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Code of Conduct

This **Code of Conduct** defines how all those who work for CEZ Group should conduct themselves. The purpose of the Code of Conduct is to cover the basic forms of conduct, behaviour and responsibility of each person within the Company, and thus set clear principles and boundaries.

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## Introduction by the CEO

As the largest energy group in the Czech Republic, CEZ Group is aware of the role it plays within society as well as of its accountability toward its customers, business partners, shareholders and employees.

Our goal is to remain among modern, successful and competitive companies; therefore, it is desirable to pay more attention to our daily attitudes and the conduct of the CEZ Group members and employees. Correct business and interpersonal relations form a foundation without which you cannot build trust within or outside the company.

Our values do not change; nevertheless, our business environment has changed. If we are to be successful in the long run, it is crucial that we declare what our values are and what forms of conduct we consider appropriate, and to place an ever greater emphasis on adhering to them.

I not only firmly believe that all of us who are part of CEZ Group, but also our shareholders, suppliers, customers and competitors will appreciate our efforts and systemic actions aimed at reducing the risk of unethical and illegal conduct.

Therefore, I expect all of us to observe this Code of Conduct in our daily work, based on professional expertise and good conduct, always performed with honour and integrity. By adhering to these rules, we will contribute to the reputation of CEZ Group. Therefore, I would like to ask each of us to personally commit ourselves to observe these rules and principles.

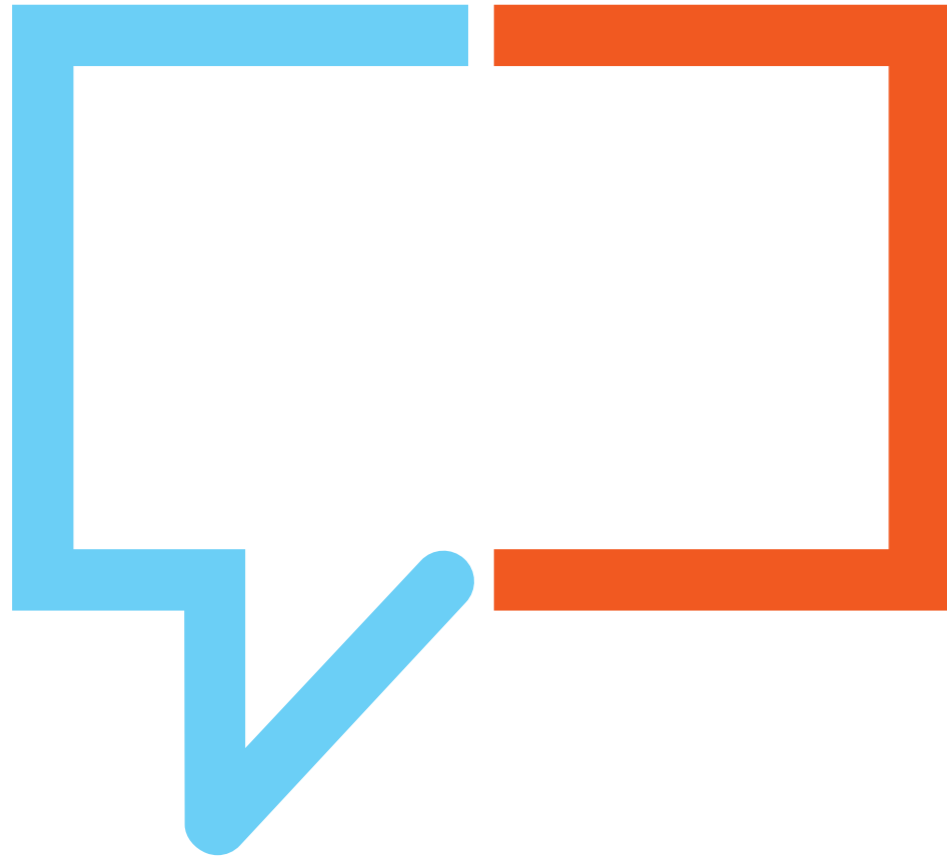
Each of us needs to not only follow the rules defined in this Code, but also honour the underlying principles and values. Only then will we continue to be a strong company.

**Daniel Beneš**  
Chairman of the Board of Directors ČEZ, a. s.



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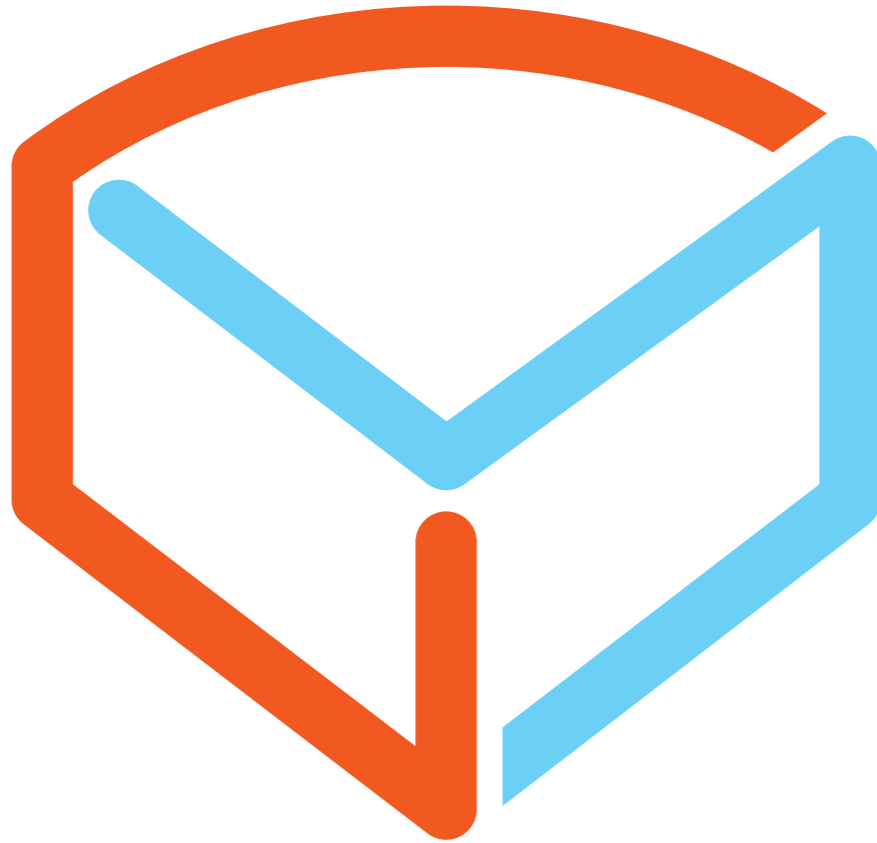
of the Code of Conduct



# 1. General Principles

In our business activities, we observe ethical principles, laws and regulations, and deal with our partners with respect.

- We follow our internal control documentation, based on the applicable and effective legislation, relevant standards and law of the European Union and the UN, and also the Ethical Conduct Policy of ČEZ.
- We respect the rules of ethical conduct and the internal documentation of other companies (if these are publicly accessible, provided that they are not in conflict with the relevant legislation and the ČEZ Ethical Conduct Policy), and we expect the same approach and conduct from our business partners, shareholders and customers.
- We neither encourage nor tolerate fraud, corruption, breach of competition rules, discrimination or harassment in any form.
- We prevent and hinder potential conflicts of interest with private activities and the position held within the company.
- We provide timely, reliable and accurate information to shareholders, authorities and the public.
- In our business activities, we respect the right to compete and the applicable competition law, as we firmly believe that only fair competition and a transparent market can freely develop the society as such.
- We do not accept nor grant any extraordinary benefits of any kind.
- We conduct ourselves in a non-political manner, do not give preference to any party, nor support any event or initiative with solely or prevalently political objectives.



## 2. Shareholders

We systemically and ethically strive to increase the value of our shareholders' capital

- We strive to sustain and increase the value of our shareholders' capital by generating adequate revenues.
- We approach each of our shareholders in a non-discriminatory manner, we do not give unjustified preference to any shareholder to the detriment of the company or other shareholders.
- We provide all necessary information to our shareholders in a transparent and non-discriminatory manner.



### 3. Customers

We always deal transparently and honestly with all of our customers.

- We provide our services in a qualified and professional manner. We look for such solutions that will meet the needs of our customers and comply with consumer protection requirements to the greatest possible extent.
- We provide intelligible, unbiased, complete, up-to-date and not misleading information in line with the best available knowledge.



## 4. Employees

We create a positive working environment for our employees in which they can develop their potential and grow professionally. We do not accept any form of discrimination and harassment.

- We strive to maintain a strong and sound relationship with our employees that is based on mutual respect and trust. We foster a fair approach to all of our employees.
- We require that each of our employees conduct themselves in line with the relevant ethical standards and values, regardless of their position within the firm.
- We respect the relevant standards and laws of the European Union pertaining to employee relations. We honour the conventions of the International Labour Organization and of the United Nations.
- We do not allow any discrimination, whether direct or indirect, nor harassment of any form, or any child labour and forced labour.
- We honour the freedom of association, privacy protection, and collective bargaining.
- We offer our employees appropriate options for personal and professional growth and motivate them to make use of these options, which improve their skills and competencies.
- We support our employees who contribute to the sustained success of CEZ Group with their specialised knowledge and capabilities.
- We mutually respect each other and provide timely, reliable and accurate information to one another.
- We do not misuse any information obtained for personal benefits or for any activity that would be inconsistent with the legislation of the Czech Republic or with the CEZ Group rules and values.
- Any civic or political engagement of our employees must not harm CEZ Group's reputation. Our employees must refrain from any conflicts of interest or activities that conflict with their work and activities performed for CEZ Group.





## 5. Suppliers

We always treat our suppliers fairly and with respect.  
We request them to observe our ethical standards and rules.

- We deal with our suppliers on the basis of mutual respect and honesty.
- Apart from honouring their contractual obligations, we expect our business partners to adhere to all legislative and ethical rules and requirements including environmental protection and corruption mitigation.
- We only establish business relationships with partners who enjoy a good reputation, who do their business solely through legal activities, and whose funds come from legitimate sources.
- We honour the rules of international trade.



## 6. Public Authorities and Other Institutions

We maintain an apolitical stance in our business activities and treat public administration authorities with mutual respect.

- We fully cooperate with governmental bodies and public administration authorities.
- We establish our relations with them on the basis of correctness, transparency and full respect for the roles of both parties.



## 7. Media

Information provided to the public must always be objective and true.

- We provide up-to-date, complete and true statements by means of persons authorised to do so.
- We use advertisements, the content of which must always be true, in line with the fundamental ethical values of the civic society.
- We solely use social networks to support our business and business model.
- We protect internal information and prevent their unauthorised disclosure or misuse for the sake of gaining unjust benefits.



## 8. Charitable Gifts, Sponsoring

We gratuitously support charitable, scientific, research, education, cultural and other projects, yet never in the case of any conflict of interest or political activities.

- We give no gifts or donations to political parties and movements nor to organisations, foundations, associations or other legal entities or individuals who are in close contact with politically exposed persons.
- We financially and materially sponsor science, education, art, culture, sports and charitable, social and humanitarian projects. We never engage in these activities to gain any unfair advantage.
- We do not grant any donations to trade unions or organisations promoting union interests.
- We do not provide any financial contributions to organisations or persons in situations that might lead to a conflict of interest.



## 9. Compliance

This Code of Conduct includes "Rules for Observing the Code of Conduct", which are instrumental in correctly understanding their meaning, significance, and observing the principles in the following fundamental areas:

HEALTH AND SAFETY, ENVIRONMENT  
EMPLOYEE RELATIONS  
EXTERNAL RELATIONS AND MARKET  
SECURITY

This Code of Conduct has been approved by the Board of Directors of ČEZ, a. s. as binding upon all employees and members of statutory bodies within the entire CEZ Group. The rules contained herein may be further detailed in CEZ Group's internal control documentation or the internal control documentation of each of the group companies and may reflect both industry and national specifics.

Every employee needs to bear in mind that they are CEZ Group representatives; therefore, not only are they responsible for observing the Code of Conduct, they may not overlook any breach thereof either.

Those of us who have demonstrably breached the laws, regulations or internal guidelines in force, or this Code of Conduct shall not only face the sanctions defined by law but also disciplinary actions.





## 10. Reputation Protection

The CEZ Group Code of Conduct is based on the legislation of the Czech Republic and of the European Union and fully respects the applicable standards, international conventions on human rights, on fighting corruption and on protecting the environment.

This Code of Conduct applies equally to all of us who are part of CEZ Group. Each of us is expected to observe this Code of Conduct as a matter of course in our corporate business activities and in the dealings of all stakeholders regardless of their position and office held.

The reputation of CEZ Group is to a great extent dependent on what we do and how each of us conduct ourselves. Any illegal or otherwise inappropriate conduct on the part of just one of us may harm our company's reputation. Therefore, each of us should make sure that our conduct will keep up the reputation of CEZ Group.

The principles defined in the Code of Conduct represent a summary statement of our values, define an ethical framework, and include fundamental principles and rules of ethical conduct that are required within the company and also toward external partners and the public.





## Accompanying Word by the Chief Audit and Compliance

**Let's Stay Honest.** I believe in the good in every person. Yet from my experience and the stories that we deal with, I also know how hard it may sometimes be to resist temptation. Honesty is a virtue that is very strongly anchored in our self and that outwardly shows in our conduct and behavior. It is a moral obligation of each of us to prevent and, within the scope of our powers and responsibilities, avoid situations that might jeopardize the reputation of CEZ Group's companies.

Trust takes a long time and hard work to establish, yet it is easy to lose it quickly. All of us together cultivate the environment in which we work and do business. We do not tolerate any non-compliance with laws and regulations, internal guidelines and policies, or any conduct violating our code of conduct.

If you encounter a situation that gives the impression of gravely breaching our ethics and being immoral, do not be afraid to report it. Early reports of questionable conduct often make it possible to find appropriate solutions and in many cases prevent grave consequences.

**Tomáš Pivoňka,**  
Director of Audit and Compliance



**We offer** our employees and other persons connected with CEZ Group an opportunity to report justified concerns and complaints in a manner ensuring that they are duly reviewed and, if required, that effective and quick corrective action is taken without them having to be afraid of any subsequent disciplinary measures.

## Keep in Touch

We always need to bear in mind that a deliberate false accusation is at least considered a breach of this Code of Conduct.

By reporting your justified concerns and complaints, you not only protect CEZ Group as a whole, but also your fellow workers, our customers and other stakeholders. Therefore,

- Communicate your comments to us as soon as possible;
- Rest assured that your communication is handled as confidential;
- You can remain anonymous, yet this will make it more difficult to remedy the issue at hand;
- Know that subsequent sanctioning and revenge is inconsistent with the principles cherished by CEZ Group.

In line with the principles of CEZ Group, you may choose from several ways how to report justified concerns and complaints:

- Inform your direct superior or, if necessary, another management member whom you trust;
- Report your concern to the Compliance Department by
  - e-mail ([compliance@cez.cz](mailto:compliance@cez.cz)),
  - internet link – Ethical Line (whistleblowing),
  - directly contacting the staff of the Compliance Department.

To report your justified concerns and complaints, simply use the method that you consider the most comfortable for you.

# Dis cre tion

## Safety and Environment

# Safety, Health and Environmental Protection



**Protecting** the environment and health is among the top priorities of our business. It ranks above all of our other interests. Each of us is responsible for ensuring safety and observing all applicable regulations.

## WHAT YOU NEED TO KNOW

Protecting the life and health of people has priority over our other interests. We emphasise safety and environment protection as integral parts of our corporate governance.

To meet these priorities, we respect the local legislation in force, applicable laws and standards of the European Union, CEZ Group's internal control documentation, and we proceed in a manner ensuring that all our activities are consistent and comply with regulatory requirements. We respect international conventions on environmental protection.

All those who are part of CEZ Group must make sure that their conduct helps us uphold these principles.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**OBSERVE** all laws and regulations pertaining to operational safety, environmental protection, occupational health and safety (OHS) assurance. Ensure that you proceed in accordance with the current internal control documentation of CEZ Group that is consistent with these regulations.

**ENSURE A SAFE OPERATION** of all technology systems and equipment of CEZ Group.

**CREATE AND MAINTAIN** a safe working environment and prevent injuries at the workplace.

**CONSIDER HEALTH, SAFETY AND ENVIRONMENTAL REQUIREMENTS** connected with new capital projects, acquisitions, business plans, products, processes and/or services before initiating a new activity, and also take the risk of harming the CEZ Group reputation into consideration.

More detailed rules, principles and procedures are described in the Safety and Environment Policy.



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## Employee Relations

# Fair Employment Practice

### WHAT YOU NEED TO KNOW

A primary value that CEZ Group cherishes is a fair and equal approach to all employees. We strive to work as one team and encourage open, direct and courteous communication among all our staff. All employees of CEZ Group should feel free to express their opinion. Our employees will not be penalised in any manner whatsoever for expressing their opinions.

In general, we should keep the following rules:

- Develop a culture of mutual respect.
- Honour human dignity, social standards and good morals.
- Observe all laws, regulations and standards pertaining to labour-law relations, personal data protection and collective bargaining, freedom of association and privacy protection.
- Adhere to legislative requirements that forbid any discrimination at work.

Similar rules are defined in the Rules of Work and the Collective Agreement.

**Empathy** means understanding the actions or decision-making of another person. Always try to understand your fellow worker, business partner or customer, and constantly bear in mind that every person is unique. Never discriminate or judge anyone without understanding them thoroughly.

### HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**MAKE DECISIONS ABOUT EMPLOYEES** based on their qualification (education level, previous experience) and criteria (skills, performance, team work capability, etc.) that pertain to the work they perform.

**TREAT EMPLOYEES AND FELLOW WORKERS** without considering their race, ethnic origin, nationality, gender, sexual orientation, age, health condition, religion, faith, worldview or other criteria that the applicable legislation forbids us to take into account at all times.

**AVOID REFUSING TO COOPERATE** or otherwise co-exist with individual persons due to their race, faith, gender or other aspects that the applicable legislation forbids us to take into account.

**AS REGARDS YOUR WORK TEAM, DO NOT TOLERATE** any harassment, bullying or hostility (such as mocking, detraction or telling jokes that ridicule or offend certain individuals or ethnic groups).

**DO NOT MAKE SEXUAL PROPOSALS** to any other employees or persons with whom you are in business contact.

**DO NOT TOLERATE ANY VIOLATION** of the labour-law legislation in your relevant country (e.g. employing persons who fail to meet the conditions and requirements for being employed as defined by the applicable legislation).

**RESPECT PRIVACY PROTECTION RIGHTS** of employees, in particular when handling their personal data in accordance with CEZ Group's internal control documentation and the related legislation governing employee personal data protection. This does not exclude CEZ Group's right to monitor the use of corporate assets (including information and communication technologies, corporate data, etc.) in line with the applicable legislation.

**DO NOT DISCLOSE EMPLOYEE DATA IN AN UNAUTHORISED MANNER** to a person who is not authorised or approved to know it.

**DO NOT ALLOW HOSTILE ACTIONS TO BE TAKEN** toward an employee who has reported a potential breach of internal control documentation or the legislation in force.

# Pro pri ety

## External Relations and Market

# Inadmissible Payments and Gifts

## WHAT YOU NEED TO KNOW

An inadmissible payment is to be understood as a bribe, illegal commission, payment without legal grounds or payment for non-delivered performance (fictitious invoices). If you act with the objective of gaining advantages or benefits, a payment is not admissible under any circumstances, and by executing such payment you expose yourself and CEZ Group as a whole to the risk of criminal prosecution and administrative sanctions.

Inadmissible payments are explicitly forbidden, specifically:

- in all countries of the world;
- at any and all business meetings, whether in the private or the public sector;
- when performing your work activities or fulfilling your duties arising from your position or office, during which one of the parties involved might be put at an advantage.

Do not mistake inadmissible payments for reasonable and limited expenses for gifts, social contacts, entertainment and travel connected with products or services or contract execution. These expenses are admissible, provided that they are consistent with common business customs and cannot influence business decisions or decisions of public institutions.

**Incorruptibility** means honesty. Never become directly or indirectly involved in any activity that might be interpreted as requesting or receiving bribes or advantages for the sake of your benefit. Being incorruptible means staying free – and we need such employees.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**BEFORE GIVING OR ACCEPTING A GIFT**, regardless of its form (tangible<sup>1</sup> or intangible<sup>2</sup>), make sure that you are familiar with CEZ Group's internal control documentation<sup>3</sup>, requirements of the applicable legislation, relevant internal counterparty rules (if publicly accessible).

**MAKE SURE YOU UNDERSTAND THE DIFFERENCE** between a bribe (illegally providing a valuable thing to someone else in exchange for a service for your benefit) and a petty gift that can be used to express gratitude.

**NEVER OFFER, PROMISE, PAY OR APPROVE** any gift for an official or a customer's employee with the objective of gaining or sustaining an unauthorised advantage, or a gift that would seem inappropriate under the given circumstances.

**PROVIDE GIFTS TRANSPARENTLY**, which means with a clear identification of the recipient, donated item, reason and purpose of the gift.

**ENSURE THAT THE EXPENSE RECORD** pertaining to the gift (e.g. a receipt, donation agreement, etc.) exactly reflects the actual nature of the payment.

**NEVER OFFER A BUSINESS PRESENT**, such as a gift, contribution or entertainment, if it would appear to be inappropriate under the given circumstances

**PROCURE INFORMATION** about the existing or potential representatives of other parties if it indicates:

- that illegal or unfair business practices are used;
- the reputation of a bribing person;
- family and/or other relationships that might undesirably influence the decision-making of a customer or official.

## DO NOT ACCEPT AND DO REJECT

- a request for payment (commission) settlement before the winner of an award procedure (tender) is announced;
- a proposal for arranging a contract by means of a particular representative, agent or partner due to "special relations";
- a request for a payment to be made to a country or to a name that does not relate to the given transaction;
- any payments or commissions where the amount is disproportional to the services rendered.

**REQUEST ALL PERSONS** (legal entities or individuals) **WHO REPRESENT CEZ GROUP** (e.g. a consultant, sales representative, distributor or contract partner) to strictly adhere to the requirements and principles defined in this chapter and in the related legislation.

<sup>1</sup> For example, a material or financial gift

<sup>2</sup> For example, paying for lunch, refreshments, entertainment or travel expenses

<sup>3</sup> Internal document – Standard of Ethical Conduct in CEZ Group will be available in the ECM RD application

# Supplier and Customer Relations

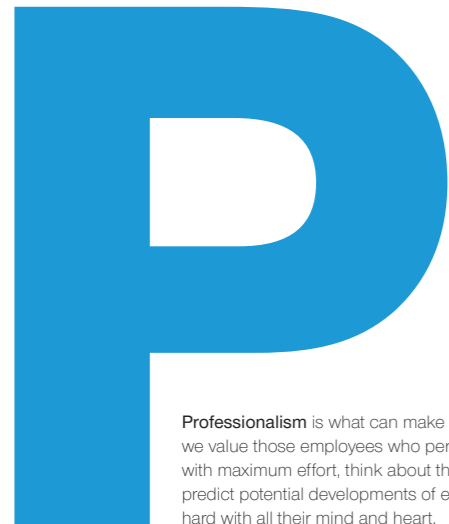
## WHAT YOU NEED TO KNOW

CEZ Group's relations with its customers and suppliers are based on legal, effective, fair and honest conduct. In respect of its suppliers and customers, CEZ Group strictly observes the rules and principles defined in this Code of Conduct.

In its area of influence, CEZ Group strives to ensure that suppliers observe and respect the general rules defined by this Code of Conduct, according to which suppliers should:

- maintain a safe and healthy working environment;
- observe the applicable environmental legislation;
- treat their employees fairly;
- ensure proper relations within business relations.

If you follow the instructions stated below, you will help us ensure that our supplier and customer relations do not harm the reputation of CEZ Group.



**Professionalism** is what can make us even stronger. Therefore, we value those employees who perform their duties and tasks with maximum effort, think about the consequences of their actions, predict potential developments of events and, most importantly, work hard with all their mind and heart.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**OBSERVE THE REQUIREMENTS OF RELEVANT** laws and regulations that govern supplier and customer relations, and make sure that you proceed according to the effective internal control documentation<sup>4</sup> that is consistent with such legislation.

**STRIVE** to ensure fair treatment for all business partners of CEZ Group.

**ADHERE TO THE RELEVANT REGULATIONS** that govern the purchasing of material, equipment and services for public contracts.

**DO NOT ALLOW SUPPLIERS TO BE CHOSEN** in a manner other than through a fair award procedure (tender).

**WHEN SELECTING PERSONS OR COMPANIES THAT WILL REPRESENT ČEZ**, follow the right due diligence procedures.

**COOPERATE** with only such suppliers that meet the requirements defined in the local and other legislation and in CEZ Group's internal control documentation governing occupational health and safety, environmental protection and employment aspects.

**PAY MAXIMUM ATTENTION TO SUPPLIER SELECTION**; if necessary, **PREVENT** the possibility of a contract being awarded that might lead to a situation that the supplier would (even in its plants):

- tolerate dangerous working conditions;
- allow the employing of persons younger than the minimum admissible age, forced to work under coercion or without a due work permit;
- ostentatiously disrespect environmental standards.

**DO NOT ALLOW A CONTRACT TO BE AWARDED TO A SUPPLIER** owned or controlled by a relative or close person.

**PROTECT CONFIDENTIAL BUSINESS INFORMATION** of CEZ Group based on a non-disclosure agreement, and protect any information of suppliers and customers in accordance with the contractual terms and conditions and the applicable legislation.

**PROTECT "PERSONAL DATA"** acquired from suppliers and customers (refer to Privacy and Data Protection on Page 58 of this Code of Conduct).

**BEFORE DISCLOSING PERSONAL DATA** or confidential information to suppliers, make sure that they have taken appropriate technical, physical and organisational measures to prevent unauthorised access to or misuse of such data.

**WHEN OFFERING SERVICES TO CUSTOMERS, GIVE** only true information and communicate all terms and conditions of the contractual relationship intelligibly.

**WHEN PROMOTING SERVICES AND IN ADVERTISEMENTS**, always state true information, avoid elements of inappropriate or unfair advertising, do not withhold important facts, and never offer any advantages that you cannot guarantee. Honour the principles of professional advertising (this also applies to comparing our own services with those of our rivals).

<sup>4</sup>Internal document – Standard of Ethical Conduct in CEZ Group will be available in the ECM RD application



# International Trade Regulation

## WHAT YOU NEED TO KNOW

International conventions regulate international trade in respect of the transfer or export of:

- goods and services,
- hardware and software,
- technologies,

across borders, including electronic channels of delivery.

They are used in connection with direct or indirect exports or imports to or from certain countries with which trading is limited, or with parties that may be specified in respect of national security, or with parties that have been involved in criminal activities.

A breach of international conventions may lead to serious sanctions including penalties and a disruption of simplified import and export procedures (a disrupted smooth flow of deliveries)

**The trust** that our customers have in us depends, to a great degree, on how we manage and develop our business. We value an open and transparent conduct in all our business activities in the Czech Republic and other countries. However, it is very easy to lose trust; therefore, proceed with care when doing your work and, to be sure, double-check everything so that you do not underestimate something important.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**OBSERVE THE RELEVANT** laws and regulations of the countries where we operate and follow the related import and export procedures in respect of goods, technologies, software, hardware, services, and financial transactions.

**REPORT ALL RELEVANT INFORMATION** to the person responsible for export and import so that they can arrange for correct and complete import declarations.

**MAKE SURE** that CEZ Group and its representatives provide accurate and complete information to governmental authorities.

**CHECK THE CORRECTNESS OF EXPORT NOMENCLATURE** of products, software or technologies before exporting them and check whether a special permission is required.

**VERIFY WHETHER YOUR TRANSACTION** complies with all relevant regulations and rules that restrict transactions with certain (sanctioned) countries and persons and whether they perhaps belong to transactions performed by restricted methods.

**SCREEN ALL BUSINESS PARTNERS**, suppliers and parties involved in international transactions in accordance with internal guidelines<sup>5</sup> for screening suppliers and customers of CEZ Group.

**DO NOT SUPPORT ANY FORBIDDEN BUSINESS PRACTICES** or boycotts that are punished according to the applicable legislation

**VERIFY ANY FACTS OR SIGNALS** that suggest that a business partner is trying to circumvent rules of international trade (e.g. the business partner gives vague, hesitant or unsatisfactory answers regarding the end use of the delivery, end user, date and place of delivery).

**DO NOT ENTER INTO TRANSACTIONS** in which embargoed countries, their citizens or representatives are involved, or with individuals or legal entities that are subject to government sanctions.

**REJECT INVOICES FOR IMPORTED GOODS** where the price does not reflect their full value, the description of goods is incomplete, or the country or place of origin is not correctly specified.

**REFUSE TO MAKE ANY PAYMENTS TO AN IMPORTER** that are not included in the invoice price or otherwise advised.

**BEWARE OF TRANSFERS** between related or affiliated parties if the prices do not cover the related costs and profit.

**WHEN DECLARING GOODS UNDER PROGRAMMES WITH A SPECIAL CUSTOMS REGIMEN**, verify whether processes are in place to support the observance of requirements defined by such programmes.

**CONSULT**, your superiors if you are unsure whether a given transaction might be in conflict with the applicable EU law and the relevant local legislation

<sup>5</sup>Internal document – Standard of Ethical Conduct in CEZ Group will be available in the ECM RD application

# Money- Laundering Prevention

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**Reputation** is vital for each one of us. Your reputation determines whether you will succeed or fail. Customers, business partners and co-workers look for positive references about us, and you as well! Therefore, make sure not to harm your reputation and the reputation of our firm.

## WHAT YOU NEED TO KNOW

Persons involved in criminal activities, e.g. terrorism, trade in narcotics, corruption and fraud, might try to "launder" the proceeds from their criminal activities so as to conceal their profits or make them seem to be legitimate. In money laundering, the origin of money is concealed, and subsequently it is no longer possible to determine its source or owner.

The CEZ Group objective is to solely trade with customers, consultants and business partners who enjoy a good reputation, who only conduct business in legal activities, and whose funds only originate from legitimate sources.

The procedure of "GET TO KNOW YOUR CUSTOMER" needs to be applied within CEZ Group, according to which RELEVANT RISKS are established and corresponding actions are taken to prevent and uncover unacceptable or suspicious payments.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**OBSERVE THE RELEVANT** laws and regulations that prohibit money laundering, support and financing of terrorism, and which impose an obligation to report cash or suspicious transactions.

### **FOLLOW CUSTOMER SCREENING PROCEDURES<sup>6</sup>**

Collect and become familiar with documentation that pertains to potential customers and business partners, and make sure that they engage in legitimate business activities and that their funds originate from legitimate sources.

**DO NOT ESTABLISH BUSINESS RELATIONS WITH A BUSINESS PARTNER** who is hesitant to disclose complete information, provides insufficient, false or suspicious information, or tries to avoid disclosing the required reports or records.

**ADHERE TO RELEVANT LAWS AND REGULATIONS** pertaining to acceptable forms of payment. Find out which types of payment tend to be connected with money laundering.

**NEVER ACCEPT PAYMENTS IN CASH** or by means of financial instruments that are not in any manner related to the customer or have been identified as mechanisms used for money laundering.

**NEVER ACCEPT ORDERS, PURCHASES OR PAYMENTS** that are unusual or do not correspond to the customer's business and activities.

**DO NOT ESTABLISH BUSINESS RELATIONS WITH AN UNUSUALLY COMPLEX STRUCTURE**, with methods of payment that make no commercial sense or allow for unusually favourable payment terms.

**DO NOT ALLOW FINANCIAL TRANSFERS** to or from countries that have nothing to do with the transaction or are illogical for the given customer.

**DO NOT ENTER INTO TRANSACTIONS WITH VIRTUAL OR OFF-SHORE BANKS** or with non-licensed transferors or money exchangers, or with non-banking financial agents.

**DO NOT ENTER INTO TRANSACTIONS WITH A STRUCTURE THAT PREVENTS THEM FROM BEING RECORDED** or reported (such as multiple transactions under the limit that needs to be reported).

**IF YOU NOTICE SIGNS OF SUSPICIOUS ACTIVITY**, report it to the Compliance Department of CEZ Group and only proceed with the transaction when the issue has been clarified. Make sure the solution is duly recorded.

<sup>6</sup>Internal document – Standard of Ethical Conduct in CEZ Group will be available in the ECM RD application

# Cooperation with Public Authorities and Other Institutions



**Propriety** is a component of the rules of courteous conduct. Proper or correct conduct is key to good interpersonal family and work relations. We face various situations in our life when we need to decide how to act. The basic rules for greetings, introductions and clothing create the impression others get about you and about our company as a whole.

## WHAT YOU NEED TO KNOW

During our work we often come into contact with public authorities and other institutions. In every situation, CEZ Group employees must observe:

- ethical standards,
- applicable legislation.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**OBSERVE RELEVANT LAWS AND REGULATIONS** applicable to cooperating with public authorities and other institutions.

**BE TRUTHFUL AND ACCURATE, COOPERATE** when dealing with employees of public authorities and institutions, avoid submitting inaccurate or incomplete information.

**COOPERATE CORRECTLY AND TRANSPARENTLY** with public authorities and other institutions, and respect the roles of both parties.

**AVOID INFLUENCING AN OFFICIAL PERSON**, e.g., with a gift or promise of arranging a job for that person or their family members if the person could influence a decision by a public institution.

**INTRODUCE PROCESSES** that will ensure up-to-date, accurate and complete reports and their communication to the relevant entities.

# Media and Social Networks

## WHAT YOU NEED TO KNOW

CEZ Group values its relations with media, shareholders and the public. It is CEZ Group's objective to communicate openly and actively, being aware of its responsibility to provide timely, accurate and objective information.

CEZ Group handles confidential information according to the applicable legislation and internal control documentation, which guarantees that the information is only accessed by authorised persons or that it will be distributed solely for CEZ Group purposes.

Since social networks<sup>7</sup> have become a daily and quite common means of communication and sharing events in our lives, we need to give appropriate attention to them.

With the ever growing significance of social networks for doing business, social media has become an important communication tool within and outside CEZ Group.

<sup>7</sup> Social networks include, for example, Facebook, LinkedIn, MySpace, YouTube, Twitter, etc.

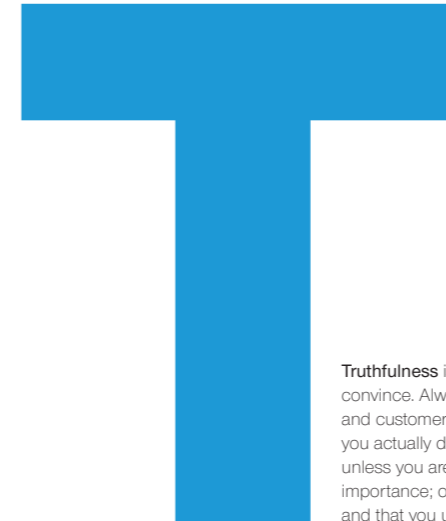
## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**INFORMATION PERTAINING** to CEZ Group may only be disclosed to the public and the media by authorised members of our statutory bodies, top management or Communication Department.

**CREATING CORPORATE PROFILES** on social networks is subject to approval by your employer.

**PERSONAL PROFILES** on social networks can be used by employees in relation to CEZ Group solely to support our business and business model.

**ANY INAPPROPRIATE COMMENT, BLOG OR INFORMATION** published on social networks on behalf of CEZ Group or by its employee, which is untrue or may damage the reputation of CEZ Group, or which raises such concerns, must be reported to Compliance of CEZ Group.



**Truthfulness** is a core prerequisite for trustworthiness and ability to convince. Always be absolutely sincere towards your fellow workers and customers, and never think that you have knowledge or skills that you actually do not have. Never make any statements to the media unless you are authorised to do so. Do not think that you will lose your importance; on the contrary, you will show that you are not deceitful, and that you understand and respect the interests of others.

# Observing Rules of Competition

## WHAT YOU NEED TO KNOW

Rules of competition:

- Forbid agreements or arrangements among competitors that disrupt economic competition (cartel agreements);
- Govern the conduct of the dominant or monopoly company in the market;
- Require a prior review and, in some cases, approval of mergers, acquisitions and other transactions so that they do not significantly disrupt the competition.

Fair competition allows for free market development and the related social benefits.



**Decency** simply means that you treat others the way you would like them to treat you. If you yourself naturally behave openly and fairly, and if you express your disagreement with indecent behaviour in the same way, you can positively influence your colleagues, business partners, customers, and the people in the immediate environment around you.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**OBSERVE** all relevant laws, regulations, and internal control documentation governing competition.

**ACQUAINT YOURSELF** with CEZ Group's rules, and if you have any questions or comments, contact the Compliance Department of CEZ Group.

**DO NOT PROPOSE** and never make any agreements or arrangements<sup>8)</sup> with any competitor regarding any aspects of competition between them and CEZ Group. Do not discuss the following matters with any competitor or their representative:

- prices,
- quotations,
- sales areas, division of customers or product lines,
- sales conditions,
- production, capacity or sales volumes,
- costs, profits or profit margins,
- market shares,
- products or services offered,
- categorisation of customers or suppliers,
- distribution methods, and the like.

**NEVER PROPOSE** or make any agreements or arrangements with anyone (including competitors, dealers and customers) to send a bid or its terms and conditions if the bid is to be sent for a different purpose than to win a contract.

**AVOID ANY CONTACT** with competitors that might give rise to a suspicion that a CEZ Group member participates in prohibited agreements or arrangements.

**DO NOT PROPOSE** or make any agreements<sup>9)</sup> or arrangements with suppliers or customers that would limit the price or other conditions under which CEZ Group or the customer resells or further provides the product or service to other entities.

**AVOID ACQUIRING** competitive information through industrial espionage, bribes, theft or tapping of electronic means of communication.

**AVOID DISSEMINATING** untrue information about competitors, their products or services.

**CONSULT** the staff of CEZ Group's Legal Department about how to prevent a potential breach of regulations when considering any proposed merger, acquisition or other business arrangement, with a risk of disrupting competition.

**DO NOT ENTER ANY ARRANGEMENTS ON:**

- exclusive buying or selling of products or services,
- selective discounts for certain customers only,
- distribution agreements with competitors.

**DO NOT BECOME EXPOSED TO CONFLICTS OF INTEREST** by accepting an agreement or promise of employment with or entry in the statutory body of a competitor.

<sup>8)</sup> Whether explicit or implicit, formal or informal, written or oral

<sup>9)</sup> Including license agreements for technologies that would limit the licensor or licensee



# Loy al ty

Security

## Security

# Protection of Persons, Property and Information

## WHAT YOU NEED TO KNOW

The following are key security elements used in CEZ Group:

- Protect the life and health of persons in all activities;
- Protect assets from theft, damage or misuse;
- Protect elements of the country's critical infrastructure that are owned by the company;
- Ensure the trustworthiness, availability and integrity of data and information, including that which has been provided by employees, customers, business partners and other third parties, in line with all applicable legislation that governs the handling of classified information, in particular secret information, personal data, internal information, trade secrets and other confidential information;
- Protect intellectual property, copyright and privacy.

The objective of preventive actions in terms of protection is to ensure the security of persons, property, information assets (HW, SW, applications, computing technology and their infrastructure, etc.) and create conditions for the secure operation of CEZ Group.

**Integrity** means wholeness, harmony and synergy. A person or team with integrity does everything joyfully and well, has a good feeling about what they do, rejoices over achieved results, and does not harm anything or anybody with their conduct. And we believe that you are an employee just like that!

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**INTRODUCE EXACT PROCEDURES** to arrange for and ensure the security of employees, equipment, information, IT, and company or plant operations.

**PREPARE CORRESPONDING** plans for operating elements of critical infrastructure.

**GET INVOLVED** in critical and emergency situation drills to be prepared for situations that might occur within CEZ Group.

**KEEP PROPER AND CORRECT** records of staff presence at work or a particular workplace.

**OBSERVE** the rules defined by specific companies, plants and departments within CEZ Group for entering and leaving buildings, and visibly wear your relevant identification card.

**PREVENT ACCESS** to the premises or equipment of CEZ Group by unauthorized persons, and report any unknown persons that you find present on CEZ Group's premises without wearing visible identification cards.

**PROTECT THE ASSETS OF CEZ GROUP** from theft and misuse.

**ENSURE A SUFFICIENT PROTECTION** of hazardous materials.

**DO NOT LEAVE UNSECURED IT EQUIPMENT UNATTENDED**, including notebooks, servers, etc.

**DO NOT LEAVE EQUIPMENT OR WORKPLACES UNSECURED** on CEZ Group's premises that may only be accessed by authorised personnel. Report every case of such unsecured equipment or workplace you become aware of.

**CREATE AND MAINTAIN** a safe working environment and watch for any signs of harassment or bullying in the workplace.

**VERIFY** all necessary information with new employees and business partners in the scope permitted by law.

**REPORT** any insufficiencies in security measures to your superior or to the Security Department of CEZ Group.

**VERIFY ANY SECURITY-RELATED COMPLAINTS** from employees, customers, suppliers or people living in the vicinity of CEZ Group's premises.

# Privacy and Data Protection

## WHAT YOU NEED TO KNOW

Currently, as requirements for privacy and data protection continue to escalate, greater emphasis is placed on regulating and collection and use of "personal data", i.e. such data, according to which it is possible to identify a particular individual (e.g. name, birth registration number, home contact information, photograph, etc.).

CEZ Group ensures that personal data is handled responsibly, and proceeds in accordance with the applicable legislation governing privacy protection.

**Legitimacy** means behaving and acting in a predictable manner consistent with the law and moral standards. In all our activities, we need to make sure not to cross the sensitive boundary between the privacy and data protection of our customers, business partners and employees. When working with sensitive data, proceed in a legitimate and prudential manner. Never under any circumstances disclose such information to any unauthorised person.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**GET ACQUAINTED WITH AND ADHERE TO** the rules that govern the handling of personal data:

- Internal control documentation governing personal data protection within CEZ Group, which details the applicable personal data protection legislation for the CEZ Group environment,
- any related contractual obligations.

**PROCESS PERSONAL DATA** only for legitimate purposes arising from the applicable legislation or from labour-law and contractual relationships.

**MAKE PERSONAL DATA ACCESSIBLE ONLY** to persons who need it for legitimate purposes.

**MAKE SURE** to prevent unauthorised access during personal data processing as well as the theft or destruction of such data.

**CHECK YOUR PROCEDURES WHEN HANDLING** personal data, e.g., when distributing e-mails (to more people than necessary), do not leave documents containing personal data in the printer, copying machine or facsimile machine (thus making them accessible to others).

**USE "ANONYMOUS" DATA** (after removing names and identification details) or "aggregate" data (a summary for several persons that cannot be used to identify any individual) where appropriate or mandatory.

**PREVENT PERSONAL DATA SHARING** with third parties, such as suppliers who do not have relevant security procedures and restrictions in place that pertain to personal data protection.

**AVOID TRANSFERRING PERSONAL DATA** between countries without analysing the relevant local legislative requirements.

**IF YOU DISCOVER THAT PERSONAL DATA HAS BEEN USED IN VIOLATION** of these principles or internal control documentation of CEZ Group, or if the security of any system or equipment containing personal data has been compromised, immediately inform your superior or the Security Department of CEZ Group.

# Intellectual Property

## WHAT YOU NEED TO KNOW

The intellectual property of CEZ Group, such as:

- patents and improvement proposals,
  - trademarks and other items of intellectual property,
  - trade secrets and other confidential information,
- is one of the most precious values that all of our employees need to protect.

At the same time, it is necessary to respect the valid intellectual property rights of others as their unauthorised use may expose each of CEZ Group's employees to the risk of:

- claims for damages,
- considerable financial sanctions,
- criminal prosecution.

The key to protecting our intellectual property and to establishing security against all of the risks described above is a timely and adequate analysis of new products, services, processes and software of CEZ Group in terms of potential inventions and trade secrets, and also potential breaches of third-party intellectual property rights.

**Confidentiality** or discretion is a valuable ability to speak or act in a manner that protects others, does not reveal the results of more or less original ideas, themes, instructions and solutions. This way you protect our know-how and our unique attributes, thus helping us in the day-to-day competition with our rivals.



## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**IDENTIFY AND PROTECT THE INTELLECTUAL PROPERTY** of CEZ Group.

**RESPECT PATENTS**, materials protected by copyright and other protected third-party intellectual property.

**DO NOT DISSEMINATE** proposals for new products, services or trademarks, etc.

**CONSULT** the staff of CEZ Group's Legal Department regarding licenses or approval to use protected third-party intellectual property, such as patents, trademarks or confidential information (i.e. information that is secret and is not known in the public domain or generally available).

**SEEK ADVICE** from your superior or the Legal staff before:

- requesting, accepting or using confidential information about external entities (e.g. before you ask your customer to disclose confidential information about competitors to you),
- disclosing CEZ Group's confidential information to others,
- allowing third parties to use CEZ Group's intellectual property.

**DO NOT ALLOW A THIRD PARTY** to be used to develop new products, services or software without a written agreement on the ownership and other rights in respect of the developed intellectual property.

**BEFORE PRESENTING A NEW PRODUCT** or service or their name, make sure that this cannot breach third-party patents or trademarks.

**DO NOT ALLOW PRESENTATIONS** of new products or services to take place or the disclosure of information about them before a relevant patent application is filed (or a decision is made not to do so).

**BEFORE TERMINATING THE EMPLOYMENT CONTRACT OF AN EMPLOYEE**, in particular when you know that they will work for a competitor, make sure there are measures in place that will prevent any misuse or unintentional disclosure of confidential information pertaining to intellectual property.

**DO NOT SUPPORT OR TOLERATE** any situation in which an employee, especially those who have worked for competitors before, could misuse the competitor's confidential information for the benefit of CEZ Group.

**MAKE NON-DISCLOSURE AGREEMENTS** with third parties if it is appropriate in view of the nature of the information shared with third parties.

# Insider Trading

## WHAT YOU NEED TO KNOW

As part of your ordinary work activities, you may come to know significant information about the activities, performance or decisions made by member companies of CEZ Group or by other companies before this information becomes available in the public domain.

Internal information (internal corporate information) is to be understood as specific information about a CEZ Group member company or another issuer of publicly negotiable securities (e.g. stocks) that is not available in the public domain, and the publication of which would likely have a significant impact on the stock price.

Using internal information for your financial or other personal benefit or the disclosure of internal information to other persons constitutes a breach of this rule and may even be prosecuted under law. This includes purchasing or selling the securities of any company about which you have significant non-public information and disclosing such "internal" information to anyone else who could use it to gain financial benefits.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**KEEP CONFIDENTIAL** any and all "internal" information about CEZ Group and do not disclose it to anyone outside CEZ Group unless it is necessary for CEZ Group's business activities (in such case, ensure that the information is also handled appropriately by its recipient).

**CONSULT ANY QUESTIONS YOU MAY HAVE** with the staff of CEZ Group's Legal Department before you execute a transaction or reveal information about CEZ Group.

**DO NOT BUY OR SELL** the securities of any CEZ Group member company, whether directly or by means of your family or other persons or entities if you have access to internal information of the company (such conduct is considered as misusing internal information or "insider trading").

**DO NOT RECOMMEND OR PROPOSE** to buy or sell the securities of any CEZ Group member company to anyone if you have confidential internal information (even this falls under "insider trading").

**OBSERVE THE BAN ON TRADING AND SIMILAR ACTIVITIES** shortly before a major announcement pertaining to CEZ Group (such as announcing sales, earnings or potential acquisitions).

**DO NOT ENGAGE IN DISCUSSIONS CONCERNING THE BUSINESS ACTIVITIES** of CEZ Group with your family and friends. This also applies to information about what you work on at CEZ Group, or who has visited your office, if such information might lead to potential misuse.



**Allegiance**, sometimes referred to as loyalty, means being faithful, dependable, respectful and loyal to the company. An employee is loyal if they believe in the set targets or goals, never harm the company's interests, are willing to make sacrifices, and can even accept unpopular measures.



# Conflict of Interest

## WHAT YOU NEED TO KNOW

All decisions are made in the best interest of CEZ Group regardless of the personal interests of the persons involved.

A conflict of interest occurs if personal interests are given preference or if you become involved in activities that go against the interests of CEZ Group.

It is forbidden to:

- jeopardise the reputation of CEZ Group,
- misuse the resources or influence of CEZ Group – even if you do not act wilfully, a mere suspicion of a conflict of interest may have a negative impact.

Properly consider how your steps may be perceived by others and avoid situations that might suggest a conflict of interest.

**Morale** is the ability to assess the situation at hand and timely avoid any and all activities and circumstances based on which a conflict might arise with personal interests. A conflict of interest does not automatically mean dishonest conduct; it is a status of increased risk where an employee or business partner may be exposed to a temptation to act preferentially, fill job positions with their relatives or misuse their position or office.

## HOW TO PROCEED, WHAT TO DO AND WHAT TO WATCH OUT FOR

**INFORM** your superior about all activities, financial interests and relations that might result in or indicate a conflict of interest.

**AVOID ACTIONS OR RELATIONSHIPS** that might result in a potential conflict of interest with your job position or CEZ Group's interests, or merely suggests the same.

**DO NOT MISUSE** or even use for personal enrichment the resources, proprietary knowledge and time (yours or that of your co-workers) or assets of CEZ Group (e.g. office equipment, IT hardware and software).

**SEEK** requisite approvals in line with the applicable legislation before you accept a position as a member of the statutory body of a corporation (Supervisory Board, Board of Directors, Executive Officer, etc.) or before you begin to engage in an income-generating activity that is identical with a business activity of CEZ Group.

**INFORM YOUR SUPERIOR** if you want to accept a position in the management board of a non-profit organisation that has a relationship with CEZ Group or might obtain financial or other support from CEZ Group.

**DO NOT USE FOR YOUR BENEFIT** any information or assets that you have gained access to based on the work performed for, or position held within CEZ Group.

**AVOID HAVING FINANCIAL INTERESTS** in a company in which you can personally influence its business cooperation with CEZ Group (e.g. if the company is a customer, supplier or shareholder of CEZ Group).

**AVOID ANY INCOME-GENERATING ACTIVITY** that you would perform during your working hours or using the equipment or materials of CEZ Group without such activity having anything to do with your work performed under your employment contract.

**DO NOT ACCEPT GIFTS** from business partners or competitors if you make decisions on behalf of CEZ Group that pertain to them.

**DO NOT MISUSE THE RESOURCES** of CEZ Group, your position or influence to support or assist side income-generating activities.

**DO NOT ACCEPT PERSONAL DISCOUNTS** or other advantages from business partners or competitors unless they are available to the general public.

**AVOID PARTICIPATING IN AWARDING A CONTRACT** to a particular supplier that you know are owned or controlled by your family members or close friends.

**BEAR IN MIND THAT GIVING A JOB, PROMOTING OR DIRECTLY CONTROLLING** your family member or close friend constitutes a conflict of interest.

## Contact

### ČEZ, a. s.

Duhová 2/1444  
140 53 Prague 4  
Czech Republic

Incorporated in the Commercial Register  
maintained by the Municipal Court of Prague, Section B, Insert 1581

Year established: 1992  
Legal form: joint-stock company  
Business ID: 452 74 649  
VAT ID: CZ45274649  
Bank: KB Prague 1, Account No. 71504011/0100  
Telephone: +420 211 042 561  
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Web: <http://www.cez.cz>  
E-mail: [compliance@cez.cz](mailto:compliance@cez.cz)