EP Infrastructure
Sustainability Report 2018

EP Infrastructure

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Foreword

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Dear Stakeholders,

It is my great pleasure to introduce to you the first Sustainability Report of EP Infrastructure, a.s. (“EPIF”), which covers the 2018 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.

Since 2015, EPIF has been contributing to the Sustainability Report issued by its parent company, Energetický a průmyslový holding, a.s. (“EPH”). This year and due to our fast business growth and stakeholders’ expectations, we have decided to issue the first report of our own aiming to enable readers to get a comprehensive understanding of the EPIF Group’s operations linked with our sustainability strategy and impact on the environment, economy, and society.

The EPIF Group is a leading European energy infrastructure utility focused on gas transmission, gas and power distribution, heat generation and distribution and gas storage. With principal operations in the Slovak Republic and the Czech Republic, EPIF is a unique European entity with a large and diverse infrastructure asset base. Measured by EBITDA, EPIF is among the five largest industrial groups based in the Czech Republic. Also, our Slovakian operations represent, through taxes and dividend payments, clearly the largest corporate contributor to the state budget while our Czech operations do play a role of significant tax contributor as well.

In terms of business growth, 2018 was marked by completing two long-planned strategic acquisitions: gaining management control and 35% share in Plzeňská teplárenská, which enlarges our portfolio in heat infrastructure, and the acquisition of three gas storage facilities in Bavaria, positioning EPIF as the provider of safe and uninterrupted natural gas supply in the area. Our 2018 business decisions -stemming from our long-term commitment- were focused on investing in operational security, storage technology modernisation, automation enhancement and thorough utilisation of available information to further optimise our processes.

EPIF’s is committed to continuing to implement measures reducing energy efficiency, carbon, and overall emissions footprint. We were also investing in increasing energy security for our direct and indirect customers: 2018 marked the beginning of initial work on a strategic project of the Slovak-Polish Interconnector, which is on a list of critical European infrastructural projects. Eustream also completed a feasibility study relating to the Eastring pipeline, primarily aimed at enhancing energy security and improving the conditions for a free market with natural gas in the EU. Overall, in 2018 we invested EUR 192 million into these areas.

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

2018 EPIF Group was awarded investment ratings by renowned rating agencies Moody’s, Fitch and S&P. For the first time, our Group was also rated by the renowned ESG rating agency Sustainalytics, helping us to identify the opportunities to further improve our sustainability performance.

As a key player in the Central European energy infrastructure, we are conscious of our big responsibility for enhancing energy security and sustainability. In terms of our business strategy, energy security, sustainability, and overall efficiency remain our paramount objective. The EPIF Group will also continue to place its emphasis on maintaining strong financial results coupled with a continued cash conversion profile in line with historical trends. As the majority of the EPIF Group is regulated and/or long-term contracted, profitability is expected to remain stable, although some fluctuations might occur depending on the development of weather and market conditions during the following years. Our commitment to strengthening the Group’s sustainability performance will be materialised in the implementation of new ESG policies applicable to all Group entities from 2019, followed by tangible steps aimed to set the path of our long-term corporate responsibility journey. Our plans for next year involve the establishment of 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.

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 for 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 to all 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

About this Report

This is the first 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 2018.

This is the first 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 2018.

While EPIF data and case studies have been included in previous Sustainability Reports issued since 2015 by our parent company, Energetický a průmyslový holding, a.s., we have decided to provide relevant 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 first step towards this commitment, we created this publication 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 much 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 this very first Report and we commit to 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 2018 calendar year (same as the fiscal year), with comparative data from the previous reporting period, where available. For the sake of comparability, we also report full year data for subsidiaries that we acquired during 2018 (or 2015–2017 if relevant), however, comparative information is not included (unless noted otherwise) as not available.

In terms of presented financial information (e.g. Adjusted EBITDA), we report financial information for the acquired subsidiaries following the IFRS consolidated financial statements logic, e.g. for company acquired on 30 June financial performance is presented for the period from 1 July to 31 December.

Please note that the EPH Group also prepares its stand-alone sustainability report that is publicly available and may be referred to as well. We plan to issue our next Sustainability Report for 2019 in 2020.

Principles of our Report

We have decided to base our first sustainability reporting on the guidelines by GRI (Global Reporting Initiative). This Report has been developed to follow selected GRI Standards[1]: Core option.

The Report has been developed with **GRI's materiality, stakeholder inclusiveness, sustainability context, and completeness principles in mind**. When prioritising stakeholders, AA1000 Accountability Stakeholder Engagement Standards were taken into consideration. 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.

The aspects that EPIF is reporting on in this Report were determined through detailed assessment of the priorities for the Group, subsidiary companies and our main stakeholder groups. The assessment at EPH level included analysis of issues and feedback from our stakeholder groups during the reporting period as well as further analysis undertaken as part of the preparation of this report. 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 section 9.4. GRI Content Index, page 136–145 of this Report.

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.

Assurance

As well as publishing our first 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 is found in section 8, page 122 of this Report.

1 GRI Standards 2016 edition

Organisational boundaries

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

EPIF Group companies	Ownership share (effective)	Financial control	Operational control
Alternative Energy, s.r.o.	90 %	Yes	Yes
Arisun, s.r.o.	100 %	Yes	Yes
Budapesti Erőmű Zrt. (BERT)	95.6 %	Yes	Yes
Greeninvest a. s.	41.7 %	No	No
Elektrárny Opatovice, a.s.	100 %	Yes	Yes
EP Cargo a.s.	100 %	Yes	Yes
EP Energy, a.s.	100 %	Yes	Yes
EP Sourcing a.s.	100 %	Yes	Yes
EP Energy Trading, a.s.	100 %	Yes	Yes
Eustream, a.s.	49 %	Yes	Yes
NAFTA a.s.	69 %	Yes	Yes
NAFTA Speicher GmbH & Co. KG	69 %	Yes	Yes
NAFTA Speicher Inzenham GmbH	69 %	Yes	Yes
Plzeňská teplárenská a.s.	35 %	Yes	Yes
POWERSUN a.s.	100 %	Yes	Yes
POZAGAS a.s.	62 %	Yes	Yes
Pražská teplárenská a.s.	100 %	Yes	Yes
SPP - distribúcia, a.s.	49 %	Yes	Yes
SPP Storage, s.r.o.	49 %	Yes	Yes
Stredoslovenská energetika a.s.	49 %	Yes	Yes
Stredoslovenská distribúčná a.s.	49 %	Yes	Yes
Triskata, s.r.o.	100 %	Yes	Yes
United Energy, a.s.	100 %	Yes	Yes
VTE Pchery, s.r.o.	64 %	Yes	Yes

Table 1 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 2018.

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, except for newly acquired NAFTA Speicher GmbH & Co. KG and NAFTA Speicher Inzenham GmbH which information has not been included.

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 these data are 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.

EPIF and its **Business**

EPIF is a leading European energy infrastructure utility focused on gas transmission, gas and power distribution, heat generation and distribution and gas storage. With principal operations in the Slovak Republic and the Czech Republic, EP Infrastructure is a unique European entity with large and diverse infrastructure asset base. Measured by EBITDA, the EPIF Group believes it is among the five largest industrial groups based in the Czech Republic.

Approximately 90% of EPIF's Adjusted EBITDA[2] is derived from **gas transmission**, **gas and electricity distribution** and **gas storage activities.** A smaller part of EPIF's business (approximately 10% of 2018 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 2018 from the renowned ESG rating agency Sustainalytics.

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

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 2018, 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. **Greater detail on the matters of environmental impact and protection is available in a separate section of this report.**

2 For a full overview of EPIF financial results, please see Annex 9.2.

EPIF Group Highlights

Governed from the headquarters in Prague, the EPIF Group:

1. is a leading Central European group which operates traditional energy infrastructure assets
2. operates a transit gas pipeline, one of the biggest corridors for gas suppliers to Western, Central and Southern Europe
3. acts as the major distributor of natural gas and electricity in Slovakia
4. operates the largest gas storage capacities in Central Europe
5. and its subsidiaries are significant heat distribution network operators and heat producers in the Czech Republic and Hungary

In 2018, EPIF reached consolidated sales of EUR 3,106 million and Adjusted EBITDA of EUR 1,466 million.

EPIF operates a transit gas pipeline, one of the biggest corridors for gas suppliers to Western, Central and Southern Europe.

Eustream, Compressor station, Veľké Kapušany.

EPIF acts as the major distributor
of natural gas and electricity in Slovakia.

SSD, electricity distribution in Central Slovakia.

Overview of EPIF's business activities[3]

Business area	Adj. EBITDA (2018)	Companies
Gas Transmission	€ 665 million	eustream SLOVAK GAS TSO
Gas & Power Distribution	€ 502 million	Distribúcia SPP; epet.; SSE HOLDING
Heat Infrastructure	€ 153 million	PLZEŇSKÁ TEPLÁRENSKÁ Více než energie; UNITED ENERGY; Pražská teplárenská; EP Sourcing; EOP ELEKTRÁRNY OPATOVICE; Budapesti Erőmű ZRt.
Gas Storage	€ 147 million	nafta; SPP Storage; nafta Speicher; POZAGAS

Fig. 1 Overview of EPIF's business activities[3].

3 Adjusted EBITDA from segments amounts to EUR 1.467 mil. After inclusion of Holding and Other financial information, the total Adjusted EBITDA amounts to EUR 1.466 mil. as a final result of the EPIF Group. For full disclosure of financial results, please see Annex II of this report.

Geographic sales of EPIF (2018)

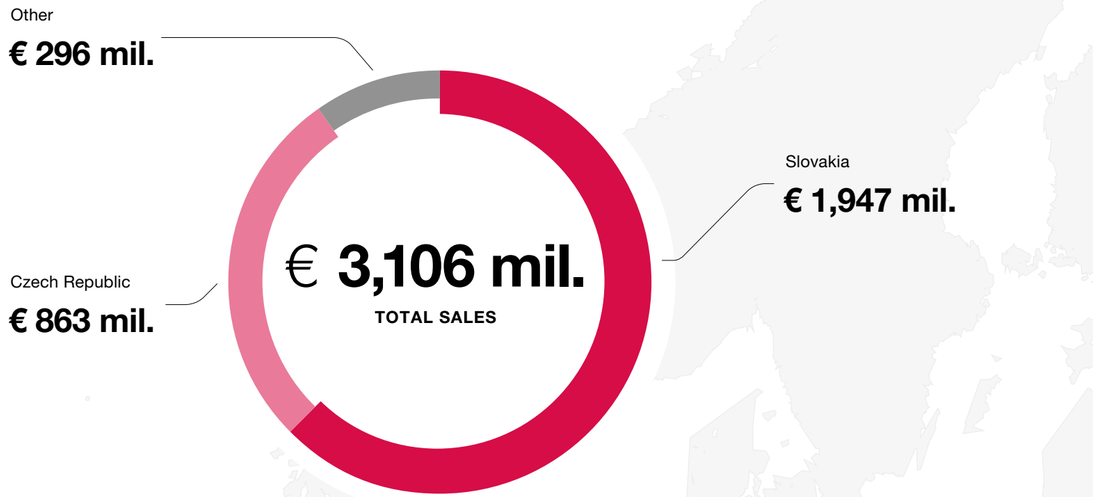


Fig. 2 Geographic sales of EPIF (2018).

Note: The geographical area Other comprises income items primarily from Hungary, the UK and Ukraine.

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, Slovak Republic, Hungary and newly in Germany (acquired in December 2018 and will be fully consolidated from 2019).

EPIF operates the largest gas storage capacities in Central Europe.

Storage facility Wolfersberg, Bavaria.

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

ZEVO Chotíkov, communal waste incinerator of Plzeňská teplárenská.

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. 3 EPIF Group companies.

Note: MC – Management control (relevant only for entities with a share less than 100%). Percentages show ownership.
(*) On 31 October 2018, EPIF completed a merger of Plzeňská energetika and Plzeňská teplárenská which is a successor company. EPIF's share is 35% including management control, the rest of Plzeňská teplárenská is in the ownership of the City of Pilsen.
(**) Acquisition completed on 31 December 2018.

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 2.5 trillion m^3 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.

Eustream's distinguishing factor is that it operates the key East to West and North to South gas transmission junction. This places Eustream at the heart of important gas flows in Europe.

The transmission system consists of four or five parallel pipelines. The most important station is located at Veľké Kapušany at the Ukrainian-Slovak border. With a total power of nearly 300 MW it is the biggest compressor station in the EU, allowing an entry flow of 2,028 GWh, or 195 million m^3 per day.

The Eustream transmission system is connected to the distribution network of SPP - distribúcia at various interconnection points and also to gas storage facilities located in Slovakia. Our network is also interconnected with major European gas lines in Ukraine, the Czech Republic, Hungary and Austria. In 2018, we transported 59.8 billion m^3 of gas[5].

4 To show context, natural gas consumption of European Union in 2018 was 474 bcm (Source: EU Natural Gas Q4 2018 Report, 2019). From 1972 Eustream transported more than 5 times as much.

5 For comparison, in 2018, the Czech Republic consumed 8 bcm of gas (Source: ERO. Yearly Report on the Operation of Czech Gas System 2018). Eustream thus in 2018 transported 7 times more than the consumption of the Czech Republic.

Promoting energy security through interconnection Case Study

In 2018, we achieved significant progress firstly by increasing gas transmission capacities from the Czech Republic to Slovakia thanks to the construction of a KS05 compressor station, planned to be completed in 2019. Secondly, by commencing works on a strategic project of the Slovak-Polish Interconnector, which is on a list of critical European infrastructural projects and is supported by the EU. In autumn 2018, Eustream also completed a feasibility study relating to the Eastring pipeline, primarily aimed at enhancing energy security and improving the conditions for a free market with natural gas in 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 gas distribution division, the power distribution division and the supply division. The gas distribution division consists of SPPD, which is responsible for the distribution of natural gas. The power distribution division consists of SSD that distributes the electricity. The supply division consists of activities involving supplies of power and natural gas to end-consumers which the Group conducts through EPET in the Czech Republic and Slovakia and through the SSE Group in Slovakia.

Stredoslovenská energetika

Stredoslovenská energetika (SSE) is a multi-commodity energy supplier in Slovakia with around 600,000 offtake points and in 2018 delivered almost 4 TWh of electricity and more than 40 million m^3 of natural gas[6]. 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 35,000 km and serves approximately 750 000 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 in Slovakia. The company is responsible for reliable, safe and efficient distribution of natural gas from transmission networks through gas distribution systems to end customers, and for securing connection to the distribution network and for meter-readings of consumed natural gas.

SPP-D additionally ensures the sale of distribution capacities, development, operation and maintenance of gas networks, as well as gas balancing and dispatching. **The company distributes roughly 98% out of the total distributed volume of natural gas in Slovakia**. 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. In 2018, the company distributed 4.8 billion m^3 of natural gas to more than 1.5 million customers.

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 exploit 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 buying from the wholesale market and selling to the supply division the volume of power that the supply division will sell to end-customers. Currently, the company supplies over 62,000 offtake points.

EPET has access to the EPIF Group's electricity generating plants such as United Energy, Elektrárny Opatovice and Plzeňská teplárenská. In 2018, the company supplied its end customers in the Czech Republic and Slovakia with almost 2.4 TWh of electricity and more than 190 million m^3 of natural gas[7].

6 Over 400 GWh of natural gas.
7 Over 2 TWh of natural gas.

Business segment: Heat Infra

The Group's Heat Infra Business owns and operates three large-scale heat cogeneration plants ("CHP") 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. **The prices charged to our customers for heat are well below the national average** for the Czech Republic, with the exception of Pražská teplárenská, which is, however, serves Prague, one of the most developed regions in the EU. Through this, we keep the prices affordable for all our customers.

Pražská teplárenská

Pražská teplárenská is the largest district heating company in the Czech Republic in terms of the number of consumers supplied by heat. The company's activities are concentrated on the area of Prague and surrounding areas. Pražská teplárenská covers almost 25% of the market for thermal energy (including subsidiaries) in Prague and delivers heat to more than 230,000 offtake points, mainly homes, numerous office buildings, industrial companies, hundreds of schools and healthcare facilities and other entities.

Pražská teplárenská **operates three heating plants and four district heating plants**, a total of seven heat sources. By the end of 2018, the installed thermal power resources of Pražská teplárenská were of 1,046 MW. However, the company buys the majority of heat from the Mělník power plant that runs in the cogeneration mode and is owned by a third party (ČEZ, a. s.).

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.

EOP has six co-generation boilers that produced altogether **1,330 GWh in 2018,** which is approximately one third of the 2018 demand in the Hradec Králové region[8]. The power station also has the capacity to supply balancing power, which helps to balance supply and demand in the Czech electricity, and it also ensures possibility of island operation in the case of the collapse of the whole electricity grid.

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[9] with a total achievable thermal capacity of 900 MWth and a total achievable electrical capacity of 274 MWe[10]. 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 supplied heat to over 50 thousand of customers.

The company also operates a back-up unit with an achievable output of 21 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.

8 Source: ERO. Report on the Operation of the Electricity Grid 2018.
9 Combined high efficient generation of electricity and heat. Discussed in greater detail in the Environment chapter ("Our GHG emissions impact").
10 For comparison, total installed capacity in the Czech Republic in 2018 was 22,279.2 MWe. (Source: ERO. Report on the Operation of the Electricity Grid 2018).

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. Every year, the CHP plant produces around 1.5 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.

BERT

BERT (Budapesti Erömü) is a leading heat and power producer in Hungary, operating in Budapest. The plant is gas-fired, using natural gas as almost 100% of its fuel and even though it is a cogeneration plant (generating heat and electricity), it may also be run in the heat generation mode only, which is used especially in summer. For the operation of the firing equipment the plant uses natural gas as the primary fuel and distillate oil as a backup fuel.

Natural gas is delivered to the power plants by pipeline, while oil is stored in tanks. The latter is used mainly in the case of in interruption in gas supply, e.g. in emergency situations affecting the supply of gas. By burning primarily natural gas, the emitted air pollutants include nitrogen oxides, carbon monoxide and carbon dioxide. Sulphur dioxide, solid particles (soot, dust) and heavy metals are emitted only in case of oil firing, so their quantity is negligible.

The company is the most significant energy generator in the capital, covering almost 60% of the district heating demand of the city, while its share in national electricity generation is more than 3%. 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.

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 facilities located in the Czech Republic, Slovakia and Germany.

Nafta

NAFTA is the largest natural gas storage system operator ("SSO") in the Slovak Republic. It operates unique underground gas storage facilities composed of several storage reservoirs interconnected with technical infrastructure at the crossroads of gas flows at the borders of the Slovak Republic, Austria and the Czech Republic.

Approximately 90% of NAFTA's activity is the underground storage of natural gas, offering both seasonal and flexible storage capacity to customers. The storage capacity of natural gas underground facilities operated by NAFTA stands at 2.6 bcm[11] (at standard base conditions). The facilities of NAFTA are connected to the Slovak distribution grid, transition system of Eustream and Virtual Trading Point in Austria.

Nafta Speicher

NAFTA SPEICHER 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 1.9 bcm[12] (representing 6 % of the combined storage capacity in Germany). 87% of storage capacity is currently contracted until 2023–2024 and 76% until 2026–2027.

11 25 TWh.
12 Capacity is 20 TWh.
13 Total capacity of 6.1 TWh.

Pozagas

POZAGAS is the second largest SSO in the Slovak Republic, with its technical operation being partially outsourced to NAFTA. It also provides complementary services to NAFTA, allowing NAFTA's customers to access the Virtual Trading Point Austria / Central European Gas hub at Baumgarten via the interconnection point with the Austrian transmission system.

Pozagas owns and operates the Láb 4 Natural Gas Storage Facility situated in the eastern part of Slovakia near the town of Malacky. The company offers the storage capacity service as well as other services on both a long-term and short-term basis. Storage capacity is of 0.655 bcm (at standard base conditions).

The company is strategically located in the proximity of Europe's main transport routes and the Central European gas hub at Baumgarten, Austria, as well as owning direct connection to the hub's infrastructure.

SPP Storage

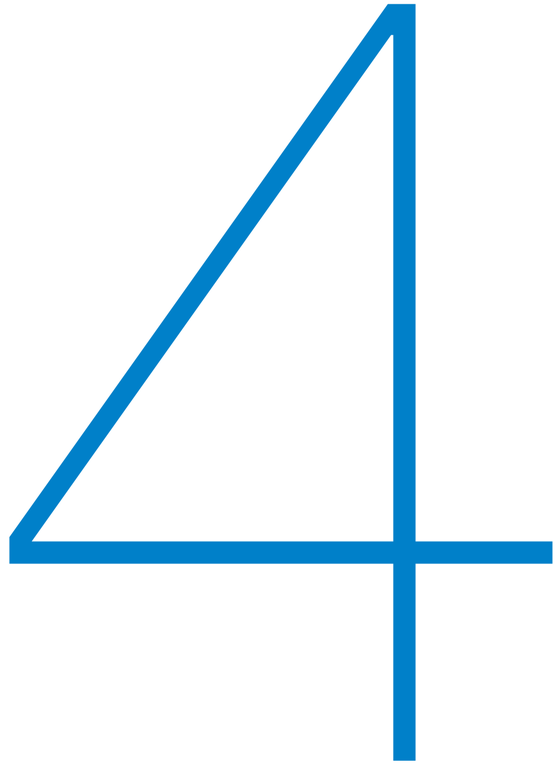
SPP Storage owns and operates the Dolní Bojanovice underground gas storage facility located in the Czech Republic, with a storage capacity of 0.58 bcm[13]. Gas injection and withdrawal take place from and into a high pressure gas pipeline, which connects the Dolní Bojanovice underground gas storage facility to the Brodské metering station (approximately 30 kilometres away). The gas pipeline is connected at the Brodské metering station to the Slovak gas transit network of Eustream.

Other activities of EPIF

The Group also undertakes certain other activities, primarily generating electricity from renewable sources in addition to those operated by SSE Group. The Group 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.

Materiality analysis

EPIF is conscious of its important economic, social and environmental impact. Along with proved business results, EPIF strives to respond to its key stakeholders' priorities 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.

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 the different businesses and geographies.

Across the Company, 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. Consequently, the most appropriate form of communication and involvement is pursued. Stakeholder engagement with regard to its sustainability performance is done through a range of channels, as summarised in Table 2. The presented stakeholder analysis is performed by the EPIF Group based on its local stakeholders' contributions, who play a significant role in mapping their expectations and priorities.

Stakeholder group	Means of communication
Investors and lenders	Investor relations
	Presentations
	Annual reports
Customers	Customer service
	Satisfaction survey
	Website
Suppliers and contractors	Technical briefing
	Website
	Informative training
Labour and trade unions	Dedicated meetings
Local communities and municipalities	Focus groups
	Opinion makers consultations
Media	Press releases
	Press conferences
	Website
NGOs	Brochures
	Bulletins
	Conferences
Competitors	Conferences
	Best practice sharing
Government and regulators	Letters to institutions
	Direct meetings
	Annual report
Employees	Internal communication
	Trainings

Table 2 EPIF Stakeholders and means of communication.

The analysis performed at 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 the Company 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.

Investors and lenders

This group is mainly represented by banks, bond holders and financial institutions. Their interest in EPIF sustainability performance is demonstrated at both EPIF level and local level depending on their involvement in financing within the Group. The most relevant topics for them deal with economic and environmental aspects.

Customers

These stakeholders are very important for EPIF as a whole, and their interest is significant mainly for our heat, gas and power distribution and supply business. Customers are mostly concerned with the economic and social aspects of our business.

Employees

EPIF employees are interested in EPIF's overall economic performance. As internal stakeholders, they are engaged in business issues at the local level, being especially interested in the performance of the subsidiary they work for.

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. Local entities are concerned about the performance of individual subsidiaries, while European institutions are looking at the EPIF business from a transversal perspective. Nevertheless, for both local and global levels the most relevant topics can be grouped under economic and environmental areas.

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 company, which is especially valid for the contractors engaged in a centralised process (large tenders, procurement for areas such as IT, pipes, etc.).

These stakeholders demonstrate increased interest in the environment on a global level as this issue can transversally affect procurement requirements.

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. Issues such as compliance and anticompetitive behaviour are most important in relation to the respective subsidiaries / geographies and thus are characterised as local interest.

Local communities and municipalities

The origin of these stakeholders predefines the level of their interest in EPIF's sustainability activities. Concerns were expressed at local level but with the same importance given to all three aspects. 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.

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. Issues such as collective bargaining agreements are of interest.

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 mining) 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.

Media

This stakeholder is active at both the local and global level (particularly in the Czech Republic where EPIF has its headquarters) and demonstrates moderate concern regarding the economic and environmental area, while social aspects are currently out of scope.

Primary stakeholders groups and priority areas

Based on the analysis, summarised in the Table 3, 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 the group 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	◑	◑	◑	◑	○	

Table 3 Stakeholder priorities.

● High priority ○ Low priority

Engagement with stakeholders during 2018

In 2018, there we no major media cases or any controversies related to EPIF.

Stakeholder Priorities

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

Principles for Report Content and Quality

Principle	EPIF approach
Stakeholder inclusiveness	Mapping of stakeholders at local and global level
	Assessment of their relevance
	Analysis of stakeholder concerns and expectations
Sustainability context	Analysis of sustainability framework at global, European and country level (goals application)
	Study of statistics and trends in the utility and energy sector
	Definition of future challenges at local and global level
Materiality	Creation of a materiality matrix
	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 4 Principles for Report Content.

Principles	EPIF approach
Balance	Assessment of strengths and weaknesses in relation to 2018 results and future goals
Comparability	Presentation of 2015–2017 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	Introduction of all relevant information in addition to data related to the 2018 reporting period
Clarity	Consultations with local units interacting with stakeholders in order to define the most appropriate amount and quality of data
Reliability	Continued engagement of external assurance provider

Table 5 Principles for Report Quality.

Materiality matrix

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

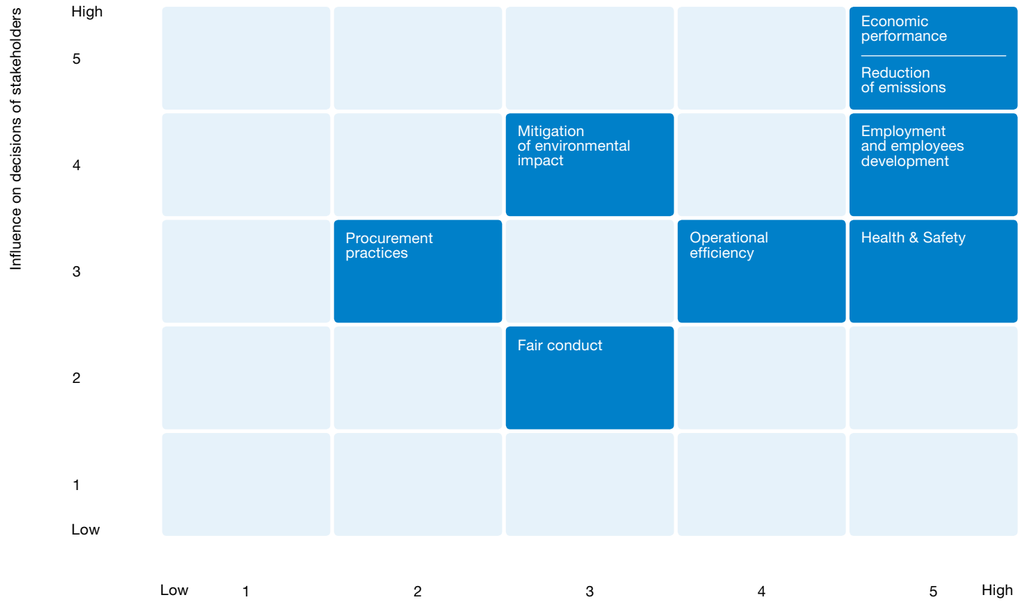


Fig. 4 Materiality matrix of EPIF.

Notes on the Materiality matrix

The vertical axis represents the influence of the topics discussed on stakeholders' assessment and decision-making and the horizontal axis demonstrates the significance of EPIF's economic, environmental and social impacts. As a result of our materiality analysis, EPIF has identified eight priorities considered material both from the significance of our impacts and the influence on stakeholders' decisions perspective. Within these eight priorities, there are various material aspects under GRI Standards that have formed the basis, both quantitatively and qualitatively, of this Report.

EPIF has classified the material topics identified above into the following four categories:

ABSOLUTE PRIORITY

- ECONOMIC PERFORMANCE
- REDUCTION OF GHG EMISSIONS

PARTICULAR ATTENTION

- OPERATIONAL EFFICIENCY
- FAIR CONDUCT
- MITIGATION OF ENVIRONMENTAL IMPACT

HIGH PRIORITY

- EMPLOYMENT AND EMPLOYEE DEVELOPMENT
- HEALTH & SAFETY

OTHER FOCUS AREAS

- PROCUREMENT PRACTICES

Table 6 Priority areas for EPIF.

The following table shows how the topics are distributed among the individual sections of this report.

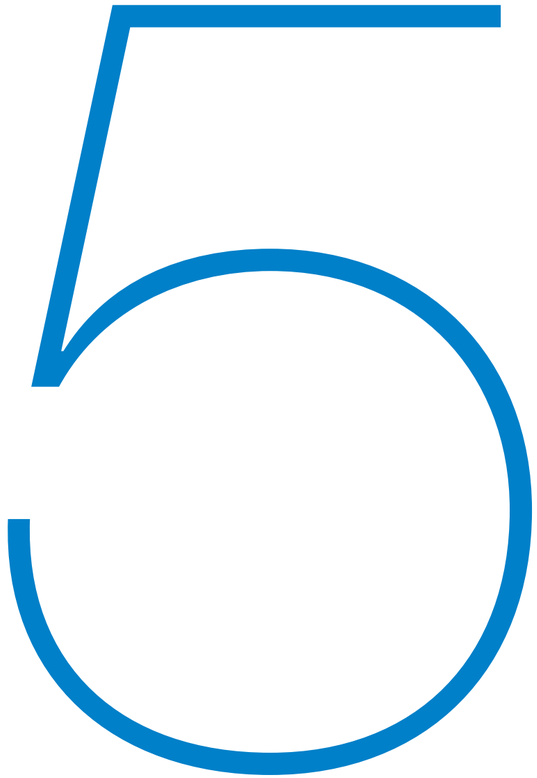
ESG Areas	Priority areas	Breakdown of priorities
EPIF and its business	Economic performance	Economic performance
Governance	Fair conduct	Compliance and anti-corruption
	Procurement practices	Procurement practices
Environment	Reduction of emissions	Emissions
	Operational efficiency	Access
		System efficiency
	Mitigation of environmental impact	Water
		Energy
		Effluents and waste
		Biodiversity
Social	Employment and employees' development	Employment
		Training and education
	Health & Safety	Health & Safety

Table 7 Priority areas and their breakdown in the Report.

Environment

Our environmental performance and impact

In this section of the Report, EPIF discloses information relating to its environmental performance and impacts during the 2018 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 combined approach to reduce our footprint in relation to both these topics. The next parts of this section then focus on other environmental topics, such as water, waste and biodiversity, which are also highly important for our company.



Introduction

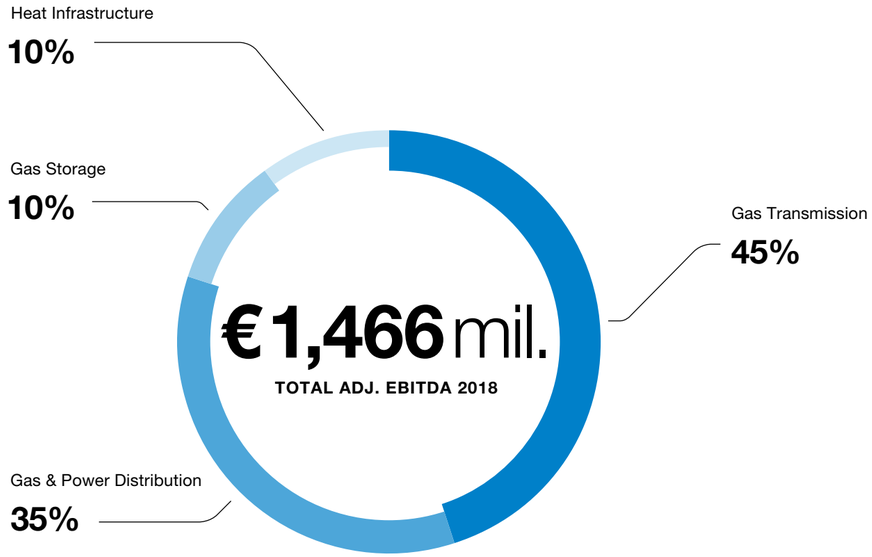
As presented in the materiality matrix, our customers and other stakeholders have increasingly high expectations that we must meet in order to conduct business in a fair and long-term manner. EPIF understands the high importance of managing environmental risks, considering that handling our resources 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.

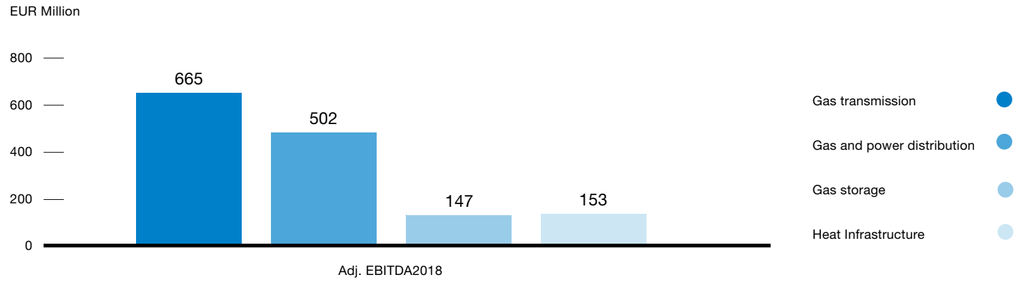
We are committed to conducting our business activities in an environmentally safe and responsible manner, aiming to decrease negative impacts and to improving positive imprint on the environment.

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

EPIF operational context overview of EPIF

To evaluate EPIF's impact on the environment, it is important to reflect and understand our **operational context**, as previously explained in section 3 EPIF and its business. In addition, all our companies are energy companies, but their activities **and their respective impacts differ highly**. For this reason, the publication of data and business cases only does not present the clear message to our stakeholders. Some of the companies in the group have relatively small impact on environment, resource usage or GHG emissions, as their role is only to distribute the resources for their immediate use.





Graph 1 Comparison of Adjusted EBITDA of our business lines.

To better understand the proportion of our business lines, approximately **90% of EPIF's Adjusted EBITDA is derived from Gas Transmission, Gas and Power Distribution and Gas Storage** activities, which are very marginal emitters of GHG emissions. **Only 10% of our business is connected to heat and electricity generation (Heat Infra segment),** which is a larger emission source than transmission and distribution combined.

EP **Infrastructure** Highlights

Our role

We are primarily a transmission, distribution and storage company. In 2018, these assets represented 90% of our operation Adjusted EBITDA and only 7% of our GHG emissions.

Our growth

We are acquiring new companies, therefore our production has been rising quickly, along with our customer base. In 2018, our production increased by 191 GWh of electricity and 1,500 TJ of heat compared to 2017.

Our efficiency

In the area of generation, we are more efficient every year. In 2018, we saved 20.5 tonnes of CO_2-eq per generated GWh of electricity compared to 2017.

Our principles

We aim to decrease our negative impact and to improve our positive imprint on the environment, conducting our business activities in an environmentally safe and responsible manner. In 2018, we saved 57 million m^3 of water and reduced our waste by 4.2 thousand tonnes compared to 2017.

Our commitment

Along with our sustainable business growth, new environmental-related policies will be implemented for the whole Group in 2019, aligning the existing local principles with a common and comprehensive set of principles applicable to all subsidiaries.

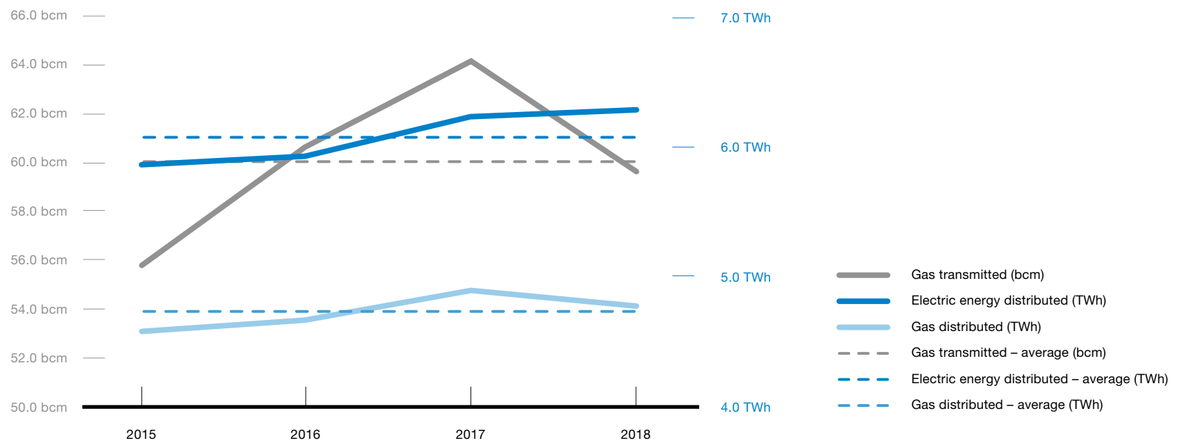
On top of that, EPIF Group is growing **significantly each year.**
We are acquiring new companies and enlarging existing business operations.

Company	2015	2016	2017	2018	Change since 2015
SSE – Electricity – Distribution	738,387	743,821	748,692	754,106	**+2 %**
SSE – Electricity – Supply	659,277	651,208	640,220	632,135	**-4 %**
SSE – Gas – Supply	5,240	8, 464	12,140	16,084	**+207 %**
SPPD – Gas – Distribution	1,514,646	1,518,131	1,518,019	1, 522,888	**+1 %**
EPET – Gas – Supply	9,266	19,242	24,819	26,207	**+183%**
EPET – Electricity – Supply	19, 016	36,440	35,919	36,056	**+90%**

Table 8 Customer accounts in the segment of distribution and transmission.

Distribution and transmission context

In the segments of Gas Transmission and Gas and Power Distribution total volumes went down compared to the previous year. However, the overall amount of electricity distributed went up.



Graph 2 EPIF in segments of Gas Transmission and Gas and Electricity Distribution.

At the same time, we continued to increase efficiency of our operations and overhaul 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 distributed almost **6.3 TWh of electricity**, which is 2% more than in the previous year. 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 the Gas and Power Distribution segment were EUR 81 million.**

In the segments of Gas Transmission and Gas and Power Distribution, total volumes of CO_2 emissions went down, compared to the last year. As the volumes of distributed and transmitted gas went down, so the emissions associated with it, were reduced. This shows the stable quality of our transmission and distribution network.

	2015	2016	2017	2018	Change from last year	
Business segment					**Total reduction**	**Reduction to %**
Gas Transmission	185,780	298,922	319,110	295,817	**23,293**	**93%**
Gas and Power Distribution	4,336	3,039	3,738	3,133	**604**	**84%**
Gas Storage	37,991	47,141	41,322	36,448	**4,874**	**88%**

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

Pipeline safety management

In our core business, it is imperative to maintain our pipeline in as good technical conditions as possible. 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 perspective of technical risks or third party risks.

Pipeline protection and risk evaluation Case Study

NAFTA's polices

Nafta has a 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, ground, 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.

Eustream's polices

For instance, 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 about age of the pipe, type of the isolation, aggressivity (toxicity) of the surrounding ground or the number of repairs on a particular section.

Following policies are related only to the protection of the pipes.

Tensometric policy

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

Internal check-in

This policy governs the usage of a machine that goes internally through the pipe, where it can assess any possible defects inside of the pipe.

Aerial check-in

Transmission pipeline is also frequently checked by a helicopter to minimize any potential risk by third parties.

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

Generation assets context

We primarily operate a portfolio of plants that runs in the highly efficient cogeneration mode. This allows us to create both heat and electricity, while being highly efficient at it[14]. Our CHP operations are in fact far more efficient. The total overview of electricity and heat production is available in the tables below.

Energy source	2015	2016	2017	2018	% in 2017	% in 2018
Renewable sources						
Wind	8.8	7.7	7.3	6.8	0.2%	0.2%
Photovoltaic	19.5	16.9	17.3	17.0	0.5%	0.4%
Hydro	6.8	7.1	5.4	4.6	0.1%	0.1%
Biomass and waste to energy	0.0	0.0	0.0	97.1	0.0%	2.5%
Biogas	17.0	10.1	10.0	10.4	0.3%	0.3%
Total RES	**52.1**	**41.8**	**40.1**	**136.0**	**1.1%**	**3.5%**
Conventional sources						
Lignite	1,630.0	2,005.1	2,337.7	2,489.3	63.2%	64.0%
CCGT (natural gas)	992.1	1,119.4	1,318.8	1,229.4	35.7%	31.6%
OCGT and other natural gas	1.6	0.6	1.4	0.4	0.0%	0.0%
Oil	0.2	0.8	0.4	0.3	0.0%	0.0%
Other (CONV)	0.0	0.0	0.0	33.9	0.0%	0.9%
Total Conventional	**2,676.0**	**3,125.9**	**3,658.3**	**3,753.3**	**98.9%**	**96.5%**
Total Electricity	**2,673.6**	**3,167.7**	**3,698.4**	**3,889.3**	**100%**	**100%**

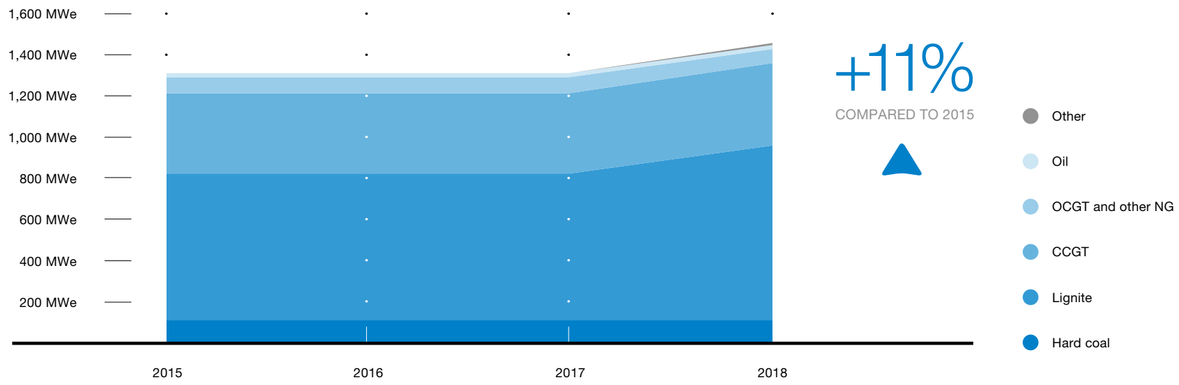
Table 10 Electricity production at EPIF (GWh).

Our growth can also be shown in the segment of electricity generation. EPIF's installed capacity grew, as well as our net electricity production, mainly as a result of acquisitions.

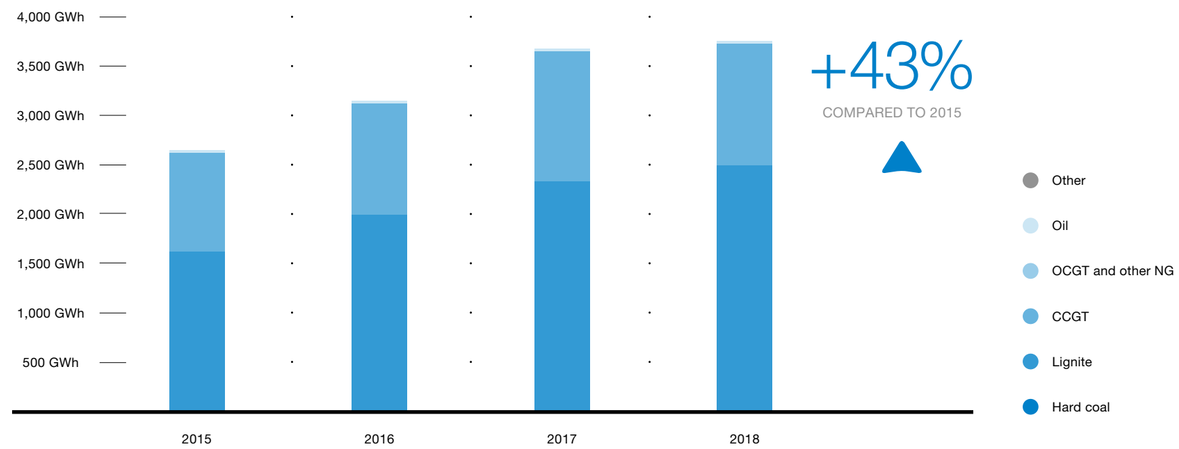
14 High efficiency of co-generation is discussed in greater detail in the Environment chapter ("Our GHG emissions impact").

EPIF's electricity generation has grown from 2.6 TWh to 3.8 TWh since 2015.

Installed capacity in conventional sources



Net electricity production from conventional sources

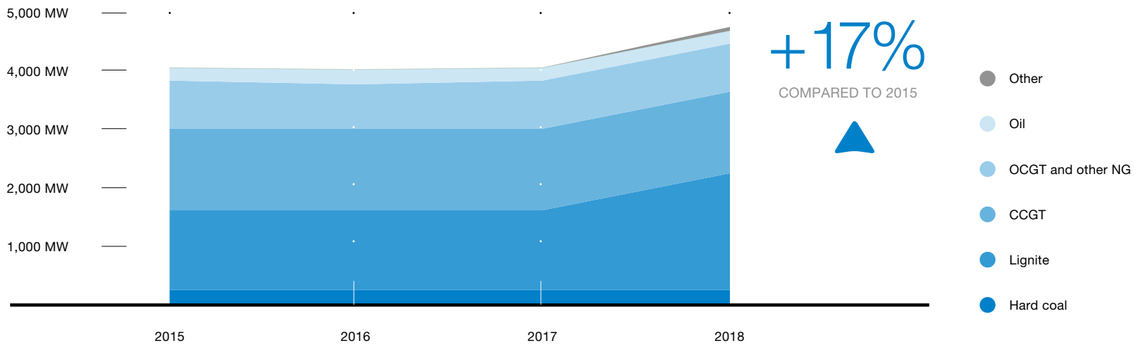


Graph 3 Installed capacity in electricity and electricity production in conventional sources.

As both our installed capacity and electricity production grew, so did the consumption of energy resources, the growth was primarily fuelled by acquisitions (Plzeňská teplárenská as of 31 October 2018).

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

Installed capacity in heat



Graph 4 Installed capacity in heat (MW).

In the segment of heating, installed capacity rose significantly as well as production. However, part of this increase was facilitated through the waste to energy plant and biomass boiler.

Fuel	2015	2016	2017	2018	% of total in 2018
Lignite	6,236,969	6,609,750	6,781,243	8,860,433	56.9%
CCGT	6,315,892	6,711,046	6,736,324	6,193,402	39.7%
OCGT and other NG	436,948	511,310	555,074	284,174	1.8%
Oil	5,203	12,335	1,237	640	0.0%
Other (Biomass, Waste, SAF[15])	0	0	0	243,579	1.6%

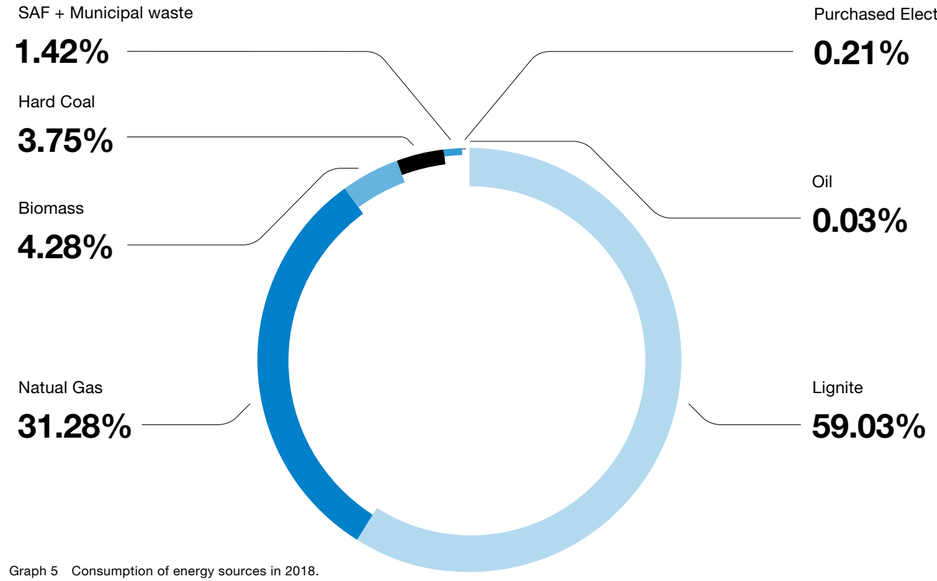
Table 11 Heat production from fuel (GJ).

15 Solid alternative fuels.

Taking into account both growth of installed capacities and production in the electricity and heat segment our consumption of energy resources grew, primarily as a result of the acquisition of Plzeňská teplárenská[16] on 31 October 2019.

Energy consumption in GJ	2015	2016	2017	2018	Change 2015 - 2018
Energy consumption	**44,897,773.93**	**53,600,568.67**	**59,928,663.68**	**63,917,139.10**	**142%**
Hard Coal	5,806,021.82	5,887,036.84	6,042,995.68	2,399,394.41	41%
Lignite	21,955,259.37	27,276,003.57	31,534,457.90	37,728,332.49	172%
Natural Gas	16,919,607.02	20,279,908.35	22,057,188.01	19,990,093.99	118%
Oil	28,246.35	29,192.81	164,762.29	21,751.31	77%
Diesel	236.37	190.00	237.35	187.88	79%
Purchased Electricity	123,427.00	128,237.09	129,022.45	134,532.03	109%
Biomass	64,976.00	-	-	2,733,632.04	4,207%
SAF + Municipal waste	-	-	-	909,214.93	

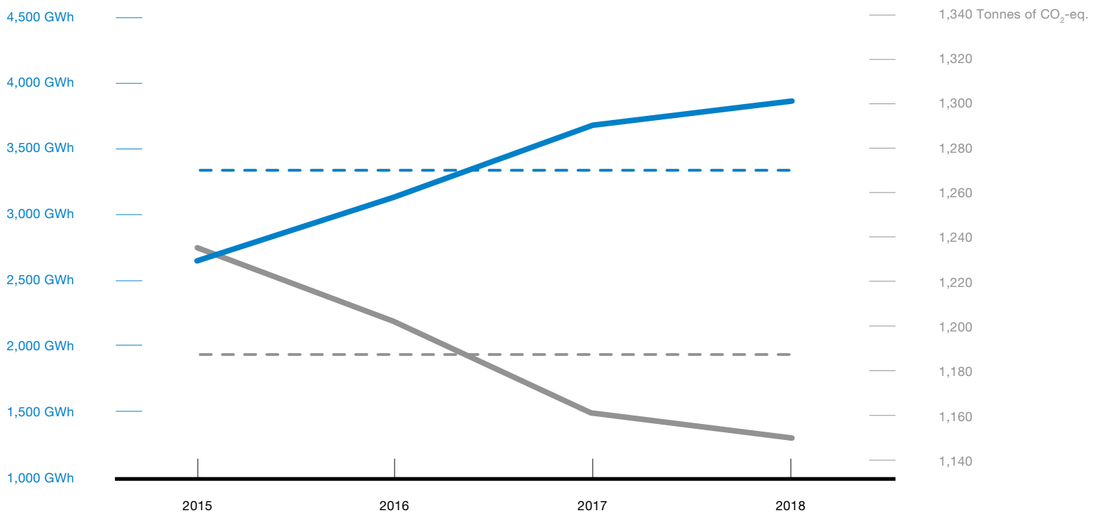
Table 12 Energy consumption in GJ.



Graph 5 Consumption of energy sources in 2018.
Note: SAF stands for Solid alternative fuel.

16 We are including the generation numbers of Plzeňská teplárenská for the whole year of 2018.

As EPIF's generation and energy resources usage grows, it is highly important to **analyse the carbon efficiency of our generation assets**. This is shown on the graph below.



Graph 6 Net electricity production and its carbon intensity (excluding heat component).

Overall electricity generation grew by 45% from 2015 to 2018. **However, CO_2 levels per GWh remained stable and even decreased.** EPIF is well below the 4-year average of 1,187 tonnes of CO_2-eq per 1 GWh of electricity generated. This shows clear improvement and progress made by EPIF, even in the place of new acquisitions and increasing electricity production. It is important to notice that EPIF also produces heat in cogeneration mode which increases its efficiency and therefore improves the emission intensity. For details, refer to Graph 7 on page 63.

EPIF's generation in context shows decent improvements in the overall efficiency of CO_2 per GWh generated.

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.

Certifications	Environmental management system in place	Certification standard (Environmental or safety)
Eustream, a.s.	Integrated management system and EIS	ISO 14001:2015; ISO 14004:2015
Stredoslovenska energetika, a.s.	Integrated management system and EIS	ISO 14001:2015; OHSAS 18001:2007
SPP - distribúcia, a.s.	Internal regulation	-
EP Energy Trading, a.s.*	-	-
Budapesti Erömü Zrt	-	-
Pražská teplárenská a.s.	Integrated management system	ISO 14001:2016; OHSAS 18001:2008
Elektrárny Opatovice a.s.	Integrated management system and EIS	ISO 14001:2015; OHSAS 18001:2008
United Energy, a.s.	-	-
Plzeňská teplárenská, a.s.	Integrated management system and EIS	ISO 14001
SPP Storage, s.r.o.	-	-
Nafta, a.s.	Integrated management system and EIS	ISO 14001:2015; ISO 45001:2018
Pozagas, a.s.	Integrated management system and EIS	ISO 14001: 2015; OHSAS 18001: 2007
TERMONTA PRAHA, a.s.	Integrated management system and EIS	ISO 14001:2005
EP Cargo, a.s.	-	-
EP Sourcing, a.s.*	-	-
	-	-

Table 13 Environmental management systems and certifications in place.
* 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.

Our highest achievements **in environmental management** Case Study

Elektrárny Opatovice In 2018, during a supervisory audit, Elektrárny Opatovice, a.s. passed the inspection of the environmental management system under the ISO 14001 international standard aimed to minimise the impact of its activities on the environment. The ISO 14001 certificate holders include, for example, Pražská teplárenská a.s., SPP - distribúcia, a.s. or NAFTA a.s.

Pražská teplárenská In 2018, Pražská teplárenská a.s. successfully passed the inspection relating to its Safe Enterprise title – during the audit performed by the Regional Labour Inspectorate it was ascertained that the Company fulfils all the reviewed criteria set by the programme.

ISO 14001

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

In 2018 there were no incidents or fines at any of the businesses of EPIF resulting in significant impacts relevant to the environment. Compliance with all licensing regulations was consistently ensured across our operations.

Regarding the environmental management at the holding level of EPIF, a **Health, Safety and Environmental Committee**[17] exists to monitor, report and steer company activities with the goal of preventing any environmental damage and protecting the health and safety of all related stakeholders.

GHG emissions: Our business and climate change

In order to present consistent information, this section tackles the segment of greenhouse gases (“GHG”) and air emissions. The 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 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.**

17 Greater detail on the function of the Committee in the Governance section.

Decarbonization: European goals

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 the 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 (e.g. through possible inventions of energy storage) 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.**

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 40% 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.

EU emissions were reduced by 22% between 1990 and the end of 2017. During the writing of this report, only projection for 2018 were made, which should be between 24.5% and 25% compared to 1990 levels[18]. Furthermore, some countries where we operate, such as Germany, have already made even more ambitious commitments to achieving this reduction by 2020.

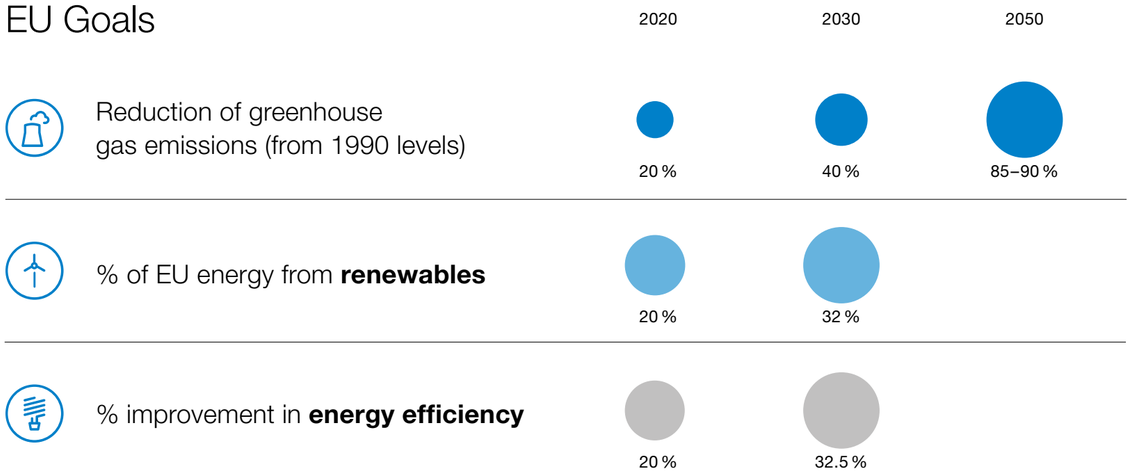
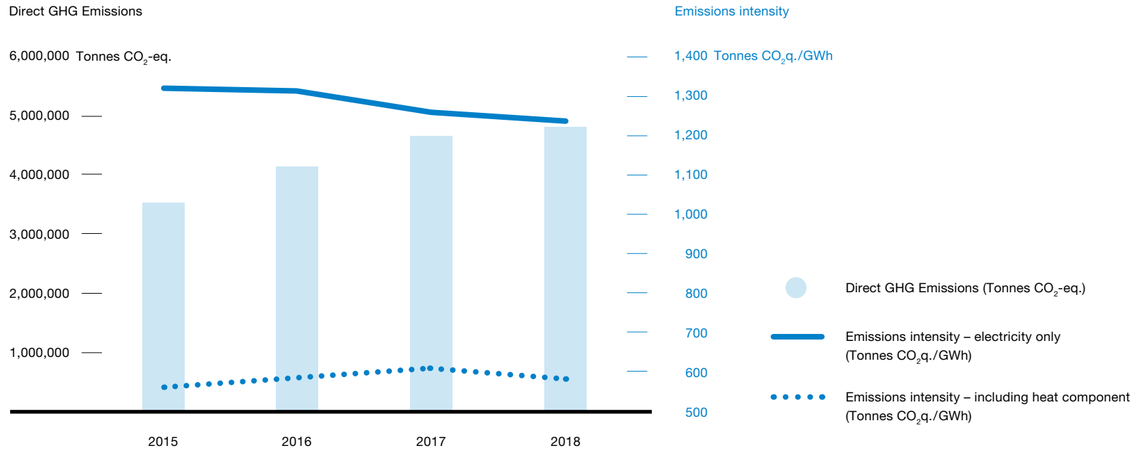
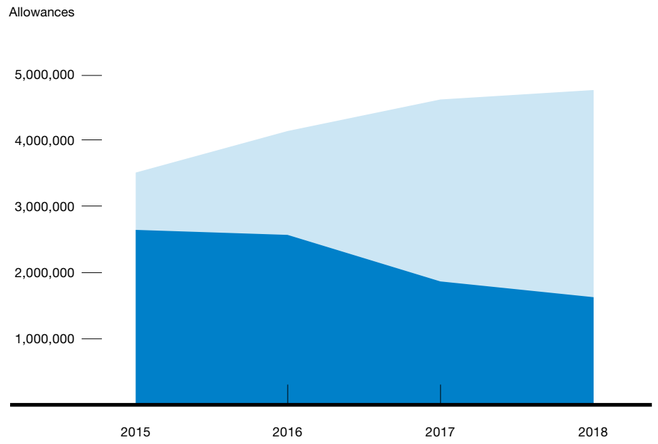


Fig. 5 European energy targets.

18 European Environmental Agency 2019.

As an emitter of GHGs, EPIF intends to make a substantial contribution and support 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.





Graph 7 Direct GHG emissions, emission intensity (electricity and heat) and emission allowances of EPIF Group.

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. As the overall goal of 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. However, efficiency improvements are at the core of our efforts.

Total CO_2e allowances allocated for free

Total procured CO_2e allowances used

For the most part, **we reduced our emission intensity** in the electricity segment. However, due to the acquisition of Plzeňská teplárenská and the growth of EPIF's business, our direct GHG emissions grew by a small amount. Ultimately, we are providing our customers with more electricity and heat, while doing it more efficiently than before, even in spite of the growth in emissions. In the heating component, our emissions were stable with a minor increase, due to the new acquisitions, where we cannot implement new savings or investments straight on. For this reason, modernisation and improvement takes some time.

The majority of our business shows a CO_2 emissions efficiency progress when comparing all the segments. Our most efficient segment is the Gas and Power Distribution, where we emitted only 3,134 tonnes of CO_2-eq, whereas the segment accounted for 35% of EPIF's EBITDA in 2018. This indicator confirms that we are primarily involved in a subsegment of energy industry with a comparatively low carbon footprint.

Segment	Efficiency (EUR Adj. EBITDA / Tonne of CO_2-eq)*	Segment on the Total EBITDA
Gas Transmission	2,248.01	45%
Gas and Power Distribution	**160,186.92**	**35%**
Heat Infrastructure	34.23	10%
Gas Storage	4,033.14	10%

Table 14 Detailed look at CO_2 efficiency in 2018.

* This indicator shows how effective and how dependent the segments are on the GHG emissions. The indicator shows the rate of Adj. EBITDA generation per emitted tonne of CO_2-eq.

How are we reducing our carbon footprint Case Study

United Energy In 2018, United Energy, a.s. continued to focus on its development plans aimed to enhance production efficiency, the production of main commodities (heat and electricity) and preparations for new legislation related to greenhouse gas emissions. At the same time, completion work was carried out on a modernisation project centred on cooling technology and the removal of bottom ash from the K8 boilers, the modernisation of a steam high-pressure part of the TG4 condensing turbine and the renovation of the combustion gas dust-off at the K6 and K7 boilers. Another step in optimising the operation of boilers was the installation of air ventilator control at the K7 boiler using a high-voltage converter.

Pražská teplárenská In 2018, Pražská teplárenská a.s. started preparations for a project focused on the greening of a TMA3 hot water source. The start of the greening is planned for mid- 2019 and will involve the replacement of existing gas burners with low-emission burners and adjustments of the inflow of natural gas and combustion air.

We continue our improvement. Eustream operation emitted 295 thousand tonnes of CO_2-eq in 2018.

As an example, the corresponding GHG emissions were 319 thousand tonnes of CO_2-eq in 2017 and as much as 439 thousand tonnes CO_2-eq in 2012.

Our GHG emissions from transmission activities are effectively linked to compressor stations within our gas transmission. These GHG emissions were produced by Eustream via its natural gas fuelled compressor stations (technical gas), amounting only to **295 thousand tonnes of CO_2-eq in 2018**, which is a substantial reduction compared to previous levels thanks to the refurbishment of the facilities.

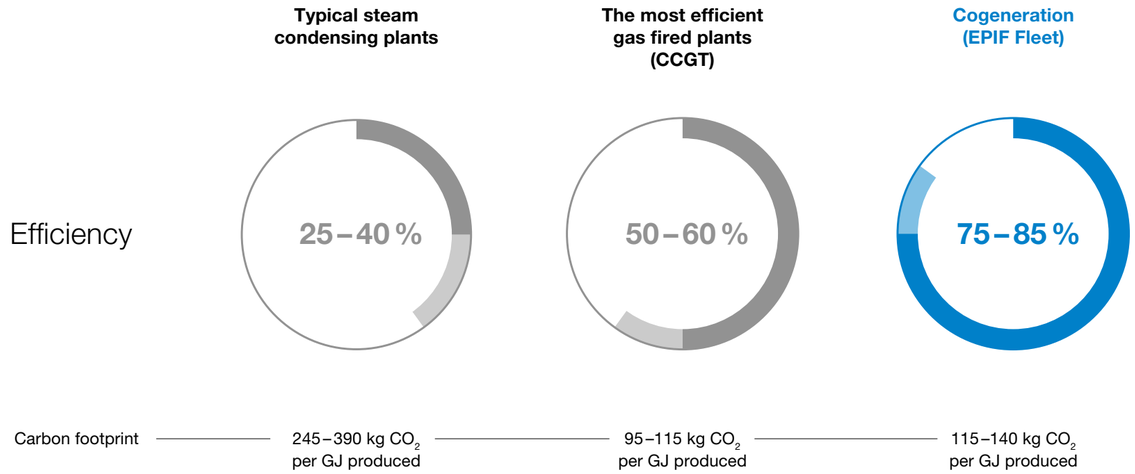
Aim of this first Sustainability Report is to strive to transparency and objectivity in all presented data. For this reason, **our direct CO_2-eq emissions by segments are available in the table below**. To make it easily comparable, we included our Adj. EBITDA, to present the importance and weight of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

Segment	Category	2015	2016	2017	2018
Gas Transmission	Tonnes of CO_2-eq	185,780	298,922	319,110	295,817
	Impact on Adj. EBITDA (%)	**48%**	**46%**	**45%**	**45%**
Gas and Power Distribution	Tonnes of CO_2-eq	4,336	3,039	3,738	3,134
	Impact on Adj. EBITDA (%)	**30%**	**33%**	**35%**	**35%**
Heat Infra	Tonnes of CO_2-eq	3,303,856	3,808,498	4,294,149	4,469,737
	Impact on Adj. EBITDA (%)	**10%**	**10%**	**10%**	**10%**
Gas Storage	Tonnes of CO_2-eq	37,991	47,141	41,322	36,448
	Impact on Adj. EBITDA (%)	**12%**	**11%**	**10%**	**10%**

Table 15 Efficiency at EPIF by segments, comparing the tonne of CO_2-eq and Adj. EBITDA 2018.

Note: The growth in the CO_2-eq emissions was associated mainly with the increasing scope of our operation (see graph 3 below).

From 2015 to 2017, emissions of Pozagas are included in the Gas Storage segment despite its equity participation due to better comparability.



Graph 8 EPIF's plants efficiency.

Along with our verified data on the efficiency improvement in our transmission and distribution, the EPIF Group also gives special importance to 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 that of the average competitors' plants which is underpinned by our cogeneration fleet[19].**

EPIF owns three lignite fired heat co-generation units in the Czech Republic as well as three gas fired units in Budapest, Hungary. All of the units are **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. Centralised cogeneration heating systems carry **a significant environmental advantage**. Our efficiency and cogeneration directly translate into our carbon intensity, which has decreased despite our production growth.

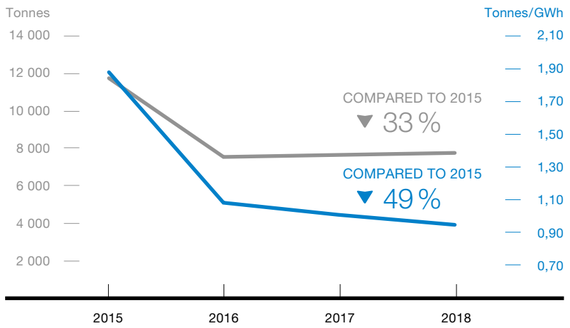
Other air pollutants

We carefully monitor not only our CO_2 emissions, but also all other important GHG emissions and dust particles. Due to the continuous improvements through modernisation and optimisation of our business processes, compared to the 2015 baseline we:

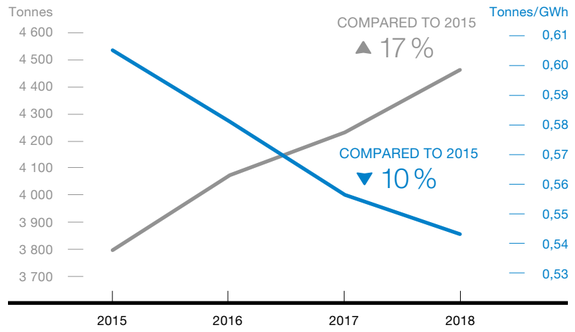
- Reduced our SO_2 emissions and improved our overall efficiency in regard to emitted tonnes per GWh,
- Increased our NO_x emissions due to increasing generation,
- Reduced our dust emissions and kept our efficiency stable despite new acquisitions.

19 Based on the average efficiency of presented technologies.

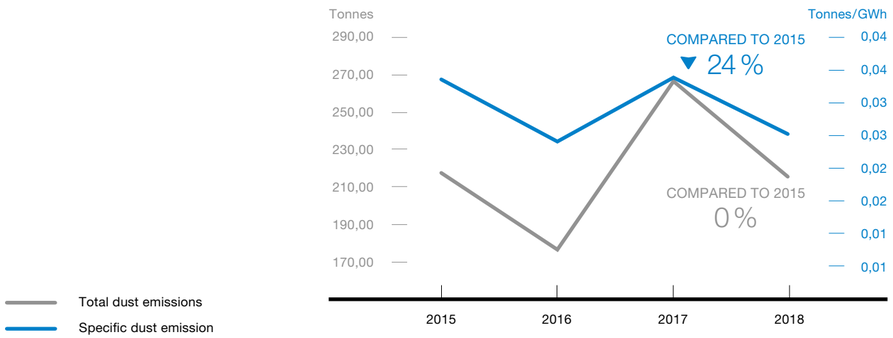
SO_2 emissions



NO_x emissions



Dust emissions



Graph 9 Relevant air emissions and EPIF's improvements.

The biggest atmospheric pollutants associated with our activities are sulphur oxides (SO_2), nitrogen oxides (NO_x), and particulate matter. **How do we manage these?**

- **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 24% compared to 2015.
- **Mercury emissions**. Coal-fired power plants also emit small amounts of mercury. New European legislation sets 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.

Activities of Plzeňská teplárenská Case Study

To show our efforts in specific cases, two projects were carried out in **Plzeňská teplárenská** in relation to the legislative requirements for the tightening of the Industrial Emissions Directive (IED):

DeNOx of boiler K3

Intensification of wet scrub desulphurisation – modern desulphurisation technology in a flue gas absorber

Realisation of these projects will take place in 2019–2020 and we expect **investment expenses of approximately several tens of millions of EUR**.

EPIF's installed capacity in renewable resources increased by 51%, from 26 MW in 2015 to 40 MW in 2018.

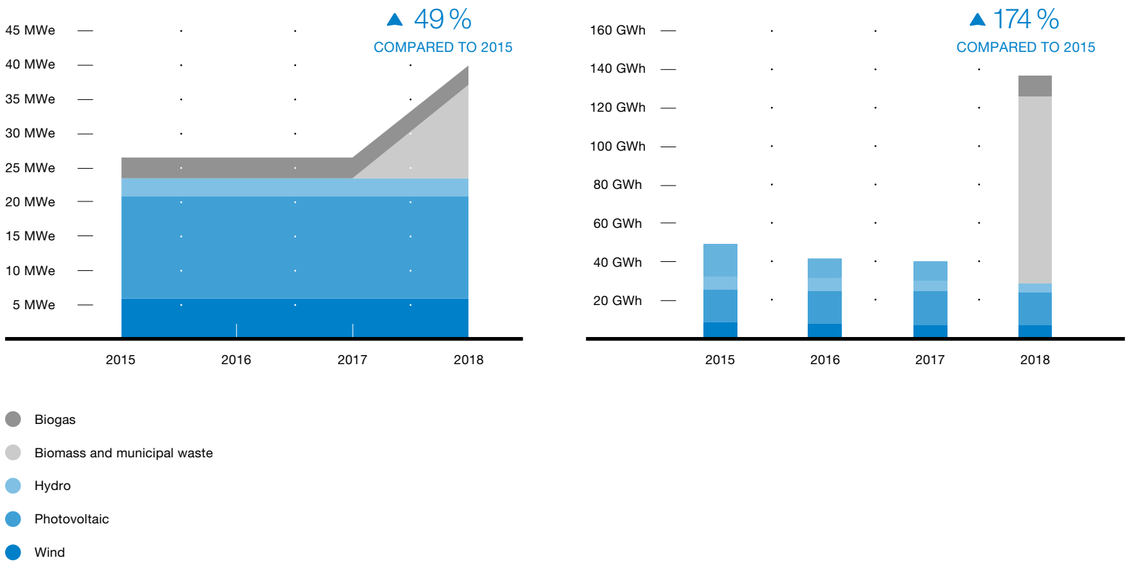
Renewable energy

Renewable energy is proving to be a more significant topic in EPIF as years go by. On the strategic level, as data show, we are a transmission and distribution company, with few assets (less than 10% of 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.

Renewable resources promotion

Over the years, we have acquired 26.5 MW of renewable electricity sources in wind, photovoltaics and hydro plants. During the course of 2017 and 2018, we chose to further invest in the generation of electricity from renewable sources. Thus, last year, we acquired new capacity in a waste-to-energy plant through Plzeňská teplárenská, which boosted our **installed capacity by 51% and generation by 174% compared to 2015.** In total, in 2018, we owned 40 MW of installed capacity from renewable resources.

Energy from renewable sources has a very important place in EPIF's strategy, as we are always on the lookout for future opportunities in this area.



Graph 10 Installed capacity and generation in renewables of EPIF.

EPIF generated almost twice more electricity from renewable sources than in 2015 (an increase of 174%, 86 GWh) and as much as 239% more than last year.

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 to be integrated into the electricity grid. We also help our customers to install their own small renewable plants, such as photovoltaics.

In the area of underground gas storage, **NAFTA joined the hydrogen initiative**, whose goal is to maximise the potential of hydrogen produced from renewable resources. Hydrogen has the potential as an energy carrier to cover uneven production of renewable electricity, and storing hydrogen in underground storage facilities will bring additional flexibility for the energy market. The project is currently at a pilot phase, where opportunities in this area are explored.

We find other ways to support renewables

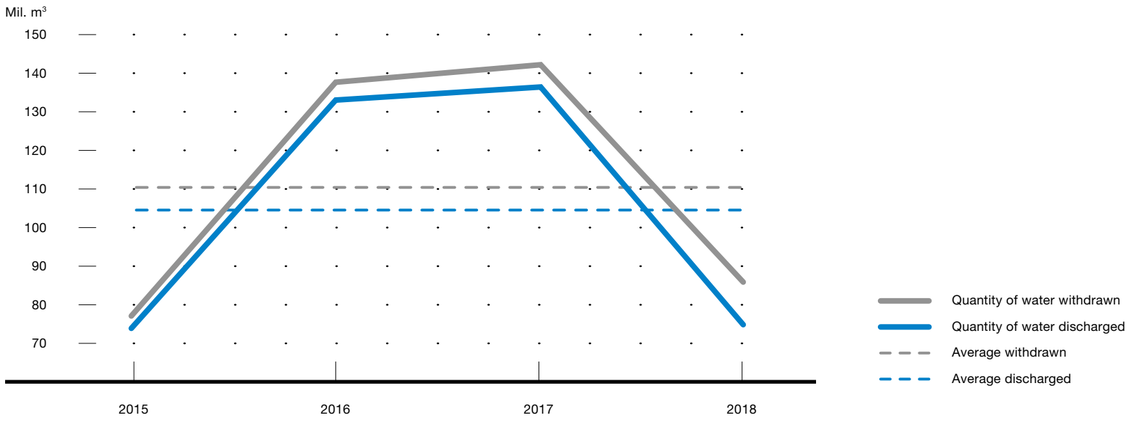
Water

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 endeavour to provide the best protection for aquatic habitats and other ecosystems against adverse effects from supplying our mining operations with water.

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 to 104.5 million m^3 in 2018. Water withdrawal from our operations decreased to 85 million m^3 in 2018. The vast majority of water extracted is sourced from surface water with smaller amounts from ground water sources.

This decrease was facilitated through operational measures in our plants. For example, at Elektrárna Opatovice, we focused on intensification of the circular cooling and optimisation of consumption.



Graph 11 Water intensity: Volumes withdrawn and discharged.

Net water efficiency (withdrawal vs. electricity and heat production) of EPIF has increased by 20% compared to 2015. We continue to be more efficient in water usage.

Not only do we 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 since 2015, our efficiency has increased by 20%. Also, it is important to note that **in 2018, we are well below the average withdrawal ratio.** On average from 2015 to 2018, we withdrawn 110.5 mil. m^3 and discharged 104.5 mil. m^3.

Unit	Category	2015	2016	2017	2018	Average	Between 2017–2018	Increase (2015–2018)
mil. m^3	Quantity of water withdrawn	76.6	138.1	142.1	85.4	110.5	**-57.7**	**11%**
mil. m^3	Quantity of water discharged	73.5	133.3	136.5	74.9	104.5	**-61.6**	2%
GWh	Total net energy production	6,283.0	7,011.7	7,607.0	8,217.1	7,279.7	610.1	**31%**
%	Electricity and heat production increase	Benchmark year	12%	8%	8%	9%	0	8%
%	Net efficiency increase*	Benchmark year	-38.1%	5.5%	79.7%	15.7%	74%	**20.3%**

Table 16 Water efficiency at EPIF.

* (NET electricity and heat production vs. Quantity of water withdrawn, 2015 as benchmark year).

Water withdrawn has decreased by 57 million m^3 (40%) since 2017.

Reducing our water usage

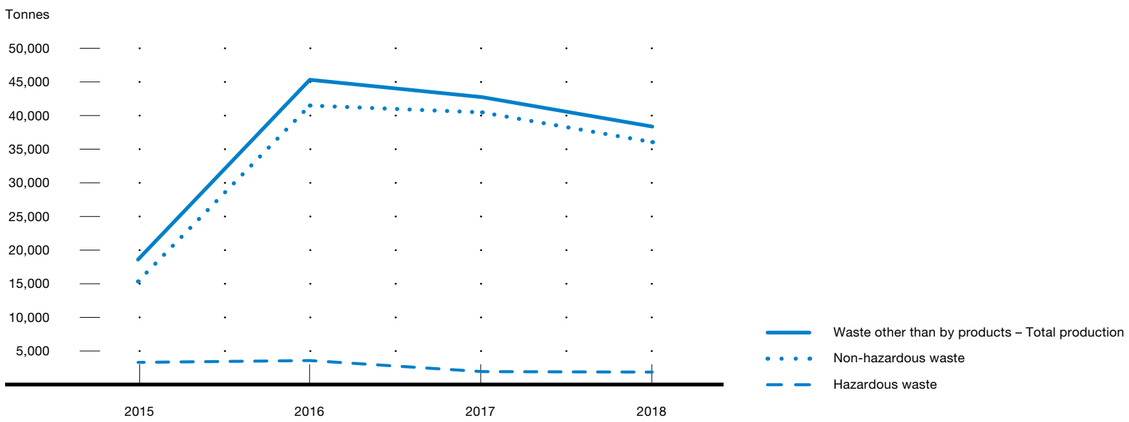
We aim to reduce our water footprint through methods including the reuse and recycling of water, more intensive use of collected rainwater, as well as recovering and re-using process water from operations. Our internal wastewater treatment and continuous monitoring of the process ensure that potential 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.

Effluents and waste

The main principle underlying our approach to waste management can be summarised 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).

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). Total waste other than by-products amounted to 38.5 thousand tonnes in 2018, which is an improvement over 2017, when the corresponding volume of waste was equal to 42.7 thousand tonnes.



Graph 12 Waste generated.

We reduced our waste generation by 4.2 thousand tonnes in comparison to last year (10%).

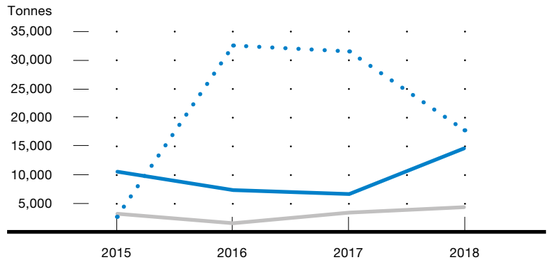
Our waste management

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

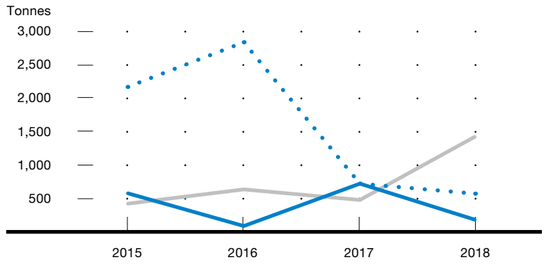
In the area of waste management, we aim to continuously increase the percentage of hazardous and non-hazardous waste sent for recycling and to minimise waste going to landfills as much as possible. For instance, SSD uses recycling facilities for construction waste, ferrous and non-ferrous metals, cables, discarded equipment, including electrometers, batteries and oils. Waste sold increased by 35% year-on-year, which meant additional revenues of EUR 144 thousand in 2017. The category of "Other" in the non-hazardous waste corresponds to the excavation soil relocation.

In addition to waste, **we also generated 1,488 thousand tonnes of by-products in 2018**, slightly lower in comparison with the prior year (1,496 thousand tonnes in 2017). 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.

Non-hazardous waste
by means of disposal



Hazardous waste
by means of disposal



Graph 13 Waste management of EPIF.

By-products are a great way of reducing our waste in the first place and creating further value for our stakeholders. They are used in various business segments, primarily in construction.

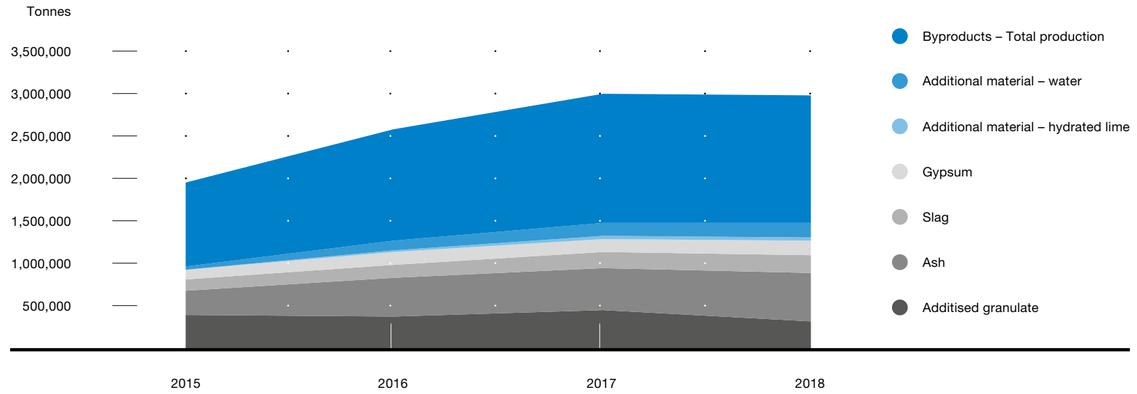
Our efforts in improving waste management Case Study

Plzeňská teplárenská, a.s. operates a 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.

Plzeňská teplárenská, a.s. also uses fly ash and slag from the combustion of lignite and biomass as secondary energy products used for the reclamation and adjustment of terrains or for construction purposes. The company therefore made sure that the above secondary energy products were certified and continues to explore other options for their use. In 2018, regular audits of the management system and production were carried out and other certification was obtained for the products to be used in a new location and for other construction purposes.

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

waste-to-energy



Graph 14 By-product generation.

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. Thus, by creating by-products we are reducing the environmental pressure in two ways.

Biodiversity

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 and where relevant, the direct and indirect impact of our activities on local ecosystems and biodiversity is assessed with the aim of not only minimising any negative footprint but also of playing 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** at the end of a power plant's lifetime period as well as in the segments of exploration and drilling where NAFTA is obliged to restore these sites to their original state, for which purpose special recultivation related provisions have been created.

What exactly do we do to improve the biodiversity of our environment? Case Study

For instance, at **EOP**, we cooperate with State institutions in regard to protection of endangered species on the Bukovina ash disposal site. Also, In SSE we are engaged in the LIFE initiatives to reduce the number of deaths of birds on the distribution grids. Only in 2017, we invested over EUR 74 thousand, installing technical devices to protect the birds.

In 2018, **SPP – distribúcia**, a.s. performed local redevelopment and hydrogeological explorations at seven facilities under the supervision of the Slovak Environmental Inspectorate. The result of all redevelopment work was the conversion of the location into its original condition based on the Slovak Environmental Inspectorate's report on performing and completing redevelopment and hydrogeological explorations.

We installed special booths in the chimneys in Plzeňská teplárenská to protect the rare peregrine falcons that nest there.

In total **EPIF group** reported provisions of EUR 195 mil. in 2018 dedicated for the recultivation and restoration projects that will convert the current business areas back to its original state.

€ 195 mil. dedicated for the recultivation & restoration projects

Biodiversity

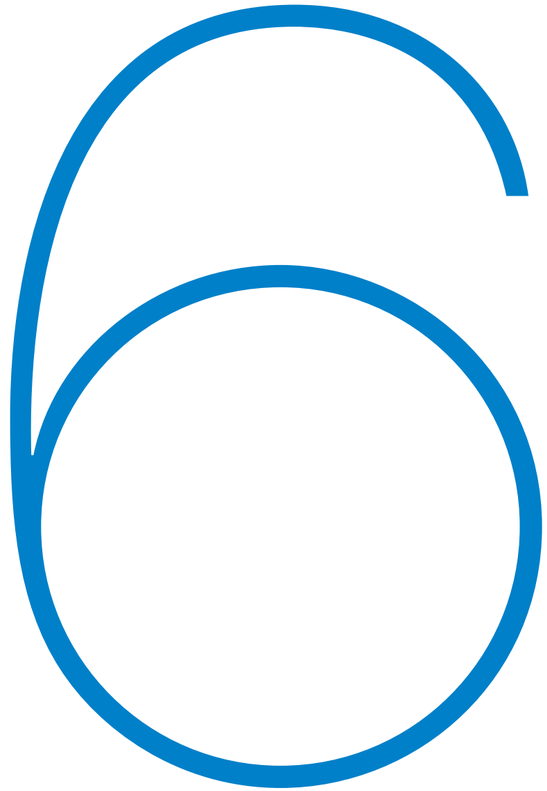
In addition to the activities of our subsidiaries, we contributed to a wide array of projects in the field of biodiversity through the EPH Foundation. Only in 2018, we contributed and supported 22 projects in the area of nature protection and education. Just to name a few:

- With the **Bratislava Regional Conservation Association,** we contributed to the restoration of the original mosaic of the agricultural landscape located in the **Protected Bird Area of Ostrov Ilúky on the Rye Island**. The overall goal was to increase the diversity of this area and thereby rebuild the space needed for the life of rare species of plants and animals.

- We supported the **Old Mountain Miners Guild of RICHTERGRUND**, in their efforts to regulate the mining waters at the Terézia – Staré Hory shaft. The problem was that waters flowing from the nearby neighbourhood of the old overburdened galleries above the Teresa shaft had a devastating effect (depending on the intensity of the rain and the season) **on the area and erosion threatened** the old mining shaft into which the above-mentioned water flowed. The goal of the project was to prevent that.

Governance

The following section describes EPIF's approach to corporate governance and basic principles ensuring 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 and related policies



Introduction

These planned activities complement our current actions on the subsidiaries level. As the mentioned policies and ESG structure will centralise the monitoring and enforcement of all ESG matters at the EPIF 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, showing how we manage ESG issues at EPIF. As this is the first standalone sustainability report of EPIF, we have a greater ESG change planned. Our plans for next year involve the establishment of new sustainability-related policies and appropriate internal processes, applicable for all subsidiaries: an Environmental, Social and Governance policy framework, a Code of Conduct, a specific Environmental one, an Operational one, and a Responsible Procurement Policy.

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 ringfenced 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. 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 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 2018:

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 17 EPIF Board of Directors.

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.

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 18 EPIF 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		Voting rights
	EUR million	%	%
EP Investments a.s.	2,062	69	69
CEI INVESTMENTS S.a.r.l.	926	31	31
Total	2,988	100	100

Table 19 EPIF Shareholders as at 31 December 2018.

EPIF Board member profiles

CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Daniel Křetínský

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 currently also serves 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 five 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 is currently a direct shareholder 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

VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Gary Mazzotti

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 UE, EOP, PLTEP, 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).

VICE CHAIRMAN OF THE BOARD OF DIRECTORS

Jiří Zrůst

Mr. Zrůst has been a member of the Board of Directors since February 2017 and its 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.

MEMBER OF THE BOARD OF DIRECTORS

Stéphane Brimont

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.

MEMBER OF THE BOARD OF DIRECTORS

Pavel Horský

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 is currently 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 five 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

MEMBER OF THE BOARD OF DIRECTORS

Milan Jalový

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

Mr. Jalový holds the position of controlling director at EP Power Europe, a.s., and is 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.

MEMBER OF THE BOARD OF DIRECTORS

Marek Spurný

Mr. Spurný has been a member of the Board of Directors since December 2013. Currently, Mr. Spurný is 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 is currently 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 five 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.

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, 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 Mičrácký	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 EPIF Senior Management.

FINANCE DIRECTOR

Filip Bělák

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 SPPD 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 a number of 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).

DIRECTOR OF **FINANCING AND TREASURY**

Tomáš Mičrácký

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

Mr. Mičrácký 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. Mičrácký 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. Mičrácký worked for over eight years on different positions at The Royal Bank of Scotland (previously ABN AMRO Bank).

Mr. Mičrácký 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.

DIRECTOR OF **GAS STORAGE SEGMENT**

Martin Bartošovič

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 SPPD 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.

CHAIRMAN OF THE BOARD OF DIRECTORS OF **SSD** AND **SPPD** (GAS AND POWER DISTRIBUTION SEGMENT)

František Čupr

Mr. Čupr has been the chairman of the board of directors of SSD and SPPD 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 five 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 is currently 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.

CHAIRMAN OF THE BOARD OF DIRECTORS OF **EUSTREAM** (GAS TRANSMISSION SEGMENT)

Tomáš Mareček

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 five 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.

DIRECTOR OF **HEAT INFRASTRUCTURE SEGMENT**

David Onderek

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 co-generation 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.

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[20].** To control the ESG agenda more efficiently, EPIF started to centralise the current decentralised topics at the subsidiary levels.

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	2019*	EPIF
Operational policy	2019*	EPIF
Procurement policy	2019*	EPIF
ESG Master policy	2019*	EPIF
Code of Conduct	2019*	EPIF

Table 21 Group Policies relevant to EPIF.

* Policy is planned to be implemented during 2019.

20 More detail in the EPIF compliance section below.

These policies contain the following principles and guidelines:

- 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 Specialised Committees relevant to EPIF.

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 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.

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.

As a step forward within our sustainability commitment, the upcoming ESG Master Policy, along with the new Code of Conduct for the EPIF Group, will be implemented in 2019, applicable to all EPIF subsidiaries, aligned with local and existing policies, further described below.

In late 2018, a general commitment that represents EPIF’s core business values and commitments, known as **ESG Master Policy**, was presented, to be implemented during 2019 together with the EPIF level Code of Conduct.

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 we operate**. 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 are preparing the **following recommendations and commitments** 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 EPIF ESG commitments and encouragements.

Based on a deep internal review, **we identified and established key policies** which are being developed to improve our internal operations and external communication, to uphold our desired level of excellence. **These policies centralise the efforts of our subsidiaries and are connected to EPIF's commitments in the ESG Master Policy.**

Policy highlight: EPIF tax governance policy

The EPIF Tax Governance policy ensures compliance with all applicable tax laws and regulations, within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementation of business decisions.

To address the risk of tax non-compliance, as well as other identified tax risks, material transactions are assessed by approved tax experts.

The purpose of the policy is to ensure compliance with tax rules in various countries and territories in which the EPIF Group operates, prevention and reduction of significant tax risks and strengthening of the relationships with tax authorities.

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 two to five times per year. One of its key responsibilities it 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. The Committee has three members appointed by General Meeting of Shareholders of EPIF for an indefinite period of time and meets as necessary.

Whistleblower Policies at subsidiaries: Best practices Case Study

EUSTREAM
Standardised forms

The company 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, the company introduced standardised forms, which is to be used by the employees who suspect unethical behaviour.

SPP – distribúcia
Involving external parties

The company 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.

POZAGAS
Group Ombudsman

Employees may submit their complaints to Group 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 the company), 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 whistleblower.

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.

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 will be introduced during the course of 2019. However, 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 them all together with the aim of presenting the general ideas in English and in one place.

Codes of conduct of our subsidiaries

For instance, **Plzeňská teplárenská** has a Code of Ethics from 2017. It contains 10 main commitments that go as follows:

1 We respect the law.

2 We honour the principles of fair, honourable and equal treatment.

3 We uphold occupational safety rules.

4 We protect the environment.

5 We respect the rights and needs of our employees.

6 Our employees perform their duties responsibly.

7 We maintain correct relationships with our business partners.

8 We value our customers.

9 We protect personal data.

10 We protect and create the good name for our company.

11 We avoid any sort of illegal or corrupt behaviour.

The new procurement policy will be focused especially on the monitoring of our supply chain and encouraging that our suppliers, as well as our customers, are compliant with local regulations and with our internal policies related to human rights, employees, and environmental matters.

Supply chain management

EPH has a centralized procurement function managed by EPH Group Procurement. ("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 minimizing 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 **supply chain (procurement) policy** in 2019.

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 2018.

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.

Risk management

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.

As part of its operations, the Group is exposed to different market risks, notably the risk of changes in interest rates, exchange rates and commodity prices. 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.

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 following members and reports to the Board of Directors.

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

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.

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.

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 the society and environment.

One of our priorities is to present truthful information about our company 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.

In regard to communication with 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.

In 2018 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. Minor environmental fine was imposed on the Hungarian Bert, for the late registration of air conditioning machines in the offices and in plants. This case was thus only of an administrative nature.

Fine category	2018
Environmental Fines	0.464
Society	0.0
Governance	0.0
Total	0.0

Table 24 List of significant fines during the 2018 (k EUR).
Detailed information regarding litigations and claims is disclosed in the *EPIF Consolidated Annual Report*.

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.

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 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 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.

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 occupational health and safety, employment, training and development and social and community initiatives.

Health and Safety at EPIF

The EPIF Group is committed to ensuring the highest standards in 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 operation. 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 other 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 colleague. **BBS is an important step in the transformation of safety culture from reactive and dependent to the proactive and interdependent.**

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

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 trainings.

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.

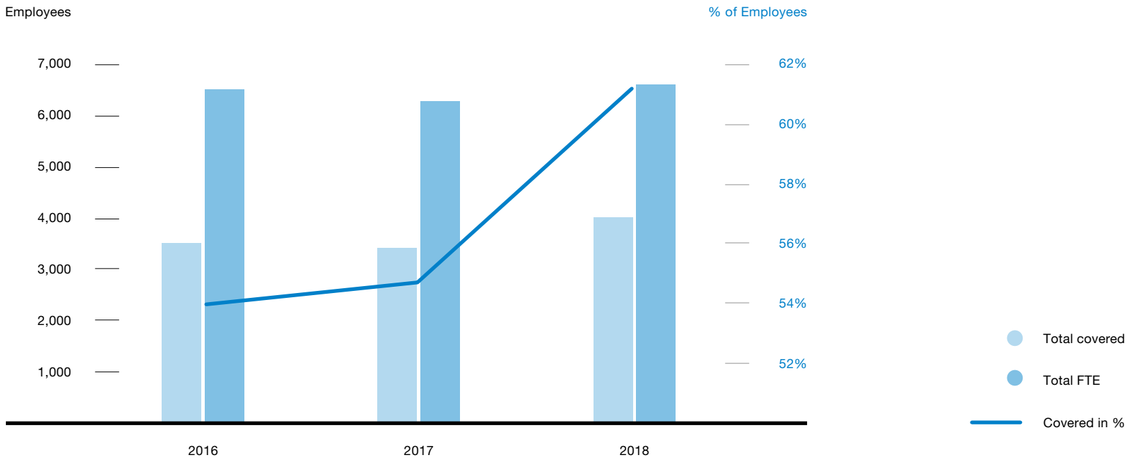
While the H&S results demonstrated by EPIF and our subsidiaries are improving, the ultimate goal is to have all operations and sites capable of maintaining a sustainable "**zero harm**" objective. In order to meet this goal, **EPIF will continue to support its subsidiaries in reinforcing preventive tools**,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

The injury frequency rate was approximately 2.9 in 2017 and 2.6 in 2018. **We are proud to report that the total number of injuries went down**, even when taking into account the lower number of hours worked by our employees. We are also glad that during 2018, EPIF and its subsidiaries had no fatal accidents involving their own employees or contractors.

		2016	2017	2018
Employees working hours & Incidents				
mil. hours	Hours worked	11.0	10.4	9.2
#	Registered injuries	21	29	29
#	Fatal injuries	-	1	-
index	Injury Frequency Rate	1.9	2.9	2.9
Contractors working hours & Incidents				
mil. hours	Hours worked	0,01	0,02	0,01
#	Registered injuries	2	1	1
#	Fatal injuries	-	-	-
index	Injury Frequency Rate	0.0	0.0	0.0

Table 25 Employees and contractors working hours and incidents.

Our commitment to the health and safety of our employees can also be proved by the fact that over 4 thousand employees (61%) out of 6.5 thousand employees work under the OHSAS 18001 standard. However, this does not mean that rest of our employees do not work in a safe and healthy environment. This is a special non-standard certification. **It only shows that we are taking even more steps in managing H&S at our plants and we view this area as extremely important.**



Graph 15 Employees covered by OHSAS 18001.

Over 61% of EPH's employees work in companies that are certificated under OHSAS 18001.[21]

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

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.

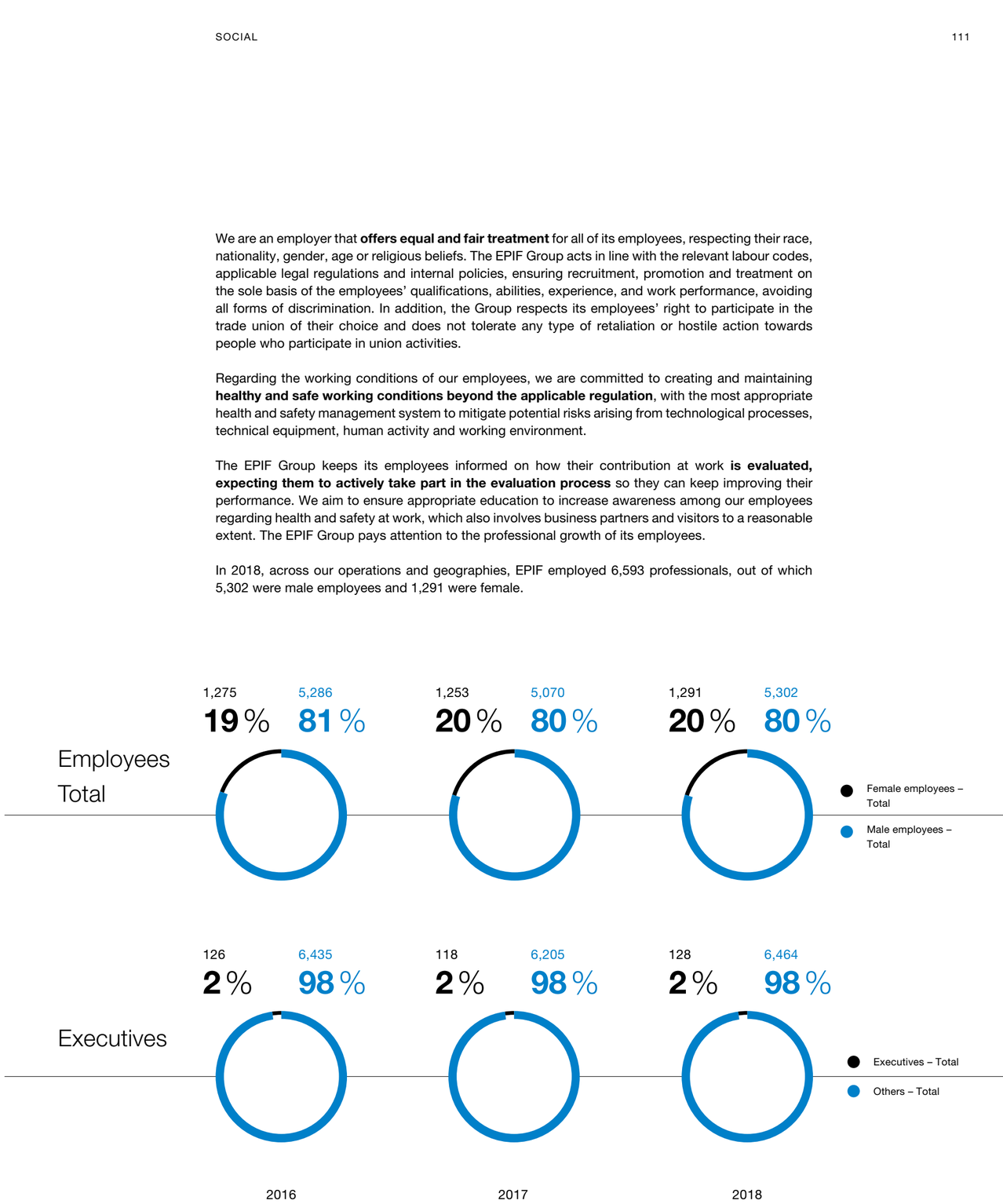
From its position as the main shareholder, EPIF strives to promote the trust, ownership, engagement and commitment of our employees as this has a direct impact on increasing innovation, employee morale, productivity, retention and talent attraction.

We are an employer that **offers equal and fair treatment** for all of its employees, respecting their race, nationality, gender, age or religious beliefs. 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 2018, across our operations and geographies, EPIF employed 6,593 professionals, out of which 5,302 were male employees and 1,291 were female.



Graph 16 Employees data 2018.

As in any energy related field, this is a business area that is mainly attractive to men. These rates are thus comparable to our peers[22] in the energy business, being around 20% for women in non-executive positions and around 19% for women in executive positions.

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

Table 26 Employee turnover overview.

In terms of executive positions, we observe a clear trend of having more female executives in the company's leadership, even when the total amount of executives went down.

Almost 95% of our employees are covered by various collective bargaining agreements.

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

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

	2016	2017	2018
Collective bargaining in EPIF			
Employees (FTE)	6,561	6,323	6,593
Employees with collective bargaining agreements	6,267	6,034	6,260
% of employees with collective bargaining agreements	95.5 %	95.4 %	94.9 %

Table 27 Collective bargaining in EPIF.

Training and development

EPH 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 EPH 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
Training			
Total training hours – all employees	186,744	177,942	180,449
Total training hours – per employee	29	28	27

Table 28 Training hours.

Other than training activities within the company, our employees are active in spreading their expertise among students and other experts in the industry.

Few examples of our external education activities

Case Study

SSE cooperates with universities within the framework of sustainable development, especially in the area of the Trainee programme – the development programme of SSE designed for university students.

NAFTA experts have also been lecturing at technical forums and at symposiums locally and internationally. In addition, a series of lectures were held last year entitled Naftárska univerzita, dedicated to all our colleagues seeking to expand their knowledge of energy, natural gas, the environment and other areas where NAFTA operates.

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.

In regard to the operation of our facilities, we **frequently update the information on safety risks** associated with our services and products. Our companies have hotlines in place where customers can call in a case of an emergency. In addition, the websites of the EPIF Group subsidiaries are frequently updated with any information regarding accidents or planned outtakes. In case of any emergency, the EPIF Group communicates quickly and transparently with all involved stakeholders and governmental bodies. Our emergency plans are designed to include the best practices in safety management.

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[23] that contains the rules for employees in 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.

23 For greater detail, see the Governance section of the report.

In 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.

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** 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.[24]

Community involvement and selected social initiatives

It is important for EPIF, as a key stakeholder, to support and develop the area we operate in. 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 a primary benefactor of the EPH Foundation**.

In 2018, the EPH Foundation's vision included the development and protection of spiritual, cultural and natural values, the environment, science, education, sports and physical education, and, of course, health, human rights and other humanitarian goals. The EPH Foundation has decided to achieve this goal by supporting public benefit projects under open grant programmes and outside the grant schemes in 6 areas of support:

- Education and innovation
- Culture
- Health and sport
- Disadvantaged groups
- Regional development

24 More information on the EPH foundation in the next section.

Name of the programme	Areas covered
The Scientist (Vedátor)	We support university students in their research.
Foothold (Oporný bod)	The programme supports socially and economically disadvantaged families and social services to provide for those in need.
Naturally (Na prírodno)	We support projects in the area of nature conservation and its protection.
In my area – programme for employees (V mojom okolí)	Our active employees use funds in this programme to finance the development of their communities in various ways.
Municipalities SPP-D (Municipality SPP-D)	Through these projects, we directly contribute to the development of the municipalities in which we operate.
Municipalities Nafta (Municipality Nafta)	

Table 29 Programmes of the EPH Foundation.

In 2018, a number of projects were funded across several programmes. Most projects were supported in the category of Slovak municipalities, where we supported cultural, education and community development projects. Most projects (except from the partner projects) were supported in the programme "Foothold", which is dedicated mainly to social programmes and initiatives for the disadvantaged.

Programme	Support in EUR	Number of projects
The Scientist	9,866	5
Foothold	100,000	29
In my area	35,000	37
Naturally	50,000	22
Municipalities (SPP-D & Nafta)	168,331	44
Partner projects of the EPH Foundation	537,110	71
Total	**900,308**	**208**

Table 30 EPH Foundation programme allocation in 2018.[5]

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 2018, **71 projects were supported with a total of EUR 537,11 thousand**. All of the planned projects were fully realised.

In total, during 2018 the EPH Foundation participated in and funded 208 projects, providing overall support of EUR 900 thousand.

Area of support	Support in EUR	Number of projects
Education and Innovation	141,126	24
Culture	63,500	11
Health and sport	146,808	16
Disadvantaged groups	129,689	15
Regional development	55,988	5
Total	**537,110**	**71**

Table 31 Areas supported by partner projects in 2018.[25]

For 2019, we are planning in cooperation with EPH to **establish a specific foundation in the Czech Republic**, as almost all projects in the current foundation are carried out in Slovakia. Ultimately, **we intend to actively double our activities in this area next year.**

We contribute to a wide range of projects also outside the EPH Foundation, from education, sport, supporting disadvantaged groups to culture and development of the regions we operate in.

- For instance, at **SSE** our employees conduct various of activities to help their fellow people in need, **namely donating blood**, periodically **volunteering with the Charity** of Saint Elisabeth in Zvolen, **supporting the children's home** in Tornali or helping at the **centre of found animals** in Ružomberok.

- At **Nafta, it is an integral part of the corporate culture to organise events that appeal to our humanity**, and such events have been successfully organised for several years. These include charitable financial collections *Naftári naftárom, ale nielen im….* in which both NAFTA and its employees are helping individuals and families resolve difficult life situations. This financial collection was supplemented by distributing luncheon vouchers for children in orphanages. Further proof of the responsible approach our employees take and the solidarity between them and those who need our help can be seen in the voluntary **blood donation programme** Naftárska kvapka krvi.

25 More information along with the full disclosure of all projects and benefactors are available on the EPH Foundation's website and in its annual reports.

Details on our activities in the EPH Foundation: Focus on education Case Study

We supported the **Slovak Environment Agency** in its efforts to create a Green Education Fund. Its goal is to support the realisation of projects related to environmental education for kids and youth and the general public.

In area of **education, sport and health support**, we contributed to the construction of a children's playground in Košice, Bratislava, Unín, Plevník or in Michalovice, just to name a few.

In our **Scientist programme**, we supported research activities with the goal of saving energy in the ventilation and heating in buildings, or an experiment to test an innovative way to control heat and lightning comfort inside buildings.

Community involvement and projects in the Czech Republic

Our companies are very active also in the Czech Republic. A long tradition of supporting and funding projects that help and aid those in need or support meaningful changes in our society is established in our companies. Short examples of our activities include:

Elektrárny Opatovice: Short overview of activities in 2018

In 2018, the company financially supported 73 local projects and organizations, distributing in total CZK 7.044 mil. EOP backed hospitals, healthcare centers, schools, universities and other educational institutions, museums, libraries, municipalities and sport centers for youth and children.

For instance, we funded therapy and rehabilitation of handicapped children in Pardubice, supported fire protection interventions in Opatovice, Hrobice or Dříteč and we among many cultural institutions, supported Hradec Králové Philharmonic.

Plzeňská teplárenská: We want Pilsen to be a green and smart city

Plzeňská teplárenská has taken part in two projects, which aim to improve the quality of life in Pilsen, which is the main area of the company's operations.

Green City project gives rise to an informal, non-political and open dialogue, which to date connects the city of Pilsen, Pilsen municipal transport companies, a.s., Plzeňská teplárenská, a.s., VODÁRNA PLZEŇ a.s. and ŠKODA TRANSPORTATION a.s. in common intention **to improve the environmental conditions** in the area.

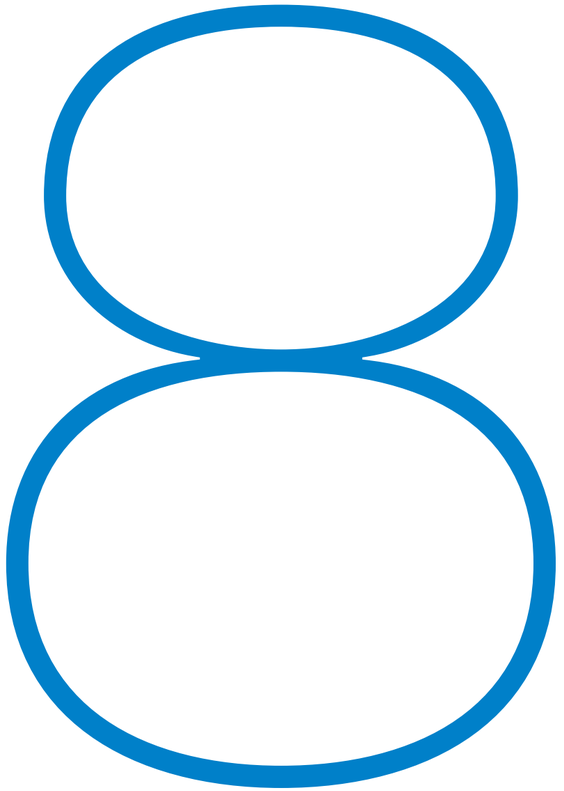
Smart City Pilsen is a project that enables the Pilsen citizens to handle their affairs more easily at the municipality offices, to increase safety on public transport and roads, and at the same time aims to improve education or the environment. One of the projects of the Smart City concept is, for example, the customer zone of Plzeňská teplárenská.

Pražská teplárenská: **Prague in Colors** (‘Praha v barvách’)

We dressed our heat exchangers into new graffiti outfits engaging local, as well as, foreign street artists. The idea was to put an end to vandalism while enhancing the unsightly gray of heat exchangers. For this reason, we commenced cooperation with graffiti artists who began to beautify concrete stations with large-format paintings in summer 2018. Our goal was to make the heat exchangers fit more in the local environment, to please the locals.

So far, we have managed to renovate 29 stations in Prague and we plan to continue with the project again in summer 2019.

Assurance



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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 27 August 2019 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 2018 (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 147 of the Report,
- Total Quantity of water withdrawal based on GRI standard 303-1, on page 151 of the Report,

- Total Quantity of water discharged based on GRI standard 306-1, on page 151 of the Report,
- Total Registered injuries – Employees based on GRI standard 403-2 on page 156 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 11, 13.
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, select individual companies of the Group for site visit. For such selected companies 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 11, 13. The Group methodology is defined in the calculation questionnaire.

   The methodology used by the Group for calculation of Specified Indicators 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 11 and 13.

3. Based on the table "EPIF group companies" included in the Report on the page no. 12 and minimum scope requirement as described above, we selected following entities for the on-site visit and 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 in respect of Specified Indicators to the Company and the Group support source data file. We did not note any differences.

4. We compared data relevant to Specified Indicators in questionnaires distributed by Company to 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.

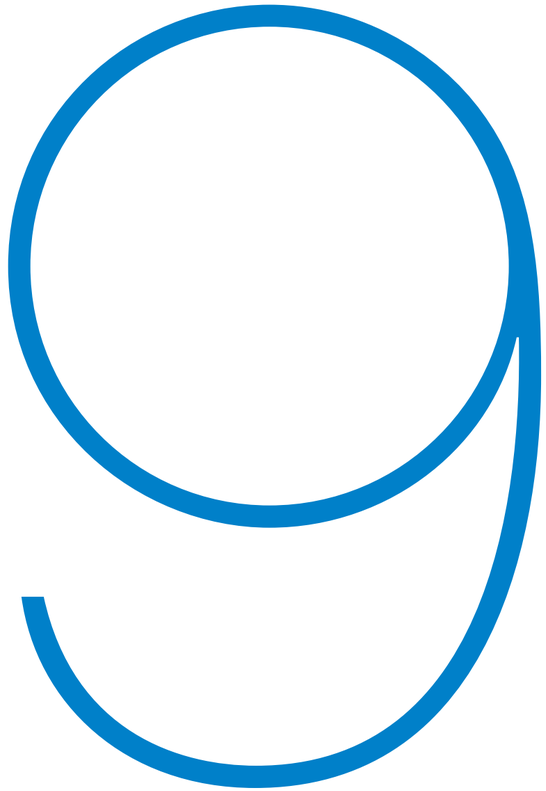
Had we performed additional procedures or had we performed an audit or review of the Company's statutory financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported 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, 10 September 2019

KPMG Česká republika, s.r.o.

Annexes



9.1 List of graphs and figures

9.2 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 (a) excluding non-cash non-recurring impairment charge relating to property, plant and equipment and intangible assets (2018: EUR -20 million; 2017: EUR 0 million; 2016: EUR -9 million), when a majority in 2018 related to impairment charged at Plzeňská energetika a.s. ("PE") as a result of commercial negotiations between the Group and the City of Pilsen in relation to a merger of PE and Plzeňská teplárenská, a.s. ("PLTEP"). The merger was completed on 31 October 2018 and EPIF holds 35% and a management control in PLTEP as the successor entity (effect of EUR -10 million) and (b) excluding one-off gain from sale of unused non-operational land and assets (2018: EUR 20 million; 2017: EUR 7 million; 2016: EUR 0 million) and (c) adding back (if negative) or deducting (if positive) the difference between (i) 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 (ii) 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 (2018: EUR -41 million; 2017: EUR 41 million; 2016: EUR -60 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 (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 Transmis-sion	Gas and Power Distribution	Heat Infra	Gas Storage	Total segments (in EUR millions)	Other	Holding entities	Interseg-ment elimina-tions	Consoli-dated financial information
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**
2016									
Profit from operations	587	258	117	53	1,015	3	(8)	-	**1,010**
Depreciation and amortisation	90	167	26	97	380	3	-	-	**383**
Negative Goodwill	-	-	-	-	-	-	-	-	**-**
EBITDA	**677**	**425**	**143**	**150**	**1,395**	**6**	**(8)**	**-**	**1,393**
Non-cash non-recurring impairment of assets	-	2	-	7	9	-	-	-	**9**
System Operation Tariff (surplus) / deficit	-	60	-	-	60	-	-	-	**60**
Adjusted EBITDA	**677**	**487**	**143**	**157**	**1,464**	**6**	**(8)**	**-**	**1,462**

Table 32 Reconciliation is as follows.

9.3 Abbreviations

AA1000	Accountability Stakeholder Engagement Standards
BBS	Behaviour Based Safety
bcm	billion cubic meters
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. (group)
EP	EP Commodities
EPC	EP Cargo
EPET	EP Energy Trading
EPH	Parent company – Energetický a průmyslový holding, a.s.
EPIF	EP Infrastructure
ESG	Environment Social Governance
EU	European Union
EUR	Euro currency
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
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 systém
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
PFCs	Perfluorocarbons
SAF	Solid alternative fuel
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.
VIG	Vienna Insurance Group

Units

#	number
%	percentage
CO_2-eq	carbon dioxide equivalent
GWh	gigawatt-hour
k	thousand
km	kilometer
m	million
m^3	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

9.4 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	6
102-2	Activities, brands, products and services	3 EPIF and its business: Business Areas	12
102-3	Location of headquarters	3 EPIF and its business	83, 84
102-4	Location of operations	3 EPIF and its business: EPIF Group Highlights	17
102-5	Ownership and legal form	Annual report reference	Annual report reference
102-6	Markets served	3 EPIF and its business: Business Areas	17, 23
102-7	Scale of the organization	3 EPIF and its business: Business Areas	22
102-8	Information on employees and other workers	7 Social: Our employees	104
102-9	Supply chain	6 Governance: Supply chain management	100
102-10	Significant changes to the organization and its supply chain	6 Governance: Supply chain management	100
102-11	Precautionary Principle or approach	6 Governance: Risk management	101
102-12	External initiatives	7 Social: Community involvement and selected social initiatives	116
102-13	Membership of associations	–	–

Strategy

GRI Standard	Description	Section of the report	Reference page
102-14	Statement from senior decision-maker	1 Foreword	4
102-15	Key impacts, risks, and opportunities	4 Materiality analysis: Our stakeholders	36

Ethics and integrity

GRI Standard	Description	Section of the report	Reference page
102-16	Values, principles, standards, and norms of behavior	6 Governance: EPIF level policies and specialized committees	92
102-17	Mechanisms for advice and concerns about ethics	6 Governance: Our business ethics	99

Governance

GRI Standard	Description	Section of the report	Reference page
102-18	Governance structure	6 Governance: Corporate governance	83
102-19	Delegating authority	6 Governance: Corporate governance	83
102-20	Executive-level responsibility for economic, environmental, and social topics	6 Governance: EPIF Senior Management	89
102-22	Composition of the highest governance body and its committees	6 Governance: EPIF Board of Directors and EPIF Supervisory Board	83
102-23	Chair of the highest governance body	6 Governance: EPIF Board member profiles	85
102-33	Communicating critical concerns	6 Governance: Policies and specialised committees	93, 97, 101

Stakeholder engagement

GRI Standard	Description	Section of the report	Reference page
102-40	List of stakeholder groups	4 Materiality analysis: Our stakeholders	39
102-41	Collective bargaining agreements	4 Materiality analysis: Our stakeholders	40
		7 Social: Our employees	112
102-42	Identifying and selecting stakeholders	4 Materiality analysis: Our stakeholders	39, 40, 41
102-43	Approach to stakeholder engagement	4 Materiality analysis: Engagement with stakeholders during 2018	41
102-44	Key topics and concerns raised	4 Materiality analysis: Stakeholder priorities	41

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	12
102-46	Defining report content and topic Boundaries	2 About this report: Report boundaries	11
102-47	List of material topics	4 Materiality analysis: Materiality matrix	43, 44, 45
102-48	Restatements of information	–	–
102-49	Changes in reporting	–	–
102-50	Reporting period	2 About this report	10
102-51	Date of most recent report	Colophon	162
102-52	Reporting cycle	2 About this report	10
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	11
102-55	GRI content index	9.4 GRI Content Index	130
102-56	External Assurance	2 About this report: Assurance	122

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	43, 44, 45
103-2	The management approach and its components	5 Environment: Consumption of energy sources	46
103-3	Evaluation of the management approach	6 Governance	80
302-1	Energy consumption	5 Environment: Consumption of energy sources	57

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	43, 44, 45
103-2	The management approach and its components	5 Environment: Water	46
103-3	Evaluation of the management approach	6 Governance	80
303-1	Quantity of water withdrawn	5 Environment: Water	72

Biodiversity

GRI Standard	Description	Section of the report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	43, 44, 45
103-2	The management approach and its components	5 Environment: Biodiversity	77
103-3	Evaluation of the management approach	6 Governance	80
304-3	Habitats protected or restored	5 Environment: Biodiversity	77

Emissions

GRI Standard	Description	Section of the report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	43, 44, 45
103-2	The management approach and its components	5 Environment: GHG emissions: Our business and climate change	61, 62, 63, 64
103-3	Evaluation of the management approach	6 Governance	80
305-1	Direct GHG Emissions	5 Environment: GHG emissions: Our business and climate change	61, 62, 63, 64
305-4	Emissions intensity – electricity only + Emissions intensity – including heat component	5 Environment: GHG emissions: Our business and climate change	61, 62, 63, 64
305-7	Emissions	5 Environment: GHG emissions: Our business and climate change	61, 62, 63, 64

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	43, 44, 45
103-2	The management approach and its components	5 Environment: Water	72, 73
103-3	Evaluation of the management approach	6 Governance	80
306-1	Quantity of water discharged	5 Environment: Water	72, 73
306-2	Waste produced/Byproducts production	5 Environment: Effluents and waste	74, 75, 76

Environmental compliance

GRI Standard	Description	Section of the report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	43, 44, 45
103-2	The management approach and its components	6 Governance: Investigations, litigations and sanctions	102, 103
103-3	Evaluation of the management approach	6 Governance	80
307-1	Environmental fines	6 Governance: Investigations, litigations and sanctions	102, 103

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	43, 44, 45
103-2	The management approach and its components	7 Social: Our employees	110, 111
103-3	Evaluation of the management approach	6 Governance	80
401-1	New hires and employee turnover	7 Social: Our employees	112

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	43, 44, 45
103-2	The management approach and its components	7 Social: Health and Safety at EPIF	106, 107, 108
103-3	Evaluation of the management approach	6 Governance	80
403-2	Employee on the job injuries, contractors on the job injuries	7 Social: Health and Safety at EPIF	109

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	43, 44, 45
103-2	The management approach and its components	7 Social: Training and development	113
103-3	Evaluation of the management approach	6 Governance	80
404-1	Training	7 Social: Training and development	113

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	43, 44, 45
103-2	The management approach and its components	6 Governance: Investigations, litigations and sanctions	102
103-3	Evaluation of the management approach	6 Governance	80
417-2	Incidents of non-compliance concerning product and service information and labeling	6 Governance: Investigations, litigations and sanctions	102

Socioeconomic compliance

GRI Standard	Description	Section of the report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	43, 44, 45
103-2	The management approach and its components	6 Governance: Investigations, litigations and sanctions	102
103-3	Evaluation of the management approach	6 Governance	80
419-1	Other significant fines	6 Governance: Investigations, litigations and sanctions	102

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	43, 44, 45
103-2	The management approach and its components	Annual report reference	Annual report reference
103-3	Evaluation of the management approach	6 Governance	80
201-1	Direct economic value generated and distributed	Annual report reference	Annual report reference
201-3	Defined planned obligations and other retirement plans	Annual report reference	Annual report reference

Anti-corruption

GRI Standard	Description	Section of the report	Reference page
103-1	Explanation of the material topic and its Boundary	4 Materiality analysis	43, 44, 45
103-2	The management approach and its components	6 Governance: EPH level policies and specialized committees	92, 93
103-3	Evaluation of the management approach	6 Governance	80
205-2	Communication and training about anticorruption policies and procedures	6 Governance: EPH level policies and specialized committees	92, 93

9.5 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 12, Table 1.

EP Infrastructure and its business

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Electricity – Total**					
EU1	**EP Infrastructure**					
	Czech Republic	MW	1,031	868	163	19%
	Slovakia	MW	67	67	–	–
	Hungary	MW	396	396	–	–
	Total – EP Infrastructure	**MW**	**1,494**	**1,331**	**163**	**12%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Electricity – Conventional sources**					
EU1	**EP Infrastructure**					
	Czech Republic	MW	1,008	859	150	17%
	Slovakia	MW	50	50	–	–
	Hungary	MW	396	396	–	–
	Total – EP Infrastructure	**MW**	**1,454**	**1,305**	**150**	**11%**

EP Infrastructure and its business

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Electricity – Renewable sources**					
EU1	**EP Infrastructure**					
	Czech Republic	MW	23	9	14	155%
	Slovakia	MW	17	17	–	–
	Hungary	MW	–	–	–	–
	Total – EP Infrastructure	**MW**	**40**	**26**	**13**	**50%**

Note: We excluded 3 MW capacity of Greeninvest as these are not IFRS consolidated in both 2017 and 2018.

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Heat**					
EU1	**EP Infrastructure**					
	Czech Republic	MW	3,366	2,662	704	26%
	Slovakia	MW	–	–	–	–
	Hungary	MW	1,401	1,401	–	–
	Total– EP Infrastructure	**MW**	**4,767**	**4,063**	**704**	**17%**

Fuel

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Electricity – Total**					
EU1	**EP Infrastructure**					
	Conventional sources	MW	1,454	1,305	150	11%
	Renewable sources	MW	40	26	13	51%
	Total – EP Infrastructure	**MW**	**1,494**	**1,331**	**163**	**12%**

EP Infrastructure and its business

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Electricity – Conventional sources**					
EU1	**EP Infrastructure**					
	Hard coal	MW	110	110	–	–
	Lignite	MW	848	707	141	20%
	CCGT	MW	396	396	–	–
	OCGT and other NG	MW	71	71	–	–
	Oil	MW	20	21	(1)	(7%)
	Other	MW	11	–	11	100%
	Total – EP Infrastructure	**MW**	**1,454**	**1,305**	**150**	**11%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Electricity – Renewable sources**					
EU1	**EP Infrastructure**					
	Wind	MW	6	6	–	–
	Photovoltaic	MW	15	15	–	–
	Hydro	MW	3	3	–	–
	Biomass	MW	14	–	14	–
	Other	MW	3	3	(0)	–
	Total – EP Infrastructure	**MW**	**41**	**27**	**13**	**48%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU1	**Net installed capacity – Heat**					
EU1	**EP Infrastructure**					
	Hard coal	MW	242	242	–	–
	Lignite	MW	2,015	1,382	633	46%
	CCGT	MW	1,401	1,401	–	–
	OCGT and other NG	MW	804	804	–	–
	Oil	MW	234	234	–	–
	Other	MW	70	–	70	100%
	Total – EP Infrastructure	**MW**	**4,767**	**4,063**	**704**	**17%**

EP Infrastructure and its business

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
	Net power production – Total					
	EP Infrastructure					
	Czech Republic	TWh	2.6	2.3	0.3	12%
	Slovakia	TWh	0.0	0.0	(0.0)	(7%)
	Hungary	TWh	1.2	1.3	(0.1)	(7%)
	Total – EP Infrastructure	**TWh**	**3.8**	**3.6**	**0.2**	**5%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Net power production – Conventional sources**					
EU2	**EP Infrastructure**					
	Czech Republic	TWh	2.5	2.3	0.2	8%
	Slovakia	TWh	0.0	0.0	(0.0)	(71%)
	Hungary	TWh	1.2	1.3	(0.1)	(7%)
	Total – EP Infrastructure	**TWh**	**3.7**	**3.6**	**0.1**	**3%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Net power production – Renewable sources**					
EU2	**EP Infrastructure**					
	Czech Republic	GWh	107.8	10.9	96.9	887%
	Slovakia	GWh	28.2	29.2	(1.0)	(3%)
	Hungary	GWh	–	–	–	–
	Total – EP Infrastructure	**GWh**	**136.0**	**40.1**	**95.9**	**239%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Net heat production**					
EU2	**EP Infrastructure**					
	Czech Republic	TWh	2.6	2.0	0.6	30%
	Slovakia	TWh	–	–	–	–
	Hungary	TWh	1.7	1.9	(0.2)	(10%)
	Total – EP Infrastructure	**TWh**	**4.3**	**3.9**	**0.4**	**10%**

EP Infrastructure and its business

For the year ended 31 December 2018

Fuel

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Net power production – Total**					
EU2	**EP Infrastructure**					
	Conventional sources	TWh	3.8	3.7	0.1	3%
	Renewable sources	TWh	0.1	0.0	0.1	239%
	Total – EP Infrastructure	**TWh**	**3.9**	**3.7**	**0.2**	**5%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Net power production – Conventional sources**					
	EP Infrastructure					
	Hard coal	TWh	–	–	–	–
	Lignite	TWh	2.5	2.3	0.2	6%
	CCGT	TWh	1.2	1.3	(0.1)	(7%)
	OCGT and other NG	TWh	0.0	0.0	(0.0)	(71%)
	Oil	TWh	(0.0)	(0.0)	0.0	(24%)
	Other	TWh	0.0	–	0.0	100%
	Total – EP Infrastructure	**TWh**	**3.7**	**3.7**	**0.1**	**3%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Net power production – Renewable sources**					
EU2	**EP Infrastructure**					
	Wind	GWh	6.8	7.3	(0.5)	(7%)
	Photovoltaic	GWh	17.0	17.3	(0.3)	(2%)
	Hydro	GWh	4.6	5.4	(0.8)	(15%)
	Biomass	GWh	97.1	–	97.1	100%
	Other	GWh	10.4	10.0	0.3	3%
	Total – EP Infrastructure	**GWh**	**136.0**	**40.1**	**95.9**	**239%**

EP Infrastructure and its business

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Net heat production**					
EU2	**EP Infrastructure**					
	Hard coal	TWh	–	–	–	–
	Lignite	TWh	2.5	1.9	0.6	31%
	CCGT	TWh	1.7	1.9	(0.2)	(10%)
	OCGT and other NG	TWh	0.1	0.2	(0.1)	(50%)
	Oil	TWh	0.0	0.0	(0.0)	(48%)
	Other	TWh	0.1	–	0.1	100%
	Total – EP Infrastructure	**TWh**	**4.3**	**3.9**	**0.4**	**10%**

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
EU2	**Total net energy production**					
EU2	**EP Infrastructure**					
	Czech Republic	TWh	5.2	4.4	0.9	20%
	Slovakia	TWh	0.0	0.0	(0.0)	(7%)
	Hungary	TWh	2.9	3.2	(0.2)	(8%)
	Total – EP Infrastructure	**TWh**	**8.1**	**7.6**	**0.5**	**7%**

Note: Includes electric energy and heat production.

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-9	**Amount of electric energy sold**					
102-7	**EP Infrastructure**					
	Czech Republic	TWh	3.0	2.6	0.4	15%
	Slovakia	TWh	4.0	3.9	0.1	2%
	Hungary	TWh	1.3	1.3	(0.0)	(3%)
	Total – EP Infrastructure	**TWh**	**8.3**	**7.8**	**0.4**	**5%**

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

EP Infrastructure and its business

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-9	**Heat supplied to district heating network**					
102-7	**EP Infrastructure**					
	Czech Republic	PJ	19.7	18.2	1.5	8%
	Slovakia	PJ	–	–	–	–
	Hungary	PJ	6.2	6.7	(0.5)	(8%)
	Total – EP Infrastructure	**PJ**	**25.9**	**24.9**	**1.0**	**4%**

Note: Before heat losses in district heating networks.

Environment / Climate change and energy

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN3	**Energy consumption**					
302-1	**EP Infrastructure**					
	Czech Republic	PJ	44.5 (*)	38.7 (*)	5.7	15%
	Slovakia	PJ	6.5	7.1	(0.5)	(7%)
	Hungary	PJ	12.9	14.1	(1.2)	(9%)
	Total – EP Infrastructure	**PJ**	**63.9**	**59.9**	**4.0**	**7%**

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

Fuel

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN3	**Energy consumption**					
302-1	**EP Infrastructure**					
	Hard Coal	PJ	2.4	6.0	(3.6)	(60%)
	Lignite	PJ	37.7	31.5	6.2	20%
	Natural Gas	PJ	20.0	22.1	(2.1)	(9%)
	Other	PJ	3.8	0.3	3.5	1,166%
	Total – EP Infrastructure	**PJ**	**63.9**	**59.9**	**4.0**	**7%**

Note: Figures include fuels consumed mostly for electricity and heat generation sold to third parties. Electricity and heat figures are not netted from the figures provided.

Environment / Climate change and energy

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN15	**Direct GHG Emissions (Scope 1)**					
305-1	**EP Infrastructure**					
	Czech Republic	million tonnes CO_2 eq.	3.7	3.5	0.2	7%
	Slovakia	million tonnes CO_2 eq.	0.3	0.4	(0.0)	(7%)
	Hungary	million tonnes CO_2 eq.	0.7	0.8	(0.1)	(8%)
	Total – EP Infrastructure	**million tonnes CO_2 eq.**	**4.7**	**4.7**	**0.1**	**2%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN18	**GHG Emissions intensity – Including heat component**					
	EP Infrastructure					
	Czech Republic	tonnes CO_2 eq. / GWh	714	797	(84)	(10%)
	Slovakia	tonnes CO_2 eq. / GWh	10	27	(17)	(63%)
	Hungary	tonnes CO_2 eq. / GWh	247	250	(2)	(1%)
	Total – EP Infrastructure	**tonnes CO_2 eq. / GWh**	**544**	**564**	**(21)**	**(4%)**

Note: Calculation of Emissions intensity indicators excludes emissions from non-energy producing operations, namely Eustream, SPP - distribúcia and NAFTA in Slovakia and SPP Storage in Czech Republic and in respective summary indicators, in ammount of 0.4 and 0.3 mil tonnes CO_2 in 2017 and 2018 respectively.

Environment / Air emissions

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN21	**Total SO_2 emissions**					
305-7	**EP Infrastructure**					
	Czech Republic	thousand tonnes	7.8	7.7	0.1	2%
	Slovakia	thousand tonnes	0.0	0.0	0.0	7%
	Hungary	thousand tonnes	0.0	–	0.0	–
	Total – EP Infrastructure	**thousand tonnes**	**7.8**	**7.7**	**0.1**	**2%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN21	**Total NO_x emissions**					
305-7	**EP Infrastructure**					
	Czech Republic	thousand tonnes	3.8	3.4	0.3	9%
	Slovakia	thousand tonnes	0.3	0.3	(0.1)	(33%)
	Hungary	thousand tonnes	0.4	0.5	(0.0)	(7%)
	Total – EP Infrastructure	**thousand tonnes**	**4.5**	**4.2**	**0.2**	**5%**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN21	**Total dust emissions**					
305-7	**EP Infrastructure**					
	Czech Republic	thousand tonnes	0.2	0.3	(0.1)	(20%)
	Slovakia	thousand tonnes	0.0	0.0	0.0	115%
	Hungary	thousand tonnes	–	0.0	(0.0)	(100%)
	Total – EP Infrastructure	**thousand tonnes**	**0.2**	**0.3**	**(0.1)**	**(19%)**

Environment / Air emissions

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN21	**SO_2 emissions intensity**					
305-7	**EP Infrastructure**					
	Czech Republic	tonne/GWh	1.5	1.7	(0.3)	(17%)
	Slovakia	tonne/GWh	0.0	0.0	0.0	124%
	Hungary	tonne/GWh	0.0	–	0.0	–
	Total – EP Infrastructure	**tonne/GWh**	**1.0**	**1.0**	**(0.1)**	**(5%)**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN21	**NO_x emissions intensity**					
305-7	**EP Infrastructure**					
	Czech Republic	tonne/GWh	0.7	0.8	(0.1)	(9%)
	Slovakia	tonne/GWh	0.6	0.6	0.0	9%
	Hungary	tonne/GWh	0.1	0.1	0.0	0%
	Total – EP Infrastructure	**tonne/GWh**	**0.5**	**0.5**	**(0.0)**	**(1%)**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN21	**Dust emissions intensity**					
305-7	**EP Infrastructure**					
	Czech Republic	tonne/GWh	0.04	0.06	(0.02)	(33%)
	Slovakia	tonne/GWh	0.02	0.02	0.00	11%
	Hungary	tonne/GWh	–	0.00	(0.00)	(100%)
	Total – EP Infrastructure	**tonne/GWh**	**0.03**	**0.03**	**(0.01)**	**(26%)**

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 18 tonnes NO_x in CZ in 2018 (10 tonnes in 2017), 244 tonnes NO_x in SK in 2018 and 296 tonnes in 2017, 5 tonnes dust in SK in 2018 and 2 tonnes in 2017.

Environment / Water

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN8	**Quantity of water withdrawn**					
303-1	**EP Infrastructure**					
	Czech Republic	million m^3	75 (*)	127	(52)	(41%)
	Slovakia	million m^3	0	0	(0)	(7%)
	Hungary	million m^3	10	15	(5)	(30%)
	Total – EP Infrastructure	**million m^3**	**85**	**142**	**(57)**	**(39%)**

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

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN22	**Quantity of water discharged**					
306-1	**EP Infrastructure**					
	Czech Republic	million m^3	65 (*)	122	(57)	(47%)
	Slovakia	million m^3	0	0	0.0	6%
	Hungary	million m^3	10	14	(4)	32%
	Total – EP Infrastructure	**million m^3**	**75**	**137**	**(62)**	**(45%)**

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

Environment / Water

For the year ended 31 December 2018

Type

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN8	**Quantity of water withdrawn**					
303-1	**EP Infrastructure**					
	Surface water	million m^3	83	140	57	(41%)
	Ground water	million m^3	0	0	0	5%
	Municipal water supplies or other water utilities	million m^3	2	1	1	70%
	Other	million m^3	1	1	(0)	20%
	Total – EP Infrastructure	**million m^3**	**86**	**142**	**(56,8)**	**(40%)**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN8	**Cooling Water**					
303-1	**EP Infrastructure**					
	Cooling water – withdrawal	million m^3	81	139	(58)	(42%)
	Cooling water – discharge	million m^3	72	133	(61)	(46%)
	Total – EP Infrastructure – Usage	**million m^3**	**9**	**6**	**3**	**57%**

Environment / Effluents and waste

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN23	**Byproducts – Total production**					
306-2	**EP Infrastructure**					
	Czech Republic	thousand tonnes	1.488.1	1.496.4	(8.3)	(1%)
	Slovakia	thousand tonnes	–	–	–	–
	Hungary	thousand tonnes	0.3	0.3	0.1	33%
	Total – EP Infrastructure	**thousand tonnes**	**1.488.4**	**1.496.6**	**(8.2)**	**(1%)**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN23	**Waste other than byproducts – Total production**					
306-2	**EP Infrastructure**					
	Czech Republic	thousand tonnes	2.6	2.4	0.2	8%
	Slovakia	thousand tonnes	35.8	40.2	(4.4)	(11%)
	Hungary	thousand tonnes	0.0	0.1	(0.0)	(41%)
	Total – EP Infrastructure	**thousand tonnes**	**38.4**	**42.7**	**(4.2)**	**(10%)**

Type

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN23	**Byproducts – Total production**					
306-2	**EP Infrastructure**					
	Additised granulate	thousand tonnes	332.0	478.7	(146.6)	(31%)
	Ash	thousand tonnes	564.1	486.7	77.3	16%
	Slag	thousand tonnes	223.5	187.9	35.6	19%
	Gypsum	thousand tonnes	171.9	155.3	16.6	11%
	Additional material – hydrated lime	thousand tonnes	27.6	22.9	4.7	21%
	Additional material – water	thousand tonnes	167.7	165.2	2.5	1%
	Other own production	thousand tonnes	1.6	–	1.6	100%
	Total – EP Infrastructure	**thousand tonnes**	**1.488.4**	**1.496.6**	**(8.2)**	**(1%)**

Environment / Effluents and waste

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN23	**Byproducts – Total means of disposal**					
306-2	**EP Infrastructure**					
	Sales	thousand tonnes	128.4	136.4	(8.0)	(6%)
	Storage – own stock	thousand tonnes	209.3	149.4	59.9	40%
	Storage – external	thousand tonnes	213.7	81.7	132.0	162%
	Stabilizate production	thousand tonnes	597.6	648.1	(50.5)	(8%)
	Storage – chargeable waste	thousand tonnes	339.5	481.1	(141.6)	(29%)
	Other	thousand tonnes	–	–	–	–
	Total – EP Infrastructure	**thousand tonnes**	**1,488.4**	**1,496.6**	**(8.2)**	**(1%)**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN23	**Waste other than byproducts – Total production**					
306-2	**EP Infrastructure**					
	Non-hazardous waste	thousand tonnes	36.4	40.8	(4.4)	(11%)
	Hazardous waste	thousand tonnes	2.1	1.9	0.2	10%
	Total – EP Infrastructure	**thousand tonnes**	**38.5**	**42.7**	**(4.2)**	**(10%)**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN23	**Waste other than by products – Non-hazardous – Disposal**					
306-2	**EP Infrastructure**					
	Recycling	thousand tonnes	14.5	6.2	8.2	133%
	Landfill	thousand tonnes	4.2	3.1	1.1	34%
	Other	thousand tonnes	17.7	31.5	(13.7)	(44%)
	Total – EP Infrastructure	**thousand tonnes**	**36.4**	**40.8**	**(4.4)**	**(11%)**

Environment / Effluents and waste

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
G4-EN23	**Waste other than by products – Hazardous – Disposal**					
306-2	**EP Infrastructure**					
	Recycling	thousand tonnes	0.2	0.7	(0.6)	(85%)
	Landfill	thousand tonnes	1.4	0.5	0.9	180%
	Other	thousand tonnes	0.6	0.7	(0.2)	(28%)
	Total – EP Infrastructure	**thousand tonnes**	**2.2**	**1.9**	**0.3**	**16%**

Social / Occupational health and safety

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
403-2	Fatal injuries – Employees					
G4-LA6	**EP Infrastructure**					
	Czech Republic	#	–	–	–	–
	Slovakia	#	–	1	(1)	(100%)
	Hungary	#	–	–	–	–
	Total – EP Infrastructure	**#**	**–**	**1**	**(1)**	**(100%)**

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
403-2	Registered injuries – Employees					
G4-LA6	**EP Infrastructure**					
	Czech Republic	#	13 (*)	12	(4)	(33%)
	Slovakia	#	13	15	(2)	(13%)
	Hungary	#	3	2	1	50%
	Total – EP Infrastructure	**#**	**29**	**29**	**(5)**	**(16%)**

Note: Registered injury – in order to be able to report standardised injury data from across all our operations. for the purpose of this Sustainability Report.
All injuries that resulted in at least 3 lost working days have been reported. This is a stricter definition than many companies use for their respective national reporting.

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

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
403-2	Worked hours – Employees					
G4-LA6	**EP Infrastructure**					
	Czech Republic	million hours	3.1	3.2	(0.1)	(4%)
	Slovakia	million hours	5.8	6.9	(1.0)	(15%)
	Hungary	million hours	0.4	0.4	(0.0)	(7%)
	Total – EP Infrastructure	**million hours**	**9.2**	**10.4**	**(1.2)**	**(11%)**

Social / Occupational health and safety

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
403-2	Injury Frequency Rate – Employees					
G4-LA6	**EP Infrastructure**					
	Czech Republic	index	2.6	3.8	(1.1)	(29%)
	Slovakia	index	3.5	2.2	0.0	2%
	Hungary	index	8.3	5.1	3.1	61%
	Total – EP Infrastructure	**index**	**2.9**	**2.8**	**(0.2)**	**(7%)**

Note: Injury frequency rate reported on per 1 million hours worked basis.

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

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

Note: Contractor injuries data not available for United Energy and Renewables Group, data on hours worked by contractors largerly not available, thus injury frequency rate not reported.

Social / Employment

For the year ended 31 December 2018

Country

GRI / EUSS	KPI	Unit	Total	Male	Female
102-7	**Headcount (FTE)**				
G4-9	**EP Infrastructure**				
	Czech Republic	#	2,111	1,716	395
	Slovakia	#	4,217	3,364	853
	Hungary	#	203	168	35
	Germany	#	60	55	5
	Netherlands	#	2	1	1
	Total – EP Infrastructure	**#**	**6,593**	**5,304**	**1,288**

GRI / EUSS	KPI	Unit	Total	% of total
102-41	**Employees with collective bargining agreements**			
G4-11	**EP Infrastructure**			
	Czech Republic	#	1,919	91%
	Slovakia	#	4,137	98%
	Hungary	#	204	100%
	Total – EP Infrastructure	**#**	**6,260**	**95%**

Management

GRI / EUSS	KPI	Unit	2018	2017	2018 - 2017	%
			Headcount			
	EP Infrastructure					
	Male	#	5,304	5,070	234	5%
	Female	#	1,288	1,253	35	3%
	Executives	#	128	118	10	8%
	Other Employees	#	6,465	6,205	260	4%
	Total – EP Infrastructure	**#**	**6,593**	**6,323**	**270**	**4%**

Social / Employment

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	Total	Male	Female
401-1	**Number of new hires – Total**				
	EP Infrastructure				
	Czech Republic	#	212	152	60
	Slovakia	#	295	211	84
	Hungary	#	15	9	6
	Netherlands	#	2	1	1
	Total – EP Infrastructure	**#**	**524**	**373**	**151**

Country

GRI / EUSS	KPI	Unit	Total	Male	Female
401-1	**Number of leavers – Total**				
	EP Infrastructure				
	Czech Republic	#	333	263	70
	Slovakia	#	286	225	61
	Hungary	#	13	10	3
	Netherlands	#	1	–	1
	Total – EP Infrastructure	**#**	**633**	**498**	**135**

GRI / EUSS	KPI	Unit	Total	Male	Female
G4-LA1	**New hires rate**				
	EP Infrastructure				
	Czech Republic	%	10%	9%	15%
	Slovakia	%	7%	6%	10%
	Hungary	%	7%	5%	17%
	Netherlands	%	100%	100%	100%
	Total – EP Infrastructure	**%**	**8%**	**7%**	**12%**

Social / Employment

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	Total	Male	Female
G4-LA1	**Employee turnover rate**				
	EP Infrastructure				
	Czech Republic	%	16%	15%	18%
	Slovakia	%	7%	7%	7%
	Hungary	%	6%	6%	9%
	Total – EP Infrastructure	**%**	**10%**	**9%**	**10%**

Social / Training

For the year ended 31 December 2018

GRI / EUSS	KPI	Unit	Ths. Hours	Hours per Employee
G4-LA9	**Total training hours**			
	EP Infrastructure			
	Czech Republic	ths. hours	17.9	12.9
	Slovakia	ths. hours	159.9	37.9
	Hungary	ths. hours	2.7	13.1
	Total – EP Infrastructure	**ths. hours**	**180.5**	**27.4**

Note: Calculation of Training hours per Employee excludes employees from several companies which did not have training data readily available (total 755 employees), in the Czech Republic mainly Prazska teplarenska in the amount of 688 employees, then PT mereni (24), Slovakia: SPP Storage (9), Other: (34).

EP Infrastructure
Sustainability Report 2018

Published in September 2019 by
EP Infrastructure, a.s.
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Czech Republic

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Concept
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Graphic design and layout
Milena Havlíčková, Zdeněk Tuka / Atelier Zidlicky

Photos
Archive Plzeňská teplárenská a.s. (Page 26)
David Židlický (Cover photo, Pages 18, 20, 24),

Maps
Map of Europe with Countries – Single Color by FreeVectorMaps.com

Editorial Deadline
11 September 2019