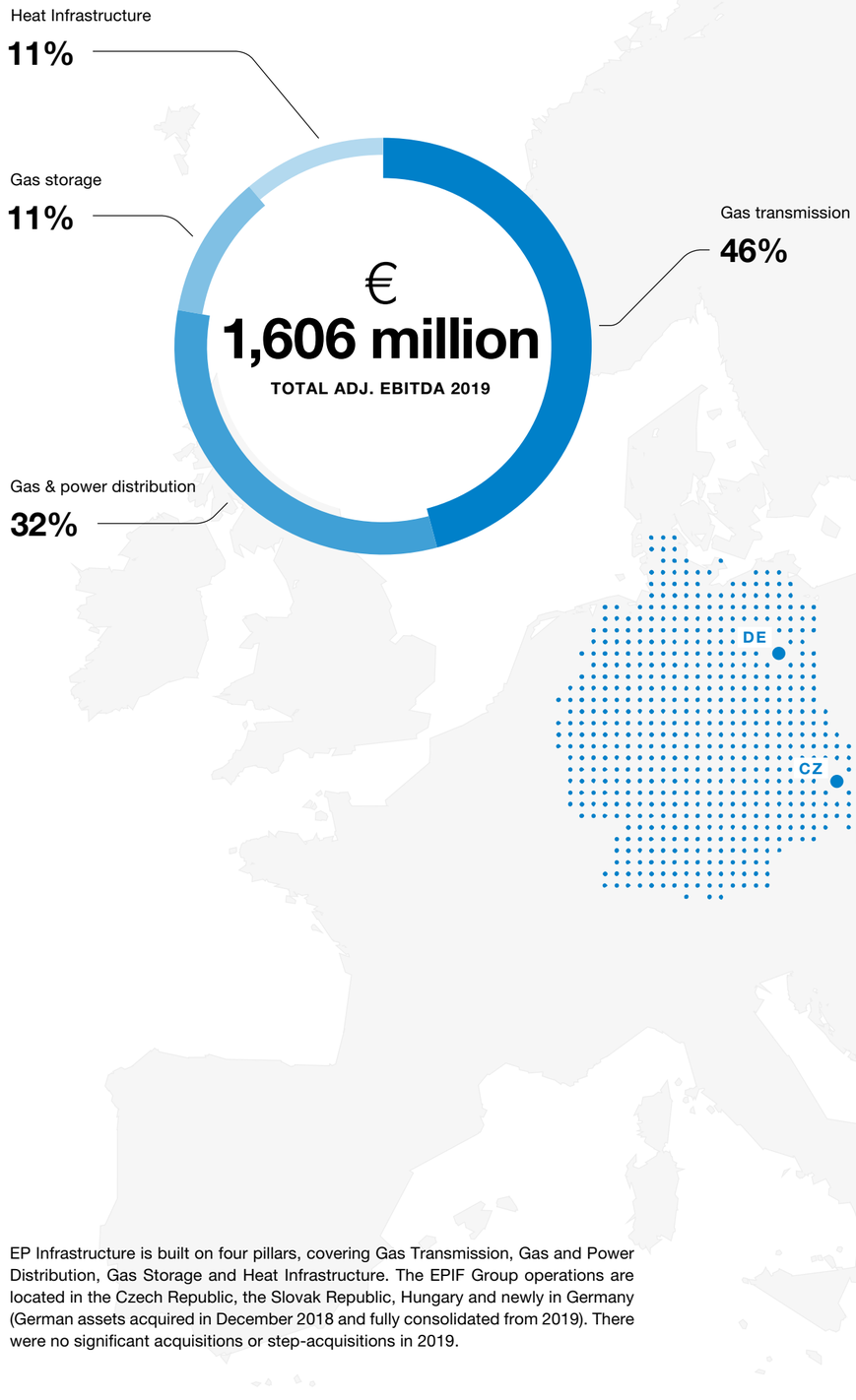
In 2019, EPIF reached consolidated sales of EUR 3,476 million and Adjusted EBITDA of EUR 1,606 million[5], which represents an increase of EUR 140 million (+10%) compared to last year.

Overview of EPIF's Business Activities

Business area	Adj. EBITDA (2019)	Companies
Gas Transmission	€ 737 million	eustream SLOVAK GAS TSO
Gas & Power Distribution	€ 516 million	Distribúcia SPP; epet.; SSE HOLDING
Gas Storage	€ 180 million	nafta; SPP Storage; nafta Speicher; POZAGAS
Heat Infrastructure	€ 175 million	Plzeňská teplárenská Více než energie; United Energy; Pražská teplárenská; EP Sourcing; EOP Elektrárny Opatovice; Budapesti Erőmű ZRt.

Fig. 1 Overview of EPIF's business activities.

Adj. EBITDA in the Main Sectors (2019)



EP Infrastructure is built on four pillars, covering Gas Transmission, Gas and Power Distribution, Gas Storage and Heat Infrastructure. The EPIF Group operations are located in the Czech Republic, the Slovak Republic, Hungary and newly in Germany (German assets acquired in December 2018 and fully consolidated from 2019). There were no significant acquisitions or step-acquisitions in 2019.

EPIF Group Companies

EP Infrastructure

Gas Transmission

- 49% MC — eustream SLOVAK GAS TSO

Gas & Power Distribution

- 49% MC — SSE HOLDING
- 49% MC — Distribúcia SPP
- 100% — epet.

Heat Infra

- 95.6% — Budapesti Erőmű ZRt.
- 100% MC — Pražská teplárenská
- 100% — EOP ELEKTRÁRNY OPATOVICE
- 100% — UNITED ENERGY
- 35% MC (*) — PLZEŇSKÁ TEPLÁRENSKÁ Více než energie
- 100% — EP Sourcing

Gas Storage

- 69% MC — nafta
- 69% MC (**) — nafta Speicher
- 62% MC — POZAGAS
- 49% MC — SPP Storage

Renewables

- 64% MC(*) — VTE Pchery
- 41.7%(**) — Greeninvest
- 100% — Powersun
- 100% — Triskata
- 100% — Arisun
- 90% MC — Alternative energy

Other

- 80% MC — AISE ENERGIE POD KONTROLOU
- 100% — EP Cargo

Fig. 2 EPIF Group companies.
Note: MC – Management control (relevant only for entities with a share less than 100%). Percentages show ownership.
(*) Share in VTE Pchery increased to 100% in January 2020.
(**) As Greeninvest is not fully consolidated and is not material, its operational KPIs are not included in this Report.

Business Segment: Gas Transmission

The Group's Gas Transmission Business is operated through eustream, which is the owner and operator of one of the major European gas pipelines and is the only gas transmission system operator in the Slovak Republic. The transmission network of eustream is part of the Central Corridor which is one of the largest and most important piped gas import routes into Europe.

Eustream

Eustream owns and operates a 2,332 km long gas transit corridor in the Slovak Republic. Since 1972, eustream has secured the transmission of more than 2,500 bcm of natural gas across the area of Slovakia.[4] The company therefore successfully continues the tradition of the Slovak gas industry, which dates back over 160 years.

The eustream transmission system is an important energy link between the Russian Federation and the European Union. It is connected to the main transport routes in Ukraine, the Czech Republic, Austria and Hungary, and a new interconnection pipeline with Poland is under construction. Thanks to the continual modernization and upgrading of its infrastructure, the company ensures safe and reliable supply of ecological energy source to Central, Western and Southern Europe. Eustream's business partners include major energy companies from both EU and non-EU member states. In 2019, we transported 69 bcm of natural gas[5], which is 16% more than in the previous year.

4 To show context, natural gas consumption of European Union in 2019 was 482 bcm (Source: EU Natural Gas Q4 2019 Report, 2020). From 1972 eustream transported more than 5 times as much.

5 For comparison, in 2019, the Czech Republic consumed 8.5 bcm of gas (Source: ERO. The Fourth Quarterly Report on the Operation of Czech Gas System 2019). eustream thus in 2019 transported 8 times more than the yearly consumption of the Czech Republic.

Case Study

Promoting Energy Security through Interconnection

Within development projects focusing on the enhancement of energy security and the creation of new business opportunities, we substantially increased gas transmission capacities from the Czech Republic to Slovakia after annual capacity of the CS05 compressor station was extended to 55 bcm with launch in January 2020.

We also continued works on a strategic project of the Slovak–Polish Interconnector with expected completion in 2021, which is on a list of critical EU infrastructural projects and is supported by the EU.

Enhancing energy security and improving the conditions for a free market.

Business Segment: Gas and Power Distribution

The Group's Gas and Power Distribution Business consists of the following divisions: gas distribution, power distribution and supply. The gas distribution division comprises of SPP - distribúcia, which is responsible for distribution of natural gas. The power distribution division is represented by Stredoslovenská distribučná that distributes electricity. The supply division activities involve supplying the supplying power and natural gas to end-consumers which the Group conducts through EP Energy Trading in the Czech Republic and Slovakia and through the Stredoslovenská energetika Group in Slovakia. The annual volume of distributed natural gas in 2019 was 4.8 bcm, which is slightly above the volume distributed in 2018. In the same year, we distributed almost 6.2 TWh of electricity, which is slightly below volume distributed in the previous year but still above the long-term average. We also kept on renovating and reconstructing our backbone network to ensure the continuity of our traditional distribution services while reflecting modern trends in electricity distribution. Total capital expenditures in this segment exceeded EUR 80 million in 2019.

Stredoslovenská energetika

Stredoslovenská energetika ("SSE") is a multi-commodity energy supplier in Slovakia with around 600,000 offtake points and in 2019 delivered almost 4.1 TWh of electricity and more than 51 mcm of natural gas. Besides supplying energy, it also offers comprehensive solutions for improving energy efficiency, optimising demand and energy management.

Through its subsidiary company Stredoslovenská distribučná ("SSD"), SSE is the second largest regional electricity distribution company in Slovakia. It owns and operates an electricity distribution network with a total length of nearly 34,000 km and serves approximately 760,000 delivery points in Central Slovakia.

SSE also owns and operates a small number of generation assets with a total installed capacity of 63 MWe consisting of solar power plants with an aggregate capacity of 10 MWe, small hydropower plants with an aggregate capacity of 3 MWe and a 50 MWe gas turbine dedicated to the sale of system services to the Slovak TSO Slovenská elektrizačná prenosová sústava, a.s.

SPP - distribúcia

SPP - distribúcia ("SPP-D") is the owner and operator of a gas distribution network, which accounts for approximately 98% of the volumes distributed in the territory of the Slovak Republic. The company is responsible for the reliable, safe and efficient distribution of natural gas from transmission networks through gas distribution systems to end customers, and also for securing connection to the distribution network and for meter-readings of consumed natural gas.

The total length of pipelines on all pressure levels operated by SPP - distribúcia is now 33,323 km. Over 94% of all inhabitants of the Slovak Republic have access to natural gas, making Slovakia the second in Europe in terms of gas network density. SPP - distribúcia is the Slovak leader in natural gas distribution delivering its services to 28 gas suppliers that utilize SPP-D network to deliver gas to over 1.5 million customers connected to the gas distribution system in the whole of Slovakia.

The technical safety and reliability of supplies and, at the same time, cost-effective distribution of natural gas, represent the pillar of the core business activities of SPP-D. Therefore, the company is continuously focused on optimising its internal processes and individual activities with emphasis put on maintaining the safety and reliability of the gas distribution network.

EP Energy Trading

EP Energy Trading ("EPET") is one of the leading suppliers of electricity, natural gas and related services to final customers in the Czech Republic and the Slovak Republic. EPET's core function is to use synergies with the Group's other segments to cover the entire energy value chain. Among other things, EPET buys power generated by the Group's Heat Infra segment and sells it to the wholesale market while also supplying the energy to the end customers. Currently, the company supplies over 66,000 offtake points.

An advantage of EP Energy Trading is the access to power plants from the EP Energy group such as Elektrárny Opatovice or United Energy and it also buys electricity from Plzeňská Teplárenská. Thanks to this, the company is a stable partner for its customers, offering certainty of keeping contract obligations. In 2019, the company supplied its end customers in the Czech Republic and Slovakia with almost 2.9 TWh of electricity and more than 206 mcm of natural gas[6].

The company has been in the market for 15 years. Throughout that time, due to its competitive prices, professional approach, flexibility and customer focus, EPET has established itself as an important supplier of energies on the Czech market.

6 Over 2.1 TWh of natural gas

Business Segment: Heat Infra

The Group's Heat Infra Business owns and operates three large-scale heat cogeneration[7] plants, generating both heat and power[8], in the Czech Republic and also owns and operates, through its 100% owned subsidiary, Pražská teplárenská, the most extensive district heating system in the Czech Republic, which supplies heat to the city of Prague. The Group is the largest heat supplier in terms of heat supplied to final consumers in the Czech Republic with 5,537 MWth in net installed capacity. The prices charged to our customers for heat are well below the national average for the Czech Republic, with the exception of Pražská teplárenská. Through this, we keep the prices affordable for all our customers. Moreover, in Hungary the Group owns another CHP plant, Budapesti Erőmű.

In 2019, the Group supplied almost 23 PJ of heat and produced 3.8 TWh of gross electricity, confirming its position of a key heat supplier and provider of ancillary services both in the Czech Republic and Hungary with significant contribution to the transmission network's stability. The companies also commenced major modernisation investment projects leading to higher production efficiency and reduced environmental impact of its operations. Acquisition of a new entity Plzeňská teplárenská at the end of 2018 to our portfolio marked a partial shift of our energy mix in 2019 towards fuels with a lower carbon footprint such as biomass and communal waste.

Pražská teplárenská

Pražská teplárenská is one of the largest district heating companies in the Czech Republic in terms of the number of customers. The company's activities are concentrated in the area of Prague and surrounding areas. Pražská teplárenská covers almost 25% of the market for thermal energy in Prague and delivers heat to more than 230,000 households, numerous office buildings, industrial companies, hundreds of schools and health facilities and other entities. Pražská teplárenská operates in total seven heat sources with total installed thermal capacity of 1,046 MWth.

A major source of heat for the Prague Heat Distribution System ("PTS") is Elektrárna Mělník I ("EMĚ I") – operated by Energotrans, a subsidiary of ČEZ, supplying c. 90% of the total heat supply to PTS. Sources operated by Pražská teplárenská – primarily heating plant Malešice, heating plant Michle and heating plant Krč are in place to cover winter demand peaks. Furthermore, the heat is also sourced from a local waste-to-energy plant (ZEVO Malešice).

Elektrárny Opatovice

Elektrárny Opatovice ("EOP") supplies thermal energy for more than 60,000 supply points in the Hradec Králové – Pardubice – Chrudim area of the Czech Republic. Among their customers are several hundred organisations such as industrial enterprises and administrative, commercial, sport, health and cultural facilities. Elektrárny Opatovice's heat supply system comprises approximately 319 km of heat supply networks.

Moreover, EOP has six co-generation boilers that produced altogether 943 GWh of net power in 2019, which is approximately one third of the 2019 demand in the Hradec Králové region[9]. The power station also has the capacity to supply balancing power, which helps to balance supply and demand in the Czech electricity grid, and it also ensures the possibility of island operation in the case of the collapse of the whole electricity grid.

7 Combined high efficient generation of electricity and heat. Discussed in greater detail in the Environment chapter ("Our GHG emissions impact").
8 Also known as combined heat and power production ("CHP"). Please refer to the Generation assets overview section in the Environment chapter for further information.
9 Source: ERO. First to Fourth Quartal Reports on the Operation of the Electricity Grid 2019. Published in 2020.

Plzeňská teplárenská

Plzeňská teplárenská is a leading heat and electricity producer in western Bohemia in the Czech Republic. It operates a combined heat and power plant running in a co-generation mode with a total achievable thermal capacity of 814 MWth and a total achievable electrical capacity of 274 MWe. Plzeňská teplárenská operates a generation block that offers an opportunity to use coal and biomass together, which results in further ecologisation of the operation. In addition, the company operates a waste to energy plant ZEVO Chotíkov that incinerates communal waste and efficiently generates heat and electricity. In total, Plzeňská teplárenská supplies heat to more than 50,000 customers.

One of the company's unit serves as back-up one with an achievable output of 20 MWe. It provides ancillary services for the operator of the Czech electricity transmission system, ČEPS, supporting the operation of the Czech transmission system. The back-up unit ensures the stability and security of electricity supply for final customers and its technical design supports very quick reactions in emergencies related to the collapse and recovery of the electricity grid.

United Energy

United Energy is an important heat producer in the northern Bohemian region of the Czech Republic. It supplies heat to 34,000 supply points in Most and Litvínov, and also to industrial enterprises, schools, healthcare facilities, offices and various institutions. Part of the thermal energy is sold to the networks of third-party heat distributors. The total length of United Energy's heat distribution network consists of more than 140 km of distribution pipes.

United Energy operates the Komořany CHP plant near Most, which burns indigenous brown coal in 10 modern fluidised-bed boilers meeting all environmental and public health regulations. In 2019, it supplied 1.4 PJ of thermal energy. The Komořany CHP plant also generates electricity in eight turbine generator sets with an aggregate installed electrical capacity of 239 MWe.

Budapesti Erőmű

Budapesti Erőmű ("BERT") is a modern and leading heat and electricity producer in Budapest, Hungary with total heat and electricity capacity of 1,401 MWth and 396 MWe, respectively. BERT produces approximately 55% of the district heating in Budapest distributed by FÖTAV[10] and ~3% of total electricity demand in the country. BERT's basic objective is to generate energy from a less emission intensive energy source (natural gas), at the highest possible efficiency and with a minimum environmental impact, as well as steadily and reliably.

As a result of the technological modernisation and improved service quality, uninterrupted district heating at an increased comfort level is already ensured for almost half a million consumers living in 144,000 district heated homes. For strengthening Budapest's district heating assets and for satisfying the future energy demands, the company cooperates with its strategic partners and with the local municipalities.

EP Cargo

Rail transporter which is providing efficient shipping services to a wide range of customers. EP Cargo was licensed as a rail carrier in 2010. The company´s objective is to offer cooperation in meeting the transportation needs of wide range of customers, including freight forwarders, carriers, manufacturing plants, as well as other companies. In 2019, the company transported more than 5 million tonnes of load.

EP Sourcing

EP Sourcing supplies more than 3 million tonnes of coal to companies United Energy, Plzeňská teplárenská and Elektrárny Opatovice.

10 District heating operator in Budapest.

EPIF and its subsidiaries are significant heat distribution network operators and heat producers in the Czech Republic and Hungary.

Business Segment: Gas Storage

The Group's Gas Storage Business consists of NAFTA, NAFTA Speicher, Pozagas and SPP Storage, which store natural gas under long-term contracts in underground storage ("UGS") facilities located in the Czech Republic, Slovakia and Germany.

The overall storage capacity is more than 5.7 bcm[11] and includes assets in strategic regions connected to key gas routes. In addition to its traditional assets in Slovakia, EPIF operated storage facilities in South-Eastern Bavaria acquired at the end of 2018 with capacity of almost 1.8 bcm. In 2019, we also continued to invest in operational security, storage technology modernisation, automation enhancement and utilisation of collected information to further optimise processes.

Nafta

NAFTA is an international company with an extensive experience in underground gas storage and is a leading company in exploration and production of hydrocarbons. In addition, the company initiates research activities as well as projects focused on the storage of energy from renewable sources. NAFTA operates not only in Slovakia and the Czech Republic, but also in Germany, Austria and Ukraine.

In Slovakia, NAFTA operates a system of underground gas storage with a capacity of 2.6 bcm[12]. Working storage volume is a dynamic variable depending primarily on its mode of use by customers. The UGS facilities of NAFTA are connected to the Slovak distribution grid, transition system of eustream and Virtual Trading Point in Austria.

Nafta Speicher

NAFTA Speicher, owned by Nafta, owns and operates natural gas storage facilities in Germany close to the border with Austria in Wolfersberg, Inzenham and Breitbrunn-Eggstätt. The storage facilities of Nafta Speicher are directly connected to the NetConnect Germany Virtual Trading Point (NCG VTP) which is one of the most attractive gas trading hubs in Europe. The capacity of new assets is 1.8 bcm[13], representing 9% of the combined storage capacity in Germany. NAFTA Speicher is benefiting from NAFTA's 45-year-long experience in gas storage business.

Pozagas

POZAGAS is the second largest storage system operator in the Slovak Republic, with its technical operation being partially outsourced to NAFTA. Pozagas owns and operates an underground gas storage facility near the town of Malacky in Slovakia.

The company offers storage capacity service as well as other services on both a long-term and short-term basis. Storage capacity is of 0.7 bcm[14].

Since 1993, the company has earned an excellent record offering underground natural gas storage services. Working in a liberalised natural gas market, being strategically located in the proximity of Europe's main transport routes and the Virtual Trading Point, Austria, as well as owning direct connection to the hub's infrastructure, the company has grown into a flexible and reliable gas storage services provider operating in the region.

SPP Storage

SPP Storage operates the Dolní Bojanovice underground gas storage facility in the Czech Republic; the UGS facility was developed in depleted oil & gas reservoirs and completed in 1999. Working gas capacity amounts to 0.7 bcm[15]. UGS Dolní Bojanovice is directly connected to the Slovak underground gas storage facility to the Brodské metering station (approximately 30 kilometres away), which is also connected to the Slovak gas transit network of eustream.

11 Over 61 TWh.
12 27.7 TWh
13 19.9 TWh
14 6.9 TWh
15 6.9 TWh

EPIF operates the largest gas storage capacities in Central Europe.

Renewable Activities of EPIF

The Group also undertakes certain other activities, primarily generating electricity from renewable sources in addition to those operated by the SSE and Plzeňská teplárenská. SSE owns and operates three solar power plants and holds a minority interest in another solar power plant and a majority interest in one wind farm in the Czech Republic. The Group also operates two solar power plants and a biogas facility in Slovakia. In the segment of heating, majority of production comes from Plzeňská teplárenská due to its biomass combustion.

Powersun

POWERSUN operates photovoltaic power plants in Hustopeče (1 MWe) and Kyjov (2 MWe).

VTE Pchery

VTE Pchery operates wind power plants near the village of Pchery in the Kladno area, with an installed capacity of 2 × 3 MWe. Thanks to these parameters, the Pchery wind power plant is a facility with the highest unit capacity in the Czech Republic. The power plant was put into operation in April 2008, with capital expenditure totalling EUR 7.5 million.

Triskata

Triskata operates a 1 MWe photovoltaic plant in Strážske (Slovakia).

Alternative Energy

The biogas plant in Bošany, Slovakia is a facility using the latest technology in energy exploitation of biodegradable waste. The result of the process is the production of electricity and thermal energy production and certified fertilizers. Net installed capacity is 3 MWe.

Arisun

ARISUN operates a 1 MWe photovoltaic plant in Strážske (Slovakia).

Greeninvest Energy[16]

Greeninvest Energy operates a 5.2 MW photovoltaic plant in Ladná in the Břeclav area.

16 As EPIF is not majority owner of the company, this report does not include the operational data from the Greeninvest.

Materiality Analysis

EPIF is conscious of the importance of its economic, social and environmental impact. Along with proven business results, EPIF strives to respond to its key stakeholders' concerns and expectations, facing main challenges by providing the highest quality in its operations.

Our Stakeholders

In order to maintain effective relations and be able to provide timely responses to particular needs, most stakeholder groups are managed at the local level. However, on top of managing relations with the direct stakeholders of our parent Group, EPH, we are also actively engaged and interact with the stakeholder groups of our subsidiaries.

Across EPIF, stakeholders are monitored throughout the year and their relevance in relation to our business strategy is assessed to better understand the underlying drivers, risks and opportunities from both the EPIF Group as well as the stakeholders' perspective. In 2019, EPIF conducted a broader stakeholder analysis to discover if and how their expectations and concerns have changed.

Stakeholder engagement with regard to EPIF's sustainability performance is regularly done through a range of channels, as summarised in Table 4. The presented stakeholder analysis is performed by the EPIF Group based on its local stakeholders' contributions, which play a significant role in mapping their expectations and priorities. In these challenging times (the analysis was conducted during the COVID-19 global pandemic), EPIF decided not to overburden its stakeholders with robust stakeholder dialogue and to consider also additional resources instead. Therefore, in the process of stakeholder engagement, the Company also considered industry standards and sector trends. EPIF continues to monitor the sustainability reports of its competitors to assure the same high-level performance and constant improvement of its own reporting.

The analysis performed at the EPIF Group level includes relevant consultations with its companies in order to analyse the key topics and concerns raised by local stakeholders. Each stakeholder group is interested in particular sets of sustainability issues. Depending on the stakeholder's presence, relevance and relation to EPIF, the concern can be demonstrated at the local level – only for certain subsidiaries or even assets, or at a global level, where either only EPIF as a holding entity or EPIF together with its subsidiaries are involved.

At EPIF, we consider an open and transparent dialogue with our stakeholders to be an important part of the activities we perform, together with our subsidiaries, across different businesses and geographies.

Stakeholder group	Description	Means of communication	Main expectations
Investors and lenders	This group is mainly represented by banks, bond holders and financial institutions, whose capital is crucial for the Company's successful development. Their interest in EPIF sustainability performance is demonstrated at both the EPIF level and local level depending on their involvement in financing within the Group.	• Investor relations • Annual reports • Presentations	• Transparent communication (financial and non-financial reporting) • Risk management • Environmental management
Customers	These stakeholders are very important for EPIF as a whole, because their decisions determine the Group's success.	• Customer service • Satisfaction surveys • Website	• Efficient heat, gas and power distribution • Secure supply business
Suppliers and contractors	This group of stakeholders is also characterised by interest demonstrated locally and globally. Economic performance and social aspects can involve a single subsidiary or the whole Group which is especially valid for the contractors engaged in a centralised process (large tenders, procurement for areas such as IT, pipes, etc.)	• Technical briefing • Website • Informative training	• Procurement requirements (environmental and social aspects) • Fair and transparent procurement practices
Labour and trade unions	As stakeholders active at the local level, they have relatively moderate interest in the economic and environmental performance of EPIF subsidiaries, while social aspects are more important at both the local and global level. Strategies that EPIF defines for its labour relations (for example employment) involve all subsidiaries and thus the interest in this issue was expressed in relation to EPIF as a whole.	• Dedicated meetings	• Open dialogue and collaboration • Human resources policies • Legislative compliance
Local communities and municipalities	The origin of these stakeholders predefines the level of their interest in EPIF's sustainability activities. Due to the legislation (for e.g. building permits or EIA), these stakeholders are often active in the process of local consultations and EPIF actively discusses the issues with them.	• Focus groups • Opinion makers consultations	• Transparency about business activities and their impacts • Local community involvement (active participation) • Crisis risk management
Media	This stakeholder is active at both the local and global level (particularly in the Czech Republic where EPIF has its headquarters).	• Press releases • Press conferences • Website	• Information transparency • Quick responses to inquiries
NGOs	The main stakeholders forming this group are Environmental NGOs, therefore most attention is paid to environmental activities both at the local level (in relation to specific business – especially generation and heat infra segment) and the global level – with respect to how EPIF is going to face challenges regarding emission limits and other factors relating to sustainability in the upcoming years. Nevertheless, these organisations provide valuable information about general public concerns and expectations.	• Brochure • Bulletins • Conferences	• Accountability and transparency • Safety and security of facilities • Environmental management • Reduction of emissions • Fair business practices
Competitors	Depending on their size and business area, these stakeholders are more interested in the economic performance and the environment of EPIF as a whole.	• Conferences • Best practice sharing	• Compliance and anti-competitive behaviour • Fair business practices • Best practice exchange
Government and regulators	This is a broad group, containing various national and transnational institutions. Due to this, the interest in sustainability is demonstrated at both levels. Policy decisions and social change strongly influence EPIF's business activities. Local entities are concerned about the performance of individual subsidiaries, while European institutions are looking at the EPIF business from a transversal perspective.	• Letters to institutions • Direct meetings • Annual reports	• Access to services (continuity of supply) • Regulatory compliance • Transparency and independence
Employees	As the main internal stakeholders engaged in day-to-day business activities, employees are essential for the operations and growth of our business.	• Internal communication • Training	• Safe and stable work environment • Equal opportunity • Work-life balance • Professional development • Freedom of association

Table 4 Stakeholder dialogue.

Primary Stakeholders Groups and Priority Areas

Based on the analysis, summarised in Table 5, we have defined the aspects which are material for our stakeholders and decided to provide the information split into EPIF performance at the global level (through quantitative information) and into a presentation of various case studies at the local level (mainly through qualitative information). This analysis is then complemented by the full scope of data for EPIF and its subsidiaries, which were relevant and available, and is presented with a breakdown into various constituents.

Shareholder Group	Economic aspects		Environment		Social Aspects	
Level	Global	Local	Global	Local	Global	Local
Investors and Lenders	●	●	●	●	◑	
Customers	●		○			◑
Employees	●	●	◑		●	
Government and regulators	●	●	●	●	◑	
Suppliers and contractors	●	●	●		●	●
Competitors	●		◑		●	
Local communities and municipalities	●		●		●	●
Labour and trade unions	◑		◑		●	●
NGOs	◑	◑	●	●	○	
Media	◑	◑	◑	◑	○	

● High priority ○ Low priority

Table 5 Stakeholder priorities

Engagement with Stakeholders During 2019

In 2019, there were no major media cases or any controversies related to EPIF.

Sustainable Development Goals

As part of our sustainability commitment with the most relevant global initiatives, this Report incorporates for the first time our alignment with the United Nations Sustainable Development Goals and the 2030 Agenda.

Following a process of identification and prioritisation, we work actively towards the timely completion of the most relevant Sustainable Development Goals.

The 2030 Agenda for Sustainable Development Goals was adopted by the United Nations in 2015 after unprecedented consultations with stakeholders all around the world. At its core, 17 Sustainable Development Goals (“SDGs”) represent a set of globally agreed targets contributing to shared peace and prosperity. As such, they also recognise that economic growth must go hand-in-hand with mitigation of climate change impacts and enhanced access to good-quality education.

EPIF works tirelessly to enhance our positive impact. Working across numerous fields, we are committed to Sustainable Development Goals and strive to contribute to their timely fulfilment. We selected particular SDGs of high relevance for EPIF and the whole energy sector, to which EPIF has the highest potential contribution.

SDGs of high relevance

Ensure access to affordable, reliable, sustainable and modern energy for all

EPIF is an active agent in promoting transition towards a new, more sustainable and inclusive energy model. Around 89% of EPIF's Adjusted EBITDA is derived from gas transmission, gas and power distribution and gas storage activities, which are immaterial emitters of GHG emissions (more details provided in the Environmental section). EPIF puts significant efforts into speeding up the transition to less emission-intensive sources of energy (e.g. biomass and/or natural gas).

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

As a major energy player, EPIF contributes to economic growth and acts as a reliable and fair employer. Creating jobs for individuals and providing energy for families, companies and other entities critical for a well-functioning society, EPIF works to promote sustainable and inclusive development. Through providing the best quality services, we work to promote socio-economic progress in communities, cities and countries.

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

One of EPIF's major contribution to the society is its operation of a reliable and high-quality energy infrastructure which seeks to ensure maximum possible safety and environmental sensitivity. Equally important, EPIF continues to be a key driver of innovations for sustainable industrialisation among its competitors. Its recent efforts feed into increased digitalisation of activities and services and enhanced transparency.

Ensure sustainable consumption and production patterns

When providing services, we think long-term. EPIF works constantly to promote energy efficiency and provide access to decent jobs. It is imperative for us to ensure good technical conditions of our pipelines and other parts of distribution and transmission systems. We are proud employers of numerous workers who contribute to preserving the environment by maintaining the highest level of infrastructure efficiency. In addition, we are are dedicated to raise customer awareness on responsible energy consumption and energy savings.

Take urgent action to combat climate change and its impacts

At EPIF, we take climate change seriously. Our commitment translates into gathering background data and pursuing a strategic approach towards mitigating its impacts and making sure we are gradually shifting towards less emission-intensive energy mix.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Having ethics as our core value, EPIF is committed to the ethical treatment of all its stakeholders. In cooperation with local communities, we work to protect the environment while giving voice to the disadvantaged. We set up mechanisms to protect whistleblowers to make sure that if identified, corruption will lead to serious consequences. No employees can be disadvantaged based on status, gender, age, race, religion or political beliefs.

Materiality Matrix

The finalised list of material items provided the framework for compiling the content of this Report. The areas that were deemed to be the most material are shown in the materiality matrix below.

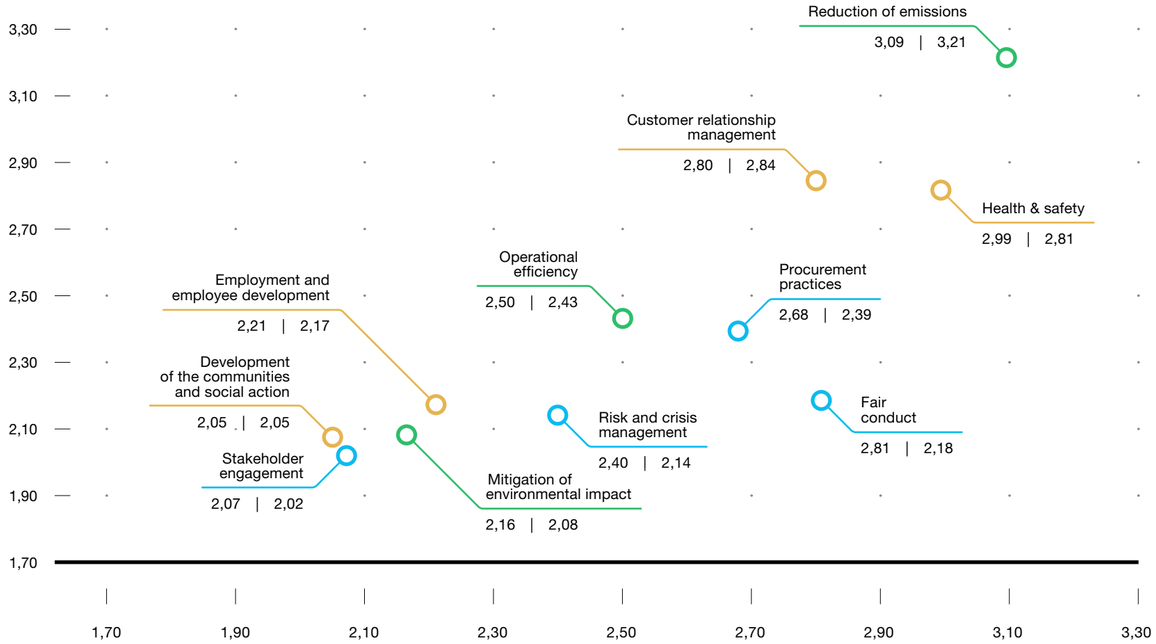


Fig. 3 Materiality matrix of EPIF.

In 2019, we performed an analysis updating our Materiality Matrix considering EPIF's impact on people, economy and the environment, along with the review of our stakeholders' reasonable expectations and interests.

Notes on the Materiality Matrix

The horizontal axis demonstrates the significance of EPIF's economic, environmental and social impacts. EPIF conducted a deep analysis of the external and internal factors at global, European and country level. EPIF studied trends in the utility and energy sector and benchmarked its performance with peers and competitors. In addition, the Company has identified future risks and challenges discussed in the section EPIF and its business.

The vertical axis represents the influence of the topics on stakeholder assessment and decision-making. EPIF mapped its stakeholders and updated the assessment of their relevance. To incorporate industry and sector trends, the Company considered outcomes of its peer's stakeholder dialogues. Results of this process were analysed and stakeholders' concerns and expectations were translated into the vertical axis of the new materiality matrix.

As a result, EPIF has identified thirteen priorities considered material both from the perspective of significance of the Group's impacts and the influence on stakeholders' decisions. Within these thirteen priorities, there are various material aspects under GRI Standards that have formed the basis, both quantitatively and qualitatively, of this Report.

The following table links the Sustainable Development Goals to the relevant indicators and disclosures in the GRI Standards and Sector Disclosures. These linkages are based on a more detailed analysis available on the SDG Compass.

ESG Areas	Material topics	Relevant SDGs	EPIF contribution to the goals
EPIF and its business	Economic performance	8	Generating products and services which bring real value to people's lives contributes to stable economic growth and creates ideal conditions for inclusive and decent employment.
Materiality analysis	Stakeholder engagement	16, 17	Aligning efforts with NGOs, local communities and government institutions and finding a consensus over complex issues helps to prevent conflicts and builds a strong base for inclusive societies and sustainable development.
Governance	Fair conduct	16	Enhancing the Company's ethics through preventive mechanisms, such as specialised committees and whistleblower policies, helps to promote inclusiveness and increases access to justice regardless of status, gender or age.
	Procurement practices	8, 10, 16	Maintaining rigorous standards of ethical conduct throughout the supply chain, we work to promote sustainable growth, reduce inequalities and enhance access to justice.
	Risk and crisis management	7, 11, 16	Strong mechanisms for evaluating risks and coordinating an effective response helps to enhance the resilience of business activities, communities and create a base for sustainable development.
Environment	Operational efficiency	1, 7, 9	Efficient and safe distribution and transmission help to establish resilient energy infrastructures and make energies accessible to populations in need.
	Reduction of emissions	3, 13	Increased understanding of the consequences of climate change, including its effects on health and wellbeing, serves as the primary motivator for intensified efforts in reducing harmful emissions.
	Mitigation of environmental impact	6, 12, 15	Efforts to reduce discharge of pollutants, careful disposal of hazardous material, cleaning of contaminated sites and support of biodiversity have become a core of our business operations.
Social	Employment and employee development	4, 5, 8	Employees represent a key asset of EPIF. Through intensified efforts in training and development, we work to promote lifelong learning opportunities and equitable access to productive employment.
	Health & Safety	3	Health and safety are often at the core of both internal and external stakeholders' concerns. This is why we make sure that health, safety and wellbeing of our employees are given the highest priority.
	Customer relationship management	7, 12, 16	Continuously improving our interaction with customers, we strive to ensure affordable access to modern energies, uphold sustainable consumption patterns and promote inclusive societies.
	Development of communities	16, 17	Playing an active and positive role in supporting and developing communities of social action, we help to enable access to justice for previously silent communities and establish partnerships for sustainable development.

Table 6 Linking material topics to SDGs.

Environment

In this section of the Report, EPIF discloses information relating to its environmental performance and impacts during the 2019 calendar year. Topics reported in this section have been driven by our materiality analysis, as described in the respective section. Because of the importance of climate change and the level of interest in this subject among our stakeholders, the first part of this environmental section focuses on our performance and impact in this area. In addition, given the close connection between energy and climate change management, this section reports our efforts in relation to both these topics. Other environmental areas such as water, waste and biodiversity are also important for our Company and we provide information on them in the following sections.

Material Topics

Operational efficiency	Reduction of emissions	Mitigation of environmental impact
Distribution and transmission overview	GHG emissions: Our business and climate change	Water
Pipeline safety management	Other air pollutants	Effluents and waste
Pipeline protection and risk evaluation	Renewable energy	Biodiversity
Generation assets context		
Environmental management system		

Table 7 Material topics in the environment section.

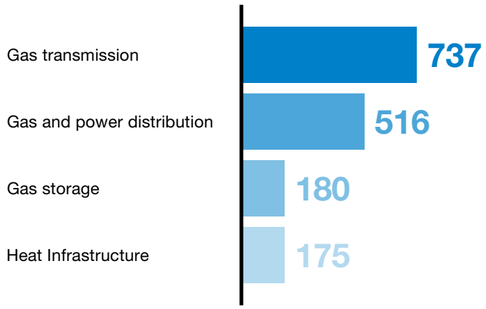
Introduction

We are committed to conducting our business activities in an environmentally safe and responsible manner, aiming to decrease negative impacts on the environment.

As presented in the materiality matrix, our customers and other stakeholders have increasingly high expectations that we must meet in order to conduct business in a fair and long-term manner. EPIF understands the high importance of managing environmental risks, considering that handling our resources responsibly and efficiently is the only way to set the basis for our long-term operations. Being aware that the energy industry has been historically associated with high-energy intensity, extreme carbon emissions and overall inefficiency, the following information aims to provide a comprehensive overview of the environmental impact of our operations in the most transparent way.

However, we realise that sustainability is a journey that requires continual progress and therefore, by working with our key stakeholders, we are committed to driving further development across our businesses in the upcoming periods, including but not limited to constant enhancement of our environmental performance and reduction of our GHG footprint.

Operational Efficiency



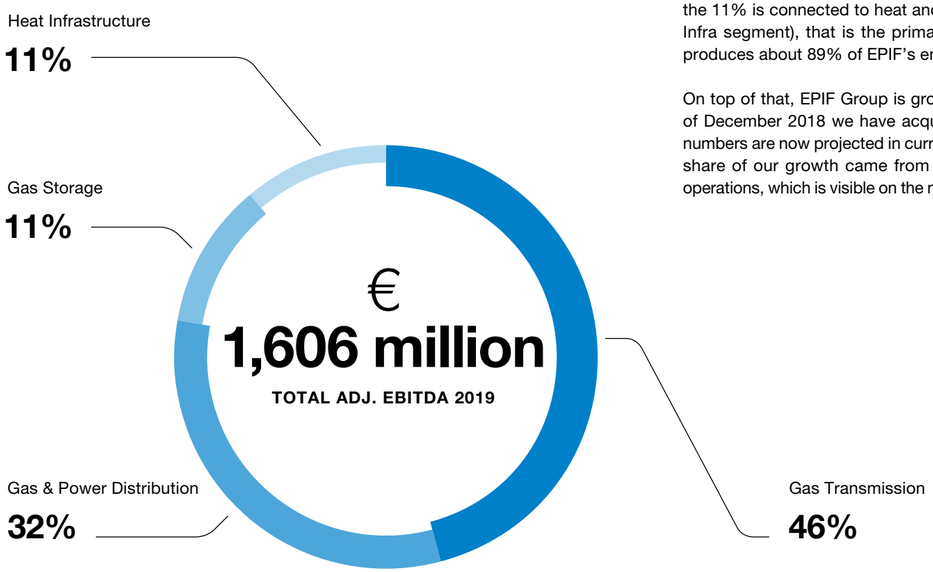
Efficient and safe distribution and transmission help to establish resilient energy infrastructures and make energies affordable and accessible to general population.

EPIF operations overview

Our business even as solely focused on energy business shows great variance in its environmental impacts. That provides additional challenge in its environmental management and efficiency achievements. Some of the companies in the EPIF have relatively small impact on environment, resource usage or GHG emissions, as their role is only to act as an intermediary and distribute the resources for their immediate use. For this reason, we are disclosing the details and their environmental impact and management in all business segments.

Approximately **89% of EPIF's Adjusted EBITDA is derived from Gas Transmission, Gas and Power Distribution and Gas Storage activities**, which are minor emitters of GHG emissions. The remaining part of our business which make up the 11% is connected to heat and electricity generation (Heat Infra segment), that is the primary source of emissions and produces about 89% of EPIF's emissions.

On top of that, EPIF Group is growing each year. On last day of December 2018 we have acquired Nafta Speicher, whose numbers are now projected in current report for 2019, but larger share of our growth came from enlarging existing business operations, which is visible on the number of customer accounts.



Graph 1 Adjusted EBITDA comparison of our Business Segments.[17]

17 As stated in the chapter 3, adjusted EBITDA of presented segments amounts to EUR 1,608 mil. Total adjusted EBITDA for EPIF is EUR 1,606 mil. In this chapter, we are referring to the adjusted EBITDA of segments, to show their impact. For full disclosure of financial results, please see Annex II of this report.

Company	2015	2016	2017	2018	2019	Increase since 2015
SSE – Electricity – Distribution*	738,387	743,821	748,692	754,106	760,115	**+3%**
SSE – Electricity – Supply	659,277	651,208	640,220	632,135	634,396	**-4%**
SSE – Gas – Supply	5,240	8, 464	12,140	16,084	25,000	**+377%**
SPP-D – Gas – Distribution*	1,514,646	1,518,131	1,518,019	1, 522,888	1,525,892	**+1%**
EPET – Gas – Supply	9,266	19,242	24,819	26,207	26,207	**+183%**
EPET – Electricity – Supply	19, 016	36,440	35,919	36,056	40,168	**+111%**

Table 8 Customer accounts served in EPIF's companies.
* Distribution entities do not have a direct contractual relationship with the end customers.

Distribution and transmission overview

In response to the potential Russian-Ukranian crisis, gas transmission volumes increased by 16% to 69 bcm of natural gas compared to 2018. Volume of distributed gas of 4.8 bcm in 2019 was stable compared to 2018. Power distribution was slightly below 2018 levels, with 6.2 TWh in 2019 compared to 6.3 TWh in 2018.

At the same time, we continued to increase efficiency of our operations and overhaul of our gas distribution networks to further reduce the number of leaks in the distribution network and ensure a high level of security when operating our facilities.

We also kept on renovating and reconstructing our backbone electricity distribution network to ensure the continuity of our traditional distribution services while reflecting modern trends in electricity distribution.

Total capital expenditures in the Gas and Power Distribution segment exceeded EUR 80 million in 2019.

EPIF Highlights

Our primary role

We are primarily a gas transmission, gas and power distribution and gas storage company. In 2019, these activities represented 89% of our Adjusted EBITDA and only about 11% of our GHG emissions.

Our continuous growth

In 2019, our business delivered a very strong growth in important indicators as both transported gas volumes and related EBITDA were rising significantly. From last year, total adj. EBITDA rose by EUR 140 million to EUR 1,606 million, driven mainly by growing volume of transited natural gas of 69 bcm, which represents a 16% increase compared to last year.

Our improving efficiency

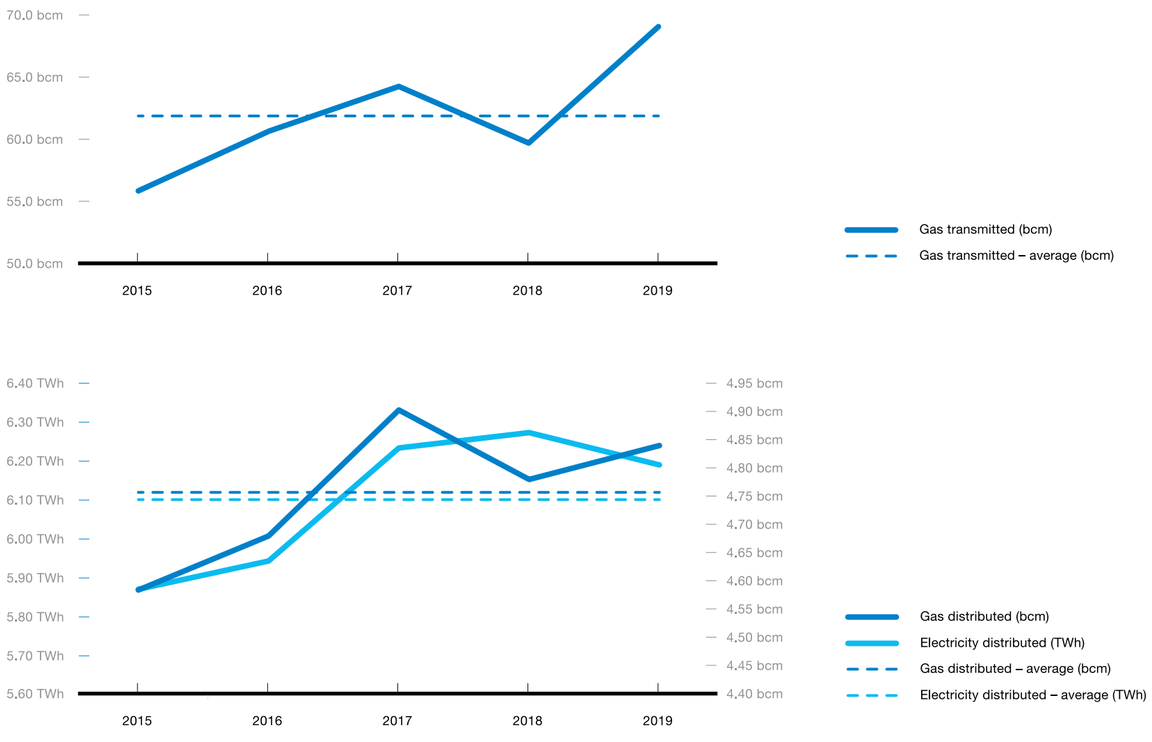
In the area of generation, we are more efficient every year. In 2019, for each GWh produced we saved 70 tonnes of CO_2-eq compared to last year and reduced our emission imprint by 731 thousand tonnes of CO_2-eq.

Our solid principles

We aim to decrease our negative impact and to reduce our negative imprint on the environment, conducting our business activities in an environmentally safe and responsible manner. In 2019, we saved 16.4 mcm of water and we again reduced our air pollutants emissions compared to 2018.

Our commitment

Along with our sustainable business growth, new environmental-related policies were approved in March 2020 as part of EPIF Group ESG policies, harmonising our internal policies and applicable to all subsidiaries.



Graph 2 EPIF's transmitted and distributed volumes in 2019.

Direct GHG emissions connected to the Transmission, Storage and Distribution segments

In the segments of Gas Transmission and Gas Storage total volumes of CO_2-eq emissions were slightly higher compared to the last year. This was given by the fact that activities in these segments increased, as was already demonstrated. In the segment of gas storage, in addition to its traditional assets in Slovakia we acquired storage facilities in South-Eastern Bavaria at the end of 2018 with the capacity of almost 20 TWh[18]. Mainly for this reason, total emissions in Gas Storage segment increased in 2019 by 24.8 thousand tonnes of CO_2-eq.

Pipeline safety management

It is imperative for our core business of gas transmission and distribution to maintain our pipeline network in good technical conditions. We are operating our pipelines and other parts of the transmission or distribution systems with the highest due diligence and with operational excellency. This translates to the continuous investment plans, thorough risk checks, testing and maintenance of our networks. We are monitoring and assessing risks that could possibly damage our network, from the perspective of technical risks or third-party risks.

18 As Nafta Speicher was acquired towards the end of 2018, only the year-end storage capacity was described in the previous report, while cumulative non-financial KPIs were not included

Business segment	2015	2016	2017	2018	2019
Gas Transmission	185,780	298,922	319,110	295,817	397,546
Gas and Power Distribution	4,336	3,039	3,738	3,133	2,419
Gas Storage	33,505	40,561	36,630	36,448	61,341

Table 9 Transmission, distribution and storage GHG emissions (tonnes).

Case Study
Pipeline Protection and Risk Evaluation

In EPIF, we take protection and safety operation of our pipelines very seriously. For this reason, we provide an overview of our activities in NAFTA and eustream.

NAFTA's polices

Nafta has implemented a policy and a chain of processes connected to the evaluation of integrity risks of the gas pipelines. The risk analysis sorts the parts of the pipelines per their threat level and based on that derives frequency of periodical checks. Analytical process assesses over 25 data categories per each pipeline segment. These categories include, for instance, type of isolation, soil, repairs, and types of materials used, ground resistance, local pressure or amount of ground on top of the pipe. Even low risk segments are checked on foot at least every month. High risk segments are checked every week to detect possible issues.

Eustream's polices

Eustream has a similar approach, where a set of policies exist that govern the protection, risk analysis and periodicity of the pipeline check-ins. In general, risk analyses consist of evaluating data points regarding the age of the pipe, the type of isolation, aggressivity (toxicity) of the surrounding ground or the number of repairs on a particular section.

The following policies are only related to the protection of the pipes:

Tensometric policy
This policy governs the usage and process of analysing the pressure on steel pipes.

Internal check-in
This policy governs the usage of a machine that goes internally through the pipe, so called pigging, where it can assess any possible defects inside of the pipe.

Aerial check-in
The transmission pipeline is also frequently checked by a helicopter to minimise any potential risk by third parties.

Additional policies and processes are in place that are related to the safety and security of other infrastructure parts.

Generation assets overview

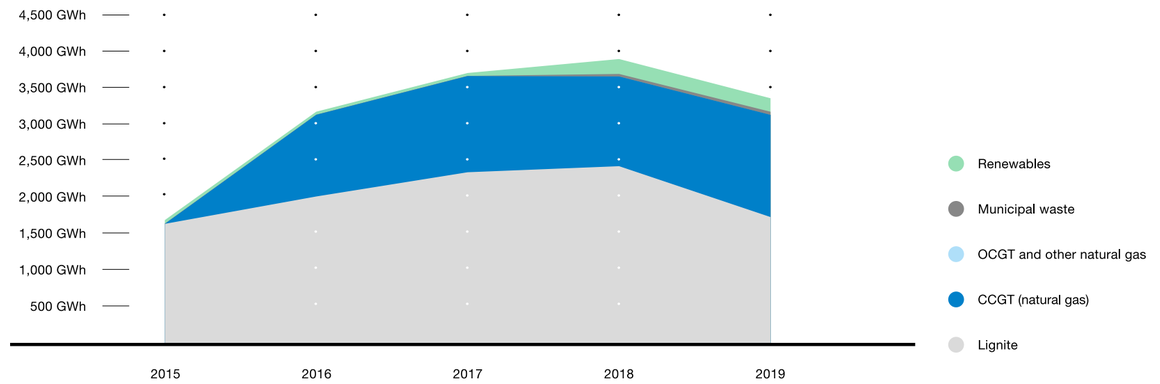
We primarily operate a portfolio of plants that runs in the highly efficient cogeneration mode. This allows us to generate both heat and electricity, while being highly efficient at it[19]. In the area of conventional power production, we are moving away from lignite towards natural gas. In 2018, lignite represented 62% of our electricity production and natural gas ("in CCGT")[20] in 2018 stood at 31%. In the course of 2019, these ratios were shifting in favor of natural gas with production from lignite decreasing to 51% and natural gas rising to 42% as less emission-intensive technologies fired by gas performed better in line with our strategy to reduce the GHG emissions in the environment of rising CO_2 allowance prices. Higher share of gas was also driven by summer operations of gas-fired power plants in Budapest (not operating during sommer months in 2018).

Energy source	2015	2016	2017	2018	2019	% in 2018	% in 2019
Renewable sources							
Wind	8.8	7.7	7.3	6.8	8.9	0.2%	0.3%
Photovoltaic	17.1	16.9	17.3	17.0	16.5	0.4%	0.5%
Hydro	6.8	7.1	5.4	4.6	6.5	0.1%	0.2%
Biomass[21]	0.0	0.0	0.0	165.6	142.1	4.3%	4.2%
Biogas	17.0	10.1	10.0	10.4	10.5	0.3%	0.3%
Total RES	**49.7**	**41.8**	**40.1**	**204.4**	**184.4**	**5.3%**	**5.5%**
Conventional sources							
Lignite	1,630.0	2,005.1	2,337.7	2,420.8	1,723.0	62.2%	51.4%
CCGT (natural gas)	-	1,119.4	1,318.8	1,229.4	1,400.6	31.6%	41.8%
OCGT and other natural gas	1.6	0.6	1.4	0.4	0.4	0.0%	0.0%
Municipal waste and other (Conventionals)	-	-	-	33.9	42.4	0.9%	1.3%
Total Conventional	**1,631.6**	**3,125.1**	**3,657.9**	**3,684.6**	**3,166.4**	**94.7%**	**94.5%**
Total Electricity	**1,681.3**	**3,166.9**	**3,698.0**	**3,889.0**	**3,350.9**	**100%**	**100%**

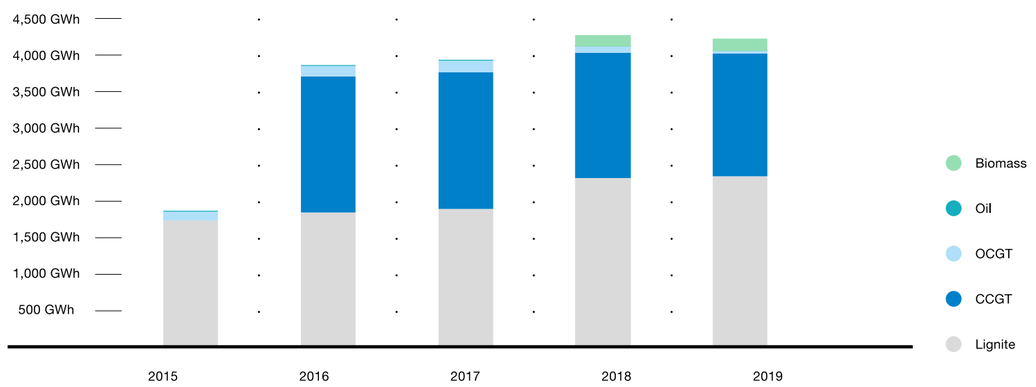
Table 10 Electricity production by source (GWh).

19 High efficiency of co-generation is discussed in greater detail in the Environment chapter ("Our GHG emissions impact").
20 Combined-cycle gas turbine.
21 Power produced through co-combustion of lignite and biomass in PLTEP was additionally split into biomass and lignite (reported fully under lignite in previous SR).

Net power production



Net heat production



Graph 3 Net Electricity and Heat production.
Commentary: Electricity and heat production from the renewables is discussed in special section in this report (see renewable energy).

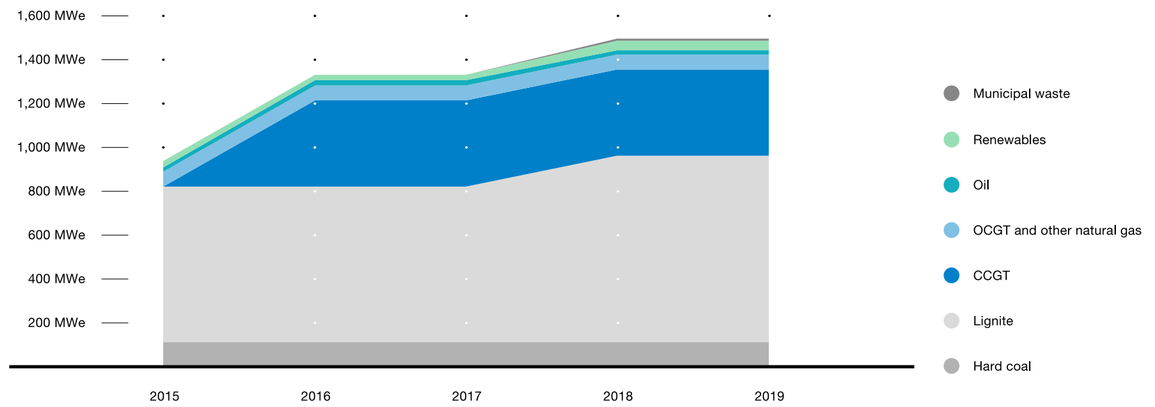
EPIF's electricity and heat generation has decreased from 2018, however the energy mix is more sustainable thanks to the increased share of natural gas and reduction of lignite usage.

Energy source	2015	2016	2017	2018	2019
Lignite	1,732.5	1,836.0	1,883.7	2,302.9	2,331.1
CCGT	-	1,864.2	1,871.2	1,720.4	1,677.0
OCGT	121.4	142.0	154.2	79.5	40.1
Oil	1.0	3.4	0.3	0.2	0.2
Municipal waste	-	-	-	70.8	53.4
Biomass	-	-	-	154.6	166.2
Total net heat production	**1,854.9**	**3,845.7**	**3,909.4**	**4,328.4**	**4,268.0**

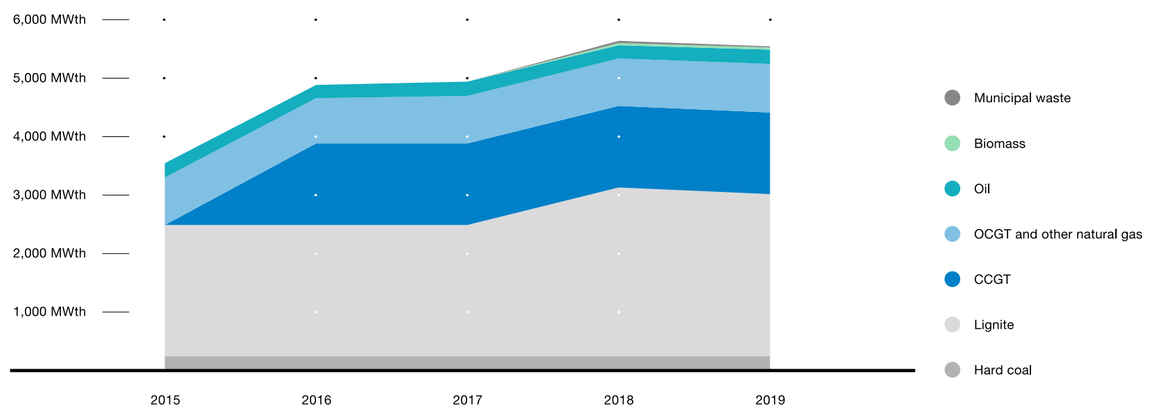
Table 11 Net heat production by source (GWh).

Installed capacity remained stable through 2019, as no new companies were acquired into the Heat infra segment. Although installed capacity in lignite is stable, production from this fuel decreased in 2018 due to our strategy to reduce the generation from high emission-intensive sources and switch to more sustainable fuels. On top of our approach, market confirms the viability of our approach with the continuous growing pressure of CO_2 allowance prices on profitability of generation from these higher emission-intensive sources.

Installed capacity – Electricity



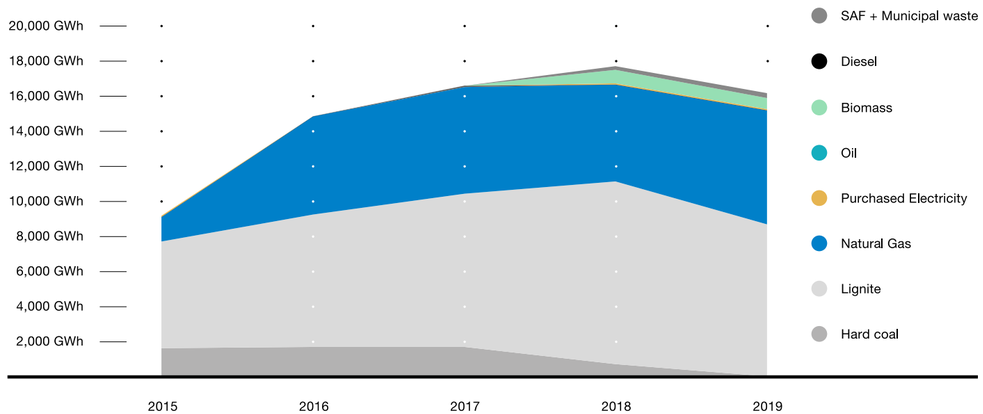
Installed capacity – Heat

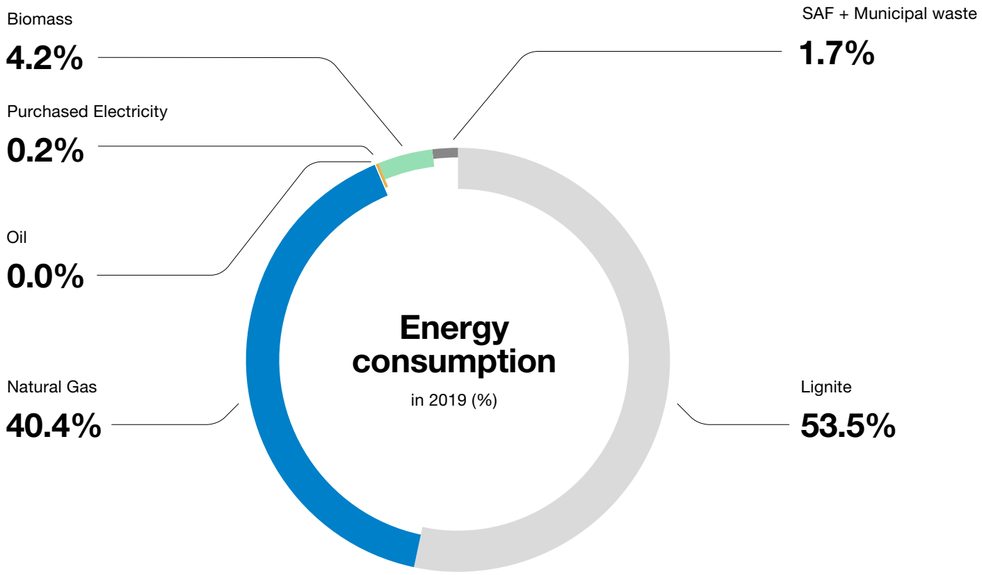


Graph 4 Installed capacity in Electricity and Heat.
Commentary: Installed capacity and production of electricity and heat from renewable sources is discussed in a special section in this report (see renewable energy).

Since 2018, we have new biomass and waste energy sources thanks to the acquisition of Plzeňská teplárenská.

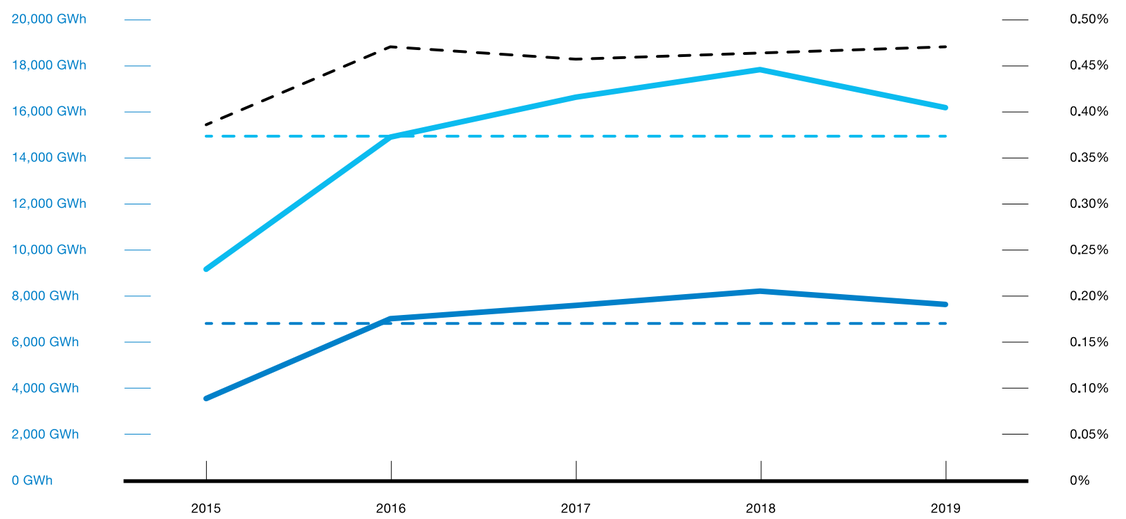
Energy consuption in GWh





Graph 5 Energy consumption in EPIF (GWh).

Energy efficiency



Graph 6 Total energy efficiency at EPIF.

Energy consumption is decreasing mainly due to the reduction of electricity and heat production. As stated above, main changes in 2019 are connected to the increased usage of natural gas and reduction of use of lignite in the segment of Heat Infra.

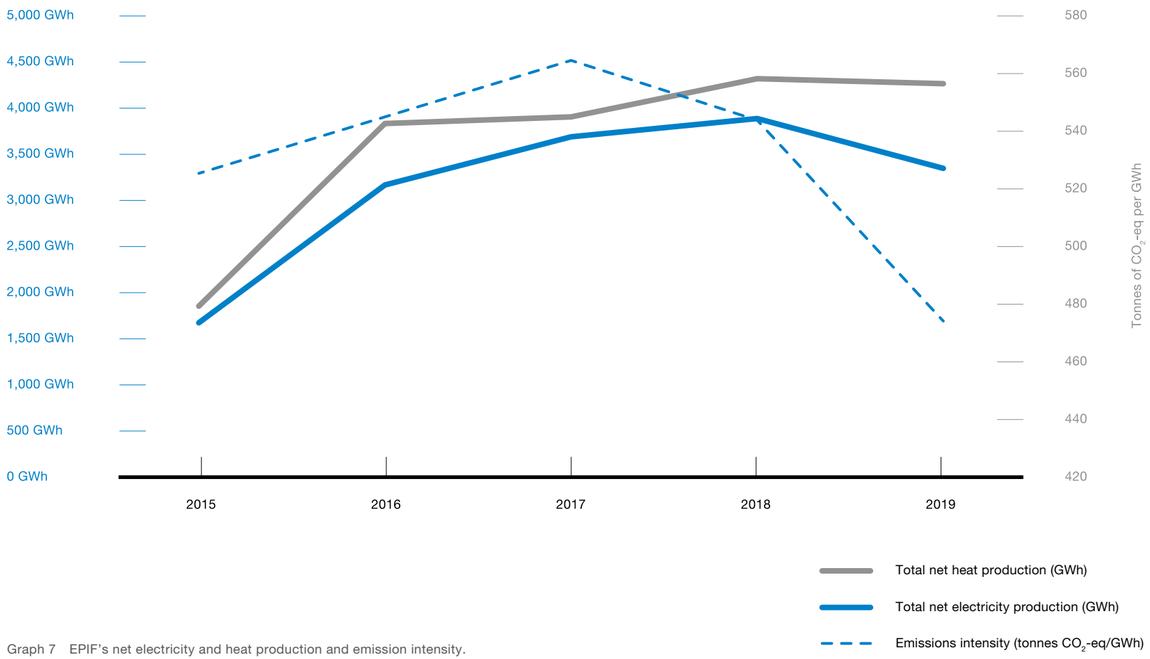
Total energy fuel consumption in 2019 decreased by 9% compared to the 2018 and energy efficiency improved by 1 p.p. since 2018.

EPIF's generation in context shows continuous improvements in the overall intensity of CO_2-eq per GWh generated since 2017.

Energy consumption in GWh	2015	2016	2017	2018	2019	Change 2018 - 2019
Hard Coal	1,612.8	1,635.3	1,678.6	666.5	–	-100%
Lignite	6,098.7	7,576.7	8,759.6	10,480.1	8,664.5	-17%
Natural Gas	1,383.3	5,633.3	6,127.0	5,552.8	6,540.9	18%
Oil	7.0	8.1	45.8	6.0	4.2	-30%
Diesel	0.1	0.8	0.9	0.9	1.0	9%
Purchased Electricity	34.3	35.6	35.8	39.0	43.5	12%
Biomass	18.0	–	–	759.3	677.3	-11%
SAF + Municipal waste	–	0.0	0.0	252.6	275.2	9%
Total Energy consumption	**9,154.2**	**14,889.8**	**16,647.7**	**17,757.2**	**16,206.5**	**9%**

Table 12 Energy consumption in GWh.

Net production and its carbon intensity



Graph 7 EPIF's net electricity and heat production and emission intensity.

In the electricity and heat generation, EPIF is well below the 5-year average of 530 tonnes of CO_2-eq per GWh with 474 tonnes of CO_2-eq per GWh generated in 2019.[22]

To be as efficient as possible and use natural resources economically, it is highly important to analyze the carbon efficiency of our generation assets. Overall electricity generation grew by more than 99% from 2015 to 2019. **However, CO_2-eq emission levels per GWh remained stable and even decreased.**

The emission intensity in electricity and heat generation was reduced from 526 tonnes of CO_2-eq per GW in 2015 to 474 tonnes of CO_2-eq per GWh in 2019. This shows clear improvement and progress made by EPIF, even in the place of new acquisitions and increasing production. It is important to notice that EPIF also produces heat and power in cogeneration mode[23], which increases its efficiency and therefore improves the emission intensity.

Environmental management system

EMS requirements are set up to ensure the implementation of the most rigorous procedures to protect the environment, identify risks and to ensure that the environmental performance meets the requirements of the regulation. The EPIF Group is committed to maintaining its certification standards equal to the international levels.

Environmental risks management and monitoring

The main certification that is used across the companies is ISO 14001. The particular certifications and standards depend on the scope of each business line. As an example, the trading and supply company EPET or EP sourcing has no physical operations, therefore it does not require any environmental certification. Our companies are also compliant in the case of energy management systems or energy audits.

22 Total emission intensity only for electricity generation was 1,215.9 tonnes of CO_2-eq/GWh in 2019. Emission intensity including heat component was 534.7 tonnes of CO_2-eq/GWh in 2019. These intensities are valid for the whole EPIF (it means including non-energy generaion companies).
23 For details, please refer to the GHG section.

Regarding the environmental management at the holding level of EPIF, a Health, Safety and Environmental Committee exists to monitor, report and steer EPIF's activities with the goal of preventing any environmental damage and protecting the health and safety of all related stakeholders.

EPIF group companies	Environmental management system in place	Certification standard (Environmental or safety)
eustream	Integrated management system and EIS	ISO 14001:2015; ISO 14004:2015; ISO 50001; ISO 9001, OHSAS 18001, ISO: 3484-2
Stredoslovenska energetika	Integrated management system and EIS	ISO 14001:2015; OHSAS 18001:2007
SPP - distribúcia	Internal regulation	-
EP Energy Trading*	-	ISO 9001
Budapesti Erőmű	-	ISO 9001
Pražská teplárenská	Integrated management system	ISO 14001:2016; OHSAS 18001:2008,
Elektrárny Opatovice	Integrated management system and EIS	ISO 14001:2015; ISO 45001: 2018
United Energy	-	-
Plzeňská teplárenská	Integrated management system and EIS	ISO 14001, ISO 9001
SPP Storage	-	-
Nafta	Integrated management system and EIS	ISO 14001:2015; ISO 45001:2018, ISO 9001
NAFTA Speicher Inzenham	-	-
Pozagas	Integrated management system and EIS	ISO 14001: 2015; OHSAS 18001: 2007, ISO 9001
TERMONTA PRAHA	Integrated management system and EIS	ISO 14001:2005, ISO 9001
EP Cargo	-	-
EP Sourcing*	-	-

Table 13 Environmental management certifications at EPIF.
Commentary: * Trading only companies, with no physical impact except office space.

All companies are fully compliant with the current legislation and regulation in their respective countries of operation. Compliance with all licensing regulations was consistently ensured across our operations in 2019.

In 2019, there were no incidents resulting in significant impacts relevant to the environment nor any significant fines at any of the businesses of EPIF. Only fine, which was of administrative nature, of EUR 142 was given in BERT for late submission of a report on underground water monitoring.

Reduction of Emissions

Increased understanding of the consequences of climate change, including its effects on health and wellbeing, serves as the primary motivator for intensified efforts in reducing harmful emissions.

GHG emissions: Our business and climate change

Even as a primarily transmission and distribution company, our business segments emit greenhouse gasses ("GHG") and other air emissions. Generally speaking, GHGs are those currently defined by the United Nations Framework Convention on Climate Change and the Kyoto Protocol. These GHGs are: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Our way of reducing emissions

According to the assessments by the Intergovernmental Panel on Climate Change ("IPCC"), climate change risks cause significant modification and physical risk to to the living conditions of people and the environment of the world and result in significant additional macroeconomic costs. The resolutions passed by the Paris Climate Conference ("COP 21") in December 2015 have jointly committed all the countries involved to limiting the global temperature increase to significantly **less than 2 degrees Celsius compared with the pre-industrial level**.

We recognise that we have an important role to play in helping to achieve this objective and that we can make contributions by expanding renewable energy and by reducing the specific GHG emissions from our operations.

EPIF welcomes the climate change agreement and fully supports its goal, as a broad international consensus is the only way of bringing about genuine structural change at a global level that can create a more sustainable economic model. We believe that the transition process needs to happen gradually to minimise unnecessary risks that would hinder economic development or cause other problems that could have unpredictable impacts on society as a whole (e.g. a longer period of black-outs etc.). In reality we also believe that this will be the case considering that:

- environmentally friendly sources were built only on the back of huge state subsidies, which are being substantially reduced (solar and on-shore wind) and future development might slow down,
- important investments in associated infrastructure would also be necessary to support this new system.

As such, a fully-fledged transition towards purely renewable and carbon free energy sources that will be able to provide security of supply in reliable base load operations will be a long and financially intensive process. **However, EPIF is prepared to take an active part in this process in our markets of operation.**

Decarbonisation: European goals

The reduction of GHG emissions is a key objective for European energy policy as well as in the energy policies of the EU member states. The ambition of the European Union is to achieve a 55% reduction in GHG emissions by 2030 compared to 1990 as a baseline year. The EU is on track to meet its emissions reduction target for 2020 and is putting in place legislation to achieve its 2030 target.

The EU emissions were reduced by 23% between 1990 and the end of 2018[24]. Furthermore, some countries where we operate, such as Germany, have already made even more ambitious commitments to achieving this reduction by 2020.

24 During the writing of this report, only data for 2018 were available. Data are from the European Environmental Agency 2020.

As an emitter of GHGs, EPIF intends to make a substantial contribution and support to these targets and has already taken certain important steps in this direction as described in this Report. Our goal is to reduce our GHG emissions by setting tangible reduction targets with a clear strategy to achieve them.

EU Goals

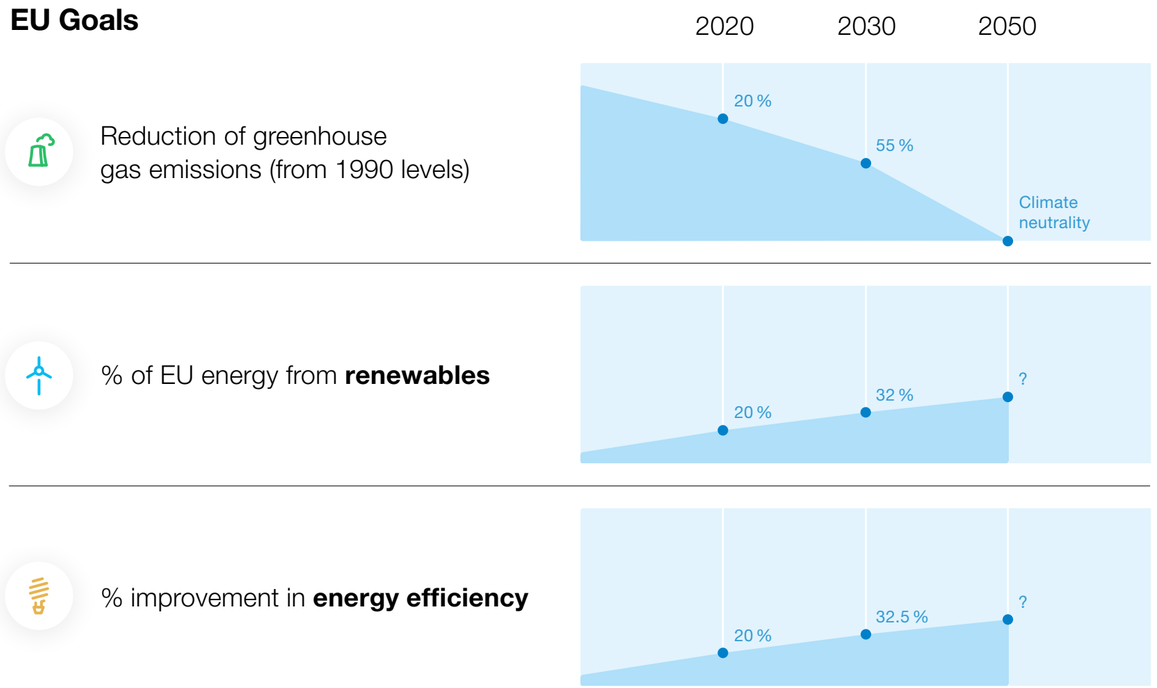
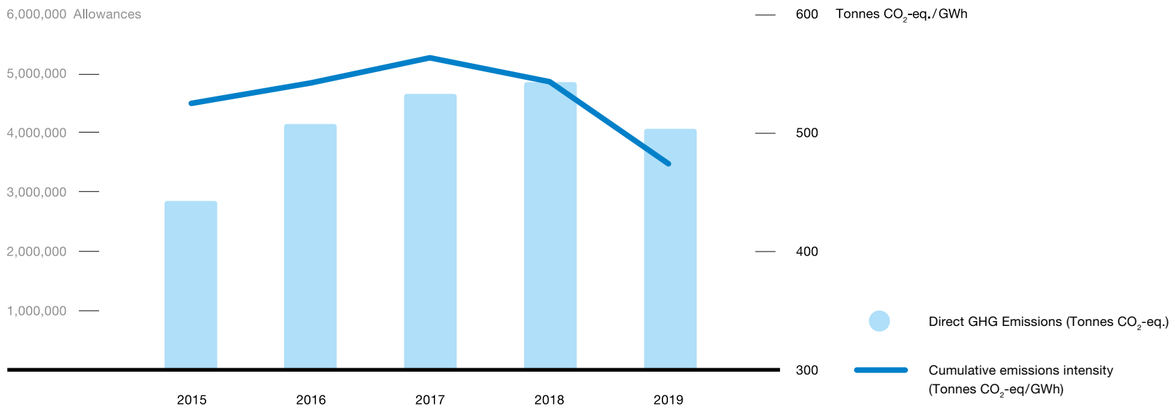


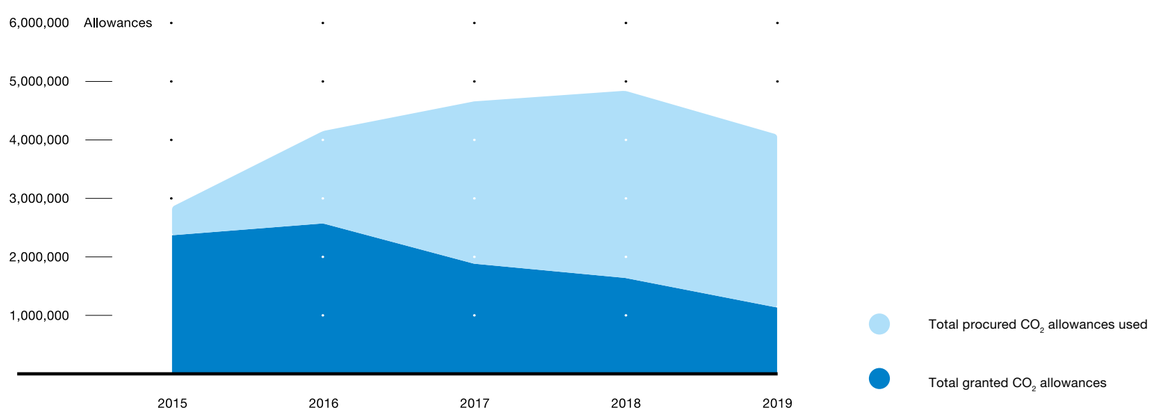
Fig. 4 EU Energy and climate goals.

Our GHG emissions impact

As prescribed by the European legislation, the volume of emission allowances that are allocated for free, are being reduced each year. While free emission allowances will no longer be allocated for power generation from 2020 onwards, EPIF Group entities will still be eligible for free allowances to generate heat. The overall goal of the European Commission is to abandon the free allocation by 2027, companies are pressured **to improve their operation**, or to buy the allowances on the market. We at EPIF focus on both aspects, in order to hedge against the risk.

Our emission intensity in the electricity and heat generation was reduced from 544 tonnes of CO_2-eq/GWh in 2018 to 474 in 2019.





Graph 8 EPIF's Direct (scope 1) emissions and emission allowances management.

We continue our efforts in GHG emissions reduction. EPIF saved over 731 thousand tonnes of CO_2-eq emissions in 2019.

The aim of the Sustainability Report is to strive to transparency and objectivity in all presented data. For this reason, our direct CO_2-eq emissions by segments are available in the table below. To make it easily comparable, we included our Adj. EBITDA, to present the importance and weight of each segment in EPIF's business.

Segment	Category	2015	2016	2017	2018	2019	Change 2018 - 2019
Gas Transmission	Tonnes of CO_2-eq	185,780	298,922	319,110	295,817	397,546	101,729
	Contribution to Adj. EBITDA	687	677	664	665	737	72
	(%)	48%	46%	45%	45%	46%	
Gas and Power Distribution	Tonnes of CO_2-eq	4,336	3,039	3,738	3,134	2,419	-714
	Contribution to Adj. EBITDA	431	487	510	502	516	14
	(%)	30%	33%	35%	35%	32%	
Heat Infra	Tonnes of CO_2-eq	2,631,248	3,808,498	4,293,338	4,469,456	3,612,545	-856,911
	Contribution to Adj. EBITDA	144	143	144	153	175	22
	(%)	10%	10%	10%	10%	11%	
Gas Storage	Tonnes of CO_2-eq	33,505	40,561	36,630	36,448	61,341	24,893
	Contribution to Adj. EBITDA	180	157	150	147	180	33
	(%)	12%	11%	10%	10%	11%	
Overall EPIF's Emission intensity	Total tonnes of CO_2-eq	2,854,869	4,150,651	4,652,816	4,804,855	4,073,851	**-731,003**
	Total Adj. EBITDA (EUR million)	1,442	1,464	1,468	1,467	1,608	**141**
	Tonnes of CO_2-eq / Adj. EBITDA	1,980	2,835	3,169	3,275	2,533	**-742**

Table 14 Emission management in our segments, comparing the tonnes of CO_2-eq and Adj. EBITDA in EUR million.

The data table presented above shows that segments of Gas Transmission and Gas and Power Distribution and Gas storage provide over 89% of Adjusted EBITDA, but combined, they emit only 11% of EPIF's total emissions.

The majority of our business segments show a CO_2-eq emissions efficiency progress. Our most CO_2-eq efficient segment is the Gas and Power Distribution, where we emitted only 2,419 tonnes of CO_2-eq, whereas the segment accounted for 32% of EPIF's Adjusted EBITDA in 2019. As for the Gas Transmission segment, our GHG emissions are effectively linked to eustream's natural gas fueled compressor stations (technical gas). Due to increased volumes of transported natural gas in eustream (increase to 69 bcm, 16% compared to 2018), emissions increased as well. The minor rise of CO_2-eq emissions in the segment of Gas Storage is attributed to the rising activities in the segment and by acquisition of Nafta Speicher at the end of 2018. Segment of Heat Infra is more efficient each year, as shown in detail in the section "Generation assets overview". Total emitted tonnes decreased by 731 thousand tonnes of CO_2-eq, which is result of decreased production of electricity and heat in the segment as well as higher share of natural gas in our energy mix.

Over 89% of EPIF's adjusted EBITDA is derived from segments that have a comparatively low emission impact.

Efficiency	**25–40%**	**50–60%**	**75–85%**
	Typical steam condensing plants	**The most efficient gas fired plants (CCGT)**	**Cogeneration (EPIF Fleet)**
Carbon footprint	882–1,404 kg CO_2 per MWh produced	342–414 kg CO_2 per MWh produced	414–504 kg CO_2 per MWh produced

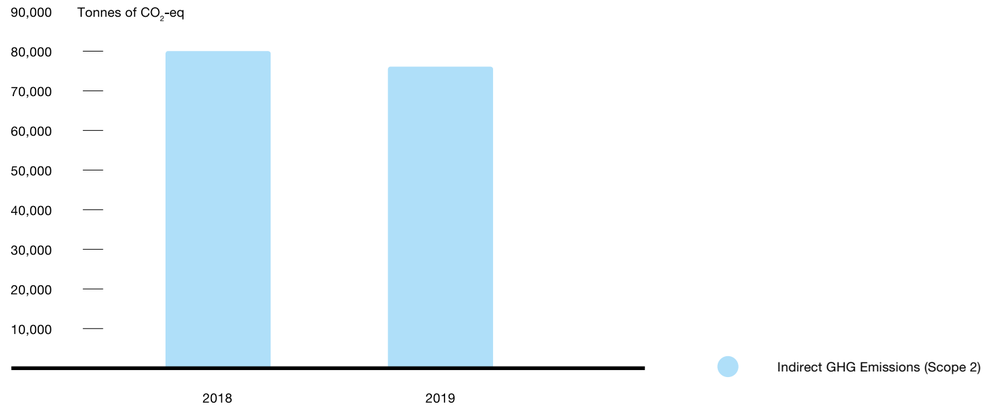
Graph 9 EPIF's portfolio efficiency overview.

Along with our verified data on the efficiency improvement in our transmission and distribution, the EPIF Group also places special importance on the heating infrastructure efficiency, as described in the chart below. Even in the segment where we produce the highest amount of emissions compared to our other segments, **our efficiency is significantly higher than of the average competitors' plants which is underpinned by our cogeneration fleet**[25].

EPIF owns four cogeneration heating plants in the Czech Republic: three lignite fired plants and one lignite plus biomass and waste combustion plant. Another three gas fired units are located in Budapest, Hungary. All of the units have **cogeneration sources**, meaning that they produce heat and electricity simultaneously, allowing for much higher overall efficiency (**70–85%**) compared to even the most efficient gas fired units (**50–60%**), which is also one of the reasons why cogeneration is widely supported by EU legislation. Centralized cogeneration heating systems carry **a significant environmental advantage**. Our efficiency and cogeneration efforts directly translate into our carbon intensity, which has decreased by 10% since 2015.

25 Based on the average efficiency of presented technologies.

These indicators confirm that we are primarily involved in a sub segment of the energy industry with a comparatively low carbon footprint, which can be seen in the total segments comparison.



Graph 10 Indirect GHG emissions of EPIF (scope 2).

To enhance our reporting in transparency, beginning in this report for 2019, we have started disclosing scope 2 emissions of EPIF in the graph below. The scope 2 emissions represent the indirect impacts, meaning they are from purchased electricity and heat used for own consumption. In 2019, these indirect emissions of 75,922 tonnes comprised only 1.9% of our scope 1 emissions and total volume decreased by over 3,800 tonnes of CO_2-eq compared to 2018.

Case Study
How are we Reducing our Carbon Footprint

Modernisation of the steam turbine in Elektrárny Opatovice

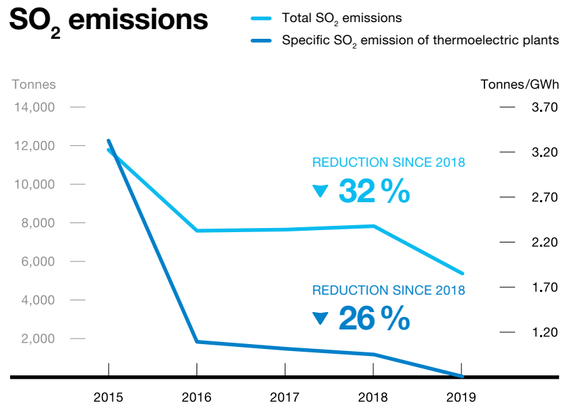
Elektrárny Opatovice signed a contract for a steam turbine replacement with Doosan Škoda Power in July 2019. From the heat supply point of view, the modernised back-pressure steam turbine is crucial as it represents the main source of the total heat supply from EOP.

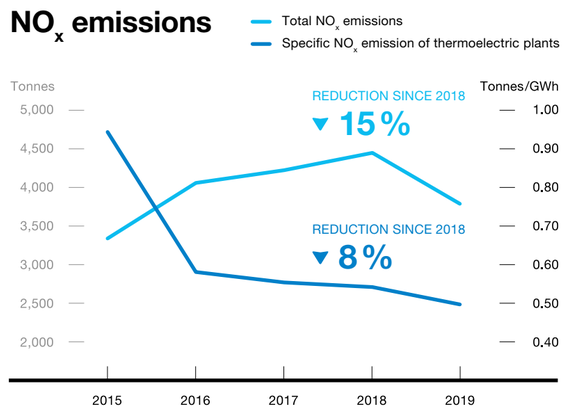
The upgraded back-pressure steam turbine will have a capacity of 65 MWe and 135 MWth, including all accessories such as control systems, primary heat exchangers, equipment for low-pressure regeneration heating of feed water, oil system, interconnecting piping, high pressure hydraulic system and field instrumentation.

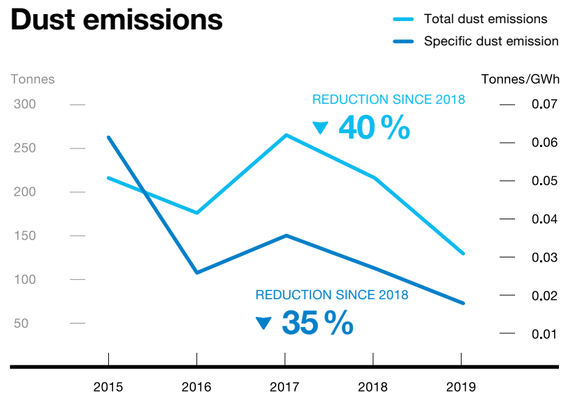
The modernisation of the steam turbine will increase the efficiency of the combined heat and power production and it will not only increase the overall capacity but also enhance the reliability of heat supplies.

Pražská teplárenská

During 2019, Pražská teplárenská initiated a project focused on the modernisation of a hot water source. The start of the greening begun in the middle of the year and involved replacement of existing gas burners with low-emission burners and adjustments of inflow of natural gas and combustion air.







Other air pollutants

We carefully monitor not only our CO_2 emissions, but also all other important GHG emissions and dust particles. EPIF Group is committed to decrease the amounts of emitted air pollutants. Due to the continuous improvements through modernisation and optimisation of our business processes, compared to the 2015 baseline we:

- Reduced our SO_2 emissions by 55% and improved our overall intensity in regard to emitted tonnes per GWh. Compared to 2018, we reduced our SO_2 emissions by 32%.
- Kept our total NO_x emissions at a stable level even through new acquisitions, however the total NO_x emission were increased by 13%. Compared to 2018, we reduced our NO_x emissions by 15%.
- Reduced our dust emissions by 40% and also increased our efficiency by 72% compared to 2015. Compared to 2018, we reduced our total dust emissions by 40% as well.

Graph 11 Relevant air emissions and EPIF's improvements.

In 2019, we reduced our SO_2 emissions by 32%, our NO_x emissions by 15% and our dust emissions by 40% compared to last year.

How do we manage these?

The biggest atmospheric pollutants associated with our activities are sulphur oxides (SO_2), nitrogen oxides (NO_x), and particulate matter.

Sulphur dioxide emissions (SO_2)

The combustion of sulphurous coal is the primary source of SO_2 emissions. Two methods by which we can reduce our SO_2 emissions are improving desulphurisation equipment and increasing the proportion of natural gas in our energy mix.

Nitrogen oxide emissions (NO_x)

Nitrogen oxide (NO_x) is mainly generated by the combustion of nitrogen contained in the air at high temperatures. For example, the combustion of gas or coal in our power plants is connected to NO_x emissions. This gives us a special responsibility to achieve further reductions in NO_x emissions. In almost all large plants these pollutants are measured continuously through analysers installed on stacks, while in small plants it is done periodically through analysis and measurement campaigns or by using statistical parameters.

Dust emissions

Coal-fired power plants emit dust particles, despite highly sophisticated filters. However, we managed to reduce our dust emissions by 40% compared to 2015.

Mercury emissions

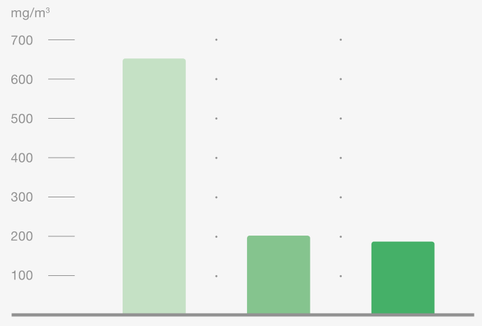
Coal-fired power plants also emit small amounts of mercury. New European legislation has set limits for the first time on mercury emissions from large coal-fired power plants throughout Europe. Therefore, we are developing relevant technical measures to reduce our mercury emissions.

Case Study

Modernization Projects at Plzeňská teplárenská

$DeNO_x$ of boiler K3

The main goal of this investment is to meet the upcoming legislative requirements for air protection in the years 2020 and 2021, which set new emission limits for NO_x:



The new technology will allow to run the boiler with an NO_x concentration up to 135 mg/m^3. The expected benefit is reducing the NO_x production of the boiler K3 from the current 235 tonnes per year to 86 tonnes per year. The investment of EUR 7 million has been already finalized.

$DeSO_x$ – Intensification of wet scrub desulphurization

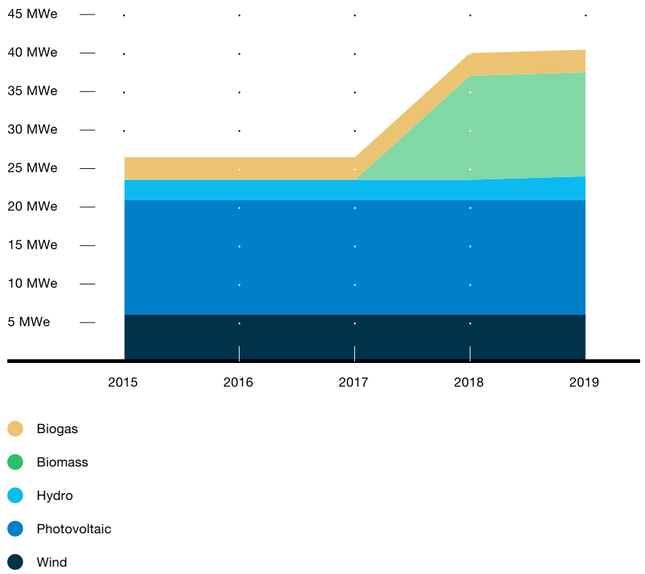
The main goal of this investment is to meet the upcoming legislative requirements BAT/BREF for air protection, which set stricter emission limits for SO_x. The expected benefit is increasing the desulphurizing unit efficiency to 97.3% (currently 87%), reducing the concentration of SO_x from the current 700 mg/Nm^3 to 145 mg/Nm^3 and reducing concentration of solid pollutants from the current 50 mg/Nm^3 to 7 mg/Nm^3. The investment will be completed during 2020. The expected total investment costs are EUR 7 million.

EPIF's installed capacity in renewable electricity sources increased from 26 MWe in 2015 to 40 MWe in 2019, which is an increase over 53%.

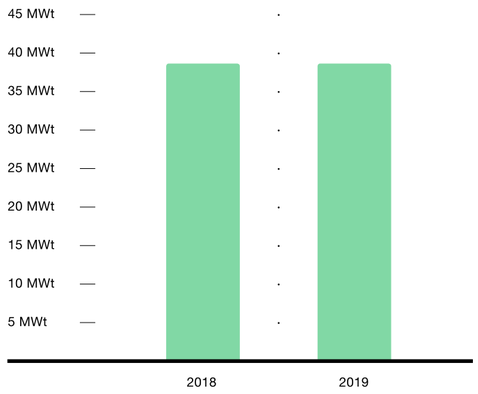
Renewable energy

Renewable energy is proving to be a more significant topic for EPIF. On the strategic level, as data show, we are a transmission and distribution company, with few assets (less than 11% of adj. EBITDA) in central heating and heat distribution. However, even with the majority of assets being stationed in the traditional energy segment, we are aware of the important role this area plays and will play in the future of the decarbonisation process. EPIF's strategy is to primarily focus on the increased usage of biomass in its plants.

Instaled capacity renewables
Electricity



Instaled capacity renewables
Heat

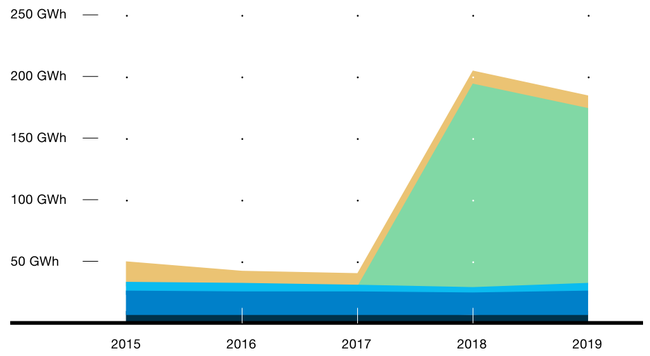


Graph 12 Installed capacity in renewables (electricity and heat).

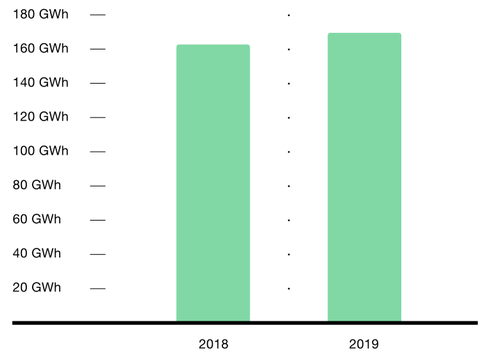
Over the years, we have acquired a total of 40.5 MWe of renewable electricity sources in wind, photovoltaics, hydro, biomass and biogas. During the course of 2017 and 2018, we chose to further invest in the generation of electricity from renewable sources, which explains the increase in the installed capacity during that time period, mainly due to Plzeňská teplárenská's biomass combustion.

In total, in 2019 we produced over 166 GWh of electricity and 170 GWh of heat from renewables, representing a slight increase from 2018 which was in line with overall heat and power production development.

Net production in renewables
Electricity



Net production in renewables
Heat



Graph 13 Net production in renewables (electricity and heat).

In 2019, EPIF continued its efforts in increasing its portfolio in renewable energy sources and keeping stable production.

Case Study

Contemplated Construction of a Waste-to-energy Plant in Elektrárny Opatovice

Elektrárny Opatovice assesses possible development projects to partly replace lignite and hard coal with other sources. One of the possible alternatives is the production of heat and electricity energy from communal waste.

As part of the 2019 preparation process, an analysis of the amount of produced waste in the region was carried out. Even after taking into account trends in waste management, it is possible to consider the need for the region to deal with up to 300,000 tonnes of waste per year that would otherwise end up in landfills.

The main benefits of the project include also ecology as modern waste-to-energy plants produce less emissions than existing coal sources. This is also the reason why the possible construction of a waste-to-energy plant in EOP is included under EOP environmental projects.

The whole project is currently in the preparatory phase. Successful implementation of the project will require support from cities and municipalities as well as support from the general public.

Other EPIF's Activities in the Renewables

We are not only operating some of the renewable power plants, but we support their development in other ways. In the subsegment of power distribution, **we are bound by law to connect the renewable electricity sources to the grid**, thus facilitating and allowing them to produce electricity. In Slovakia, through SSE, we are also obliged to buy the electricity produced by these operators and help them get integrated into the electricity grid. We also help our customers to install their own small renewable plants, such as photovoltaics.

Mitigation of Environmental Impact

Efforts to reduce discharge of pollutants, careful disposal of hazardous material, cleaning of contaminated sites and support of biodiversity have become a core of our business operations.

Water

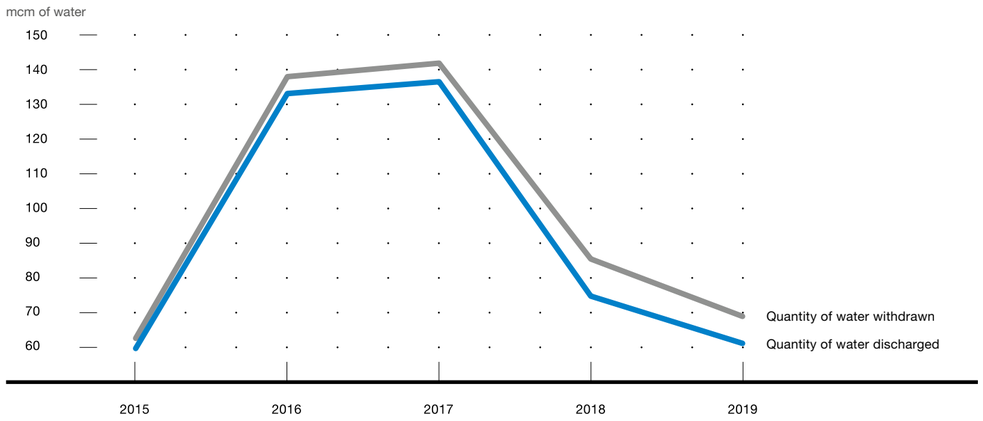
We fully understand the crucial role of water in the environment, be it on the global or local scale. The efficient use of water is a top priority for all our operations and our aim is to always consume the least amount of water required to run our production processes. For example, we strive to ensure that our use of water creates minimal impact on natural resources when we supply our thermal power plants with cooling water. We also endeavor to provide the best protection for aquatic habitats and other ecosystems against possible adverse effects. We recognize, that climate change posses a serious risk, as severe water scarcity might occur. To minimize impact of this negative factor, we are taking serious effort in reducing our water usage.

Our water use

Since water is overwhelmingly used for cooling (in closed flow-based cooling) in our plants, the trend in water discharge from our operations followed the same trend as withdrawal, decreasing from 75 to 61 mcm in 2019. Water withdrawal from our operations decreased to 69 mcm in 2019 from 85 mcm in 2018. The vast majority of water extracted is sourced from surface water with minimal amounts from groundwater[26].

This continuous trend in decreasing our water usage was facilitated through operational measures in our plants. For example, at Elektrárny Opatovice, we focused on intensification of the circular cooling and optimization of consumption. The cooling tower is currently utilized as the primary source of cooling, while water sourced from local river has been reduced by 60% between 2017 and 2019.

We do not only continue to reduce our water withdrawal, but we are more efficient in the overall picture. For instance, if we compare our net electricity and heat production with the amounts withdrawn, we see that in 2019, our efficiency increased by 14.7%. Also, it is important to note that **in 2019, we are well below the average withdrawal ratio of 102.2 calculated as the average since 2015**.



Graph 14 Water withdrawn and discharged in EPIF.

Water withdrawn has decreased by 16.4 mcm (19%) in 2019.

26 53 tcm in 2019, which is 0.07% in total.

Reducing our water usage

We aim to reduce our water footprint through methods including the reuse and recycling of water, more intensive use of collected rainwater, as well as recovering and re-using process water from operations. Our internal wastewater treatment and continuous monitoring of the process ensure that potential contamination is eliminated. No untreated water is disposed into any bodies of water. We provide verifiable compliance with the statutory threshold values, enabling us to avoid negative impacts on nature and human health.

Unit	Category	2015	2016	2017	2018	2019	Annual change between 2018 and 2019	Total 5 year Average
mcm	Quantity of water withdrawn	76.6	138.1	142.1	85.4	69.0	-16.4	102.2
mcm	Quantity of water discharged	73.5	133.3	136.5	74.9	61.1	-13.8	95.9
GWh	Total net energy production	3,535.8	7,011.7	7,607.0	8,217.1	7,618.6	-598.5	7,347.5
%	Electricity and heat production increase	/	12%	8%	8%	-7%	n/a	n/a
GWh/mcm	Net water efficiency	56.47	50.77	53.55	96.29	110.41	14.1	77.75
%	Net water efficiency increase*	/	-38.1%	5.5%	79.7%	14.7%	n/a	n/a

Table 15 Water management efficiency at EPIF.
* Net electricity and heat production vs. Quantity of water withdrawn in the previous year.

Water efficiency of EPIF has increased by 14.7% in 2019 compared to 2018. We continue to encourage additional measures to be even more efficient in water usage.

Effluents and waste

The main principle underlying our approach to waste management can be summarized as 'avoidance, recovery and disposal'. Our waste generation is mainly associated with generation as well as with construction waste, which is inert in its effect.

Through our efficiency programmes we firstly endeavour to avoid generating waste in the first place. Waste that cannot be avoided is subject to recovery wherever possible. Recovery mainly concerns materials which can be reused in construction (as in the case of combustion ash; regenerated into such things as oils and batteries or recycled as in the case of some types of ash and gypsum).

Total waste other than by-products amounted to 45.6 thousand tonnes in 2019, which is a slight increase over 2018, when the corresponding volume of waste was equal to 38.5 thousand tonnes. The increase is mainly related to activities of eustream (extension and reconstructions of compressor stations), NAFTA (drilling and demolitions) and SPP-D (reconstruction of gas distribution network pipelines). It is also important to note that the spike in production in 2016 is connected to SPP-D. The reason was that the value reported in 2016 was reported under old legislation. Based on new legislation, SPP-D should report construction waste as this company is its originator (previously, the construction supplier was considered the originator of construction waste).

Our waste management

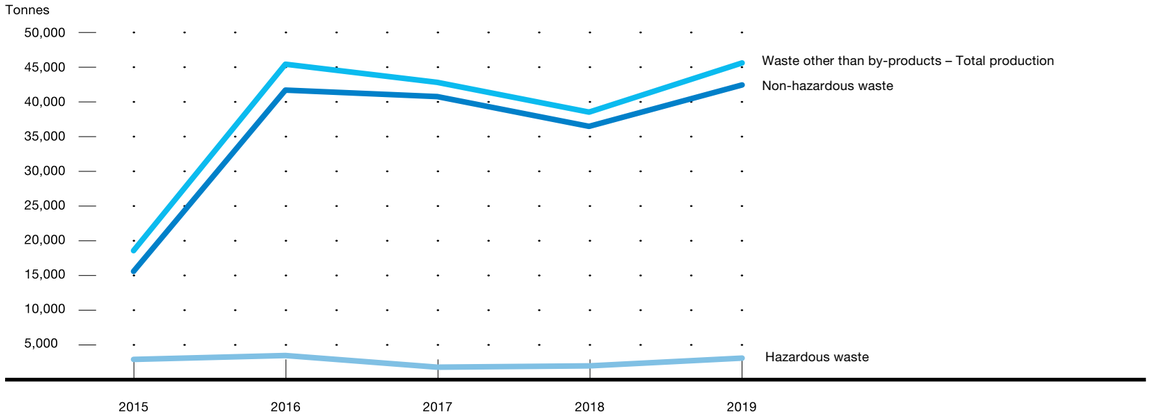
In the area of waste management, we aim to continuously increase the percentage of hazardous and non-hazardous waste sent for recycling and to minimise waste going to landfills as much as possible. For instance, SSD uses recycling facilities for construction waste, ferrous and non-ferrous metals, cables, discarded equipment, including electrometers, batteries and oils. Same approach, where possible, is practiced by other EPIF companies.

Waste products that cannot be recovered are disposed of at the locations that are most suitable and efficient given the type of material. Accordingly, all residual waste is disposed of in compliance with statutory regulations.

During 2019 we increased the total non-hazardous waste recycled by 32%, while keeping the landfilling down by 8% when compared to the last year[27]. The same trend for 2019 can also be seen for the area of hazardous waste disposal. Recycling increased by 64% since 2018 and we cut down on landfilling by 23%.

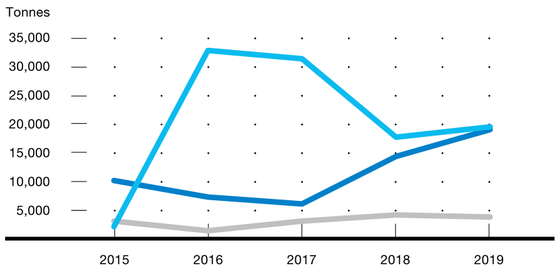
27 The category of "Other" in the non-hazardous waste corresponds to the excavation soil relocation, which would be used for recultivation purposes.

Our waste generation slightly increased from the last year due to development activities of eustream, SPP-D and NAFTA. However, more waste was recycled and used in energy recovery, thus improving the overall environmental impact and lowering waste dump in landfill by 325 tonnes in hazardous waste and 333 tonnes in non-hazardous waste.

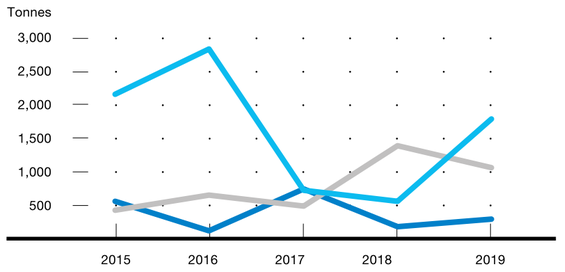


Graph 15 Total waste generated.

Non-hazardous waste by means of disposal



Hazardous waste by means of disposal



Graph 16 Waste management at EPIF.

Case Study
Our Efforts in Improving Waste Management: Waste-to-energy

Plzeňská teplárenská

Plzeňská teplárenská operates the waste-to-energy facility ZEVO Plzeň, an ecological source that can use a wide range of waste and convert it into energy. Heat energy occurring during the combustion process is subsequently used to supply heat to the territory of Pilsen city and for the production of electrical energy.

Elektrárny Opatovice

Elektrárny Opatovice is analysing the possibility of building a waste-to-energy power plant, to phase out some of its coal production capacities.

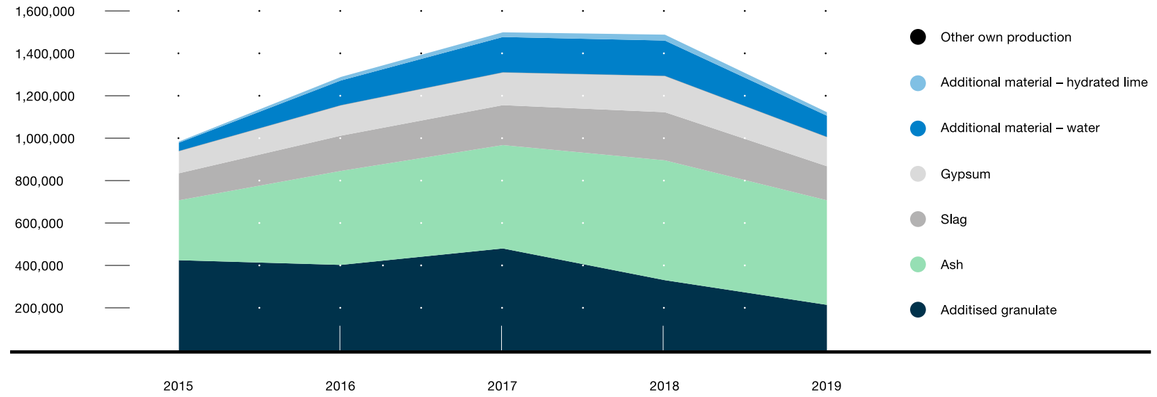
United Energy

United Energy is entitled to use the label of Ecological Firm for its responsible approach to the environment, used product take-back and waste sorting.

By-products are a great way of reducing our waste in the first place and creating further value for our stakeholders.

In addition to waste, we also generated 1,119 thousand tonnes of by-products in 2019. As we are frequently able to sell the by-products for further commercial use when they are collected from our facilities, we report waste and by-products separately. They are used in various business segments, primarily in construction.

Creation of by-products translates to lower volumes of waste that are sent to landfills. In addition, by using by-products, we are saving the primary natural resources that would have to be used instead of our by-products. The by-products are all subject to regular certification process and tested by an authorized party for content of potentially dangerous elements such as heavy metals. All products have historically complied with the prescribed norms.



Graph 17 Byproduct generation.

Case Study
Utilization of Secondary Energy Products

Our heat and power generation assets generate fly ash, slag and gypsum from the combustion of lignite as secondary energy products used either for the reclamation and adjustment of terrains or further sell these products particularly for construction purposes. This is a common practice amongst our companies, particularly in Elektrárny Opatovice, Plzeňská teplárenská or in United Energy.

The companies made sure that all secondary energy products were certified and they continue to explore other options for their use.

Overview of secondary energy products

Plzeňská teplárenská operates the waste-to-energy facility ZEVO Plzeň, an ecological source that can use a wide range of waste and convert it into energy. Heat energy occurring during the combustion process is subsequently used to supply heat to the territory of Pilsen city and for the production of electrical energy.

Ash

Used mainly by construction companies for production of concrete, cement or bricks. Utilization of coal ash in the construction industry saves the primary materials which would be used instead (limestone, clay, sand). The major customers sourcing ash from our companies include concrete plants and cement plants. The ash from pure biomass combustion by PLTEP is also used by farmers as a fertilizer.

Slag

Primarily used for production of bricks and underlayment of roads. Slag is used as a substitute for gravel which would have to be extracted instead. Key customers comprise of brick plants and road construction companies.

Gypsum

Used to produce plasterboards or as a gypsum agricultural fertilizer (reduces gypsum volumes which need to be mined).

Biodiversity and recultivation

EPIF is well aware of the importance of biodiversity and the value of ecosystems and of the environmental benefits they provide.

Protecting biodiversity in the areas where we operate is a goal of the EPIF Group. Where relevant, the direct and indirect impact of our activities on local ecosystems and biodiversity is assessed. Our aim is not only to minimise any negative footprint, but also to play an active role through engagement in different projects supporting and protecting ecosystems including endangered species. The potential risks in planning and operations are monitored and evaluated on a regular basis.

Last but not least, EPIF pays attention to the **recultivation projects** mainly in the subsegments of exploration in the sub segments of exploration and drilling where we are obliged to restore these sites to their original state. For that purpose, special recultivation related provisions, have been created. All companies in EPIF Group have regularly updated plans and contingencies for the site's closure. This is also reflected in the rehabilitation provisions that must be recognised for these activities.

In general, rehabilitation provisions are primarily connected to our following companies:

- NAFTA (EUR 90 million),
- NAFTA Germany (EUR 66 million),
- POZAGAS (EUR 12 million),
- eustream (EUR 6 million),
- SPP Storage (EUR 4 million).

These provisions are recognized for the following restoration activities:

- dismantling and removing structures;
- dismantling operating facilities;
- closure of plant and waste sites and
- restoration and reclamation of affected areas.

In the 2019, the total provision for restoration and decommissioning was EUR 182 million.

Case Study

What Exactly Do we do to Improve the Biodiversity of our Environment?

NAFTA – waste pond recultivation

To minimize its environmental footprint, NAFTA is obliged to restore the sites affected by gas drilling activities to their original state. As an example, a waste pond in Moravany was used by NAFTA to accumulate drilling related waste. The accumulated sediment was subsequently stabilized (using a special binding substance). The stabilized sediment was then covered by several layers to prevent mixing with surface and underground waters. Grass was then planted on the top layer. The site has been continuously monitored since project finalization.

Case Study

Biodiversity

In addition to the activities of our subsidiaries, we contributed to a wide array of projects in the field of biodiversity through the EPH Foundation. The foundation organizes a special donation programme “Na Prirodno” (Naturally), that supports projects in the area of biodiversity protection and restoration. Only in 2019, we contributed and supported 26 projects in the area of nature protection and education. Just to name a few:

Restoration and revitalization of the river Váh

With the civic association NaturAqua, we contributed to restoration and revitalization in the third part of the dead arm of the river Váh. The aim of the project was to revive the dead arm in terms of fish population (create environment for fish reproduction) and expand the rest zone for inhabitants of the nearby village. The project involved restoration of the water area by deepening it and modifying the surrounding by planting trees typical for this environment and by improving area around the water by installing new benches and information boards.

Effort to protect and restore nature

We supported the civic association Permoníci, in their effort to protect and restore nature. During the whole year they conducted many events in which they cleaned areas from illegal dumps and took care of nature. For example, in cooperation with the Municipal Forest in Bratislava, volunteer work was done in the locality of Little Carpathians. In the plan was cleaning the Vydrica stream from infested trees, restoration of riverbed, treatment and removal of weedy plants. Another thing worth mentioning was removal of illegal dump in the area of Krpáš, which included around 480 tires.

Cave rescue group

We also contributed to Cave rescue group – Slovak Karst which cleaned underground watercourses. These form the predominant source of drinking water in the Rožňava district and in Košice okolie district. Therefore, the protection and purification of these water resources is extremely important.

Governance

The following section describes EPIF’s approach to corporate governance and basic principles ensuring the responsible behaviour of employees and the management in everyday business activities. EPIF and its subsidiaries understand the impact of their business operations and their contribution to the economy and sustainable growth. We gain this understanding through the establishment and regular review and monitoring of internal governance processes, related policies and on-going stakeholder engagement.

Material Topics

Fair Conduct	Procurement practices	Risk and crisis management
Compliance	Supply chain management	Financial risks
Policies and specialised committees		Operational risks
Business Ethics		Strategic risks

Table 16 Material topics in the governance section.

Introduction

Corporate policies and ESG structure centralise the monitoring and enforcement of all ESG matters at the EPIF Group level.

Governance is one of the crucial pillars of corporate sustainability. By developing business principles in line with the long-term strategy and introducing various policies to enforce these principles, companies are able to transpose their long-term strategy into their everyday business activities.

The first section is focused on the corporate governance structure, introducing our top management and showing how we manage ESG issues at EPIF. Following sections describe the management approach and provide data related to identified material topics: Fair conduct, Procurement practices and Risk and Crisis management.

In March 2020, EPIF Board of Directors approved new sustainability-related policies and appropriate internal processes, applicable for all subsidiaries:

- General Environmental, Social and Governance policy framework,
- Code of Conduct,
- Specific Environmental Policy,
- Specific Operational Policy,
- Specific Responsible Procurement Policy.

These policies were adopted on 10th March 2020 at the EPIF Group level.

Corporate Governance

EPIF is a sub-holding of EPH and it was created as a result of reorganisation measures in 2016. In 2017, all the legal reorganisation steps within EPIF were completed. Subsequently, both in 2017 and 2018, a separate layer of various statutory bodies and executive management was established.

The management is responsible for day-to-day operations as well as key business decisions. EPH still maintains the decision-making capability primarily through being the main shareholder. At the same time, EPIF is ring-fenced from the rest of the EPH Group and has both capacity and capability to manage its key business and financial activities.

EPH and sub-holding level management

The governance of EPH and its sub-holdings is based on a two-tier management structure consisting of the Board of Directors and the Supervisory Board. The Board of Directors represents EPIF in all matters and is responsible for its day-to-day business management, while the Supervisory Board is responsible for the supervision of the Company's activities and the supervision of the Board of Directors in its management of the Company and in such matters as defined in the Czech Corporations Act and the Articles of Association[28]. Under the Czech Corporations Act, the Supervisory Board may not make management decisions. However, certain matters, defined below, are subject to the approval of the Supervisory Board.

EPIF Shareholder structure

On 24 February 2017, EPH completed the previously concluded agreement with a consortium of global institutional investors led by MIRA on the sale of a 31% stake in EPIF. The remaining 69% of EPIF remains with EPH, which also retains management control over EPIF.

Company	Interest in share capital EUR million	Interest in share capital %	Voting rights %
EPIF Investments a.s.	2,062	69	69
CEI INVESTMENTS S.a.r.l.	926	31	31
Total	**2,988**	**100**	**100**

Table 17 EPIF's shareholder structure.

28 Sbírka zákonů České republiky; Obchodní zákoník, Oddíl 3; Orgány společnosti, §125–§140.

EPIF Board of Directors

The EPIF Board of Directors has seven members and the Chairman of the Board of Directors serves simultaneously as the Chief Executive Officer of the Company. The Board of Directors is EPIF's statutory body, which directs its operations and acts on its behalf. No-one is authorised to give the Board of Directors instructions regarding the business management of the Company, unless the Czech Corporations Act or other laws or regulations stipulate otherwise. The business address of all members of the Board of Directors is Pařížská 130/26, 110 00 Prague 1, the Czech Republic.

The following table sets forth the members of the Company's Board of Directors as of the end of December 2019:

Name	Position
Daniel Křetínský	Chairman of the Board of Directors
Gary Mazzotti	Vice-chairman of the Board of Directors (independent director)
Jiří Zrůst	Vice-chairman of the Board of Directors
Stéphane Louis Brimont	Member of the Board of Directors
Milan Jalový	Member of the Board of Directors
Pavel Horský	Member of the Board of Directors
Marek Spurný	Member of the Board of Directors

Table 18 Board of directors of EPIF.

EPIF Supervisory Board

The Supervisory Board of EPIF has six members elected by the General Meeting of shareholders. The business address of all of the Supervisory Board members is Pařížská 130/26, 110 00 Prague 1, the Czech Republic.

The Supervisory Board is responsible for the revision of the activities of the Company and of the Board of Directors in its management of the Company, resolving such matters as defined in the Czech Corporations Act and the Articles of Association. The Supervisory Board's powers include the power to inquire into all documents concerned with the activities of the Company, including inquiries into the Company's financial matters, review of the year-end financial statements, including profit allocation proposals.

The following table sets forth the members of the Company's Supervisory Board as of the end of December 2019:

Name	Position
Jan Špringl	Chairman of the Supervisory Board
William David George Price	Vice-chairman of the Supervisory board
Jan Stříteský	Member of the Supervisory Board
Rosa Maria Villalobos Rodriguez	Member of the Supervisory Board
Petr Sekanina	Member of the Supervisory Board
Jiří Feist	Member of the Supervisory Board

Table 19 Supervisory board of EPIF.

EPIF Board member profiles

Daniel Křetínský

Chairman of the Board of Directors
and Chief Executive Officer

Mr. Křetínský has been the Chairman of the Board of Directors since December 2013. Through his previous role as a partner in the J&T Group he was also involved in the founding of EPH, where he has served as Chairman of the board of directors since 2009.

Mr. Křetínský served (as of 31 December 2019) on multiple boards of companies within the Group, as well as outside of the Group. These include positions with companies both affiliated and unaffiliated with EPH, including positions of chairman of the board of directors of Czech Media Invest, a.s., AC Sparta Praha fotbal, a.s., J&T Credit Investments, a.s., EP Power Europe, a.s., EP Global Commerce a.s., EPH Financing CZ, a.s., EC Investments a.s., Letná Properties, a.s., AC Real Estate, a.s., EPIF Investments a.s., INTERNATIONAL MEDIA INVEST a.s., CZECH RADIO SERVICES a.s., Czech Radio Center a.s. and SPP - Infrastructure, a.s; a member of the board of directors of Czech News Center a.s., EP Produzione S.p.A., Fiume Santo S.p.A. and EPH Financing SK, a.s., managing director of EP Investment Advisors, s.r.o., United Energy Moldova, s.r.o., Eggborough Power Limited, Serafico investment s.r.o., Czech Innovation Lab s.r.o., CZECH PRINT CENTER – Development s.r.o., EP Investment S.à r.l., EP Investment II S.à r.l., EP UK Investments Ltd., EP Global Commerce GmbH, EP Global Commerce II GmbH and EP UK Power Development Ltd; chairman of the supervisory board of EP Commodities, a.s., EP Industries, a.s., Mall Group a.s. and NAFTA a.s.; and a member of the supervisory board of Nadační fond AC Sparta Praha, Kapsova Vila, a.s., ANDELTA, a.s., EVROPA 2 spol. s r.o, RADIO BONTON a.s., Frekvence 1, a.s., Active Radio a.s. and INFINITIV spol. s r.o.

In the past six years, Mr. Křetínský has served as chairman of the board of directors of Nadace J&T, and ACS PROPERTIES, a.s., and as a member of the board of directors of DCR Investment a.s.

Mr. Křetínský served (as of 31 December 2019) as a director of CZECH MEDIA INVEST a.s., EP Global Commerce a.s. and EC Investments a.s., an indirect shareholder of EPH and EP Industries, a.s. and through them, Mr. Křetínský is also an indirect shareholder of their respective subsidiaries.

Mr. Křetínský holds a bachelor's degree in political science and a master's and doctoral degree in law from Masaryk University in Brno.

EPIF Board member profiles

Gary Mazzotti

Vice Chairman of the Board of Directors

Mr. Mazzotti has been an independent member and the Vice Chairman of the Board of Directors since June 2017. He also serves on the EPIF's risk committee and audit committee.
Mr. Mazzotti is also a member of the board of directors of EPPE, UE, EOP, Pražská teplárenská a.s., Severočeská teplárenská, a.s., and EP Cargo a.s. and a member of the supervisory board of NAFTA a.s. and PLTEP.

Mr. Mazzotti has more than 30 years of experience in finance and operations, having joined the EPIF Group from Vienna Insurance Group where he was a member of the board and chief financial officer of Kooperativa pojišťovna, a.s., Vienna Insurance Group and Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group and was responsible for VIG groups operations in Ukraine. Prior to this Mr. Mazzotti held the positions of senior investment director and chief financial officer of PPF Private Equity Division as well as chief financial officer and chief operating officer of AAA Auto a.s.

Mr. Mazzotti graduated in economics from the University of Reading in the United Kingdom, and is also a member of the Institute of Chartered Accountants ("ACA").

Jiří Zrůst

Vice Chairman of the Board of Directors

Mr. Zrůst has been a member of the Board of Directors since February 2017 and is Vice Chairman since June 2017.

Mr. Zrůst is also a member of the supervisory board of eustream and a member of the supervisory board of SPPI.

Outside the Group, Mr. Zrůst is also chairman of the board of directors of Towercom, a.s., České Radiokomunikace a.s. and Czech Digital Group, a.s., a member of the board of directors of, innogy Grid Holding, a.s., and management director of Communications Investments Holdings s.r.o., a member of the supervisory board of Vector Parks Bratislava (Rača) a.s., Vector Parks Bratislava (Svätý Jur) a.s., Vector Parks Prešov (Malý Šariš) a. s., chairman of the management board of The Duke of Edinburghs International Award Czech Republic Foundation, o.p.s. and an executive committee member of International Gold Event 2017, z. s.

Mr. Zrůst is a senior managing director at MIRA. Mr. Zrůst oversees MIRA's coverage and origination activities and management of existing portfolio investments in continental Europe. He also holds non-executive board positions at various other MIRA-managed investments. He joined MIRA in 2011 and led several key transactions in the CEE region and southern Europe. Prior to joining MIRA, Mr. Zrůst spent 17 years in the transport and logistics sector first as chief financial officer and later as chief executive officer managing large-scale turnaround and market consolidation projects.

Mr. Zrůst has an industrial engineering background and holds a Master of Business Administration degree from The Open University Business School.

Stéphane Brimont

Member of the Board of Directors

Mr. Brimont has been a member of the Board of Directors since February 2017.

Mr. Brimont is the head of MIRA's French and Benelux operations and is a director of Autoroutes Paris-Rhin-Rhône (APRR). He is also a director of the Brussels Airport and chairman of the supervisory board of MacqPisto. He began his career with the French government where he spent a total of eight years. In 2004, he joined Gaz de France as chief strategy officer and became their chief financial officer in 2007. Following the integration of Gaz de France and Suez, Mr. Brimont moved into a general management role.

Mr. Brimont graduated from Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées.

Pavel Horský

Member of the Board of Directors

Mr. Horský has been a member of the Board of Directors since December 2013.

Mr. Horský is a member of the board of directors and chief financial officer of EPH, and holds a number of other positions within the Group as well as outside the Group. At the same time, Mr. Horský serves as a member of the risk committee of EP Infrastructure, a.s. Prior to joining the EPIF, Mr. Horský held a market risk advisory position at the Royal Bank of Scotland.

Mr. Horský served (as of 31 December 2019) as the chairman of the board of directors of NPTH, a.s.; vice-chairman of the board of directors of EP Power Europe, a.s., a member of the board of directors of Eggborough Power Limited, DCR INVESTMENT a.s., EP Industries, a.s., EPH financing SK, a.s., EP Commodities, a.s., EPH Financing CZ, a.s., EPE, NADURENE a.s., ENERGZET SERVIS a.s., SLUGGERIA a.s., LEAG Holding, a.s., EPPE Germany, a.s., RUBY Equity Investment S.à r.l., and EPIF Investments a.s.; managing director of EP Slovakia B.V., EP UK Investments Limited, EP Global Commerce GmbH, EP Global Commerce II GmbH, Lausitz Energie Verwaltungs GmbH, Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., EPH Gas Holding B.V., EPPE Italy N.V., EP UK Power Development Ltd., EP Langage Limited, EP SHB Limited and PT Holding Investment B.V.; chairman of the supervisory board of EP Coal Trading, a.s.; a member of the supervisory board of EP Logistics International, a.s., Pražská teplárenská a.s., Pražská teplárenská Holding a.s., EP Cargo a.s., Mall Group a.s., EP Cargo Invest a.s., NAFTA a.s., SPP Infrastructure, a. s., Lausitz Energie Bergbau AG and Lausitz Energie Kraftwerke AG.

In the past six years, Mr. Horský has served as chairman of the board of directors of První brněnská strojírna, a.s., and as a member of the supervisory board of DCR Investment a.s.

EPIF Board member profiles

Milan Jalový

Member of the Board of Directors

Mr. Jalový has been a member of the Board of Directors since February 2017.

Mr. Jalový holds the position of the head of analytical team at EPH. He has been working within the EPH group since its establishment.

Mr. Jalový is also a managing director of EP Germany GmbH and EP Mehrum GmbH, a member of the supervisory board of EPE, Lausitz Energie Bergbau AG and Lausitz Energie Kraftwerke AG.

Mr. Jalový holds a master's degree from the University of Economics in Prague and also the CEMS MIM degree.

Marek Spurný

Member of the Board of Directors

Mr. Spurný has been a member of the Board of Directors since December 2013. As of 31 December 2019, Mr. Spurný served as the chief legal counsel and a member of the board of directors of EPH and serves on multiple boards of companies within the Group, as well as outside the Group.

Prior to joining the EPIF, Mr. Spurný held various positions within EPH, its subsidiaries and the J&T Group (prior to the formation of EPH). Between 1999 and 2004, Mr. Spurný worked for the Czech Securities Commission (the capital markets supervisory body at that time). Mr. Spurný served (as of 31 December 2019) as the chairman of the board of directors of Pražská teplárenská Holding a.s.; a vice-chairman of the board of directors of EP Power Europe, a.s.; a member of the board of directors of EP Commodities, a.s., EPH Financing SK, a.s., EPH Financing CZ, a.s., VTE Moldava II, a.s., EPE, LEAG Holding, a.s., Eggborough Power Limited, EPPE Italy N.V., EP Produzione S.p.A., Fiume Santo S.p.A., EPIF Investments a.s., VESA Equity Investment S.à r.l., RUBY Equity Investment S.à r.l., and POWERSUN a.s.; a managing director of EP Investment Advisors, s.r.o., Lausitz Energie Verwaltungs GmbH, MACKAREL ENTERPRISES LIMITED, PT Holding Investment B.V., Seattle Holding B.V., Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., EPH Gas Holding B.V., SPP Infrastructure Financing B.V., EP Global Commerce GmbH, EP Global Commerce II GmbH, EP Investment S.à r.l., EP Investment II S.à r.l., EP Slovakia B.V., EP UK Investments Ltd., EP UK Power Development Ltd, EP Langage Limited and EP SHB Limited; a complementary representative in EP Fleet, k.s.; chairman of the supervisory board of EP Cargo a.s., PT Koncept, a.s., EP Logistics International, a.s., PT, PT měření, a.s., EP Real Estate, a.s. and EP Cargo Invest a.s.; a member of the supervisory board of J&T Credit Investments, a.s., ACS PROPERTIES, a.s., CZECH NEWS CENTER, a.s., AC Sparta Praha fotbal, a.s., NADURENE a.s., EPET, CZECH MEDIA INVEST a.s., SLUGGERIA a.s., EPPE Germany, a.s., Lausitz Energie Bergbau AG Lausitz Energie Kraftwerke AG.

In the past six years, Mr. Spurný has served as a member of the supervisory board of Energetické opravny a.s., MSEM, a.s. and VČE-Montáže, a.s.

Mr. Spurný holds a law degree from Palacky University in Olomouc.

EPIF Senior Management

The senior management of the Group (the "Senior Management") consists of the Chief Executive Officer, the Finance Director and five segment directors. The following table sets forth the members of the Senior Management as of the end of December 2019, with biographical information provided below.

Name	Year of Birth	Position	Commencement of Current Term of Office
Daniel Křetínský	1975	Chief Executive Officer	9 May 2016
Filip Bělák	1979	Finance Director	9 May 2016
Tomáš Mišrácky	1980	Director of Financing and Treasury	1 March 2017
Martin Bartošovič	1972	Director of Gas Storage	9 May 2016
František Čupr	1974	Chairman of the board of directors of Stredoslovenská distribučná, a.s.; and	28 November 2013
		Chairman of the board of directors of SPP-distribúcia, a.s. (Gas Distribution Segment)	2 January 2013
Tomáš Mareček	1976	Chairman of the board of directors of eustream, a.s. (gas transmission segment)	24 January 2013
David Onderek	1970	Director of Heat Infrastructure	9 May 2016

Table 20 Senior management of EPIF.

Filip Bělák

Finance Director

Mr. Bělák has been the Finance Director since 9 May 2016.

Mr. Bělák has also been the chief financial officer of EPE since May 2014. He has been employed in the EPH group since 2013. He also serves on the EPIF's risk committee and SPP-D audit committee. Mr. Bělák is also a member of the board of directors of EOP, PT and EPC; a member of the supervisory board of EPE; chairman of the supervisory board of BERT; and a member of the supervisory board of PLTEP and EP CARGO POLSKA s.a.

In his previous role, Mr. Bělák held for over ten years various positions at KPMG, which included almost two-years of employment with KPMG in the United States of America. Mr. Bělák holds several positions within the Group but does not hold any positions outside of the Group.

Mr. Bělák holds a master's degree in economics from the University of Economics in Prague and is a fellow chartered and certified accountant ("FCCA") and a certified public accountant in the state of Colorado, USA ("CPA").

Tomáš Mišrácky

Director of Financing and Treasury

Mr. Mišrácky has been the Director of Financing and Treasury since 1 March 2017.

Mr. Mišrácky is also Deputy CFO of EPH and holds other positions outside of the Group. He has been employed in the EPH group since November 2012.

Mr. Mišrácky is also a member of the board of directors of Pozagas and serves on the EPIF's risk committee. Prior to joining the Group, Mr. Mišrácky worked for over eight years on different positions at The Royal Bank of Scotland (previously ABN AMRO Bank).

Mr. Mišrácky holds a master's degree in law from Masaryk University in Brno and a bachelor's degree in business administration from University of New York in Prague.

EPIF Senior Management

Martin Bartošovič

Director of Gas Storage Segment

Mr. Bartošovič has been the Director of the Gas Storage Segment since 9 May 2016.

Mr. Bartošovič has been the chief executive officer and authorised signatory of NAFTA since October 2012 as well as a member of the board of directors of Pozagas since June 2013 and its chairman since July 2016. Mr. Bartošovič is also a managing director of SPP Storage.

Prior to joining the EPIF, Mr. Bartošovič held the position of a member of the board of directors of SPP-D and the position of division director of SPP. Prior to that, he worked for six years at A.T. Kearney, a leading global management consulting firm and for two years at ING Bank, a leading international bank.

Mr. Bartošovič holds a Dipl. Ing. degree in corporate finance from the Faculty of Economics and Finance at the Slovak Agricultural University and took part in several study programs at the West Virginia University, University of Delaware and Cornell University.

František Čupr

Chairman of the board of directors of SSD and SPP-D (Gas and Power Distribution Segment)

Mr. Čupr has been the chairman of the board of directors of SSD and SPP-D since 2013. He also serves on the EPIF's risk committee and leads the EPIF's Health, Safety and Environmental Committee.

Mr. Čupr is also the chairman of the board of directors of POWERSUN a.s. and Greeninvest Energy, a.s.; vice-chairman of the board of directors of VTE Moldava II, a.s. and AC Sparta Praha fotbal, a.s.; managing director of Alternative Energy, s.r.o., ARISUN, s.r.o., VTE Pchery, s.r.o., Alternative Energy, s.r.o., Claymore Equity, s.r.o., Triskata, s.r.o., AISE, s.r.o. and MR TRUST s.r.o.; chairman of the supervisory board of ENERGZET SERVIS, a.s., and manager responsible predominantly for renewable energy sources.

In the past six years, Mr. Čupr held the position of manager at Jihomoravská energetika, a.s. and concentrated on energy sector projects at J&T Banka, a.s.

Outside the Group Mr. Čupr served (as of 31 December 2019) as a managing director of FC Business, s.r.o.

Mr. Čupr holds a master's degree in economics from the Faculty of Business and Economics of the Mendel University in Brno and a master of business administration degree from the Nottingham Trent University.

EPIF Senior Management

David Onderek

Director of Heat Infrastructure Segment

Mr. Onderek has been the Director of Heat Infrastructure Segment since 9 May 2016.

Mr. Onderek has also been the director of the heat and cogeneration division and the head of the investment committee of EPE since March 2013.

Mr. Onderek is also the chairman of the board of directors of PT Transit, a.s., UE, EVO – Komořany, a.s., Severočeská teplárenská, a.s., United Energy Invest, a.s. and PT měření, a.s.; a vice-chairman of the board of directors of PT, a member of the board of directors of PLTEP, Plzeňská teplárenská SERVIS IN a.s., EP Real Estate, a.s., EP Coal Trading, a.s., BERT, EOP, EP Sourcing, a.s, NPTH, a.s., TERMONTA PRAHA a.s., EPC, PT Koncept, a.s., EP Coal Trading, a.s. and EP Cargo Invest a.s.; managing director of AISE, s.r.o., "GABIT spol. s r.o.", EOP HOKA POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, EP Cargo Deutschland GmbH, EP CARGO POLSKA s.a., Teplo Neratovice spol. s r.o. and United Energy Moldova, s.r.o.; chairman of the supervisory board of PT Properties I, a.s., PT Properties II, a.s., PT Properties III, a.s., PT Properties IV, a.s., RPC, a.s., Nová Invalidovna, a.s.; Nové Modřany, a.s.; and Kardašovská Properties a.s.; member of the supervisory board of EP COAL TRADING POLSKA S.A., PGP Terminal, a.s., Colora, a.s. and Energetické opravny, a.s.; and a member of the management board of Nadační fond pro rozvoj vzdělávání.

Prior to joining the Group, Mr. Onderek worked as the head of portfolio development at ČEZ, a.s., a leading Czech energy company.

Mr. Onderek holds a M.Sc. degree in management of power generation and distribution from the Faculty of Electrical Engineering of the Czech Technical University in Prague and a master of business administration degree from the University of Pittsburgh.

Tomáš Mareček

Chairman of the board of directors of eustream (Gas Transmission Segment)

Mr. Mareček has been the chairman of the board of directors of eustream since 2013.

Mr. Mareček is also a member of the board of directors of PT Transit, a.s., and a member of the supervisory board of Mall Group a.s.

In his previous roles, Mr. Mareček also served in the supervisory board of EP Industries, a.s. and held the positions of senior analyst of mergers and acquisitions at J&T and financial officer at Kablo Vrchlabí a.s.

In the past six years Mr. Mareček served as a member of the board of directors of VČE montáže, a.s., MSEM, a.s., ED Holding a.s., Montprojekt, a.s. and ENV Holding a.s.; executive director of EGEM, s.r.o., PROFI EMG s.r.o. and SEG, s.r.o.; and as a member of the supervisory board of TRAMO RAIL, a.s., Energetické montáže Holding, a.s. and EP Industries, a.s.

Mr. Mareček holds a master's degree in finance from the University of Economics in Prague.

Senior management's role

At the EPIF level, sustainability commitment is spearheaded and driven by the EPIF's Senior management, ensuring that it is embedded at every level of the business. The top management also monitors the ESG indicators and analyses the state of EPIF's progress towards its goals and targets through the **Health, Safety and Environmental Committee**[29]. To control the ESG agenda more efficiently, EPIF started to centralise the current decentralised topics at the subsidiary levels.

29 More detail in the EPIF compliance section below.

Fair Conduct

Enhancing the Company's ethical business conduct through preventive mechanisms, such as specialised committees and internal policies, helps to promote inclusiveness and increases access to justice regardless of status, gender or age. This topic is especially important to internal stakeholders, such as employees and the management. Nevertheless, it has a great impact on EPIF business partners, customers, authorities and local communities, expecting transparency, regulatory compliance, comprehensive risk management and high ethical standards.

Compliance

EPIF and its subsidiaries always act in accordance with the current local legislation and the Company's appropriate corporate policies and cooperate with local regulators. Going beyond mere compliance, we have our own corporate and local policies in the place aiming to ensure the excellence of our responsible Operations.

Policies and specialised committees

The EPH level policies apply to all EPH subsidiaries, including the EPIF Group and all of its subsidiaries.

Policy	Established	Governance level
Anti-corruption and anti-bribery policy	2017	EPH
Anti-money laundering policy	2017	EPH
Sanctions policy	2017	EPH
Anti-trust law policy	2017	EPH
Know your customer ("KYC") procedures	2017	EPH
Tax Governance policy	2018	EPIF
Environmental policy	2020*	EPIF
Operational policy	2020*	EPIF
Procurement policy	2020*	EPIF
ESG Master policy	2020*	EPIF
Code of Conduct	2020*	EPIF

Table 21 EPH and EPIF policies.

* In 2019, EPIF drafted new sustainability-related policies and appropriate internal processes, applicable for all subsidiaries. These new policies were approved by the EPIF Board in March 2020, whereby all subsidiaries have 6 months for implementation.

These policies contain the following principles and guidelines:

- EPIF and its subsidiaries are committed to conducting their business activities in an environmentally safe and responsible manner
- Receipt or payment of bribes including facilitation payments is strictly prohibited;
- Acceptance of gifts and donations including charitable donations is regulated;
- KYC procedures are required to be undertaken for business partners;
- the so called four-eyes principle is applicable for business transactions, and cash payments above a predefined cash limit;
- EPIF or its employees do not establish or maintain business relations with persons, entities or countries that are subject to economic or financial sanctions, trade embargoes or other restrictive measures imposed by the European Union, the United Nations, the United States of America, or the United Kingdom;
- All employees and directors are obliged to observe anti-trust laws and are aware of serious consequences that any infringement of anti-trust laws may have.

Name of the committee	Established	Governance level
Compliance Committee	2017	EPH
Audit Committee	2018	EPIF
Investment Committee	2018	EPIF
Health, Safety and Environmental Committee	2017	EPIF
Risk Committee	2017	EPIF

Table 22 EPIF Committees.

The **Compliance Committee** (outsourced to EPH) focuses on ensuring compliance with new legislation, especially the General Data Protection Regulation ("GDPR") and the Market Abuse Regulation ("MAR"), reviewing the existing Company policies and identifying new areas that should be covered by those policies (tax governance policy, discussing how to further advance whistleblower protection on a group level etc.) and addressing several issues of non-compliance reported by the Group's operational companies and providing support regarding these incidents.

Case Study
GDPR Challenge

We pay great attention to the protection of personal data of our employees and business partners especially considering the latest General Data Protection Regulation (“GDPR”). We approached the EU’s GDPR challenge as an opportunity to review and further strengthen our processes connected to personal data protection. By keeping these data safe, the following risks are mitigated:

Information risk

Only necessary data for specific purposes should be stored and made accessible for persons in charge. This lowers the risk of information leakage.

Lower administrative burden

The GDPR means a continuous process of effective data processing in the Company.

Reputation risk

If data are adequately protected and information leakage risk is low, then the good name of the Company in the area of data protection will be secured as well.

During the implementation phase, we provided assistance to our subsidiaries, to smoothen the process of becoming compliant with the GDPR.

ESG governance at EPIF

In March 2020, the EPIF Board approved a comprehensive set of EPIF Group policies, specifially ESG Master Policy, Code of Conduct, Environmental Policy, Operational Policy and Procurement Policy. All subsidiaris have six months to fully implement the policies subject to their local legislation.

As the EPIF Group is committed to sustainable development, the core principles **are to create shareholder value over the long term, in cooperation with local communities, while protecting the environment within which EPIF operates**. EPIF maintains consistently high standards in ethics throughout its operations and supply chain and does not tolerate corruption or any sort of unacceptable behaviour at any level. Any breaches of this could result in major and serious reputational damage to the Company.

Together with our subsidiaries, **we are committed to conducting business activities in a transparent and operationally excellent manner** and expect the same of our employees. We value transparency and open dialogue with all our stakeholders. In order to further develop and improve the interaction internally as well as externally, we commit to follow our values, that serve as a foundation on which we build relationships with our partners, employees and the society.

Area	Priorities
Environment	Environmental protection
	Mitigating climate change
	Quality standards and certifications
	Sustainable operations and products
	Efficient use of resources
	Environmental education
Society	Value creation
	Respecting human rights
	Economic and social development
	Access to basic services
	Stakeholder dialogue
	Sustainable development principles
	Equal opportunities
	Transparent communication and accountability
	Health and safety
Governance	Promoting ethics
	Economic sustainability
	Risk management
	Progress on goals and commitments
	Responsible finance
	Responsible funding
	Regulatory compliance
	Efficient management

Table 23 Our values.

Case Study

EPIF Group Policies Case Study

The commitment of the EPIF Group to strengthen its sustainability performance resulted in approval of Group policies by the EPIF Board of Directors in March 2020. They were designed to bring all existing principles and commitments together and present them in English and in one place. These policies are applicable to all our subsidiaries and are currently being implemented on the local level.

ESG Master Policy

This document sets out a comprehensive policy framework and basic guidelines for the EPIF Group as well as defining the core principles for sustainability related policies within the EPIF Group and its subsidiaries. Specific policies described below act as add-ins to this Master policy.

Code of Conduct

This document defines our standards of behaviour, managed as a practical value for our day-to-day business and making all employees personally responsible for the performance and reputation of the Group, ensuring a good relationship with all our stakeholders. These commitments are already upheld by our subsidiaries on their own, in respective documents in their local languages.

Environmental Policy

This policy defines our commitments in regard to behaviour that has a direct or indirect impact on the environment. The policy describes basic principles we follow in terms of the climate change and carbon footprint reduction, protection of biodiversity, Environmental Management System, environmental impacts of the product portfolio, customer efficiency, regulatory compliance, renewable and clean energy promotion, resource and energy efficiency, waste management and end cycle management.

Operational Policy

This policy defines our commitments in regard to the behaviour that has a direct or indirect impact on the safety and efficiency. The policy concerns the basic principles we follow in matters of the access to basic services, health and safety management, environmentally safe operation of facilities, social impacts of our products, innovation and modernisation, emergency management, stakeholder engagement and responsible marketing.

Procurement Policy

This policy is focused especially on the monitoring of our supply chain and strongly encouraging that our suppliers are compliant with local regulations and with our internal policies related to human rights, employees, and environmental matters.

The **EPIF Health, Safety and Environmental ("HSE") Committee** has been established to provide a perspective on the adequacy and effectiveness of the EPIF Group's management systems and their application regarding safety, health, environment and security. The Committee reviews relevant policies, provides guidance and makes **recommendations regarding key safety, health, environment and security decisions**.

The **HSE Committee** is headed by František Čupr, Head of the Gas and Power Distribution segment and it monitors the HSE performance (including contractors) with respect to regulatory standards and targets set by the EPIF Board of Directors. Its role is also to review all major incidents, particularly those arising from network or operational issues. The Committee has five members appointed by the EPIF Board of Directors for an indefinite period of time and it meets around five times per year. One of its key responsibilities is to provide quarterly updates to the EPIF Board of Directors.

At the EPIF level, the managerial responsibility for gathering and investigating complaints related to unethical and damaging behaviour lays on the HSE Committee.

EPIF Investment Committee holds an oversight and monitoring role over local (subsidiary level) investment committees, which are assessing material investments. The decisions are driven also by environmental requirements and motives coming from long-term expectations and are being made by subsidiary boards where an EPIF member is always present.

EPIF Audit Committee is consisting of two independent external members and Gary Mazzotti. The committee oversees, among others the external audit processes, the effectiveness of internal control and informs the supervisory body. This committee has three members appointed by General Meeting of Shareholders of EPIF for an indefinite period of time and meets as necessary.

As a step forward within our sustainability commitment. The ESG Master Policy, along with the new Code of Conduct for the EPIF Group, were approved in 2020 by the EPIF Board, applicable to all EPIF subsidiaries, aligned with local and existing policies, further described below.

Case Study
Whistleblower Policies at Subsidiaries: Best Practices

Eustream
Standardised forms

Eustream uses established procedures regarding the complaints handling. There is an active e-mail address or a 24/7 hotline, which anyone suspecting unethical or anti-social behaviour may use. The procedure is subject to internal audit and there is a single person responsible for the collection, review and investigation.

To make the process even more efficient, eustream introduced standardised forms, which is to be used by the employees who suspect unethical behaviour.

POZAGAS
Company Ombudsman

Employees may submit their complaints to Company Ombudsman, who is obliged to investigate them. Complaints may be anonymous. This function is formally set up and employees are informed about it. Employees also have an opportunity to submit their suggestions or proposals directly to the top management (followed by informing the Board of Directors) through boxes located in the office premises.

In case of complaint delivered directly to the Board Members or the top management by an external party (i.e. outside of POZAGAS), the decision lies with them if there will be a special audit to investigate whether the accusation is substantiated. Whistleblower activity can be performed by employees either via a special 24/7 hotline or by email/letter to a specified address, which ensures the anonymity of a whistleblower.

Case Study

Whistleblower Policies at Subsidiaries: Best Practices

SPP - distribúcia

Involving external parties

SPP-D encourages the usage of the 24/7 hotline or any other whistleblower channels by external parties. Any supplier, customer or business partner having a suspicion about the behaviour of an SPP - distribúcia employee is encouraged to raise a complaint.

NAFTA

Anti-social conduct

The process for handling of complaints has been established through the Anti-social Conduct Policy. Employees may submit their complaints either via e-mail or use a 24/7 hotline. The procedure is subject to internal audit and there is a single person responsible for the collection, review and investigation.

Case Study

EPIF Code of Conduct

The EPIF Group Code of Conduct contains standards of behavior to be upheld by all employees and is designed to ensure good relationships with all stakeholders. Selected key commitments are as follows:

- Complying with all binding legal regulations;
- Conducting its marketing activities in a responsible and fair manner;
- Ensuring security of sensitive customer data;
- Guaranteeing equal opportunities and avoiding all forms of discrimination towards existing or potential employees;
- Creating healthy and safe working conditions for its employees;
- Guaranteeing freedom of association and right to collective bargaining;
- Continuous training and talent development;
- Encouraging suppliers to not only comply with existing laws and regulation but also adhere to principles contained in the EPIF Group policies;
- Minimizing environmental impact of its activities and maintaining appropriate environmental management standards;
- Promoting human rights through acknowledging the Ten Principles of the United Nations Global Compact.

Our business ethics

This section defines the EPIF Group's commitments in its standards of behaviour, managed as a practical value for its day-to-day business and making all employees personally responsible for the performance and reputation of the Group, ensuring a good relationship with all its stakeholders.

EPIF maintains consistently high standards in ethics throughout its operations and supply chain and does not tolerate corruption or any sort of inappropriate behaviour at any level. These commitments and standards applicable for the whole Group were approved in March 2020 and are planned to be implemented during 2020. However, most of our subsidiary companies uphold these standards on their own already.

In fact, our subsidiaries already have their own **Code of Conducts** in place, in their local languages. The new **ESG Master Policy and EPIF Code of Conduct** are not designed to replace these, but rather to bring the general concepts to the Group level, present them in English and in one place.

Procurement Practices

Maintaining high standards throughout the supply chain, EPIF works to promote sustainable growth, reduce inequalities and enhance access to basic services. Procurement requirements considering social and environmental aspects are affecting Group's suppliers and can lead to changes in their business practices. Suppliers and business partners are expecting fair and transparent treatment.

Supply chain management

EPH has a centralised procurement function managed by EPH Group Procurement. The key role of EPH Group Procurement is to develop and consistently apply best practices in strategic procurement across individual subsidiary companies primarily with the aim of minimising the total cost of ownership of external purchases.

Nevertheless, we are aware of the significance of supply chain management and supplier related risk management, therefore we decided to elevate the level of quality of our current policies and processes by introducing an extended procurement policy which was approved in March 2020 and will be gradually implemented across the Group during 2020.

To make sure that the EPIF Group upholds its commitment, thorough screening of any potential significant supplier is carried out, encouraging that the supplier complies with the stated principles and shares our commitments to law and regulation, ethical business conduct, human rights and working conditions, health and safety, and environmental protection.

We plan to implement a revised supplier acceptance procedure for significant suppliers, which will be in many ways similar to the **"KYC" (Know you customer)** procedure. It will consist of preliminary supplier data collection, data evaluation and resolution, which will determine whether business can be conducted.

There were no significant changes to the EPIF supply chain and no environmental supply chain incidents in 2019.

Key tenders from across EPH subsidiaries (incl. EPIF Group) are published on the EPH web page (http://www.epholding.cz/en/suppliers/), which led to increased supplier participation and transparency.

The newly approved procurement policy is focused especially on the monitoring of our supply chain and encouraging our suppliers, as well as our customers, in being compliant with local regulations and with our internal policies related to human rights, employees, and environmental matters.

Risk and Crisis Management

Strong mechanisms for evaluating risks and coordinating an effective response helps to enhance the resilience of business activities, communities and create a base for sustainable development. Effective risk and crisis management practices are expected by Group's investors, as well as local communities and municipalities.

Risk management at EPIF

In order to emphasise risk management within the Company, particularly resulting from the acquisition growth and completion of several recent major transactions, EPIF has established a Risk Committee in 2017, which supervises all activities within the entire company portfolio of EPIF from a group risk perspective.

The EPIF Risk Committee has been established to oversee the EPIF Group-wide risk management practices to assist the EPIF board in:

- Overseeing that the executive team has identified and assessed all the risks that the organization faces and has established a risk management infrastructure capable of addressing those risks;
- Overseeing, in conjunction with the EPIF board (and if applicable with other board-level committees), risks such as credit, market, liquidity, operational, reputational and other risks, if relevant;
- In conjunction with the full board, approving the EPIF Group's enterprise wide risk management framework.

The Risk Committee comprises from the following members and reports to the Board of Directors. This list sets forth the members as of the end of December 2019:

- Pavel Horský (Chairman)
- Tomáš Mičrácký
- Michal Buřil (Head of Group Risk)
- Gary Mazzotti
- Filip Bělák
- František Čupr
- Szilárd Kása

Committee defines risk review activities regarding the initiatives and risk exposures and discusses Company's major risk exposures with the management and reviews the steps management has taken to monitor and control such exposures.

This risk assessment as well as the mitigation measures are subject to regular reviews and are continuously refined and improved.

We understand it is our obligation to provide information to local communities regarding the safety risks of our power plants and industrial sites, emergency plans, gas safety of network operations and electrical safety. These topics are described in detail in the environmental chapter.

EPIF takes risks associated with its operation very seriously. Apart from our activities in reducing environmental impacts and subsequent risks, we analyse and mitigate financial, operational and strategic risks.

The Committee helps to develop a culture of the enterprise risk, integrate risk management into the organisation's goals and create a corporate culture such that people at all levels manage risks rather than reflexively avoid or heedlessly take them.

Financial risks	Operational risks	Strategic risks
Credit risk	Fraud, unauthorized activities	Socio-economic and political risk
Liquidity risk	Cyber risk and system risk	Concentration risk
Commodity risk	Failures, break downs, outages, natural disasters	Competition risk
	Climate change risk	Employment related risks
	Regulatory risk	Reputational risk

Table 24 Risk groups managed at EPIF.

Financial risk

Information related to the Group's exposure to financial and operational risks and the way it manages such risks is included in the EPIF Consolidated Annual report. The most important types of financial risks to which the Group is exposed are credit risk, liquidity risk, interest rate risk, commodity price risk, foreign exchange risk and concentration risk. To minimise this exposure, the Group enters into derivatives contracts to mitigate or manage the risks associated with individual transactions and overall exposures, using instruments available on the market.

Credit risk

The Group has established a credit policy under which each new customer requesting products/services over a certain limit (which is based on the size and nature of the particular business) is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group uses credit databases for analysis of creditworthiness of new customers, who are also subject to Risk committee approval. The exposure to credit risk is monitored on an ongoing basis.

Liquidity risk

The Group's management focuses on methods used by financial institutions, i.e. diversification of sources of funds. This diversification makes the Group flexible and limits its dependency on one financing source. Various methods of managing liquidity risk are used by individual companies in the Group.

Commodity risk

The Group's primary exposure to commodity price risks arises from the nature of its physical assets, namely power plants. In case of favourable power prices, the Group manages the natural commodity risk connected with its electricity generation by selling power it expects to produce in the cogeneration power plants and in ancillary services on an up to two-year forward basis. In case of low power prices, instead of entering into such forward contracts, the Group uses the flexibility of its own power generating capacities to react to current power prices with the aim to achieve better average selling price.

Operational risks

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all activities and is faced by all business organisations. Operational risk also includes legal risk.

The primary responsibility for the implementation of controls to address operational risk is assigned to the Company's management. General standards applied cover the following areas:

- requirements for the reconciliation and monitoring of transactions;
- identification of operational risk within the control system;
- this overview of the operational risk events allows the Group to specify the direction of the steps and process to take in order to limit these risks, as well as to make decisions regarding:
  - accepting the individual risks that are faced;
  - initiating processes leading to limitation of possible impacts;
  - or decreasing the scope of the relevant activity or discontinuing it entirely.

Cyber risk and system risk

Cyber security protects systems, networks, data and programs from digital attacks. Cyber threats are constantly evolving, so an adaptive approach to cyber security is adopted in the EPIF Group with regularly reviews of risks and selection of corresponding measures for the most effective protection. The risk-based approach means that the adopted cyber security measures are based on each company's unique risk profile to meet the exact demands of its concrete business environment with reasonable threat assessment.

EPIF Group's companies follow requirements of many information security standards and frameworks, as well as laws, e.g. the GDPR (General Data Protection Regulation) or EU NIS Regulations (Network and Information Systems Regulations 2018). Companies with power grid, heat distribution, the transport network and information and communication systems are among the so-called "critical infrastructures", which are essential to maintain vital functions for the society. Their cyber security is managed in EPIF according to relevant specific legislation and regulation to prevent damage or destruction by natural disasters, terrorism and criminal activity that may have negative nationwide consequences.

Physical incident risk

Failures, breakdowns, unplanned outages, as well as natural disasters, sabotage, or terrorism or public opposition may cause delays or interruptions in the Group's operations, increase capital expenditures, harm the Group's business and reputation or cause significant harm to the environment.

The Group's transmission infrastructure, gas, power and heat distribution infrastructure, heat and power plants, gas storage infrastructure, energy trading platforms, wind and solar farms, biogas facilities and information systems controlling these facilities, could be subject to failure, breakdowns, unplanned outages, capacity limitations, system loss, breaches of security or physical damage due to natural disasters, human error, hacker attacks, fuel interruptions, criminal acts or unscheduled technological breakdowns at customers' facilities.

Certain of the Group's businesses (including the Heat Infra Business, the Gas and Power Distribution Business and the Gas Transmission Business) are also sensitive to variations in weather.

Regulatory risk

The Group's business may be adversely affected by changes in regulated tariffs or the introduction of new obligations to pay regulated tariffs.

The Group is exposed to risks resulting from the state regulation of network activities by the states in which it undertakes business activities. A substantial part of the sales of the Group's Gas Transmission Business, Gas and Power Distribution Business and Heat Infra Business are derived from activities which are subject to regulated tariffs.

Apart from the regulated tariffs, risks also arise from the changes in the European energy legislation affecting the scope and the market price of the European Emission Allowance.

Climate change related risks

We are closely monitoring the development of the climate change and subsequent climate deals and their possible impacts on our business segments. EPIF's approach to climate change and its mitigation is further described in the chapter Environment, in the section of: GHG emissions: Our business and climate change.

EPIF's Group senior management analyses possible risk through various lenses trying to assess possible development scenarios, preparing contingency strategies and plans.

Strategic risks

Socio-economic and political risk

The Group's business is exposed to political, economic and social developments in the Slovak Republic, the Czech Republic, the Central and Eastern Europe region and elsewhere.

The Group's business could be adversely affected by the continuing crisis in Ukraine and the political and economic uncertainty it creates. Heightened levels of tension between Russia and Ukraine, military activity on the border between Russia and Ukraine, the accession of Crimea to Russia and the imposition by the U.S., the EU and other countries of various sanctions and certain other measures against specified Ukrainian and Russian individuals and certain Russian entities could have a direct impact on the Group in the future. The interruption of gas flows from Ukraine could also negatively impact the performance of eustream as a portion of its revenues is dependent on the commercial gas flows in the eustream network.

Concentration risk

Major part of gas transmission, gas and power distribution and gas storage revenues, which are primarily recognized by SPPI group and Stredoslovenská distribučná, a.s., are concentrated to a small number of customers. This is caused by the nature of business which has high barriers of entry. At the same time, majority of these revenues is subject to regulation as well as recognized under long-term contracts, often under 'take or pay' schemes, which limit the volatility of revenues year-on-year. From the credit risk perspectives, the counterparties are typically high-profile entities which are dependent on the supplied service which naturally limits the present credit risk.

Competition risk

Many of the markets in which the Group's business lines operate, are increasingly competitive and as such, the Group is exposed to the risk of not being able to compete effectively on an ongoing basis. For example, in the Group's Heat Infra Business there are pricing pressures from alternative sources of power. In addition, the energy supply market is very competitive with many businesses operating on the markets in which the Group operates. The Group's primary competitors in the Czech energy supply market are RWE, E.ON and ČEZ, a.s., and in the Slovak energy supply market are SPP, a.s., ZSE Energia, Innogy Slovensko and ČEZ Slovensko. The Group's customers may leave in order to obtain their energy from other suppliers. To compete with other energy suppliers, the Group may have to reduce prices further.

Employment related risks

EPIF closely monitors and evaluates risks associated with its employees in two major areas.

The Group's ability to maintain its competitive position and to implement its business strategy is largely dependent on its ability to retain key managers and senior executives as well as skilled personnel and to attract and retain additional qualified personnel who have experience in the Group's industries and in operating a group of the Group's size and complexity. There may be a limited number of persons with the requisite experience and skills to serve in the Group's senior management positions, and the Group may not be able to locate or employ or retain qualified executives on acceptable terms, or at all.

EPIF monitors its relations with the workforce. If the relations would deteriorate for any reason, including as a result of changes in its compensation or any other changes in the Group's policies or procedures that are perceived negatively by employees, or if the Group is unable to successfully conclude any collective bargaining agreements with the trade unions, the Group may experience a labour disturbance. This could take form of work stoppage at the relevant facility or facilities, which could have a material adverse effect on any such facility's operations and on the Group's business, financial condition, results of operations, cash flows and prospects.

Reputational risk management

At EPIF, we manage our reputation and brand image by conveying our values and communicating our approach to sustainable development, business ethics and our role within society and the environment.

One of our priorities is to present truthful information about EPIF and to make sure that the publicly released claims by another party are true as well. By constantly monitoring public media, we are able to warn our stakeholders about any occurrence of false information release related to EPIF. Our approach is to uphold standards of reliable communication, as we prepare our business, financial and accounting records accurately and transparently.

With regards to communication to our business partners, we provide all relevant information in a truthful, clear and fair manner. As for communication with our customers, we at EPIF promote a responsible marketing approach, providing all information regarding our services or possible risks, emergencies or health issues objectively and truthfully.

Investigations, litigation and sanctions

To our knowledge, all companies are fully compliant with the current legislation and regulation in their respective countries of operation. Currently, there are no open material cases of investigation, litigation or sanctions. For detailed information, please refer to our EPIF Annual report 2019.

In 2019, there were no incidents or fines at any of the businesses of EPIF resulting in significant impacts related to the environmental or social aspects. Compliance with all licensing regulations was consistently ensured across our operations. A minor environmental fine was imposed on Bert (EUR 142).

Lobbying and political engagement

We require our funding to be managed in a transparent way, ensuring that it does not support any illegal and unethical action or organisation, in keeping with our sustainability commitments. EPIF is a responsible investor, as our Group neither supports political parties nor contributes to the funds of groups whose activities are deemed to promote party interests. We participate proactively and responsibly in discussions with governments and other organisations about the development of proposed legislation and other regulations which may affect our business interests.

Fine category	2018	2019
Environmental Fines	464	142
Society	0	0
Governance	0	0
Total	**464**	**142**

Table 25 List of significant fines during the 2019 (EUR).
Detailed information regarding litigations and claims is disclosed in the EPIF Consolidated Annual report 2019.

Primary aim of senior management is to correctly and objectively assess possible risks and opportunities in all our business areas.

Social

The main strengths of the EPIF Group include good relationships with employees and their loyalty. The Group maintains good and fair relations with the trade and labour unions within the Group companies through regular meetings and discussions on labour, social and wage related issues. Similarly, respecting the human rights and implemented non-discriminatory guidelines are viewed as essential for securing an employee-friendly working environment across the EPIF Group. Safety and quality management covers health protection at work, safety management systems, technology and human resources. We play an active role in supporting and developing our local communities through social initiatives.

Material Topics

Health & Safety	Employment and employee development	Customer relationship management	Development of the communities
Health and safety at management EPIF	Our employees	Relation to our customers and EPIF's approach	Community involvement and selected social initiatives
	Training and development		

Table 26 Material topics in the social section.

Introduction

The EPIF Group is committed to conducting business activities in a transparent and operationally excellent manner, ensuring a good relationship with all its stakeholders. This chapter of the Report aims to provide further details on identified material topics: Health & safety, Employment and employee development, Customer relationship management and Development of the communities.

Health & Safety

Health and safety are often at the core of both internal and external stakeholders' concerns. Understanding the critical importance of ensuring good wellbeing of our employees, we strive to put in place safety mechanisms of the highest standards and promote a culture of "putting health and safety first" throughout our supply chain. With these steps, our work feeds into global efforts in promoting health and wellbeing for all at all ages.

Health and Safety management at EPIF

The EPIF Group is committed to ensuring the highest standards with regard to the health and safety management of its employees, contractors, customers and all stakeholders. The EPIF Group is committed to maintaining its certification standards on par with international levels and keeping the existing norms relevant to each subsidiary. The employees are obliged to adhere to all of the safety policies, with the EPIF Group ensuring that all of its employees are informed of applicable laws and regulations and have completed relevant training in the area of health and safety at work.

We take the health and safety of our employees, contractors and other stakeholders very seriously in our operations. Moreover, we are constantly striving to improve the safety level of the Group's activities by introducing measures focused on risk assessment, elimination, mitigation and prevention.

Health and safety management in EPIF is decentralised at the company operating level and monitored by the EPIF Group Health, Safety and Environmental Committee. In general, the approach to health and safety management is based on the following 8 main pillars:

1 Commitment from the top management

Top management is actively involved in H&S issues and they are carefully considered in each decision-making process. H&S reporting is established and taken very seriously. For example, within SSE, **weekly updates on H&S indicators are discussed at management meetings**, while semi-annual and annual reports on H&S are presented directly to the Board of Directors. This issue holds the same importance in all EPIF Group companies.

2 H&S is integrated into our remuneration system

The integration of H&S results in the incentive scheme demonstrates the commitment of the Company to address these issues and link them to the assessment of employee performance.

3 Preventive approach

A reduction in accidents is an important goal, however, being able to continuously achieve better results over time represents one of the most challenging issues in H&S. **In order to achieve and maintain decreasing accident trends for both our employees and contractors**, various EPIF companies focus on a preventive approach based on a detailed analysis of accidents, "near-misses" and definition of remedial actions, with the aim of ensuring that similar accidents will not occur in the future.

Monitoring and analyses of near-misses and incidents is another important part of this preventive approach, **as a reduction of near-misses can help lead to the prevention of severe and even fatal accidents**.

4 Control and risk reduction

H&S management requires a precise risk assessment, as well as regular inspections on site. For instance, BERT performs such a work-related risk assessment for every type of work including not only activities performed by its own employees but also those of its contractors and subcontractors. **It also runs enhanced controls for work with increased risks.** Each work supervisor is required to pass an examination on BERT's safety rules.

At the workplaces of **SPP - distribúcia**, external entities perform systematic safety inspections that provide an important input for the assessment of projects and technological processes in terms of H&S.

5 Focus on behaviour

According to studies, 80–90% of accidents are caused by human error (Heinrich et al, 1980). At the same time, transformation of behaviour from unsafe to safe is one of the most difficult challenges a company can meet on the way towards achieving a **goal of "zero harm"**. **Behaviour Based Safety ("BBS")** is a reinforcement action taken by an organisation's management to identify the immediate and root causes of unsafe behaviour and then apply corrective measures to reduce unsafe actions by employees.

BBS puts employees at the centre, trying to understand the reasons of unsafe behaviour and defining the ways of improvement.

Observations are a key tool, when the worker observes and feels responsible not only for his or her behaviour but also for the behaviour of their colleagues. **BBS is an important step in the transformation of safety culture from reactive and dependent to proactive and interdependent.**

6 Training and communication

H&S training as well as communication are recognised as important channels for the diffusion of H&S knowledge, awareness and culture among our employees and contractors. Training is not a one-off moment. We facilitate periodical retraining.

The EPIF Group also provides general training programmes on employee safety and when selecting or assessing potential suppliers the Group also takes into account their approach and attitude towards safety issues.

In addition, for instance at **BERT**, we are raising awareness regarding the safest approach to work through the discussion of current H&S risks on daily and weekly O&M meetings.

7 Emergency management and fire protection

Our companies work on enhancing procedures for fire protection and preparation for emergency situations, they have dedicated plans and perform regular drills and training.

As an example, **at eustream**, regular emergency drills are controlled by HSEQ department in collaboration with the dispatch department and fire safety brigades.

8 Health protection

The health of our employees is treated as seriously as their safety. Various initiatives aimed at the promotion of health and well-being in the workplace are in place in our companies. For example, **SPP - distribúcia** regularly performs medical examinations for their employees.

While the H&S results demonstrated by EPIF and our subsidiaries show stable results, the ultimate goal is to have all operations and sites capable of maintaining a sustainable **"zero harm"** objective. In order to meet this goal, **EPIF will continue to support its subsidiaries in reinforcing preventive tools**, in keeping attention on contractor management, elimination of unsafe behaviour, sharing best practices and lessons learned and continuing to promote safety leadership.

We take pride in treating the health of our employees and contractors as a top priority. The increase in registered injuries of own employees in 2019 was mainly related to SSE but was not associated with incidents at high voltage power lines. The injuries were mainly results of falls caused by uneven, slippery or icy surfaces in the field.

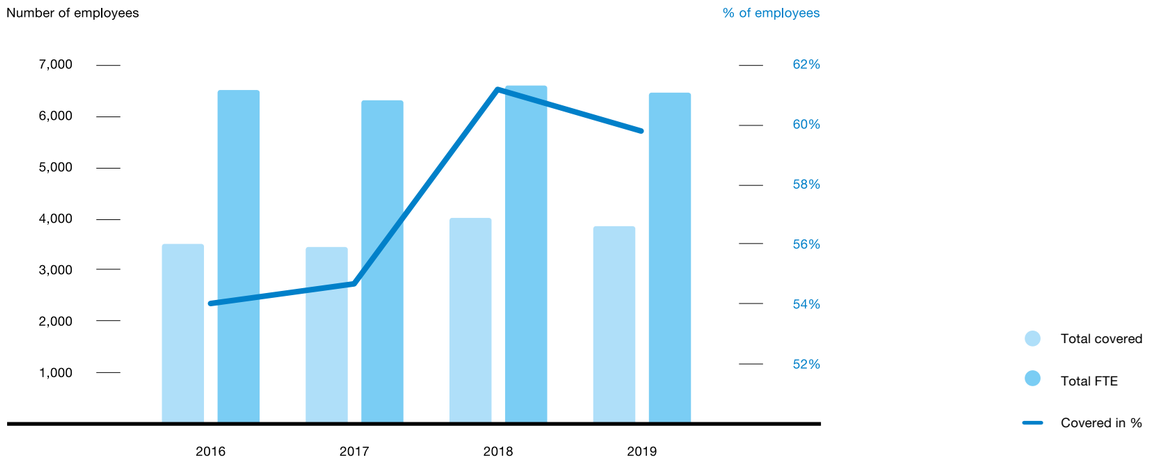
In 2019, regrettably, 1 fatal incident occurred at SSE involving a contractor due to electric shock for unknown reasons. The investigation was terminated without any mistake on SSE side.

BBS puts employees at the centre, trying to understand the reasons for unsafe behaviour and defining ways of improvement.

60% of EPH's employees work in companies that were certificated under OHSAS 18001/ ISO 45001.[30]

		2016	2017	2018	2019
Employees working hours & Incidents					
mil. hours	Hours worked	11.0	10.4	9.9	10.7
#	Registered injuries	21.0	29	29	37
#	Fatal injuries	-	1	-	-
index*	Injury Frequency Rate	1.9	2.9	2.9	3.5
Contractors working hours & Incidents					
hours	Hours worked**	634	1,660	1,357	1,729
#	Registered injuries	2	1	1	0.0
#	Fatal injuries	-	-	-	1
index*	Injury Frequency Rate	0.0	0.0	0.0	0.0

Table 27 Employees and contractors working hours and incidents.
Commentary: * number of registered injuries per million hours worked.
** The total number of hours worked by contractors has not been reported by all companies in the Group this year and therefore, the final figures may not be completely representative. We are working on changes in our reporting process, to be fully compliant in the next reporting period.



Graph 18 Employees covered by OHSAS 18001/ISO 45001.

Our commitment to the health and safety of our employees can be proven by the fact that over 3,800 employees (60%) out of almost 6,500 employees work under the OHSAS 18001 or ISO 45001, which is gradually superseding the OHSAS 18001 standard (Graph 18). However, this does not mean that rest of our employees do not work in a safe and healthy environment. In some cases, for some operations, the certification is not relevant or poses unnecessary administrative burden. All EPIF Group companies are compliant with the legislative requirements in the H&S area, in their respective countries. **We are taking even more steps in managing H&S at our plants and we view this area as extremely important.**

30 Certification of management system of safety and health protection at work.

Case Study

We Were Awarded: Safe Enterprise Award

Pražská teplárenská firstly enrolled in the Safe Enterprise program in 2002, followed by Plzeňská teplárenská in 2003. The Safe Enterprise program, guaranteed by the State Labor Inspection Office, aims to increase the level of Occupational Safety and Health (“OSH”), environmental protection, work culture and well-being.

The scheme complies not only with the Czech regulation but also with regulation applicable in the EU member states. With this programme, our employees gradually acquired the understanding that occupational health is not only about protective tools but rather about responsibility and respect in a more generic sense.

For its efforts in occupational health and safety, Pražská teplárenská was awarded the highest degree of award in the field. By fulfilling the Safe Enterprise program, we defended our position among the eighty-one companies in the Czech Republic that received this award. The field of energy features these companies: PRE, PRE distribuce, Teplárna ČB, ČEZ tepelné a vodní elektrárny, Energotrans, JE Dukovany, JE Temelín, ČEZ Distribuce, Elektrárna Chvaletice, ČEZ Měření, Teplárny Brno, ČEZ Distribuční služby.

The certificate received in 2018 is valid for three years and both companies will aim to retain the award in 2021.

Employment and Employee Development

Decent work conditions are intrinsic for the development of human capabilities, increase in productivity and sustainable growth. In our HR processes, we stress access to education as a critical aspect of our functioning. Striving to set standards of the best practices in our field, we place access to decent work and continuous education to the core of our mission.

Our employees

We are convinced that effective and meaningful management of our employees is a prerequisite for successful operations across our different businesses. EPIF Group encourages the particular local approach at subsidiary level, while maintaining corporate standards that ensure the respect for our Group’s business principles and responsible behaviour. This is even more the case in today’s challenging energy market environment, where attractiveness for experienced employees with particular know-how is becoming a competitive advantage for any utility-type company.

We are aware of the ever growing competition for top talent across the markets where we operate and therefore at EPIF and within our subsidiaries, we place great importance on creating and **maintaining an attractive working environment where all our employees can develop** and grow in the most appropriate roles across the organisation.

Within the holding structure of EPIF, the human resource functions are decentralised and the responsibility for them lies within each subsidiary. This allows for **much greater flexibility in responding to the needs of our employees** and it is effectively a necessity in order to account for the inherent differences between our various operations, whether due to location, business area, the size of the Company’s workforce, unionisation or other reasons.

We are an employer that **offers equal and fair treatment** for all of its employees, respecting their race, nationality, gender, age, religious beliefs, ethnicity, sexual orientation or political views. The EPIF Group acts in line with the relevant labour codes, applicable legal regulations and internal policies, ensuring recruitment, promotion and treatment on the sole basis of the employees’ qualifications, abilities, experience, and work performance, avoiding all forms of discrimination. In addition, the Group respects its employees’ right to participate in the trade union of their choice and does not tolerate any type of retaliation or hostile action towards people who participate in union activities.

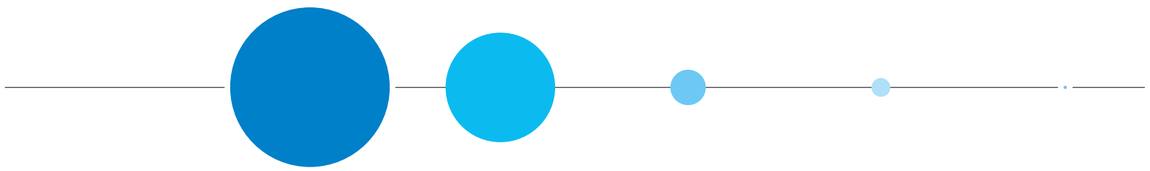
Regarding the working conditions of our employees, we are committed to creating and maintaining **healthy and safe working conditions beyond the applicable regulation**, with the most appropriate health and safety management system to mitigate potential risks arising from technological processes, technical equipment, human activity and working environment.

The EPIF Group keeps its employees informed on how their contribution at work **is evaluated, expecting them to actively take part in the evaluation process** so they can keep improving their performance. We aim to ensure appropriate education to increase awareness among our employees regarding health and safety at work, which also involves business partners and visitors to a reasonable extent. The EPIF Group pays attention to the professional growth of its employees.

In 2019, across our operations and geographies, EPIF employed 6,458 professionals, of which 127 were members of the executive management. Tables below show their distribution among countries and age groups.

From its position as the main shareholder, EPIF strives to promote the trust, ownership, engagement, and commitment of our employees as this has a direct impact on increasing innovation, employee morale, productivity, retention and talent attraction.

	Slovakia	Czech Republic	Hungary	Germany	Netherlands
Headcount	**4,209**	**1,982**	**208**	**58**	**2**



Graph 19 Employees by country in 2019 (FTE).

We are proud employers of 144 employees with various disabilities. We strive to provide them with the best available conditions to engage in daily activities.

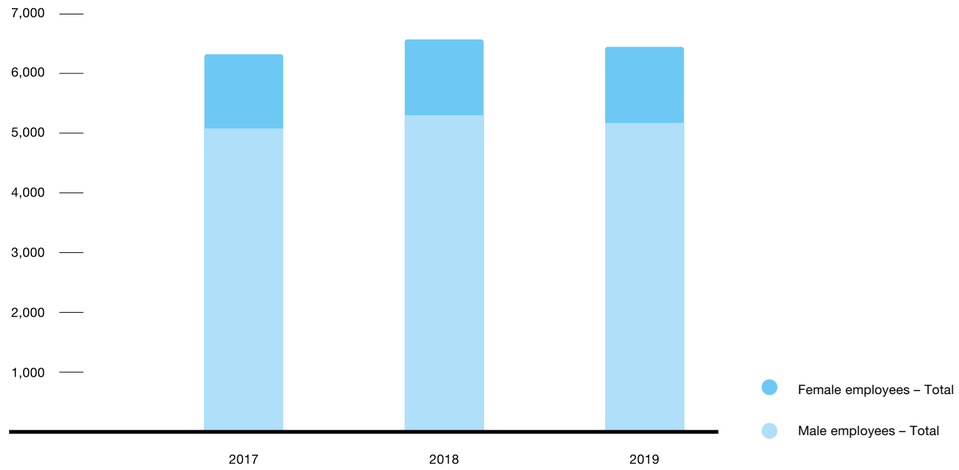
Majority of our employees are between 30 and 50 years, followed by employees over 50 (Table 28). Nevertheless, we strive to achieve a healthy mix of various generations to enhance diversity, continous learning and effective cooperation. To attract young talents we designed various talent and educational programes as described in section “Talent and Development”.

In addition to that, we work towards inclusion of minority groups.

		2019
	Number of employees according to age group	
#	Employees under 30	502
#	Employees between 30 and 50	3,299
#	Employees over 50	2,657
	Percentage of employees according to age group	
%	Employees under 30	8%
%	Employees between 30 and 50	51%
%	Employees over 50	41%

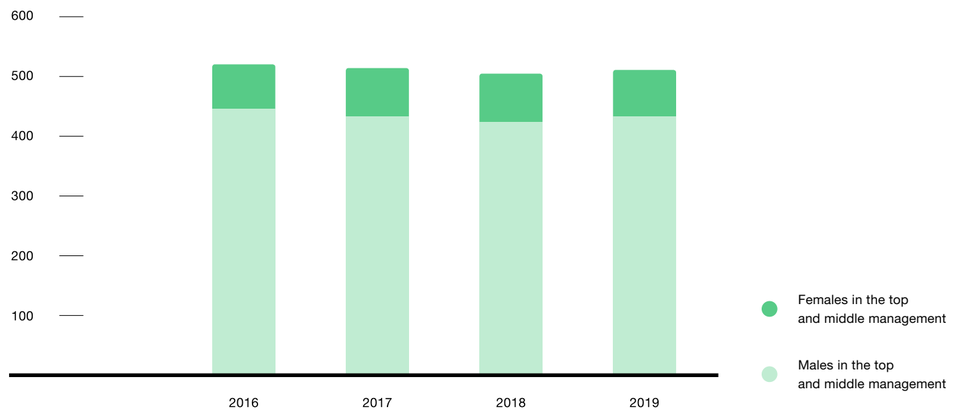
Table 28 Employees by age group.

Total number of employees



Graph 20 Total number of male and female employees.

Employees in management



Graph 21 Total number of female and male employees in the top and middle management.

Almost 96% of our employees are covered by various collective bargaining agreements.

	2016	2017	2018	2019
New hires				
Number of new hires – Male	271	294	372	374
Number of new hires – Female	180	124	146	179
Number of new hires – Total	451	418	518	553
Leavers				
Number of leavers – Male	422	421	498	316
Number of leavers – Female	189	150	135	181
Number of leavers – Total	611	571	633	497

Table 29 Employee turnover overview.

	2016	2017	2018	2019
Collective bargaining in EPIF				
Employees	6,561	6,323	6,592	6,458
Employees with collective bargaining agreements	6,267	6,034	6,260	6,200
% of employees with collective bargaining agreements	95.5 %	95.4 %	94.9 %	95.9%

Table 30 Collective bargaining.

In total, there were 508 employees in the top and middle management in 2019 across the Group. As in any energy related field, the business area suffers from an acute shortage of women. These rates are thus comparable to our peers[31] in the energy business, being around 20% for women in non-executive positions and around 15% for women in top and middle management (Graphs 20 and 21). The EPIF Group polices reflect all principles embedded in the ILO Declaration on Fundamental Principles and Rights at Work, including elimination of discrimination. The recruitment process, promotion and treatment is based solely on the employees' qualifications, experience and work performance. Even though there is no preferential treatment towards male candidates for any position, high portion of positions in the energy related fields is typically occupied by men. These ratios subsequently affect female representation at executive positions as well.

At EPIF, we recognise and appreciate the need of our employees to coordinate with regard to the negotiations with their employer. As we are fully compliant with the European and national regulations, we allow freedom of association within all our companies.

Across all five countries in which EPIF operates, 5,970 employees work under permanent contracts, while temporary contracts are only arranged with 488 employees. Understanding protection of human and political rights as a must, we make sure that our employees have free access to mechanisms of collective bargaining. Around 96% of EPIF's employees are covered by various collective bargaining schemes.

31 Based on the analysis of 5 main comparable energy groups in Europe.

Training and development

EPIF and its subsidiaries place great importance on the development of our employees as we recognise that our employees are our top asset and **we are committed to their personal development**. As mentioned in the previous subsection on Employment, given that EPIF uses a decentralised approach in human resources, this section draws on the experience, processes and activities of some of our major subsidiaries, all of which highlight the importance each of these companies place on our most precious asset – our people.

	2016	2017	2018	2019
Training				
Total training hours – all employees	186,744	177,942	180,449	197,627
Total training hours – per employee	29	28	27	31

Table 31 Training hours.

In 2019, we increased the total training hours per an employee by approximately 11%. We now provide almost 200,000 training hours annually to our staff.

Case Study

SPP-D: Talent Development among High School Students

The objective of the “Young Gas Worker” (“Mladý plynár”) programme at SPP-D is to train young workers as mechanics, specifically in departments of maintenance and measurement throughout Slovakia. With this objective, the programme aims to address the high average age of our employees and the shortage of skilled applicants on the labour market. It targets students in the final year of secondary professional schools focused on engineering and electrotechnics and offers internships and employments as a follow-up.

Students attend this program from September to May according to their high school schedule, preferably 4 days a week, and they work under the supervision of a skilled instructor, who is employed by SPP-D. Due to the nature of the internship which involves work in a hazardous environment, students must be at least 18 years old. Participating students receive scholarships along with summer and winter protective gears.

The Young Gas Worker programme has been implemented since 2013. To date, 41 students have been involved in the training. Out of these, 19 have joined the company as full-time employees after finishing their course and 12 stayed with us till this day. Currently, three students are participating in the programme which we plan to further support next year.

Case Study

BERT: We Raise our Own Employees

At BERT we were facing an ageing operator pool and to substitute retirees and early leavers we needed a significant number of new employees, which were not available at the market. All power plants in Hungary run with minimal headcount as well as aged operators. To fill in the gap on the labour market, we decided to face the situation by implementing our own training program for new operators.

The goal of the project is to recruit young candidates, even without any specific education, and provide them with theoretical and practical training for the boiler operator positions. This way, we will be able to ensure we have enough candidates for open positions and to promote senior and experienced employees to managing positions.

The program takes 3 months, in which candidates go through a BERT tailored education plan with a special focus on our technology, specialties and training in BERT environment. We even introduced our own professional course books to help our trainees successfully pass the final exam and gain the requalification certificates. BERT internal experts took on the role of teachers and mentors to maximise the efficiency of the whole program. In total, the whole budget for the project exceeded EUR 250 thousand.

So far, 11 participants successfully participated in the education program and were offered full-time positions. Based on the feedback from production operators, it seems this could be a long-term solution to gradually replace ageing personnel.

Customer Relationship Management

We serve our customers by providing them with affordable, reliable and modern access to energy. Working to ensure sustainability of our services, we act as one of the most active companies in the region in speeding up the transition towards renewable energies. Through our services, we strive to contribute towards sustainable and inclusive economic growth.

Relation to our customers and EPIF's product approach

As one of our crucial responsibilities, we strive to provide high quality and reliable electricity, gas and heat supply which is affordable for our customers. Energy is essential for a country's economic and social development, as well as for facilitating and enriching people's daily lives in the modern world. **Consequently, providing access to basic services**, such as electricity, gas or heat, and other commodities across all the communities where we operate is a primary goal of the Company, through the use of new technologies and the development of specific projects to create shared values.

Our electricity, gas and heat business is regulated by the state, which means we always offer reasonable prices to our customers. In addition, for instance in Slovakia, due to regulation, we offer better prices to vulnerable and disadvantaged customers.

As one of the leading distributors and suppliers of electricity, gas and heat, the EPIF Group is responsible for ensuring reliable, quality and environmentally safe deliveries to our customers.

With regard to the operation of our facilities, we **frequently update information on safety risks** associated with our services and products. Our companies have hotlines in place where customers can call in case of an emergency. In addition, the websites of the EPIF Group subsidiaries are frequently updated with any information regarding accidents or planned outages. In case of any emergency, the EPIF Group communicates quickly and transparently with all involved stakeholders and governmental bodies. Our emergency plans involve analysis of possible risks and are designed to include the best practices in safety management. For distribution of electricity, the key indicators measuring network reliability ("SAIDI, SAIFI") have been well below requirement of the regulator ever since 2012. In the gas distribution segment, there are predictive maintenance processes in place to identify spots in the network where maintenance works should be preferentially performed.

In the area of **customer communication**, it is important to note that most of the EPIF Group companies have an Ethics Manuals or Codes of Conduct[32] that contains the rules for employees with regard to the ethical and transparent conduct towards customers. As we place high importance on providing the best service possible, we have clear and accessible communications channels in place for our customers.

Our customer services are not limited exclusively to the supply or distribution of the aforementioned commodities. We understand that **energy savings** and providing sustainable products are highly important in the process of decarbonisation.

These efforts are primarily concentrated in **SSE**, where we offer our customers services aimed at energy savings, such as LED lightning, highly efficient heating, heat pumps or we install solar panels. Also, for example at **Pražská teplárenská**, **Plzeňská teplárenská** or **Elektrárny Opatovice**, we inform our customers about optimal temperature, efficiency and its relation to energy savings.

Through our activities in the EPH Foundation, or even at subsidiary levels, we are also raising the awareness of customers, children and the general public about energy savings and responsible behaviour with respect to energy. At the EPH Foundation, we fund educational campaigns primarily for children, showing them importance of nature protection and a variety of environmental topics.

In our subsidiary companies that have direct contact with the end consumers, we also have eco-efficiency services and products to help them save electricity, heat or even to generate their own electricity.

32 For greater detail, see the Governance section of the Report.

Case Study

Plzeňská teplárenská: Energy Consumption Monitoring at Kindergartens

The main goal of this project is to extend the portfolio of services we offer to our customers. Monitoring includes all energy, which the customer consumes, and alerts to failures or energy accidents. This service allows customers to optimise their energy consumption and reduce energy costs. The expected benefit lies in the assumption that the customer will not attempt to change the energy supplier if the heat and hot water supplies are accompanied by monitoring of consumption other commodities, such as energy and gas. This service is provided in several buildings in the Pilsen region. Starting from January 2020, the monitoring devices of energy consumption are gradually installed in some kindergartens in the city of Pilsen.

PLTEP: Waste-to-energy Plant Accessible to the Public

At PLTEP, there are regular excursions organized for schools and the public accompanied by educational programs. The educational program is aimed at waste as an important secondary source for heat and power production with a potential to save primary non-renewable sources.

SSE Holding: Educating our Customers on Energy Efficiency

With the redesign of its website in 2016, SSE launched an online programme: Advice and tips for household savings, providing our customers with easy-to-gather advice on energy-saving practices. Our primary motivation was to offer our customers an understandable advice on energy savings, which is currently crucial for Slovak households due to rising prices of goods and services. We are actively reaching out to our current and potential customers through targeted media communication by using the influence of Facebook and Youtube social media. Due to the consumers´ interest in the topic of household savings, we have been able to increase the number of visitors of website www.sse.sk/rady in the long term.

The yearly increase of 55% in traffic in the website section focused on sustainable household practices indicates that the programme has been successful in its pursuit of raising awareness about energy efficiency. In 2020, we plan to add more useful tips to this subpage, and we are determined to continue to educate Slovak households on their way to energy efficiency.

Development of Communities

EPIF recognizes the opportunity to partner with communities as an opportunity for mutual growth. Through EPH Foundation, we act as proactive players in promoting number of initiatives ranging from university education up to supporting local municipalities with the common goal of promoting justice and building accountable and inclusive institutions.

Community involvement and selected social initiatives

It is important for us in EPIF, as a key stakeholder, to support and develop the area we operate in. We believe that children are our future and that it is crucial to dedicate special effort and resources to their education, in our case, in the area of energy efficiency.

Case Study

SSE Holding: Educating Children and Communities

Further expanding our work in education on energy efficiency to younger generations, our students' competition on energy efficiency reaches 100 schools annually increasing interest of thousands of students in sustainable practices. In 2019, we launched an educational project for children in kindergartens and elementary schools where an interactive friend "Šťukes" teaches them energy-saving practices.

Hoping to help schools in their educational activities, we prepared entertaining teaching materials which include brochures with various tasks, five educational videos and a series of educational games. Within this activity, children were educated in efficient lighting, heating, cooking, showering and working with electrical appliances under the guidance of their teachers. The popularity of the competition is confirmed by 4,700 visits on web page www.sse.sk/stukes, while the year-on-year increase in the traffic reaches 28%. With over 2,400 views, videos on the **SSE YouTube channel** are also showing a growing trend. Complemented by a series of Youtube videos, our educational programmes have established themselves as one of the most influential educational activities in the field of energy in Slovakia.

Case Study
SSE Holding:
Preserving our Nature and History

The cooperation between SSE and Zázrivá Station, a rescue centre for injured animals, has a long history and exceeds the traditional donor-recipient relationship restricted to financial assistance. SSE's professionals regularly come to support technical works which help to prevent deaths and serious injuries of birds on power distribution grids.

Equally important among our community relationships is the 8-year-long partnership with the Calvary Fund, an organisation dedicated to the restoration of a complex of buildings in Calvary which is commonly listed among most significant sacral monuments in Slovakia. We joined efforts with Calvary to set up an electrical illumination of the complex and save the UNESCO monument from deterioration. As a result, the number of visitors more than tripled reaching over 90,000 in 2019.

United Energy:
Making a Home for a Falcon Family

After installation of a special booth on its chimney in 2014, the power station Komořany has become a home for a couple of falcons. In the past six years, the protected predators managed to enlarge their family by eighteen young birds, who were all born on the Komořany chimney. As recorded by ornithologists monitoring this falcon family, the three youngest members were born in 2019.

We also take our part in preserving the natural and cultural heritage for the future generations of the countries we operate in.

EPH Foundation

The EPH Foundation is a main facilitator of all our activities that are related to grants, charity and supporting social initiatives or community development programmes. It is important to note that **EPIF is the founder and primary benefactor of the EPH Foundation.**

The foundation was established mainly to support:

- development and protection of spiritual values, realization and protection of human rights or other humanitarian goals;
- protection of the environment;
- preservation of natural values;
- promotion and protection of people's health;
- protection of children and youth and their rights rights;
- development of education, humanitarian aid for an individual or a group of persons in a life-threatening situations or in need of urgent assistance in the event of a natural disasters.

In 2019, a number of projects was funded across several programmes. Most projects were supported in the category of "Support of individuals – charity", where EUR 110 thousand was distributed among 365 projects in total. The largest and mentionable project was Foothold. During its specific projects focusing on helping people in need the foundation distributed EUR 150 thousand.

The EPH Foundation creates partnerships with organisations whose goals and outputs contribute to the Foundation's objectives. In addition, partner projects have the following features. Their focus is to be innovative, have nationwide scope and bring concrete results and change in people's quality of life. In this program, 79 projects were supported with a total of EUR 816 thousand.

In total, during 2019 the EPH Foundation participated in and funded 775 projects, providing overall support of EUR 1.659 million.

Name of the programme	Areas covered	Support in EUR	Number of projects
To participate (Zúčastniť sa)	We support pupils and students participating in competitions and help them in their talent development.	50,000	30
Remember (Pamätaj)	The programme focuses on restoration and revitalization of cultural monuments, historical buildings or areas.	60,000	14
Sport within reach (Sport na dosah)	Through this programme, we support young talents with difficult access to sports due to an unfavorable health or social situation.	60,000	36
Foothold (Oporný bod)	The programme focuses on supporting local organizations or social services helping people in difficult life situations.	150,000	42
Real life (Zo života)	The goal of this programme is to support organizations and services focusing on hospice and palliative care.	77,330	15
Support of individuals – APPA (Podpora jednotlivců – APPA)	The programme was carried out by the Association for Assistance to the Disabled ("APPA") in cooperation with the EPH Foundation with the aim of support disabled individuals in rehabilitation and purchase of new equipment.	40,000	43
Support of individuals – charities (Podpora jednotlivců – charity)	In cooperation with Slovakia catholic charity, this programme provides material or food support for those in need.	110,000	365
Naturally (Na prírodno)	We support projects in the area of nature conservation and its protection.	50,000	26
In my area (V mojom okolí)	Our active employees use funds in this programme to finance the development of their communities in various ways.	60,000	52
Energy that helps (Energia, ktorá PomáHa)	After the successful programme "In my area" we widen its scope for another EPH companies.	15,760	20
Municipality (Municipality)	Through these projects, we directly contribute to the development of the municipalities in which we operate.	169,700	53
Total		**842,790**	**696**

Table 32 EPH Foundation programme allocation in 2019.

The EPH Foundation also supports public benefit projects under open grant programmes and outside the grant schemes in 6 areas:

- Education and Innovation;
- Culture;
- Health and sport;
- Disadvantaged groups;
- Environment;
- Regional development.

All projects are further described in the EPH Foundation Annual report.

Area of support	Support in EUR	Number of projects
Education and Innovation	232,230	27
Culture	93,143	11
Health and sport	162,110	16
Disadvantaged groups	270,781	20
Regional development	42,995	2
Environment	15,000	3
Total	**816,259**	**79**

Table 33 Areas supported by partner projects in 2019.

Case Study

Last Supper at the Monastery

The aim of the project was to restore the refectory in the building of the former Franciscan monastery in Rožňava, with an emphasis on a painting called The Last Supper. The building is a national cultural monument, it is the property of the City of Rožňava and our civic association has had it in a long-term lease for 20 years with the provision that it will be transformed into a cultural and creative space. The project was carried out by a civic association Otvor dvor and the total amount of financial support provided by EPH Foundation was almost EUR 8 thousand.

Case Study

Comfortably at Home

The aim of the project was to improve the conditions of providing care to sick people at home, increase their quality of life, their independence and increase the feeling of comfort.

Thanks to the support of the EPH Foundation, specialized medical devices were purchased and offered to nurses and other professional giving care to sick and elderly people at their homes. This way, patients can stay in their natural environment and receive a high standard care at the same time. The medical device loan service is short-term and serves to overcome the period in which patients wait for their equipment financed through public health insurance, or for terminally ill patients who are in the final stages of the disease and are not entitled to the provision of a medical device through a health insurance company.

Through our activities, we show solidarity towards disadvantaged groups and actively seek to improve their situation.

Assurance

KPMG

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Report of Factual Findings

Board of Directors
EP Infrastructure, a.s.
Pařížská 130/26, 110 00
IC: 02 413 507
Prague 1

Based on the engagement letter dated 5 June 2020 we have been engaged to perform agreed upon procedures relating to below defined indicators included in the EP Infrastructure group sustainability report for the year 2019 (hereinafter "the Report") to assist Board of Directors in indicators testing. Our engagement with EP Infrastructure, a.s. (hereinafter "the Company", or in aggregate with its subsidiaries referred as "the Group") was conducted in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements ISRS 4400.

Our procedures were limited in nature and scope to those defined by you as those are most fitting to your current information needs, and as such may not necessarily identify all significant matters relating to the Company or detect any errors or deviations from the norm in the supporting materials. Responsibility for the sufficiency of the performed procedures rests exclusively with the recipients of this letter. The procedures that we have carried out are designed to satisfy the Company's information needs.

Agreed-Upon Procedures

We understand that you required us to carry out the procedures on below specified indicators for Czech Republic, Slovakia and Hungary or at group combined basis (further "Specified Indicators"):

- Total Energy consumption based on GRI standard 302-1, on page 193 of the Report,
- Total Quantity of water withdrawal based on GRI standard 303-1, on page 198 of the Report,

KPMG

- Total Quantity of water discharged based on GRI standard 306-1, on page 198 of the Report,
- Total Registered injuries – Employees based on GRI standard 403-2 on page 203 of the Report.

Our procedures are defined as follows:

1. Recalculation of Specified Indicators as included in Group support source data file (test of mathematical accuracy of the data collected from individual entities and summarized in the Report).
2. Comparison of the methodology used for calculating the Specified Indicators presented in the Report to relevant guidance of GRI Standards: Core option as defined for such indicators including the GRI reporting limitations stated in the Report on pages 35, 37.
3. On sample basis, defined at minimum one company from Czech Republic, Slovakia and Hungary, compare that data provided by individual companies of the Group were properly transferred to the Group support source data file.
4. On sample basis, defined at minimum one company from Czech Republic, Slovakia and Hungary, compare the values reported by the companies to the underlying documentation.

Procedures and findings:

1. We recalculated data for the Specified Indicators. Calculation was provided to us by the Company in the form of Group support source data file. We recalculated amounts included in the file and then traced the amounts of Specified Indicators from Group support source data file to respected pages of the Report.

   We did not note any differences.

2. We compared the methodology used by the Group for calculation of Specified Indicators to relevant paragraph of GRI Standards: Core option methodology including the limitations disclosed in the Report on page 35, 37. The Group methodology is defined in the calculation questionnaire. Calculation questionnaire is provided to all companies if the Group.

   The methodology used by the Group for calculation of Specified Indicators, as included in the calculation questionnaire, is in line with the definitions of GRI Standards No. 302 -1, 303 – 1, 306 -1, 403 – 2, Core option including disclosed limitations in the Report on page 35 and 37.

3. Based on the table "EPIF group companies" included in the Report on the page no. 36 and minimum scope requirement as described above, following entities were selected for testing: Eustream, a.s. (Slovakia), Budapesti Erõmû Zrt (Bert) (Hungary), Elektrárny Opatovice, a.s. (Czech Republic) and Pražská teplárenská a.s. (Czech Republic) hereinafter "the Entities".

   We compared data reported by the Entities to the Group in respect of Specified Indicators to the Group support source data file. We did not note any differences.

4. We compared data relevant to Specified Indicators in questionnaires prepared by the Entities to the relevant supporting documentation available at the Entities. Relevant supporting documentation included protocols or minutes from measuring signed by relevant persons responsible for the measuring, invoices from energy or water supplier, details from HR system and reports from internal systems.

   We did not note any differences.

* * *

Our engagement to apply agreed-upon procedures has been performed in accordance with the International Standard on Related Services (ISRS) 4400 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information as well as with the Code of Ethics for Professional Accountants issued the International Ethics Standards Board for Accountants. The sufficiency of the procedures is solely the responsibility of EP Infrastructure, a.s. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which our report is being prepared or for any other purpose.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on financial statements of EP Infrastructure, a.s.

Had we performed additional procedures or had we performed an audit or review of the Company's statutory financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report. Our report is not to be used for any other purpose or to be distributed to any other parties. This report relates only to Specified Indicators defined above and does not extend to any financial statements of the Company.

Prague, 20 August 2020

KPMG Česká republika, s.r.o.

Annexes

List of Figures, Tables and Graphs

Financial Results of the EPIF Group (EBITDA and Adjusted EBITDA)

EBITDA represents Profit from operations less Depreciation and amortisation and Negative goodwill (if any).

Adjusted EBITDA represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted by

- exclusion of non-cash non-recurring impairment charge relating to property, plant and equipment and intangible assets (2019: EUR -45 million; 2018: EUR -20 million; 2017: EUR 0 million);
- exclusion of one-off gain from sale of unused non-operational land and assets (2019: EUR 0 million; 2018: EUR 20 million; 2017: EUR 7 million) and;
- addition back (if negative) or deducting (if positive) the difference between;
  - compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak RES Promotion Act and the Decree recognised in revenues in the relevant period and
  - net expenses accounted for the mandatory purchase of energy from renewable resources in accordance with the Slovak RES Promotion Act, in each case inclusive of accruals (2019: EUR 50 million; 2018: EUR -41 million; 2017: EUR 41 million).

Slovak RES Promotion Act means Slovak Act No. 309/2009 Coll., on promotion of renewable energy sources and high-efficiency cogeneration and on amendments to certain acts (in original: zákon o podpore obnoviteľných zdrojov energie a vysoko účinnej kombinovanej výroby a o zmene a doplnení niektorých zákonov).

Decree means the Slovak Decree of the Regulator No. 18/2017 Coll. (or any other applicable decree or law replacing it).

Reconciliation is as follows:

Key Metrics	Gas Transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total segments (in EUR millions)	Other	Holding entities	Intersegment eliminations	Consolidated financial information
2019									
Profit from operations	606	368	93	146	1,213	1	(6)	-	**1,208**
Depreciation and amortisation	130	159	82	29	400	3	-	-	**403**
Negative goodwill	-	-	-	-	-	-	-	-	**-**
EBITDA	**736**	**527**	**175**	**175**	**1,613**	**4**	**(6)**	**-**	**1,611**
Non-cash non-recurring impairments of assets	1	39	-	5	45	-	-	-	**45**
System Operation Tariff (surplus) / deficit	-	(50)	-	-	(50)	-	-	-	**(50)**
Adjusted EBITDA	**737**	**516**	**175**	**180**	**1,608**	**4**	**(6)**	**-**	**1,606**
2018									
Profit from operations	579	308	78	123	1,088	17	(6)	-	**1,099**
Depreciation and amortisation	84	153	70	21	328	3	-	-	**331**
Negative goodwill	-	-	-	(5)	(5)	-	-	-	**(5)**
EBITDA	**663**	**461**	**148**	**139**	**1,411**	**20**	**(6)**	**-**	**1,425**
Non-cash non-recurring impairments of assets	2	-	10	8	20	-	-	-	**20**
One off gain from sale of unused non-operational land and assets	-	-	(5)	-	(5)	(15)	-	-	**(20)**
System Operation Tariff (surplus) / deficit	-	41	-	-	41	-	-	-	**41**
Adjusted EBITDA	**665**	**502**	**153**	**147**	**1,467**	**5**	**(6)**	**-**	**1,466**
2017									
Profit from operations	576	388	85	125	1,174	2	(12)	-	**1,164**
Depreciation and amortisation	88	163	72	19	342	3	-	-	**345**
Negative goodwill	-	-	-	-	-	-	-	-	**-**
EBITDA	**664**	**551**	**157**	**144**	**1,516**	**5**	**(12)**	**-**	**1,509**
Non-cash non-recurring impairments of assets	-	-	-	-	-	-	-	-	**-**
One off gain from sale of unused non-operational land and assets	-	-	(7)	-	(7)	-	-	-	**(7)**
System Operation Tariff (surplus) / deficit	-	(41)	-	-	(41)	-	-	-	**(41)**
Adjusted EBITDA	**664**	**510**	**150**	**144**	**1,468**	**5**	**(12)**	**-**	**1,461**

Table 34 Reconciliation is as follows.

Abbreviations

AA1000	Accountability Stakeholder Engagement Standards
BBS	Behaviour Based Safety
BERT	Budapesti Erőmű Zrt.
CE	Central Europe: represents a region of the Czech Republic, Slovakia and Austria
CHP	Cogeneration
CO_2	Carbon dioxide
COP 21	Paris Climate Conference
ADJ. EBITDA	Adjusted EBITDA (“Adj. EBITDA”) represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items
EIA	Environmental Impact Assessment
EMS	Environmental Management System
EOP	Elektrárny Opatovice a.s.
EPCo	EP Commodities a.s.
EPC	EP Cargo a.s.
EPET	EP Energy Trading a.s.
EPH	Energetický a průmyslový holding, a.s. (Parent company)
EPIF	EP Infrastructure a.s.
EPPE	EP Power Europe a.s.
ESG	Environment Social Governance
EU	European Union
EUR	Euro currency
FTE	Full time employee equivalent
GDPR	General Data Protection Regulation
GHG	Greenhouse gases are those currently required by the United Nations Framework Convention on Climate Change and the Kyoto Protocol. These GHGs are currently: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3)
GRI	Global Reporting Initiative
H&S	Health and safety
HFCs	Hydrofluorocarbons
HSEQ	Health, Safety, Environment, and Quality
ILO	International Labour Oraganization
IPCC	Intergovernmental Panel on Climate Change
ISRS 4400	International Standard on Related Services, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information
ISO 14001	Certification of Environmental management system
J&T	J&T Finance Group SE
KYC	“Know your customer” is the process of a business, identifying and verifying the identity of its customers
LEAG	Lausitz Energie Bergbau AG and Lausitz Energie Kraftwerke AG
MIRA	Macquarie Infrastructure and Real Assets
N_2O	Nitrous oxide
Nafta	NAFTA a.s.
NF_3	Nitrogen trifluoride

NG	Natural gas
NGOs	Non-governmental organisations
NO_x	Nitrogen oxide emissions
O&M	Operation & Maintenance
OHSAS 18001	Occupational Health and Safety Management Systems (superseded by ISO 45001)
PFCs	Perfluorocarbons
PLTEP	Plzeňská Teplárenská a.s.
SAF	Solid alternative fuel
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SDGs	Sustainable development goals
SF_6	Sulphur hexafluoride
SO_2	Sulphur dioxide
SPP	Slovenský plynárenský priemysel, a.s.
SPP-D	SPP - distribúcia, a.s.
SSE	Stredoslovenská energetika, a.s.
SSE-D	Stredoslovenská energetika – Distribúcia, a.s. (before renaming to SSD)
SSD	Stredoslovenská distribučná, a.s.
UE	United Energy a.s.
VIG	Vienna Insurance Group

Units

#	number
%	percentage
p.p.	percentage point
bcm	billion cubic meters
CO_2-eq	carbon dioxide equivalent
GWh	gigawatt-hour
k	thousand
km	kilometer
m	million
mcm	cubic meter
mil. tonnes	million tonnes
MW	megawatt
MWe	megawatt electrical
MWh	megawatt hour
MWt	megawatt thermal
PJ	petajoule
TJ	terajoule
tkm	tonne-kilometre
TWh	terawatt hour

GRI Content Index

GRI 102 General disclosures 2016

Organisational profile

GRI Standard	Description	Section of the Report	Reference page
102-1	Name of the organization	1 Foreword	
102-2	Activities, brands, products and services	3 EPIF and its business: Business Areas	
102-3	Location of headquarters	3 EPIF and its business	
102-4	Location of operations	3 EPIF and its business: EPIF Group Highlights	
102-5	Ownership and legal form	Annual report reference	EPIF Annual report 2019
102-6	Markets served	3 EPIF and its business: Business Areas	
102-7	Scale of the organization	3 EPIF and its business: Business Areas	
102-8	Information on employees and other workers	7 Social: Our employees	
102-9	Supply chain	6 Governance: Supply chain management	
102-10	Significant changes to the organization and its supply chain	6 Governance: Supply chain management	
102-11	Precautionary Principle or approach	6 Governance: Risk management at EPIF	
102-12	External initiatives	7 Social: Community involvement and selected social initiatives	
102-13	Membership of associations	–	EPH Foundation Annual report 2019

Strategy

GRI Standard	Description	Section of the Report	Reference page
102-14	Statement from senior decision-maker	1 Foreword	
102-15	Key impacts, risks, and opportunities	4 Materiality analysis: Our stakeholders	
		6 Governance: Risk management at EPIF	

Ethics and integrity

GRI Standard	Description	Section of the Report	Reference page
102-16	Values, principles, standards, and norms of behavior	6 Governance: Our business ethics	
102-17	Mechanisms for advice and concerns about ethics	6 Governance: ESG governance at EPIF	

Governance

GRI Standard	Description	Section of the Report	Reference page
102-18	Governance structure	6 Governance: Corporate governance	
102-19	Delegating authority	6 Governance: Corporate governance	
102-20	Executive-level responsibility for economic, environmental, and social topics	6 Governance: EPIF Senior Management	
102-22	Composition of the highest governance body and its committees	6 Governance: EPIF Board of Directors and EPIF Supervisory Board	
102-23	Chair of the highest governance body	6 Governance: EPIF Board member profiles	
102-33	Communicating critical concerns	6 Governance: Policies and specialised committees	

Stakeholder engagement

GRI Standard	Description	Section of the Report	Reference page
102-40	List of stakeholder groups	4 Materiality analysis: Our stakeholders	
102-41	Collective bargaining agreements	4 Materiality analysis: Our stakeholders	
		7 Social: Our employees	
102-42	Identifying and selecting stakeholders	4 Materiality analysis: Our stakeholders	
102-43	Approach to stakeholder engagement	4 Materiality analysis: Engagement with stakeholders during 2019	
102-44	Key topics and concerns raised	4 Materiality analysis: Our stakeholders	

Reporting practices

GRI Standard	Description	Section of the Report	Reference page
102-45	Entities included in the consolidated financial statements	2 About this report: Organizational boundaries	
102-46	Defining report content and topic Boundaries	2 About this report: Report boundaries	
102-47	List of material topics	4 Materiality analysis: Materiality matrix	
102-48	Restatements of information	2 About this report: Restatements of information	
102-49	Changes in reporting	2 About this report: Changes in reporting	
102-50	Reporting period	2 About this report	
102-51	Date of most recent report	Colophon	
102-52	Reporting cycle	2 About this report	
102-53	Contact point for questions regarding the report	investorrelations@epinfrastructure.cz	–
102-54	Claims of reporting in accordance with the GRI Standards	2 About this report: Principles of our Report	
102-55	GRI content index	GRI Content Index	
102-56	External Assurance	2 About this report: Assurance	

GRI 300 Environment Standards 2016

Energy

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	5 Environment: Environmental management system	
103-3	Evaluation of the management approach	5 Environment: Environmental management system	
302-1	Energy consumption	5 Environment: GHG emissions: Our business and climate change	

Water and Effluents

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	5 Environment: Environmental management system	
103-3	Evaluation of the management approach	5 Environment: Environmental management system	
303-1	Quantity of water withdrawn	5 Environment: Water	

Emissions

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	5 Environment: Environmental management system	
103-3	Evaluation of the management approach	5 Environment: Environmental management system	
305-1	Direct GHG Emissions	5 Environment: GHG emissions: Our business and climate change	
305-4	Emissions intensity – electricity only + Emissions intensity – including heat component	5 Environment: Generation assets overview	
305-7	Emissions	5 Environment: GHG emissions: Our business and climate change	

Effluents and waste

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	5 Environment: Environmental management system	
103-3	Evaluation of the management approach	5 Environment: Environmental management system	
306-1	Quantity of water discharged	5 Environment: Water	
306-2	Waste produced/By-products production	5 Environment: Effluents and waste	

Environmental compliance

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	6 Governance: Investigations, litigations and sanctions	
103-3	Evaluation of the management approach	6 Governance	
307-1	Environmental fines	6 Governance: Investigations, litigations and sanctions	

GRI 400 Social Standards 2016

Employment

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	7 Social: Our employees	
103-3	Evaluation of the management approach	6 Governance	
401-1	New hires and employee turnover	7 Social: Our employees	

Occupational health and safety

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	7 Social: Health and Safety at EPIF	
103-3	Evaluation of the management approach	6 Governance	
403-2	Employee on the job injuries, contractors on the job injuries	7 Social: Health and Safety at EPIF	

Training and education

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	7 Social: Training and development	
103-3	Evaluation of the management approach	6 Governance	
404-1	Training	7 Social: Training and development	

Marketing and labeling

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	6 Social: Relation to our customers and EPIF's approach	
103-3	Evaluation of the management approach	6 Social: Relation to our customers and EPIF's approach	
417-2	Incidents of non-compliance concerning product and service information and labeling	6 Governance: Investigations, litigations and sanctions	

Socioeconomic compliance

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	6 Governance: Investigations, litigations and sanctions	
103-3	Evaluation of the management approach	6 Governance	
419-1	Other significant fines	6 Governance: Investigations, litigations and sanctions	

GRI 200 Economic Standards

Economic performance

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	Annual report reference	EPIF Annual report 2019
103-3	Evaluation of the management approach	6 Governance	
201-1	Direct economic value generated and distributed	Annual report reference	EPIF Annual report 2019
201-3	Defined planned obligations and other retirement plans	Annual report reference	EPIF Annual report 2019

Anti-corruption

GRI Standard	Description	Section of the Report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	
103-2	The management approach and its components	6 Governance: EPH level policies and specialized committees	
103-3	Evaluation of the management approach	6 Governance	
205-2	Communication and training about anticorruption policies and procedures	6 Governance: EPH level policies and specialized committees	

Performance indicators

Data reported for the whole year or from date of acquisition of particular plant excluding share participations. For more information please refer to the section 2 Organisational boundaries, Page 36, Table 3.

EP Infrastructure and its business

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU1	**Net installed capacity – Electricity – Total**						
EU1	**EP Infrastructure**						
	Czech Republic	MW	1,031	1,031	868	–	0%
	Slovakia	MW	68	67	67	0	1%
	Hungary	MW	396	396	396	–	0%
	Total – EP Infrastructure	**MW**	**1,495**	**1,494**	**1,331**	**0**	**0%**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU1	**Net installed capacity – Electricity – Conventional sources**						
EU1	**EP Infrastructure**						
	Czech Republic	MW	1,008	1,008	859	–	0%
	Slovakia	MW	50	50	50	–	0%
	Hungary	MW	396	396	396	–	0%
	Total – EP Infrastructure	**MW**	**1,454**	**1,454**	**1,305**	**–**	**0%**

EP Infrastructure and its business

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU1	**Net installed capacity – Electricity – Renewable sources**						
EU1	**EP Infrastructure**						
	Czech Republic	MW	23	23	9	–	–
	Slovakia	MW	18	17	17	0	3%
	Germany	MW	–	–	–	–	
	Hungary	MW	–	–	–	–	
	Total – EP Infrastructure	**MW**	**40**	**40**	**26**	**0**	**1%**

Note: We excluded 3 MW capacity of Greeninvest from EPIF as these are not IFRS consolidated in both 2019 and 2018.

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU1	**Net installed capacity – Heat**						
EU1	**EP Infrastructure**						
	Czech Republic	MW	4,136	4,223	3,519	(87)	(2%)
	Hungary	MW	1,401	1,401	1,401	0	0%
	Total – EP Infrastructure	**MW**	**5,537**	**5,624**	**4,920**	**(87)**	**(2%)**

Note: Net installed heat capacity of EOP and UE was restated retrospectively to represent heat capacity of the boilers. The total reported heat capacity in 2018 was increased from 4,767 MW to 5,624 MW

Fuel

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU1	**Net installed capacity – Electricity – Total**						
EU1	**EP Infrastructure**						
	Conventional sources	MW	1,454	1,454	1,305	–	0%
	Renewable sources	MW	40	40	26	0	1%
	Total – EP Infrastructure	**MW**	**1,495**	**1,494**	**1,331**	**0**	**0%**

EP Infrastructure and its business

For the year ended 31 December 2019

GRI/EUSS	KPI	Unit	2019	2018	2017	2019-2018	%
EU1	Net installed capacity – Electricity – Conventional sources						
EU1	**EP Infrastructure**						
	Hard coal	MW	110	110	110	–	0%
	Lignite	MW	848	848	707	–	0%
	CCGT	MW	396	396	396	–	0%
	OCGT and other NG	MW	71	71	71	–	0%
	Oil	MW	20	20	21	–	0%
	Other	MW	11	11	–	–	0%
	Total – EP Infrastructure	**MW**	**1,454**	**1,454**	**1,305**	**–**	**0%**

GRI/EUSS	KPI	Unit	2019	2018	2017	2019-2018	%
EU1	Net installed capacity – Electricity – Renewable sources						
EU1	**EP Infrastructure**						
	Wind	MW	6	6	6	–	0%
	Photovoltaic	MW	15	15	15	–	0%
	Hydro	MW	3	3	3	0	19%
	Biomass	MW	14	14	–	–	0%
	Other	MW	3	3	3	–	0%
	Total – EP Infrastructure	**MW**	**40.5**	**40.0**	**26.5**	**0**	**1%**

GRI/EUSS	KPI	Unit	2019	2018	2017	2019-2018	%
EU1	Net installed capacity – Heat						
EU1	**EP Infrastructure**						
	Hard coal	MW	242	242	242	–	0%
	Lignite	MW	2,767	2,872	2,239	(105)	(4%)
	CCGT	MW	1,401	1,401	1,401	0	0%
	OCGT and other NG	MW	822	804	804	18	2%
	Oil	MW	234	234	234	–	0%
	Other	MW	70	70	–	–	0%
	Total – EP Infrastructure	**MW**	**5,537**	**5,624**	**4,920**	**(87)**	**(2%)**

EP Infrastructure and its business

For the year ended 31 December 2019

Country

GRI/EUSS	KPI	Unit	2019	2018	2017	2019-2018	%
	Net power production – Total						
	EP Infrastructure						
	Czech Republic	TWh	1.9	2.6	2.3	(0.7)	-27%
	Slovakia	TWh	0.0	0.0	0.0	0.0	6%
	Hungary	TWh	1.4	1.2	1.3	0.2	14%
	Total – EP Infrastructure	**TWh**	**3.4**	**3.9**	**3.7**	**(0.5)**	**-14%**

GRI/EUSS	KPI	Unit	2019	2018	2017	2019-2018	%
EU2	Net power production – Conventional sources						
EU2	**EP Infrastructure**						
	Czech Republic	TWh	1.8	2.5	2.3	(0.7)	(28%)
	Slovakia	TWh	0.0	0.0	0.0	0.0	0%
	Hungary	TWh	1.4	1.2	1.3	0.2	14%
	Total – EP Infrastructure	**TWh**	**3.2**	**3.7**	**3.7**	**(0.5)**	**(14%)**

GRI/EUSS	KPI	Unit	2019	2018	2017	2019-2018	%
EU2	Net power production – Renewable sources						
EU2	**EP Infrastructure**						
	Czech Republic	GWh	154.7	176.3	10.9	(21.6)	(12%)
	Slovakia	GWh	29.7	28.2	29.2	1.6	6%
	Total – EP Infrastructure	**GWh**	**184,4**	**204,4**	**40,1**	**(20,0)**	**-10%**

GRI/EUSS	KPI	Unit	2019	2018	2017	2019-2018	%
EU2	Net heat production						
EU2	**EP Infrastructure**						
	Czech Republic	TWh	2.6	2.6	2.0	(0.0)	(1%)
	Hungary	TWh	1.7	1.7	1.9	(0.0)	(3%)
	Total – EP Infrastructure	**TWh**	**4.3**	**4.3**	**3.9**	**(0.1)**	**(1%)**

EP Infrastructure and its business

For the year ended 31 December 2019

Fuel

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU2	**Net power production – Total**						
EU2	**EP Infrastructure**						
	Conventional sources	TWh	3.2	3.7	3.7	(0.5)	(14%)
	Renewable sources	TWh	0.2	0.2	0.0	0.0	36%
	Total – EP Infrastructure	**TWh**	**3.4**	**3.9**	**3.7**	**(0.5)**	**(12%)**

Note: Power production by sources in 2018 was restated for PLTEP. Biomass which is co-combusted with lignite, is now reported separately within renewable sources. Net power production from biomass in 2018 was increased by 0.1 TWh, while production from lignite was reduced by the same amount.

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU2	**Net power production – Conventional sources**						
EU2	**EP Infrastructure**						
	Lignite	TWh	1.7	2.4	2.3	(0.7)	(29%)
	CCGT	TWh	1.4	1.2	1.3	0.2	14%
	OCGT and other NG	TWh	0.0	0.0	0.0	0.0	0%
	Oil	TWh	(0.0)	(0.0)	(0.0)	0.0	(11%)
	Other	TWh	0.0	0.0	–	0.0	25%
	Total – EP Infrastructure	**TWh**	**3.2**	**3.7**	**3.7**	**(0.5)**	**(14%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU2	**Net power production – Renewable sources**						
EU2	**EP Infrastructure**						
	Wind	GWh	9	7	7	2	30%
	Photovoltaic	GWh	16	17	17	(1)	(3%)
	Hydro	GWh	6	5	5	2	41%
	Biomass	GWh	142	166	–	45	46%
	Other	GWh	10	10	10	0	1%
	Total – EP Infrastructure	**GWh**	**184**	**204**	**40**	**48**	**36%**

EP Infrastructure and its business

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU2	**Net heat production**						
EU2	**EP Infrastructure**						
	Lignite	TWh	2.3	2.3	1.9	0.0	1%
	CCGT	TWh	1.7	1.7	1.9	(0.0)	(3%)
	OCGT and other NG	TWh	0.0	0.1	0.2	(0.0)	(50%)
	Oil	TWh	0.0	0.0	0.0	0.0	10%
	Other	TWh	0.2	0.2	–	(0.0)	(3%)
	Total – EP Infrastructure	**TWh**	**4.3**	**4.3**	**3.9**	**(0.1)**	**(1%)**

Note: Heat production by sources in 2018 was restated for PLTEP. Biomass which is co-combusted with lignite, is now reported separately within Other. Net heat production from biomass in 2018 was increased by 0.2 TWh, while production from lignite was reduced by the same amount

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
EU2	**Total net energy production**						
EU2	**EP Infrastructure**						
	Czech Republic	TWh	4.5	5.2	4.4	(0.7)	(14%)
	Slovakia	TWh	0.0	0.0	0.0	0.0	6%
	Hungary	TWh	3.1	2.9	3.2	0.1	4%
	Total – EP Infrastructure	**TWh**	**7.6**	**8.2**	**7.6**	**(0.6)**	**(7%)**

Note: Includes electric energy and heat production.

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-9	**Amount of electric energy sold**						
102-7	**EP Infrastructure**						
	Czech Republic	TWh	5.1	5.4	4.7	(0.2)	(4%)
	Slovakia	TWh	4.1	4.0	3.9	0.1	4%
	Hungary	TWh	1.5	1.3	1.3	0.2	17%
	Total – EP Infrastructure	**TWh**	**10.8**	**10.6**	**9.9**	**0.2**	**2%**

Note: Includes sales of generated as well as procured electric energy.

EP Infrastructure and its business

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-9			Heat supplied to district heating network				
102-7	**EP Infrastructure**						
	Czech Republic	PJ	16.5	16.5	15.2	(0.1)	0%
	Hungary	PJ	6.0	6.2	6.7	(0.2)	(3%)
	Total – EP Infrastructure	**PJ**	**22.5**	**22.7**	**21.9**	**(0.2)**	**(1%)**

Note: Before heat losses in district heating networks.

Environment / Climate change and energy

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN3			Energy consumption				
302-1	**EP Infrastructure**						
	Czech Republic	PJ	35.2 (*)	44.5 (*)	38.7 (*)	(9.3)	(21%)
	Slovakia	PJ	8.6 (*)	6.5 (*)	7.1	2.1	32%
	Germany	PJ	0.3	–	–	0.3	
	Hungary	PJ	14.3 (*)	12.9 (*)	14.1	1.3	10%
	Total – EP Infrastructure	**PJ**	**58.3**	**63.9**	**59.9**	**(5.6)**	**(9%)**

(*) This data has received limited assurance from the independent auditing firm EY (2018 and previous years) and KPMG (2019 and also 2018).
Scope: CZ: 2 companies, SK, HU, UK: 1 company in each country.

Fuel

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN3			Energy consumption				
302-1	**EP Infrastructure**						
	Hard Coal	PJ	–	2.4	6.0	(2.4)	(100%)
	Lignite	PJ	31.2	37.7	31.5	(6.5)	(17%)
	Natural Gas	PJ	23.5	20.0	22.1	3.6	18%
	Oil	PJ	0.0	0.0	0.2	(0.0)	(30%)
	Diesel	PJ	0.0	0.0	0.0	0.0	9%
	Purchased Electricity	PJ	0.2	0.1	0.1	0.0	12%
	Biomass	PJ	2.4	2.7	–	(0.3)	(11%)
	Other	PJ	1.0	0.9	0.0	0.1	9%
	Total – EP Infrastructure	**PJ**	**58.3**	**63.9**	**59.9**	**(5.6)**	**(9%)**

Environment / Climate change and energy

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN15			**Direct GHG Emissions (Scope 1)**				
305-1	**EP Infrastructure**						
	Czech Republic	million tonnes CO_2 eq.	2.8	3.7	3.5	(0.9)	(25%)
	Slovakia	million tonnes CO_2 eq.	0.4	0.3	0.4	0.1	34%
	Germany	million tonnes CO_2 eq.	0.0	–	–	0.0	
	Hungary	million tonnes CO_2 eq.	0.8	0.7	0.8	0.1	9%
	Total – EP Infrastructure	**million tonnes CO_2 eq.**	**4.1**	**4.8**	**4.7**	**(0.7)**	**(15%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN18			**GHG Emissions intensity – Including heat component**				
	EP Infrastructure						
	Czech Republic	tonnes CO_2 eq./GWh	625	714	797	(89)	(12%)
	Slovakia	ton CO_2 eq./GWh	9	10	27	(0)	(5%)
	Germany	tonnes CO_2 eq./GWh	–	–	–	–	
	Hungary	tonnes CO_2 eq./GWh	258	247	250	11	4%
	Total – EP Infrastructure	**tonnes CO_2 eq./GWh**	**474**	**544**	**564**	**(70)**	**(13%)**

Note: Calculation of Emissions intensity indicators excludes emissions from non-energy producing operations, namely Eustram, SPP Distribúcia and NAFTA in Slovakia and SPP Storage in the Czech Republic and in respective summary indicators, in the ammount of 0.5 and 0.3 mil tonnes of CO_2 in 2019 and 2018 respectively.

Environment / Climate change and energy

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN3			**Indirect GHG Emissions (Scope 2)**				
305-2	**EP Infrastructure**						
	Czech Republic	tonnes CO_2 eq.	65,350	68,388		(3,039)	(4%)
	Slovakia	tonnes CO_2 eq.	6,193	6,187		5	0%
	Germany	tonnes CO_2 eq.	1,354	–		1,354	
	Hungary	tonnes CO_2 eq.	3,026	5,149		(2,123)	(41%)
	Total – EP Infrastructure	**tonnes CO_2 eq.**	**75,922**	**79,725**	**–**	**(3,803)**	**(5%)**

Environment / Air emissions

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN21	**Total SO_2 emissions**						
305-7	**EP Infrastructure**						
	Czech Republic	thousand tonnes	5.3	7.8	7.7	(2.5)	(32%)
	Slovakia	thousand tonnes	0.0	0.0	0.0	(0.0)	(17%)
	Hungary	thousand tonnes	0.0	0.0	–	(0.0)	(21%)
	Total – EP Infrastructure	**thousand tonnes**	**5.3**	**7.8**	**7.7**	**(2.5)**	**(32%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN21	**Total NO_x emissions**						
305-7	**EP Infrastructure**						
	Czech Republic	thousand tonnes	3.0	3.8	3.4	(0.8)	(20%)
	Slovakia	thousand tonnes	0.4	0.3	0.3	0.1	35%
	Hungary	thousand tonnes	0.4	0.4	0.5	(0.0)	(2%)
	Total – EP Infrastructure	**thousand tonnes**	**3.8**	**4.5**	**4.2**	**(0.7)**	**(15%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN21	**Total dust emissions**						
305-7	**EP Infrastructure**						
	Czech Republic	thousand tonnes	0.1	0.2	0.3	(0.1)	(41%)
	Slovakia	thousand tonnes	0.0	0.0	0.0	0.0	3%
	Hungary	thousand tonnes	0.0	–	0.0	0.0	
	Total – EP Infrastructure	**thousand tonnes**	**0.1**	**0.2**	**0.3**	**(0.1)**	**(40%)**

Environment / Air emissions

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN21	**SO_2 emissions intensity**						
305-7	**EP Infrastructure**						
	Czech Republic	tonnes / GWh	1.2	1.5	1.7	(0.3)	(21%)
	Slovakia	tonnes / GWh	0.0	0.0	0.0	(0.0)	(63%)
	Hungary	tonnes / GWh	0.0	0.0	–	(0.0)	(24%)
	Total – EP Infrastructure	**tonnes / GWh**	**0.7**	**1.0**	**1.0**	**(0.3)**	**(26%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN21	**NO_x emissions intensity**						
305-7	**EP Infrastructure**						
	Czech Republic	tonnes / GWh	0.7	0.7	0.8	(0.1)	(7%)
	Slovakia	tonnes / GWh	0.6	0.6	0.6	(0.0)	(6%)
	Hungary	tonnes / GWh	0.1	0.1	0.1	(0.0)	(6%)
	Total – EP Infrastructure	**tonnes / GWh**	**0.5**	**0.5**	**0.5**	**(0.1)**	**(12%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN21	**Dust emissions intensity**						
305-7	**EP Infrastructure**						
	Czech Republic	tonnes / GWh	0.03	0.04	0.06	(0.01)	(31%)
	Slovakia	tonnes / GWh	0.02	0.02	0.02	(0.00)	(5%)
	Hungary	tonnes / GWh	0.00	–	0.00	0.00	
	Total – EP Infrastructure	**tonnes / GWh**	**0.02**	**0.03**	**0.03**	**(0.01)**	**(36%)**

Note: Calculation of Emissions intensity indicators excludes emissions from non-energy producing operations, namely eustram, SPP Distribúcia, Nafta and Pozagas in Slovakia and SPP Storage in the Czech Republic and in respective summary indicators, in ammount of 20 tonnes NO_x in CZ in 2018 (18 tonnes in 2018 and 10 tonnes in 2017), 334 tonnes NO_x in SK in 2019 (244 tonnes in 2018 and 296 tonnes in 2017) and 6 tonnes dust in SK in 2019 (5 tonnes in 2018 and 2 tonnes in 2017).

Environment / Water

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN8	**Quantity of water withdrawn**						
303-1	**EP Infrastructure**						
	Czech Republic	million m^3	54.6	75.0	127.2	(20.4)	(27%)
	Slovakia	million m^3	0.0	0.0	0.0	(0.0)	(11%)
	Germany	million m^3	0.0	–	–	0.0	
	Hungary	million m^3	14.4	10.4	14.8	4.0	39%
	Total – EP Infrastructure	**million m^3**	**69.0***	**85.4**	**142.1**	**(16.4)**	**(19%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN22	**Quantity of water discharged**						
306-1	**EP Infrastructure**						
	Czech Republic	million m^3	47.1*	64.9*	122.0	(17.8)	(27%)
	Slovakia	million m^3	0.1*	0.1*	0.1	0.0	13%
	Germany	million m^3	0.0	–	–	0.0	
	Hungary	million m^3	13.8*	9.8*	14.4	4.0	41%
	Total – EP Infrastructure	**million m^3**	**61.1**	**74.9**	**136.5**	**(13.8)**	**(18%)**

* This data has received limited assurance from the independent auditing firm KPMG.

Environment / Water

For the year ended 31 December 2019

Type

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN8	**Quantity of water withdrawn**						
303-1	**EP Infrastructure**						
	Surface water	million m^3	66.7	83.2	140.5	(16.5)	(20%)
	Ground water	million m^3	0.1	0.1	0.1	(0.0)	(8%)
	Municipal water supplies or other water utilities	million m^3	1.7	1.6	0.9	0.1	7%
	Other	million m^3	0.6	0.5	0.7	0.0	8%
	Total – EP Infrastructure	**million m^3**	**69.0***	**85.4**	**142.1**	**(16.4)**	**(19%)**

* This data has received limited assurance from the independent auditing firm KPMG.

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN8	**Cooling Water**						
303-1	**EP Infrastructure**						
	Cooling water – withdrawal	million m^3	64.3	80.8	138.8	(16.5)	(20%)
	Cooling water – discharge	million m^3	57.8	72.1	133.2	(14.3)	(20%)
	Total – EP Infrastructure – Usage	**million m^3**	**6.6**	**8.7**	**5.6**	**(2.2)**	**(25%)**

Environment / Effluents and waste

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN23	**By-products – Total production**						
306-2	**EP Infrastructure**						
	Czech Republic	thousand tonnes	1,118.7	1,488.1	1,496.4	(369.4)	(25%)
	Hungary	thousand tonnes	0.3	0.3	0.3	(0.0)	(6%)
	Total – EP Infrastructure	**thousand tonnes**	**1,119.0**	**1,488.4**	**1,496.6**	**(369.4)**	**(25%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN23	**Waste other than by-products – Total production**						
306-2	**EP Infrastructure**						
	Czech Republic	thousand tonnes	2.0	2.6	2.4	(0.6)	(23%)
	Slovakia	thousand tonnes	42.8	35.8	40.2	7.0	20%
	Germany	thousand tonnes	0.8	–	–	0.8	
	Hungary	thousand tonnes	0.0	0.0	0.1	(0.0)	(91%)
	Total – EP Infrastructure	**thousand tonnes**	**45.6**	**38.5**	**42.7**	**7.1**	**18%**

Type

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN23	**By-products – Total production**						
306-2	**EP Infrastructure**						
	Additised granulate	thousand tonnes	215.3	332.0	478.7	(116.7)	(35%)
	Ash	thousand tonnes	489.2	564.1	486.7	(74.9)	(13%)
	Slag	thousand tonnes	161.3	223.5	187.9	(62.2)	(28%)
	Gypsum	thousand tonnes	139.5	171.9	155.3	(32.4)	(19%)
	Additional material – hydrated lime	thousand tonnes	15.1	27.6	22.9	(12.5)	(45%)
	Additional material – water	thousand tonnes	97.1	167.7	165.2	(70.6)	(42%)
	Other own production	thousand tonnes	1.6	1.6	–	0.0	0%
	Total – EP Infrastructure	**thousand tonnes**	**1,119.0**	**1,488.4**	**1,496.6**	**(369.4)**	**(25%)**

Environment / Effluents and waste

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN23	**By-products – Total means of disposal**						
306-2	**EP Infrastructure**						
	Sales	thousand tonnes	169.5	128.4	136.4	41.1	32%
	Storage – own stock	thousand tonnes	157.0	209.3	149.4	(52.2)	(25%)
	Storage – external	thousand tonnes	210.9	213.7	81.7	(2.7)	(1%)
	Stabilizate production	thousand tonnes	362.9	597.6	648.1	(234.7)	(39%)
	Storage – chargeable waste	thousand tonnes	218.7	339.5	481.1	(120.8)	(36%)
	Total – EP Infrastructure	**thousand tonnes**	**1,119.0**	**1,488.4**	**1,496.6**	**(369.4)**	**(25%)**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN23	**Waste other than by-products – Total production**						
306-2	**EP Infrastructure**						
	Non-hazardous waste	thousand tonnes	42.5	36.4	40.8	6.1	17%
	Hazardous waste	thousand tonnes	3.1	2.1	1.9	1.0	48%
	Total – EP Infrastructure	**thousand tonnes**	**45.6**	**38.5**	**42.7**	**7.1**	**18%**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN23	**Waste other than by-products – Non-hazardous – Disposal**						
306-2	**EP Infrastructure**						
	Recycling	thousand tonnes	19.1	14.5	6.2	4.6	32%
	Landfill	thousand tonnes	3.9	4.2	3.1	(0.3)	(8%)
	Other	thousand tonnes	19.6	17.7	31.5	1.8	10%
	Total – EP Infrastructure	**thousand tonnes**	**42.5**	**36.4**	**40.8**	**6.1**	**17%**

Environment / Effluents and waste

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
G4-EN23	**Waste other than by-products – Hazardous – Disposal**						
306-2	**EP Infrastructure**						
	Recycling	thousand tonnes	0.3	0.2	0.7	0.1	64%
	Landfill	thousand tonnes	1.1	1.4	0.5	(0.3)	(23%)
	Other	thousand tonnes	1.8	0.6	0.7	1.2	224%
	Total – EP Infrastructure	**thousand tonnes**	**3.1**	**2.1**	**1.9**	**1.0**	**48%**

Social / Occupational health and safety

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
403-2	**Fatal injuries – Employees**						
G4-LA6	**EP Infrastructure**						
	Czech Republic	#	–	–	–	–	
	Slovakia	#	–	–	1	–	
	Germany	#	–	–	–	–	
	Hungary	#	–	–	–	–	
	Netherlands	#	–	–		–	
	Total – EP Infrastructure	**#**	**–**	**–**	**1**	**–**	

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
403-2	**Registered injuries – Employees**						
G4-LA6	**EP Infrastructure**						
	Czech Republic	#	16	13	12	3	23%
	Slovakia	#	20	13	15	7	54%
	Hungary	#	1	3	2	(2)	(67%)
	Total – EP Infrastructure	**#**	**37***	**29**	**29**	**8**	**28%**

* This data has received limited assurance from the independent auditing firm KPMG.

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
403-2	**Worked hours – Employees**						
G4-LA6	**EP Infrastructure**						
	Czech Republic	million hours	3.4	3.7	3.2	(0.3)	(9%)
	Slovakia	million hours	6.9	5.8	6.9	1.0	17%
	Germany	million hours	0.1	–	–	0.1	
	Hungary	million hours	0.4	0.4	0.4	0.0	3%
	Netherlands	million hours	0.0	–		0.0	
	Total – EP Infrastructure	**million hours**	**10.7**	**9.9**	**10.4**	**0.8**	**8%**

Social / Occupational health and safety

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
403-2			Injury Frequency Rate – Employees				
G4-LA6	**EP Infrastructure**						
	Czech Republic	index	4.8	3.5	3.8	1.2	35%
	Slovakia	index	2.9	2.2	2.2	0.7	31%
	Hungary	index	2.7	8.3	5.1	(5.6)	(67%)
	Total – EP Infrastructure	**index**	**3.5**	**2.9**	**2.8**	**0.5**	**18%**

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
403-2			Fatal injuries – Contractors				
G4-LA6	**EP Infrastructure**						
	Czech Republic	#	–	–	–	–	
	Slovakia	#	1	–	–	1	
	Germany	#	–	–	–	–	
	Hungary	#	–	–	–	–	
	Netherlands	#	–	–		–	
	Total – EP Infrastructure	**#**	**1**	**–**	**–**	**1**	

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
403-2			Registered injuries – Contractors				
G4-LA6	**EP Infrastructure**						
	Czech Republic	#	–	–	1	–	
	Slovakia	#	–	1	–	(1,0)	(100%)
	Germany	#	–	–	–	–	
	Hungary	#	–	–	–	–	
	Netherlands	#	–	–		–	
	Total – EP Infrastructure	**#**	**–**	**1**	**1**	**(1,0)**	**(100%)**

Social / Employment

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	Total	Male	Female
102-7			Headcount (FTE)		
G4-9	**EP Infrastructure**				
	Czech Republic	FTE	1,982	1,595	386
	Slovakia	FTE	4,209	3,353	856
	Germany	FTE	58	51	7
	Hungary	FTE	208	173	35
	Netherlands	FTE	2	1	1
	Total – EP Infrastructure	**FTE**	**6,458**	**5,173**	**1,285**

GRI / EUSS	KPI	Unit	Total 2019	% of total
102-41			Employees with collective bargining agreements	
G4-11	**EP Infrastructure**			
	Czech Republic	FTE	1,783	90%
	Slovakia	FTE	4,158	99%
	Germany	FTE	52	90%
	Hungary	FTE	207	100%
	Total – EP Infrastructure	**FTE**	**6,200**	**96%**

Social / Employment

For the year ended 31 December 2019

Management

GRI / EUSS	KPI	Unit	2019	2018	2017	2019 - 2018	%
	Headcount						
	EP Infrastructure						
	Male	#	5,173	5,302	5,070	(129)	(2%)
	Female	#	1,285	1,291	1,253	(5)	0%
	Executives	#	127	128	118	(1)	(1%)
	Other Employees	#	6,331	6,464	6,205	(133)	(2%)
	Total – EP Infrastructure	#	**6,458**	**6,592**	**6,323**	**(134)**	**(2%)**

GRI / EUSS	KPI	Unit	Total	Male	Female
401-1	**Number of new hires – Total**				
	EP Infrastructure				
	Czech Republic	FTE	198	139	59
	Slovakia	FTE	327	209	118
	Germany	FTE	4	3	1
	Hungary	FTE	24	23	1
	Total – EP Infrastructure	**FTE**	**553**	**374**	**179**

Social / Employment

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	Total	Male	Female
401-1	**Number of leavers – Total**				
	EP Infrastructure				
	Czech Republic	FTE	204	118	86
	Slovakia	FTE	276	185	91
	Germany	FTE	5	4	1
	Hungary	FTE	12	9	3
	Total – EP Infrastructure	**FTE**	**497**	**316**	**181**

GRI / EUSS	KPI	Unit	Total	Male	Female
G4-LA1	**New hires rate**				
	EP Infrastructure				
	Czech Republic	%	10%	9%	15%
	Slovakia	%	8%	6%	14%
	Germany	%	8%	7%	15%
	Hungary	%	12%	13%	3%
	Total – EP Infrastructure	**%**	**9%**	**7%**	**14%**

GRI / EUSS	KPI	Unit	Total	Male	Female
G4-LA1	**Employee turnover rate**				
	EP Infrastructure				
	Czech Republic	%	10%	7%	22%
	Slovakia	%	7%	6%	11%
	Germany	%	9%	8%	18%
	Hungary	%	6%	5%	9%
	Total – EP Infrastructure	**%**	**8%**	**6%**	**14%**

Social / Training

For the year ended 31 December 2019

Country

GRI / EUSS	KPI	Unit	Hours	Hours per Employee
G4-LA9	**Total training hours – all employees**			
	EP Infrastructure			
	Czech Republic	#	25,082	12.7
	Slovakia	#	170,036	40.4
	Germany	#	463	8.0
	Hungary	#	2,047	9.8
	Total – EP Infrastructure	**#**	**197,627**	**30.6**

GRI / EUSS	KPI	Unit	Permanent contract	Temporary contract
102-8	**Employees: pernament and temporary contract**			
	EP Infrastructure			
	Czech Republic	%	95%	5%
	Slovakia	%	91%	9%
	Germany	%	95%	5%
	Hungary	%	99%	1%
	Netherlands	%	100%	0%
	Total – EP Infrastructure	**%**	**92%**	**8%**

Social / Training

For the year ended 31 December 2019

GRI / EUSS	KPI	Unit	Employees under 30 years old	Employees between 30 and 50 years old	Employees over 50 years old
405-1	**Employees: pernament and temporary contract**				
	EP Infrastructure				
	Czech Republic	% FTE	9%	49%	42%
	Slovakia	% FTE	8%	52%	40%
	Germany	% FTE	10%	39%	51%
	Hungary	% FTE	2%	52%	45%
	Netherlands	% FTE	0%	100%	0%
	Total – EP Infrastructure	**% FTE**	**8%**	**51%**	**41%**

EP Infrastructure Sustainability Report 2019

Published in August 2020 by
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Graphic design and layout
Milena Havlíčková, Marcela Schneiberková, Zdeněk Tuka / Atelier Zidlicky

Photos
Joel Saget / AFP (Page 7)
Archive Plzeňská teplárenská (Page 51)
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Maps
Map of Europe with Countries – Single Color by FreeVectorMaps.com

Editorial Deadline
20 August 2020