

Making the sustainability mission possible



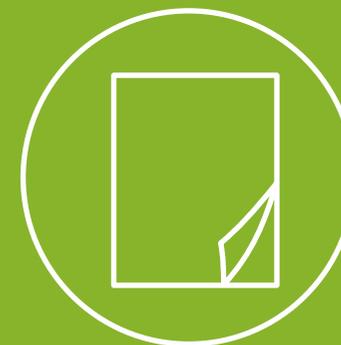


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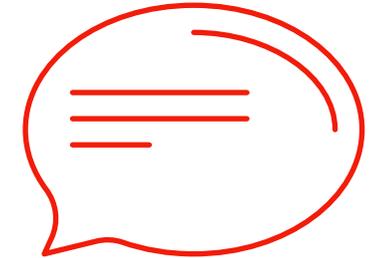
Foreword

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

“Global warming reaching 1.5°C in the near-term would cause unavoidable increases in multiple climate hazards and present multiple risks to ecosystems and humans. Approximately 3.3 to 3.6 billion people live in contexts that are highly vulnerable to climate change.”

According to the Intergovernmental Panel on Climate Change (IPCC), each consecutive year has been for some time the most urgent call towards climate action in human history. It is our common responsibility to make sure that the temperature stops rising in the upcoming years. We have to shift the curve down towards more sustainable future. This change is most needed and will require strong determination, cooperation, and investments into the green transition.

We, in ZSE, have already started and we will not be slacking off any time soon. Our efforts will only be accelerated towards this goal. I am very proud of all the colleagues who in the persistent times of the pandemic in 2021 were able to excellently take care of our customers, even more so when



energy markets turned extremely volatile, especially at the end of the year. We secured smooth running of our services and invested our efforts to provide more innovations in the areas of e-mobility, grid smartification or digitalization. Furthermore, the ZSE Foundation has continued to provide a helping hand where needed: either in the disadvantaged communities founding smart talents among our students or to supporting inspirational teachers and other sustainable development dedicated organizations in their endeavors. On top of that, we signed a Memorandum on Sustainable Economy in Slovakia with 12 other partners covering various industry areas under the umbrella of the German-Slovak Chamber of Industry and Commerce. This cooperation between different industries underscores the ambitious attempts to push the green transition forward. I do believe, what the future holds is something that we must grasp and transform its full potential to maximum. I am certain, then all together with our colleagues, customers and partners, the mission will be successful. (GRI 102-14)

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

ZSE at a glance

Západoslovenská energetika, a.s. (ZSE) is a member of the E.ON Group, the biggest energy group in Europe. In 2021 it celebrated its 99th anniversary.

The ZSE Group consists of the parent entity Západoslovenská energetika, a.s., with its headquarters based in Bratislava, Slovakia, 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, BK, a.s. and EKOTERM, s.r.o. The company's key activities include the operation of the electricity distribution system in western Slovakia, electricity generation, electricity and gas supply, especially in the region of western Slovakia, customer solutions focusing on the use of renewable resources and technologies for smart homes, building charging stations and developing e-mobility over the entire territory of the Slovak Republic. Our mission is to become customers' sustainable partner, by offering them tailored-made solutions for a greener, more connected, and digital energy world. More than 2,000 employees are working to accomplish this mission.

(GRI 102-1,2,3,4)

General figures (2021):

- 2,034 employees*
- 1.2 million supply points
- Distribution of 10.13 TWh (excluding grid losses 0.530 TWh)
- 39,444 km of distribution network
- Electricity supply: 6.8 TWh for 1,002,782 customers
- Gas supply: 3.5 TWh for 89,400 customers
- Power generation 2,442 GWh
- 2,884 customers of ZSE Drive
- 264 public charging points for e-vehicles

(GRI 102-6)

* No of employees as of 31.12. 2021. The employees of BK, a.s. and EKOTERM s.r.o. are not included in the calculation



Energy networks

Key area of activity of Západoslovenská distribučná, a. s. (ZSD) is the electricity distribution. More than 1,500 people take care of the largest electricity distribution network in Slovakia out of which about 700 colleagues work in the field. ZSD has an ambition to become a leader in network efficiency, reliability, and innovation. Networks are evolving into smart platforms that control comprehensive energy data flows. This will make them the bedrock of tomorrow's energy system. The transition to a low-carbon future is taking place locally and is driven by customers. Our networks provide the interface.



Customer solutions

The main area of operation of ZSE Energia, a.s. (ZSEE) is supply of electricity and gas to end-customers. We partner with customers to actively shape Europe's energy transition. We provide them with products and services that enhance their energy efficiency and independence, increase their comfort and reduce their carbon emissions. We design our customer solutions to make households, companies and cities clean, sustainable and smart.

Electricity generation

The main areas of operation of ZSE Elekrárne s.r.o. is electricity production. Since August 2018, the Malženice CCGT power plant has been fully owned by Západoslovenská energetika, a.s. In 2021, with the installed capacity of 436 MW, the power plant supplied 2,442 GWh to the energy network, consuming 433,629,522 m³ of gas and producing 847,889 tons of CO₂, while reaching the maximum efficiency up to 58.5%. Since the CCGT power plant is a part of the EU ETS (European Trading System), the CO₂ that is generated is fully covered by emission allowances.

(GRI 102-7)

Employees distribution

The total number of employees (as of 31 December 2021) in the ZSE Group was 2,034 excluding 64 (37 male and 27 female) colleagues working on a separate working agreement basis (e.g. employment agreement, work performance agreement or student temporary work agreement).*

The distribution of the employees by gender and regions can be found in the below table:

* The employees of BK, a.s. and EKOTERM s.r.o. are not included in the calculation

Gender	Permanent	Temporary	Total
Female	494	70	564
Male	1,363	107	1,470
Total	1,857	177	2,034

Region	Permanent	Temporary	Total
Bratislava region	934	116	1,050
Nitra region	486	33	519
Prešov region	1		1
Trenčín region	128	9	137
Trnava region	308	19	327
Total	1,857	177	2,034

Gender	Full time	Part time	Total
Female	551	13	564
Male	1,456	14	1,470
Total	2,007	27	2,034

Region	Full time	Part time	Total
Bratislava region	1,024	26	1,050
Nitra region	518	1	519
Prešov region	1		1
Trenčín region	137		137
Trnava region	327		327
Total	2,007	27	2,034

(GRI 102-8)

In 2021, the total share of male represented 72% and total share of female was 28%. The share of female in executive positions equaled 27.7 %. In 2021 we hired 151 employees in the ZSE Group. Total turnover was 7.6%.

(GRI 401-1)



SUSTAINABILITY AMBASSADORS

Our daily efforts are the acts that matter the most. We would like to introduce six our sustainability champions whose collective decisions bring sustainability into the fore front of the day-to-day business as well as private narratives. They also describe the determination with which we must continue working towards the net-zero ambition.



Milan Husár

Smart Metering Systems Specialist



Marcel Hanečák

Distribution System Business
Development Expert



Tomáš Balko

Environment Specialist



Nikoleta Viznerová

Work Environment Supervision Specialist



Rastislav Žembery

E-mobility Product Manager



Lenka Kurilová

Learning and Talent Expert



We know that you are engaged in a long-term sustainability both in private and at work. Which of the topics are closest to your heart and why?

Milan: Volunteering has a long tradition in Slovakia. For example, fire brigades made of volunteers began emerging at the end of the 19th century. Their motto was "Help a neighbour in need". I have been engaged since my youth, being a member of the volunteer fire brigade management committee since 1990. For years we've dedicated ourselves to restoration of functioning water wells; we have several with an electric pump. We use water for technical purposes, watering the greenery during drought, trainings, but most of all, we save drinking water from the public water mains. This is directly related to greenery maintenance. Every year it is necessary to replenish the plants, replace old trees, plant new ones. The more carefully the urban greenery is maintained, the less damage will be caused by fallen trees during a gale. That's why I'm happy that the long-awaited bike lane project will also bring - in addition to its main purpose - the removal of self-seeding trees and shrubs, and a new alley.

I'm also interested in e-mobility. In 2017, I won a week's use of electric vehicle BMW i3, and it felt out of this world. Today, I understand technical data better, how to charge, how much electricity is consumed, and I occasionally

answer similar questions from my friends. Mass deployment of electric vehicles will have a major impact on the transport and will enable a decrease of traffic emissions.

Nikoleta: The topic closest to my heart is something I work with every day - the environment. I care about what I eat, where it comes from, where I can minimise waste, and so on. It's much easier nowadays than it was few years ago. I'm glad that today, I can instantly identify which produce comes from local sources, that drinking tap water is finally not "out", that I have no problem buying things in a zero-waste store, and that more and more restaurants offer vegetarian dishes other than fried cheese or broccoli casserole.

Marcel: Looking back, I did not see these topics the way I do now, I perceived them rather as independent issues. I think it's a natural development of every one of us - we gradually find our way. One cannot focus only on one area because many are interconnected. As an internal auditor of (not only) the Environmental Management System, I gradually started to see the environment through processes and their parameters as a complex of mutually connected factors.

Everybody who has experienced the magic of auditing will gradually come a different understanding of what a process means - with all its inputs, outputs, sources and, of course,

information systems, which are an indispensable part of almost every single process. If we want to move process performance to another level, we absolutely must involve innovations and digitalisation. Gradual digitalisation and the introduction of innovations lead to a redesign of processes in question and open the door to more efficient use of resources, especially human ones.

Rastislav: In my case it's definitely the topic of e-mobility, which has been my main focus for five years. What fascinates me is its immense overlap with other current issues, such as reducing CO₂ emissions, reducing the fossil fuel dependence, improving the air quality in cities, etc. It is not, in fact, a separate topic or a passing fad; it's a global megatrend bringing revolutionary changes in the energy sector.

Tomáš: I've loved the nature and everything around it since childhood. I grew up in the country and spent a lot of time outside, and I naturally developed an interest in all living things. It intensified with the study of natural sciences at the university, and at the end of the day, my current job experience. However, I knew that interest itself was not enough. I actively participated - I still do - in cleaning of selected locations, be it river waste washed ashore or illegal dumps. That a hiker should take everything they brought with them back home, plus an extra bag of garbage, is something I take for granted. Waste separation also comes

naturally to me. But I see these activities as secondary when it comes to nature protection, just “putting out fires”. The most important thing is to find the reason why the “fire” occurred in the first place. It’s often lack of information, but what’s worse, irresponsibility, indifference, disinterest.

I’m lucky that my work includes trainings for our employees and suppliers; we publish various manuals and materials to help them with the matter. I’ve had several opportunities to give lectures on environmental protections to middle schoolers. Many people around me ask for my opinion or advice – often it’s just a question which bin a particular waste belongs to, but it’s still a step forward. I believe it’s important to not only take action, but to know how and why.

Lenka: Of the topics named, the closest to my heart in both work and private life is definitely the education, development of human potential and social inclusion. I work with employee trainings, and what is very important for me is the focus on identifying a person’s strengths and weaknesses to allow them to develop and apply their natural inclinations and talents. I believe that when a person identifies their strengths, they will naturally seek activities where they can apply these strengths and find inner fulfilment in doing so. And what’s better than a motivated employee?

I believe another important topic is the mental

health support. I’m glad our company is active and responsible in this respect. As of 2017, all our employees and their family members have the option to consult various work or private issues with external psychologists and psychotherapists – anonymously and free of charge. Nowadays it’s often very time-consuming and financially demanding to find such experts, which is why I consider it a major benefit. We started actively promoting the topics of mental health and well-being two years ago. We now have several programmes to provide them within the company. I’m very happy that they became part of the company discourse in such a short time. I remember when our first “Stress-free” programme lectures had barely 20 attendees; now these monthly webinars boast over 100 participants. Around 250 people participated in the last year’s Mental Health Week. I’m glad that our company culture is becoming more and more open to mental health topics and that we can discuss them openly and supportively.

Mental health is a topic close to my heart also in private, which is probably natural, given that I’m a psychologist. There are several people around me who actively work with persons with various disabilities and strive for their social and labour inclusion. For many years I worked as a volunteer in a citizen association which helps people with mental disabilities; I taught English, basic computer skills, self-advocacy courses focused on knowing and exercising

civil rights in a comprehensible manner. These experiences influence me both in private and at work, and I realise that it is the responsibility of the society and the company to create an environment where everyone can develop and apply their potential.



Do you think a person’s actions can trigger a snowball effect?

Nikoleta: I believe every change must start with ourselves. Everybody can help drive it with their small contribution. In the era of social networks, the snowball effect is very common. Most people are easily influenced by “role models” from social media but I’m afraid this frequently leads to a burnout. What’s important is our mindset.

Lenka: I believe in a person’s potential to drive the change. I think an individual can be a role model and inspiration for their neighbourhood, community, society. If we want to adopt new behaviour, it’s much easier to start if we personally know someone to imitate. After all, imitating is most natural way of learning. If our role model truly believes in the lifestyle, they are outwardly credible, they have factual arguments and are willing to guide and support us in the change, it can definitely lead to snowballing. To use the snowball metaphor, the

terrain the snowball rolls on is also important. Change requires not only a role model but also own motivation, external environment that enables the change, and the right timing. I believe an individual can inspire change but if we want to achieve changes on the level of the society, we also need systemic changes.

Rastislav: That's right. I can see it with my own eyes that the best example is personal experience. I was probably the first electric vehicle user on my street; today, there are four of us, and my neighbour admitted that I was the one to inspire him. Also, with the last ZSE Going Green activity we could see a huge change in the mindset of the colleagues who had the option to try an electric vehicle for a few days. To put it simply, without a specific example or a personal experience, it is basically impossible to get a clear picture about latest news, especially when it comes to persistent myths the public keeps encountering.

Milan: To lead by example and engage people around us in activities which do not bring immediate benefits to oneself is an art. But positive examples do attract people, which is why it's important for every one of us to amend our behaviour "for the greater good" - and protection of the environment certainly is a greater good. For example, I'm personally thinking about getting a photovoltaic system, and ZSE offers unique innovations with green solutions. I work in the Operative Metering

Team. Today, over 20% of supply points have their meter reading taken remotely. The customer has a detailed overview of his/her consumption and/or production. Next year, four-level tariffs will be available compared to today's high tariff and low tariff. This is also a specific way how to behave in a responsible and sustainable way.

Marcel: Everybody has met at least one person who enthusiastically introduced their idea - and not necessarily someone who just came up with a "unicorn" in the start-up world. If such enthusiasm is sufficiently supported with facts and has a "catchy" story, it quickly consumes us and gets us interested in the topic. Almost all wonderful innovations started as an enthusiast's idea which impressed others and created the proverbial snowball.



This is the second year our company publishes a report of its sustainable activities. Did you see a shift in green topics over the last years when it comes to private companies and the public itself? What do you think is the motivation behind such change?

Rastislav: In the case of companies, be it our partners or customers, we can see a clear move to green topics, from banking through state administration to private companies. It needs to be said that these topics are often enforced

from foreign headquarters of international companies. After all, when it comes to e-mobility in the western world, it is definitely further advanced. Slovakia is one of the few EU countries currently without any state support of e-mobility whatsoever. It doesn't mean that the snowball effect will not occur. It will, but later. However, it will be all the stronger for it, and the question is whether we're sufficiently ready. Countries with state-supported e-mobility and green projects strive to make the transition more fluent and gradual.

Tomáš: Green topics are now very popular in all areas of our lives: in politics, banking, transportation, fashion... To me, the positive thing is that we name the problems openly, that we must do something because the climate crisis is imminent and yesterday it was already too late. Here I would like to point out that to mitigate the impact of the climate crisis or to avert it (if such thing is even possible), it is necessary to take actual steps. We often encounter cases of greenwashing when both, companies and individuals, just "ride along" the ecology and sustainability wave, because it's trendy and it sells. Or they pick activities which look good in promo materials and graphs. But I do believe there are much more people who are serious and take systemic steps based on scientific knowledge and facts in an effort to achieve sustainability in both life and business.

Lenka: To answer the second part of the question, the motivation for change definitely comes from the necessity to change the way we work on all levels – individual, social, economic. I think we all realise that the selfish attitude of consumer lifestyle and business focused solely on constant economic growth without considering the impact on the environment is unsustainable. All of us can already feel the consequences. There's no more time for voluntary inspiration by environmentally responsible individuals, we need systemic and global changes.

I'm proud that our company didn't have to be forced into green activities, but they became a long-term part of our field work when it comes to the distribution company, and business activities when it comes to ZSE Energia. Speaking of our company's activities with a positive impact on the environment, what comes to mind is the protection of birds and trees, distribution system modernisation, innovations which support the use of renewable or partially renewable energy sources, responsible waste management, photovoltaics, electromobility, our Green Electricity product, and I could go on. Because I only see the "green business" through the layman's eyes, I do not dare evaluate the shift in corporate activities and processes. But what I can feel very clearly is the shift in the relationship between corporate communication of green activities and the customers' decision-making. When

choosing a product/service, the customer also considers the environmental impact of buying from a specific manufacturer/provider. It asks environmentally responsible business a question of improving the competitive advantage, reputation, brand value and customer loyalty.

Marcel: What I see in a positive light is our company's participation in biodiversity preservation, the effort to minimise the impact our business has on ecosystems, support of promoting renewable energy sources for electricity and heat generation and the support of spontaneous help. Another positive is the reinforcement of the "prevention is better than cure" approach in all areas. I think we all started caring more not only about our work environment, our garden or yard, but also about other ecosystems. Many of my colleagues actively participate with their families in various eco activities organised by our company but also outside it. I personally usually commute using public transport and I'm surprised how many familiar faces I meet – they also changed the comfort of their car for this type of transport. Not only do they contribute to the protection of the environment, they also save money, and the related socialising is a benefit which we dearly missed due to anti-covid measures. I believe that the number of indifferent people is decreasing, and the negative trend of environmental pollution is slowing down. Everybody can contribute doing their part.



The European Green Deal objective is for Europe to become the first climate-neutral continent by 2050. Do you think this ambitious objective is feasible?

Lenka: I think in current times of quick and major changes, any long-term plan is ambitious, and its feasibility is hard to estimate given such time horizon and broad context. On the other hand, ambitious climate objectives are the only way to truly trigger immediate reaction of all European states. The first major milestone will be already the year 2030, when we should achieve emission reduction by 55% compared to 1990. But even the success of this objective is hard for me to predict. Volatility, uncertainty and complexity of the environment we live in can change the timeline and content of plans. After all, who would have thought at the time of publication of the European Green Deal that Europe will be tormented by the corona virus pandemic or a war conflict?

Rastislav: Definitely. I believe Europe as a rich region could set even more ambitious objectives. It's all about willingness, priorities and readiness to make sacrifices, for example in the form of temporarily higher transformation costs. In the context of the current Russian aggression, many countries are even considering moving the ban of combustion engine cars sale to an earlier date – from 2035 to 2030.

Milan: Big corporations determine the way forward and influence masses. They allocate investments, support various eco campaigns and affect people's everyday activities and behaviour. Europe has possibilities for any change. Let me give you an example... A friend of mine built a low-energy house. I installed a secondary electricity meter for him, and the consumption for heating was 1,000 kWh per year. If I didn't see it with my own eyes, I wouldn't believe it. Use of heat pumps, service water heated by solar power, large windows with shutters, heat recovery air-conditioning - all of it, along with changes in energy demands of buildings, will be a major influence on the achievement of climate-neutral Europe by 2050.

Marcel: Instability of the commodity market, unprecedented growth of energy prices and the risk level of supply especially of fossil energy and nuclear fuel is a phenomenon which will stay with us for longer than we would wish or expect. Diversification of sources is a long-discussed topic, but in reality, we in Europe rely mainly on a single market, which is now very risky or even toxic. As the saying goes, every cloud has a silver lining, and the commodity price growth and volatility thus opens the door for new technology. We're starting to more openly discuss technology which used to be of peripheral importance in the past - also due to investment demands. For example, geothermal energy can help us with the generation of heat, cold and partially also electricity.

In the context of events beyond our eastern border, I hope all of us Europeans realise how important the diversification of energy sources is, to avoid the fear sudden "tap closing" if we don't express appropriate political support as required. Due to these new facts, I think the objective of making Europe a climate-neutral continent by 2050 is achievable. There will probably be countries which will make it before the deadline, but also those which will lag due to their conservative attitudes.

It's said we value things the most after we lose them. We have lost relatively cheap energy sources, and I believe it will lead us all to further efficiency in their use. Of course, the cheapest energy will always be the energy we never produce. That's not to say that we must immediately give up on our comfortable lives. It's enough if we look at our needs and lifestyle also from the perspective of their impact on the world around us.

Nikoleta: Given the current situation, it's hard to say if the objective is achievable. I assume the war in Ukraine will have impacts not only on the European Green Deal. We can only hope that not all resources and forces will have to be allocated to mitigate the war's impact on the environment.

Tomáš: Technology and development are making great strides. We can see that on the example of mobile phones 15 years

ago and today. Companies develop new, more sustainable materials, the transport is becoming more eco-friendly, we're looking into solutions how to overcome our dependency on non-renewable sources, our habits and behaviour are changing... It may seem that there's still enough time until 2050 and that Europe's ambitions can be met. However, it's questionable whether this is enough from the global perspective. There are also much bigger players here - China, India, the US, etc. I'm neither an analyst nor a fortune-teller to give a relevant prognosis. In any case, I think it's necessary to set ambitious objectives, but what's even more important is to do everything we can to get close to achieving them, and ideally achieve them.



What are the biggest challenges on the journey to climate justice and what do we have to do to overcome them?

Milan: We are living in times of serious changes which are becoming faster and more frequent. Today, a big challenge is to find the replacement for oil and gas. It certainly requires international agreements and good solutions on the national level. We'll get to see it. It's something we can hardly imagine today.

Nikoleta: The biggest challenge are the sacrifices on the "green or greener" journey. I think this journey won't be without restrictions

to profit of big players and without every individual at least partially giving up on their consumer lifestyle and comfort.

Rastislav: From the perspective of our European society, what I consider the biggest challenge is to overcome stereotypes in thinking. For example, when it comes to e-mobility, we often encounter irrational hate where the same 100x disproved falsehoods and misleading arguments are repeated over and over. In this respect, the society, including responsible businesses, is downright obliged to raise awareness and provide new technology and procedures to customers, employees or the public. From the global perspective, the problem is the unequal distribution of everything - wealth, resources, technology, opportunities, educational, safety or health standards. In my opinion, the richer part of the society should be more engaged in activities to reduce the gap.

Tomáš: There are many factors entering the equation. Even though Europe acts as a whole, and EU member states must adopt the European legislation and fulfil their commitments, there are large socioeconomic differences between individual countries. Something may apply and work in one country relatively hassle-free, but the implementation in another country may be much longer and complicated. The climate crisis need a global approach, while considering the conditions and approaches of individual countries.

Marcel: Probably the most important thing is to change the ingrained manners of how processes are carried out. Fear of those around us, and honestly, also our own, when facing new things, new approaches or sources is natural and hard-coded in us. We often hear "it has worked for decades, why change it?" But it is exactly when something works the same way for a long time that it needs to be reviewed - are the usual processes efficient, do we meet the desired goals, do we sufficiently use the support of information systems, what resources do we need? And here it's necessary to start from the hardest place - from ourselves, in our area of responsibility.



Do you think the climate change topic can make Europe even more united?

Lenka: I think on the level of putting importance and focus on the topic of climate change and adoption of applicable measures, Europe will constantly be united. Today, nobody can doubt that the time has come to not only think and plan but also to act. Then again, every country in Europe has a different starting economic, energy, social, environmental, political position, and I think managing a change in such global environment will be a challenge. And the success or failure of meeting the Green Deal objectives will be decided by how well we manage it.

Rastislav: I think climate change is the area where Europe dictates the trends and heading. It's good news and a hope for the future also from the perspective of EU's overall competitiveness and its ability to globally perform as a leader of innovations in some areas. After the industrial and then information-communication era, the era of ecology is emerging. It's wonderful that it's dominated by Europe.

Milan: It's necessary for Europe to unite in the matter of the climate change. The Old Continent, and the rest of the world, have no other choice. Climate change indicators are clear: arid droughts, rising average temperatures... They're intensively looking for a pan-European solution of energy raw material supply. There's nothing more to add, the answer is clear...

Marcel: Everybody perceives the situation differently. It's really based on the needs of individual interest groups, be it countries, corporations or local businesses. We often encounter short-sightedness when the goal is momentary profit. But climate change is here, there's no dispute. However, it's still not at the top of the priorities ladder of European countries. Here's where I can see a room for every one of us to become the initiator of small steps and engage others so that the proverbial snowball can roll across the entire Europe. I believe it will happen and there will be time

when our continent, or rather the EU member states, will act unanimously in this respect.

Nikoleta: We can't cut the planet into pieces. Green in developed countries should not leave "black" footprints in developing lands. It would be wonderful if the topic of climate change united not only Europe but the whole world, because that's what is urgently needed.

Tomáš: It's hard to say. I once read a smart quote: "In the rain, hats and characters are formed." When the situation is really bad, we'll see if we can truly unite. Recently there have been too many crisis situations: two years of covid, now the war in Ukraine. These events shook not only the economies of individual

countries but most of all, our psyche. Yet it seems we can be human, we can help each other and joint our forces to fight. Or at least most of us. The climate crisis and the related changes are a global issue. They concern everyone. We can't close our eyes and pretend that "it doesn't matter, we'll have warmer summers, and hurricanes only occur in America". We could see it's not true last year in Czechia. There will be more such events and they'll get more radical. There's nothing else to do but unite and take joint action. As I said, our every decision can affect somebody. In the case of the climate crisis, our decisions today may affect future generations. Whether it will be in a positive or negative way, that's up to us.



SUSTAINABILITY STRATEGY – OUR APPROACH

Climate change caused by human action has a significant impact on both nature and humans. Although many countries worldwide have taken tangible steps to protect the climate, the greenhouse-gas (GHG) concentration in the atmosphere continues to rise. The economic recovery after the COVID-19 pandemic will be accompanied by higher emissions as well.

The Intergovernmental Panel on Climate Change (IPCC) Report, published in August 2021, emphasised the urgent need for global action regarding the



measures, helping combat negative effects of climate change. The most recent UN Climate Change Conference (COP26), held in Glasgow in November 2021, failed to succeed in wishful progress towards limiting global warming to 1.5 degrees. Nevertheless, delegates agreed on more ambitious 2030 emission-reduction targets, more funding for developing countries, help for vulnerable countries to cope with climate-induced damage, and a phase-down of coal-based fossils (however without a further specific timeline of the phase-out). The Paris Rulebook was finalised, including the transferability of carbon credits across the borders. In addition, agreements were signed outside the main document on issues such as protection of forests, reduction of methane emissions, and rapid acceleration of the transition to zero emission vehicles.

In the middle 2021 the European Commission adopted a set of proposals for aligning the EU's climate, energy, land use, transport, and taxation policies with its target of reducing net GHG emissions by at least 55 percent by 2030 relative to 1990. This target is an important milestone on the Europe's journey to become the first climate-neutral continent by 2050. ZSE fully supports the EU's objectives and aims to play a key role in propelling progress





toward them. A successful transformation to a low-carbon economy will require far-reaching and permanent structural changes across society and industries. Our core businesses reflect the key emerging energy trends and enable us to help our customers to use energy more efficiently and to generate their own low-carbon energy. Nonetheless, the production or provision of all goods and services as well as customers' use of our products results in GHG emissions. We therefore need to take action to reduce our climate impact both upstream and downstream. In a nutshell, climate protection is not an afterthought at ZSE, but it is gradually becoming an integral part of business operations and governance. We want to lead by example and focus on own carbon footprint reduction too. In 2020 we began disclosing the annual carbon emissions from our activities that are transparently traceable. We calculate emissions using the globally recognised Greenhouse Gas Protocol Corporate Accounting and Reporting Standard ("GHG Protocol") issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Furthermore, the

ZSE Annual Report 2021 already included the reporting aligned with the EU taxonomy. Moreover, we have started to work on a comprehensive ESG strategy, aligning targets and objectives with the carbon reduction goals. The document is expected to be finalized by the end of 2022 and will be updated on a regular basis. (GRI 103-2/3)

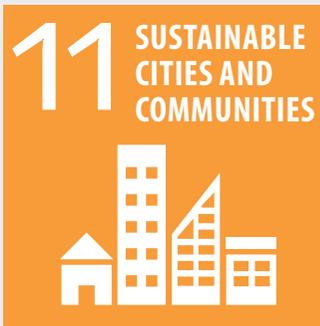
Considering the above, ESG aspects continue to be systematically embedded into ZSE management processes. The Head of the Corporate Development and Innovations is responsible for the ESG reporting to the Board of Directors. The whole ESG stream is directly located with the Chief Executive Officer. The Board of Directors decides on the implementation of ESG related policies and measures. In addition, each business unit's management team is responsible for taking action to enhance sustainability and meet the sustainability targets that will lead the company towards carbon neutrality by 2050 as set up in the European Green Deal. The role of the Sustainability Officer was established in October 2020 and it is to strengthen the coordination of processes relating to green transition and path to net-zero concerning the ZSE Group emission balance that follows the GHG Protocol methodology. According to the UN Climate Change, the Earth has already warmed by about 1.1 °C since the pre-industrial era. To limit global warming to 1.5 °C as agreed in the Paris Agreement, we need to halve the emissions by 2030. Based on the scientific statement, the ZSE Group has set its best efforts towards gradual reduction of its CO₂ emissions followingly:

(GRI 102-18)

Scope 1 and Scope 2: -75% by 2030 and -100% by 2040

Scope 3: -50% by 2030 and -100% by 2050.

Through individual projects related to all three GHG scopes we seek to gradually implement carbon reduction measures and change the status quo towards green transition. Transparency and monitoring regarding the emissions scopes, is the key to supervise and evaluate the results of our efforts and consequently decide on the next steps. The roadmap of this journey will be a part of the official ZSE ESG strategy. (GRI 103-1/2/3; 102-16).



In 2021 ZSE closely cooperated with a local expert NGO - Institute for Circular Economy (INCIEN) - with the aim to qualitatively and quantitatively analyse ZSE current sustainability status and future setting towards sustainable transition, further educate ZSE employees by conducting webinars and several technical consultations. INCIEN recognized the ZSE aim to ensure a climate-friendly and economically sustainable energy business. All ZSE activities correspond with SDG goals in all its areas. ZSE core business enables it to have the biggest impact on SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), and 13 (Climate Action).

It was also recognized that ZSE quickly, responsibly and sustainably responded to the pandemic. The auditor claimed that ZSE complies with E.ON sustainable strategy and its main areas, namely: Climate protection, Health and safety, Diversity and inclusion, and Good corporate governance. In the quantitative analysis INCIEN confirmed the methodology which was used to calculate the GHG emissions of the ZSE Group. The same methodology is used for the 2021 ZSE Group emission balance.

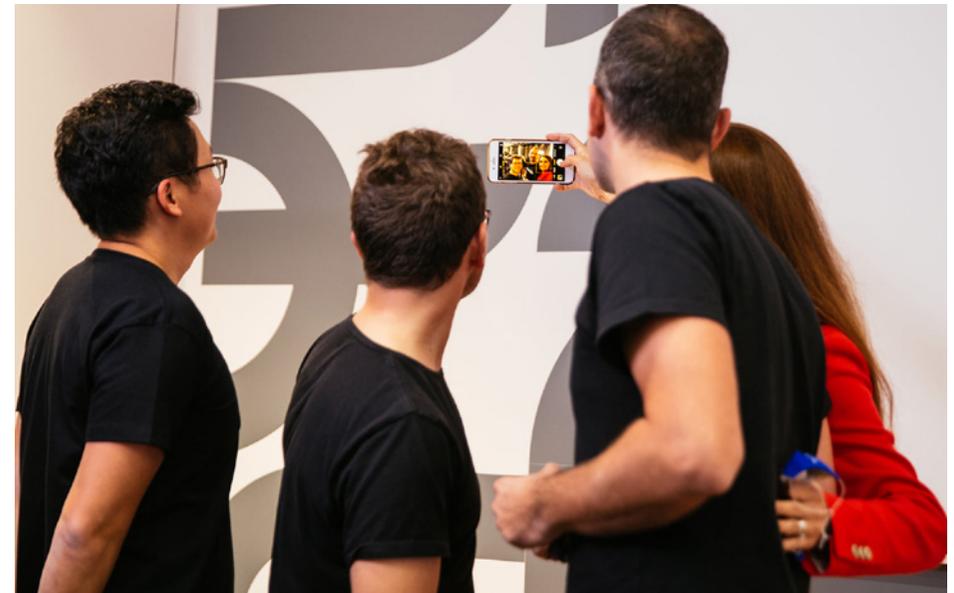


change, active response to combat it and build a sustainable world together under the umbrella of the EIT Climate KIC which supports the implementation of innovative green solutions within the EU. EIT Climate KIC in Slovakia is represented by the consulting firm Civitta, which was joined by ZSE, City of Bratislava, Swiss Re, Vacuumlabs and HubHub to organize the event named "How to make city of Bratislava more resilient to climate change". Together with specialist mentors from the organizing companies, 15 teams made out of 120 participants managed to develop their projects in less than 48 hours and present it to an expert jury where the ZSE Group had also its representative -the Head of the Marketing Department of ZSE Energia. The winning team that presented a solution related to efficient, sustainable and integrated public transportation, won the opportunity to implement their idea together with the city of Bratislava. (GRI 102-12)



Since May 2021, ZSE has been a member of the Partner for Sustainability initiative under the auspices of the German-Slovak Chamber of Industry and Commerce (AHK Slowakei). Thirteen partners including Západoslovenská energetika, a.s. and Východoslovenská energetika Holding, a.s. and other well-known companies, such as SPP (Slovenský plynárenský priemysel), Volkswagen, Evonik Fermas, Kaufland or Lidl, joined forces in achieving one goal - sustainable economy in Slovakia. This target was formalized in the official Memorandum signed by all thirteen members of the initiative. Through the sustainability statements, the companies seek to also call on the Government of the Slovak Republic and its institutions to create conditions, support investments and remove barriers to the promotion and fulfillment of principles of sustainable development in both public and private sectors. The initiative Partner for Sustainability continues in its activities in 2022.

Additionally, in 2021 ZSE became an official partner of the second year Climathon (Bratislava hackaton). Climathon is a global initiative that involves more than 145 cities from 56 countries. It aims to raise awareness of climate



A city skyline at sunset with a blue box containing the word 'Climathon'. The sky is a mix of orange, yellow, and blue, with some clouds. The city buildings are silhouetted against the bright sky. In the foreground, there are green trees.

Climathon

A green box containing the text 'We support innovative solutions in the fight against climate change'. The text is white and bold. The background of the box is a solid green color.

We support innovative solutions
in the fight against climate change



ZSE GROUP CO₂ BALANCE

Regarding the emission balance, the ZSE Group follows the GHG Protocol Corporate Accounting and Reporting Standard. The first CO₂ preliminary calculations of the CO₂ balance were published in 2020. The table below updates the details of the 2020 calculations together with the ZSE Group CO₂ emission balance for 2021:

ZSE Group CO ₂ balance in tonnes of CO ₂ equivalent (t CO ₂ e)		2020	2021
Scope 1	Electricity generation (Malženice) 1	629,491	847,882
	Fuel combustion in buildings 2	340	286
	Own vehicles 3	1,247	1,290
	Fugitive SF6 losses 4	498	303
Scope 2	Power consumption in own properties 5	1,636	1,531
	Distribution system operation losses 6	116,971	97,811
Scope 3	Electricity sold to end-customers 7	1,126,595	908,414
	Natural gas sold to end-customers 8	593,690	709,374
	Leased vehicles 3	1,290	513
	Business trips of employees (flights) 9	9	2
Total		2,471,767	2,567,406

Calculation explanations:

- ¹ **2021:** Amount of CO₂ approved by the official emissions approver ARPenviron s.r.o. and published in the National Registry of Emission Allowances http://emisie.icz.sk/files/Stav_plnenia_podmienok_2021.pdf 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/>
- ² **2020 (updated):** Fuel combustion in own boilers: 1,693,320 kWh. Gas emission factor 2020 (AV): 55,714 tCO₂/TJ. Source: HYPERLINK „https://www.spp-distribucia.sk/wp-content/uploads/2021/01/Kvalita_ZP_emisny_faktor_sk_2020.pdf” Kvalita_ZP_emisny_faktor_sk_2020.pdf (spp-distribucia.sk). Detailed annual combustion.
2021: Fuel combustion in own boilers: 1,417,392 kWh. Gas emission factor 2021 (AV) = 55.923 t CO₂/TJ, source: https://www.spp-distribucia.sk/wp-content/uploads/2022/01/Kvalita_ZP_emisny_faktor_sk_2021_12.pdf
- ³ **2020 (updated):** emission factor: Institute of Environmental Policy 2020 (diesel: 2.64 kg CO₂e/l; petrol: 2.39 kg CO₂e/l). Scope 1: diesel consumption of own vehicles = 465,707 l, Petrol consumption of own vehicles = 7,248 l; Scope

3: diesel consumption of leased vehicles: 721,887 l, Petrol consumption of leased vehicles 198,440 l. The distinction between Scope 1 and Scope 3 has been further detailed.

2021: emission factor: DEFRA 2021 (diesel: 2.51233 kg CO₂e/l; petrol: 2.19352 kg CO₂e/l). Scope 1: diesel consumption of own vehicles = 7,052 l, Petrol consumption of own vehicles = 507,067 l; Scope 3: diesel consumption of leased vehicles: 728,498 l, Petrol consumption of leased vehicles: 223,739. The emission factors are taken from DEFRA 2021 as compared to the emission factors 2020 from the Institute of Environmental Policy 2020, since the Institute have not published the factors for 2021.

- ⁴ **2021:** SF6 total leakages = 12.9 kg (294,12 t CO₂ according to IPCC AR4 (GWP SF6: 22,800); 303.15 t CO₂ according to IPCC AR5 (GWP SF6 = 23,500))
- ⁵ **Location based method. 2020 (updated):** Electricity consumption: 3,873.97 MWh/year, emission factor: residual mix of producers: 218.23 g CO₂/kWh, source: OKTE; Heat consumption: 2,279 MWh/year, emission factor: 0.347 kg CO₂e/kWh, source: Bratislavská teplárenská, a.s. The update has been made regarding the emission factor 2020 from Bratislavská teplárenská, a.s and detailed annual consumption in own buildings.
Market based method. 2020: Electricity consumption: 3,873.97 MWh/year, emission factor: ZSEE energy mix: 182.12 g CO₂/kWh. Heat same data as in location based. Total = 1496 t CO₂e

Location based method. 2021: Electricity consumption: 3,939,764 kWh , emission factor: residual mix 184.62 gCO₂/kWh, source: HYPERLINK „<https://www.okte.sk/sk/zaruky-povodu/statistiky/narodny-energeticky-mix/>“ OKTE; Heat consumption: 2,433,087 kWh, emission factor 0.33 kg/kWh, source Bratislavská teplárenská, a.s.

Market based method. 2021: Electricity consumption: 3,939,764 kWh , emission factor: ZSEE energy mix 144,54 gCO₂/kWh. Heat same data as in location based. Total = 1,373 t CO₂e”

- 6 **Location based method. 2020 (updated):** ZSE distribution losses: 536 GWh. Source: Balance sheet ZSE Energia. Emission factor: 218.23 g CO₂/kWh, source: OKTE; The volume of losses is calculated as: Losses = Total volume of electricity minus consumption type (A) minus consumption type (B) minus consumption type (C). A plus B consumption is continuously measured. Type “C” consumption is non-continuously measured and consumption is estimated at the level of annual consumption. Due to the deduction cycle (difference settlement), losses are corrected on the basis of the settlement. This figure is not known until about a year after delivery, i.e. in 2020 we know this figure at the beginning of 2022 (at the end of 2021). The additional payments were at the level of 70 GWh, which means that the losses were realistically lower: 606 minus 70 = 536 GWh.

Market based method. 2020: ZSE distribution losses: 536 GWh. Source: Balance sheet ZSE Energia. Emission factor: ZSEE energy mix 182.12 g CO₂/kWh = 97,616 t CO₂e.

Location based method. 2021: ZSE distribution losses: 530 GWh. Source: Balance sheet ZSE Energia. Emission factor: residual mix 184.62 gCO₂/kWh, source HYPERLINK „<https://www.okte.sk/sk/zaruky-povodu/statistiky/>“

narodny-energeticky-mix/“ OKTE.

Market based method, 2021: ZSE distribution losses: 530 GWh. Source: Balance sheet ZSE Energia. Emission factor: ZSEE energy mix 144,54 gCO₂/kWh = 76,576 t CO₂e.”

- 7 **2020 (updated):** Electricity sold to end-customers excluding the distribution losses (6,722 GWh - 536 GWh = 6,186 GWh). ZSE supplier mix 2020 residual mix adjusted by guarantees of electricity origin purchased by ZSE): 182.12 g CO₂/kWh. The updated is connected to the updated amount of distribution losses. 2021: Electricity sold to end-customers excluding the distribution losses (6,815 GWh - 530 GWh = 6,285 GWh). ZSE supplier mix 2021 (residual mix adjusted by guarantees of electricity origin purchased by ZSE): 144.54 g CO₂/kWh.
- 8 **2021:** Gas sold to end customers 3,524 GWh. Gas emission factor 2021 (AV) = 55.923 t CO₂/TJ, source: https://www.spp-distribucia.sk/wp-content/uploads/2022/01/Kvalita_ZP_emisny_faktor_sk_2021_12.pdf.
- 9 **2021:** Air miles calculator < Vienna to Düsseldorf distance (VIE to DUS) | Air Miles Calculator>; each business trip is carefully archived and CO₂ calculated. The final table of all the annual business trips and particular CO₂ produced is reported.

(GRI 302-1; 305-1; 305-2; 305-3)

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 2021 in kg/year.

Pollution source	Category of pollution source air	Solid pollutants (SP) (kg/year)	SO ₂ (kg/year)	NO _x (kg/year) ^x	CO (kg/year)	Organic gases and fumes expressed as total organic carbon (TOC) (kg/year)
Malženice CCGT power plant	Large	33,000	4,000	215,000	44,000	9,000
Boiler rooms & diesel generators	Medium	4.683	0.336	57.175	21.255	3.514
Boiler rooms & diesel generators	Small	9.351	1.012	165.659	66.004	10.987



KEY BUSINESS AREAS



Reliable and smart grids

At Západoslovenská distribučná (ZSD), a.s., we keep on working on two projects of common significance: ACON and Danube InGrid (Projects of Common Interest, PCI). We are implementing both projects with the co-financing by the Connecting Europe Facility which is managed by the European Climate Infrastructure and Environment Executive Agency (CINEA). The role of the projects is mainly the introduction of smart technologies in the distribution system to respond to the challenges associated with more intensive connection of renewable sources, e-mobility and the need to increase reliability and security of electricity distribution. Furthermore, the year 2021 was marked by record investments in ZSD. Up to EUR 115 million went into the development of our distribution system, out of which a significant part related to smart technologies. We deploy them mainly within the importantly mentioned projects ACON and Danube InGrid which we also manage. (GRI 102-12)



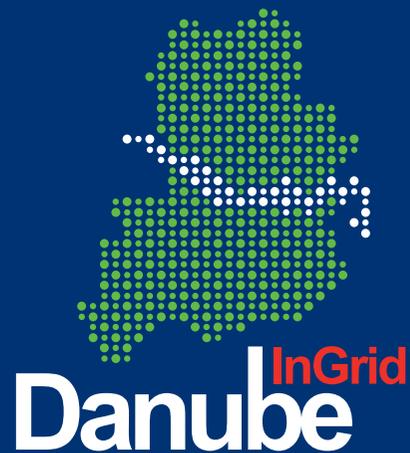
ACON project

As a part of the ACON project which we are implementing with the Czech EG.D, a.s., almost EUR 21 million has been so far reinvested in the cross-border cooperation activities, namely the construction of the Borský Svätý Jur substation, modernization of transformer stations, development of optical infrastructure and IT technologies. The construction of the substation in Borský Svätý Jur is a dream come true in the Záhorie region and within the energy circles. It will solve a long-term problem with electricity supply in the region. More than 90,000 inhabitants and businesses in the region will be positively impacted. At the same time, problems of huge failures of 22kV lines caused by distances between the existing substations and the need for more supply points in this location will be solved. The ZSD's investment in this project reaches almost EUR 11 million. The construction started in April 2021 and in September 2021 it was ceremonially opened in the presence of Markus Kaune, Chairman of the Board of Directors of ZSE, and Richard Sulík, Minister of Economy.

"We are pleased to bring a significant and especially strategic investment in the distribution system to the Záhorie region. The Borský Svätý Jur substation will reduce the failure rate and significantly increase the quality of electricity supply. It will also contribute to the interconnection of the energy system in Europe and will become one of the important strategic electricity hubs", said Markus Kaune.

The need to expand the use of renewable energy sources (RES) and so achieve the European Union (EU) energy goals accelerates the necessity to upgrade distribution systems. The Borský svätý Jur substation will be equipped with the most modern available technologies which will strengthen the integration of new sources in the future, especially renewable sources. The Borský Svätý Jur substation is expected to be completed and integrated with the distribution network at the end of 2022. The project will be implemented between 2020 and 2025.



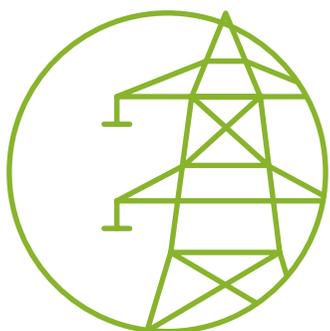


Danube InGrid project

Already in October 2020, the Slovak-Hungarian project of common interest Danube InGrid obtained the so far biggest co-financing in the category Smart Grid from the European financial instrument CEF (Connecting Europe Facility). Západoslovenská distribučná, a.s. (ZSD) implements the project with Slovenská elektrizačná prenosová sústava, a.s. (SEPS) and E.ON Észak-dunántúli Áramhálózati Zrt. (EED). Within the project, ZSD plans to invest EUR 108.5 million by 2025. The EU Climate, Innovation and Networks Executive Agency (CINEA) signed a grant agreement in February 2021, completing the process of preparation for project implementation. Moreover, in 2021, in addition to designing and obtaining the relevant permissions, the first physical implementation of optical routes and IT projects in the area of asset management, information security and a common data

platform for data exchange have started with the partner company EED.

The overall goal of the Danube InGrid project is the wider integration of renewables into the distribution system using smart technologies and their smart management while ensuring high quality and security of electricity supply in the Central and Eastern Europe. Within the Danube InGrid project, ZSD focuses primarily on modernizing technology in 150 transformer stations, constructing two new substations in Vajnory and Mierovo, developing 320 km of optical fiber networks and implementing smart grid IT solutions, including cyber security systems. The project will be implemented between 2020 and 2025.





**More sustainability
projects under the Energy
Networks umbrella**



Renovation of the Čulenova substation

The renovation took place between 2020 and 2021 and its aim was to strengthen security of the distribution network by replacing two transformers with three new ones.

The refurbishment of the two rooms in the north-east of the building created a space large enough to accommodate the new T103 low-noise transformer, a huge oil sump, surge arresters and other necessary equipment. With the new transformer, the existing substations of 110 kV and 22 kV were also retrofitted. Based on dimensional requirements, a relatively unique solution was used. It is an encapsulated substation in which its most important parts are insulated with SF6 inert gas. The technology is known as GIS. The new 110 kV field number 07 met the same requirements as the existing fields and its installation took place during full operation of the 110 kV substation. Finally, a procedure was developed in which safety of the installers was ensured, as well as the supply of electricity in Bratislava. The first phase of the renovation was completed in August. The new transformer marked T103 and all newly installed equipment needed for the 110/22 kV transformation have been fully functional and in operation since August 2021. The next phase consists of replacing the existing transformers T101 and T102 with a new pair of low-noise transformers. Again, acoustic panels will be used to reduce noise outside the building. The renovation is expected to be completed in the third quarter of 2022.

Renovation of the substation 110/22 kV Veľký Ďur

In March 2021, the renovation of the Veľký Ďur substation began, which functions as a switching station, i.e. without transformation. The construction is carried out by an external contractor in cooperation with the internal sources of ZSD. The main subject of the reconstruction is the construction of a new prefabricated building of joint operations (BJO) including full technological equipment aligned with the ZSD standard. The new BJO will replace the existing one which is largely unused and will be demolished once new BJO is put into operation. A significant part of the construction consists

of retrofitting four R110 kV fields (fields no 5 - 8) for the insertion of two new high voltage lines (VVN 2x 110 kV) from the Nitra - Čermáň substation. The expected date of approval of the completed construction is May 2022. The renovation will increase reliability of electricity supply in the region and improve the distribution system.

Ecological Corridor Management

With the E.ON commitment: Rolling out ecological corridor management across Europe by 2026 and invest a double-digit million euro budget into the project, ZSD has also the ambition to contribute to this goal. E.ON's target is to environmentally manage along 13,000 km of high voltage power lines in forest areas and create and maintain healthy ecosystems and increase biodiversity. This corresponds to an area of about 70,000 hectares or almost 100,000 soccer fields. In 2021, the project has been in preparation in Západoslovenská distribučná. The target for 2022 is to environmentally manage approximately 10 hectares (approx. 2.5 km) of grid area and continue in the upcoming years.





Energy networks high quality education

One of the main duty of ZSE as the employer is to continuously take care of the knowledge and skills development of its own employees. In an effort to improve the level of practical training, the decision was made to complete the existing training area in Nitra. Our own training polygon for high-voltage work groups has been operating in Nitra since 2015. Its use has brought several benefits: reduced training costs in external premises, quick and flexible testing of new procedures, the possibility of practical demonstrations to other departments and units. We have decided to extend the experience in this area and apply it to other areas of training such as:

- Basic and recurrent training of high voltage work and low voltage work
- Operational manipulations (switching off, securing the workplace, issuing a B-order – permit to work)
- Communication with operational dispatching
- Work at heights on MV and HV equipment
- Practical examples of installation of new materials and technologies
- Training of newly hired employees

The investment funds for the completion of the training polygon amount to EUR 80,000.

Rescue operation in Moravia

On the night of 24 June 2021, the South Moravian districts of Břeclav and Hodonín in the distribution area of Electricity Gas and Distribution (EG.D, a.s. - former E.ON Distribuce) were hit by strong storms, accompanied by tornadoes in parts of the area. Západoslovenská distribučná took part in the renewal of electricity supply in the affected area through the so-called interstate flow of electricity. Due to the huge amount of damage, EG.D declared a state of emergency for the Hodonín and Břeclav districts. Approximately 50,000 supply points were left without electricity. For most of them, the supply of electricity was gradually resumed. About 5,000 supply points in villages directly affected by the tornado were left without electricity for a longer time. The 110 kV Tvrdonice substation which serves to connect gas pumping station compressors of strategic importance from the point of view of filling gas storage facilities in the Czech Republic, remained completely without power supply. This substation was connected operatively, in cooperation of dispatching centers of EG.D, ZSD and SEPS, from the ZSD network via 110 kV line 8201, which is normally switched off at the Tvrdonice substation. This solution is the so-called transnational electricity flow which is one of the specific examples of cross-border cooperation and the benefits of the ACON project. In addition, the reconstruction of TR Tvrdonice allows to reconfigure the 110 kV 8890 line, significantly increasing both capacity and reliability of this interconnection. Another improvement will be the connection of these lines to the new Borský Svätý Jur substation in the ZSD distribution area, the construction of which has already begun.

Sustainable facilities

The carbon reduction of our own sites is at the top front of our efforts to gradually increase energy efficiency and contribute to the physical reduction of the carbon footprint produced by our facilities. As a part of this journey, we have produced an analysis based on energy certificates with recommendations for next steps. In 2021 we replaced a gas boiler with a more efficient one in Nitra. Photovoltaics is planned to be installed on the rooftop of the building in 2022. In Partizánske, the project planning



includes the replacement of electric boilers with heat pumps. Similarly, in Dunajská Streda, the plan for 2022 includes the production of a study and a project to replace electric convectors with heat pumps. On top of that, recycling spots in our facilities have been multiplied and trash bins from under the tables were removed. Our colleagues could get information on how to correctly avoid but especially separate waste through

communication campaigns which included webinars with experts from the Institute for Circular Economy. Going forward towards net-zero, in 2021 the project plan for the first bike room located in Bratislava at Čulenova

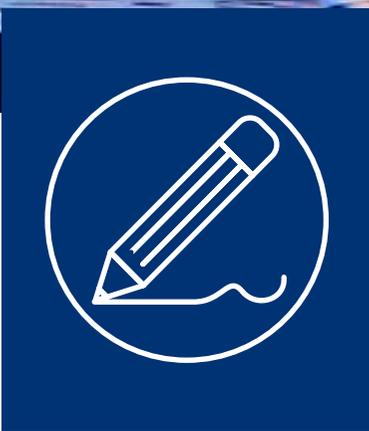
street, has been put in place as one of the ways to support sustainable transportation to workplace. The old car wash place was renovated to function as new bicycle room. In addition to bicycle holders, there will be a dressing room and showers to make our employees feel even more comfortable.

Electrification of company fleet

In 2021 a comprehensive internal project regarding the electrification of company fleet took place resulting in the new Car Policy being effective from the 1st January 2022. Several ZSE Group departments including external consultants cooperated on the internal analyses with three main goals: contribution towards sustainability and CO₂ reduction, e-mobility incentivization and general optimization of vehicles. The exercise considered different parameters: vehicles renewal, EU CO₂ standards, EV product outlook, employee preferences, usage and mileage of each vehicle separately, procurement of EVs and PHEVs, leasing company portfolio offer, charging infrastructure (public and private incentives) are only some examples. The whole project led to an extensive and successful campaign which provided employees with a unique opportunity to try out an electric car by expressing their interest in an internal competition. In total, 460 our colleagues used this opportunity and took part in the competition. We announced a total of 226 winners, substitutes, and ambassadors who became our first "electric vehicle pilots" at ZSE for a few days. More interesting information about the ZSE Going Electric campaign can be found in the E-mobility part of this report. In general, the new car policy optimized the overall number of vehicles and introduced car allowance. It also provided options for selecting EVs & PHEVs, even forbidding the use of fossil fuels in one fleet managerial category. In addition, we prepared a plan for EV charging infrastructure building in own properties and introduced incentives for private charging.

Public procurement for leasing commercial vehicles is approaching the goal, so we believe that we will soon and realistically meet the goals in the electrification of the fleet.





Art for energy souls

In cooperation with the City of Trnava and the civic association EUFORION, Západoslovenská distribučná had its transformer station on Beethovenova street in Trnava spray-painted by two French artists JACE and Cart 1 just in 14 days. An ugly look of the transformer stations has been a long-discussed topic at ZSD. The Trnava Street Art Gallery 2021 project was another good opportunity to change the situation. This activity follows the pilot project ZSD implemented as a part of the Bratislava Street Art event in 2018, showing the way which the revitalization of transformer stations can take. Positive feedback motivated us to continue their transformation.



Digitalization of energy networks

Digitalization is one of the key topics in the energy sector. Data are becoming the most important asset in the digital era. Without all of us learning to work with them and using them effectively, we will not be able to make the digital transformation and meet the growing expectations of our customers. The E.ON Group has an ambition to become a leading digital energy business. Therefore, it comes up with an initiative in which it has decided to involve all 18 distribution subsidiaries, including ZSD.

The initiative is called GO.18. The representatives of all 18 distributors joined forces to harness the potential of a large distribution family in creating a common digital future. After a 3-month preparatory phase, during which individual distribution system operators analyzed the current state of digitalization and collected initiatives, an ASE GO.18 workshop on digital transformation in the E.ON Group was held in Berlin in September 2021.

Over three days, 93 our colleagues from 18 companies jointly defined:

- a digital vision for the international community of distribution system operators,
- future digital roles, responsibilities and competences,
- the aim of prioritizing digital activities and creating a joint 3-year plan for digitalization,
- the task of promoting digital thinking and building a unified digital culture across the Group.

What is there to be expected in the next three years?

- We will digitally educate and support the acquisition of digital skills by all our employees (with data, new technologies, digital tools, etc.).
- We will support the emergence of new ideas in regions that can be implemented across the board.

- We will focus on three specific solutions that will be implemented across the entire Group:
 - customer marketplace
 - LV network monitoring (LV SCADA)
 - common data model

Several advantages are expected to result from the initiative, in particular: new business models, new digital Operational Excellence (OE) tools, support of staff ambassadors in the deployment of standardized solutions (especially in terms of assets, processes and data platform, e.g. in the areas of HV and LV smartification) and opportunities to improve customer care.

After a very successful digitalization year 2020, ZSD continued in its efforts to implement new IT technologies in 2021. The search for current failures and planned outages is one of the most used applications of the distribution website zsdisk.sk. Involving the Google Maps platform, ZSD came up with an update where customers can see current failures and outages, as well as planned outages: <https://www.zsdisk.sk/Uvod/Online-sluzby/Mapa-odstavok-a-poruch>. Furthermore, in times of calamity when power outage affects many customers due to extreme weather, a disproportionate increase in waiting time for the Failure Line was reported. Since 8 December 2021 this waiting time has been over - an unlimited number of customers can engage with our new "colleague" Chatbot Edo simultaneously. Edo is the acronym for Electrician

Doing, since it is an application integrated with the distribution website, that is able to handle human conversation in the form of a written text. Chatbot Edo "understands" what the customer writes when reporting a fault and can converse in a way so as to obtain all the information needed to report the fault. Before the end of the year, ZSD has managed to bring up another novelty in the field of online services. On 12 December 2021, we launched the e-Applications portal (e-Žiadosti) presenting several benefits, which mean simplified solutions for customers' problems.

ZSD enabled its customers to submit applications electronically for the first time in 2014. Ever since the request to connect a new supply point has been the most common type of inquiry. Later, a request for connection of a small source for electricity production and a request for an opinion on the project documentation were added. As ZSD plans to expand the possibilities of electronic submissions by other types of inquiries in the near future, it proceeded to their design unification and integration into a separate portal with the possibility of registration. This novelty is available at www.zsdisk.sk/eziadosti. The menu with the offer of requests is divided by customer segments (Households, Entrepreneurs) and the personal situation of customers (Before connection, New connection, Change of connection, etc.).



Innovative customer solutions

We can all agree that energy is a vital component of our day-to-day life. Without it, neither people nor businesses can function. In most of the cases, turning on our computers, televisions or starting our cars are activities that we take for granted. Yet, they represent the final stage of a comprehensive process. Firstly, energy resources have to be extracted from our environment. Primary energy sources are transformed into energy products available for consumption. For example, crude oil is transformed into motor gasoline, while fossil, nuclear and renewable energy are transformed into electricity. At the same time, electricity generation from fossil sources significantly affects the production of CO₂ on Earth. The energy sector is without a doubt one of the biggest industry polluters. There is an urgent need for a shift to increase the production of energy from renewable energy sources, thus contributing to the creation of a climate-resilient world. Fortunately, the share of renewable energy in energy consumption in the EU increases continuously (from 9.6% in 2004 to 19.7% in 2019). The European target is set for 40% by





household customers. The interest in photovoltaic (PV) solutions is rapidly growing also among businesses, however, the projects take much longer. We have installed approximately 5 photovoltaics installations for businesses in 2021. By April 2022, we have been still working on their connection to the distribution network.

As one of the energy sustainability leaders, in 2021 we procured a brand study focused on the relevance and importance of green topics among different communities. Overall, the results of the study confirmed that more and more customers and consumers are interested in sustainability and how their behavior affect the environment and society on a broader scale. Hence, we were reassured that the communication and educational activities of ZSE Energia serve a vital importance for the public (GRI 417). In 2021, we continued to carry out internal activities for our employees: awareness raising through articles, campaigns, videos, and we also continued to add content to the external web space. Additionally, we complemented the content on the ZSE Green Ideas portal which is focused on energy efficiency tips and practical sustainability related recommendations. Our cooperation with local greenfluencers in 2021 was broadened. In addition to Michal Sabo (sustainability activist), Natália Pažická (zero waste activist) and Baša Številová (proponent of active sustainable lifestyle), we added a series of podcasts with Sandra Sviteková (innovative history lecturer), Rastó Chvála (e-mobility expert) or Zuzana

2030. (GRI 103-1/2/3)

ZSE Energia, a.s. (ZSEE) as the first big supplier in Slovakia has introduced the product Green Electricity for households already on 1 February 2020. Only in first 6 weeks of 2021 we marked an increase of more than 5,000 Green Electricity customers and by 31 December 2021, 87,230 household customers were using "Green Electricity" what represented an increase by more than 68,000 customers in 2021. Those customers based on the ratio of coal and gas in the energy mix of ZSE helped save 25,378 tons of coal, 41,199 tons of CO₂ emissions, 8,082,369 m³ gas.

How does green electricity actually work?

A customer purchases green electricity which means that their energy consumption is fully covered by the Guarantees of Origin (GoO). GoO represent a certified confirmation that

the dedicated amount of energy consumed by customer's household was produced from renewable energy source (RES) locally or internationally. This precise amount of consumed energy is allocated within the scheme of GoO market and can not be consumed by anybody else. This is how we ensure that the demand for green electricity will constantly rise and investments into renewables and grid smartification will flow rapidly and smoothly, which will allow the green transition to take place faster.

ZSEE sustainable customer solutions additionally offer hardware (HW) installations of rooftop solar solutions for households and businesses. At the end of 2021 we have installed 1,300 solar solutions for household customers (since 2015) in total. In 2021 it was 201 net installations. The plan for 2022 is to manage 500+ installations for

Dutková (founder of Sustainability platform, activist for climate justice). Our activities did not stay just in the digital space. In 2021, we partnered with Bratislava city beach "Tyršák" where we delivered a photovoltaic solution with 5kWp output delivering renewable power to meet the beach needs. The rest of the power needed for the beach



was covered by the Guarantees of Origin from RES.

Another photovoltaics installation was provided for the primary school in Svätý Jur directly from the ZSE revenues for Green Electricity. In 2022, there is a plan for more such installations based on the same financial model.

Furthermore, in 2021 ZSEE cooperated with the Kempelen Institute of Intelligent Technologies (KInIT) on the analysis of electricity consumption. Thanks to smart meters (IMS), ZSEE has a relatively rich consumption profile of its customers at a sampling frequency of 15 minutes. However, these data tell us only about the total consumption of the customer's household at a particular time. The aim of cooperation with KInIT is to find such statistical methods and algorithms which, based on additional accurate measurements on a given sample and additional data (e.g. weather) will be able to divide the customer's consumption into certain categories with a certain degree of reliability,

e.g. heating, water heating, cooling, lighting, electric car etc.

The 2021 was also the year of successful digitalization of ZSE Energia customers' portfolio. Together with our customers, we succeeded in reducing the number of paper postal orders and paper invoices and moved into the online world with a large number of transactions. By the end of 2021, more than 388,000 customers received the e-invoice only and more than 377,000 use the ZSE online account. We increased the number of customers who switched from payment by voucher to payment by bank transfer or direct debit by more than 45,000 in 2021. 84,000 customers received a gift for actively using their online account. 490,000 customers receive overpayments on account. 106,000 customers changed their deposit amount or due date online. Needless to say, we will proactively continue in innovations and digitalization of our customers services in 2022.



Milestones of ZSE Drive in 2021

ZSE, as the most innovative public charging network operator in Slovakia, enabled its customers to cover 6.5 million green kilometers in 2021. We offer you a summary of our electrifying journey:

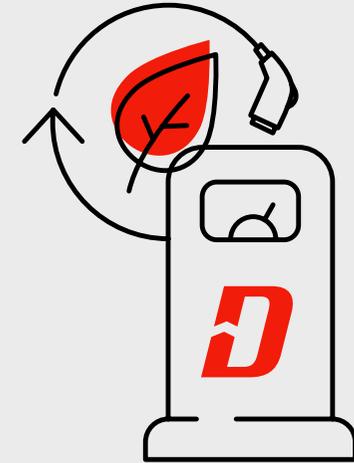
Together we reduced:
Emissions | Noise | Temperature raising



We thank your **2 884 customers** who had already switched the light to green and through electric kilometres, they contribute to a healthy planet.



Guarantees of origin from the renewable energy sources cover **96 charging sites** of ZSE Drive in Slovakia.



ZSE Drive public charging network in Slovakia consists of **264 charging points**.

ZSE public charging points

174

AC
charging points
>22 kW

58

DC
charging points
>50 kW

32

ULTRA
charging points
>150 kW

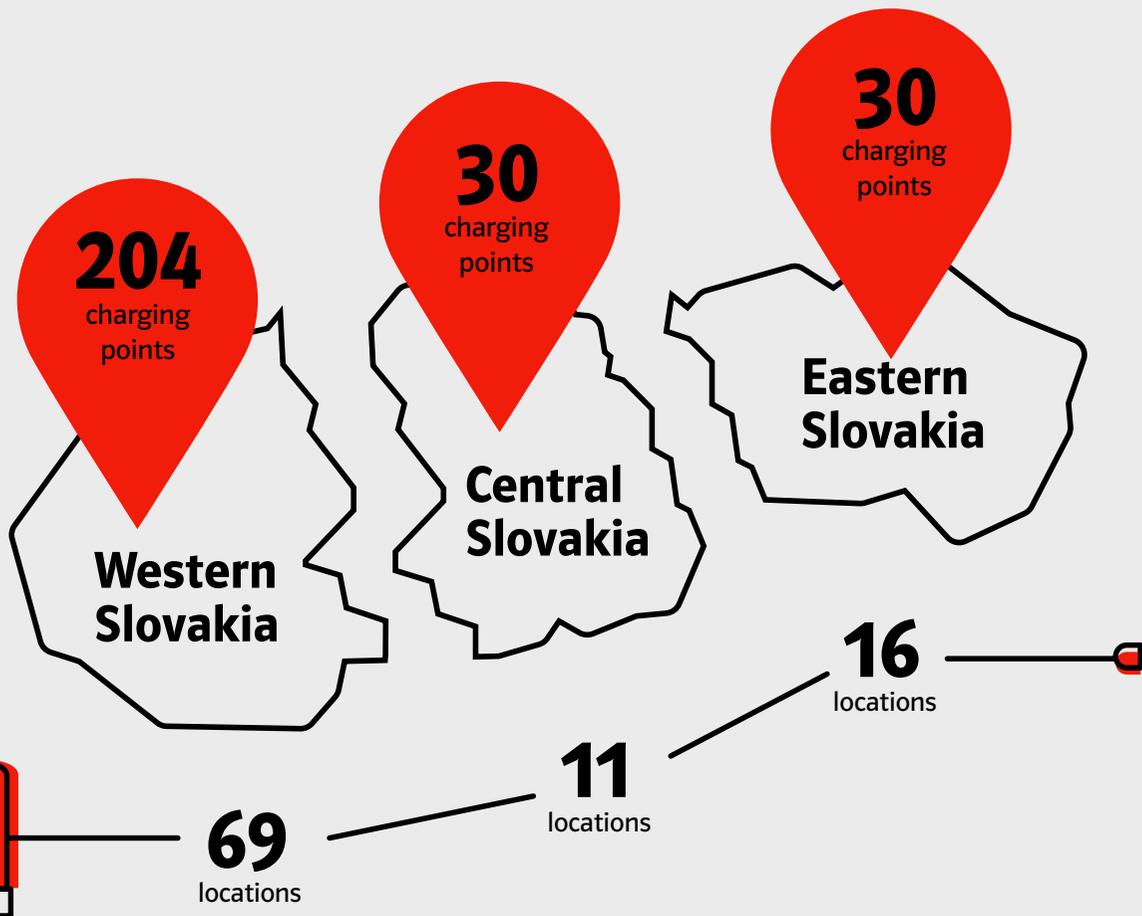




In **23** countries



using **15 000**
charging stations





What is more, 2021 was the year with the biggest internal e-mobility focus so far. ZSE Going Electric campaign offered the possibility to join a competition and win a 3-day trial with an e-vehicle. 460 colleagues participated in the competition and 226 out of them won the electrifying opportunity together with the experience to try out the ZSE Drive charging network and get familiar with the green transition e-mobility offers. We wanted to offer

a personal experience and reach out to as many colleagues as possible with the aim of promoting e-mobility not just within the corporate fleet but also in colleagues' private preferences. Between the 18 October and 26 November we engaged 24 e-vehicles in different categories in total (van, small personal vehicle, small SUV, crossover, hatchback, SUV) and drove 74,100 kilometers. The feedback was extremely positive, mostly because of the fact that some of our colleagues had not

have any previous experience with e-cars. In addition to the positive feedback, another very important fact was a suitable impetus for the electrification of the corporate fleet: the new car policy which entered into force in the ZSE Group on 1 January 2022. At the same time, Act no 214/2021 on the promotion of environmentally-friendly road vehicles was adopted in August 2021, making us obliged to meet the 22% share of clean vehicles out of the total number of procured vehicles for the transport of persons and goods up to 3.5 tons. In addition to reputational risk, failure to comply may result in a high financial fine - up to EUR 500,000. Nonetheless, we want to lead by example. Through e-mobility incentives for our colleagues regarding e-vehicles, but also public, private and work-site charging points, we expect to reduce the fleet emissions by more than 25% by 2025 as compared to 2020.



**NATURE PROTECTION AND
BIODIVERSITY PRESERVATION
– ENVIRONMENTAL**



In 2021, the ZSE Group continued in its long-lasting and thorough care about the environment, birds, water, land, soil and air protection. On 21 and 22 October 2021, the certification company 3EC conducted supervisory audit of the integrated management system (SIM) in all three companies. No system inconsistencies were identified by the audit and all three companies, i.e. ZSE, ZSD and ZSEE re-confirmed the Environmental Management System certification (ISO 14001) and Occupational Health and Safety Management System certification (ISO 45001). In addition, ZSEE received also the Quality Management System certification (ISO 9001). Many strengths and improvements were identified, as well as opportunities for improvement. The certification company came to the conclusion that the SIM is effectively managed, improved and recommended to continue in the certification.

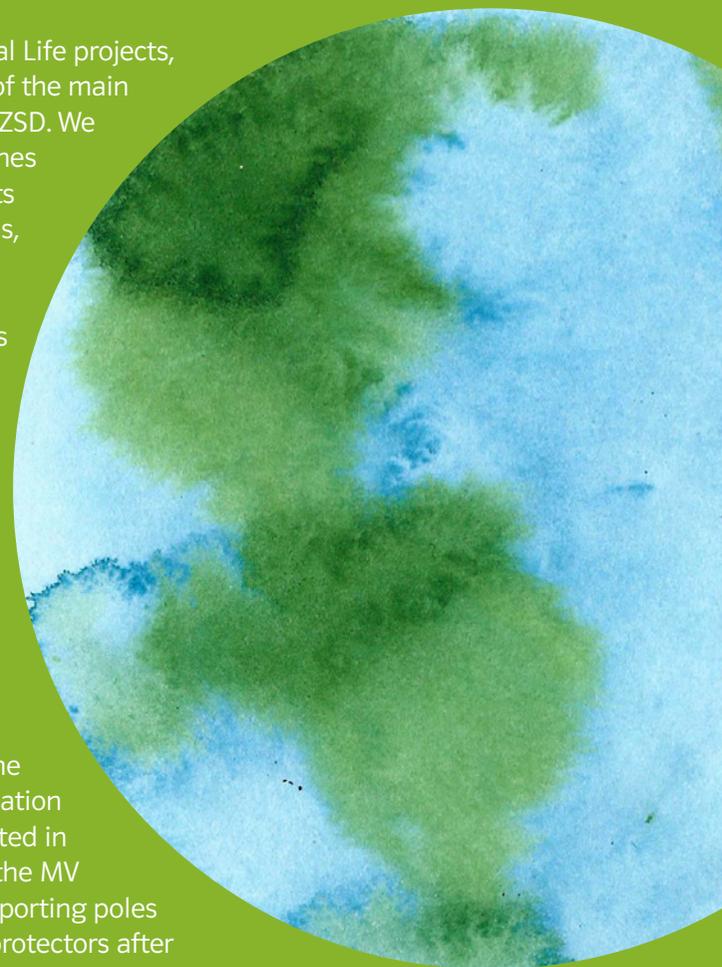


Within the ZSE Group, external auditors highlighted, for instance, the following strengths:

- Leadership involvement and leadership management,
- Preventive approach and model-driven activities in the field of occupational health and safety, fire prevention and the environment,
- Communication and consultation at the time of the COVID-19 pandemic,
- Ensuring healthy and satisfactory working conditions for working from home,
- Carbon footprint reduction, e-mobility and more.

Our Environment Team continued to be engaged in the international cooperation projects LIFE Eurokite and Life Danube Free Sky in 2021. The main objective of the Life Eurokite project is to use telemetry technology to identify the spatial habitat use of the target species and quantify the key reasons of mortality of bird of prey species in the EU. In 2021, a contract with the Ministry of the Environment of the Slovak Republic for the co-financing of the project from the national budget was signed. Moreover, 218 supporting poles in Jakubov, in the Záhorské Pomoravie bird protection area were safeguarded or technically reinstalled in order to reduce the possibility of an electrocution on power lines. In 2022, the plan is to treat 241 supporting poles. Within the Life Danube Free Sky project, 220 supporting poles were safeguarded in the Lehnice bird protection area. ZSD contributed to the 7-year long project by purchasing materials (EUR 71,657) to ensure the ecologisation of lines, excluding the labor costs, which are ZSD's own costs. For 2022, the plan is to treat 142 supporting poles for power lines in the areas alongside the Danube River. (GRI 102-12; 102-16)

Outside the international Life projects, birds protection is one of the main environmental focus of ZSD. We gradually treat power lines with protective elements to prevent death of birds, mainly in the protected areas, with increased nesting habitats of birds and main migration corridors. In 2021, we continued to install nesting pads for falcons' on HV lines. We treated 20 pieces on the line no 8896 Smolenice - Trnava. We also installed bird flight diversions in the areas of detected bird deaths caused by impacts on the lines. In total, the installation of firefly elements resulted in the length of 4.4 km of the MV line. Additionally, 10 supporting poles were treated with eco-protectors after the detected death of birds near the village of Komoča. ZSD has been focusing on resettling storks' nests for a long time. In 2021, we found a suitable solution for a nest location for storks in 6 villages. As a part of resettling the nests to a safer place, we also always make sure that the original pad on the power line is secured by installed barriers.





Alongside birds protection, the Environment Team also pays a particular attention to various environmentally endangered areas in order to ensure an effective risk management and crisis prevention.

The 2021 data is provided below:

- Waste monitoring: Highly dependent on reconstructions and types of repairs. We try to recover as much waste as possible. Total amount of operational waste is 27,698 tons out of which 45% was recovered. Specially treated are:



- PCB which we try to withdraw and environmentally dispose of,
- Asbestos - disposal through an authorized company. The dismantled asbestos is dissolved, packaged and dumped, but only stabilized, so that it does not crack or break.
- Water monitoring: quality of water discharged into watercourses, quality of water taken from our own wells and from the water level regarding Malženice power plant system cooling, quality of drinking water in administrative buildings, carrying out leak tests of emergency baths and camera monitoring of sewers in order to verify the tightness and prevent the leakages of harmful substances into the underground soil.
 - Water consumed in the ZSE Group (m³): drinking water: 35,728
 - Discharged water in the ZSE group (m³): sewerage: 24,679
 - Captured rainwater in the ZSE group (m³): 1,387
 - Water taken from our own wells (m³): 427
 - Water taken from the river watercourse for Malženice operation (m³) cooling water: 2,361,867
- Cabellization of overhead lines into the ground: 58 km
- Safe oil management: Reconstruction of three substations by replacing the old equipment ensuring the reduction of negative impacts on the environment in accordance with the Plan of the Environmental Management System for 2021. The equipment was replaced by a lower oil content in order to provide greater protection against oil leakages in the Dunajská Streda, Nové Zámky, Madunice, Križovany substations. Older transformers have also been replaced by low-noise transformers in the Ostredky, Čulenova, Nové Mesto nad Váhom substations to reduce noise exposure to the surroundings of our facilities.
- Monitoring of invasive trees: Removal of invasive trees at seven substations. Moreover, documents related to the pruning and felling of trees interfering with power lines for landowners as well as the arboricultural standard for tree care in the vicinity of public technical infrastructure was published on the company's website.
- SF6 monitoring: All facilities containing SF6 are monitored.
- The total amount of SF6 = 1,6534.2 kg (376,979,76 tons CO₂ according to IPCC AR4, 388,553.70 tons CO₂ according to IPCC AR5)

- Leakages amounted to 12.9 kg (294.12 tons CO₂ according to IPCC AR4, 303.15 tons CO₂ according to IPCC AR5).
- Fluorated greenhouse gases, air conditioning and stable fire extinguishers (R410A, R407C, R22, HFC227)
- Total amount equaled to 5,548,2 tons CO₂, without any leakages reported
- Education and training of employees and

awareness raising: 51 training sessions for contractors about the conditions of activities' implementation in the ZSE Group facilities and training of new employees, published video presentation of environmental training and emergency preparedness for all employees, with mandatory provable training for employees working in the field.





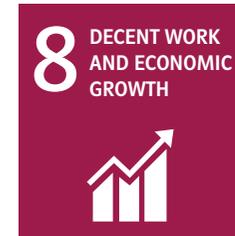
**OCCUPATIONAL HEALTH
AND SAFETY (OHS), PROMOTION
OF DIVERSITY AND COMMUNITIES
ENGAGEMENT (SOCIAL)**



OHS

“Safety F1rst – Safety at the first place” is our motto which is embodied in every activity of the ZSE Group companies. Top quality OHS standards are a principal pillar through which the company seeks to ensure health and safety for its employees and suppliers to the maximum extent possible. 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)). Within the GTS programme, every head of department and senior manager must conduct 12 interviews in the field per year. In total, 416 GST interviews were conducted in 2021. (GRI 403-4)

The ZSE Group procedures are a part of the internal management documentation, in particular: Assessment of hazards and risk at workplaces, Provision of personal protective working equipment and personal protective



equipment, Traumatological plan, Inspection of OHS and fire prevention conducted by technical employees, Inspection of OHS conducted by management personnel, Measures to prevent violation of work discipline by taking

alcoholic drinks and other addictive substances at workplace, Continuous inspection of contractors conducted by authorized employees, Investigation of work injuries, unsafe conditions and occupational illnesses, Rules for storing



and manipulating with dangerous chemical substances, Instructions for determining conditions related to work with asbestos, Instructions for determining the conditions for work with racks and ladders, Minimum safety and health requirements for a construction site in ZSD, Securing the drinking regime, Type of work and workplaces forbidden for special groups, Minimum conditions for safety labelling,

Protection against fire, Principles of information flow in case of fire reporting, Instructions for work with display units, Assessment of works in manipulating with burdens (GRI 103-1/2/3; 102-16; 403-1)

Furthermore, OHS & Fire Safety Team issues OHS Information bulletin on a monthly basis for the ZSE Group employees and a joint bulletin of

ZSE, SSE (Stredoslovenská energetika) and VSE (Východoslovenská energetika) on a quarterly basis. In 2021 the articles in the internal bulletin were mostly dedicated to World No Mobile Phone Day, World Epilepsy Day - Purple Day, Hypertension epidemic, Viral hepatitis, World First Aid Day, Alzheimer's disease, Injury rates, Fire occasions, System of Integrated Management - SIM).

The OHS & Fire Safety Team has also its own room on the intranet which contains information about work-related injuries within the ZSE and 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 or articles on world international days (against cancer, healthy sleep, health day, cervical screening). The OHS & Fire Safety Team also sends e-mail information for individual regions about expected extraordinary warm days provided by the Slovak Hydrometeorological Institute as well as Safety Cross - ZSE Group safety calendar in weekly intervals. In December 2021, the OHS advent calendar brought regular highlights, statistics and health and safety parallels. Employees were also able to compete for various practical prizes. (GRI 403-9; 403-10)

As a part of the OHS, fire safety and SIM agenda, every new employee must undergo a mandatory entrance training which repeats every 24 months. In 2021, these recurring trainings were conducted online, through Teams application, and delivered

by the OHS & Fire Safety Team and organized by the HR Training and Development Team. Initial acquaintance with OHS fire prevention and SIM was delivered to 257 new employees within the ZSE Group. The regular training of work in heights and training of fire patrols was carried out for selected job positions from January to April. Other trainings included security guards training carried out on ad hoc basis and OHS training before work execution by contractors, which was performed remotely, in the number of 142. (GRI 403-5)

Our care is invested not only into well-being, but we pay a particular attention to mental health too. The OHS & Fire Safety Team has been cooperating with the Comenius University on the project of behavioral changes. The project was launched at the Institute of Applied Psychology at the Faculty of Social and Economic Sciences of the Comenius University. It 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. In 2021, in cooperation with psychologists, we collected tips for preparing development trainings (improving communication and managerial skills) for the 4th level of management (working group coordinators). We conducted surveys to find out feedback on managers' behavior, communication skills in working groups (including coordinators themselves in the self-assessment) and the level of mental safety in the working groups and teams. At the heart of our findings was the need to raise the atmosphere of psychological security

The company was again very active in fighting against the COVID-19 pandemic.



in working groups and teams (for example, how to communicate about mistakes that lead not to exaggeration of trauma, but to support the learning process; how to properly communicate disagreement and problem solving; willingness to share information about what works well and what not during the work process). (GRI 403-3/6/7)

The company was again very active in fighting against the COVID-19 pandemic. Our volunteers in 2021 continued with on-site testing and there was also a possibility for a vaccination shot, organized by the Employer, so our colleagues did not have to stay in long queues in front of the health institutions. The pandemic has continued to affect work-life balance as well. Most of our colleagues worked from home. As

a compensation to the very commonly static home stay, we organized four online webinars with a physiotherapist, focused on the topics of working with computer while working from home. The main focus of the workshops was the ergonomic sitting behind the computer, compensatory exercises for long-term sitting and how to set up your workplace. The employees involved had the opportunity to win fit balls or seats for dynamic seating. In addition, January 2021, the Corporate Communication introduced a series of online training lectures ZSE fit meet, led by professional trainers. The lectures were archived so our employees could take on their sporty clothes anytime. This programme aimed at good health condition by movement and support of employees' wellbeing.

Social benefits and diversity



As an Employer we declare orientation on positive employee experience, work-life balance and non-discriminatory approach in all policies of human resources. The emphasis is on fair and equal treatment of all candidates for vacancies (both internal and external) while recruiting and hiring. During the employee life cycle, we follow high standards and rules that have been agreed upon within Collective Agreement - CA (amended 3 times in 2021, due to legislative or organizational changes) and other directives and policies that are jointly discussed and consented by the employees' representatives (Trade Unions). Our focus is on utilization of human and professional potential of our employees that we consider as talent. Therefore, we invest in the development activities which increase business prosperity and sustainability. We do our best to keep and even improve the used standards according to the market best practice. (GRI 103-1/2/3)



The ZSE Group offers a wide range of social 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 Nicholas 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 was organised as a part of 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 (these benefits were partly restricted in 2021 due to COVID-19).

Other benefits: Meal vouchers fully paid by the employer (in 2021 as financial contribution according to the choice of employee accompanied by a campaign to opt for such contribution in order to reduce paper meal vouchers (based on a legislative change); 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.

Within energy business we are very much aware of the important role that diversity plays in this industry. The ZSE Group offers number of programmes to shape diverse and inclusive company. We have been cooperating with secondary technical schools through Dual programmes for several years. In 2021, 28 students joined the Dual programmes. Students from technical high schools have the possibility to become young employees through the Power programme within which ZSE experts hand in their precious experience and technical skills to future generations of ZSE colleagues. In 2021, there were 23 graduates from the Power programme which continues to promote the students to permanent positions as new hires on a constant basis. ZSE supports also its talents through the Talent programme which was revised in 2021 in order to better meet the business needs. If needed, employees have the possibility to receive coaching lectures to develop their soft and hard skills. Moreover, ZSD is a partner of the Duke of Edinburg International Award which offers teaching and learning both ways. The programme is designed in a way that while teaching students about energy subjects, our colleagues have the opportunity to enrich their mentoring skills.



ZSE also regularly monitors total share of men and women in the company as well as the share of men and women holding executive positions. In 2021, total share of male was 72% and total share of female equaled 28%. The share of female in executive positions equaled 27.7 %. (GRI 405-1)

Within human resources, diversity and inclusion topics, we do not forget about the necessity for continuous life-long learning not just as regards hard skills but also with the emphasis on mindfulness, positive thinking or body balance. (GRI 103-1/2/3).

In 2021, we again organized a series of webinars:

- **“How to achieve work-life balance and not go crazy”:** Lead by an experienced coach and psychotherapist who talked about coping with challenging situations, balancing privacy, work,

family and health

- **“Psychosomatics** – back pain, headaches, migraines, poor sleep, increased sweating are not a coincidence”: A physiotherapist lecture on how to prevent psychosomatic diseases, and long-term sitting which affects not only the body but emotions and mind too
- **“DE-STRESS** - What neuroscience teaches us about stress and its management”: This workshop revealed what is happening in our brain and body as we experience different types of stress, how to learn to better manage ourselves, increase our productivity and satisfaction
- **“The art of optimism and creating happy memories”:** How to support the remembrance of positive thoughts. The lecture also included an explanation for employees’ opportunity for family counselling free of charge provided by the employer

- ▶ • **"You can do much more"**: A webinar focused on time management and efficiency
- **"Eye training at the workplace and at home"**: Workshop with an optometrist on the support of healthy eyes while working with a PC or other imaging units
- **"Emotional Intelligence - How to identify, manage and control our emotions and influence our intellectual performance"**: A webinar explaining that we are not able to use the full potential of our intellect (IQ) without emotional intelligence (EQ)
- **"Mental Health Week"** (4 - 8 October): A series of 4 webinars (Tuesday - Friday) dedicated to sleep, rest, regeneration, the journey to strengthening self-confidence, safe parenting and digital well-being
- **"Communication in the age of social networks and disinformation"**: An expert from the Academy of Critical Thinking examined why communication is becoming increasingly difficult in the 21st century. How does the polarization of society work, how do social networks contribute to it and how can we skillfully maneuver challenging conversations, how to calm an emotional debate or when to leave a discussion
- **"The magic of Christmas in the current moment"**: How to be present in the moment, calm your thoughts and relieve stress

In addition to well-being webinars, each year we add a series of trainings related to the field of our business, mostly connected to electrical engineering and finances:

- **"Introduction to investment"**: How to find a suitable investment mix? How to invest for children? Investment opportunities on the Slovak market
- **"Basics of electrical engineering"**: Introduction to electricity generation, distribution and use in a comprehensible and illustrative way for non-technical employees. (GRI 102-16; 404-2)





Community engagement – ZSE Foundation



ZSE Group employees have long contributed to the support of meaningful activities in their surroundings and in the territorial scope of the company. In 2021, they helped raise funds for organizations and projects in which they are directly involved and which are close to their hearts. The ZSE Foundation announced the fifth year of the Employee Grant Scheme, with the total budget increased to EUR 80,000 and the maximum amount of support per project increased to EUR 800. Non-profit organizations, schools and school facilities, municipalities or cities, cultural institutions and sports clubs could join the programme. A total of 134 projects



were submitted to the programme, of which the evaluation committee recommended 119 projects for the support. In 2022, on the 100th anniversary of ZSE, the ZSE Foundation will increase the budget to support employee projects to EUR 100,000. Eligible entities, with the support of an employee, will be able to apply for a financial contribution of up to EUR 1,000 per project.

After a long period of social isolation and the absence of cultural, community or sporting events, the ZSE Foundation also announced the fifth year of the Making Regions Move grant scheme, as a part of which we re-start life in the

Western Slovak region with the help of engaged people and organizations. The program could again support projects that develop cultural, sports and community life in Western Slovakia. For the first time, the programme was opened to projects that are implemented online. The multi-member evaluation committee evaluated a total of 539 submitted projects of which 118 projects were recommended to the Board of Trustees of the ZSE Foundation for support. Due to the large number of interesting projects, the Board of Directors decided to increase the program budget by the sum of EUR 20,000 which was redistributed among other 25 projects that

won the sympathy of fans on the Facebook page of the ZSE Foundation. In total, the ZSE Foundation supported 143 projects in the Making Regions Move grant scheme in the amount of EUR 120,000. In 2022, the ZSE Foundation plans to continue in the implementation of the grant scheme and will announce its 6th year.

We acknowledge that the development of our communities is extremely important if we want to create and maintain a strong, sustainable and resilient society. We Remove Barriers grant scheme complements the area of support for community development with a target group of people with disabilities. In cooperation with the APPA Disability Association, the ZSE Foundation has already supported the organization of local charitable events throughout four years of the program. The financial contribution received from each of the grant scheme is used to improve lives of people with disabilities. ZSE Foundation financial contribution was specifically dedicated to technical support of charitable events which intend to crowdfund and consequently pay for rehabilitation, medical aid and medicine for the benefit of selected members of the APPA club. Despite unfavorable circumstances related to the COVID -19 measures, the organizers of ten supported events, managed to raise more than EUR 15,600 for the benefit of people with disabilities.

The school year 2020/2021 was again a stress test for teachers, students and parents.

Epidemiological measures related to the spread of the coronavirus presented a new situation which significantly complicated access to education for many children. More than 128,000 Slovak children at the time of closed schools did not have the opportunity to be educated via internet. Almost one fifth of teachers combined sending worksheets with telephone contact so that their students had at least basic contact with the school. The ZSE Foundation therefore decided to support the efforts of teachers who overcame a number of obstacles to make it easier for their students to pursue their education and has announced an Exceptional Extra Lessons grant scheme to support projects that will enable the education for all students without distinction. In the programme, we supported 39 educational projects with a total amount of EUR 70,000. We hope that our contribution has left at least a small but significant mark on the future of the supported students.

Moreover, in 2021, the ZSE Foundation announced the third year of the Exceptional Schools grant scheme for innovative and inspirational teachers who did not lose their passion and desire to teach otherwise. The first two years of the programme were affected by measures related to the spread of the COVID-19 disease. Teaching in schools and passing on knowledge to pupils required a new approach that accompanies the teaching profession. The tenacity and determination of Slovak teachers were not broken even in the demanding working conditions. Within the third year of the grant scheme, the ZSE Foundation was once



again looking for educators who want to be an inspiration not only for their students, but also for other colleagues. Out of the total number of 283 submitted projects, 23 were supported in the amount of EUR 50,000.

Another opportunity for teachers was brought about by the first year of the Learning Together Online project which was designed for primary and secondary school teachers who expressed

an interest in participating in the development of the website www.vynimocneskoly.sk. All 63 teachers who submitted their projects took the opportunity to develop their digital skills. Based on the evaluation of an independent committee, 11 authors received support in the total amount of EUR 25,000. In summary in 2021/2022 school year, the ZSE Foundation supported educational projects in the amount of EUR 75,000.



The ZSE Group is also very active in the area of environment, especially bird species protection. The cooperation with Raptor Protection in Slovakia on the 3DodZSE programme has been ongoing since 2016, but it was preceded by long-term activities in other projects. The 3DodZSE programme includes activities aimed at practical and sustainable protection of predators and owls. The project activities include monitoring and installation of birdhouses for white night owls (*Tyto alba*) and little owls (*Athene noctua*), i.e. owls that are on the verge

of extinction in Slovakia. The project also monitor various species of raptors and owls, collecting information about their current distribution. The aim of the "Hey, Falcons" activity is to promote cooperation between conservationists and energy professionals. It includes a check on the occupancy and nesting success of the birdhouses which were installed on electric poles in cooperation with ZSD. Predators and Owls magazine is also an important tool to popularize topics and achieve results.

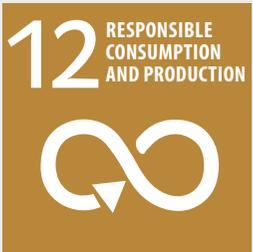
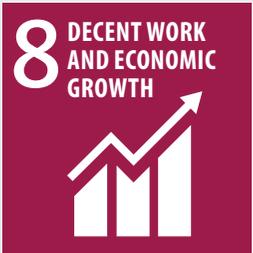
Community and educational center for public, teachers and students Elektrárňa Piešťany (EP) plays another important role. It is a renovated industrial building from 1906, listed as a national cultural heritage site since 1996 and currently also listed under the ZSE Foundation, which provides premises of EP, including the existing equipment and energy costs, free of charge to the Community Centre Nitra, so the civic association can provide the space for development and education activities. Many exciting events happening under the EP roof include guided tours, environmental films, interactive lessons in history, physics, environment, or student camps etc. More information can be found at <https://elektrarnapiestany.sk/>.

When it comes to cohesion, our colleagues know where their help is most needed. During the times of the pandemic, blood donation is especially important, mostly for the urgent transfusion awaiting patients. ZSE organized blood donation also with the important information manual regarding blood donations.

During Christmas times, our employees in 2021 yet another year gave a little bit more joy with their Christmas gifts to the Center for Children and Families in Pečeňady and to the DOMUS BENE Retirement Home - House of Good in Senec. (GRI 102-12; 102-16)



SUSTAINABLE GOVERNANCE



Responsibility in the area of compliance and anti-corruption 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. The ZSE Group therefore has been constantly working on improving compliance standards and 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 from its start. 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. (GRI 103-1/2/3; GRI 102-16; 102-17; 205-2 (core)) Another goal is to actively promote internal guidelines directly by employees, raising awareness about ethical dilemma or whistleblowing. If employees have reasonable suspicion of a non-compliant conduct, they are encouraged 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 contractors meet our standards relating to 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

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 (UNGC). 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.



published every year in annual reports. The ZSE Group respects human rights in line with the E.ON 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

In 2021, as a part of continuous training and education, Legal Services Department of ZSE conducted already 2nd antitrust compliance e-learning (previously in 2019). These trainings will continue to reoccur every two years, obviously with different content of the course, however still focused on the attributes of competition law. The aim of the training is to increase awareness and information of ZSE Group employees in the field of competition,



so that they can identify possible risks of competition violations in their daily tasks and activities, ensuring compliance with competition rules with an emphasis on actively preventing their possible violation, in particular. The training is intended for all selected ZSE Group employees whose job activities indicate they could have an access to sensitive and market-relevant information and who have decision-making powers with an impact on the functioning of competition in the relevant markets on which companies of the ZSE Group are active (training is also provided to representatives of all executive bodies of ZSE Group companies, including CEO and members of bodies nominated by the state shareholder). In 2021, a total of 364 ZSE Group employees took part in the training. ZSE Group carry out these trainings in cooperation with E.ON colleagues who create the content of e-learning (animations, tasks, etc.) and then the lawyers in charge of this area translate the content into Slovak language.

In 2021, the Legal Services Department underwent a Competition Law training specifically tailored for the lawyers of the ZSE Group companies. This training does not take place regularly but rather on an ad hoc basis in case of major amendments to competition law (both national law and European law), an introduction or a significant change to legal institutions or in case of a new significant and relevant case-law. Hence, the aim of the training is to deepen and update the knowledge of internal lawyers of the ZSE Group in the field of competition law. Additionally, in 2021, a Dawn Raid exercise took place in connection with issuing an internal managing document - Code of Conduct for Unannounced Inspections, which was adopted in the following companies of the ZSE Group: Západoslovenská energetika, a.s., Západoslovenská distribučná, a.s., ZSE Energia, a.s. and ZSE Elektrárne, s.r.o.

The aim of the exercise was to explain to the selected group of employees of the above-mentioned ZSE Group companies, the comprehensive guidelines of conduct and procedures that must be followed in case an inspection by competition authorities on the premises of ZSE Group companies takes place. The training was attended mainly by persons who have direct influence and contact with persons performing the inspection during such an inspection. It included mainly (i) in-house lawyers of ZSE Group companies, to whom a handbook with precise instructions in the event of an inspection was provided; (ii)

selected IT staff of the ZSE Group who, in the event of such an inspection, must carry out immediately necessary IT activities; (iii) Security service employees and receptionists who are the primary contact with anyone that enters the premises of ZSE Group companies.

A part of Legal Services Department is also a Data Protection Expert whose main field of expertise is, naturally, the GDPR policy and data protection insurance. The communication and training activities in this field for 2021 involved orientation training for new employees (233 participants), Regular annual online training for all employees (1,488 participants), trainings for specific target groups (logistics, marketing) aimed at expanding the perception of the topic "personal data" (20 participants), cooperation in the preparation of E.ON Group training "eLearning on Compliance, Cyber Security & Data Protection for all employees", communication articles "Happy 40th birthday" regarding the 40th anniversary of the Data Privacy Day (28 January) or the article "Three years with GDPR" (25 June). (GRI 205-2 (core))

Good governance means for ZSE Group companies to conduct such activities that will be fully compliant with the law and internal policies guidance and will lead to the achievement of the development goals. The true outcome of good governance is the degree to which we deliver on our commitment on human rights in the areas we conduct our business.



ANNEX

Reporting according to GRI

This report is based on the Global Reporting Initiative (GRI) guidelines. The GRI guidelines are the result of a transparent, multi-stakeholder process and consist of performance indicators for all sectors and all types of organisations. This report was prepared in accordance with the GRI Sustainability Reporting Standards (GRI SRS) 2016. It also includes the sector-specific disclosures of the GRI Electric Utilities Sector Disclosures 2013.

This report has been prepared in accordance with the GRI Standards: Core option.

In accordance with the GRI SRS, this report's content is based on a materiality analysis. The table below indicates the sections in this report where information complying with GRI requirements can be found. It contains:

- General disclosures to report contextual information about ZSE (GRI 102)

- Information about our management approach for each material topic (GRI 103)
- Specific disclosures for each material topic (Topic-specific GRI standards series 200, 300, 400 as well as the Electric Utilities Sector Disclosures)

Where GRI requirements are not linked to specific section of this report, the table includes additional information. (GRI 102-54/55)

GRI 102: General Disclosures

Organisational profile

102-1: Name of the organisation	ZSE at a glance
102-2: Activities, brands, products, and services	ZSE at a glance
102-3: Location of headquarters	ZSE at a glance
102-4: Location of operations	ZSE at a glance
102-5: Ownership and legal form	Zapadoslovenská energetika, a.s. is a joint-stock company established under Slovak law (in Slovak: akciová spoločnosť or abbreviated as "a.s.") and its shares are not publicly traded, i.e. it is a private joint stock company. The form of a joint-stock company is common for large capital companies in Slovakia. The shareholders of Zapadoslovenská energetika, a.s. are (i) the Slovak Republic represented by the Ministry of Economy of Slovak Republic, (ii) E.ON Beteiligungen GmbH, the company seated in Germany, and (iii) E.ON Slovensko, a.s., the company seated in the Slovak Republic.

102-6: Markets served	ZSE at a glance, General Figures 2021
102-7: Scale of the organisation	ZSE at a glance, Energy networks, Customer solutions, Electricity generation
102-8: Information on employees and other workers	ZSE at a glance, Employees distribution
102-9: Supply chain	Within the supply chain, the Logistics Department and Environment Team conduct environmental and human rights monitoring on an ad-hoc basis. Formalization of the agenda is planned for the Human Rights Ombudsman. ZSE Group ISO certified suppliers: 91.67% (qualified suppliers: 312; ISO certified suppliers 286).
102-10: Significant changes to the organisation and its supply chain	No significant changes
102-11: Precautionary principle or approach	ZSE Group has emergency plans for water protection - 65 separate documents for the Malženice Power Plant, substations and operating facilities. We have 42 emergency plans in case of an accident during the management of hazardous waste. Employees are trained on the procedure in the event of an accident. We have a procedure in place in case of emergency and how to respond to it.
102-12: External initiatives	Sustainability strategy - Our approach, Reliable and smart grids, Nature protection and biodiversity preservation - Environmental, Community engagement - ZSE Foundation
102-13: Membership of associations	The ZSE Group companies are members of different associations (e.g. Business Leaders Forum- BLF, German-Slovak Chamber of Industry and Commerce), however each company/division/department/team manages the membership of associations separately.

Strategy

102-14: Statement from senior decision-maker	Foreword
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Ethics and integrity

102-16: Values, principles, standards, and norms of behaviour	Sustainability strategy - Our approach, Nature protection and biodiversity preservation - Environmental, OHS, Social benefits and diversity, Community engagement - ZSE Foundation, Sustainable governance
102-17: Mechanisms for advice and concerns about ethics	Sustainable governance

Governance

102-18: Governance structure

Sustainability strategy - Our approach

Stakeholder engagement

102-40: List of stakeholder groups

Shareholders, employees, workers who are not full-time employees, customers, consumers, trade unions, civil society, local communities, suppliers, policy makers

102-41: Collective bargaining agreements

Section 3 of the Collective Agreement: Binding nature of the Collective Agreement states that a total of 100% of employees is covered by the Collective Agreement.

102-45: Entities included in the consolidated financial statements

The entities covered by the consolidated financial statements (consolidated annual report 2021) is the ZSE Group consisting of the parent entity Západoslovenská energetika, a.s., and its subsidiaries Západoslovenská distribučná, a.s., ZSE Energia, a.s., ZSE Elektrárne, s.r.o., ZSE Development in liquidation, s.r.o., ZSE Energy Solutions, s.r.o., ZSE MVE, s. r. o., ZSE Business Services, s. r. o. a ZSE Energetické služby, s.r.o.. Západoslovenská energetika, a.s. is also the only founder of the ZSE Foundation. ZSE Energia, a.s. has an organizational unit in the Czech Republic. Západoslovenská energetika, a.s. has no organizational units abroad.

102-46: Defining report content and topic Boundaries

This report focuses primarily on sustainability topics that are material to us and our stakeholders. The report covers our two core businesses: energy networks and customer solutions. It also provides information about our CCGT in Malženice. The ESG strategy is further described and each of the E-S-G area detailed in a separate section. The emission balance in three GHG scopes is also provided.

102-47: List of material topics

102-48: Restatements of information

The GHG emissions table has been updated as regards to 2020.

102-49: Changes in reporting

Sustainability report 2021 is based on the GRI 2016 criteria. There are no other significant changes in reporting.

102-50: Reporting period

The reporting period covers the calendar year 2021 (1 January 2021 - 31 December 2021)

102-51: Date of most recent report

The Sustainability report 2020 was published on the 21st October 2021.

102-52: Reporting cycle

Annual

102-53: Contact point for questions regarding the report

Dominika Filinova <dominika.filinova@zse.sk>

102-54: Claims of reporting in accordance with GRI Standards	Reporting according to GRI
102-55: GRI content index	Reporting according to GRI
102-56: External assurance	This report at the time of publishing has not been externally verified.

GRI 200: Economic

GRI 205: Anti-corruption (2016)	
103-1/2/3: Management approach	Sustainable governance
205-2 (core): Communication and training about anti-corruption policies and procedures	Sustainable governance
GRI G4 Sector Disclosures Electric Utilities: Research and development (R&D) (2013)	
103-1/2/3: Management approach	This metrics is currently in development.

GRI 300: Environmental

GRI 302: Energy (2016)	
103-1/2/3: Management approach	Sustainability strategy - Our approach
302-1: Energy consumption within the organisation	ZSE Group CO ₂ balance
GRI 305: Emissions (2016)	
103-1/2/3: Management approach	Sustainability strategy - Our approach
305-1: Direct (Scope 1) GHG emissions	ZSE Group CO ₂ balance
305-2: Energy indirect (Scope 2) GHG emissions	ZSE Group CO ₂ balance
305-3 (core): Other indirect (Scope 3) GHG emissions	ZSE Group CO ₂ balance

GRI 400: Social

GRI 401: Employment (2016)	
103-1/2/3: Management approach	Social benefits and diversity
401-1: New employee hires and employee turnover	ZSE at a glance - Employees distribution
GRI 403: Occupational health and safety (2018)	
103-1/2/3: Management approach	OHS
403-1: Occupational health and safety management system	OHS
	The safety management system is based on the ISO standards 45001. ZSE, ZSD, ZSEE have been ISO certified since 2010. The recertification is conducted every 3 years.
403-2: Hazard identification, risk assessment, and incident investigation	Hazardous waste (HW) is produced only in minimum quantities in the ZSE Group. The devices that are in operation and still functional are not considered a waste and when they are discarded only then HW is generated. The occurrence of HW is influenced by a failure / replacement of equipment, or the extent of reconstruction of buildings, as well as the number of environmental incidents that arise unplanned, hence it is very challenging to set up a formal programme with a timeline to prevent such HW occurrence. Nonetheless, we have Internal guidelines in place for determining the conditions associated with working with asbestos and Internal measures in the event of an accident (hazardous waste emergency plan). We monitor, conduct statistics and report hazardous waste data on an annual basis.
403-3: Occupational health services	OHS
403-4: Worker participation, consultation, and communication on occupational health and safety	OHS
403-5: Worker training on occupational health and safety	OHS
403-6: Promotion of worker health	OHS

403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	OHS
403-9: Work-related injuries	OHS
	<p>ZSE uses the following key performance indicators to monitor and report incidents:</p> <ul style="list-style-type: none"> • "Total recordable injury frequency" (TRIF) combine - number of work-related accidents and illnesses with and without lost working time, own employees and contractor employees • "Lost time injury frequency" (LTIF) combine - work-related accidents with lost working time, own employees and contractor employees, <p>Serious Incident and Fatality Frequency Rate (SIF) combine measures the rate of actual (S3 and S4) safety incidents per 1,000,000 working hours. Compared to the TRIF the SIF indicates only on the serious incidents</p> <p>All metrics are reported to E.ON by the numbers input to the PRISMA system</p>
403-10: Work-related ill health	OHS
GRI 404: Training and education (2016)	
103-1/2/3: Management approach	Social benefits and diversity
404-2: Programmes for upgrading employee skills and transition assistance programmes	Social benefits and diversity
GRI 405: Diversity and Equal Opportunity (2016)	
103-1/2/3: Management approach	Social benefits and diversity
405-1: Diversity of governance bodies and employees	Social benefits and diversity
GRI 412: Human rights assessment (2016)	
103-1/2/3: Management approach	<p>As an ESG leader in the energy sector, we consider the human rights agenda the core principle of our values. The ZSE management identified a need for a new position of a Human Rights Ombudsman with its planned start in 2023. It will be a cross-sectional (HR, Logistics, Enviro, Compliance and ESG) neutral role with a strong focus on human rights assessment, reporting and corrective actions.</p>

<p>412-3 (core): Significant investment agreements and contracts that include human rights clauses or that under-went human rights screening</p>	<p>The Human Rights Ombudsman will be the first contact with employees and suppliers regarding human rights complaints, promoting open feedback culture: satisfaction interviews with probationary employees, programme monitoring on randomly/specifically chosen employees, monitoring reporting and corrective actions on: gender pay gaps, number of years of service versus fluctuation, gender (male versus female) statistics regarding regional distribution and type of position, developing targets to decrease voluntary employee turnover rate or to increase diverse recruitment ratio, human rights supply chain monitoring and regular random checks with systematic reporting metrics etc.</p>
<p>GRI 417: Marketing and labelling (2016)</p>	
<p>103-1/2/3: Management approach</p>	<p>Innovative customer solutions</p>
<p>ZSE-specific: Results of surveys measuring customer satisfaction</p>	<p>Innovative customer solutions</p>
<p>GRI G4 Sector Disclosures Electric Utilities: Access (2013)</p>	
<p>103-1/2/3: Management approach</p>	<p>Quality standards are specified in the Decree No 236/2016 RONI of 27 June 2016, which stipulates quality standards of electricity transmission, distribution and supply. For electricity distribution, it contains a set of standards in the areas of connection, customer care, technical support and continuity of supply (SAIDIU, SAIFIU, ISS).</p>
<p>G4-EU28: Power outage frequency (SAIFI)</p>	<p>SAIFI = 1.76 (RONI = SAIFIp + SAIFlu with Force majeure)</p>
<p>G4-EU29: Average power outage duration (SAIDI)</p>	<p>SAIDI = 146 min (RONI = SAIDIp + SAIDlu with Force majeure)</p>