

ZSE Guide towards Sustainable Energy Transition



ZSE Sustainability Report 2020

 ZSE

The ZSE logo consists of a stylized green 'Z' shape followed by the letters 'ZSE' in a bold, green, sans-serif font.

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Foreword

"Climate change is one of the biggest threats of our generation and the most vulnerable groups are disproportionately affected by its impacts. As an energy company, we have an available potential which can be used for a transition to emission-free solutions, contribution to the goals of the Paris Agreement and the European Green Deal, restoration of ecosystems and creation of an inclusive society. That is also why, we want to offer our customers solutions with positive impacts on every area of sustainable development."

We are living a time when the whole world is fighting a pandemic the likes of which we haven't seen in decades. It is not easy to combat health-related, but also economic consequences of the crisis. Yet we cannot look away from a challenge of at least equal importance - climate change which has already caused the extinction of several animal species, fires of several hectares of forests and loss of homes for a multitude of people. The most recent Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) from 2021 warns that in many aspects, the situation is even worse than expected. According to IPCC, current climate changes caused by human activity are widespread and rapidly intensifying, and without immediate reduction of greenhouse gases, our environmental safety goals will exceed the limits of our influence. Already nowadays we experience extreme heats, fires, floods or tornados. We stand witness to scientists' warning that the



Markus Kaune,
Chairman of the Board
of Directors and CEO of ZSE

Brazilian rainforest emits more CO₂ than it absorbs, also due to deforestation and degradation. This report is the strongest warning against the reality of climate catastrophe to date. There is no time to wait. The ZSE Group is fully aware of its responsibility in the energy sector and is determined to be a part of sustainable solutions that will gradually lead to Europe becoming the first climate-neutral continent by 2050. We are fully resolved to contribute to this goal as much as possible and lead our customers through the energy transformation that will include sustainable products and services. We aspire to be a role model in this transition and encourage our employees to be pioneers of sustainable solutions, not only in environmental, but also in social care and corporate responsibility areas. I am proud that we have been coming up with innovative models to fulfil these ambitions. I thank all my colleagues for their work, even more so in the unfavourable conditions of the pandemic. I believe that even in these challenging times we will overcome all difficulties together, and will stay a reliable partner to our customers, while offering a wholehearted support to our planet's revitalisation. More information on our journey can be found in our first summary sustainability report.

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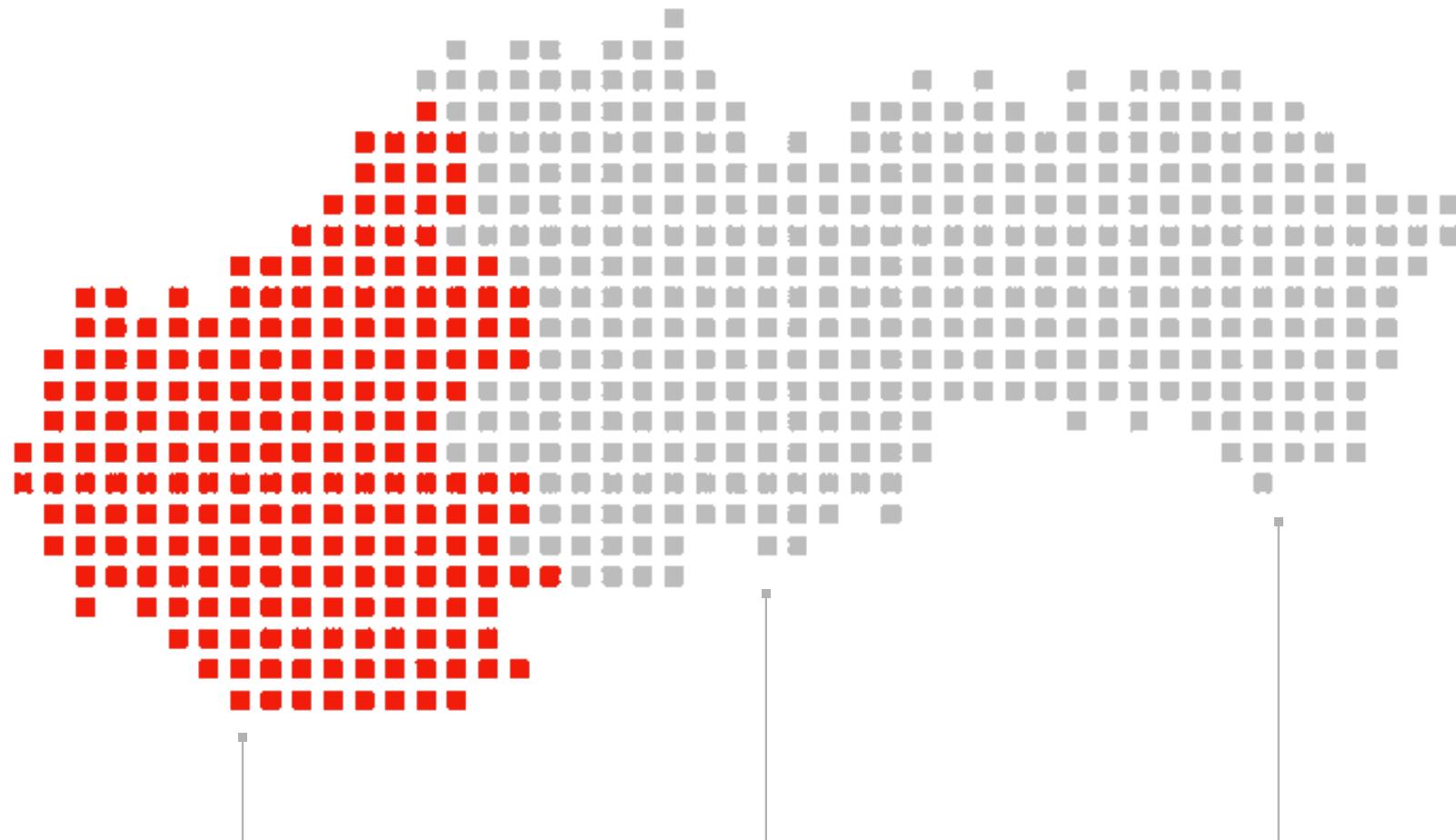
ZSE at a glance

Západoslovenská energetika, a.s. (ZSE) is a member of the E.ON Group, the biggest energy group of Europe, and in 2020 it celebrated its 98th anniversary.

The ZSE Group is composed of the parent Západoslovenská energetika, a.s., and its subsidiaries Západoslovenská distribučná, a.s. (ZSD), ZSE Energia, a.s. (ZSEE), ZSE Elektrárne, s.r.o., ZSE Development, s.r.o., ZSE Energy Solutions, s.r.o., ZSE MVE, s. r. o., ZSE Business Services, s. r. o., ZSE Energetické služby, s.r.o. The key activities of the Company include, in particular, the operation of the electricity distribution system in West Slovakia, electricity generation, electricity and gas supply in West Slovakia, provision of global customer solutions focusing on the use of renewable sources and technologies for smart homes, building charging stations and e-mobility development in the entire territory of the Slovak Republic. More than a million customers rely on us every day. The ZSE Group is among the Slovak corporate social responsibility leaders and its principles are at the core of our daily business decisions and strategy. Health and safety, customer needs, inclusion and support for clean energy sources are our top priorities and can be seen in a way the Company is managed.

Figures (2020):

- 2 000 employees
- Distribution – 1,2 million supply points
- 39,000 km of distribution network
- #1 in electricity supply (6 TWh)
- #5 in gas electricity supply (3 TWh)
- 935,000 customers in electricity
- 78,000 customers in gas
- 2,400 customers of ZSE Drive
- 229 public charging points for e-vehicles



ZSE

ZSE DRIVE

e-on

SSE
STREDOSLOVENSKÁ
ENERGETIKA

ZSE DRIVE

EP Energy
(49% akcionár SSE)

VE

ZSE DRIVE

e-on



SUSTAINABILITY ENABLERS

The centre of sustainability consists of people - our employees who are the drivers of change and innovative solutions. We would like to introduce five of our colleagues who gave interviews describing their lifestyles where sustainable decisions became a natural part of their lives.



Zuzana Lančaričová

Environment Specialist



Sustainability is key for many of your work projects, but you are very active also in private. What do you do and what motivates you?

I have always been drawn to nature protection activities. I was motivated by an inborn desire to help and protect those who can't protect themselves. Today it's about the inner belief that if I want something to change, I must do something about it myself. My older brother has been a huge inspiration for me. We organised various activities in the city, such as waste collection at housing estates, community gardens, greenery planting and so on.

Three years ago, I started my "Safe bus stops" project and I work on it in my free time. Every day on my way back from work, I would go through a park around a bus stop, and I would regularly find dead birds. Their deaths were caused by

crashing into the glass panels of the bus stop shelter because they couldn't see an obstacle while flying at high speeds. I am sensitive about bird protection also from my work, so I wanted to find a way to prevent these needless deaths. Not many people in Slovakia focus on this topic but I have found lots of valuable information from our Czech neighbours. The solution is very simple: pasting enough stickers (max 10x10 cm) makes the glass panel visible for birds.

Thanks to the ZSE Foundation I gained the necessary finances to buy stickers and I engaged volunteers and children from primary schools. The activity was well-received and has inspired many (as I had hoped it would, because I don't have the capacity to plaster whole Slovakia with stickers), and in addition to Trnava, we now have safe bus stops also in Trenčín, Hlohovec, and Malacky and Bratislava will follow soon. We are currently applying these measures in selected primary

schools. Schools have countless windows which are also fatal to birds. In addition to protecting birds, this activity also educates children. We also give lectures, plant trees and bushes, and manufacture bird houses and feeders at schools. Glass became very popular in architecture, which means the number of these bird death-traps keeps growing. It would, of course, be ideal if the owner of such dangerous glass surface implemented preventive measure at its own expense but this is very hard to enforce at the moment. It is therefore important for the public to become aware of the issue. Ornithologists say that every year, up to one billion birds worldwide die due to glass panes.

Are you trying to positively 'infect' people around you with this attitude? Do you feel that an individual can change the world? How?

In my case there was a very natural crossover between my leisure activities and work activities. I have always loved nature, but started focusing on bird protection especially thanks my job description which includes making power lines eco-friendly. I try to "live" the activities focused on waste reduction, its correct separation and all topics which we communicate to our colleagues in the company, not just "preach". In my experience, giving unwanted environmental advice will discourage people, so I believe that only leading by own example, motivation and attitude we can naturally inspire others to follow. If they want to.

What gives me satisfaction, both as a person and as an employee, is looking out my office window and seeing colleagues returning from their day-long shift carefully separating the production waste. Or when colleagues from the locksmith workshop who manufacture bird houses for kestrels call me, genuinely concerned, asking if it wouldn't be better to also make a wooden perch for a more comfortable landing. These are little things, but they are changing the world. If you stack several such little things into a difficult day, it really makes a difference.

I think if a person lives the life they would like to see reflected in the external world, it already helps the change. To quote an author whose name I can't remember but whose words are quite true: "If lots of little people in many little

places do lots of little things, it can change the face of the entire world."

How do you see the fight against the climate crisis, which is becoming the topic of the day? Do you think Europe's ambition to be the first climate-neutral continent by 2050 is feasible?

Because many people feel that climate crisis does not concern them specifically and they do not feel its impacts personally, there is no natural need to do something about it. It's necessary for us to get out of our comfort zone and consumer lifestyle, which - in its current form - is unsustainable. That's not to say we should go back to caves, but we should immediately start implementing functional measures. Maybe they will affect our currently comfortable lifestyle but a limitation in one sphere will open up possibilities elsewhere. But people need to see a change from the above to stay motivated. We need strict regulations and compensations by the greatest polluters of the planet and their production activities. I am a fan of Europe's ambition to be the first climate-neutral continent, but the fulfillment of the objectives needs to start immediately. The later it starts, the more drastic they will have to be. And it won't be pleasant for anyone. In ten years, the climate crisis will be much more notable thanks to continued extinction of rare species of animals and plants, and this will affect entire ecosystems. Weather fluctuations will be massive, the lack of natural resources enormous, and at the end of the day, the increasing pollution will affect human health.

How can a company like ours contribute to achieving climate objectives?

People are often discouraged by the above-mentioned. Because they don't see others do something. But if you light even a single candle in a dark room, suddenly there's enough light. Anything a person does to protect the environment is meaningful. I think nowadays there's advice and tips how to be more eco-friendly everywhere. My little tip is to start with at least something. Just a thing or two to change in your behaviour, and the rest will follow. Don't look at your colleague or friend who does no such thing. Maybe thanks for your example your neighbour won't pour concrete all over his garden but will plant bushes instead of thujas and will make a rain garden.



Róbert Hennel

Translator & Interpreter



How do you personally try to minimise your impact on the environment?

I separate waste, I reduced single-use plastics to a minimum – for example by buying bulk-sold products and groceries without packaging and only using canvas bags. I am also a big fan of digitisation and computerisation, and I have recently decided that my next car will be an electric vehicle. My hobbies include organising ultramarathons. This community has a close relationship with nature, so we take sustainability and ecology as par for the course. It's natural for people involved with this sport to separate waste also during the race at checkpoints, or not to use disposable drinking cups – everyone brings their own collapsible cup.

As a translator and interpreter, you actively promote computerisation and digitisation. Why?

I think the time has come for "Administration 2.0" which would reduce printed documents

but also replace travelling, meetings and conferences, and shift a large portion of work to the online environment. It's hard to tell whether an individual can change the world but at least every single one of us can reduce their own impact to a necessary minimum.

Do you think we have a chance to succeed in the fight against the climate crisis over the course of decades?

If we want to truly solve the effect of the climate crisis in the future, we must approach the topic of minimising impacts on the environment and the sustainability the same way we approach the topic of compliance. If it's unthinkable for us to cooperate with a business partner who commits antisocial acts, we must apply the same principles to the matter of our partners' attitude to ecology. Our western world is the primary consumer of production, which is why we must take care to make also the production outside the EU as eco-friendly as possible. We must

learn to live without certain things. For example, an air-freighted mango or avocado does taste wonderful but the carbon footprint they leave behind? Worse than a month of commuting to work by car.

Do you think ZSE does enough in this respect?

I think our company is already doing a lot. Projects aimed and smartification of networks, their preparation of electromobility, battery storages but also increasing the energy efficiency are doubtlessly a step in the right direction. As electricity experts we should definitely be helpful to our customers with the right advice and products. And what we can do as individuals? Even if no one among us will save the world alone, at least we shouldn't destroy it more than it already is.



Matúš Baltazarovič

E-Mobility Marketing Expert

As a member of the electromobility "crew" in our company, you encounter the word 'sustainability' very frequently and are directly connected with it. What is your attitude to it?

Even though we are in the spotlight with our colleagues from Electromobility when it comes to protection of the environment, those who deserve recognition are people who allow us to support ecology and sustainability with their work and its results. My task is to primarily direct and correctly distribute information which I believe finds receptive addressees, so that at the end of the day we may say we have taken another step towards sustainable development.

In my personal life, it means using things and sources in such a way that they remain available also to those who come after us. Here's an example to explain the issue in a comprehensive and easy way: let's behave so that our children can enjoy small pleasures, like our grandparents, unafraid to drink from a stream in the forest to quench their thirst, or like we did when we were young and broke off icicles to suck on them. We

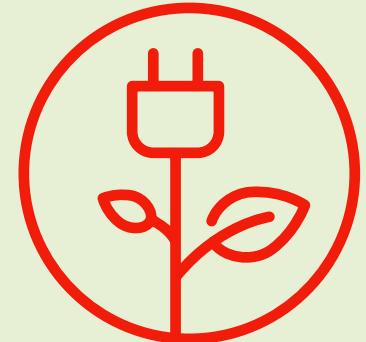
should have thought about the future "yesterday" but I believe it's not too late yet.

What are you doing for sustainability at work and at home? How do you motivate those around you?

Regular repetition makes things automatic. It's like training to develop muscle memory. I have long tried to act so that my work and my activities outside of work are always recognisable and credible. When people believe your attitude, they will develop trust in what you do and what you stand for. And from there, it only takes a little to inspire them. To give an example, we prefer local sources for water intake during conferences. I refuse to drink water which had to travel several thousand kilometres. At ZSE Drive events, we use local products with significantly lower carbon footprint.

What do you think is necessary to save the planet in the fight against the climate crisis?

That's a hard question... First of all, let's be



observant, let's not only look under our own feet and directly ahead of us, but also around us, behind a corner. Let's notice changes each day brings along, let's be active in what we can do ourselves - even if it means to pick up somebody else's trash and throwing it to the trash bin; let's have standards for our surroundings and let's not lower them. Let's be watchful - that's my general answer, even if somewhat simplified. The more people do it, the less we will fear the objectives the EU has set for us to achieve by 2050 in relation to the climate change.

Do you think the ZSE Group knows how to do it?

The ZSE Group holds an imaginary whistle that can start the match - I think it already happened and so far we have played quite decently. I believe we will have the right "referees" to provide guidance, advice, move things along, inspire... I look forward to it already.



Karol Vörös

Head of HV Grid Management Department

We know you are one of the "eco-positive" people in our company. How do you personally contribute to our planet's recovery?

A few years ago, sustainability has been a foreign word to me, and responsible behaviour in my case ended with recycling paper and plastics, and not always correctly. I still consider my activities and habits to be basic: where I can, I buy local products - groceries as well as clothing; with every purchase I consider whether I really need that item and whether it will bring me a long-lasting enjoyment/happiness; if I can, I buy products without packaging. Reusable bags, refillable containers, homemade white yoghurt or milk from the milk vending machine have been a common thing in our household for several years. When it comes to transportation, for shorter distances and in the city, I prefer bicycle, public transport or walking. If I travel with my family, I search for the most efficient way to include walking, biking or public transport. I do not believe in modern slogans like "zero waste" but I do think that in order to be happy, we don't need to focus on industrial growth and excessive consumerism of anything. We should also teach our children these values.

You have the privilege to be part of the decision-making processes in our company. Do you always look for eco-friendly variants during the problem solving?

If it's possible, yes. I believe that if enough individuals share the same values, together they can pressure the lawmakers and change things for the better. A positive change often happens when we reject the commonly used models. For example, shared economy is working fairly well also in Slovakia; we don't have to own everything. Cars, tools, toys, sport equipment - everything can be rented. Just like we don't always have to automatically choose the simplest or cheapest alternative - we have to find a moment to verify the item's origin and processing. At the beginning, it's hard to sort through the sheer volume of information and make heads and tails of it, but gradually you will find the tried and tested things and it will become automatic.

Are such individual voluntary actions enough to save the planet? Isn't it already late, and shouldn't we approach the climate crisis more radically?

In my opinion, what we must realise in the first place is that with the eco-friendly attitude we aren't being kind to the planet but to ourselves. I think the planet will manage just fine even without us, there's no need to save it. It's our heads the sword of Damocles hangs over. Unfortunately, we are still too short-sighted and instinctively focus more on economic growth, excessive consumerism and own comfort rather than caring for the nature and our immediate surroundings.

With the current technological and social development, we have plenty of opportunities to do something not only for ourselves, here and now, but also for the future generations. I believe that in ten years we will come a long way, there will be more activities towards sustainability, and they will be met with greater understanding than today. Europe can be a role model and a leader, but we also need "buy-in" - cooperation of the biggest players like USA, China, Russia, India.

How much can we as a major energy market player and a company with 100 years of history influence the tradition?

Unforced education and support of employees in eco-related topics is a good start. Right choice of business partners also when it comes to responsible approach to the environment should become a norm. And finally, we shouldn't forget that we are in direct contact with (literally) a million customers. Many of them are open to eco topics and many more will welcome further support and information, even if it's not directly related to our core business.



Andrej Felix

Customer Constructions Manager



What are your preferred ways of sustainable behaviour – at work or at home, – and what motivates you?

Maybe the most visible activity in connection with my person is the use of bicycle as the means of transport. That is to say, I prefer motorless transportation where possible – from commuting to work by bicycle to common activities within the day. What motivates me is the joy of moving and the feeling that I contribute at least a little bit to the decrease of carbon dioxide emissions. Buying locally, separating waste, activism and minimalism are just a plus. Overall, I consider all the mentioned tips for fighting the climate crisis a good decision how to live a healthy life not only in relation to ourselves but also to the community, society and the entire planet. And here I don't differentiate between business hours and free time.

Have you persuaded anyone in your vicinity to join the eco-friendly transportation?

Of course. Both individuals and groups. I believe that everyone who sat on a bicycle after reading

my info campaign posts enjoyed it and will keep limiting their personal motor transportation. A person has a great power to be the change-driver in their community. And when several communities join forces, they can achieve a lot.

What do you find necessary to make the climate crisis solving a global matter, not just an effort of individuals, communities or some countries?

The most essential prerequisite to save the planet in the fight against the climate change is a global mindset change. There's a lot left to desire in that respect because Europe, where most countries experienced a time of abundance, cannot compare to Africa or Asia, where the consumer society is still only emerging. In ten years, this disproportion will still be great, but a change of mindset and presentation of leaders' ideas will be key. Europe's ambition to be the first climate-neutral continent by 2050 is feasible. However, in the remaining 29 years we must stay on track and not deviate.

Which major activities do you think allow us to call the ZSE Group a socially responsible

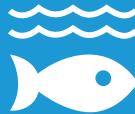
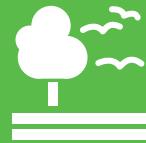
organisation and label it Slovakia's leader in the emerging sustainable development trend?

I think we are helping to achieve the objective – a climate-neutral continent – in various areas, be it modernisation and innovations for a better use of renewable or partially-renewable sources, electromobility, or efficient use of resources for the renewal and design of all new supply points. As employees, we have a chance to not only watch this new sustainability and change-focused orientation "live" but also directly join the efforts.



SUSTAINABILITY STRATEGY

Sustainable Development Goals (SDGs)

NO POVERTY 	ZERO HUNGER 	GOOD HEALTH AND WELL BEING 	QUALITY EDUCATION 
GENDER EQUALITY 	CLEAN WATER AND SANITATION 	AFFORDABLE AND CLEAN ENERGY 	DECENT WORK AND ECONOMIC GROWTH 
INDUSTRY, INNOVATION AND INFRASTRUCTURE 	REDUCED INEQUALITIES 	SUSTAINABLE CITIES AND COMMUNITIES 	RESPONSIBLE CONSUMPTION AND PRODUCTION 
CLIMATE ACTION 	LIFE BELOW WATER 	LIFE ON LAND 	PEACE, JUSTICE AND STRONG INSTITUTIONS 
PARTNERSHIPS FOR THE GOALS 			

In 1997 the United Nations (UN), by adopting the Kyoto Protocol, pointed at the extreme climate events and urgency in joining forces to fight against climate crisis. In 2000, the UN adopted eight Millennium Development Goals which were targeted at the fight against extreme hunger, poverty and mortality in the third world countries. The challenging goal that no one lives on less than a dollar a day (currently one in eight people) has been set to try to achieve by 2015. However, fight on extreme poverty was more comprehensive than might appear at first sight. In 2015, more than 1.2 billion people lived in extreme poverty. Therefore, the UN has decided to continue in the Millennium Agenda and in 2015 it adopted a new challenge, i.e. 17 Sustainable Development Goals (SDG). Unlike the Millennium Development Goals, SDGs concern climate change, biodiversity, gender equality or fair institutions. The goals are mutually intertwined and affect each other, are measured by set indicators and have common ambitious final deadline - the year 2030. These goals target not only the developing countries, but every country in the world is to contribute. Thanks to this challenge, the SDGs Agenda has been adopted by many organisations and companies around the world, trying to help achieve these ambitious goals through their activities. The ZSE Group contributes by its efforts to achieve the sustainability goals, including the following activities:

1 NO
POVERTY



2 ZERO
HUNGER



3 GOOD
HEALTH AND
WELL BEING



SDG1:

End poverty in all its forms everywhere

Fortunately, Slovakia does not experience extreme poverty. Nevertheless, the ZSE Group helps where it is needed the most - by giving gifts to orphans and seniors through the project called "May your Christmas wishes come true".

4 QUALITY
EDUCATION



SDG4:

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

By its variety of technical courses, education, trainings and workshops, ZSE builds a wide range of opportunities for all colleagues. We also have in mind future generations of colleagues with whom we have been cooperating at the selected secondary schools through the Dual Education programme. Additionally, through the programme Exceptional Schools, the ZSE Foundation supports inspiring teachers motivated to teach in an interesting way. The programme has introduced a database of inspiring materials in various subjects which is constantly enlarged.

SDG2:

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

ZSE raises awareness in the field of food waste or circular economy and uses its internal communication channels (internal magazine, intranet, workshops) to offer solutions. In cooperation with Institute for circular economy (INCIEN), ZSE plans activities focusing on sustainable economy.

5 GENDER
EQUALITY



SDG5:

Achieve gender equality and empower all women and girls

ZSE ensures equal opportunities for employees, regardless of their sex, age or marital status. In 2020, on the occasion of the International Women's Day, ZSE held a workshop for women-managers called "Women in Business". Also, employees could take part in webinars "Intergenerational differences" and "How to manage the difficult situation in the family" led by a child psychologist as a response to the first wave of the pandemic when the situation for parents was new and very difficult. The webinar focused on topics such as unexpected work from home, fear, anxiety, closed schools or kindergartens.

SDG3:

Ensure healthy lives and promote well-being for all at all ages

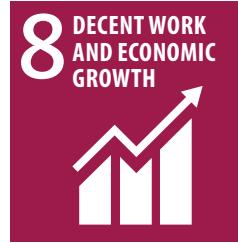
Our main heroes are colleagues and volunteers who have been for several months taking care for our health and safety at the time of current pandemic. Also, occupational health safety (OHS) and fire prevention are top priorities in the ZSE Group. Visual checks, interviews with superiors, trainings, workshops or internal campaigns are undertaken. Big emphasis is placed on prevention of health problems. Employees can undergo above-standard medical checks-up, use financial contribution for recreation, sport card or opportunity to speak to a work psychologist. In the pandemic year 2020, as a response to the situation, the Company offered online exercises, workshops and trainings focused on mental hygiene, vitamin packages or crisis line for employees and their families. Our effort to keep good health condition was awarded the third prize in a competition "Healthy Firm of the Year" organised by Union health insurance, a.s. Other 35 companies took part in the competition. The competition is organised as a part of the "Initiative for healthier Slovakia".



SDG6:

Ensure availability and sustainable management of water and sanitation for all

Every year, the Environment Team monitors quality of sewage water, water quality in wells and objects. In 2020, 121 analyses have been carried out. Traditionally, on the World Water Day (22 March), employees can bring samples of water from their wells which are then tested in a certified laboratory for the presence of nitrates and nitrites. In 2020, samples from the wells could not be tested due to the pandemic, therefore this activity was replaced by an information campaign. Furthermore, one of the goals within the System of Integrated Management (SIM) is dedicated to water protection - operation of the facilities in a way to avoid pollution.



SDG8:

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

As one of 20 top employers in Slovakia, ZSE has been providing jobs and reliable care for its employees for almost 100 years. It offers a wide range of benefits in the field of social care, recreation, family, health, leisure and sport including benefits such as voucher meals fully paid by the employer, long-service jubilee bonus, 50th birthday bonus, gifts from special workshops, internal competitions or legal advisor for employees.



SDG7:

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

ZSE as the first big supplier in Slovakia had offered its customers electricity fully covered by guarantees of origin (GoO) for electricity produced from renewable sources (RES). Thanks to its affordable price, more than 19,000 customers used this green electricity at the end of 2020. In 2020, we purchased GoO for electricity produced from renewable sources from more than 760 small photovoltaic power plants over the entire Slovakia. This demand for sustainable sources indirectly shapes market environment for constant increase of RES share in the energy mix.

SDG9:

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

We seek to actively build and be engaged in sustainable solutions. One of the proofs is the fact that ZSE was in 2020 the biggest operator of charging infrastructure of e-vehicles in Slovakia. With 229 public charging points and 2,400 customers we created conditions for sustainable solutions of transport infrastructure. With the help of our charging stations, our customers made 3.5 million kilometres in 2020. However, we do not finish here: In 2021, ZSE Drive continues in developing innovative products and services for all customers.



SDG10:

Reduce inequality within and among countries

ZSE is not able to directly affect the achievement of this goal, however the main idea is the reduction of inequalities not only among countries but also vis-à-vis minorities or disadvantaged groups. In autumn 2020, the ZSE Foundation decided to set up the already mentioned project Exceptional Schools with interesting content which facilitates online teaching by teachers and learning by students and parents. However, the pandemic situation significantly complicated the access to education to socially disadvantaged children. The ZSE Foundation has therefore decided to support the effort of teachers who must overcome many obstacles to make the way for education easier for their students. Within the Exceptional Schools project, we produced a special grant called Exceptional extra lessons with the aim of bringing education to all students without distinction.

Not only schools but organisations which, by their activities, help equalize chances and opportunities in education could get involved. As a part of the initiative to reduce inequalities, the Company, supports, usually twice a year, handicapped people by buying gifts produced in special workshops.



SDG12:

Ensure sustainable consumption and production patterns

In spite of the fact that Malženice power plant operated by ZSE Elektrárne s.r.o., is a fossil source, thanks to modern technologies and maximum efficiency reaching almost 58.5%, the power plant emits only one third of emissions compared to lignite-fired power plants, and a half of emissions compared to coal-fired power plants. Additionally, our company strictly oversees waste separation, both in administrative and operational premises. In 2020, 83% of operational waste was recovered, of the total volume of 25,000 tonnes.



SDG13:

Take urgent action to combat climate change and its impacts

ZSE fight against climate change by its daily activities and awareness raising: from power generation in Malženice, which is fully compensated with the purchase of carbon allowances, through monitoring and maintenance of SF6-containing equipment, birds' protection, plastics reduction, fleet electrification to digitisation of customers' portfolio and our own processes.



SDG11:

Make cities and human settlements inclusive, safe, resilient and sustainable

The smart cities concept is an innovative approach to ensure sustainable environment for our daily life. In 2020, ZSE launched the projects of modernising its own buildings through energy efficiency improvements. The first pilot project was the ZSE green building in Nitra. In 2020, we also installed the corporate photovoltaic power, for which the company Sezama had decided. 270 panels will produce the total volume of 99.9 kW. In this way, Sezama will annually save CO₂ in the volume equivalent to 630 planted trees, thus reducing environmental burden of our planet.



SDG14:

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Even though Slovakia is not surrounded by an ocean or a sea, we still ensure the quality and sustainability of waters and life within. ZSE pays great attention to removal of oil leakages in case of transformers breakdowns, including the monitoring of tightness of emergency containers, thus preventing leakage of polluters in our waters.



SDG16:

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

Accountability and compliance with legal and ethical standards are as crucial for the ZSE Group as business itself. Therefore, rules of compliance constitute an important element of moral and ethical conduct of the employees. Significant emphasis is placed on respect for human rights, compliance with legal standards and principle of justice in doing business, with the aim of avoiding negative phenomena, such as corruption.



SDG15:

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

The ACON and Danube InGrid projects, focusing on the modernisation of distribution facilities through SMART elements employment, directly affect long-term mitigation of impacts on environment and increase stability and security of electricity supply, offering new connections to renewable sources. Other big projects LIFE Eurokite and LIFE Danube Free Sky continue in making the lines environmental in order to prevent birds' death caused by electrical shocks or collision with the lines, and fight on the main causes of death caused by humans. Also, ZSE installs nest booths for raptors on the supporting poles of the electrical lines and relocation of stork nests to more safe bases. In 2020, the Company carried out the first monitoring of the objects operated by the ZSE Group for the presence of invasive plants and their management, which significantly negatively affect the origin plant species in the country.



SDG17:

Strengthen the means of implementation and revitalise global partnership for sustainable development

Good relationships with colleagues, contractors and partners often define to what extent the projects will be successful. Therefore, we continue in developing cooperation between the countries (e.g. ACON - Czech Republic; Danube InGrid - Hungary), institutions (e.g. City Council of Bratislava - planting the trees next to the concrete pole by the electrical station in Karlova Ves; relocation of stork nests under the presence of municipalities and State Nature Conservancy) and organisations (e.g. Raptor Protection of Slovakia - long-term technical cooperation in LIFE projects and installation of booths; BROZ - assistance and cooperation in construction of the tower for swifts; Institute for circular economy - carbon footprint measurement).

17 goals represent a series of decisions on how to protect environment we live in, improve our society and do business responsibly. Almost 100 years of ZSE's activity show that all these goals are firmly rooted in our DNA and every activity contributes to their achievement.

Paris Agreement and the European Green Deal



At the international level, following the adoption of the 17 Sustainable Development Goals, the Paris Agreement was adopted at the same time in 2015 at the UN World Climate Conference as the successor to the Kyoto Protocol. The Agreement commits the signatory Parties to take immediate, urgent and radical measures to reduce emissions, ensuring the global warming is stopped at a level of 2, preferably 1.5 degrees compared to the pre-industrial revolution level. The latest findings of the Intergovernmental Panel on Climate Change (IPCC) report show that we will almost certainly exceed the safe limit of global warming over the next two decades. Thus, according to the UN forecasts, we are around 30 years before more plastic than fish swim in the oceans and 200 million climate refugees are forced to leave their devastated or non-existent homes. With the current development of emissions, analysts confirm that we will witness the flooding of cities such as Miami, Dhaka, Shanghai, and Hong Kong by the end of the century. The ZSE Group, as a leader in the energy sector in the Slovak Republic, is aware of its position and responsibility for fulfilling carbon neutrality within our activities. The primary guidance for us is the European Green Deal, adopted in December 2019, which sets a goal for Europe as the first carbon-neutral continent by 2050. The basis for the absolute reduction of greenhouse gases is their quantification. The official methodology for measuring emissions is the so-called Greenhouse Gas (GHG) Protocol, which divides emissions into three areas (scopes).

Scope 1 - direct emissions from company activities, own and controlled assets (such as emissions from electricity generation, company vehicles)

Scope 2 - indirect emissions from energy consumed for own purposes (such as distribution losses, power consumed for the operation of own facilities)

Scope 3 - other indirect emissions that result from the company's activities but are not classified under Scope 2 (such as emissions from products sold to customers, leased vehicles, business trips).

ZSE Group CO₂ Balance

Based on the given methodology, the ZSE Group also specifies preliminary calculations of its carbon footprint for 2020.



ZSE Group CO₂ balance in tonnes of CO₂ equivalent (t CO₂e)

	2020
Scope 1	Electricity generation (Malženice) ¹ 629 491
	Heat generation ² 212
	Own vehicles ³ 82
	Fugitive emissions (SF ₆) ⁴ 498
Scope 2	Electricity sourcing (electricity, heat, gas) for own needs ⁵ 1 430
	Distribution system operation losses ⁶ 132 441
Scope 3	Electricity sold to customers ⁷ 1 113 683
	Natural gas sold to customers ⁸ 593 690
	Leased vehicles 3 543
	Business trips of employees (flights) ⁹ 9
Total	2 475 079

¹Amount of CO₂ approved by the National Registry of Emission Allowances. Based on Contract No 62/2012-8.2 for acting as the national administrator of emission allowances of the Slovak Republic concluded between the Ministry of the Environment of the Slovak Republic and ICZ Slovakia a.s., which entered into effect on 27 October 2012. ICZ Slovakia a.s. has been acting as the national administrator of emission allowances since 1 January 2013 <<http://emisie.icz.sk/>>

²Burning fuel (natural gas) in own boilers. Natural gas emission factor 2020 (AV) = 55.714 t CO₂/HU, Source: SPP. Volume of natural gas (2020): 1056,53 MWh/year.

³ Emission factor source: Ministry of the Environment of the Slovak Republic, Institute of Environmental Policy (2020): Methodology for IEP personal carbon footprint calculator.
Values were also verified via the GHG protocol Transport tool.

⁴ SF₆ leaks: 21.21 kg in 2020: Source of the value of the GWP: Green Warming Potential SF₆ = 23,500: IPCC Fifth Assessment Report, 2014 (AR5)

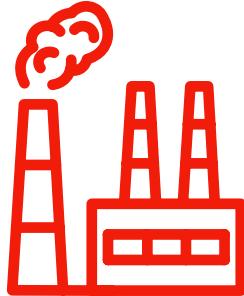
⁵ Electricity sourcing 2020: 3873.97 MWh/year, Emission factor: residual mix of producers 218.23 g CO₂/kWh, source: OKTE; Heat sourcing (winter gas) 2020: 2915.1 MWh/year, Natural gas emission factor 2020 (AV) = 55.714 t CO₂/HU, source: SPP.

⁶ ZSE distribution losses 2020: 606.809 GWh. Source: ZSE Energia balance table. Emission factor: residual mix of producers 218.23 g CO₂/kWh, source: OKTE

⁷ Volume of supplied electricity after deducting distribution losses. (6.722 GWh - 606.809 GWh = 6,155.11 GWh). Emission factor: ZSE supplier mix 2020 (residual mix of producers adjusted by guarantees of electricity origin purchased by ZSE): 182.12 g CO₂/kWh

⁸ 2020: Volume of gas supplied to customers: 2,960 GWh = 10,656 HU. Natural gas emission factor 2020 (AV) = 55.714 t CO₂/HU. CO₂ = 593,690 t CO₂e, source SPP.

⁹ Air miles calculator <Vienna to Düsseldorf distance (VIE to DUS) | Air Miles Calculator>; Values also verified via the mission factor source: Ministry of the Environment of the Slovak Republic, Institute of Environmental Policy (2020): Methodology for IEP personal carbon footprint calculator.



Emissions from electricity generation in Malženice have been 100% covered by the purchase of emission allowances since its reopening in 2018, thanks to which ZSE already generates electricity in a CCGT power plant in a fully CO₂ compensated mode. Within the vehicle fleet, in 2020, ZSE has started preparing an update of internal car policy, which brings electrification to its ranks and, with the help of incentives, will significantly support e-mobility.



of both the Company and private vehicles. This is one of the reasons why the ZSE Group is determined to reduce its emissions within the vehicle fleet as much as possible by 2030.

In scope 1, emissions of SF₆ (sulphur hexafluoride), whose global warming potential (GWP) is 23,500 times higher than CO₂ emissions at the 100-year horizon, are an equally important emitter of greenhouse gases. Information on the global warming potential, including other greenhouse gases, is provided by the IPCC, the UN body for assessing scientific knowledge related to climate change. In the area of facilities, ZSE has started working on an action plan that will increase energy efficiency and revitalise the premises of operating facilities. Additionally, in the coming years, thanks to the purchase of GoO, ZSE is determined to continue reducing the carbon intensity of our supply mix, building plans to reduce the carbon footprint in other emission areas.

Following the objectives of the European Green Deal and in connection with the calculation of emissions for the ZSE Group our strategic goal is their gradual reduction towards carbon neutrality by 2050, as follows:

Scope 1 and Scope 2: -75 % by 2030 and -100 % by 2040
Scope 3: -50 % by 2030 and -100 % by 2050.

The strategy for the transition to a carbon neutral business is first and foremost a physical reduction of emissions, a change in behaviour and process settings. Investing in emission-free solutions is also an essential part of a sustainable energy transformation. To achieve carbon neutrality, the ZSE Group also envisages a plan of compensatory measures, ultimately compensating for the necessary emissions that the company generates for its operation. We will consult compensation measures in the future to

develop this plan with experts on carbon footprint.

In addition to CO₂ emissions, the ZSE Group monitors parameters and results of individual air pollution indicators calculations in its operations. The table shows the aggregate values for 2020 in kg/year.



Pollution source	Category of air pollution source	Solid pollutants (SP) (kg/year)	SO ₂ (kg/year)	NOx (kg/year)	CO (kg/year)	Organic gases and fumes expressed as total organic carbon (TOC) (kg/year)
Malženice CCGT power plant	Large	24 520	2940	171 560	128 870	7 060
Boiler rooms & diesel generators	Medium	4,58	0,34	57,70	21,60	3,57
Boiler rooms & diesel generators	Small	9,02	1,01	165,47	66,26	11,04



KEY BUSINESS AREAS

Stable and modern networks

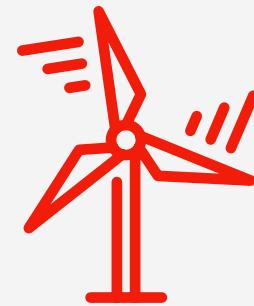


ACON project

ACON Smart Grids is one of the key projects of Západoslovenská distribučná (ZSD). As the project included in the list of top infrastructure projects of common interests of the European Union (EU PCIs) it benefited from this status - an opportunity to apply for the EU co-financing. Based on the successful grant application the ACON project became in the first half of 2019 the first PCI project in the area of smart networks, implemented only by the distribution companies in Central and Eastern Europe (EG.D, a.s. formerly E.ON CZ, Czech operator of the distribution system, is the partner to this project). PCI projects are key infrastructure projects aimed at interconnecting European energy systems and achieving energy and climate targets of EU. In this context, ZSD plays an important role because it already coordinates and implements two projects of such nature - ACON and Danube InGrid. Their joint value represents almost a half billion euros. The value of ZSD investment reaches almost EUR 200 million. The grant which the ACON project obtained reaches EUR 91.2 million and is one of the highest historic co-financing. The aim of the ACON project is to modernise and increase the efficiency of the distribution system and strengthen the cooperation between Slovakia and the Czech Republic. Considering its cross-border character, individual



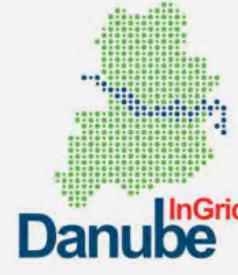
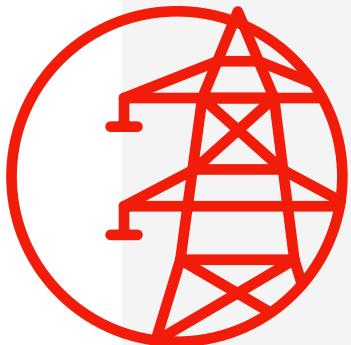
activities are carried out mainly in the border areas. It will significantly contribute to the electricity market integration between both countries and emergence of economically favourable electricity system with little loses and high quality and safety of supply. Smart grid technologies will be used to modernise the distribution system, creating technical environment allowing the implementation of other smart solutions in the future. The specific activities started already in 2018, once the application for grant was submitted. One of the first investments was the investment in modernisation and digitisation of one of the most defective lines which distributed electricity to towns in the Trenčín region. Digitisation (installation of power and optical connection) of almost 8-kilometre section of the line in the area Drietoma - Kykula and its placement on the ground led to lower failure rate, having positive effects already in winter 2020, since no failure was reported. A development of three new transformer stations was a part of this extensive investment.



In spring 2020, all investment activities of ZSD were reduced, which significantly affected the constructions within the ACON project too. Despite the situation, two constructions which started in 2019 were completed and other four constructions were started and completed as a part of the project. In 2020, a sum of total EUR 3.1 million was invested within the project. Constructions of MV networks digitisation were completed along with MV overhead lines cabelisation. These overhead lines were located mainly in inaccessible areas around the towns Čachtice, Lubina - Javorina, Dolná Súča, Krásna Ves and Borský Mikuláš. The lines built in the 70's and 80's of the last century, some of them still on wooden supporting poles, were operated through forest clearings without major reconstructions. This required for considerable financial resources for trimming. Despite this treatment, these sections reported significant defects in any weather calamity - thunderstorm, strong wind or frost. Development of underground optical cable routes required for data transmission



from the network led to the emergence of more than 5 kilometres defect-free earth cable MV lines in the amount of approx. EUR 700,000. In total, 27.7 kilometres of new MV cable routes were developed since the project start by the end of 2020, along with optical storage cables. The total investment included the development of a new interconnection of HV line for the future electrical station in Borský Svätý Jur or modernisation of the infrastructure in the border area Skalica-Mlynky - development of a new box transformer stations and cabelisation of 684 meters of overhead line. Until now, this area was fed by electricity from the transformer station in Czech Republic, which significantly complicated maintenance and repairs, because the works had to be ordered from Czech partners. Smart grids IT solutions are also included in the ACON project. It contains design, implementation and testing of new IT system (hardware and software) based on the need to integrate information, management and operating software.



The Danube InGrid project

In October 2020, the already mentioned Slovak-Hungarian project of common interest Danube InGrid obtained the so far biggest grant co-financing in the category smart grid from the European financial facility CEF (Connecting Europe Facility) in the amount of EUR 102 million. This makes Danube InGrid the only smart grid project which obtained the CEF co-financing in 2020. By obtaining the grant, ZSD has become the only company in the EU which is, together with the project partners, the implementor of two PCI projects in the smart grids category. Furthermore, the two projects also portray the biggest volume of investment costs within this very same category. ZSE confirmed its position of an important player in shaping modern and stable electricity system in the Central and Eastern Europe (CEE) region, which has an effect on building and improving a single energy market of the European Union as a whole.

In addition to ZSD, the Danube InGrid project is implemented by the electricity transmission system operator in Slovakia - Slovenská elektrizačná prenosová sústava, a.s. (SEPS). In Hungary, it is the operator of the distribution system - E.ON Észak-dunántúli Áramhálózati Zrt. (EED). The project involves the regions of Western Slovakia and North Western Hungary. The total amount of the project is EUR 290 million. The primary intention of the Danube InGrid project is to build a smart grid in the CEE region, which would enable a more extensive integration of renewable energy generators with the distribution system, while keeping high quality and security of supply.

Individual project activities can be divided in three main categories:

1. Extending and improving the existing distribution system with smart devices, with the aim of improving reliability of electricity supplies and stability of the system.
2. Enlarging the communication infrastructure through optical routes and smart elements which would allow for efficient management and control of the system.
3. Integrating and implementing smart grid IT solutions which will create conditions for the processing of mass data with the aim of optimising administration of assets and operation of the system.



ZSD will focus mainly on the modernisation of technology in 150 transformer stations, building new substations, developing optical network of 320 kilometres and implementation of IT solutions including cyber security systems. ZSD will continue in making the ACON and Danube InGrid projects successful in the upcoming years.

Digitisation of ZSD services

In addition to modernisation projects such as ACON and Danube InGrid, ZSD focuses on digitisation of its own services, thus offering its customers the possibility of using on-line services from the comfort of their homes or offices.

Until 2020, ZSD digitised solutions include:

- Application for connection: If a customer builds a house which is not yet connected to the distribution system or has already a house which is already connected and wishes to change technical conditions, he or she can submit the application online and thus, save time.
- Application for connection of a small source: it enables the customer to submit electronic application for connection of a generation facility up to 10 kW.
- Distribution portal: saves time in communication with electricity distributor. Information portal for customers and business partners of ZSD is available online.
- ZSD mobile application - free application of ZSD is designed for all electricity consumers in Western Slovakia, providing, inter alia, functionalities of meter-readings, current failures, planned outages, information about supply points or customer service.
- Mobile application CORVUS: in cooperation with non-for-profit organisation Stopka, we have integrated new distribution functionalities in their programme Corvus, making the services available to blind or vision handicapped users. The programme is controlled by voice which significantly accelerates the work of vision handicapped with touch telephones.

- Text message/email notifications about failures: If the failure at the supply point lasts more than 15 minutes, ZSD customers automatically and free-of-charge receive a text message or email about the failure. There is no need to activate this service, notifications are sent automatically to the telephone numbers registered in the system. Pilot part of this service is provided over the entire distribution territory of the Company except Bratislava's districts.
- Recommended electricians: Online ZSD service helps the customers to search for a proven electrician in their area, who helps prepare the supply point for the connection to the distribution system.

Another important digital service is Geoportal that offers spatial data about devices managed by ZSD, in particular: informative view of networks, request for opinion on the existence of networks, provision of data in the DGN format, situation plans, map of failures and outages, request for the network manager and check of electroless status in the selected location.

Digitisation is a key for sustainable modernisation of our services. Therefore, in 2021 we continue in this effort; we introduced the service "Request for opinion on the project documentation" and API services, which provide electricity suppliers with an efficient way of automated data processing. API services enable direct connection to interface providing data and their processing without the need of service interference. Suppliers can import data directly into their databases and work with them. Other services such as HUB online requests and Chatbot ZSD are in the process of implementation.



Innovative customer solutions

Sustainable products

Power generation from traditional sources significantly affects the production of CO₂ in Europe. Every year the energy sector in the European Union produces up to 1.17 billion tonnes of emissions. In reaction to this, the EU countries has started to introduce green changes. Increasing share of renewable sources in the energy mix is a significant part of it. In 2020, the share of renewable energy sources (RES) in EU achieved 20%. As set out in the climate package "EU fit for 55" the target is to increase this share to 40% by 2030. ZSE, as the first big supplier in Slovakia, has introduced to households a new product "Green electricity" since 1st of February 2020. Green electricity is fully covered by guarantees of origin (GoO) for electricity produced from renewable energy sources (RES) such as solar, wind, hydro, biomass or geothermal water. These sources are naturally renewed, which means that they are inexhaustible and sustainable. By the end of 2020, more than 19,000 customers subscribed for Green electricity from ZSE, for whom GoO were purchased from more than 760 small photovoltaic power plants over the entire Slovakia. Gradually, all ZSE buildings are becoming green, with the pilot facility in Nitra where replacement of the boiler room and installation of photovoltaics reduce operating costs and carbon footprint by approximately 30%. As a part of guaranteed energy services, ZSE operates one of its buildings at Hraničná street in Bratislava, where energy savings are reported on a daily basis. ZSE gradually develops an action plan for CO₂ reduction within the entire portfolio of its buildings and ensure their energy efficiency.

Furthermore, the ZSE sustainable customer solutions include photovoltaic panels that guarantee energy produced in any weather conditions, or green roofs which, in combination with photovoltaics represent environmental and cost-saving solutions (e.g. improved



thermal comfort in the building or reduction of costs of operation, especially cooling in summer). Since 2015 when the solar solutions by ZSE were introduced, we have delivered and installed 574 photovoltaic devices for electricity production and 511 devices with solar collectors for water heating, being the leader in delivery of these solutions. In 2020, a big installation of photovoltaic power plant was carried out on the roof of Sezama company near Nitra where 270 panels will produce a total volume of 99.9 kW. Additionally, ZSE offers innovative solution ZSE Fotovol Bezstarosti (ZSE Fotovolt Easy) with extended monitoring of production, consumption and excess electricity. This solution includes green electricity and virtual battery in which the consumer can temporarily store extra electricity produced from photovoltaic panels. Electricity consumption is the highest in the morning and in the evening. However, photovoltaic panels produce



more energy during a day when the consumption is the lowest.

At this time, when a family is usually not at home, electricity from photovoltaic panels is stored in a virtual battery and the household can use it at the time when the consumption is higher than production. Virtual battery saves electricity in approximately 40% of costs of electricity and shortens the return of photovoltaic solutions by approximately 3 years, so the total time of costs return is approximately 9 to 10 years. Virtual battery is operated by ZSE for only EUR 2 a month, bearing in mind also the fact that the consumer does not need to buy an own battery and thus saves several thousands of euros. Since it is a virtual storage, the consumer not only saves costs, but also implements a more environmentally friendly solution. As compared to a physical battery which loses its efficiency over time, virtual battery has an unlimited life-cycle. With virtual battery, consumers pay only variable costs of the distribution system operator and so save costs for electricity supply.

Digitisation of services of ZSE Energia

The year 2020 was the year of digitisation, not only of the internal corporate processes, but mainly of the customers portfolio. Despite the pandemic, our efforts focused on broader digitisation of customers within the household segment. Thanks to a number of various activities (email and text message campaigns, campaign through on-line account, customer line, customer care team) we achieved great results: increase in the number of e-invoices by 90 040; increase in the number of customers to whom the overpayments are sent to the account and not by postal money order by 40 006; increase in the number of customers who pay by bank transfer or direct debit by 26 335. By the end of 2020, the online account, which is available 24 hours a day, was used by 334 000 customers. The customers can handle many issues concerning supply points and services, from the comfort of their home. There is no need to visit ZSE Centre or call the customer service any longer.



Súťaž s Natáliou Pažickou



ZSE Green Ideas

Through portal setri.sk, now Green Ideas, ZSE has been paying attention to support environmental awareness of the broader public. With this website ZSE offers advisory in the area of energy savings, bringing trends and inspiration that relates to modern transport, workplace or housing solutions which are more environment friendly. To promote ZSE Green Ideas, the Company invited inspiring representatives of modern Slovakia who are active in the field of long-term sustainability and green activism. In the first phase of the cooperation those were: Baša Števulová who with her partner develops a project supporting sustainability and self-resilience. Michal Sabo, a Slovak greenfluencer who promotes sustainable behaviour mainly through his activism on social media. Michal is also an ambassador for the EU Climate Pact and Ourplanet_eu. Our collaboration with Natália Pažická focuses on sustainable lifestyle such as household running, veganism, fair trade or fashion industry. Babsy Heribanová, a Slovak influencer, presenter and PR manager runs the podcast Nová doba udržateľná (New sustainable era), where she focuses on environmental issues. Interviews with the influencers including their tips and advice on how to sustainably behave towards our planet can be found in our podcast section ZSE Green Ideas.



E-mobility

In the field of e-mobility, ZSE Drive is a technology leader on the market in operating the ultra-fast public charging stations, offering wide choice of services and advisory for B2B and B2M customers, planning to extend its activities within the B2C segment as well. By the end of 2020, ZSE Drive had already 2,468 registered users. Concerning the public charging network, ZSE Drive operated in total 229 public charging points, of which 154 (AC) were slow, 56 (DC) fast and 19 (UFCH) ultra-fast. In the beginning of September 2020, ZSE Drive participated, as a special partner, in a unique event in Košice: e-vehicles saloon presented the best from the world of e-mobility in Slovakia. The event was accompanied by various lectures and discussions which presented the broad public with the most interesting information. The platform was naturally not lacking seminars led by the ZSE Drive experts. The end of the year 2020 brought for ZSE Drive an exclusive cooperation with Volkswagen car manufacturer. The survey under preparation aims at improving quality of

ZSE Drive services and getting closer to our customers. It included the possibility of getting unforgettable experience with e-car VW Id.3 for one month with a generous credit for charging. Moreover, ZSE Drive is also very active in raising awareness about e-mobility within sustainable development topics. It regularly places posts on social and internal media with the aim to keep our customers, but also colleagues updated about the last e-mobility developments. Its promotional items are made of sustainable materials such as organic t-shirts, notepads made of recycled groundwood or business marketing materials which are printed with environmentally friendly colours. The charging card itself (RFID card) is produced from recycled plastic. The charging of e-vehicles itself in the public ZSE Drive network is fully covered by the GoO from renewable sources.

From May to November 2021, ZSE Drive is a part of an e-mobility showroom in Aupark shopping park Bratislava called Moonlight. The showroom operates fully on a paperless basis.

ZSE DRIVE 





PROTECTION OF THE ENVIRONMENT (ENVIRONMENTAL)



The ZSE Group has been focusing on the protection of the environment in the long-run and with its activities contributes to mitigation of adverse effects the energy sector has. Since 2020, ZSE, ZSD and ZSEE have been undergoing supervisory audit ISO 14001 (System of environmental management) conducted by the certification organisation 3EC. Re-certification is made every three years. Several regulations, guidelines and policies regarding environmental protection are implemented within the Group. The targets of the System

of Integrated Management are set on a yearly basis, supporting development and transition to sustainability. The fulfilment of targets is strictly monitored.

Big attention is paid to the protection of birds. In 2020, we treated 10 electrical poles near the Zavar landfill (place of birds' death) by re-locating jumper leads and made 231 poles more environmentally friendly by equipping them with shelters in the Protected Birds' Areas Ostrovné Lúky (place of appearance of red-footed falcon). At the same time, we installed 21 nest booths for common kestrel on the high voltage poles and re-located 1 stork nest to a replacement pole, installing barriers on the original pole. Last year, we placed cables of 6.2 kilometres of overhead lines in forest clearings, thus reducing the risk of birds' death. The ZSE Group is involved in several partnership projects, many of them are organised on an international level. With the agreement on cooperation with the coordinating partner MEGEG Zurndorf, Austria within the LIFE Eurokite project, signed in 2020, we aim to protect endangered species of red kite and identify and treat risky electrical lines with protecting elements which mitigate the risk of electrical shocks. The project, under the supervision of the EU, is to be implemented between 2021 – 2027. The contribution of ZSD represents EUR 96,835 for the purchase of materials to be used for environmental treatment of electrical lines. The work costs are covered solely by ZSD. In 2021, we plan to treat 214 poles.

Over the period of five years (September 2020 - February 2026), the LIFE DanubeFreeSky project is being implemented, where partners from seven countries along the Danube river (Austria, Slovakia, Hungary,



Croatia, Serbia, Bulgaria and Romania) joined forces to create safer corridor for birds. The main focus is to strengthen safety of electrical lines and deepen mutual cooperation between energy businesses and ornithologists, create safer corridor in the surroundings of the Danube river as an important migration corridor, adopt new efficient measures, exchange experience and establish new long-term cooperation between the countries in the future. Within the territory of ZSD, the project focuses on the protection of saker falcon and eastern imperial eagle by installing almost 400 pieces of protecting elements against electrical shocks in the surroundings of nests. The sum of the project is EUR 71,657 designed for the purchase of material, i.e. protecting elements for electrical lines, work costs are ZSD own costs. In 2021, we plan to treat 228 poles.

In 2020 we completed the project Life Energia within which ZSD between 2015 to 2019 treated 42 kilometres of electrical lines by deflectors. The project won the main prize in the European competition LIFE Awards 2021 in the protection of nature category. In its 15th year the European Commission chose the LIFE Energia project among 126 other candidates. The main aims of the projects were prevention of collisions, rehabilitation of wounded bird species, possibilities of nesting and feeding, raising awareness about the project and protection of birds. The project was organised in cooperation with Raptor Protection of Slovakia (our long-term partner in the area of birds' protection), Východoslovenská distribučná, a.s. (VSD), National Protection of Environment of the Slovak Republic, Ministry of Environment of the Slovak Republic and University of Veterinary Medicine and Pharmacy in Košice.

In addition to the protection of animal species, the ZSE Group monitors quality of water discharged in waters, quality of water in wells and quality of water in administrative buildings (in 2020, we made 121 analyses). We also conduct an online monitoring of water discharged from the Malženice power plant. Once a water leakage is detected, water connections are repaired (electrical station Komárno, small-scale

hydro power plant Nitra, electrical station Senica, operating object Bratislava). Similarly, we test tightness of emergency containers and camera monitoring of sewage system in order to check tightness and prevent leakages of polluters in underlying bed. In 2020, we performed 21 tests of tightness. We also monitor appearance of invasive plants which we gradually remove based on the monitoring. In 2020, we carried out reconstructions including rehabilitation, i.e. surfaces soaked





with oil were removed in Nové Zámky and Štúrovo. Also, some oil equipment was replaced by dried one, with less oil and lower noise (electrical stations Veľký Meder, electrical station Nové Mesto nad Váhom, electrical station Myjava).

As a part of waste management and circular economy activities, we seek to separate as much as possible within the Company. The total volume of waste produced by the ZSE Group in 2020 was 24,852 tonnes, of which 83% was recovered. This volume includes 1.4 tonnes of equipment containing PCB which was not functional and 36 tonnes of waste containing asbestos. The Environment Team also monitors leakages of dangerous gas SF₆. In 2020, we recorded 21.21 kilograms of such leakages, representing 498.44 tonnes of CO₂e, of the total volume 368,787.6 tonnes CO₂e. It means that leakages of SF₆ gas represented only 0.14% of the total volume. The volume of other fluorinated greenhouse gases, air conditioning and stable fire extinguishers (R410A, R407C, HFC227) in the buildings of the ZSE Group was in 2020 a total of 5703,086 tonnes CO₂. No leakage from these facilities was reported. As a part of educating and raising awareness about environmental topics, ZSE regularly organises trainings and communication campaigns for its employees, especially with reference to International Day of Water or International Day of Environment), new employees are trained on the issues of environment and receive a separate email with the reference to intranet how to separate waste. Other information and news are shared on the intranet, corporate magazine and social networks.



OCCUPATIONAL HEALTH AND SAFETY (OHS), PROMOTION OF DIVERSITY AND COMMUNITIES ENGAGEMENT (SOCIAL)



OHS



"Safety F1rst - Safety at the first place" is our motto which goes across the entire Company. High OHS standards are a principal pillar of the ZSE Group through which the Company seeks to ensure health and safety for its employees and employees of our contractors to the maximum extent possible. A supervisory audit is undertaken every year and re-certification audit is undertaken every three years by an external organisation within the meaning of ISO 45 001 (System of Occupational Health and Safety Management). Similarly, at least 12 internal audits are conducted every year by EMS auditors within the meaning of ISO 45 001. Main guidelines of the E.ON shareholder which the ZSE Group follows in the OHS field are implemented in internal managing acts (FP (Function Policy) - 08: Sustainability and HSE; S-05 (Applicable Standard to FP - 08 "Sustainability & HSE"):HSE Risk Management Standard; PG (People Guideline) - 07: Health, Safety & Environment; Group-wide initiative Safety F1ST, integral part of OHS targets for directors and managers -

Go, See & Talk (GTS)). Procedures of the ZSE Group are documented in the internal management documents, such as Assessment of hazards and risk at workplace; Traumatological plan; Inspection of OHS and fire prevention conducted by technical employees; Measures to prevent violation of work discipline by taking alcoholic drinks and other addictive substances at workplace; Continuous inspection of contractors conducted by authorised employees; Investigation of work injuries, unsafe conditions and occupational illnesses in the Company; Rules for storing and manipulating with dangerous chemical factors; Instructions for determining conditions related to the work with asbestos, Instructions for determining the conditions for work with racks and ladders; Minimum safety and health conditions for a site; Drinking regime; Works and workplaces forbidden for special groups; Minimum conditions for safety labelling; Protection against fire, principles of

information flow in reporting the fire, Instructions for work with display units or Assessment of works in manipulating with burdens. Furthermore, OHS & Fire Prevention Team issues OHS Information bulletin on a monthly basis for the ZSE Group employees and a common bulletin of ZSE, SSE (Stredoslovenská energetika) and VSE (Východoslovenská energetika) on a quarterly basis. OHS area has also its own room on the intranet which contains information about injuries within ZSE and the E.ON Group, information about Go See & Talk interviews, traumatological plan, places for defibrillators, Last Minute Risk Analyses (LMRA), safe distances, information on how to proceed in case of injury or fire. Internal magazine gives also room to protection of health and safety, through which OHS & Fire Prevention Team constantly educates and raises awareness, likewise it does in



case of internal campaigns and in sending meteorological warnings or organisation of international days (World Health Day, World Cancer Day - European Code Against Cancer, Apple Day, European Week for health and safety at work - Healthy workplaces). Every new employee must undergo a mandatory entrance training in the area of OHS, fire prevention and SIM, which are repeated every 24 months. Other training activities include e.g. informing the contractors before the performance of contract activities, informing the employees' representatives for safety, trainings on the work at height, trainings of security service or

trainings of fire patrols. All these trainings are given by the employees of the OHS & Fire Prevention Team. In response to many OHS corporate events, we organise relevant campaigns such as: Vaccination campaign against pneumococcal infections; Do not use mobile phones while driving; Hold onto the handrail; Protect yourself from heat; Protect yourself from cold or No compromise on safety. Within the Go, See & Talk initiative, all heads of departments and senior managers are required to carry out 12 interviews with employees in the field over the year focusing on the OHS topic - 28 managers in total can be found within the programme. The OHS & Fire Prevention Team has been cooperating with the Comenius University on the project of behavioural changes, formed upon the initiative of the management with the aim of improving OHS procedures. The project was launched at the Institute of Applied Psychology at the Faculty of Social and Economic Sciences of the Comenius University and continues to be led by our own employees. The project has two objectives: (1) to better understand perception of dangerous/critical situations, their causes, course and consequences, and (2) to draft proposals for preventive measures to be applied in the future. Opinions, observations and experience are irreplaceable because the given situations have been experienced by employees directly or indirectly through colleagues. An important part of the project was especially combining the ZSE experience, work knowledge and environment with the academic methods and expertise in the field of psychology.

The year 2020 was significantly affected by the coronavirus pandemic. There were many volunteers who helped several months with organisation of the COVID-19 antigen testing. At the same time, the OHS & Fire Prevention Team brought several educational and preventive measures how to protect against the virus: educational videos about COVID-19 on the intranet, instruction on how to use a respirator, travelling at the time of the pandemic, how to wash hands correctly, swimming pools at the time of the pandemic, basic rules on how to behave during the pandemic, basic information about COVID-19 or distribution of disinfecting gels at the beginning of the pandemic. The ZSE Group will continue in doing everything to protect health and safety of our employees.

Social benefits and diversity



In the area of human resources, the ZSE Group has been ensuring stable and proper social security for its employees for almost 100 years. The Labour Code and Collective Agreement are our two underlying pillars which are accompanied by additional ZSE guidelines such as: Rules of

remuneration; Training and development of employees; Working & resting times; Social care for employees; Preventive medical checks-up in relation to work; Car benefit - Rules for using service cars for private purposes. Within special care for its employees, the ZSE Group offers many benefits in the areas such as social security, family, health, recreation, leisure or sport.

Social care: Compensation for income for the first ten days of sick-leave beyond the Labour Code; contribution to the supplementary pension scheme up to 3% of the income with the 1:1 ratio between the employer and employee; financial assistance in the event of a difficult life situation provided during long sickness (more than 3 months) and in the event of an employee's death; regular contribution to former colleagues (retirees); insurance against damage occurred during work, mainly damage concerning company vehicles or computers; extra days off for special events (wedding, child's birth, blood donation).

Family: Activities for employees' children: summer camps, St Nicolaus Day; contribution on the occasion of a child's birth; contribution for the recreation of handicapped children; days off for mothers with children (2 days a year based on the Collective Agreement).

Health: In 2020, ZSE won the 3rd prize among other 25 other companies in the competition "Healthy Firm of the Year" announced by the Union insurance company. The competition is organised within the project "Initiative for healthier Slovakia". ZSE provides its employees with above standard medical checks-up focused on comprehensive screening, composed of eight examinations. Health days include basic measurements (e.g. blood pressure, BMI, spirometry, measurement from a blood drop, skin examination by dermatoscope). Regular COVID-19 antigen testing for employees and its family members, and PCR tests for employees coming back from abroad, work psychologist or vitamin packages.

Recreation: Annual financial contribution for recreation; extra five days off beyond Labour Code; extra day off - Energy day (1 October).

Leisure and sport: Megawatt party; ZSE Family Day; MultiSport card provided as an individual benefit for extraordinary performance; corporate and hobby clubs; teambuildings; theatre tickets

Other benefits: Meal vouchers fully paid by the employer; loyalty bonus (10, 20, 30, 35 and 40 years of working for ZSE); jubilee bonus (50 year old employees); gifts from special workshops - once a year, usually before Christmas; internal competitions; 24/7 hour line for psychological, legal and financial advisory service; seminars for general training of employees (e.g. financial literacy); energy courses offered by colleagues

In the energy business we are very much aware about the important role that diversity plays in this industry. The ZSE Group offers several programmes to shape diverse and inclusive company. We have been cooperating with secondary technical schools through Dual programmes for several years. Consequently, the students from technical high schools have the possibility to get engaged in the Power programme within which ZSE experts hand in their precious experience and technical skills to future generations of ZSE colleagues. In 2020, there were 22 students in the Dual programmes and 25 young employees in the Power programme which constantly contributes to the promotion of new graduates of technical high schools to stable work positions within the ZSE Group. ZSE develops its talents through talent programmes where employee's skills are supported on an individual basis, often with the expertise of professional coaches. ZSD is a partner of the Duke of Edinburg International Award which enables our colleagues to educate future energy workers and, at the same time, teach mentoring abilities, i.e. educating both directions.

ZSE regularly monitors total share of men and women in the company as well as the share of men and women holding managerial positions. In 2020, women represented approx. one third of workforce in the ZSE Group. Share of women in senior management corresponded proportionally to the total number of women; this share was significantly higher (7%) in ZSD. In 2020, on the occasion of the International Women Day, we organised a workshop for managers (team leaders and heads of departments) called "Women in Business" led by a coach and therapeutic in one person. Employees could sign for webinars "Intergenerational differences" and "How to manage a difficult situation in the family" led by a child psychologist in response to the first wave of the pandemic. The webinar also focused on the topics of managing the quick shift to a work-from-home model, fear, anxiety, closed schools and kindergartens, playing several roles at home (work, running a household, studying with children).



Communities Engagement – ZSE Foundation



In addition to daily communication activities (internal and external articles, internal magazine Impulz, training campaigns, podcasts, videos, posts on social media), ZSE Foundation was set up as a part of an education and community support. Since its beginning, the Foundation has been supporting inspiring people and bringing change in their closest environment; supporting community activities which we see as an investment into the future for social benefit nowadays

and benefit for future generations. We have been systematically and in the long run focusing on four key areas: environment, education, innovation and community development. The

project very close to our hearts is Elektrárna Piešťany (EP), which is a community and educational centre for public, teachers and students. EP is a reconstructed industrial building from the early 20th century. The primary role of the former municipality power plant, listed in the list of national cultural sites, is to create space for informal and formal education and direct contact with science and technology for broader public. Since 2016, the ZSE Foundation has been a strategic partner of Community Centre Nitra (civic association) which will carry out its own educational and community activities and create a centre for experience education in the field of science, technology and art. As part of the partnership, the ZSE Foundation will offer the premises of EP, including the existing equipment and energy costs, free of charge, and institutional support for the partner for the development of educational activities.

Every year, the ZSE Foundation launches several grant schemes. The Employees grant scheme offers the employees an opportunity to recommend non-profit organisations, schools, educational facilities, cities, cultural institutions or sport clubs to whom a grant can be awarded. In 2020, the total sum of EUR 70,000 was determined for the support of projects. One project could get the support of up to EUR 700. 162 applications were submitted within the deadline, all of them met the eligibility criteria and were included in the assessment. The assessment committee recommended that 140 projects be supported. In total, 572 projects were supported with the sum of EUR 290,000



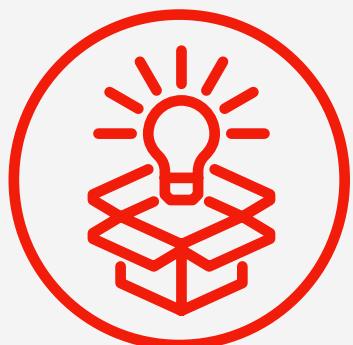
until 2020.

Another grant scheme of the ZSE Foundation called Making Regions Move was stopped in 2020 due to the pandemic. Fortunately, the programme was renewed in 2021. The total sum of EUR 120,000 was earmarked, with EUR 800 to 1,000 per project. This initiative supports projects which promote cultural, sport or community life in western parts of Slovakia and make a specific region, its traditions or sites visible. Online projects can also apply, such as live streams of concerts, online workshops or recordings of theatre shows. Until 2020, four seasons of Making Regions Move programme took place. 663 projects were supported with the sum of more than EUR 480,000.

Another grant scheme through which ZSE supports people with disabilities is the We Remove Barriers project, in cooperation with Disabled Aid Association APPA. As a part of it, the ZSE Foundation promotes crowdfunding activities which are designed for payment of rehabilitation, purchase of health care aids or medicaments. In 2020, these activities were stopped due to the pandemic.

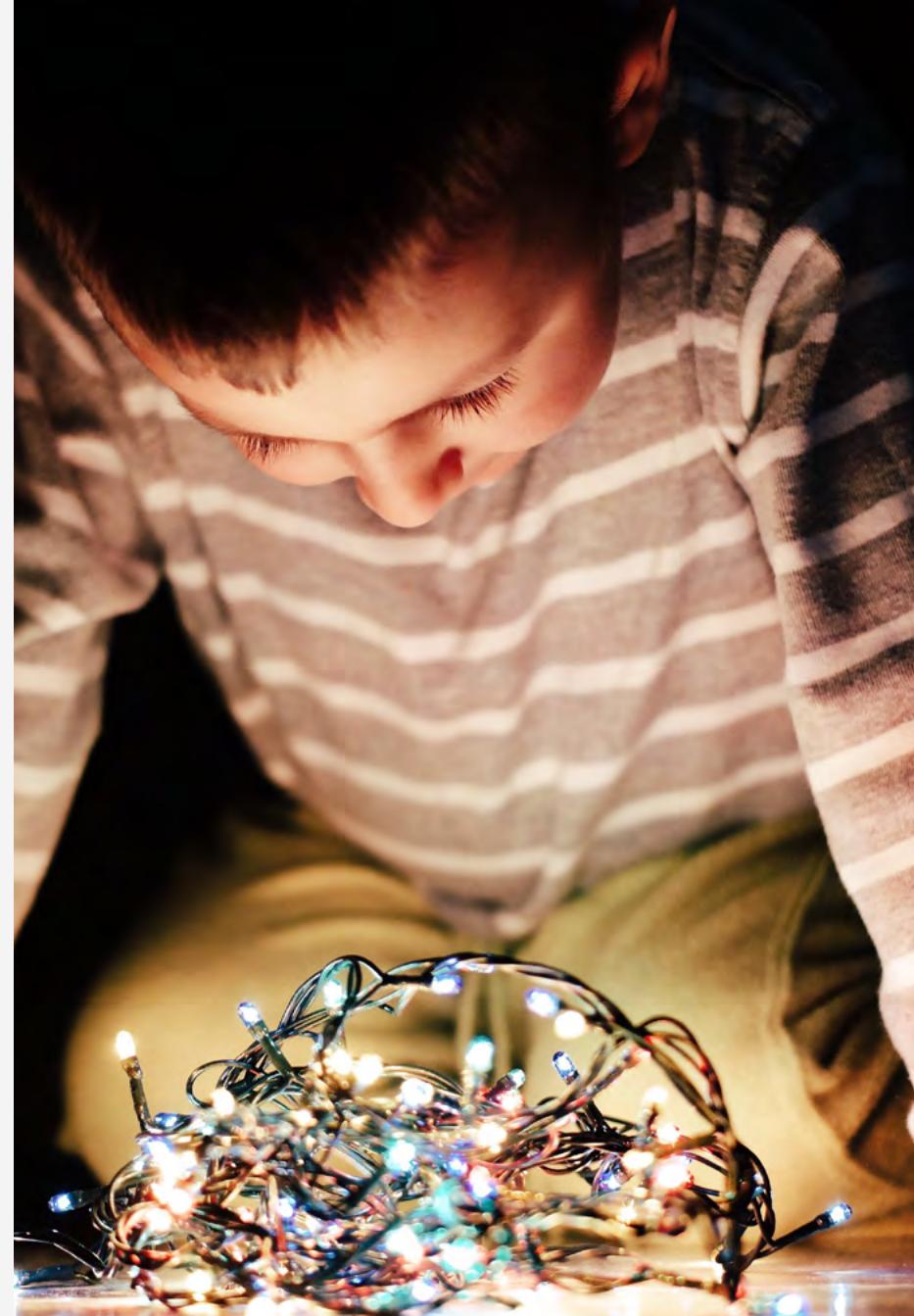
The unexpected pandemic time brought many changes in 2020. In Slovakia, several initiatives emerged over short-time, with one objective: mutual help, humanity and solidarity, protecting the vulnerable and closed ones became natural part of our daily lives. The ZSE Group responded to the situation and supported #KtoPomozeSlovensku (#WhoWillHelpSlovakia) initiative with the sum of EUR 20,000.

A transparent system of financing and providing needed materials helped hospitals, senior homes and other facilities providing services to vulnerable groups cope with the pandemic better. In the end of 2020, the ZSE Group decided to bring nicer Christmas to people who are in need for various reasons. Christmas allowance formerly designed for team meetings among colleagues was provided, in cooperation with the Slovak Catholic Charity, to families in need, children, people with disabilities, single parents, maltreated women, homeless and lonely seniors over the entire Slovakia; the sum of almost EUR 40,000 was used mainly to solve the consequences of the pandemic within the campaign "Do not let hope end". Another open grant scheme of the ZSE Foundation is Exceptional Schools where every project can receive a financial aid of up to EUR 3,000. The assessment committee



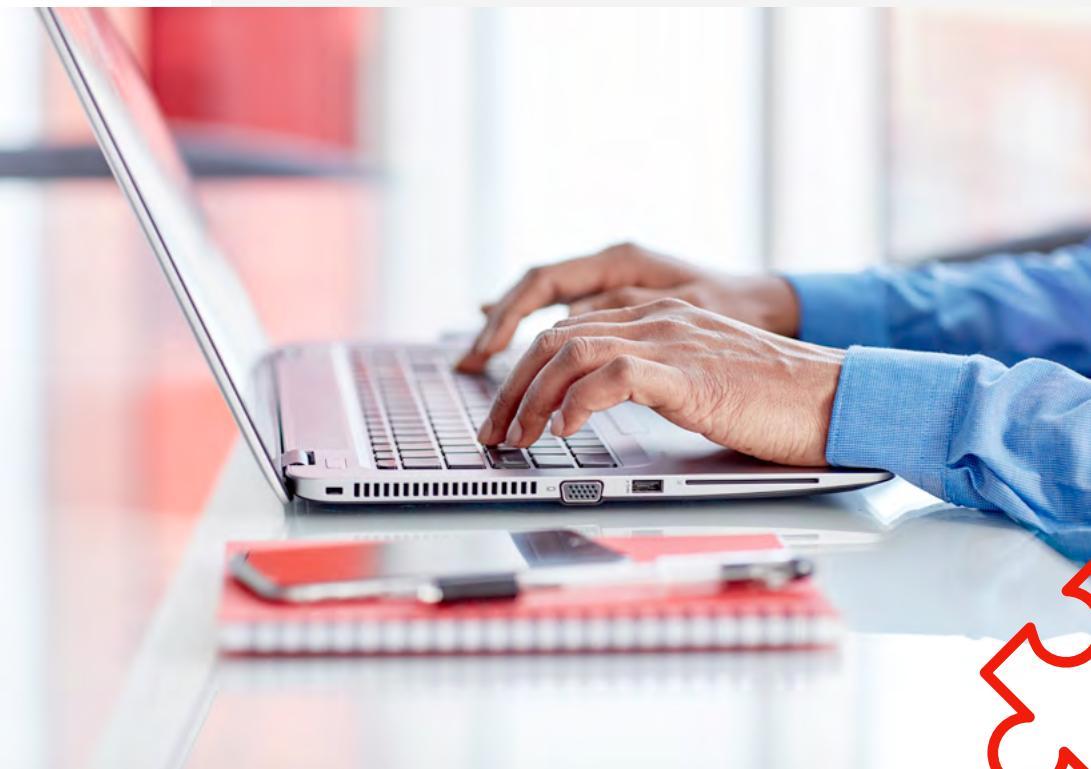


recommended the Board of Trustees of the ZSE Foundation that 20 projects be supported in the academic year 2019/2020, among which the sum of EUR 50,000 was distributed. The quality of the projects in the first year of this programme overcame expectations and therefore the ZSE Foundation has decided to increase the sum for the programme. Additionally, the programme supported another 12 projects with the sum of EUR 23,770. For this reason, in the academic year 2019/2020 the ZSE Foundation supported 32 projects in total with the sum of EUR 73,770. Since March 2020, Slovak schools have relied only on distance learning with only a couple of short breaks. Therefore, in spring 2020 the ZSE Foundation decided to set up www.vyrimocneskoly.sk with interesting content which facilitates education for teachers, students and parents too. This database of inspiring materials in various subjects is constantly enlarged. Yet, the pandemic situation significantly complicated the access to education mainly to socially disadvantaged children. According to the analysis of the Ministry of Education, more than 128,000 children do not have the possibility to get educated online. The ZSE Foundation has therefore decided to support the effort of teachers who must overcome many obstacles to facilitate their students a way for education. Within the Exceptional Schools project, we produced a special grant scheme Exceptional extra lessons with the aim of enabling education to all students. Not only schools but organisations which by their activities help equalize chances and opportunities in education could get involved. Schools, organisations and towns submitted 126 projects, all of them met the eligibility criteria. Financial support earmarked for the programme was EUR 2,500 per project. The ZSE Foundation's Board of Trustees decided about the support for 23 projects in the total amount of EUR 50,000. Due to the continuing pandemic, the ZSE Foundation has decided to increase the budget by EUR 20,000. 39 projects in total were supported with the sum of EUR 70,000.





SUSTAINABLE GOVERNANCE



Responsibility in the area of compliance with legal and ethical standards are for the ZSE Group crucial as the business itself. These attributes represent a basis of good governance of the companies within the ZSE Group. Therefore, we have been constantly working on improving compliance standards and our compliance programme. The primary goal of compliance in the ZSE Group is to prevent violations of rules by the companies of the ZSE Group, detect them and respond to them reasonably. With respect to the above, it is in our interest and our responsibility not to act in a misleading or fraudulent way towards our customers, business partners, investors or other stakeholders. We see negligence or conscious violation of the rules very sensibly since such conduct could lead not only to fines but also to breach of trust of our partners towards the ZSE Group or damage of our reputation which we have been building on the market in the long-run.

Another negative phenomenon reflected by the ZSE Group Compliance programme is corruption. Corruption is unacceptable to us because it creates situations when decisions are adopted for incorrect reasons. It can also prevent from progress, innovation, distort competition or cause permanent damage. Any person that commits corruption in the companies of the ZSE Group will bear the consequences of his or her conduct, including criminal liability. If the violation of the rules occurs in our Group, such violation will be dealt with in a transparent way and, where appropriate, disciplinary measures will be undertaken.



In the ZSE Group, we seek to prevent any corruption practice in the bud. Anti-corruption practice is governed by the ZSE Group Code of Conduct and its Annexes which set out five areas of Compliance: Gifts and hospitality; Conflicts of interest; Know your Counterpart; Criminal liability of legal persons; Competition). New employees are trained on the Code of Conduct through e-learning and the existing employees by refresher courses. Compliance issues are promoted through communication campaigns on the intranet, in the internal magazine or during special events such as International Anti-Corruption Day or World Whistle-blowers Day. The ZSE Groups seeks to inspire all employees to strictly follow the rules, values and Code of Conduct of the

ZSE Group. Another goal is to actively promote internal guidelines directly by employees, raising awareness about ethical dilemma or whistleblowing. If the employees have reasonable suspicion of a non-compliant conduct, they are obliged to immediately report such suspicion. If they wish so, they can do it anonymously through internal reporting lines. Reporting lines are available to external entities too, through which the ZSE Group can be contacted in matters relating to their findings or concerns.

As a part of the Compliance management system, potential contractors are subject to identity and integrity check in order to ensure that the ZSE Group's contractors meet our standards relating to the compliance in the areas such as corruption, money laundering, taxes, economic sanctions and financing of terrorism.

The ZSE Group pays attention to information transparency and safety and protection of personal data. Information about market results of the ZSE Group are published every year in annual reports. Also, the ZSE Group respects human rights in line with the E.ON's updated declaration on principles of human rights of 2019 (update of the 2008 version) which was signed by all members of the E.ON Board of Directors and published on the E.ON website. This declaration recognises International Charter of Human Rights and Declaration of International Labour Organisation about fundamental principles and rights at work which is reflected also by the ZSE Supplier Code of Conduct. Companies of the ZSE Group chose their contractors based on professional and economic criteria. In doing so, they pay attention to the environmental aspect, respect for human rights, industrial or other general binding standards or anti-discrimination and anti-corruption practices. The companies of the ZSE Group recognise Ten Principles of the United Nations Global Compact (UNG). These principles play a leading role in relation between the companies of the ZSE Group and their suppliers and they also accompany the Supplier Code of Conduct.





We stand on the brink of a 4th industrial revolution - technological transformation that will fundamentally alter the way we live, work, and relate to one another. We consider this transition inevitable for future development and as a stable energy partner, we want to provide our customers and employees comfortable and sustainable journey towards this transformation.

As part of our business conduct, we seek to contribute to the fulfillment of the Sustainable Development Goals (SDGs) and principles of corporate social responsibility (CSR). We try to shift our activities towards more sustainable practices. We consider important to report on our developments as regards to environmental, social and corporate governance activities on an annual basis.

Understanding that the climate change is one of the biggest threats of our generation, we bear in mind the Paris Agreement target to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. We also try to contribute to the goal of the European Green Deal of reaching climate neutrality in Europe by 2050. Therefore, we engage in CO₂ reduction planning, and implementation of activities promoting sustainability. On this matter, we also cooperate with local and international partners exchanging know-how and best practices. We devote the CO₂ reduction strategy from our emission balance transparency, which serves as the bedrock for future ZSE emissions reduction planning in all three scopes of the Greenhouse Gas (GHG) Protocol. Our first steps are going towards the planning of carbon neutral buildings and electrification of the company fleet. With this regard, ZSE confirms that under the term „ecological vehicles“ we understand primarily electric vehicles.

Furthermore, our social responsibility on health and safety of our employees has always been and will always stay at the top of our agenda. Together with this priority, we want to endorse diverse and inclusive environment, where all employees feel appreciated in their uniqueness and can develop their skills, potential, but also outside of job activities, up to the level they strike for. Protection of human rights plays a vital part in our corporate principles, mainly through the awareness of possible risks, thus ensuring timely implementation of measures in order to improve conditions within our supply chain, for our employees, customers and people we impact our operations with. Nonetheless, we acknowledge the United Nations Global Compact (UNGC) Initiative and we uphold its ten sustainability principles. Simultaneously, we acknowledge the importance of the investment to future generations. That is why ZSE continues its contributions towards development of communities and regions supporting local sustainable, educational, cultural and sports initiatives.

ZSE has a well-built compliance and transparency focus, we consider business ethics as important as business itself. There is no place for corruption practices neither for hostile behavior. Anti-corruption practices are governed by the ZSE Group Code of Conduct and its Annexes which set out five areas of Compliance: Gifts and hospitality; Conflicts of interest; Know your Counterpart; Criminal liability of legal persons; Competition). Strong integrity hence portrays an important quality of good governance in the company.

ZSE is prepared to create conditions and support initiatives that endorse and further motivate the promotion of sustainable development in the private as well as in the public sector.

A handwritten signature in blue ink, appearing to read "M. Kaunc".

Markus Kaunc,
Chairman of the Board of Directors and CEO of ZSE

A handwritten signature in blue ink, appearing to read "Bratislava, 21.10.2021".