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Sustainability Report '22

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Main Report

**“WE WANT TO
BE A PILLAR OF
MODERN AND
GREEN ENERGY.
AND AS YOU
WILL SEE FOR
YOURSELF FROM
THIS REPORT, WE
ARE DOING WELL.”**

Martin Gebauer



Ladies and gentlemen,

I am very pleased to introduce our third Sustainability Report, which sets out details of all the GasNet Group's ESG activities.

2022 was an extraordinary year in many ways. The unprecedented events in Ukraine have created challenges that still affect our entire society, challenges that affect us all. The geopolitical situation was also linked to questions around natural gas. Diversification of supply, dramatically rising prices, and the very future of gas; these were topics that have become a focus of interest for experts, the general public, political representatives, and the media over the past 12 months.

Our company is the largest domestic distributor of natural gas. We are part of the critical infrastructure of the Czech Republic. Therefore, I consider it a huge success that even in such a turbulent year, we have managed to ensure safe and reliable natural gas supplies for all our customers.

We have also been successful in delivering on our long-term ESG strategy. Our consistent approach in this area has paid off even in these difficult times. I consider our second ESG rating from the independent global agency Sustainalytics to be one of our extraordinary successes of the last year. Compared to the first rating in 2021, we managed not only to defend our overall score but also to improve it. Our score of 17.8 points positions us as a global leader in managing ESG risks.

We also achieved a significant year-on-year improvement in our rating from the GRESB rating agency. We earned the "2022 GRESB Most Improved Entity" award. As a result, we were the most improved entity worldwide in the Infrastructure & Gas sector, and we were awarded 4 out of 5 stars.

All of us at GasNet are deserved recipients of these awards.

A key part of our ESG journey is decarbonisation. At GasNet we take our commitment to reduce emissions seriously. In 2022, we achieved a significant milestone in this regard. We introduced our decarbonisation strategy and set ourselves a clear and ambitious goal – to achieve climate neutrality (Net Zero) by 2040.

We want to increase the proportion of hydrogen and biomethane in our network. Last year we made further progress in this area. We connected a second biomethane station to our distribution network and we are working to add others. We are continuing intensive preparation of our infrastructure for hydrogen. Thanks to long-term investment, we are already capable of handling a blend of up to 20% hydrogen with natural gas. We aim to reach 100% in the future. We are working on a range of projects such as a hydrogen hub in Pardubice and we are negotiating with several municipalities in relation to the pilot injection of hydrogen into local networks.

Safety and health, both for ourselves and our surroundings, are always our top priority at GasNet. In 2022, we continued our efforts to implement a Safety

Management System in accordance with international standards. We also carried out a company-wide survey of our safety culture, which confirmed improvements in many areas and provided us with valuable insights on how to further improve safety measures.

Since the publication of our first Sustainability Report, we have been committed to the United Nations Sustainable Development Goals. In 2022, we took a further step and became full members of the UN Global Compact – a global initiative for businesses that have committed to aligning their activities and strategies with ten universally recognised principles in the areas of human rights, labour, the environment, and the fight against corruption.

We want to lead by example in the areas of diversity, inclusion, and fairness. We were the first energy company in the Czech Republic to sign the UN Women's Empowerment Principles (WEPs). This has enabled us to join a global community of companies that publicly support and strengthen these areas.

We place great emphasis on corporate culture, which is firmly based on our values of safety, reliability, and respect. Together with our employees, we create a motivating, open, and flexible working environment. We care about ethical behaviour and how we treat ourselves and others. I am very pleased that we have updated our Codes of Conduct for both employees and suppliers. These codes are a moral compass for all of us. They always point us in the right direction.

A lot happened in 2022. You can find out what in this Sustainability Report. The report is divided into four main chapters corresponding to the four pillars of our ESG approach. Each chapter clearly captures our policies, commitments, activities, projects, and successes in individual areas.

We want to be a pillar of modern and green energy. And as you will see for yourself from this report, we are doing well.



Martin Gebauer

Chairman of the Board of Directors of the parent company Czech Grid Holding
Chief Executive Officer of the GasNet Group



About this Report

The annual sustainability report published by the GasNet Group is used to disclose information about impacts, processes, and responsible management practices in the area of ESG. We aim to transparently publish non-financial information which is intended primarily for external parties, stakeholders, investors, partners, and the wider public. Our sustainability report serves as a tool for evaluating potential risks and opportunities for sustainable business. By monitoring key indicators, it enables strategic decisions to be made regarding the further development of ESG across the entire GasNet Group. The entire report is prepared with reference to GRI standards ([Global Reporting Initiative](#)).

This report was issued on 28 August 2023 and it includes consolidated non-financial data at the GasNet Group level for the 2022 calendar year. Financial performance for the same period is reported separately in the annual reports of both GasNet Group companies.

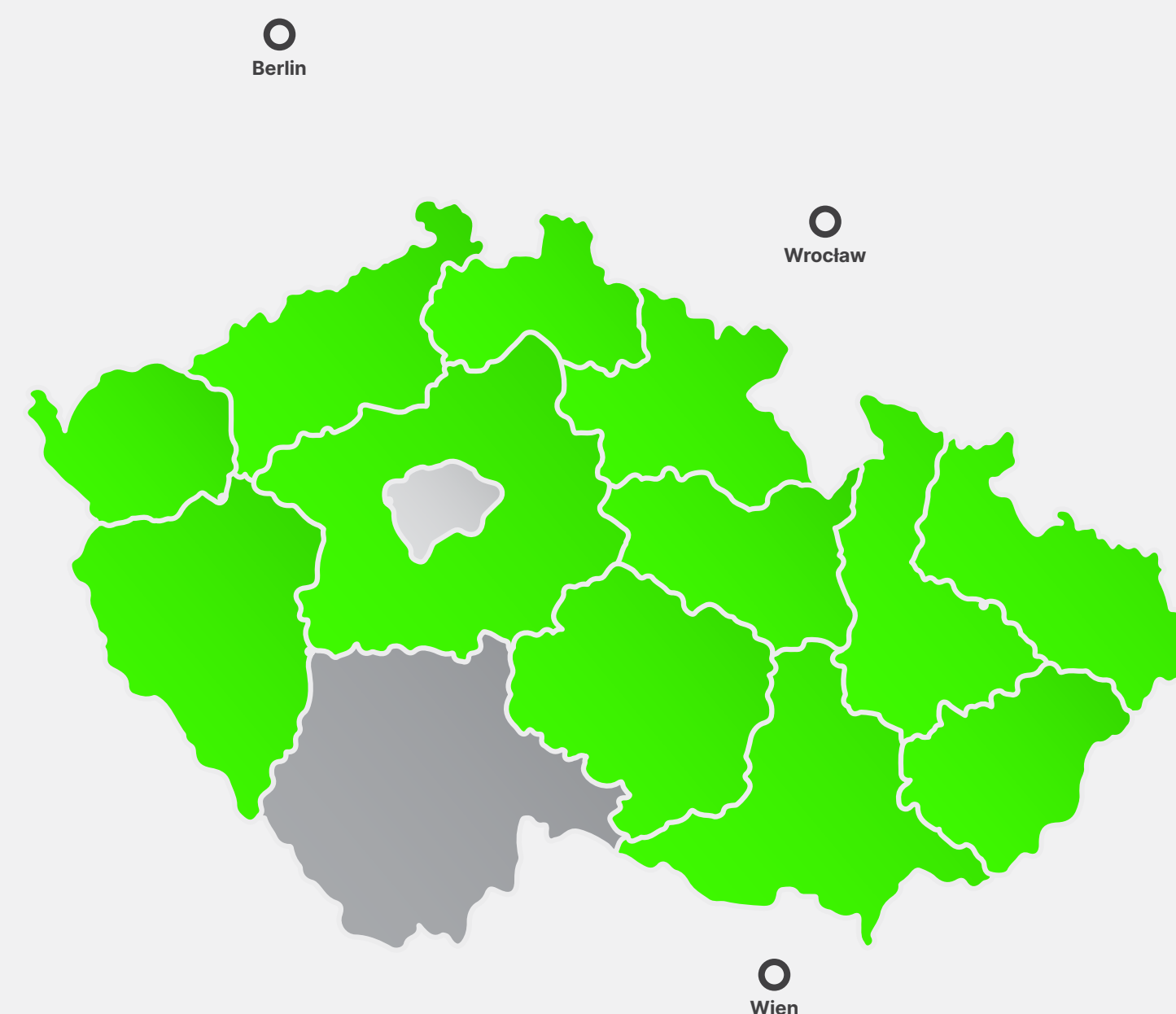
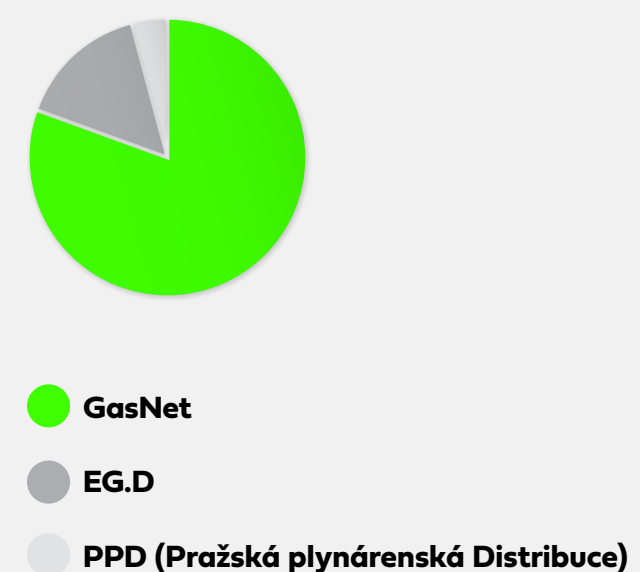
If you have any questions or inquiries about this report, you can contact the GasNet Group PR & Communications department by email at komunikace@gasnet.cz.

About the GasNet Group

Who we are

We are the largest gas distributor in the Czech Republic. More than 2.3 million customers rely on our gas supply every day. We manage 65,000 kilometres of gas pipelines. We cover the entire territory of the Czech Republic – except Prague and South Bohemia. Every year, the Czech Republic consumes about 90 TWh of natural gas. As much as 80% of this energy is distributed by us to the end customers. We are indispensable to the operation of the Czech economy, and we are part of our country's critical infrastructure. Wherever people live and work, that's where we are.

Regional scope of gas distribution companies



80%

of gas distribution in Czech republic covered by GasNet

~ 2.3 mil.

Amount of customers

65,000

Kilometers of pipelines

~ 70 TWh

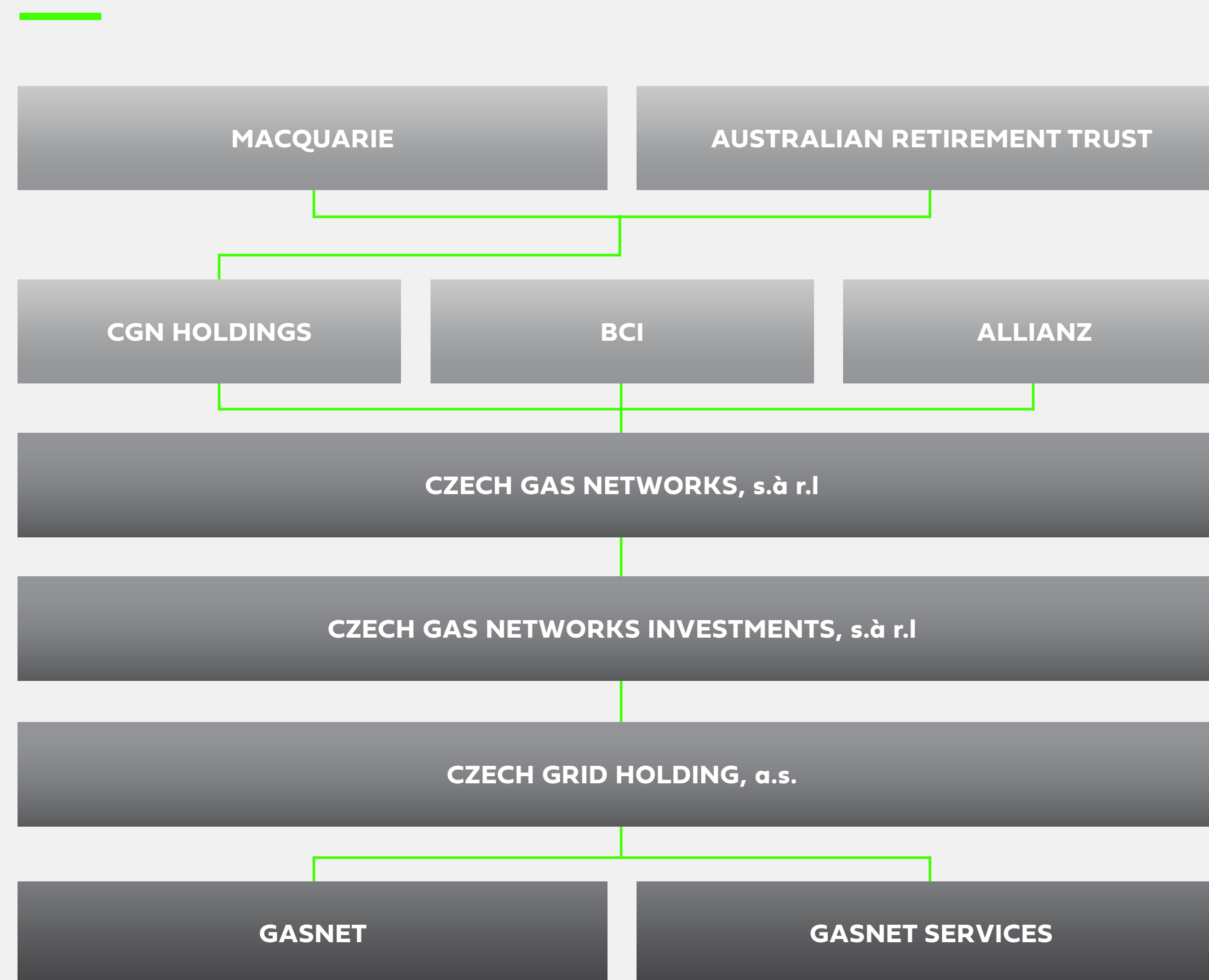
Average anual gas distribution

GasNet Group

Natural gas provides energy that is indispensable for everyday life. It guarantees warmth, comfort, and convenience at home. It drives Czech industry, companies, and institutions. We take care of its safe and reliable journey to our customers – 365 days a year, 24 hours a day. We are also a leader in building LNG infrastructure for road freight transport in the Czech market. We sell LNG at the stations we operate, helping our customers reduce emissions.

The GasNet Group is formally made up of two interconnected companies, GasNet, s.r.o. and GasNet Služby, s.r.o. While GasNet operates and owns the gas distribution system, GasNet Služby provides repair, maintenance, and development services for this network as a service company. The GasNet Group is wholly owned by a consortium of investors led by Macquarie Asset Management (MAM). The consortium includes British Columbia Investment Management Corporation (BCI) and Allianz Capital Partners representing Allianz Group insurance companies.

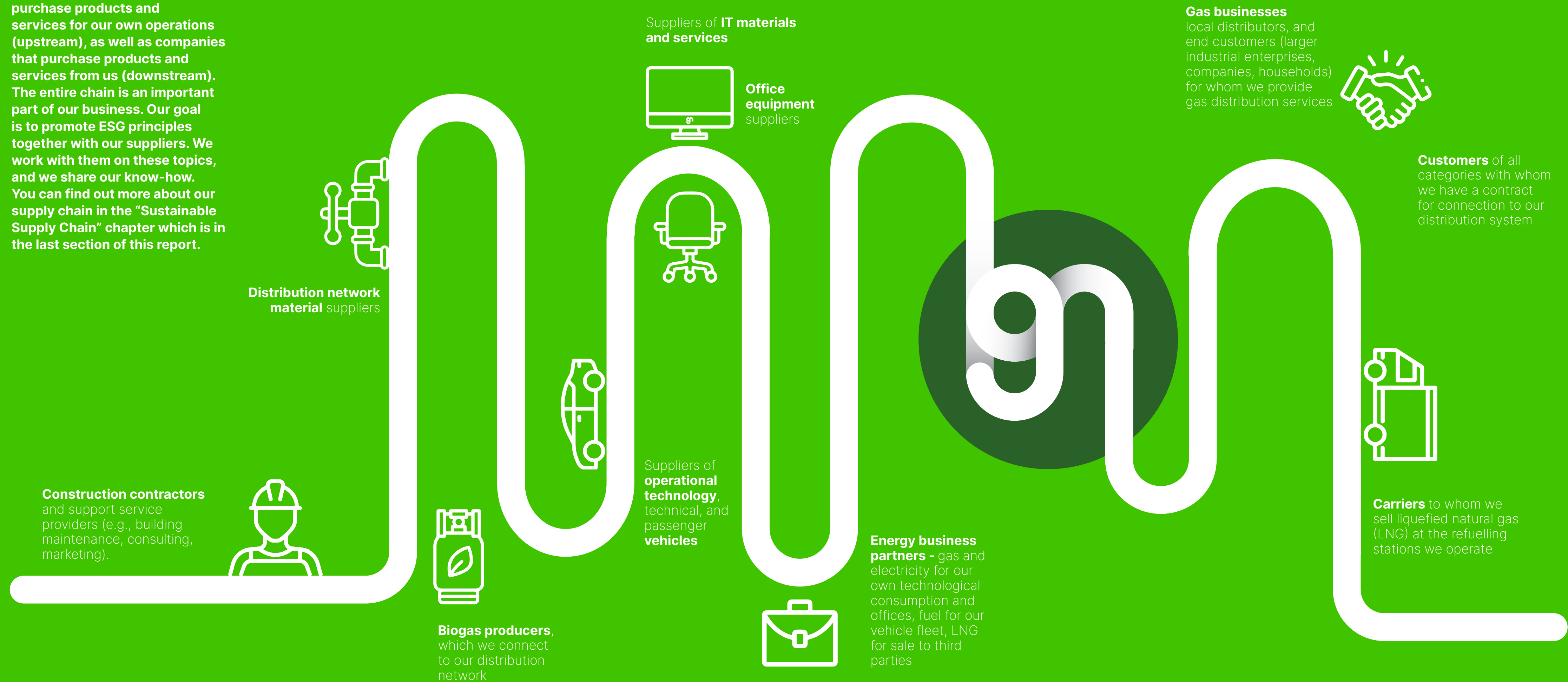
Ownership structure



Value chain

← Upstream | Downstream →

Our supply chain includes companies from which we purchase products and services for our own operations (upstream), as well as companies that purchase products and services from us (downstream). The entire chain is an important part of our business. Our goal is to promote ESG principles together with our suppliers. We work with them on these topics, and we share our know-how. You can find out more about our supply chain in the "Sustainable Supply Chain" chapter which is in the last section of this report.



Our Corporate Values and Culture

Our corporate culture is based on three values – safety, reliability, and respect.



Safety

is the way we think, the way we behave, the way we work. We anticipate risks. We follow the rules. We want to become the embodiment of safety standards.

Principles of employee behaviour to fulfil these values:

- We follow the rules and procedures – without exception.
- We prevent risks, recognise them, and remedy them.
- We create, support, and maintain a safe environment (both physical and mental).



Reliability

is trust. Our word is our bond. This is the foundation for our mutual cooperation and the way we work. It is proof of our professionalism. It is the essence of the commitment we have to the millions of people who rely on us every day.

Principles of employee behaviour to fulfil these values:

- We do professional work, and we constantly develop in our field.
- We honour agreements and complete tasks. We are not afraid to ask for help.
- We take responsibility for our work.



Respect

expresses our regard for each other, customers, shareholders, partners, and the environment. Respect for people, for diversity, for the environment, respect for our shared future. We respect safety. We respect the rules. We respect the energy we distribute. Without respect, there is no team.

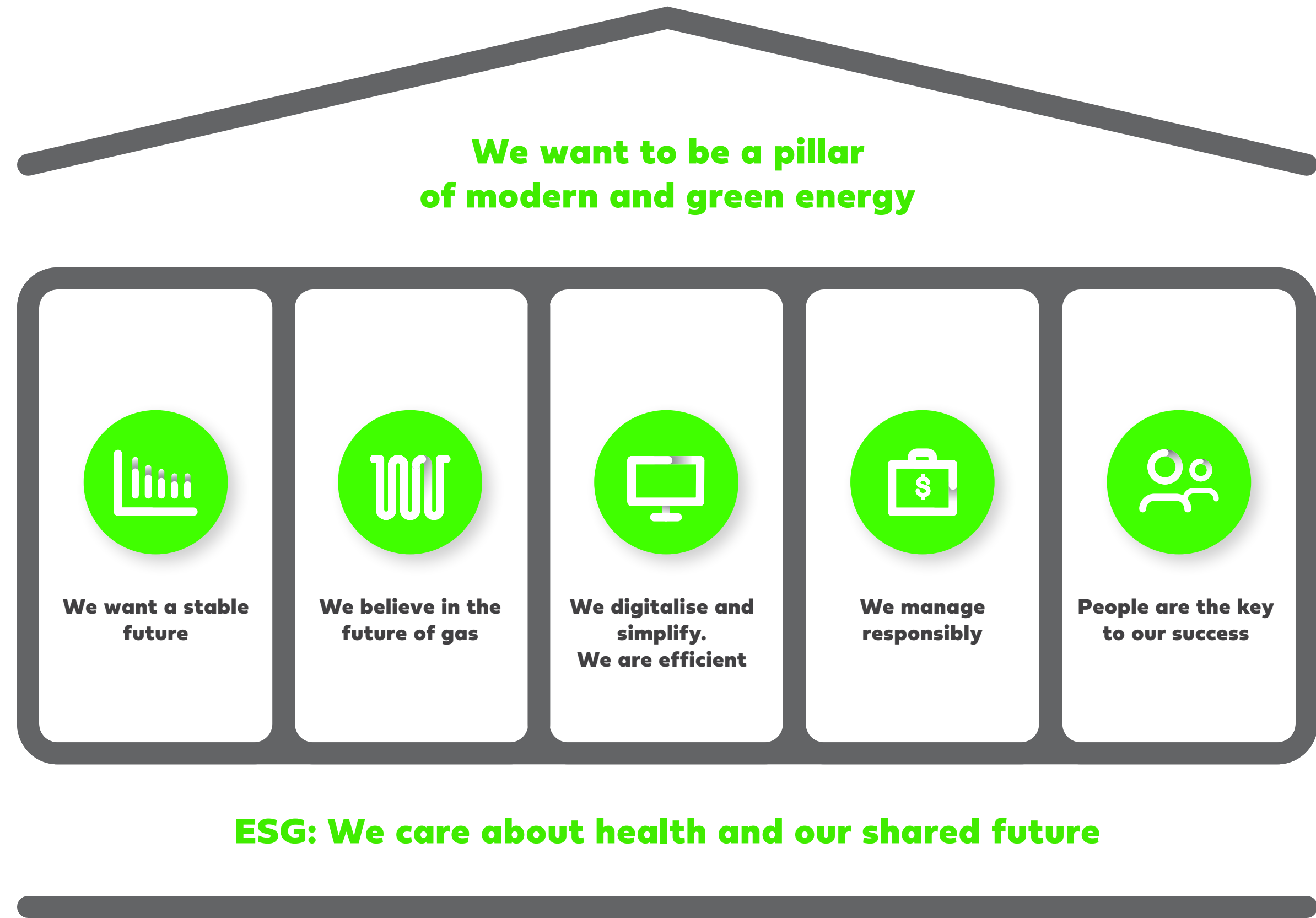
Principles of employee behaviour to fulfil these values:

- We willingly and constructively engage in cooperation with others.
- We respect different opinions and attitudes. We are interested in the people around us.
- We behave considerately to the environment and our society.

Where we are Heading – Our Business Strategy, Anchored in ESG

Our corporate strategy sets the direction for our future steps. It defines who we are and where we are heading. **We want to be a pillar of modern and green energy.** That is our vision. That is our goal.

To help us explain our strategy in a clear and understandable way to our employees and also to the public, we have simplified it using the analogy of a house. Just like a real house, our strategy has a foundation, pillars, and a roof. The area of ESG is embedded in the very foundation of our strategic house. This clearly declares its critical importance.





ESG: We care about health and our shared future

We care about how we treat each other, our surroundings, and the environment. We care about our own health and the health of society as a whole. That is why the only thing that makes sense for us is to do business sustainably, responsibly, and considerately. We therefore build our strategy on a foundation of ESG – the principles of sustainability.



We want a stable future

The energy sector is one that needs long-term stability. Our society needs it, our customers need it for their decision-making, and it is essential for our employees, shareholders, partners, and suppliers. That is why we always push for rules of the game that can be the basis of a stable future.



We believe in the future of gas

Our future is linked to the future of gas. Gas will be a part of modern energy, whether in the form of natural gas or renewable forms such as biomethane and hydrogen. Therefore, our goal is to strengthen the position of green gases in the energy market, and we are intensively preparing for their distribution. We are learning new skills, incorporating modern technology and innovations.



We digitalise and simplify. We are efficient

Our world is changing dynamically. The way we work is changing. New technologies and materials are emerging. The future brings many challenges. We want to face them. That's why we are already changing the way we will do things tomorrow. We're constantly seeking new ways to be more efficient, to make better use of our own resources, and to concentrate them more effectively. We're embracing digitalisation. To us digitalisation means a desire to change and improve. Information technology will help us automate and simplify routine tasks. This will give us more time and space to focus on what really matters: ensuring safe and reliable gas supplies.



We manage responsibly

We manage our finances and resources responsibly. Careful and strategic planning of our investments, expenses, and revenues is an integral part of our strategy.



People are the key to our success

Only we can achieve what we believe in. Together, we create a corporate culture that motivates, appreciates, and engages people. We strive to be an attractive and stable employer for current and future employees. This is the key to our success.

We are a socially **responsible** company with a strong emphasis on **sustainability, the environment,** and **ethical management.**

We promote **digitalisation** and the use of **modern technologies** because we believe this is the path to sustainable business development.

We care about the future that we are shaping together with our **employees** and **partners.**

We are committed to helping **communities** and supporting **diversity.**

OUR ESG COMMITMENT

ESG strategy and its 4 pillars

Our ESG strategy is based on our long-term commitment. It consists of four pillars, or four principles, which are also represented in the four chapters of this report.

We have also chosen to link our approach to ESG with the UN Sustainable Development Goals. These

goals provide a framework for companies to work with governments and other partners to ensure a more sustainable future. We are committed to making a significant contribution to achieving selected sustainable development goals that are in line with our principles and corporate values.

#1



We embody safety standards and health protection

We are part of our country's critical infrastructure. Our work is our mission. Our absolute priorities are security of supply, the safety of our gas facilities, and the safety of the general public, our employees, and suppliers. We do not compromise on safety, and we go beyond our legal obligations. GasNet equals safety. We want to be the epitome of safety standards. Our own health and the health of society as a whole always comes first.

#2



We believe in environmental sustainability and the future of gas

Gas will be part of a low-carbon, sustainable and green future. We strive to better understand the direct and indirect consequences of our activities and to minimise any adverse impact on the environment. We are committed to actively reducing our greenhouse gas emissions. We are already preparing for the future – we are readying our network for green gases. The future of energy is green. The future of the gas industry is sustainable and emission-free.

#3



We care about our people and society

We care about our employees and our surroundings. That is why we create a fair and inclusive working environment and build on the foundations of open and regular communication with our people. We promote diversity in all its forms (age, education, experience, gender). We build working relationships with schools and other organisations through which we develop the people around us.

#4



We do business responsibly and with respect

We implement the principles of ethical corporate governance and our management firmly adheres to them. We always follow the clear rules that are given to us by regulators and by legislation. We transparently and regularly communicate our activities, results, and impacts. As part of our country's critical infrastructure, we ensure the resilience of our systems, and thanks to our risk management system, we are ready to deal with all potential threats.

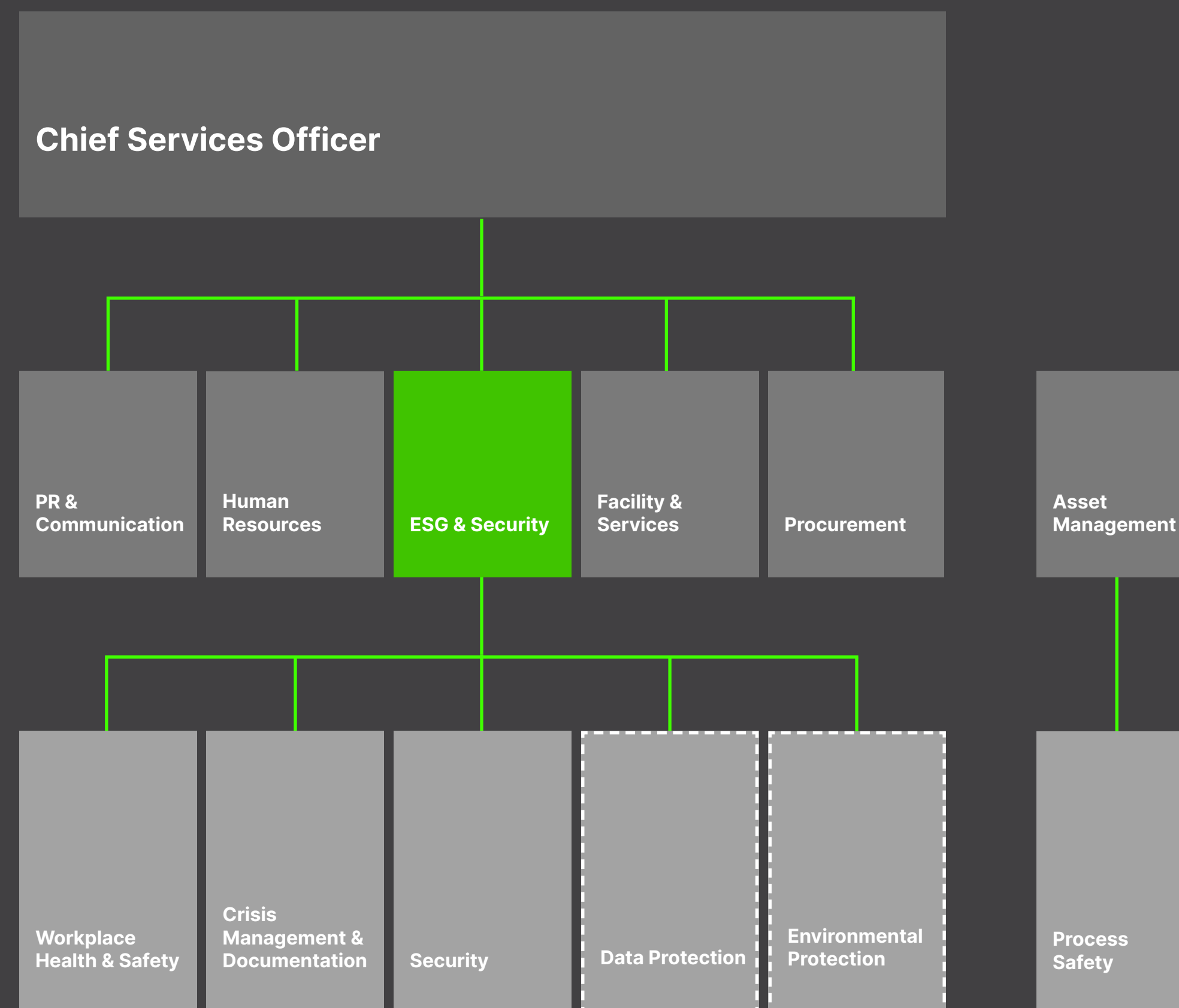
ESG Organisational Structure

Our Chief Services Officer (CSO), as a member of the senior management team, is responsible for the strategic direction of the ESG agenda. The ESG & Security Department is responsible for the development and integration of ESG across the entire company. This includes units dealing with Workplace Health & Safety, Crisis Management & Documentation, and Security (including Cyber and Information Security, Business Continuity Management, and Physical Security). The Head of ESG & Security directly manages personal data protection and environmental protection.

Our Asset Management Department (and its subordinate Process Safety unit), Human Resources, PR & Communications, Procurement, and Facility & Services work together closely to contribute to the creation of ESG strategy and to help translate that strategy into internal processes.

ESG covers a wide range of topics, and effective implementation of activities requires constant coordination throughout the company. Connecting all departments and involving employees is essential to successfully achieving our ESG strategy.

In 2022, we strengthened our environmental team by adding new ESG Specialist, Energy Management Specialist and Senior Decarbonisation Specialist positions. We were able to enhance the way that our departments work together on ESG topics, at the same time, better integrate ESG into the day-to-day activities of the GasNet Group.



* Dashed lines indicate that the topic is managed directly by the Head of ESG & Security, rather than as a separate department.

Our Stakeholders and their Involvement in ESG



If we want to achieve our ESG strategy, the involvement of our stakeholders is essential. For that reason, we work with them on these topics, engage them in open dialogue, and collect feedback from them. Employees from across the GasNet Group are involved in these activities via a wide range of channels – from articles and regular surveys to personal workshops, training, and conferences.

Shareholders and Investors

Our shareholders and investors are represented primarily by the consortium of MAM, BCI, ACP, and our bondholders. Their capital is crucial for the successful development of the GasNet Group. Sustainability, the future of gas, and responsible management consistent with the ESG principles are high priorities for our shareholders and investors. These priorities are reflected in all company activities and are one of the core topics at our quarterly strategic meetings.

Customers

Our customers include gas retailers, households, businesses, district heating, and also the customers of our LNG filling stations. Our customers are key partners, and we maintain constant contact with them. We strive to meet their high expectations regarding the reliability and quality of our services. Long-term sustainability and the transition to green gases play an important role here.

Employees

Our employees are at the heart of our business because they participate in our everyday activities. Safety, health protection, and motivating working conditions are important factors for our employees, and so these things are also key priorities for GasNet. Through regular communication and activities, we are building a culture of sustainability in our company, through which we aim to promote responsible behaviour both at work and in our employees' private lives.

Suppliers

To ensure a safe and reliable energy supply, we work with a number of partners and suppliers. The services and products that they provide include construction and excavation work, the supply of gas equipment and materials, and IT services. We have been discussing sustainability with our suppliers for a long time and are working on how to incorporate our ESG approach in our relationships with these partners.

State and Regulatory Authorities

We operate in a regulated sector. As a result, our partners also include state and regulatory bodies such as the Energy Regulatory Office, the Ministry of Industry and Trade, the Ministry of the Environment, the Ministry of Finance, the Ministry of Transport, and selected EU institutions. The future of gas will play an important role in the transformation of the Czech energy sector, which is why we open both strategic and technical dialogues aimed at gaining the support of state authorities and accelerating the transition to green gases.

Community and Organisations

As we do business, we directly and indirectly influence various communities in the places we operate. Our goal is not just to minimise any negative impact but rather to have a positive influence through our values, or to create new opportunities in the areas of health, diversity, or the environment. We also engage in dialogues to promote sustainability with a range of non-profits and sector associations which help us promote our vision and goals.

Partner Organisations and Initiatives

The GasNet Group fulfils its ESG obligations not just through its own activities but also through membership of associations and organisations. These long-term strategic partnerships help us be more effective in meeting our ESG goals and multiply our positive impacts.



UN Global Compact

The world's largest initiative to promote and advocate for sustainability. Founded by the United Nations in 2000. It brings together over 16,000 companies from 161 countries around the world.



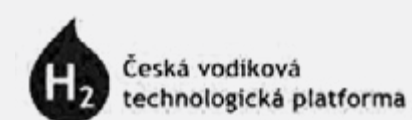
Climate & Sustainable Leaders Czech Republic

A Czech platform whose mission is to transparently monitor and report on the reduction of CO₂ emissions by the Czech Republic's largest companies, and to motivate key players in the Czech economy to initiate projects that contribute to sustainability and climate protection.



Business for Society

The Czech Republic's largest platform for responsible business. It helps companies, both large and small, to establish and develop ESG Principles



Czech hydrogen technology platform HYTEP

HYTEP aims to develop the hydrogen economy in the Czech Republic in connection with the climate ambitions of the European Union and its member states.



Czech Biomass Association CZ BIOM

CZ BIOM is a Czech association supporting the development and use of biomass, biogas and biomethane as renewable sources of bioenergy in the Czech Republic.



Czech Circular Hotspot

The Czech circular hotspot was founded in 2021. Its mission is to create an active national platform for the introduction of circular economy principles by Czech companies. Within this group, Czech companies share good practice and ESG expertise and educate themselves on implementing sustainable principles into internal processes.



Czech Gas Association

The CGA is an independent association of organisations and experts operating in the gas industry and related fields with a focus on technical regulations, legislation, strategy, and education.



Czech Chamber of Commerce*

The Chamber of Commerce is a business association which aims to create opportunities for business, and to promote and support measures that contribute to the development of business in the Czech Republic, and thus to the overall economic stability of our country.



Confederation of Industry and Transport of the Czech Republic

The Confederation of Industry and Transport is the leading business lobbying organisation in the Czech Republic. It provides a voice for employers at the national and international level.



Eurogas*

Eurogas is an association representing gas companies in negotiations with the EU institutions.



MARCOGAZ*

MARCOGAZ is an international non-profit association that represents the European gas industry in all technical aspects.



International Gas Union (IGU)*

IGU is a global non-profit organisation that promotes gas as an integral part of a sustainable global energy system and supports political, technical, and economic progress in the gas industry.

* Via ČPS (Czech Gas Association)

Our 2022 ESG Milestones

GREENHOUSE GAS EMISSIONS

APRIL

We had our 2020 (base year) carbon footprint calculation audited

CODE OF CONDUCT

MAY

We published updated Codes of Conduct for both our employees and our suppliers

UN GLOBAL COMPACT

JUNE

We joined the UN Global Compact initiative

GRESB

OCTOBER

We won the 'Most improved' award in the international GRESB rating.

ESG RATING

NOVEMBER

We achieved a further improvement in our Sustainalytics ESG rating – improving from 19.4 to 17.8.

OCCUPATIONAL SAFETY

We carried out a company-wide survey of our occupational safety culture.

DECARBONISATION

DECEMBER

We committed to achieve Net Zero by 2040 and to developing a decarbonisation strategy.

DIVERSITY, EQUALITY AND INCLUSION

We signed the UN Women's Empowerment Principles (WEPs), which promote diversity and fairness between women and men.

ESG Ratings in 2022

In a world where sustainability is becoming a core part of business, legislation and corporate valuation, regular assessments of our ESG performance are crucial to the future of our company. Independent agencies carefully rate the performance and health of companies in individual ESG areas. At GasNet we are able to use these ratings to check our progress with ESG. The ratings give us valuable feedback that helps us to further develop and improve.

Sustainalytics

In October 2022, we received an ESG rating from the global rating agency Sustainalytics. They rated GasNet as a company with a high level of ESG management. Our rating of 17.8 points indicates a low risk of significant ESG-related financial impacts. Compared to other gas companies, they rated GasNet Group as the fourth best worldwide.

GRESB

For the third consecutive year, we participated in the GRESB international ESG assessment. Last year, we scored 88 out of 100 possible points, earning us the '2022 GRESB Most Improved Entity' award. This confirms that we achieved the most significant improvement in the infrastructure and gas sectors. Our rating increased by 20 points year on year, and we achieved the most substantial improvement in the area of occupational health and safety. As the Group, we received 4 out of 5 stars.



Part

#2.1

**We Embody
Health and Safety
Standards**



We Embody Health and Safety Standards

Safety is our top priority. That is why at GasNet we create safe conditions for everyone – for our employees, our partners, our suppliers and the public. We strive to be an industry leader in the area of safety.

Safety Management System

Our Safety Management System is our basic principle for health protection. It is based on our corporate strategy and on the values which we have set for ourselves within the GasNet Group (Safety, Reliability, Respect). Although the individual components of the system were created in the past based on the context of our activities, we have decided to go beyond our legislative obligations and to connect the system to international ISO 45001 standards. The system covers the activities of all our employees and the external workers (“contractors”) who help us build and maintain our gas pipeline network.

In 2021, we identified all the areas in which we did not conform to the ISO standard. Last year, we completed seven key projects which significantly impacted the efficiency of our system. We focused on what we could improve in the areas of risk management, incidents, change management, employee engagement, emergency planning, outsourcing, and procurement.

Our **outsourcing** project extended the application of our safety management system from construction suppliers to the entire GasNet Group supplier base. We established a supplier approval process that requires them to meet qualification requirements and have a level of work safety that is consistent with our own.

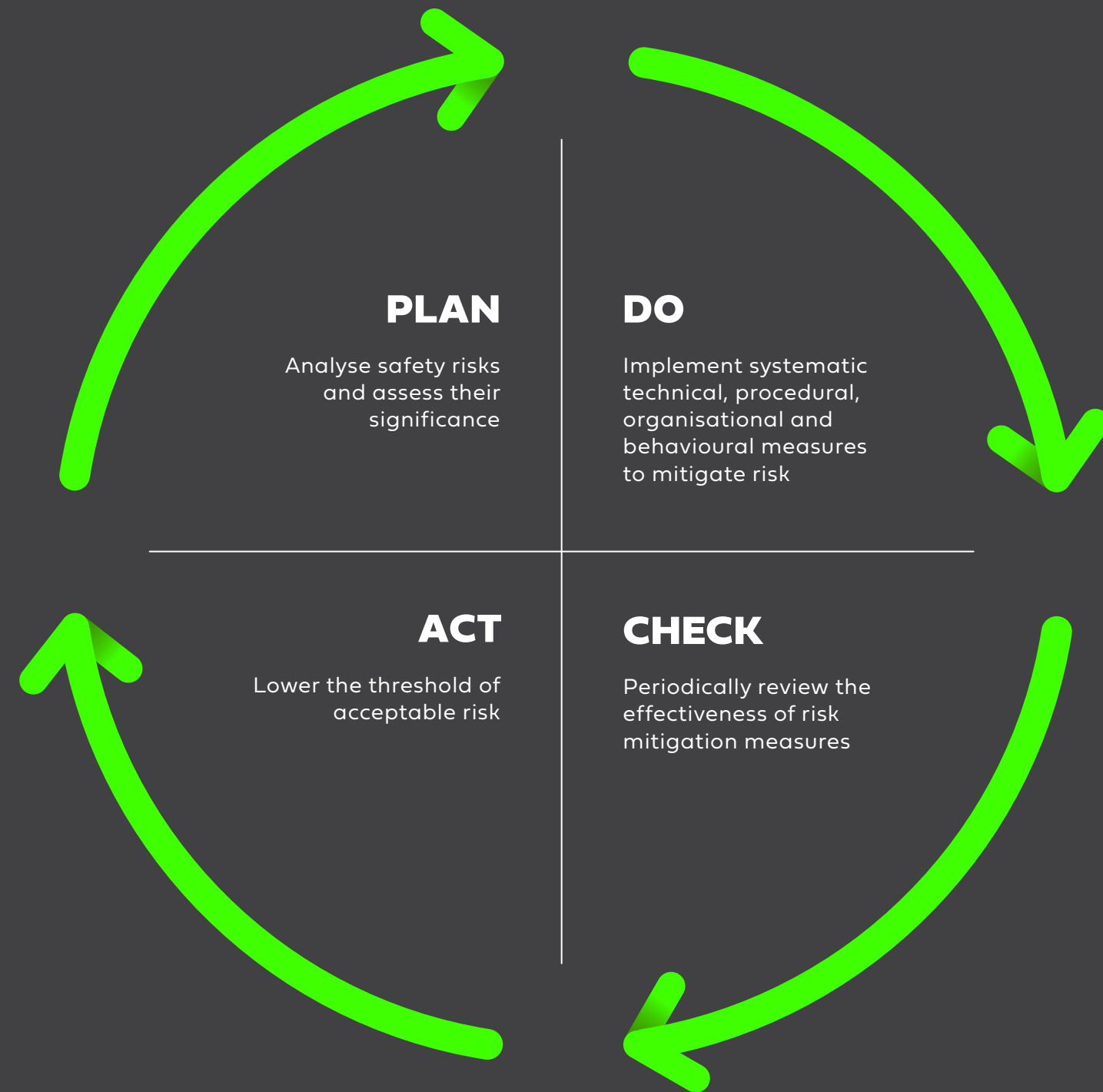
Our **procurement** project created a process for each commodity we purchase, in which we take into account all safety-related requirements.

Our **risk management** project described the requirements that are important for implementing, maintaining, and updating a systematic process of identifying and assessing risks, hazards, and opportunities in the area of workplace health and safety (operational and strategic risks).



Our **system for identifying, evaluating, and managing risks** is one of the cornerstones of safety. In our company, we have several levels of risk analysis, from high-level corporate process safety analysis (for example 'bow-tie' analysis) to detailed analyses of individual activities, equipment, and workplaces. We have tools to

manage risks, to monitor the emergence of new risks or to evaluate significant changes in likelihood of their occurrence (such as with recurring incidents), and to reduce tolerance to risks. We will continue in this spirit in the future. This year, we are focusing on communicating risks and engaging in a dialogue about effective means of mitigating them.



The goal of our **safety culture support** project was to work with our Culture Team to define new elements of corporate culture to improve the overall perception of safety throughout the company.

To help new employees better understand the importance of safety at GasNet and to gain a more detailed knowledge of safety in the field, regional safety specialists have set aside time for each new hire in 2023 for a "Safety Officer Day" as part of the onboarding program.

Another output of the project is company-wide promotion of *GasNet Safely* application and its use for reporting risks by both field workers and administrative employees.

Our **incident and non-conformity management** project delivered a process through which we will analyse the implementation of measures for non-conformities and incidents both within the company and with contractors.

Our **change management** project introduced a change management system that takes into account both occupational health and safety and process safety aspects. We will now assess every planned change prior to implementation for its potential impact on safety.

Our **emergency preparedness and response** project reviewed our preparedness for possible emergency situations. As part of the project, we focused on our Emergency Team's training, qualification, and equipment, on practicing for emergency situations, and sharing information.

In 2023, we plan to complete the remaining projects and by the end of the year, we expect to be fully compliant with the principles of ISO 45001.

Safety Management Agenda

In the GasNet Group, we divide the safety management agenda into two parts:

- **Workplace Health and Safety (WHS)**
- **Process Safety**

Each part is managed by its responsible department. Last year we created and established teams, we defined the strategic areas that we want to develop, and we set goals, the key indicators of which we will regularly evaluate.

A significant part of our approach to safety is based on legislative requirements set by state authorities and the Czech Gas Association. In order to ensure we comply with all directives and laws, we use an extensive risk management process and continuously adopt new measures to respond to any legislative changes. In 2022, we did not record any legislative non-compliance in the areas of safety or health protection.

Since 2021 the implementation of our Safety Management System has been an important part of our agenda. This includes support projects that introduce additional systemic measures, particularly in risk management, inspection and control systems, and in audits of contractors.

One of our main goals is to improve safety culture across the GasNet Group as a whole. With this goal in mind, we regularly communicate safety topics through surveys and articles on the intranet, and we link financial rewards to safety goals. To share information about occupational safety effectively, we have standardised our communication channels. These include Microsoft Teams, emails, personal contact at team meetings, and intranet as a company-wide communication platform.

We believe that a safe environment can only be created together with all our employees. For this reason, we established a Safety Steering Committee two years ago. This committee is a key decision-making body in the safety area. Its members include both management and employee representatives. The committee meets every month. In 2022, it supervised all projects related to our Safety Management System.

Results and Objectives

In 2022, we achieved all our goals and operated both existing and new technologies safely and without any incidents. Our Lost Time Injury Frequency rate was 1.08 – less than our target of 1.6. There were no fatal accidents among our employees or the employees of our suppliers. We successfully managed the COVID-19 situation without any interruption of our operations. We kept the Traffic Accident Rate at a value of 0.44, which is lower than our target of 0.6.

We strengthened our occupational safety culture and we motivated our employees to report risks. Our management has significantly increased the role of our senior employees in addressing safety through site inspections. In 2022, our managers conducted more than 2,000 site inspections. Our top executives were involved in 100 of those visits. In addition to mandatory prevention measures, in the area of health care we organised Health Days. These covered a wide range of health topics and included preventive check-ups. We also organised first aid courses for emergency response employees, and we increased awareness through seasonal campaigns, which helped us reduce the number of accidents.

We have set strategic goals for 2023 based on the same parameters as last year. However, our ambition to improve and become a leader in safety is leading us to gradually tighten these criteria. We have published the 2023 goals on our intranet so they are visible to our employees. We will show key performance indicators in visual form throughout the period. Workplace health and safety goals are also part of the bonus system which rewards those employees who contribute to achieving them.

The main pillars for achieving our strategic Workplace Health and Safety goals are:

- **Behaviour and People Management**
- **Management of suppliers**
- **Health protection**
- **Road safety**
- **Processes & Procedures**



1.1
1.2
1.3
1.4
1.5
2.1
2.2
2.3
2.4

Employee Safety

Our employees' safety is one of the key pillars of the sustainable operation of the whole of GasNet. This is especially the case as new trends impact us and we plan the transformation of our industry. For that reason, not only do we measure performance in the field of safety, but we are also proactive, support preventive risk identification and collect suggestions. We provide support from top management. We value feedback. We are particularly interested in the needs of our employees, their perceptions of safety, and proposals for improvement.

In the GasNet Group in 2022, we had no fatal, serious, or other risky accidents that could have resulted in serious health damage. During this time, none of our employees developed an occupational disease or is at risk of such an illness. We can see positive trends and the positive impacts of our changes.

We express our accident rate using the LTIF accident rate coefficient. In 2022 we achieved LTIF of 1.08 compared to our target of 1.6 (lower is better). One of the most encouraging things was that not a single accident was related to core GasNet activities, i.e. repairs, maintenance and operation of the gas system. Instead, the majority of occupational accidents occurred during routine activities – three injuries were caused while walking. In response, we are working on a targeted campaign in 2023 focusing on the risks associated with inattention and walking obstacles.

As well as occupational accidents which impact on the LTIF coefficient, we also recorded 12 other non-absentee occupational accidents. These were minor injuries incurred in connection with the work. **Our LTIF target for 2023 is 1,4.**

Training

Every year, we provide safety training to our employees as required by the applicable occupational health and safety legislation and by the technical norms for gas (TPG). In 2022, we successfully trained 100% of our employees who work in operations. We trained other employees using e-learning. We have recently included the topic of process safety in our training. Senior managers and regional operations managers participated in this training. Our goal is to raise awareness of process safety throughout the entire company – from top management to the most junior employees.

Lost Time Injury Frequency (LTIF) – GasNet



Process Safety

In the area of process (system) safety we set up processes and systems to keep natural gas within our distribution system. Process safety also involves preventing unplanned gas escapes from our pipelines or other gas facilities. The key is to minimise risks arising from the failure of the protective mechanisms which are designed to reduce the potential consequences of incidents.

In 2021, we created a process safety team within our Asset Management division, and we further developed it over the following year. The team's main philosophy is "**Safety by Design**". This philosophy is manifested when we create processes and procedures for interventions, particularly repairs and modernisation of gas facilities, and also when we create safety parameters for new technologies. These new technologies include LNG stations and blends of natural gas and hydrogen, which we see as the future of our company.

We have created a system of standardised risk analyses – bow-tie analyses. These identify the main hazardous situations, prevention elements, and elements that reduce the level of residual risks. We monitor the performance of these preventive systems to allow early detection of potential deficiencies and to set a higher degree of protection. We constantly improve our processes, with the objective of continuously reducing our company's overall risk profile.

Our Process Safety team has defined the main areas in which we monitor the performance and effectiveness of our protection. We have created a

set of indicators that we regularly evaluate and report at multiple levels based on urgency from a safety perspective. These key indicators cover the following areas:

- Leadership
- Change management
- Work and operations
- Worker competence
- Emergency response
- Reliability of the distribution network
- Control and audit system
- Incidents

The system gives us early warning of deviations from the required levels. Our task is then to analyse these deviations and take corrective measures in time to prevent a serious incident.

We investigate **incidents** based on the severity of their consequences. We prioritise incidents with more severe consequences. We identify both the **direct and underlying causes** of such incidents and take steps to prevent them from reoccurring. In 2023, we will set up a system that goes one step further and deals better with lower impact incidents. This is based

on statistics which tell us that the causes of recurring "small" incidents sooner or later lead to serious accidents.

In 2022, we saw no Tier 1 incidents and only two Tier 2 incidents. We conducted follow up investigations of both incidents and took steps to prevent similar cases from happening in the future. Neither of the incidents involved injury or endangered others.

In the first incident, we found a circular hole with a diameter of approximately 6 mm in a dead leg of a high pressure gas pipeline (with a pressure level of 22 bar). We repaired the defect by cutting out and replacing that section of the pipeline. The second defect occurred on a medium pressure gas pipeline (with pressure level of 2.5 bar). In that case we discovered an elliptical-shaped breach measuring 35 x 15 mm in the pipe wall. We also repaired this section of the gas pipeline by cutting it out and replacing it.

2022 was a breakthrough year, especially due to the closer integration of process safety into new technologies. This integration was achieved through our work with the Business Development department and in related investment actions. We established

working groups focused on ensuring the safe distribution of natural gas blended with hydrogen. These groups identified a number of technical, organisational, and legislative issues. Within the EU, we shared information with other distribution system operators, similar entities, and research organisations. Common areas of focus include safety and protective zones for H₂ blends and pure hydrogen, leak detection, gas odourisation, and shut-off technologies. In 2023, we will intensify our preparation for hydrogen blends, especially in the area of operational procedures.

Our Process Safety team works closely with project groups involved in the installation and operation of both stationary and mobile LNG stations. The task is to specify GasNet Group's process safety requirements for the construction and operation of these stations. In 2023, our focus will be on deepening these requirements, linking them to the change management process and overall awareness, so that they are self-evident to every project manager.

Safety and the Management of Contractual Partners

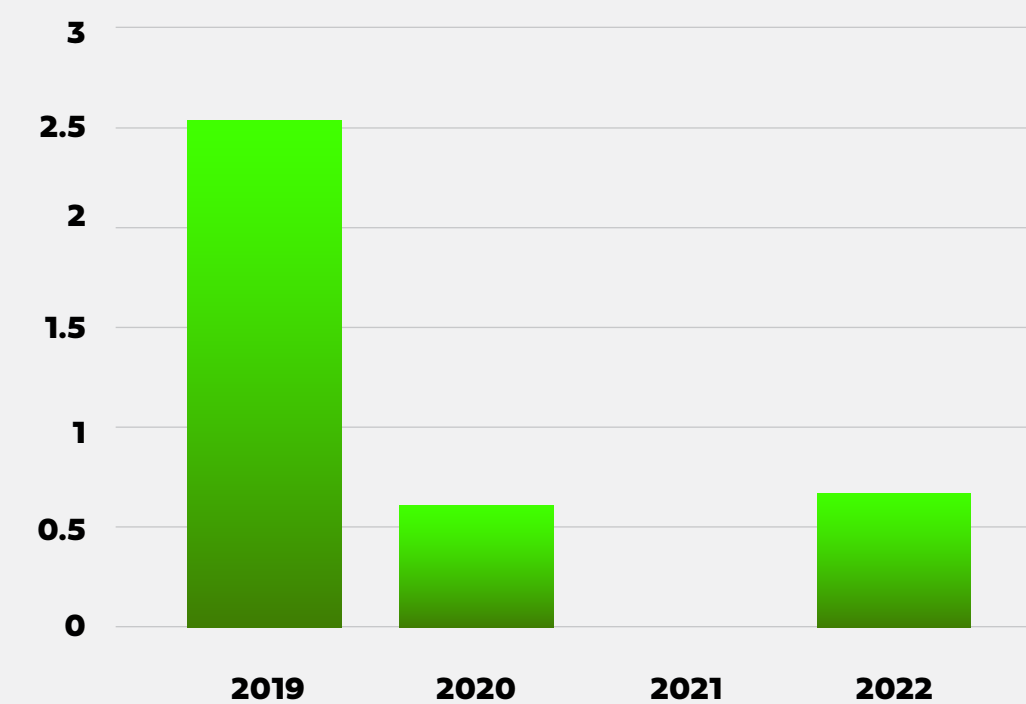
Our contract partners' safety is just as important to us at GasNet as our own safety. We do not differentiate between workplace accidents involving our own employees and those of our contractual partners. That is why we constantly dedicate extra effort to this area. We want to set an example for other companies.

In 2022, we had 54 active direct contractors who were authorised to perform various work on our gas facilities. This includes work on the local network, the medium-pressure network, and the high-pressure network, and work with shut-off devices for high-pressure pipelines. The TPG (Technical Norms for Gas) norms require that these contractors be authorised and certified. You can learn more in the section on the **Contractor Prequalification System**.

From the perspective of supplier safety, 2022 was a very positive year. As in 2021 there were no severe or fatal accidents on the part of our suppliers. We also achieved a very low accident rate reflected in an annual LTIF (Lost Time Injury Frequency) value of **0.64**. We only recorded one work-related injury resulting in a 12-day absence from work. This was caused by a misstep and subsequent fall. We thoroughly investigated this case, particularly focusing on identifying the underlying causes, and we took steps to reduce the likelihood of a similar accident happening again. We consistently encourage the transparent reporting of all accidents, including minor injuries. We see improving our suppliers' safety culture as an important challenge. We began this

improvement process in 2021 because we recognised that changing established mindsets can take several years. That is also why, in evaluating the safety culture of our suppliers, we strongly emphasise openness and transparent communication.

Lost Time Injury Frequency (LTIF) – Suppliers





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As part of our supplier management process, we have established a robust program consisting of the following areas:

Contractor Prequalification System

We have introduced a prequalification system that sets requirements for contractual partners in terms of their expertise, technical resources, and their experience with specific technologies. The prequalification requirements also include ISO 14001 and 45001 certifications. We regularly work with GAS and ČSSP companies to assess the preparedness of our contract partners using TPG audits (based on TPG 923 01). Experienced members of the GasNet audit team participate in these checks.

Requirements for Workplace Health and Safety

We have set health protection requirements (including environmental protection) for our contractual partners. These requirements are included in each work contract and are binding on all our partners. These requirements go beyond legislative minimums. We also update our “Workplace Health and Safety Standards” document annually. This sets out the requirements and includes examples of good and bad practices.

Training and Development System for Contractual Partners

In 2022, we trained 750 of our contractual partners’ site managers, project managers, and designers. These training sessions focused not only on legislative requirements but also on GasNet Group’s procedures and standards, as well as lessons learned from past incidents. We also continue to plan regular workshops with representatives of our partners. In these workshops, we work together to develop safety procedures for work on gas facilities, pressurised equipment, and construction activities related to the renovation of our distribution network. We believe that through participation and sharing of industry best practices, we can achieve excellent professional results, ensure maximum understanding, and foster shared responsibility with our partners.

Sharing best practices and procedures with our subcontractor chain is an area of further development for 2023. In addition to regular “Lessons Learned” documents, which contain insights from incidents with the potential for significant impact on personal health, we introduced Newsletters at the end of 2022. These newsletters share information with relevant suppliers regarding the safety activities and technologies we are implementing, developing, and researching within the GasNet Group.

Management Process for High-risk Construction and Risk Management from Project to Implementation.

We have implemented a system of *risk cards* for the highest-risk construction projects. These projects are challenging due to factors including steep terrain, the complexity of existing infrastructure or transportation. The risk cards work to extend our standard risk assessment and related Workplace Health and Safety plans. Many of our measures go beyond the requirements of current legislation and take safety to a new level. As we build, we place special emphasis on planning and we use the safest available technologies. Our company’s management also oversees the constructions.

We have also introduced “Risk Packages”, an advanced solution for risk identification and management. We identify risks as a part of the technical-economic assignment phase of project development. In this way we capture risks at an early stage when it is easier to address them than later – in the construction phase. The Risk Packages rely on a high-quality IT solution that facilitates easy communication for mapping, reducing, and eliminating risks throughout the life cycle of the building project.

In 2023, we plan to upscale the use of the risk cards that we have developed for this year. We will also develop our work with risk packages further. Effectively incorporating risk packages into project documentation is also a part of the workshops conducted for designers.

Public Safety and Gas Network Reliability

In 2022, the team on our 1239 emergency line handled over 35,000 calls. Each of these calls was evaluated by our central distribution dispatchers. When necessary, the dispatcher sends a service response worker for field intervention. In 2022 we undertook nearly 19,000 such interventions. We observe a higher number of calls and emergency interventions during what we call our regular “odorisation surges”. An odorisation surge is when we increase the level of odorant in the gas at the beginning of the heating season. This alerts us to even minor leaks, and every year the entire operation contributes to the increased safety of gas supplies.

In 2022 there were no incidents that affected the public arising from our own operational activities at gas facilities. At GasNet we have a long-standing commitment to minimise unplanned customer outages due to malfunctions or maintenance. In 2022, there were only two such events. Although the number of third-party disruptions to our gas facilities fell by 83 compared to the previous year, we still recorded a total of 502 incidents. We continuously strive to prevent these incidents through targeted communication with construction companies and the general public. In 2022, we conducted a communication

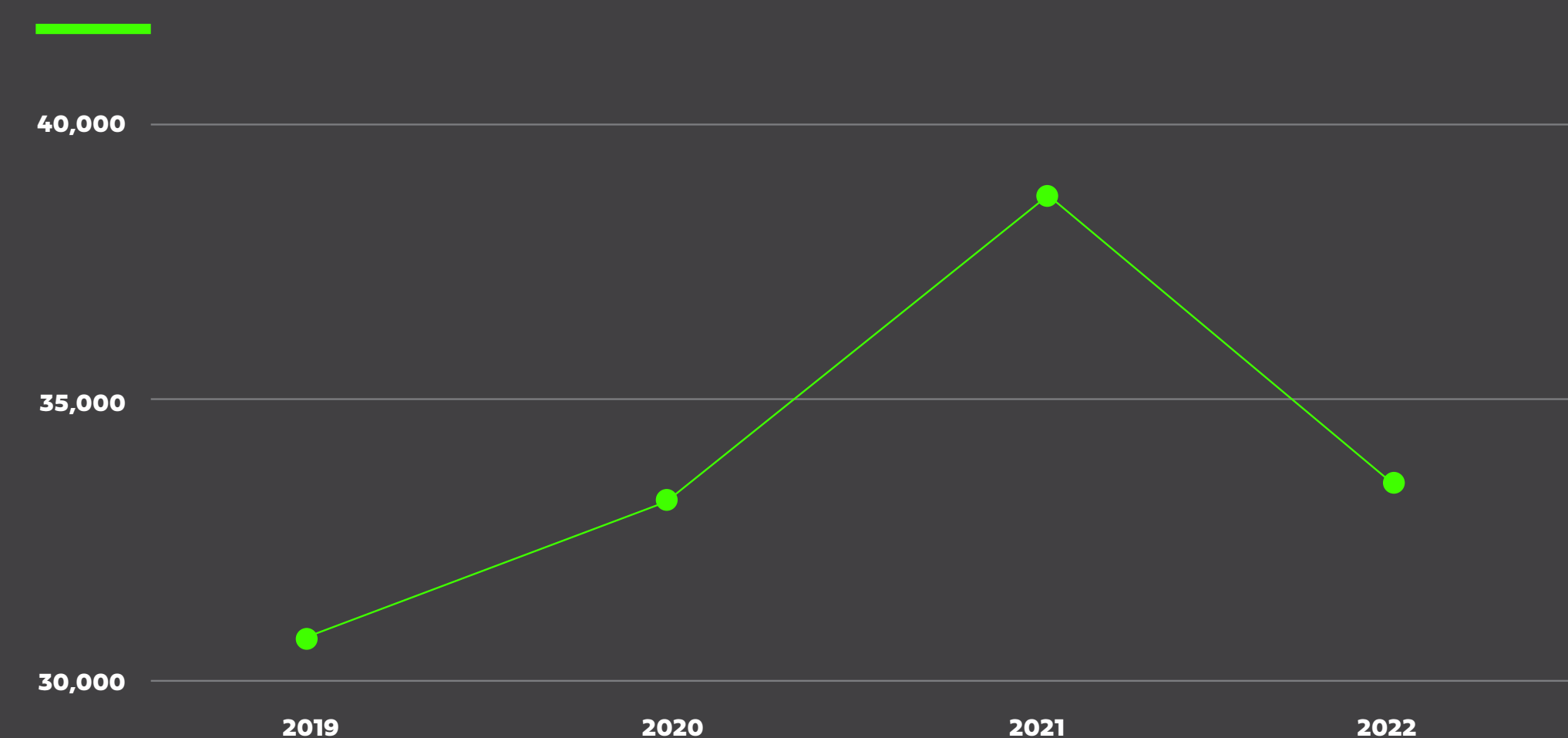
campaign to protect domestic gas pipelines during property renovations, not only using leaflets but also via the media. We encouraged property owners to check the gas network before carrying out construction or landscaping work. We also aim to educate construction companies and building authorities on marking gas network, a service GasNet continues to provide free of charge.

During 2022, there were three exceptional events. Two related to higher levels of dust in the gas pipeline network, which reduces pressure and can cause customer outages. The third event was declared following a property explosion, however the investigation showed that the explosion was not connected to the operation of the gas pipeline network.

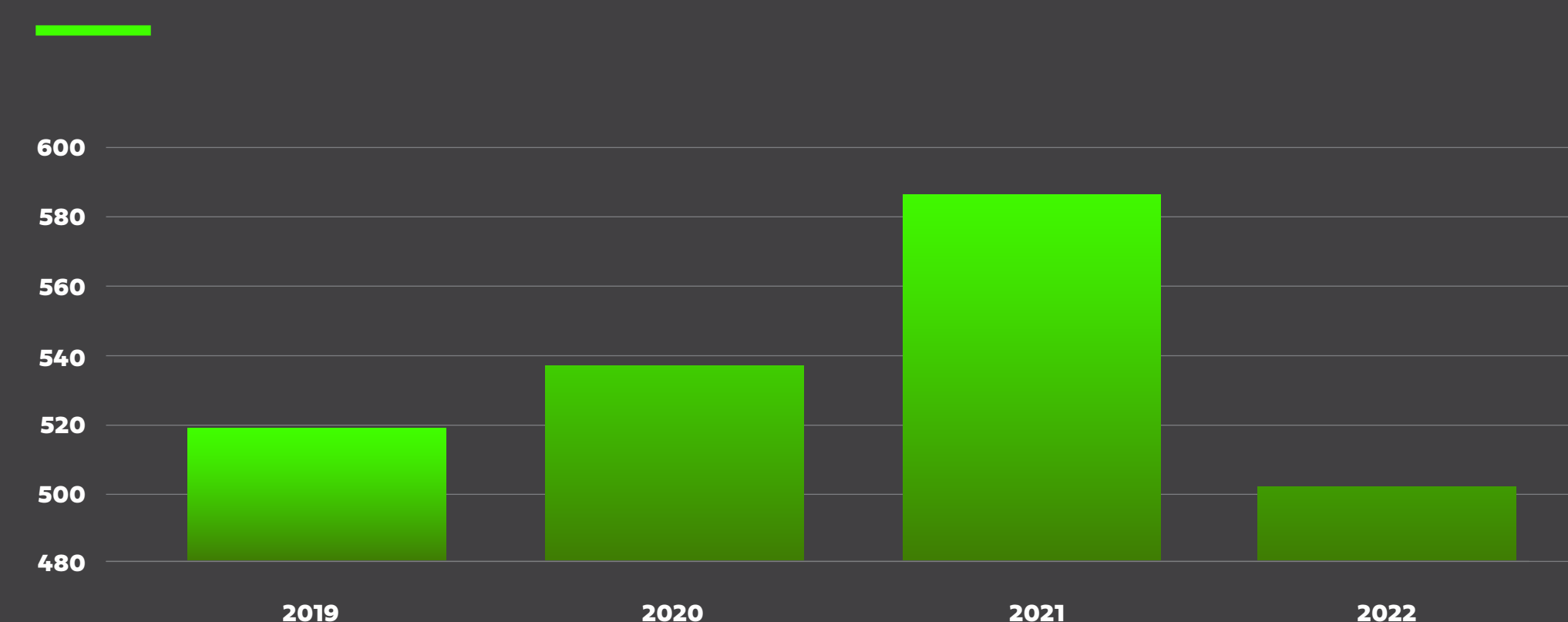
In 2022, we provided regular training to a total of 157 employees of the emergency services. The training focused on procedures during incidents, emergency response, applicable legislation, cooperation with the fire department, and other topics.

In 2023, we plan to continue improving our processes for the timely resolution of the incidents that are reported to us. We will also maintain intensive communication to help prevent these incidents.

Number of successfully resolved telephone reports from external entities



Number of breaches of our network due to third-party activities



Inspection System

To ensure that we comply with legislative and our internal safety requirements, we carry out regular checks and inspections throughout the GasNet Group. These enable us to promptly identify any issues and prevent potential incidents and accidents involving our employees or our suppliers. We also believe these inspections are a good way to improve prevention and to ensure established systems and processes are sustainable.

We conduct internal inspections, which focus on our employees and processes, as well as external inspections of the third parties that perform activities on our gas network.

Within this system, we inspect both gas-related and non-gas-related facilities. In addition to operational checks, we also review the work of our senior employees and administrative staff. In 2022, we conducted approximately 350 checks of senior employees and facilities. In addition, we undertook more than 2,000 safety walks involving senior staff (including over 100 conducted by the top management of the company). In 2023, we plan to expand these safety walks to include all managerial employees. (Each senior employee will conduct a minimum of three safety walks per year).

This year we also plan to establish a new process for conducting internal audits in accordance with the requirements of ISO 45001.

Our internal process and operational controls include two levels of inspections for construction and for higher risk tasks. In 2022, we conducted 121 second-level inspections of construction and 116 for tasks with increased danger (PZN). We also included inspections of welding technicians in the second level PZN inspections. In 2022 we conducted a total of 8,579 first-level construction inspections and 199 for PZN tasks.

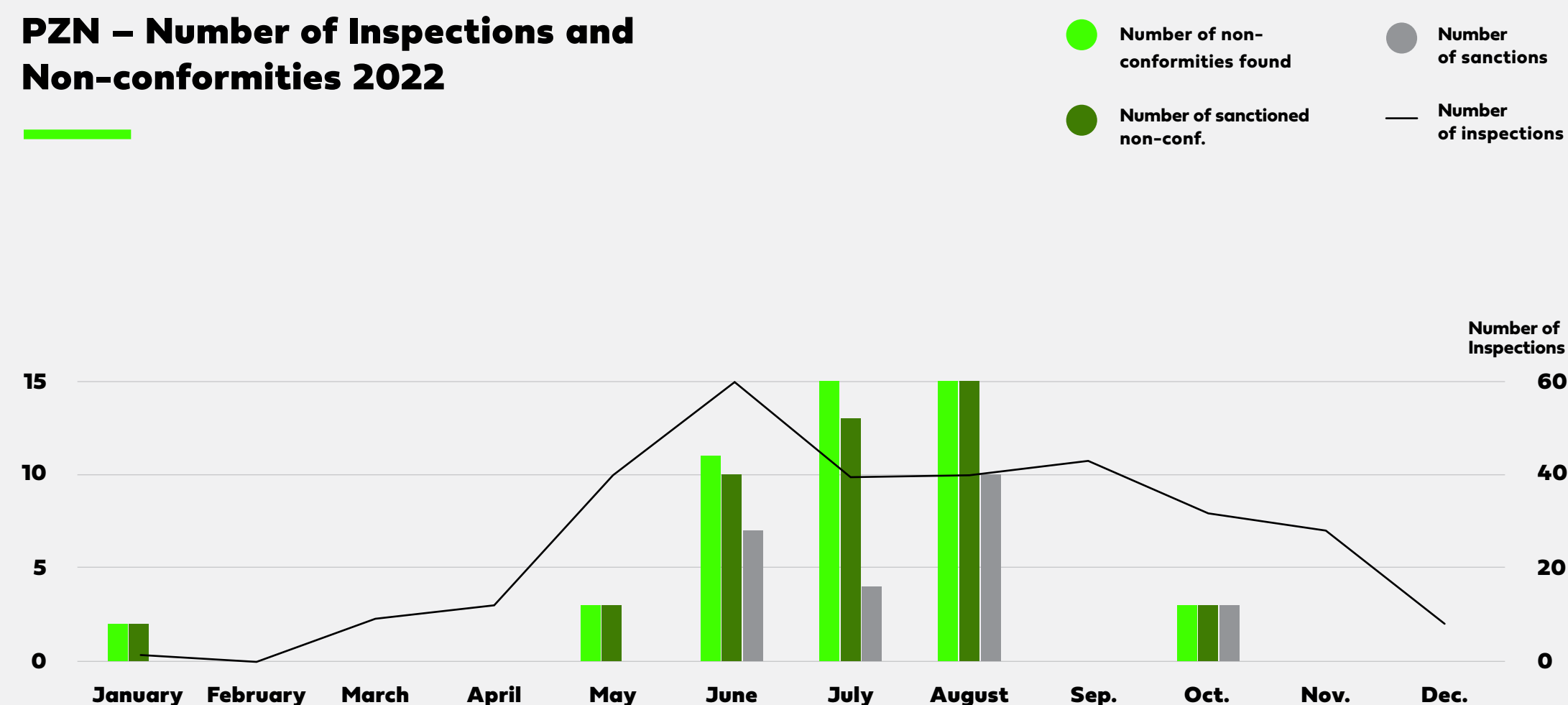
Findings from the inspections can be either positive or negative. In both cases, we generate documentation which provides an input for further management and assessment of the findings. We categorise non-

conformities as sanctionable and non-sanctionable. These are regularly discussed and dealt with at various levels depending on the severity of the findings. In some cases, the findings are dealt with directly by the Directors of the GasNet Group. We also use the findings as a basis for internal and external sharing of best practices and lessons learned.

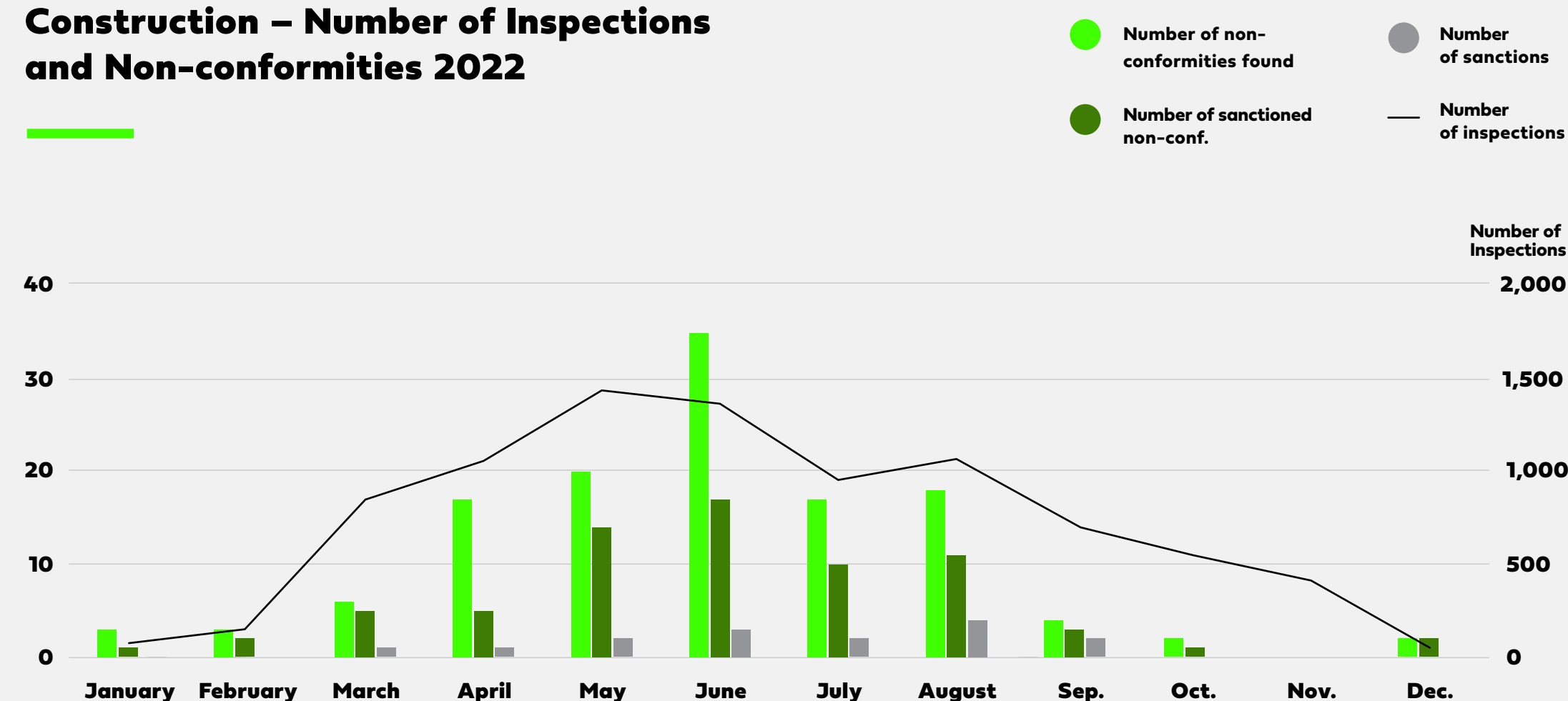
In our 2022 construction inspections, we saw a 75% decrease in non-conformities compared to the previous year. We did not find any critical non-conformities in higher risk tasks.

The Construction/PZN Control Commission is involved in resolving non-conformities. We also thoroughly analyse sanctionable non-conformities to identify any potential systemic issues.

PZN – Number of Inspections and Non-conformities 2022



Construction – Number of Inspections and Non-conformities 2022



Supporting Health

The health of our employees is fundamental to the functioning of the entire GasNet Group and our safety system. We have a zero-tolerance policy towards accidents, and every employee should leave work as healthy as when they arrived. This approach is reflected in everything we do, including internal and external communication or investment policies. We are proactive and organise a range of preventive activities related to our employees' scope of work. We believe that caring for health positively affects the satisfaction and quality of our employees' personal and family lives.

Our 2022 activities included **Health Days**. These events offered our employees preventive screenings for various health issues and the chance to discuss their condition on the spot with experts. Our Health Days also included group seminars, which always provided our employees with valuable advice. For example, they learned about preventing the negative impacts of sedentary work and strengthening their natural immunity. In 2022, our employees registered for a total of 484 activities, including individual in-person consultations and screenings, as well as online educational webinars on health and disease prevention.

We worked with the medical team from **First Aid Live** to organise six intensive experiential first aid courses for our employees. As well as theory, these full-day courses include practical and interactive demonstrations of various first aid techniques. Employees have the opportunity to experience these techniques first-hand. A total of 90 employees acquired practical skills such as performing CPR correctly, responding to car accidents, and treating open wounds and severe injuries. This year, we will include more employees in this activity including junior members of our rapid response teams. In the future, we plan to further expand these courses in both in-person and online formats.





GasNet

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Because cardiovascular diseases are the leading cause of death in the Czech Republic, we supported the “**Žiješ srdcem**” (Your Heart for Life) campaign organised by the Loono organisation. As part of this campaign, our employees had access to four educational activities, including three in-person workshops and one webinar. The workshops focused on preventive care for the heart and blood vessels.

We consistently place significant emphasis on our employees’ **mental health** and on supporting their psychological well-being. In this area, we also focus on prevention and we offer our employees numerous educational activities on related topics. We also recognise that life can bring challenging events that require immediate professional intervention. For this reason, we provide all our employees with access to a psychosocial support and crisis intervention helpline, which is available 24/7. In collaboration with the organisation Don’t Drain Your Soul, our employees participated in six webinars on mental health topics (Burnout syndrome, techniques for maintaining mental well-being, understanding children’s mental health, mental first aid, and the basics of mental resuscitation).

During the first half of 2022 we also devoted significant attention to the COVID-19 pandemic. We provided our employees with the necessary protective equipment

including respirators, antigen tests, and disinfectants. The management of GasNet Group took steps to ensure a safe working environment and to minimise the risk of COVID-19 transmission within our workforce and in our interactions with our customers and suppliers.

For us, employee health care includes mandatory medical examinations. These are a standard part of an established system for monitoring and supervising employee health. In this area, we go beyond the requirements set by law, and we have reduced the interval for senior employee medical examinations from three years to two. The positive impact of our preventive and health educational efforts was reflected in our low employee illness rate, which we maintained at 2.8% of total working time in the past year.

In 2023, we will build upon our most successful preventive activities. We will once again organise Health Days in the spring and autumn. We will continue to support mental health – especially as we recognise that the current global situation is creating significant stress and uncertainty. We aim to help entire communities. This is why we plan to hold intergenerational webinars to promote physical health, inviting the families of our employees to participate. Additionally, we are planning activities in the field of ergonomics for the upcoming period.

Workplace Safety Culture

Safety culture is an integral part of our overall company culture. We focus not only on our own employees but also on our contractual partners and suppliers. A strong safety culture is a prerequisite for continuously improving our safety standards. We consider it essential for creating an injury-free environment that safety permeates throughout the GasNet Group. Each employee acknowledges their personal responsibility, is proactive, and understands the targeted safety behaviour.

In this area we focus on staff at two levels:

- Leadership
- Regular employees

We believe that our **senior employees** are the messengers and models of our safety culture. We focus on their education and development. In 2022, 24 senior employees attended "Health Leadership" training. This focused on leadership in occupational health and safety. In 2022 we also expanded our system of safety walks to include our management board and other managerial levels. We conducted over 2,000 safety walks with the participation of senior employees, including one hundred in which the top management of GasNet was directly involved. In 2023, more senior employees will be involved in regular safety walks.

Our **regular employees** are a crucial group for us because they bring our plans and visions to life. In 2022, our employees submitted over 300 suggestions through the **GasNet Safely application**. The application is designed to help prevent workplace accidents by identifying and eliminating risks. The

application is accessible to all our employees, and it allows them to easily submit suggestions with photo documentation, propose possible solutions, and track the progress of their suggestions. This effectively drives forward our risk management system. Each quarter, we evaluate and recognise the authors of the most valuable suggestions. Last year, we rewarded over twenty employees. In 2023, we plan to fully digitalise our process for dealing with occupational health and safety suggestions.

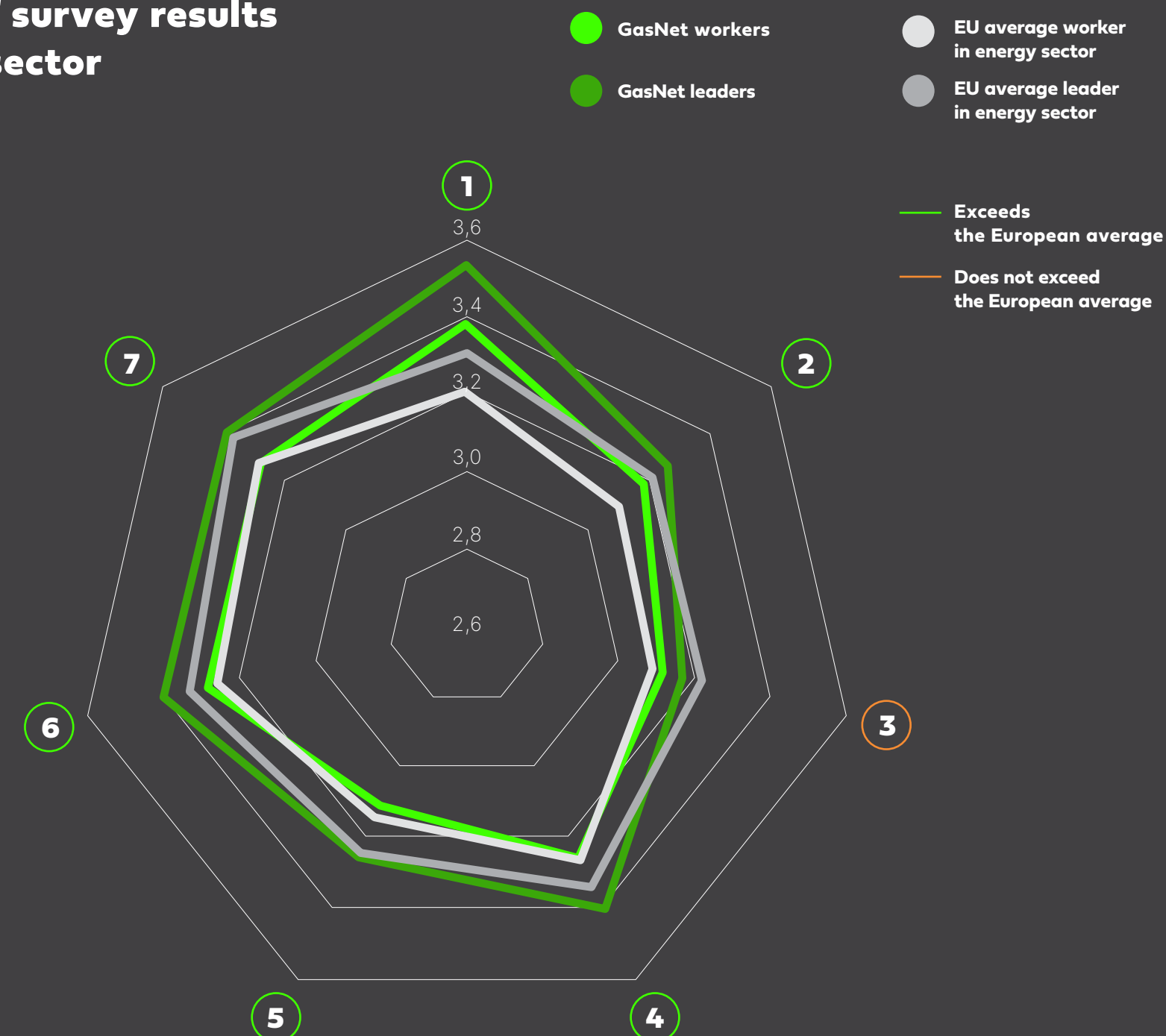
We continue to enhance our communication in the field of safety by regularly publishing articles on our intranet, where we also share the current status of key occupational health and safety indicators and provide important information in our ESG section. We have created a communication platform to inform all our employees about the outputs of our Safety Management System implementation project. In 2022, we launched campaigns in summer and winter. These campaigns targeted the special risks associated with the seasons and aimed to prevent accidents and workplace injuries. These activities help improve awareness of potential risks and promote safe behaviour in the workplace.

We monitor perceptions of safety topics by using our chatbot, Arnold, to manage ongoing internal surveys. These surveys provide us with rapid feedback and allow us to effectively revise our processes. At the end of 2022, after a two-year interval, we reconducted an employee survey across our entire organisation focused on the level of safety culture in the workplace. The survey was conducted in accordance with international NOSACQ 50 methodology. This enabled us to compare results within our industry and on a pan-European scale.

We evaluated 7 areas:



Comparison of survey results in the energy sector



Our results show us that we exceeded the European average in six out of seven areas. We achieved similar results in our first survey in 2020 and we maintained good results in areas 6 and 7. The results of both companies within the Group, GasNet and GasNet Služby, have moved significantly closer together, which we perceive as a very positive trend. We presented these results to all our employees on the intranet. We are discussing the survey with our senior employees in order to develop an action plan for the upcoming year. In 2023, our focus will be primarily on the area of Safety Management Justice. We will evaluate further progress using an internal survey at the end of 2023.

System for evaluating Contractual Partners' levels of safety culture

In 2020, we developed an audit tool to assess the level of safety culture among our contractual partners. This tool goes beyond regular monitoring of performance and compliance with basic occupational safety legislative requirements. The system focuses on the quality of communication, people management, transparency, and addressing safety issues from the perspective of root causes and opportunities for improvement.

To put the system into action, we created a team of evaluators from various positions across the entire Group. These evaluators were trained, developed, and regularly mentored. In 2021, we conducted a pilot evaluation of 20 contractual partners. In 2022, we successfully evaluated our full supplier portfolio, which consists of the 54 entities included in the GasNet Group's supplier database.

During the evaluation at the suppliers' headquarters and site visits, we identified a number of strengths and weaknesses in the areas we evaluated. The strengths included the qualifications and education of employees, working relationships with subcontractors, waste management at construction sites and facilities, as well as compliance with and implementation of ISO management systems. The resources available for ensuring safety on construction sites were also in good condition and applied in accordance with the manufacturer's recommendations and risk analysis.

On the other hand, there is room for improvement in some areas including; reporting and recording all hazards (with high potential), near misses, accidents (including work-related accidents), and reliable escalation and resolution of findings, including root cause analysis. Another area where we will support our partners in their improvement efforts is in setting safety goals and recognising activities that demonstrably enhance safety levels. It is important for safety to be an equally important condition for measuring the success of suppliers, along with economic and qualitative indicators.

We plan to continuously assess our suppliers' safety cultures in the years ahead. We will focus especially on those suppliers who had lower scores. However, we will also evaluate partners who proactively ask us to confirm that they have improved. We will also evaluate all potential new suppliers.

Evaluation Areas

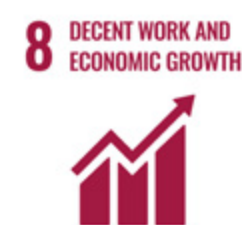


UN Sustainable Development Goals

Ensuring a safe working environment is our top priority. We devote special effort and attention to safety. In this way we contribute to the Sustainable Development Goals in the areas of health and occupational safety.



SDG 3: Ensure healthy lives and promote well-being for all at all ages



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Our contribution to selected UN Sustainable Development Goals

We focus on improving the skills of our drivers. We take steps to reduce the frequency of traffic accidents and the resulting injuries. We positively motivate our employees to follow the principles of safe driving. We teach them defensive driving techniques and we are a partner with the public in the area of road safety. We strictly comply with legislation when we handle chemical substances, and to date, we have not recorded any cases of occupational illnesses.

We are implementing a revised safety management system based on international standards and practices. We are enhancing the operational safety of our own employees as well as those of our contractual partners. We carefully identify risks. We provide training and we focus on the continuous improvement of the work environment and technological processes. We conduct regular workplace inspections which involve the entire company, including top management. We have established a separate policy for occupational safety and health protection, and we monitor compliance with this policy by all parties involved.





Part

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**We Believe in Environmental
Sustainability and in
the Future of Gas**

We Believe in Environmental Sustainability and in the Future of Gas

Environmental sustainability is at the core of our business. Our commitment stems from our shared responsibility for the environment and our determination to strive for a low-carbon future. We aim to minimise the negative impacts of our activities on the environment and to continuously support the decarbonisation of the Czech energy and industrial sectors.

Environmental Management System

The GasNet Group has implemented an environmental management system (EMS) based on the principles of the ČSN EN ISO 14001 standard. As part of our EMS, there is a designated person who is responsible for EMS matters, and who ensures the maintenance, functionality, and integrity of our system. We have also established an energy management system in accordance with the principles of the ČSN EN ISO 50001:2019 standard, including subsequent certification.

Our ESG & Security Department is responsible for meeting requirements in the field of environmental protection as well as for achieving goals which extend beyond the scope of our legislative obligations. At the local level our POEs – Persons in charge of ecology – are responsible for defined areas. POEs are employees of GasNet Služby. Our ESG & Security Department is also responsible for our energy management system. When creating action plans, they work closely with our Facility & Services unit and our Operations and Technological Facilities Maintenance Department.

All our employees are required to comply with our

Environmental Protection Policy and **Energy Policy**, and to contribute to achieving goals and strategy.

Our Environmental Protection Agenda

At GasNet, we measure our carbon footprint and manage environmental aspects. We have specific long-term goals and programs that focus on areas with the greatest environmental impact, and which are in line with the management systems we mentioned above.

Our **Corporate Ecology** agenda includes areas which our company's business activities affect and which we have a legal obligation to manage. The most significant areas include air and water protection, waste management, nature and landscape conservation, chemical substances, and environmental emergency preparedness. Our environmental management system gives us a tool to effectively manage and meet our legal requirements.

In 2022, we did not receive any significant legislative penalties in the area of environmental protection.

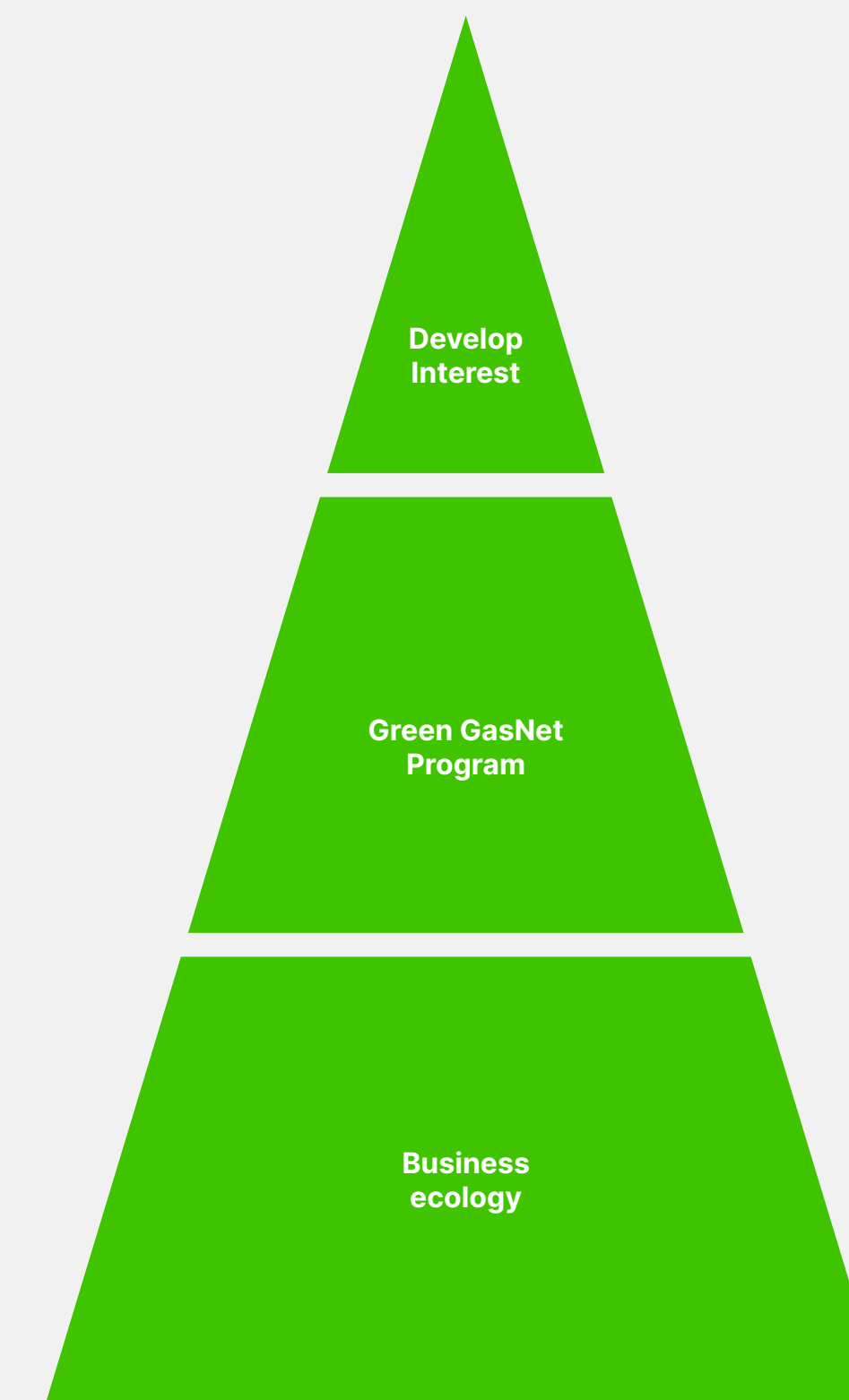
As in previous years, we continued to work with relevant entities to deal with legacy environmental

burdens. We completed an updated risk analysis and contamination survey at our Uherské Hradiště site. This confirmed contamination, particularly in the saturated zones of the site. Over the next two years, we will be monitoring the quality of groundwater at this location to assess the stability of contaminants and to manage the extraction and disposal of any free-phase substances that may be present.

Our Corporate Ecology agenda deals with our company's existing legislative obligations. It is supported by a long-term program called **Green GasNet**. This program addresses new ESG topics which go beyond the legislative requirements and beyond our basic obligations. As part of this program, we focus on achieving global and national environmental commitments and aspirations, especially in the area of climate. Climate is not covered by legislation in the Czech Republic, but it is important to the global economy and the overall prosperity of society.

We are developing our shift towards modern and green energy through a focus on climate neutrality and other areas across the entire value chain of our company, including biodiversity support and community involvement. With our Future of Gas program, we are preparing for the arrival of green gases and, at the same time, contributing to the transformation of the Czech Republic's energy sector.

To help us meet our goals and deliver our programs, we continuously develop our employees' interest. We organise **interest development activities** which focus on environmental protection and energy management in both practical and theoretical ways. Our goal is for all our employees to be aware of the environmental impact of our company's operations. They should also understand the impact of their own personal behaviour on the environment and do things that have a positive effect.



OUR APPROACH TO ENVIRONMENTAL PROTECTION

Decarbonisation Strategy

Why are we in the business of reducing emissions?

The European Union's goal is to achieve climate neutrality by 2050. In order to achieve this goal, everyone must contribute to reducing greenhouse gas emissions, and we are no exception. This target makes a lot of sense to us at GasNet. We align ourselves with the climate goals of the United Nations in accordance with the Paris Agreement, and mitigating climate change is one of the key pillars of our strategy.

Reducing emissions, or decarbonisation, is one of the main ways we can help mitigate negative impacts on our environment and prevent global warming. However, we also know that this journey will be long and challenging, especially for a natural gas distributor such as GasNet. The goal is made even more challenging for us due to the fact one of our largest sources of emissions is methane leaks. Methane is a greenhouse gas that is several times more harmful than CO₂.

How then, can we work towards minimising gas industry emissions?

Our new strategy, "Net Zero: Our Path to Climate Neutrality," sets out our path towards this goal. Our approach has two parts. First, we strive to reduce the environmental impact of our current activities. These initiatives and goals are part of our Green GasNet program.

The second part of our plan involves the long-term transformation of our business. Just reducing emissions from our current operations will not be enough to achieve climate neutrality. That is why we created our 'Future of Gas' program, through which we are actively working on transitioning to green gases and new technologies.

We are conscious of the fact that these changes will affect all of our employees, whether they work in our offices or in the field. At GasNet, our aim is not only to reduce emissions from a technological perspective but also to transform our overall company culture so that every individual's behaviour helps achieve goals on the path to Net Zero.



Our Greenhouse Gas Emissions

Which emissions do we track?

At present, we track and actively manage our direct emissions (included in Scope 1) and indirect emissions created by the energy we purchase (included in Scope 2). We report these emissions using both location-based and market-based approaches. We are currently in the process of monitoring other indirect emissions across the entire value chain (known as Scope 3), with a focus on emissions generated by our largest material suppliers, and during the production of goods and their transportation. We also evaluate emissions from business travel, employee commuting, and waste management. We plan to expand the Scope 3 sources that we monitor in order to gradually complete our overall inventory of direct and indirect emissions. This will provide us with a clearer understanding of the areas we need to focus on in our journey towards climate neutrality (our Net Zero strategy).

We calculate our greenhouse gas emissions using the international standard Greenhouse Gas Protocol. We also use emission factors and global warming potentials (GWP) from sources such as IPCC, the US EPA, energy suppliers, and Czech legislation. The calculation includes the primary greenhouse gases that are relevant to our emission sources: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O). Due to sector-specific considerations we also calculate ethane (C₂H₆). To consolidate greenhouse gas emissions at group level, we use the operational control approach. However, methodologies are constantly evolving, and the quality of input data for calculating greenhouse gas emissions is also improving. For these reasons we expect further changes in future periods which will allow us to better compare the reported values.

Where are our most significant emissions at present?

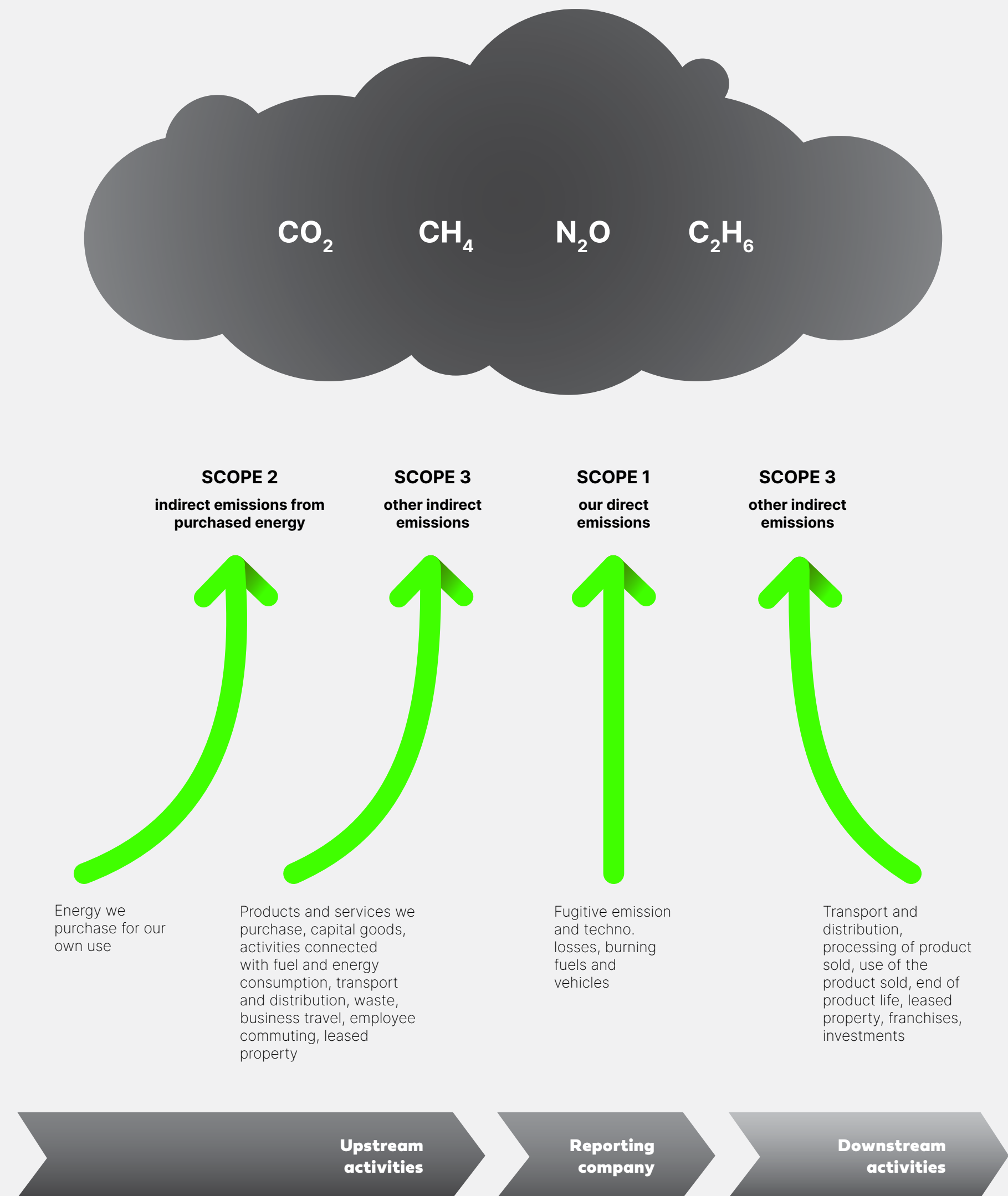
The largest source of greenhouse gas emissions from our operations comes from our gas network. The main contributors are what are known as 'fugitive emissions'. A fugitive emission is gas that escapes from aging gas pipelines. In addition, technological losses occur as we repair and maintain gas pipelines or as a result of breaches to the network, for example during excavation work.

Another significant source of our emissions is the energy we use during our operations. This includes the electricity and gas we use, including in transfer, regulation and LNG stations, as well as in our office buildings. The final emission source we track is the fuel consumed by our vehicle fleet.

We calculate our emissions based on input data related to fugitive natural gas or based on energy consumption. Due to GasNet's large scale and scope there is always some uncertainty which arises from the complexity of calculating fugitive emissions, as well as delays in billing and meter readings. We are gradually working to reduce these inaccuracies. We are adjusting contractual conditions, introducing new technologies, and updating methodologies. Another factor which influences the accuracy of calculations is data quality. We are improving this as part of our Data Platform program.

What do we use as our baseline, and why?

At the beginning of 2022, we established a baseline value for our emissions. We use this baseline when we set our goals. This baseline value was set based on our emissions in 2020. In that year we separated from the innogy Group and we obtained data in sufficient detail. Subsequently, we had our data collection and calculation methodology independently audited, including the 2020 baseline value for emissions. The audit confirmed compliance with the requirements of the GHG Protocol standard and did not identify any material inaccuracies.



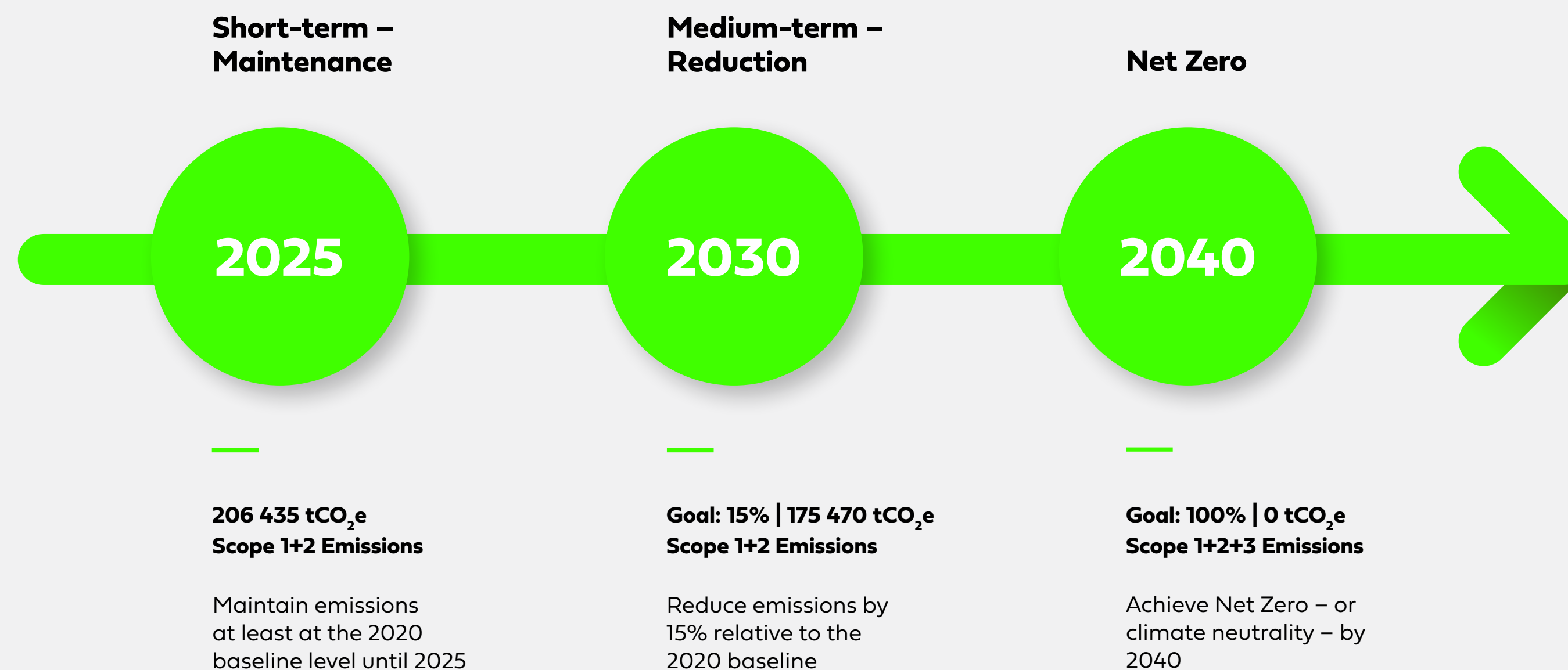
Decarbonisation Goals

Using our audited baseline emission value, we have set quantitative goals and a set of actions aimed at achieving these goals.

Over the next 3 years – 2023, 2024, and 2025 – we need to maintain our Scope 1 and Scope 2 emissions at no higher than our 2020 baseline level. It is more challenging than you might expect due to the projected growth of emissions. This is because our gas network, which dates back to the period of massive development in the 1990s, is aging. If we do not actively work towards reducing emissions, keep our business as usual (BAU), the number of natural gas leaks will significantly increase, resulting in emissions increasing by up to 10% in the next two years.

By 2030, our goal is to reduce Scope 1 and Scope 2 emissions by at least 15% from our 2020 baseline. We can achieve this goal by improving our processes for detecting and repairing leaks, and through accelerated and focused network renewal.

Our climate neutrality journey will culminate in 2040, when we are committed to achieving our “Net Zero” goal. We will accomplish this by reducing emissions throughout our value chain, including emissions within Scope 3. This step requires GasNet’s transition to distributing green gases such as biomethane and hydrogen. It also means that we will need to implement sustainable technology throughout our operations.



Action Steps

Our short and medium-term decarbonisation efforts are primarily focused on our operational activities. These are the largest source of our emissions, and they are also the area where we see the greatest potential for reduction. We manage this area through our **Green GasNet** program, where individual working groups focus on identifying and implementing operational measures.

The first important area is the reduction of technological gas losses during investment activities and network maintenance. We aim to achieve this by introducing new technologies and procedures that reduce the need to release gas into the atmosphere and enable gas preservation in pipelines or its re-pumping. The second group of measures concerns fugitive gas leaks caused by aging pipelines. Key measures include improving leak detection and faster repairs through new monitoring technologies and processes, as well as accelerating and better targeting the renewal of our network. In the area of energy consumption, we focus on increasing efficiency, transitioning to renewable energy, and reducing the number of buildings and vehicles we use.

In addition to these operational measures, meeting our Net Zero strategy requires us to support the overall transformation of our company. This includes transitioning to the distribution of green gases such as biomethane and hydrogen. However, due to the

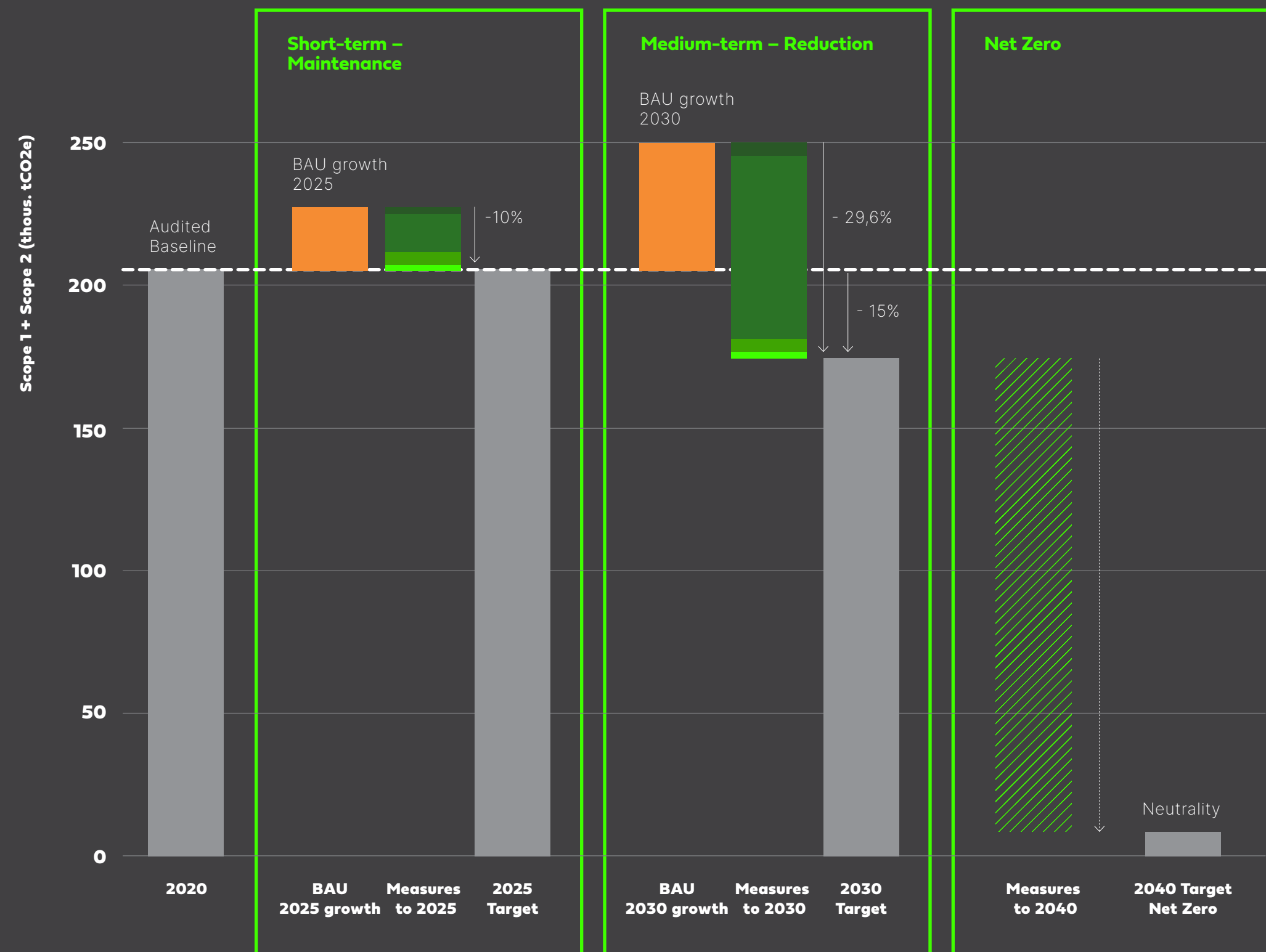
current state of the market, we cannot yet precisely determine the specific form of this transformation. Before we can embark on this path, we need to ensure the market and price accessibility of green gases in the Czech Republic. GasNet has been preparing for this green transformation through our **Future of Gas** program for a long time. It is no longer a question of whether it will happen, but how quickly. Therefore, committing to Net Zero now makes sense to us, and we will continue to refine the specific steps we need to take in the years ahead.

Not only do we focus on reducing our own emissions, but we also explore solutions to help reduce emissions in our surroundings, and we contribute to achieving the ambitious goals of the Czech Republic as a whole. Therefore, we support the distribution of LNG in freight transportation, we use low-emission electricity sources, and we help companies transition from coal to natural gas, which in turn facilitates an easier transition to the green gases we mentioned above.

Achieving our ambitious goals may require increased investment. We are currently addressing this issue with our shareholders and investors. One of our main long-term objectives is to find optimal solutions that will lead to a carbon-neutral future for gas distribution without burdening end customers.

Identified Actions

- **Technological gas losses**
 Nitrogenisation, de-accumulation, stoppling, booster compressor
- **Fugitive gas leaks**
 Faster leak elimination, faster renewal of high and medium-pressure gas pipelines
- **Operational power consumption**
 Increasing the efficiency of gas preheaters, purchasing green electricity certificates
- **Energy consumption in office buildings**
 Buying green electricity certificates, reducing occupied areas, investment in energy mngt., installing PV power plants
- **Vehicle fleet fuel consumption**
 Using bio-CNG, car sharing, buying electric and hydrogen vehicles



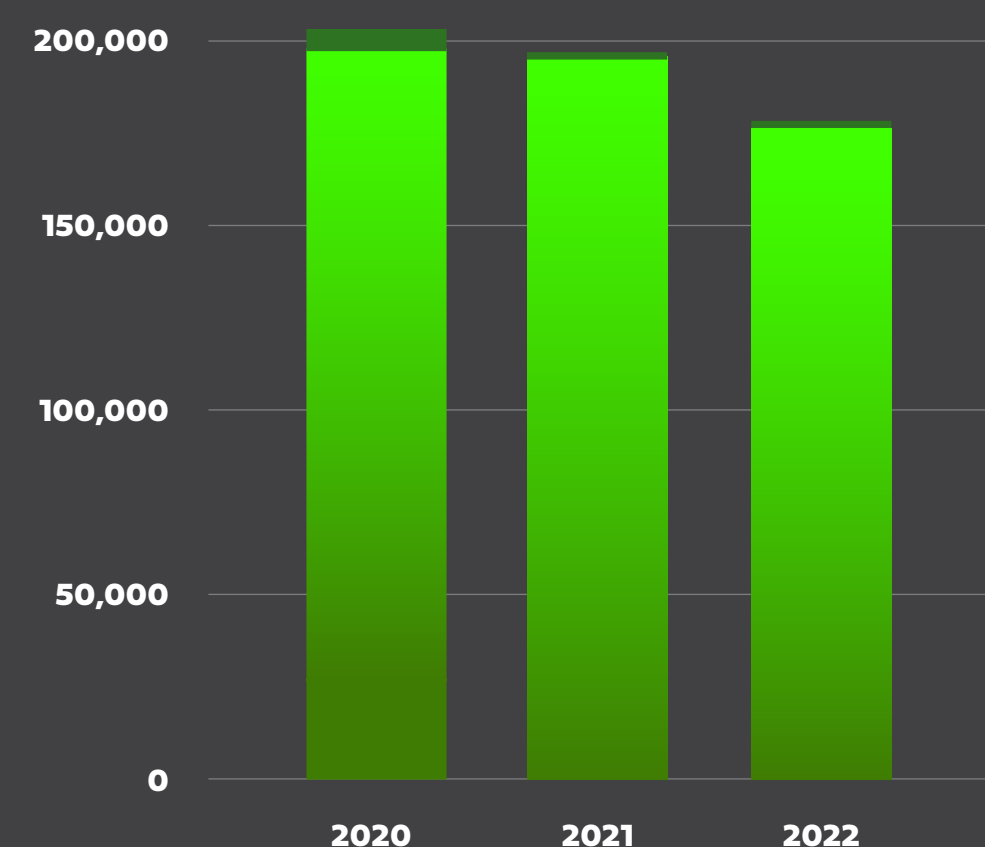
Emission Trends

In 2022, our total Scope 1 and Scope 2 (market-based) emissions decreased by 10% compared to 2021 and by over 14% compared to our baseline year of 2020. This means that we have maintained a year-on-year downward trend and that therefore we are meeting our short-term goal. We achieved this reduction primarily by reducing gas leaks and energy consumption in our operational and administrative facilities. The measures that helped us reduce emissions include continuous network renewal and replacing steel pipelines with plastic ones, reducing the amount of gas released during repairs and investment actions using stoppling technologies, increasing the operational efficiency of gas preheating boilers, and lowering the heating curve for our administrative buildings. We plan to maintain this downward trend in 2023. This will be supported by the gradual implementation of measures that we are currently piloting, and which are described above.

In the following chapters, we will take a closer look at the individual sources of emissions. We will look at the specific activities we have implemented or plan to implement within our Green GasNet and Future of Gas programs to reduce our environmental footprint and to meet our commitments.

Total Greenhouse Gas Emissions Scope 1 a Scope 2 (tCO₂e)

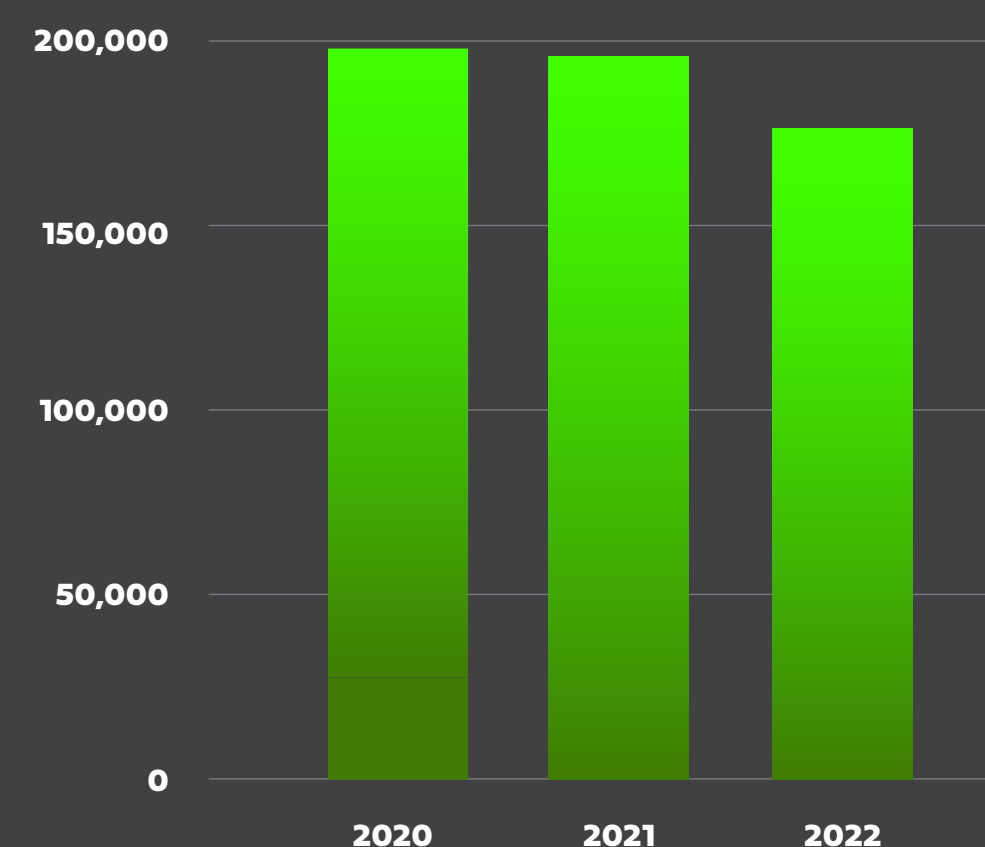
- Scope 1
- Scope 2



Greenhouse Gas Emissions Scope 1 (tCO₂e)

Source of Scope 1 Emissions

- Technological losses of gas
- Fugitive gas leaks
- Natural gas consumption in our operations
- Natural gas consumption in office buildings
- Vehicle fleet fuel consumption

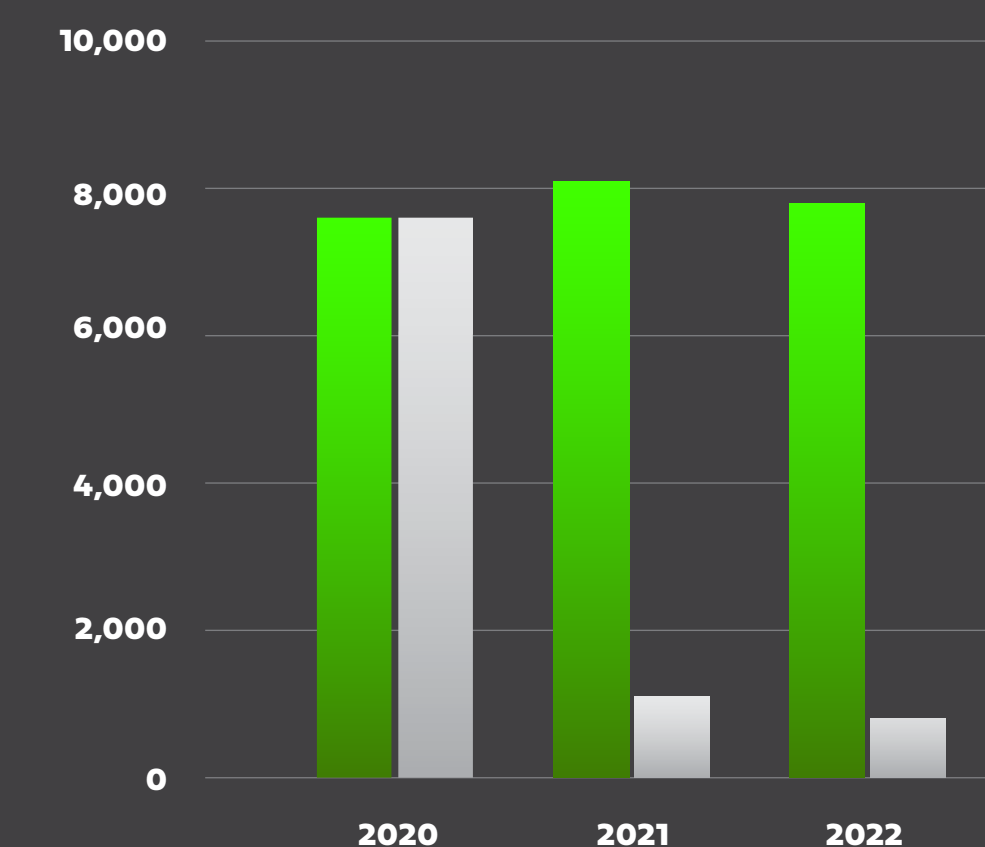


Greenhouse Gas Emissions Scope 2 (tCO₂e)

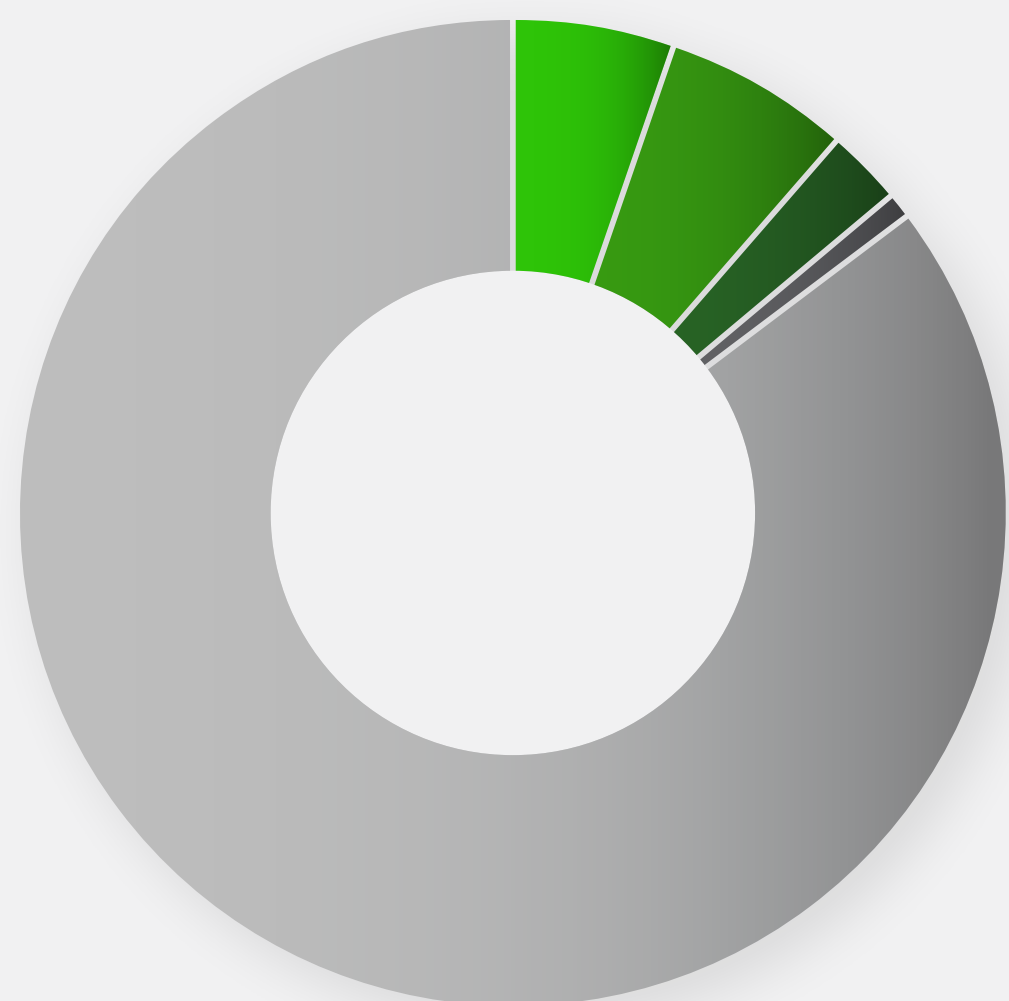
Source of Scope 2

- Electricity consumption in operations
- Electricity consumption in office buildings
- Electricity consumption at LNG stations
- Office building heating
- Office building cooling

- Location-based
- Market-based

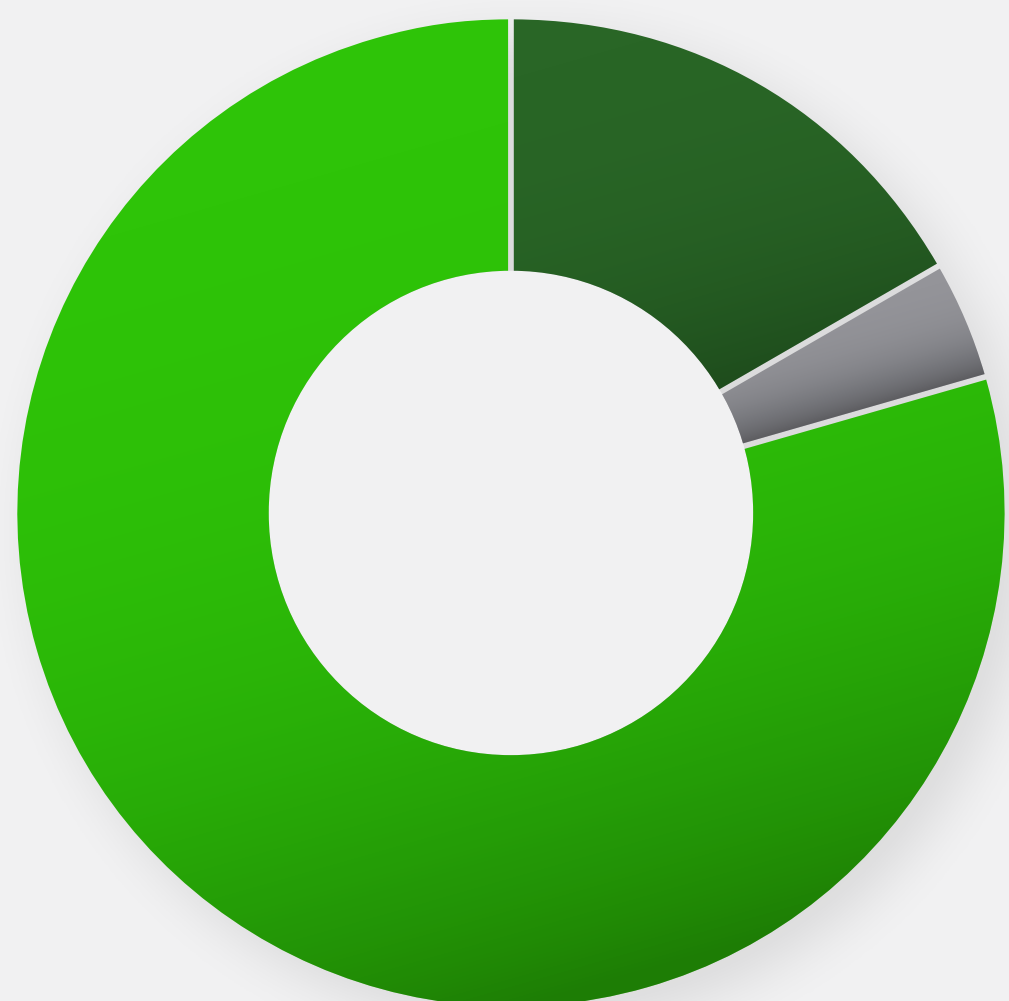


Source of Scope 1 Emissions in 2022



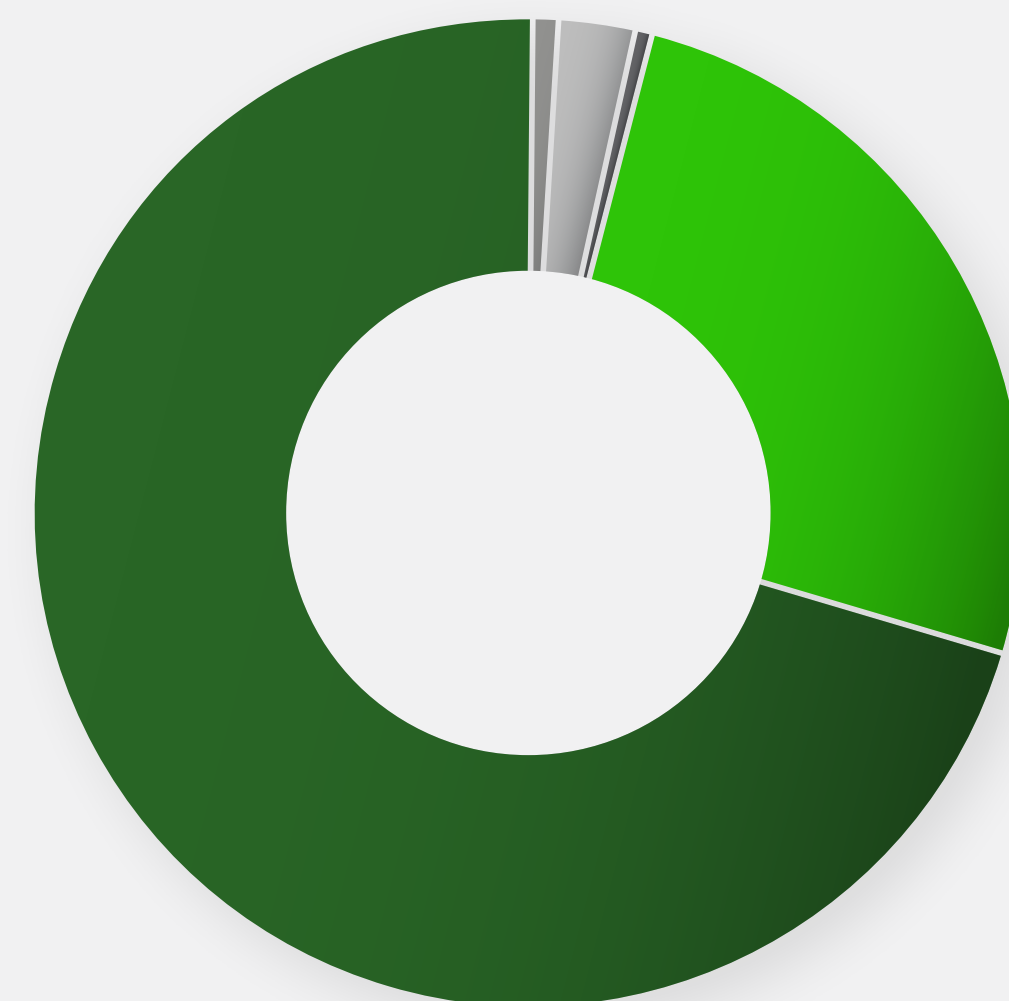
- 85.1%**
Fugitive gas leaks
- 5.4%**
Technological losses of gas
- 6.2%**
Natural gas consumption in our operations
- 2.4%**
Vehicle fleet fuel consumption
- 0.9%**
Natural gas consumption in office buildings

Source of Scope 2 market-based emissions in 2022



- 79.52%**
Electricity consumption in office buildings
- 16.66%**
Office buildings heating
- 3.81%**
Office buildings cooling

Source of Scope 2 location-based emissions in 2022



- 70.58%**
Electricity consumption in operations
- 25.73%**
Electricity consumption in office buildings
- 2.31%**
Office buildings heating
- 0.85%**
Electricity consumption in LNG stations
- 0.53%**
Office buildings cooling

Decarbonisation of Existing Operations

In this chapter, we look in more detail at the sources of our emissions and the relevant measures that relate to our short and medium-term goals. These areas are managed by working groups as part of our Green GasNet program. Overall responsibility rests with the members of our top management team, who have managing emissions as one of their annual objectives. The activities described in the following subsections are mostly in the pilot testing phase. Their implementation in the future will depend on evaluation of their effectiveness.

Gas Leaks and Losses

At GasNet, we actively monitor natural gas leaks and take action to minimise them. This helps us ensure our network is reliable and helps us provide stable gas distribution to all our customers. Thanks to our ongoing work in this area, the number of leaks decreased by 38% between 2017 and 2021. Gas leaks are potentially dangerous due to the risk of ignition or explosion under certain circumstances. These days, the maintenance and repairs of gas pipelines is guided not only by our existing strategy but also by an increasing environmental perspective on the direction of our investments. Methane, which is the main component of natural gas, is a significant greenhouse gas with a much higher impact on global warming than CO₂. Therefore, it is crucial that we monitor not only leaks but also emissions originating from the gas sector. We systematically reduce these leaks and

emissions through appropriate measures, and in this way, we contribute to mitigating climate change.

In our operations, methane emissions mainly occur as a result of technological losses and fugitive gas leaks from our gas infrastructure. From a climate and environmental perspective, we consider methane leaks into the atmosphere to be of the utmost importance. That is why reducing leaks and technological losses in our distribution system are among our highest priorities.

This area is highly topical at the European level, especially following the release of the EU Methane Strategy (2020) which focuses on the agriculture, energy, waste, and wastewater sectors. The EU subsequently intensified communication with individual member states. These EU actions make it clear that if we are to meet the commitments of the European Green Deal and significantly reduce emissions, we need a heavy focus on methane emissions. For this reason, we actively participated in the development of the European study “Methane emissions assessment for mid and downstream gas industry in Europe” which was organised by the MARCOGAZ association in 2022. This helped us gain a better understanding of future reporting rules and allowed us to prepare in advance for the necessary internal data connections (GasNet’s IT environment) based on the parameters of evaluated sources of emissions.

In light of current developments, we anticipate that new legal requirements will be introduced. These could significantly change the approach of gas

companies towards the detection, repair, monitoring, and reporting of gas leaks. At GasNet Group, we have been working to prepare for our potential obligations for the past three years. 2022 saw a fundamental shift in our strategic management of methane emissions, and we are currently testing a range of measures that will have a significant impact on further reducing gas leaks and emissions in our network.

Fugitive Gas Leaks

Fugitive natural gas leaks are part of the nature of the operation of the gas system. They are divided into three categories for the purposes of calculation, monitoring, and reporting:

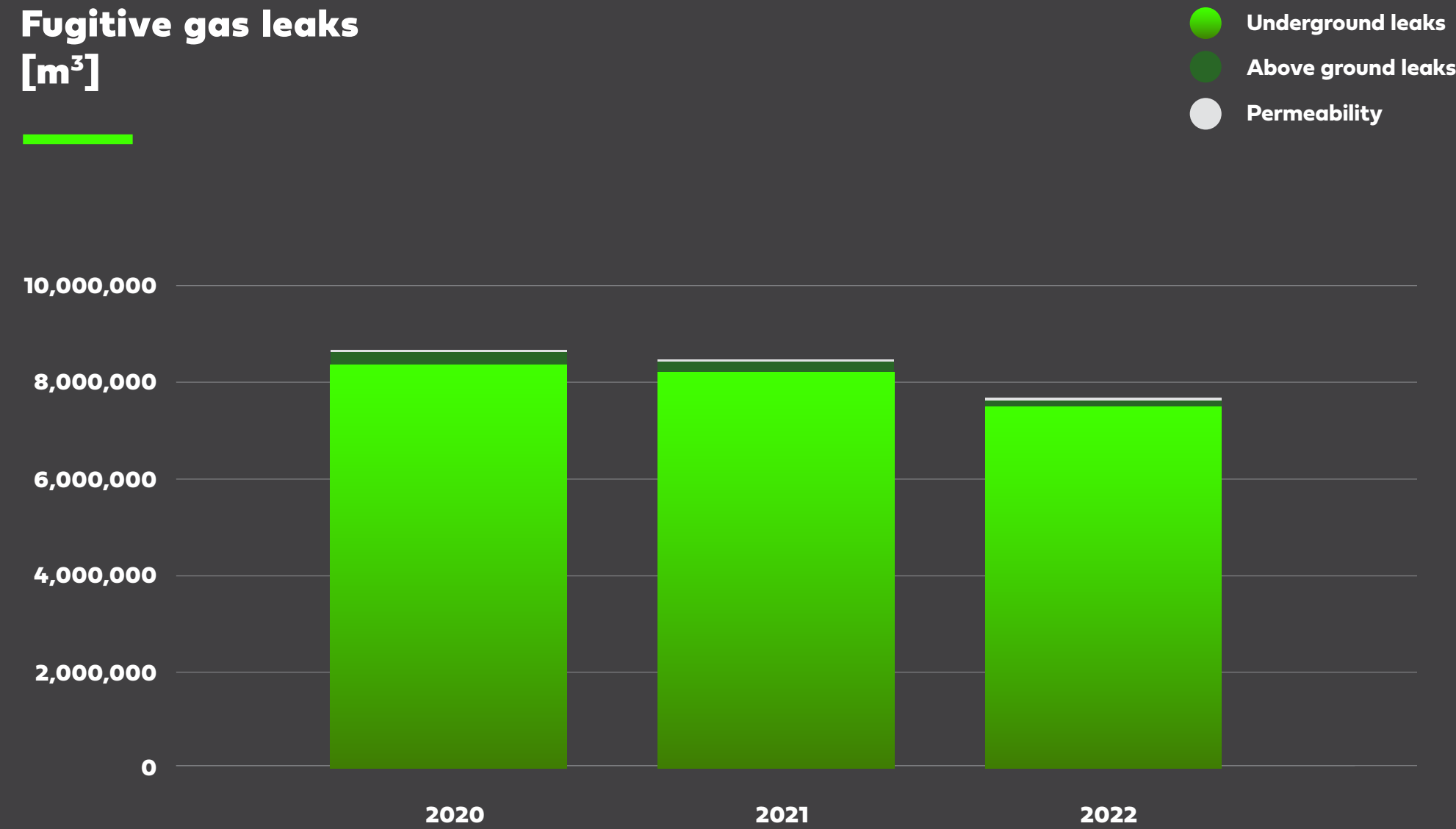
- Underground gas leaks caused by the natural deterioration of the technical condition of the equipment. This deterioration is a result of external influences (corrosion and changes in the internal structure of the material, including pipe joints – welded and mechanical),
- The permeability of plastic distribution systems made of high-density polyethylene (PE),
- Above-ground leaks at removable connections, for example, at fittings, technological components, and gas meters.

In 2022, we continued to build our knowledge about fugitive emission sources, their quantification, and verification using MARCOGAZ methodology (2019). We then elaborated the results based on OGMP methodology rules, with the required detail and level of reporting.

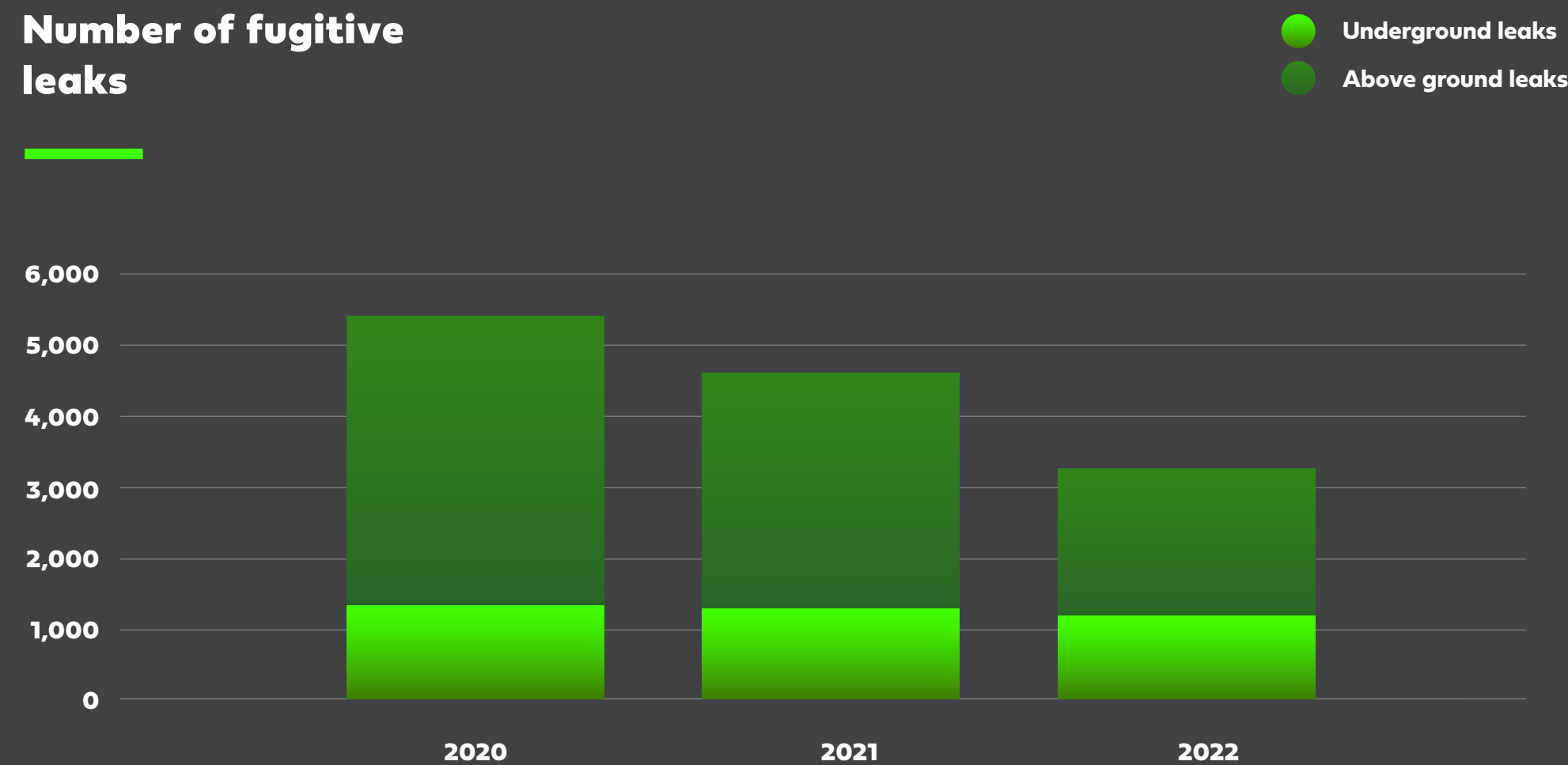
Another important activity was monitoring the development of the European Commission “Regulation on Methane Emissions Reduction in the Energy Sector” (2021) and our involvement with the expert working groups preparing amendments and proposals. In 2022, as a result of the revision of that regulation in terms of the upcoming obligations of distribution system operators, it successfully directed many areas of gas industry practice towards active and efficient reduction of emission footprints. The final revision has become the foundational document for 2023, when the regulation is expected to be approved at EU level.

In addition to the regulation, a technical document called “Gas Infrastructure — Methodology for Methane Emissions Quantification for Gas Transmission, and Distribution Systems, Underground Gas Storage and LNG Terminals” is being developed. This includes technical rules for managing emissions. When it is approved, this technical standard will be incorporated into Czech gas industry practices in line with the harmonisation of EU technical regulations (expected in 2023-2024). We also have expert representation in this working group, ensuring our involvement in all significant steps aimed at reducing methane emissions at all levels of emission sources.

Fugitive gas leaks [m³]



Number of fugitive leaks



In 2022, we managed to reduce the volume of gas leaks by 9% compared to 2021 and by 11% compared to 2020. Our better detection of smaller leaks is reflected in a significant decrease in the total number of fugitive leaks. They fell by 29% compared to 2021 and by 40% compared to 2020. The decrease in 2021 is not as pronounced primarily because we needed more time to address individual leaks. This was largely due to capacity restrictions associated with the global pandemic. In 2022, despite a significant decrease, the volume of leaked gas is still higher than expected. This is because we have supplemented the methodology with additional sources of leaks based on the recommendations of the emissions footprint audit. These include leaks occurring during work on pipeline closures, during the replacement of gas meters, and at regulation stations.

In 2022, we developed a tool that improves our prediction of leaks and their impact on investment strategies. This tool has provided us with a better understanding of the relationship between investment strategy and our emissions footprint. We will continue to work on this tool in the years ahead so as to further enhance the accuracy of the predictions. As part of our internal data strategy, we have also started working on improving the quality of stored data, which serves as the basis for all prediction calculations and also our calculation of actual emissions. This project is crucial for us in terms of data accuracy and quality. With the data we collect and subsequent analysis, we can further refine calculation methodologies and conduct sensitivity analyses. We plan to continue this project in the years ahead.

Based on the sensitivity analysis mentioned above, we are updating our gas network renewal strategy. It is still true that we prioritise renewal in the places where it is most needed due to age, material, and detected leaks. However, we are now expanding our selection criteria for pipeline renewal to take into account the volume of gas that leaks. We are developing a renewal program that will specifically target old medium-pressure steel pipelines. Higher operating pressures can potentially result in higher emissions in the event of a leak. As part of this program, we have identified specific pipelines to refurbish in the coming years. In the first three years of this program to reduce fugitive emissions, we aim to increase renewal by up to 70 km. We will evaluate the program on an annual basis and monitor the impact of our approach on the overall volume of leaked methane. Based on the results, we will continue with our strategy or adjust it for maximum effect.

Another significant area of our focus is improving the efficiency of leak detection by using new inspection technologies. To date, we have relied on inspections carried out by our specialists in the field, along with the use of mobile inspection vehicles. Since 2022, we have been mapping, testing, and comparing the potential use of inspection vehicles, satellite technologies, and drones. In 2023, we will initiate pilot projects to implement some of these technologies.

Technological Gas Losses

Technological losses (TZ) of gas primarily occur during technical operations on the network (construction, maintenance, repairs) or in severe incidents – caused mainly by third parties. Technological losses are divided into:

- **Own Losses** – gas escapes during the depressurisation or filling of gas pipelines as part of operational, maintenance and investment actions on the network, and gas that leaks as a result of malfunctions and accidents
- **Third Party Losses** – depressurisation or pipeline breaches caused by external entities (most commonly leaks resulting from third-party breach of our network and during pipeline relocations while undertaking third-party works).

For us, it is a priority to properly monitor both categories of losses and to take appropriate steps to minimise them. However, it is important to recognise that in order to ensure safety during technical operations, it is not possible to completely eliminate technological losses. Each measure also requires us to consider its economic impact relative to its emission saving.

In 2022, we managed to achieve a value of 252,000 m³ for our own technological losses. This met our target, which was a maximum of 315,000 m³. However, this value was higher than the previous year, due mainly to a greater number of (investment) activities where technological losses were recorded.

Over the last year we focused on reducing the volume of technological losses using the latest technologies and as part of our Green GasNet program. We also

continued to work on reducing third party disruptions of our gas facilities.

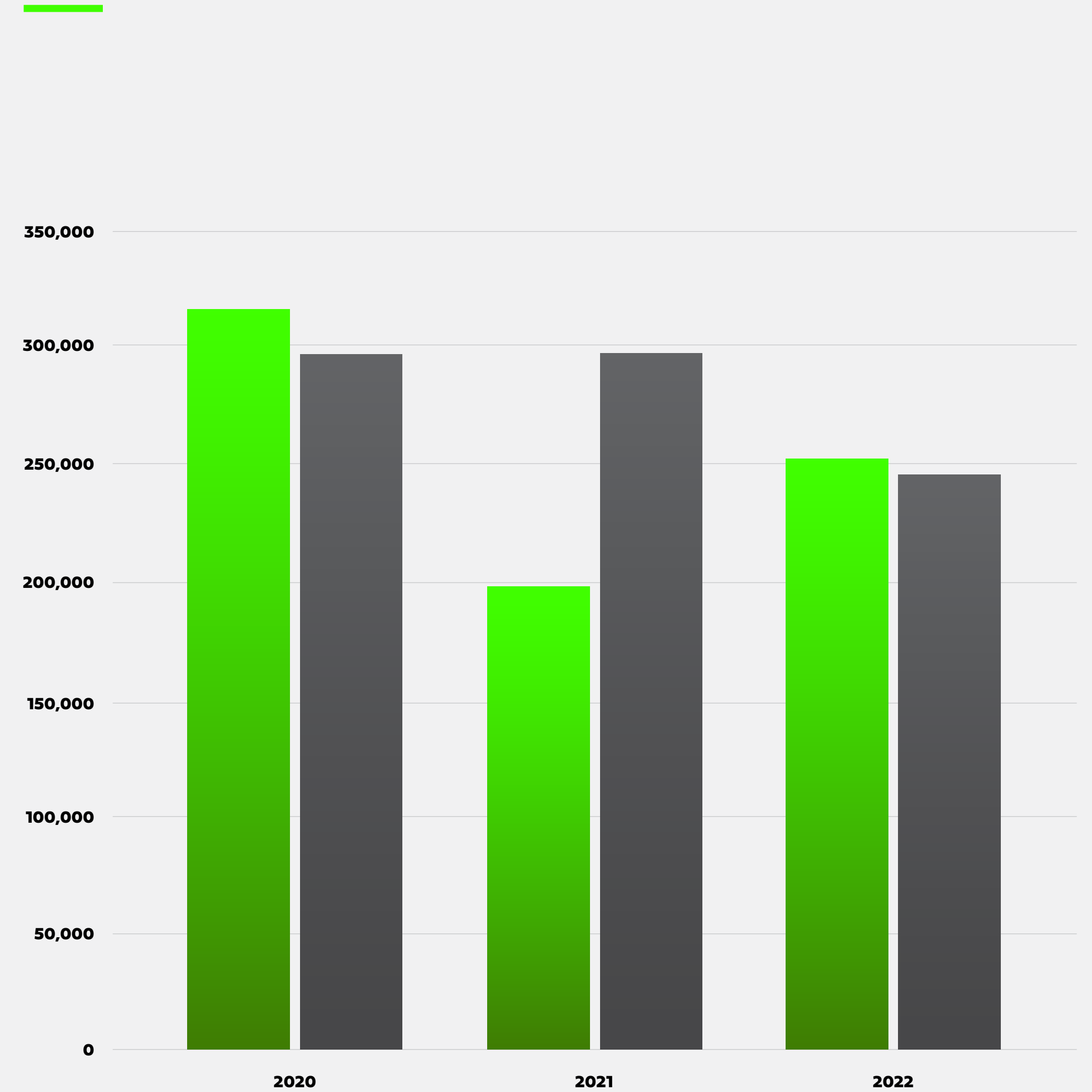
We have taken a number of steps to reduce our own technological losses. We successfully tested technologies for gas displacement and the inertisation of gas pipelines with nitrogen plugs. Compressor technology was positively evaluated against our technical and economic requirements. We plan to work with external suppliers to put it into pilot operation in early 2023. Replacing ballooning technology with plugging technologies (increasing the number of plugging sets for medium-pressure gas pipelines) and, especially, using the compressor for gas pumping, mean that we can achieve not only a reduction in natural gas emissions but also improve safety during work in high-risk situations.

The most efficient technologies for specific construction categories will be standardised in upcoming technical-economic-environmental decision-making rules. By calculating the volume of technological losses for various technology options in the planning stage of the project, we will be able to identify the best solution for each project before it starts.

With the aim of meeting the desired level of detail in our emission reporting, we revised our internal methodology for calculating the volume of technological losses in 2022. As part of this, we introduced a system called EVIS to track and calculate these losses. This ensures that the methodology is fully centralised and digitalised.

For the year 2023, we have set a goal of using these methods to reduce our own technological losses to 300,000 m³ of gas.

Technological Losses [m³]



Energy Consumption

Within the GasNet Group, we use energy as we operate our distribution network, as well as for heating and lighting in our own and leased offices. We also use our fleet of vehicles for inspection activities and we drive more than 20 million kilometres every year. The main commodities we purchase are electricity, natural gas, and fuels such as diesel, petrol, and CNG. In the past year, we focused on optimising our energy consumption management and covering the majority of our electricity consumption with green certificates of origin.

ISO 50001 Energy Management System

In 2021, we implemented the ISO 50001 Energy Management System. This enabled us to continually improve our processes in terms of energy efficiency in our buildings and regulation stations. We established a compact energy team, set uniform metrics for measuring energy consumption, defined energy Key Performance Indicators (KPIs), and developed a set of measures aimed at reducing the energy demands and environmental footprint of our company.

We have implemented the energy management system in our own facilities, which contribute the most to our overall energy consumption. A total of 39 buildings were included in the certification system: 15 administrative and operational complexes and 24 regulation stations, with a combined energy consumption of 43,886 MWh in 2022.

An energy policy is available on our intranet for all employees. It clearly sets out our energy saving obligations.

ISO 50001 requires companies to continuously improve and set specific targets for future periods. We are actively working with this requirement as part of our journey towards climate neutrality. For the coming year, our target is to reduce energy consumption by 2% compared to the average consumption from 2018-2020.

* The emission factor includes only the phase of generating electricity from renewable sources.

This target applies across all the buildings included in our energy management system. We will achieve this through employee education and investment in energy management. In 2022 we implemented a total of 20 investment projects at a cost of CZK 45.9 million. These projects aim to reduce gas and electricity consumption, and indirectly the associated CO₂ emissions. However, the full impact of these projects will only be fully apparent in 2023.

We have been monitoring our energy consumption for many years. However, due to new requirements for more accurate and frequent data reporting, our current processes are no longer sufficient. The main problem is the phased billing and reading of electricity consumption. This causes a significant lag in data collection and can cause up to a year's delay in finalising total consumption. For this reason, we want to improve the data collection process and improve the accuracy of the values we report in the years ahead.

Purchase of green energy

As part of the decarbonisation of our electricity consumption within the GasNet Group, we have set ambitious goals for increasing our use of renewable energy. In 2022, we purchased green electricity certificates totalling 8.5 GWh from ČEZ ESCO. These certificates allowed us to cover the total electricity consumption in our operations and all our own office buildings, as well as one leased building where conditions made it possible.

The green energy we purchased came from public distribution networks with guarantees of origin from hydro, solar, and wind power plants. The certificate provider confirms that the certificates cover energy we consume, to which a market emission factor of 0* can be attributed. By purchasing these certificates, we have significantly reduced our indirect emissions from the electricity we consume. We plan to continue using green electricity and we have signed a contract with ČEZ ESCO for the further purchase of green electricity, including certification, for the years 2022 to 2025.



Energy used in Operations

We also consume energy and create emissions as we operate our gas installations. The most significant source of emissions is gas preheating at regulation stations, which consume both electricity and natural gas depending on the technology used. At GasNet, we use electric and hot water preheaters. We aim to minimise our impact in this area by systematically improving the efficiency of preheaters over time, streamlining consumption management through ISO 50001, and purchasing green electricity.

Gas preheating is important for the proper functioning of the machinery of the regulation stations. The gas temperature downstream of the regulator must be higher than the dew point to prevent hydrate formation in the pipeline and the condensation or freezing of liquid components.

We operate three cogeneration units at two large regulation stations – two newly reconstructed units at the transfer regulation station in Velké Němčice and a third low-emission cogeneration unit at the Turgeněvova regulation station in Brno.

Cogeneration is generally used to produce both heat and electricity. It helps reduce the share of coal in the domestic energy mix and thus reduces the emission footprint of consumers of electricity from the public grid.

In 2021, we reactivated older expansion turbine technology at the Turgeněvova regulation station. This significantly increased the efficiency of power generation. In total, we generated and sold 5 GWh of electricity to the grid in this way in 2022.

We are working hard to commission a prototype screw expander at the Velké Němčice station in order to

achieve maximum efficiency of power generation there as well.

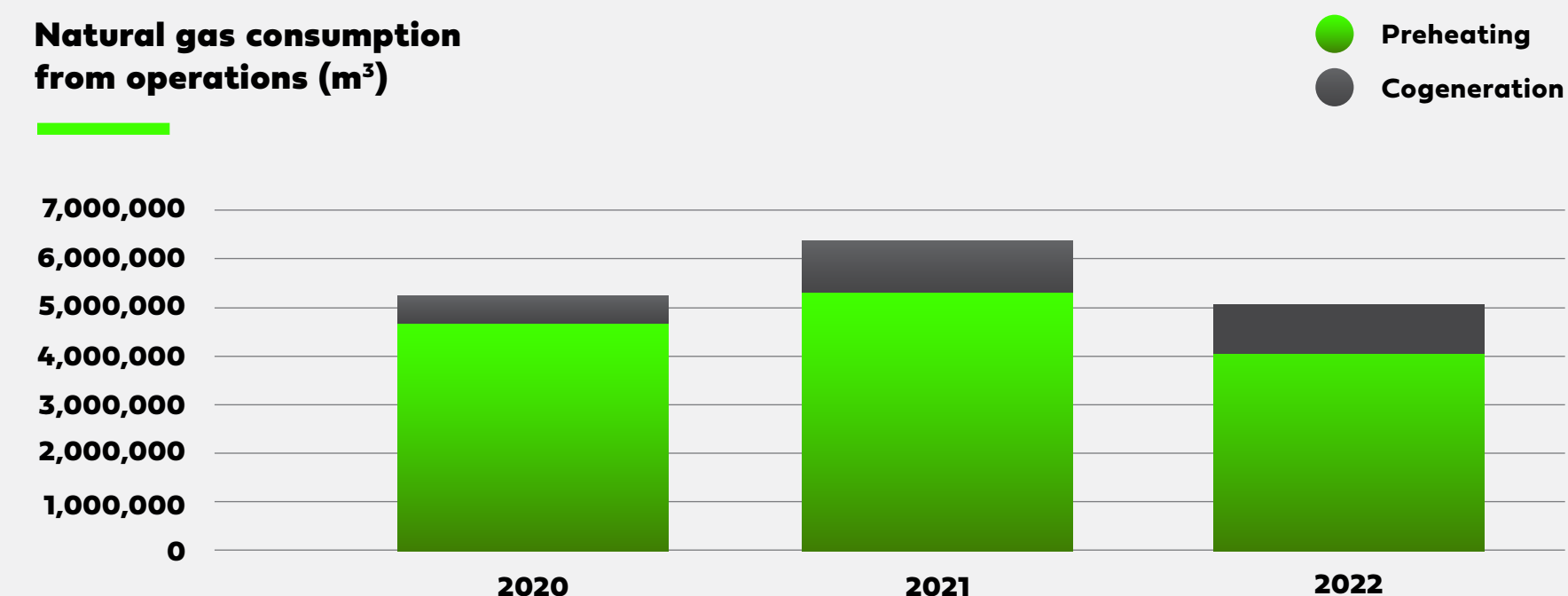
Since 2014, we have been running a project to upgrade gas boilers to increase energy efficiency and reduce pollutant emissions. The project is currently planned to run until at least 2026. In 2022, we replaced an additional 116 boilers at 83 regulation stations, and we reconstructed the boiler rooms of the Nepřevázka, Makotřasy and Štolmíř transfer regulation stations.

As part of the reconstruction of the boiler room at the Nepřevázka transfer regulation station, we piloted a gas heat pump in combination with boilers. The effect should be a reduction in energy consumption for preheating and associated emissions. If the result of this pilot is positive, we will use this solution at other stations.

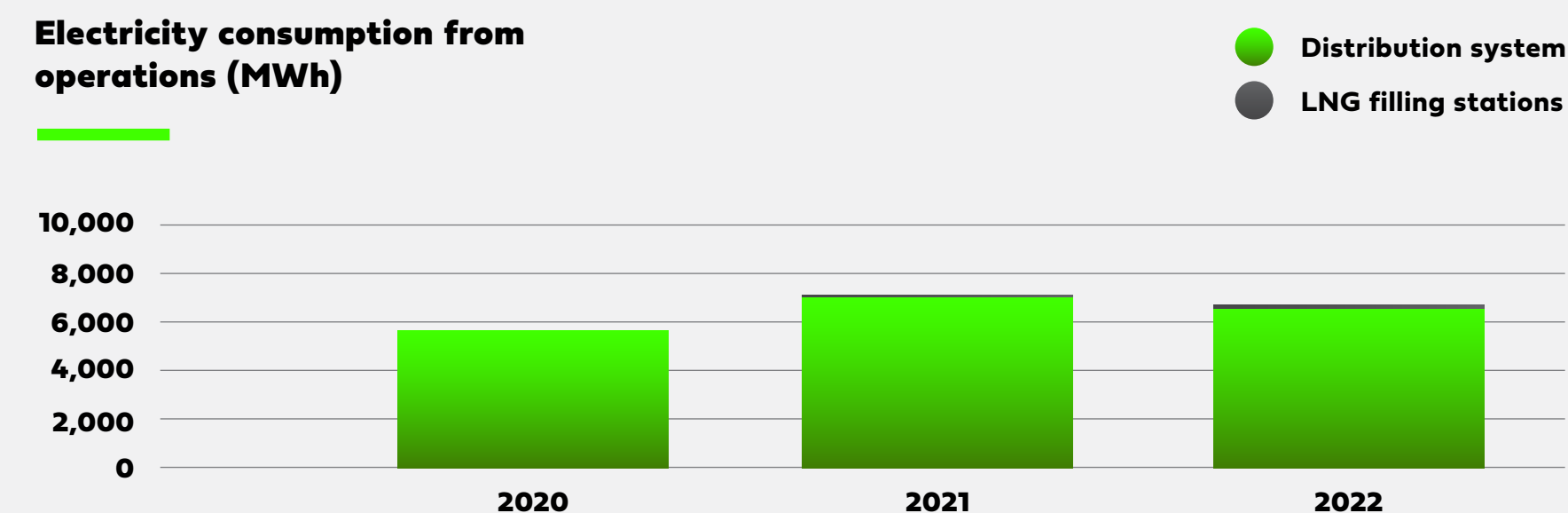
In addition, for our 22 largest transfer regulation stations, we evaluate monthly consumption based on flow rates, inlet and outlet temperatures and pressures. If we detect deviations, we take prompt action to correct the faults. We have covered our total electricity consumption with the green electricity certificates from CEZ ESCO that we mentioned above. The certificates are secured until 2025. At the end of the year, we also successfully underwent a supervisory audit of the energy management system according to ISO 50001 for 24 regulation stations without any significant non-conformities.

To support the development of LNG in the Czech Republic, we operate four LNG filling stations in Klecany near Prague, Kosmonosy near Mladá Boleslav, Nýřany and Kaplice. We also monitor electricity consumption at these stations so it can be taken into account for future developments.

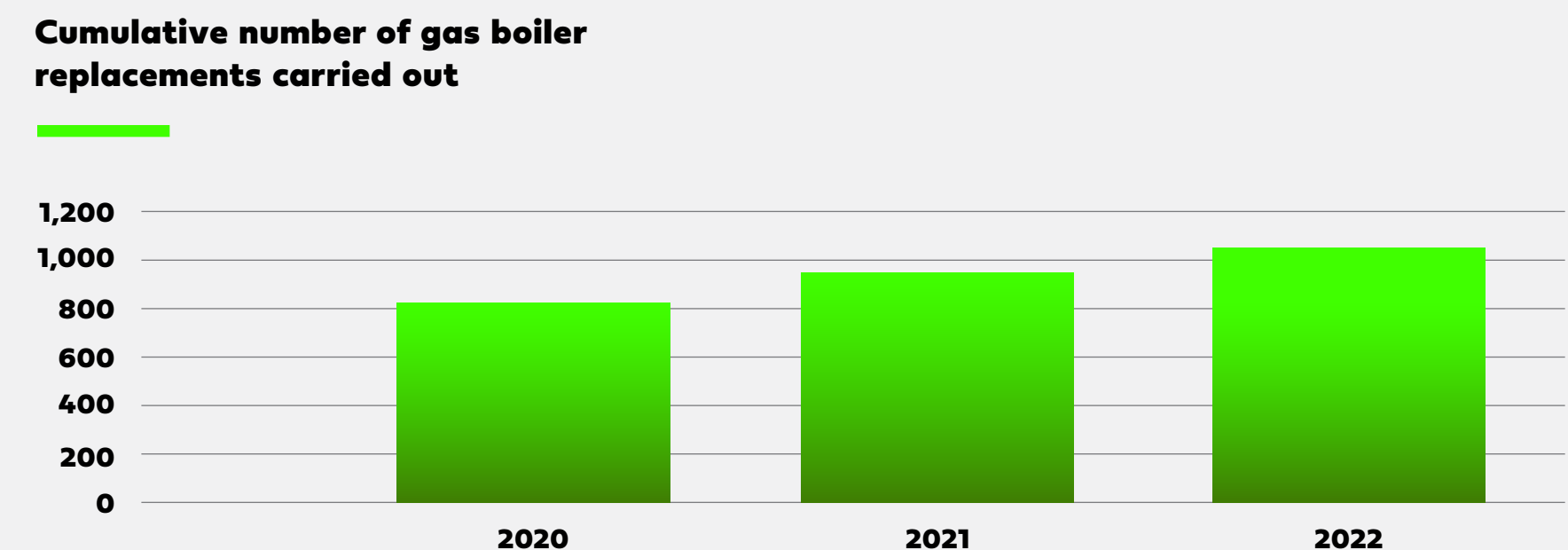
Natural gas consumption from operations (m³)



Electricity consumption from operations (MWh)



Cumulative number of gas boiler replacements carried out



Note: The boiler replacement program started in 2015, the graph shows data from 2020 only.

New Technologies

At GasNet Group, we take a holistic view of energy use, and we strive to use the energy generated by our operational activities, such as pressure reduction in gas pipelines. This energy can be used to cover our consumption or losses in network operations. We therefore piloted several new technologies such as gas heat pumps and expansion turbines in 2022.

Gas heat pumps

Gas heat pumps have the potential to reduce our own technological consumption of natural gas at regulation stations. In this way they will also reduce our CO₂ emissions from natural gas distribution.

We completed the installation of 2 pilot projects before the start of the 2022/2023 heating season. Testing of available industrial solutions will show whether the use of heat pumps is suitable for Czech climatic conditions. We will then evaluate whether we can use heat pumps as we renew outdated gas boilers in 10 to 15 further regulation stations.

Expansion technology

Expansion technologies are a way to maximise the use of the thermodynamic energy contained in the natural gas taken from the upstream system. The thermodynamic energy contained in the transported gas is converted into electrical energy through a rotary reducer and an electrical generator as the gas expands from a higher to a lower pressure level.

After a demanding reconstruction at our Brno Turgeněvova regulation station, we restarted operation of an expansion turbine supported by a cogeneration unit at the turn of 2021/2022.

Although these are long-proven technologies, our company is involved in the creation of a new expansion unit solution. We are working hard to prepare a pilot project using the new device. Incorporating the new device into the operation of our Velké Němčice transfer regulation station requires, above all, compliance with the highest safety standards. Successful test operation of the pilot, which is planned for mid-2023, will open the door to the use of expansion units in other locations.

Microexpanders

Microexpansion turbines have interesting potential for use in new regulation station designs. As with expansion turbines, we use the thermodynamic energy of natural gas. However, this process of reducing gas pressure using a small turbine or array of turbines will allow us to reduce pressure at smaller regulation stations.

We are currently reviewing this technology and innovation process in a feasibility study. Our aim is to test in subsequent pilot projects whether microexpanders offer us a path to emission-free and self-sufficient regulation stations that are not dependent on any external energy source, be it gas or electricity.

Office Buildings

In the GasNet Group, we occupy 25 owned and 54 leased buildings. After successfully continuing to reduce space usage in our largest office and operational complex in Brno (a reduction of more than 6,900 sqm ~60%), in 2022 we focused more on smaller buildings in the regions.

In 2022, thanks to our building optimisation project, we managed to reduce the floor area we used in our regional offices and operational buildings by 1,500 sqm.

In addition, we installed sensors in reference rooms in all buildings to measure temperature, humidity, and CO₂. Based on the data we obtained in this way, we adjusted the heating mode in all buildings, reducing energy consumption by around 20%.

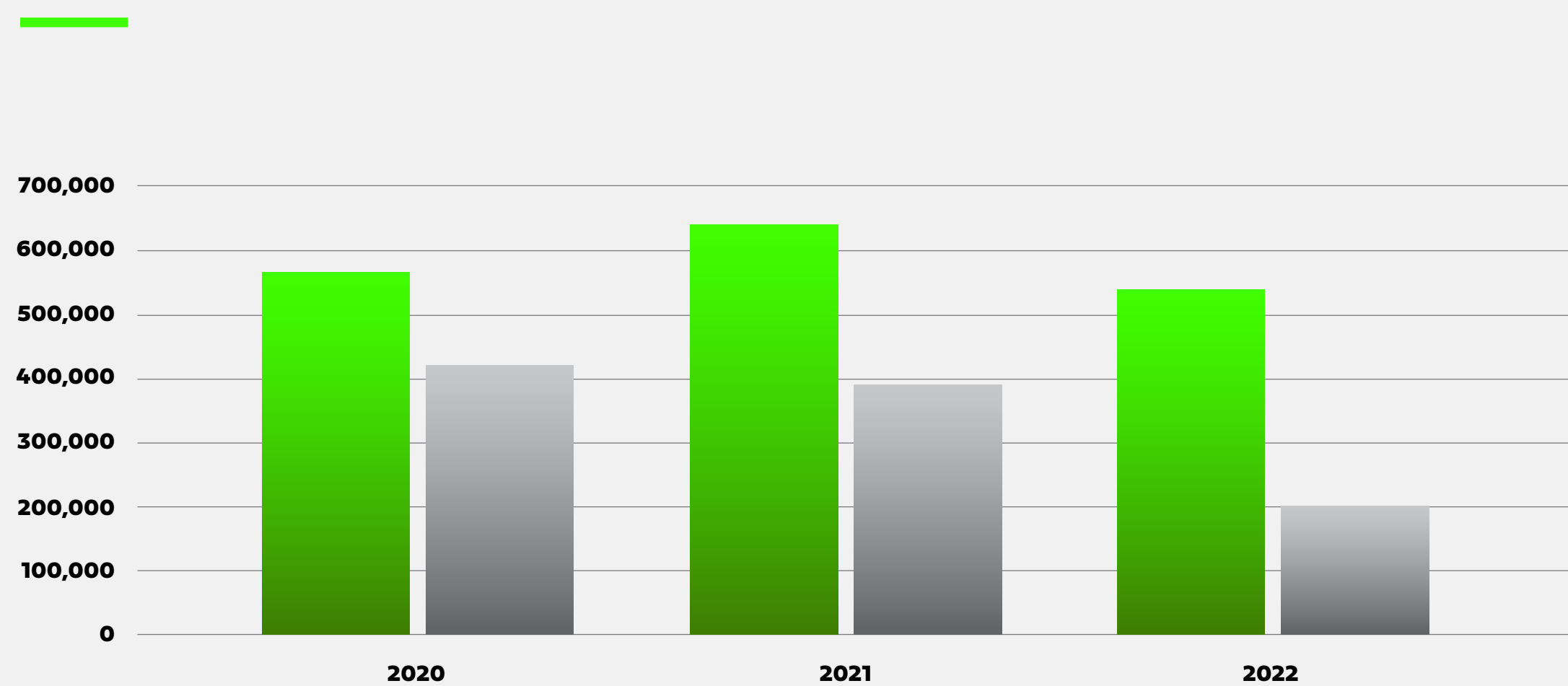
In smaller regions, we have identified six GasNet owned buildings, where we plan to install photovoltaic panels with a total capacity of 133.7 kWp. This will help us save around 60 tonnes of CO₂ by 2025. These projects are already ready, and we plan to implement them in 2023.

We installed sensors in our Prague offices to measure the utilisation of workplaces and meeting rooms. We completed this occupancy monitoring at the end of 2022, and we will use the data for future workplace design in Prague. In 2023, we will also measure occupancy in other locations.

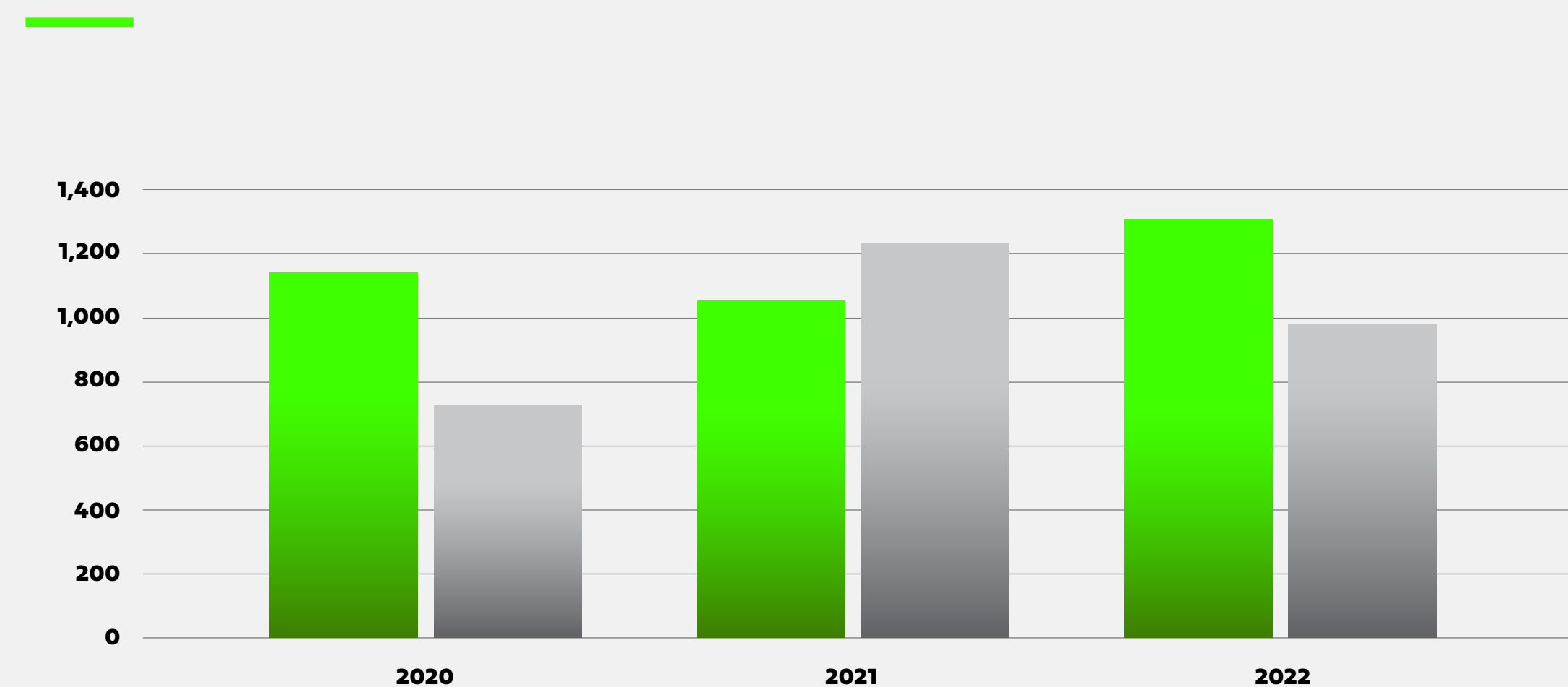
We are focusing on reducing energy demand in the buildings owned by GasNet. We are achieving this by gradually upgrading heating, cooling, and control systems. Last year, we invested 8 million CZK in energy efficiency improvement projects.

Thanks to all these activities, we successfully passed an independent ISO 50001 supervisory audit of energy management. This confirmed that our approach to reducing energy consumption in buildings is correct.

Natural gas consumption in buildings [m³]



Electricity consumption in buildings [MWh]



Car Fleet

We operate 1,449 active vehicles in the GasNet Group, of which 957 are technical vehicles that we use to operate and maintain our distribution network. The remaining approximately 500 vehicles are management and administrative vehicles.

We measure the emissions from our own fuel consumption – diesel, petrol and compressed natural gas (CNG). We continue, by the nature of our business – natural gas distribution – to support the CNG segment. However, the discontinuation of CNG models by automakers means we are actively preparing for an alternative future.

In 2022 we ordered six fully electric technical vehicles. Delivery is planned for the first half of 2023, and we will then test them in operation as we maintain our network.

Last year, the total number of vehicles in our fleet decreased by 50 vehicles. This was mainly due to a project to introduce the sharing of company cars. We

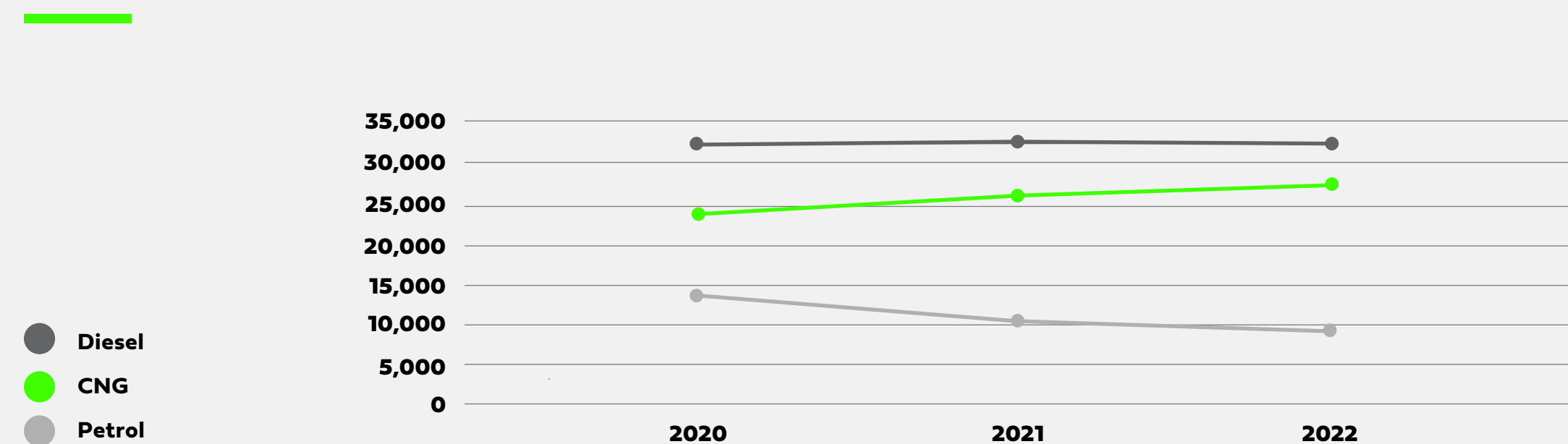
designated 40 vehicles in 6 locations as shared, and we handled 1,457 bookings in a six-month period of operation.

The number of CNG and diesel vehicles remains almost the same, while the number of petrol vehicles has fallen by 49. However, there was a mileage increase of about 0.5 million kilometres compared to last year. This trend was also reflected in our fuel consumption, where there was an increase in CNG consumption but a decrease in petrol consumption.

In 2022, we secured certificates of origin for our bio-CNG fuels from our largest Czech supplier. As a result, we covered 55% of our consumption with biomethane. We have extended our contract with the supplier to cover 2023.

We continue to monitor the hydrogen car market and plans to expand hydrogen filling infrastructure. We look forward to having a hydrogen powered technical vehicle in the Czech Republic so that we can test it in our operations.

Fuel consumption [GJ]



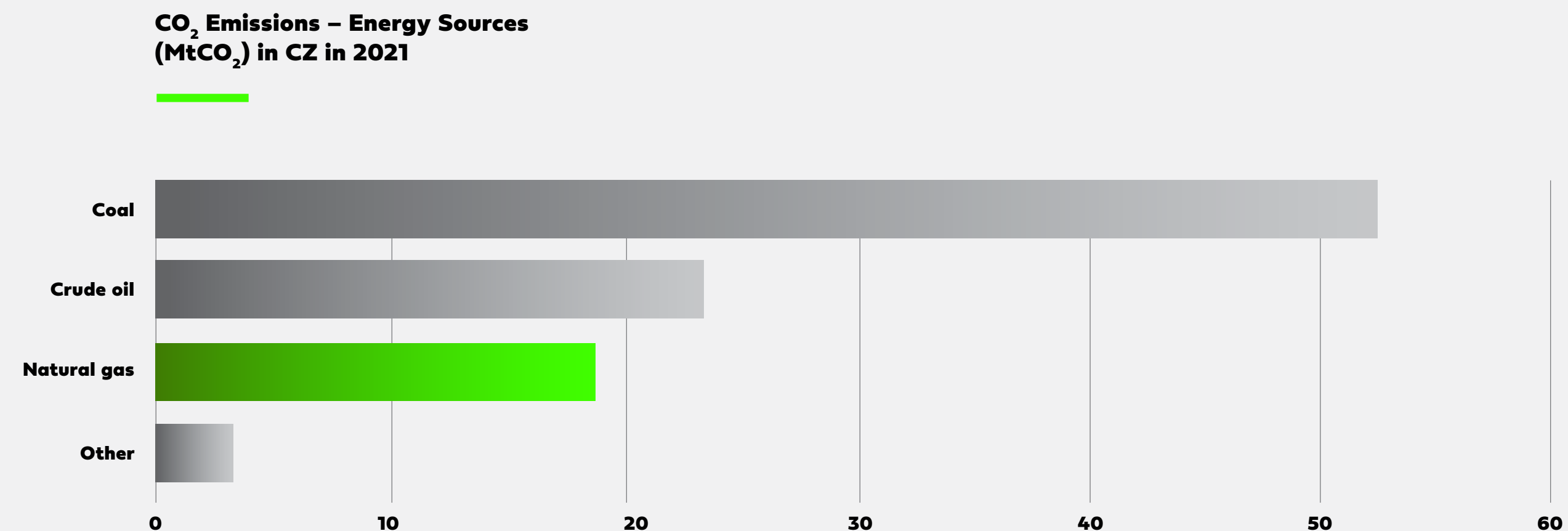
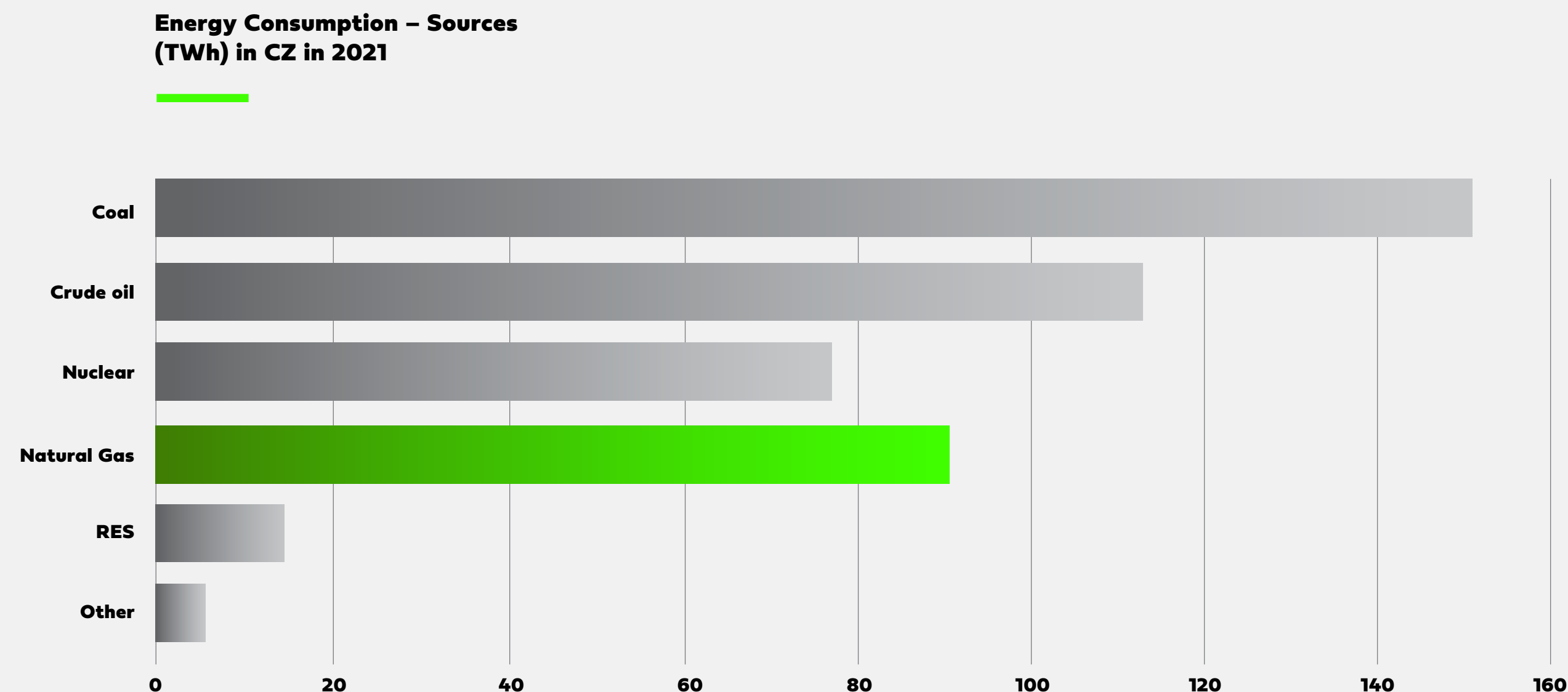
Long Term Transformation Plan

In this chapter, we look at GasNet's transformation and transition to green gases. This transformation is important if we are to achieve our long-term goal of being climate neutral by 2040. Our Future of Gas transformation program deals with several areas with separate working groups that are regularly coordinated at senior management level. At present, a number of transformation activities cannot be put into practice due to unclear market developments and other external barriers that are not entirely within our control. In spite of this, we are looking for ways to prepare for this fundamental change and become pioneers in the Czech market.

The Green Future of Gas – Biomethane and Hydrogen

The primary goal of the Green Deal for Europe is climate neutrality in 2050. Achieving this goal will be great challenge with major implications for the Czech Republic. Decarbonising key sectors of the Czech economy and ensuring their long-term sustainability will not be possible without the complete transformation of the energy sector.

At GasNet, we believe in the future of gas. Natural gas will play an irreplaceable role in the Czech energy mix as we reduce emissions and especially as we move away from coal. Liquefied natural gas (LNG) and its renewable form – bioLNG – will also play a key role in reducing road freight transport emissions. At the same time, the gas industry has its own green and emission-free future, represented by new gases: biomethane and hydrogen. We are preparing for that future today.



Gas – the path to achieving the Czech Republic’s environmental goals

The key indicators that are monitored in the energy sector are greenhouse gas emissions, share of renewables and efficiency. The targets for these values continue to tighten. Achieving the original targets was already a challenge for the Czech Republic. Further tightening of these targets in the proposed Fit for 55 legislation and in REPowerEU means that the Czech Republic will have to use all possible options to achieve them. Natural gas, biomethane and hydrogen will play a crucial role in meeting these ambitious targets.

Transformation of Heating and Freight Transport

At the heart of the transformation of the Czech energy sector is the shift away from coal. Buring coal produces large amounts of CO₂ and SO_x emissions, as well as many other harmful and carcinogenic substances including dust particles. Coal is the largest source of energy in the Czech Republic, but it needs to be replaced.

Our climatic conditions limit our ability to produce energy from renewable sources. In addition, expansion of renewable generation is only expected in the longer term. That means that in order to shift away from coal in Czech conditions, we need natural gas together with nuclear power. Gas and nuclear offer the only way to meet the Czech Republic’s 2030 emission targets while at the same time satisfying the energy needs of all customers.

Half the heating plants in the Czech Republic currently produce heat from coal. As we decarbonise, the heating sector will need to be transformed. This means shutting down a large number of coal-fired heating plants over the next seven years. The European Union has included natural gas in its taxonomy and new gas-fired heating plants are considered environmentally acceptable. The environmental benefit of the conversion of heating plants to natural gas is further strengthened by the fact that we are steadily increasing the share of renewable biomethane in our distribution network.

We see a similar need to reduce greenhouse gas emissions and switch to renewable sources in the area of road transport. Although the Czech Republic, with 9% renewable sources, is on track to meet the current target of 14%, the required mix of renewable energy types will not be achieved. The anticipated higher goal of 28-32% will only be achieved if all available sources are used, including natural gas. For example, in the road freight transport sector, natural gas offers the only realistic and affordable alternative to meet emission targets. That is why, since 2020, we have been advocating the increased adoption of liquefied natural gas (LNG) by Czech hauliers.

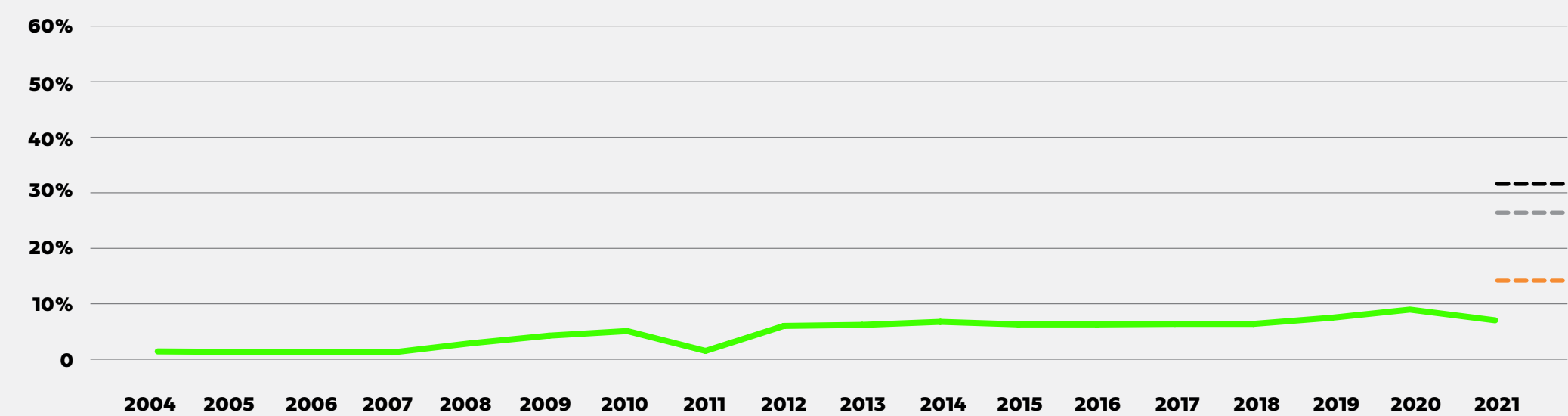
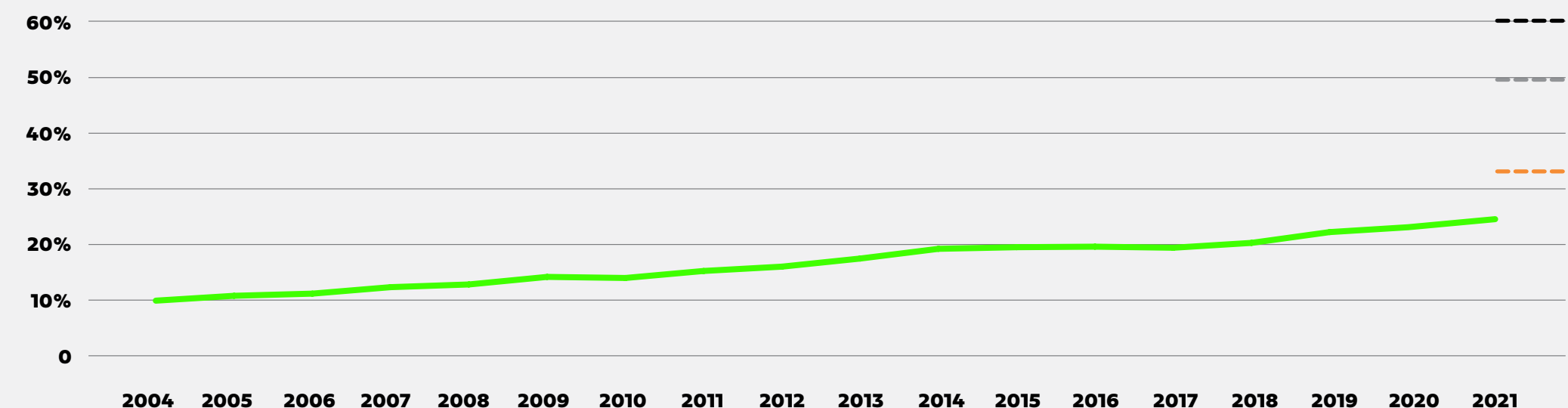
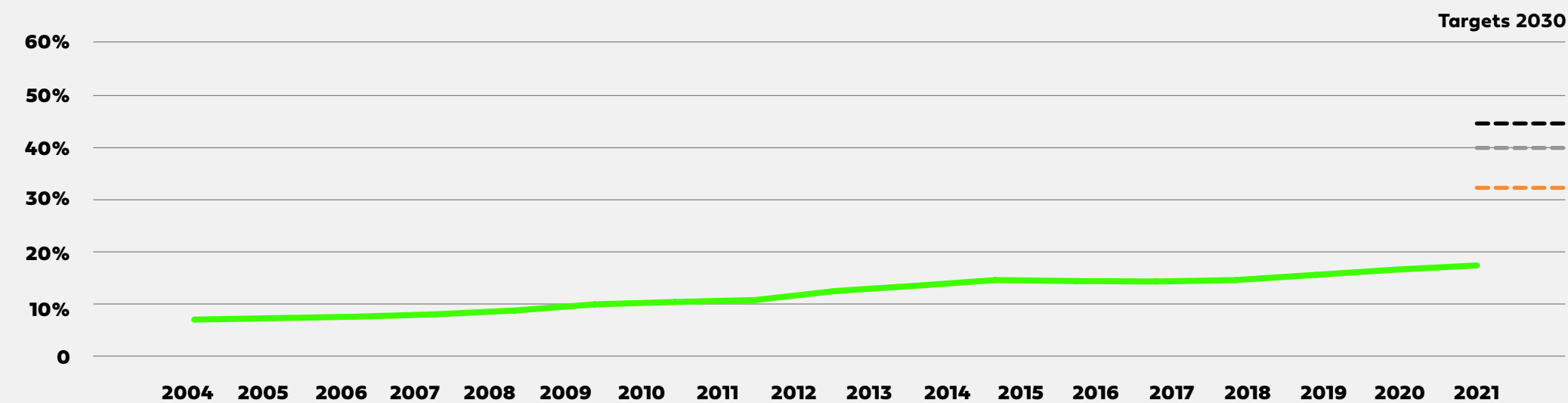
Share of Renewable Sources and Czech Republic Targets



Share of Renewable Sources and Targets - Heating



Share of Renewable Sources and Targets - Transport



● RES share
● FF55 2030 target
● CZ target
● REPowerEU 2030 target

Source: EEA, UNFCCC, Eurostat

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Transition to Green Gases: Biomethane and Hydrogen

In the medium and long term, we see the future in low-emission or renewable gases – biomethane and hydrogen. At the GasNet Group, we are preparing for this transition.

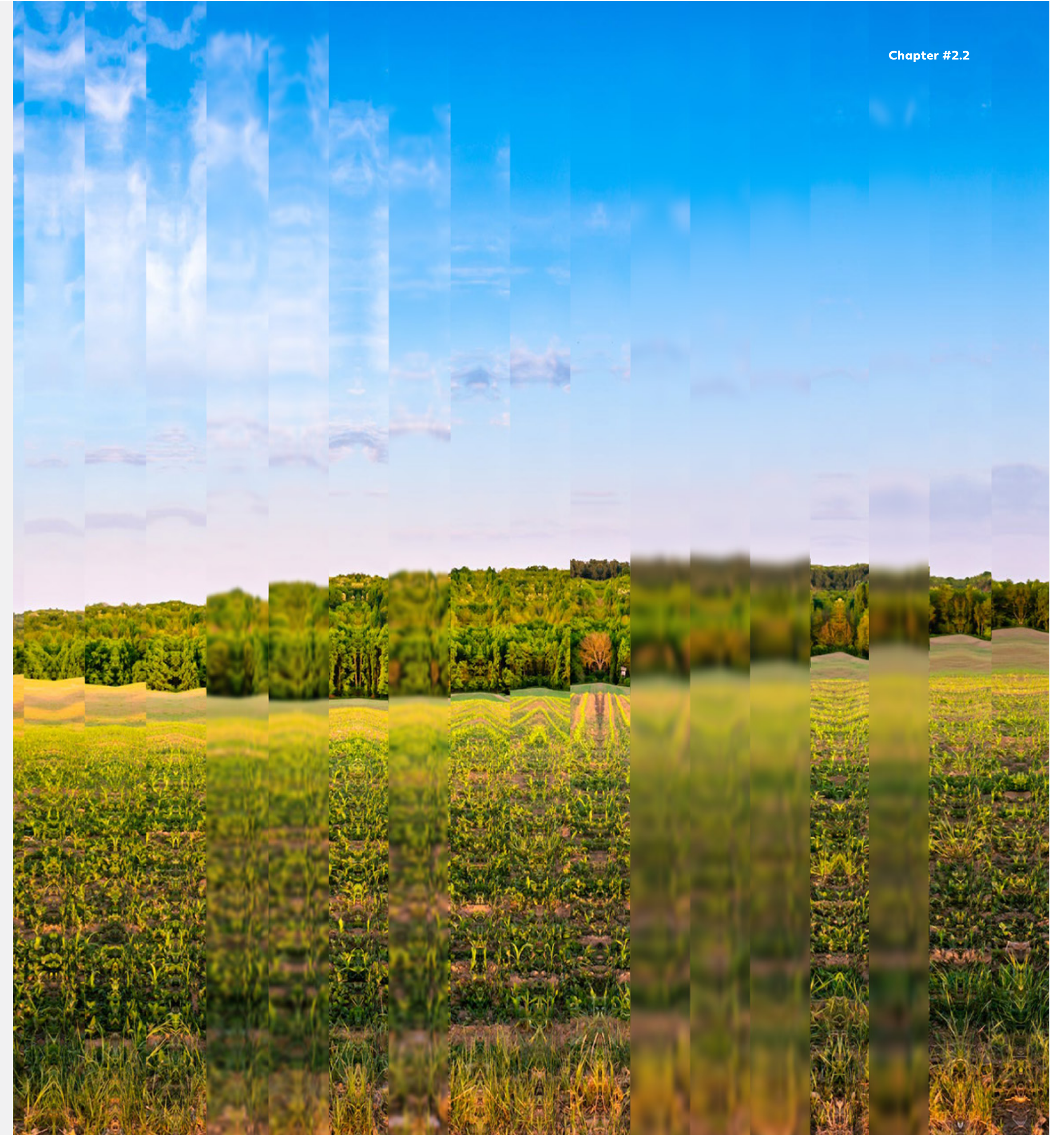
As early as 2019 we were the first distributor in the Czech Republic to inject biomethane into our distribution network. Its great advantage is that it is a renewable resource. It is produced from organic waste and therefore has a neutral carbon footprint. Biomethane has great potential in the Czech Republic and by 2030 it could replace 10 to 15% of domestic natural gas consumption for heating and road transport. Moving towards this goal has two positive impacts – lower emissions and greater energy self-sufficiency.

At the same time, the whole process of switching to renewable gases is moving towards the distribution of pure hydrogen. Both Europe and the Czech Republic have already announced their ambitions in the form of so-called hydrogen strategies. We are convinced that hydrogen is the green future of the gas industry and should flow in all European and Czech gas pipelines in the long term. We have been modernising

our distribution network for over 20 years and have a long-term strategy for its renewal. We are using modern polyethylene-based materials in all the newly reconstructed parts of our pipelines. This material allows for the unrestricted distribution of 100% pure hydrogen.

As a distributor, we are a link in a longer chain, and we are just one piece of the bigger puzzle that is the current emergence of the hydrogen market. In order to secure sufficient hydrogen resources, it will be essential for the Czech Republic to join a trans-European hydrogen pipeline system such as the European Hydrogen Backbone project. European cooperation in this area is growing in importance. This is the reason we are also actively involved in the European Ready4H2 project. This brings together 91 distributors and gas organisations from a total of 20 European countries to prepare for hydrogen and to help Europe move towards a zero-emission economy.

The biggest energy transformation since the Industrial Revolution is upon us. The transition to zero-emission gases will undoubtedly be a major challenge but we also see it as a huge opportunity. That is why we will continue to work hard in our Future of Gas program on activities that will prepare us for a sustainable future.



Renewal Strategy

Our strategy for renewing the existing GasNet infrastructure has a long-term focus on equipment at the end of its life, and on reducing the leakage of distributed gas. As we systematically renew and replace larger sections of pipeline, we are also optimising our system to reflect current and future population demographics and land use planning. As a result, we are, and we will always be, able to meet current and projected gas demand.

We renew our infrastructure based on a “health index” that takes into account the age of the material, its wear and tear, and its utilisation.

We see gas as an integral part of the Czech Republic’s future energy mix. Considering decarbonisation targets and the need to diversify sources, we expect the composition of gas distributed through our pipelines to gradually change. In the short term – until 2025, this will involve small additions of hydrogen and biomethane to natural gas. After that, the volume of renewable gases will increase.

For us to be able to distribute media other than pure natural gas, we need to know whether our infrastructure is ready for it. As far as biomethane is concerned, its composition is so close to natural gas that it does not affect our equipment and we can continue to increase its share in the systems.

However, the distribution of hydrogen is a more complex matter. Hydrogen is completely different from natural gas, and we have to seriously consider the readiness of our facilities. In particular, we need to assess the readiness of the pipeline material and the

safety of operation. We are also addressing capacity aspects of the network. Hydrogen has a lower burning heat than natural gas and if we want to distribute the same amount of energy, we need to check that current network reconstruction proposals will also allow for future hydrogen distribution.

We are therefore working with other distributors both in the Czech Republic (at the level of the CPS) and internationally. We are consistently examining existing and upcoming standards and research results and gradually confirming the readiness of our distribution system or specifying the impacts that hydrogen distribution will have on it.

A large part of our distribution system is ready for hydrogen. In the last year, we have significantly expanded our understanding of the properties of steel materials. We have ascertained that provided the steel is in good condition and has a long life ahead of it for natural gas distribution, with some exceptions it can be used for hydrogen. However, our findings have not yet been incorporated into technical legislation.

Most of our current investment in the gas grid already takes preparation for future hydrogen distribution into account. To increase the certainty of future investments, we are recalculating the capacity of each area of the network and checking whether it will allow us to transmit enough hydrogen to meet future energy demand. We have made significant progress in this area since the Future of Gas program began, and we will continue to deepen our understanding.

In the coming years, we will be working hard to develop scenarios for the transition to a decarbonised economy, where we will be a distributor of gases with an ever-smaller emissions footprint. The timing of

the individual steps is influenced not only by our own readiness, but also by readiness on the transmission system side and the availability of hydrogen for distribution in the Czech Republic. For these reasons, we are also working with other members of the chain.

As part of our company’s internal Transit Path program, we have identified the open questions and areas that need to be resolved before we can start converting individual parts of our system to hydrogen.

As we continue our journey, we will use information from our pilot projects to connect hydrogen plants. We are also drawing on experience from abroad, where similar projects are being developed. We are also helped by our own experience from the 1990s when



















the Czech Republic switched from coal gas to natural gas. This was a similar process of transition.

We are developing our own planning tool to enable multi-criteria network assessment and the monitoring of potential risks. This will help us target our investments correctly, know the impact of our decisions and look for synergies in reducing our current emissions footprint and preparing for a zero-emission future.

In 2023, we will update our substantive and financial plan, which we will then share with our partners. We will adjust our renewal plan according to the outcome of these discussions.

Distribution network	Network length (thousand km)	Material
High Pressure 4-40 bar	11	100% Steel
Medium Pressure 0.1-4 bar	42	26% Steel 74% Polyethylene (PE)
Low Pressure <0.1 bar	12	
Total	65	

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Blended H ₂ readiness	High-pressure Network		Local Networks		Regulation Stations	
	Material	Capacity	Material	Capacity	Material	Capacity
5%	 Ready	 Ready	 Ready	 Ready	 Ready	 Ready
20%	 Ready	 Ready	 Ready	 Mostly Ready	 Ready	 Mostly Ready
100%	 Evaluation underway. Probably no need for extensive reconstruction	 Evaluation underway. Probably no need for extensive reconstruction	 Ready	 Mostly Ready	 Mostly Ready	 Mostly Ready

Connecting Biogas Stations

International events have triggered a need to switch to renewable gases and to eliminate reliance on natural gas supplies from the Russian Federation. We continue to expect that biomethane can replace up to 15% of total natural gas consumption in the Czech Republic in the future. One of the conditions for increasing the number of biogas stations connected to our distribution system is systematic state support for this process, both financial (in the form of subsidies or incentives) and legislative.

The Energy Regulatory Office issued rules for the purchase of biogas plants' production in the form of a Price Decision in November 2022. Following this step, we finalised an internal methodology for the connection of biogas plants, including conditions for the purchase of production pipelines and downstream technological equipment. The methodology is currently being discussed with the Energy Regulatory Office. In order to improve the servicing of biomethane plants, we have transferred the connection process to our regional offices. Biogas plant operators interested in potential connection to our network can contact our staff in Ostrava, Brno, Plzeň and Hradec Králové with their questions and requirements.

In December 2022, we connected a biogas plant in Litomyšl. This is the second biogas station to be connected to our network after Rapotín, which was connected in 2019. The Litomyšl station is the first station on the grid to produce biomethane from agricultural raw materials. The annual volume of

biomethane produced in Litomyšl is estimated at 1.5 to 1.7 million m³.

We have standardised the process of connecting biomethane plants and created a separate section on our website for biomethane producers where they can find all the necessary information about connecting. The producers can then use the site to submit a connection enquiry for their biogas plant, including a request to check available capacity or make a connection request. We are also preparing software support for simulating heat of combustion, with implications for end-user billing.

In addition, we are continuing to work on a pilot project for the transfer of biomethane from the medium-pressure network to the high-pressure network. Working with Net4Gas, we have also started discussions on the possibility of transferring biomethane from the distribution system to the transmission system. We expect future European legislation may require this.

In 2022, we received dozens of requests and enquiries about the possibility of connecting biogas plants to our network. We currently have nearly two dozen connection agreements or capacity assurance protocols registered in our systems. In 2023, we expect to connect another 3 to 5 stations. So far, implementation work in Horní Suchá, Havlíčkův Brod and Mladá Boleslav has progressed the furthest. Development in the years ahead will depend heavily on state support. The current system of support has not yet received the Notification of the European Commission.

We believe that renewable biomethane will significantly contribute to the decarbonisation of the Czech industry and will help meet the Czech Republic's decarbonisation goals.

Hydrogen Distribution and Production – from Concept to Implementation

Hydrogen Distribution

We are paving the way for the safe and reliable distribution of new gases. We are preparing the first Czech hydrogen village – the town of Hranice in the Aš area.

A private investor plans to build a 100% green hydrogen production plant near the town. As the distributor in this area, we are addressing the question of how to get this gas to the end consumers. For that reason, in 2022, we worked hard to develop a pilot project to inject locally produced hydrogen to the natural gas in the local grid. We are working closely with the municipality of Hranice and have introduced the project to local residents and gas retailers through an extensive communication campaign. We will continue to develop this project in 2023. The focus of our preparation is on obtaining the necessary legislative permits, planning processes and inspections of the equipment which will use the gas.

The aim of the project is to contribute to the CO₂ reduction goals of the EU and the Czech Republic, and to demonstrate the usability of gas infrastructure even with non-fossil gases. This applies not only to

the distribution system but also to the downstream equipment which actually uses the gas. In the Czech Republic, there is no legislation yet for adding hydrogen to natural gas. This and other projects should also help establish technical and legislative procedures for the addition of hydrogen to natural gas in other locations in the Czech Republic.

At the legislative level, GasNet representatives serve on relevant committees and working groups. The Hranice project is also being discussed in key places such as the Energy Regulatory Office and the Ministry of Industry and Trade of the Czech Republic. Last but not least, the project aims to convince the public that both pure hydrogen and the mixture of hydrogen and natural gas is as safe and comfortable a fuel as pure natural gas is today.

We are actively discussing the possibilities of connecting hydrogen production plants with other potential producers and investors.

In 2022, the number of enquiries we received about connecting electrolysers to our distribution system increased significantly. Based on these contacts, we have addressed more than two dozen sites across the Czech Republic with capacity calculations and distribution network availability assessments. The current lack of legislation in this area does not allow us to conclude connection agreements with producers or provide capacity assurance protocols as we do for biomethane plants.

Notwithstanding this, we are already preparing a standardised process for hydrogen producers, including IT support. We are about to update

our website so that it will be possible to find the necessary information for connecting hydrogen plants, and we have electronic forms ready for enquiries about connection possibilities. We have launched the registration of hydrogen plants in our geographic and information systems. We are preparing detailed rules for capacity calculations.

In 2023, we will start preparing internal methodological procedures based on the amended legislation and our experience from the pilot project in Hranice.

Hydrogen Production

Our efforts to prepare the gas industry for an emission-free future do not stop at pilot distribution projects. We are also working on projects that use our infrastructure to produce hydrogen itself. This will support an increase in the volume of hydrogen available on the Czech market and further reduce the direct greenhouse gas emissions from our operations. In 2022, we continued to work on several feasibility studies. Due to the lack of legislation covering hydrogen, our biggest challenge is to vet new projects against existing legislation while being proactive in developing new legislative and technical standards.

In 2023, we expect changes to both the Energy Act and the Building Act. We actively participated in the public debate associated with the passage of these new laws with the aim of promoting hydrogen as a suitable gas for distribution.

Pardubice Hydrogen Testing Zone

The transition to new gases requires constant advancement of knowledge in the fields of mechanics and chemistry. For pilot projects, it is also necessary to find a safe way to test new technologies. For these reasons, we are establishing a training and testing zone where we will expand the existing expert qualifications of our people in relation to the future transition to hydrogen. We will also have the opportunity to directly test hydrogen mixtures or pure hydrogen.

LNG in Freight Transport

If we want to meet our ambitious commitments to reduce CO₂ emissions and increase the use of renewables in transport, we will need to use all the tools available to us. Future economic development automatically brings with it an increase in transport volumes and transport capacity. In addition, from 2027 onwards, transport emissions will be subject to a charge (ETS 2), which represents an additional societal cost. In the heavy road freight transport segment, the only alternative is to use LNG and its renewable form - bioLNG.

The GasNet Group is the Czech leader in the decarbonisation of road freight transport.

2022 was a challenging year for gas mobility. Due to the war in Ukraine, which was preceded by manipulation of gas market prices, there was stagnation instead of the expected growth. Currently, gas market prices are stabilising, while the demand for renewable alternatives is increasing.

In 2022, we completed the construction of our first stationary filling station in the immediate vicinity of the car factory in Mladá Boleslav. At the same time, we commissioned mobile filling stations in Kaplice in South Bohemia and Nýřany in West Bohemia. Our LNG sales increased by 70% compared to the previous year. This enabled our customers to double the amount of CO₂ saved - to 2,485 tonnes. We also made significant efforts to improve operational safety, registering over 430 trained and certified drivers by the end of the year.

We worked with representatives of the state administration and key ministries on updating national legislation in the area of support for the development

of renewable energy sources, with an emphasis on a functioning business environment. In particular, this concerns the production and use of biomethane – with an emphasis on linking different market sectors. Advanced biomethane is a renewable gas which, in the form of bioCNG (compressed biomethane) and especially bioLNG (liquefied biomethane), represents a renewable and low-emission alternative to diesel in road transport. At the same time, it is a source of energy that can be produced domestically rather than imported.

The Czech Republic has consistently lagged behind in meeting its commitments to reduce transport emissions. In 2023, we expect a number of key documents and strategies to be updated. For road transport, this is primarily the National Action Plan for Clean Mobility (NAPCM). The development of gas-powered mobility and its renewable component (bioLNG) is the only realistic tool for meeting society-wide road transport commitments and targets. In terms of filling station construction, we plan to continue to develop our network and commission three more stationary stations.



THE GASNET GROUP IS THE CZECH LEADER IN THE DECARBONISATION OF ROAD FREIGHT TRANSPORT.

Connecting Heating Plants and Steam Gas Sources

The low-carbon transformation of heat production is an essential step to meeting the EU and the Czech Republic's climate goals. Compared to coal, using natural gas to produce heat delivers a significant and immediate reduction in greenhouse gas emissions.

The EU Taxonomy defines the conditions under which projects to transition heating plants and steam-gas sources will be considered sustainable and thus have access to more favourable financing conditions. One of the main conditions is the readiness of the technology to use hydrogen.

In this context, natural gas is seen as a transitional resource. Natural gas can also make a significant contribution to decarbonising the whole heating sector by gradually 'greening' it with biomethane and later, green hydrogen.

By leveraging its existing gas infrastructure, GasNet offers a long-term solution which reduces coal sourced emissions.

Feeling the impact of the hike in natural gas prices and their unpredictable and volatile movement during 2022, some heating plants postponed planned decarbonisation activities by one or two years. However, they continue to prepare feasibility studies and project documentation. We continue to support these projects and continue to consult on the technical plans.

During 2022, a number of negotiations took place with the largest heat producers in the Czech Republic. Together with Net4Gas and RWE GasStorage, we are exploring the possibility of increasing the operating pressure in the distribution system. This will provide the capacity that is needed for the connection of additional heating plants in the future.

We also contacted all the major producers using coal for heat production. The overwhelming majority confirmed their original intention to switch from coal to natural gas and to connect to our distribution system.

The European Commission has supported the transition to gas by approving the Czech program for the modernisation and decarbonisation of heating plants. The program will be financed from the EU Modernisation Fund.

We expect the gradual transition of heat plants from coal to natural gas to start in 2025. We expect the transition of heat plants to reach a peak between 2028 and 2030.

EU Taxonomy

In 2022, the European Commission introduced a revised taxonomy. This is a tool to define economic activities that can be considered sustainable in order to promote sustainable investment. In the final version of the taxonomy in February 2022, the European Commission included natural gas as a green energy source. This confirmed its indispensable role in greening the energy sector.



Air Pollution

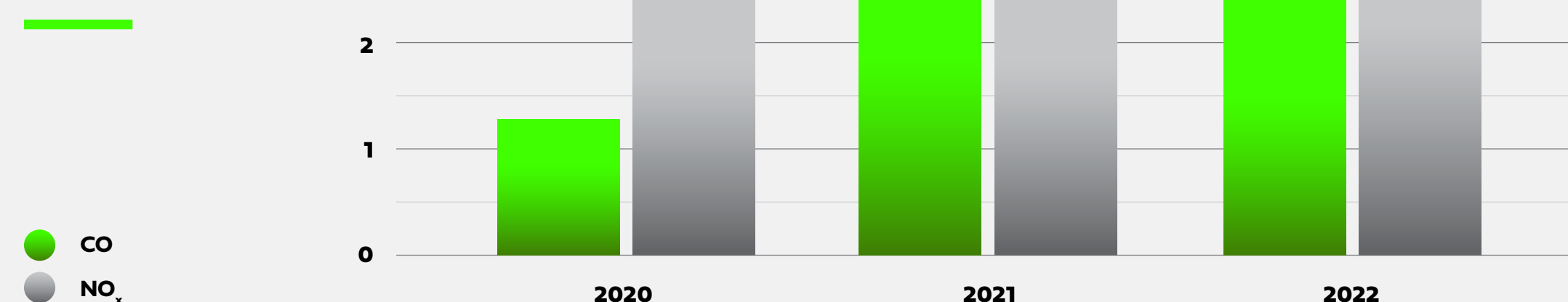
Because we use gas boilers and cogeneration units in our regulation stations, we monitor and regularly report the volume of nitrogen oxides (NO_x) and carbon monoxide (CO) we emit at selected facilities subject to legislative emission limits. We are working hard to gradually reduce the oxides we emit and to minimise our impact on air quality by optimising gas boilers.

Currently, GasNet operates a total of 2,713 regulation stations with gas preheating. Of these, 1,656 stations use natural gas boilers for preheating, and as a result they release pollutants into the air. In 2022, we were required to measure and report the amount of NO_x and CO pollutants emitted at 26 sources (other included sources were not in operation).

Compared to 2021, our NO_x emissions decreased by around 15%, while our carbon monoxide emissions remained at very similar levels to the previous year. We did not install any new cogeneration units at regulation stations in 2022. As a result, our CO values are similar to those reported in 2021. The decrease in NO_x emissions is due to the replacement of outdated gas boilers and in particular to the lower volume of natural gas we distributed – which reduced the volume of gas we preheated. It remains the case that cogeneration units account for the majority of our NO_x and CO production. In 2022, cogeneration units produced around 65% of our NO_x emissions while they affected up to 95% of our CO emissions.

Some facilities containing controlled substances or fluorinated greenhouse gasses are legally required to have leak detection systems. We do not operate any such facilities in the GasNet Group. For equipment containing less than the legal limits of these pollutants (in our case, air conditioners and heat pumps), we comply with all the related legislative obligations.

CO and NO_x Emissions [t]



Waste Management

At GasNet, we produce waste that falls into two legal categories: hazardous and non-hazardous waste. Hazardous waste is created exclusively from activities related to the operation of GasNet Služby. It includes barrels used for odorants, natural gas condensate, asphalt insulation and other things. The non-hazardous category includes waste generated especially in our buildings as a result of administrative activities. This includes paper, plastic, mixed municipal waste, and to a lesser extent, biodegradable waste, metal and glass.

In 2022, we created approximately 280 tonnes of waste in both our companies, of which only 30 tonnes were hazardous waste. Compared to the previous year, we saw an increase of almost 10% in the non-hazardous category. This is most likely due to the relocation of a materials warehouse in Brno, during which we disposed of several tonnes of unwanted goods that had accumulated over the lifetime of the original warehouse and which had no further use. Conversely, for hazardous waste, we see a roughly 10% decrease in 2022. This is mainly related to the lower amount of natural gas we distributed, which resulted in less need to odorise.

We recycled 45% of all the waste we generated. This is 9% more than in 2021. A total of 135t of waste was diverted from landfill and incineration and 18t of waste was chemically treated at wastewater treatment

plants. The amount of waste going to landfill and incineration was similar year-on-year and accounted for 52% of all the waste we generated.

Our company aims to prevent the creation of waste, to reduce our production of mixed municipal waste and to improve the sorting of some components. For these reasons, as in previous years, we have been adding containers for sorted waste to our premises and improving the useability of the existing containers. We want to reduce not only waste from offices but also the waste that originates from our operations, and especially hazardous waste. Metal odorant barrels make up a significant proportion of the hazardous waste we generate. We have therefore started using returnable barrels. This solution is more expensive, but the payback comes in the form of a reduction in waste management costs. This means that our investment will be recouped in a few years. About a quarter of the reusable barrels we ordered were delivered in the autumn of 2022, and we expect the rest to arrive during 2023. With this change, we will eliminate about 10 tonnes of hazardous waste per year, which is about 30% of our total annual production. We expect the first such savings in 2023.

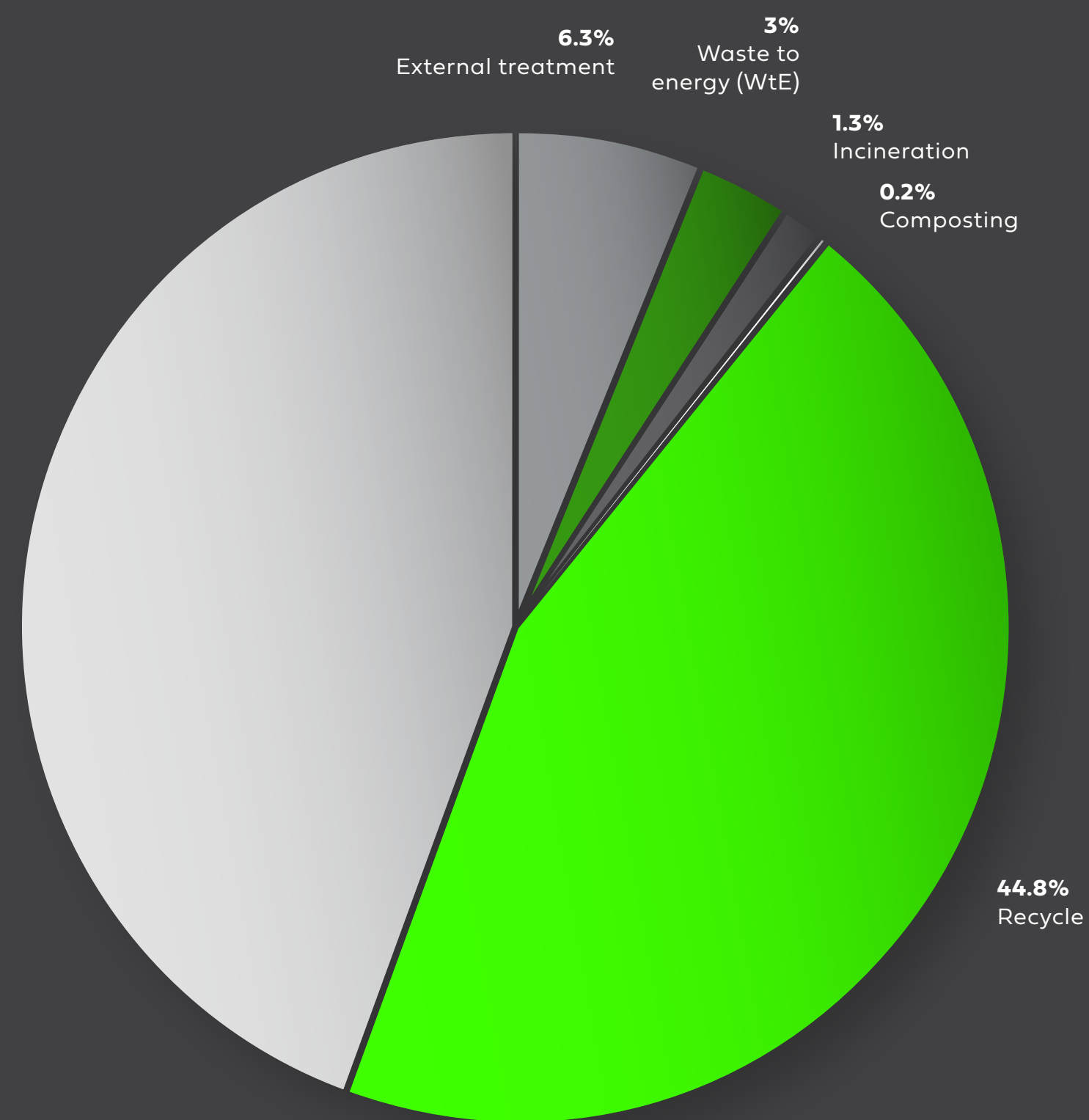
As in 2021, we made several uses of a digital waste marketplace in 2022. This allowed us to pass on to interested parties unwanted materials and equipment that would otherwise have become waste and been disposed of. In this way, the equipment can continue to serve its original purpose.

In past years, we started separating the biodegradable vegetable waste generated in our office buildings. In 2022, we replaced the conventional collection of bio-waste via plastic bins at three sites with wooden composters. We now use these to process all the office bio-waste. We plan to purchase composters for approximately **twelve** more sites in 2023. The decision to compost bio-waste is

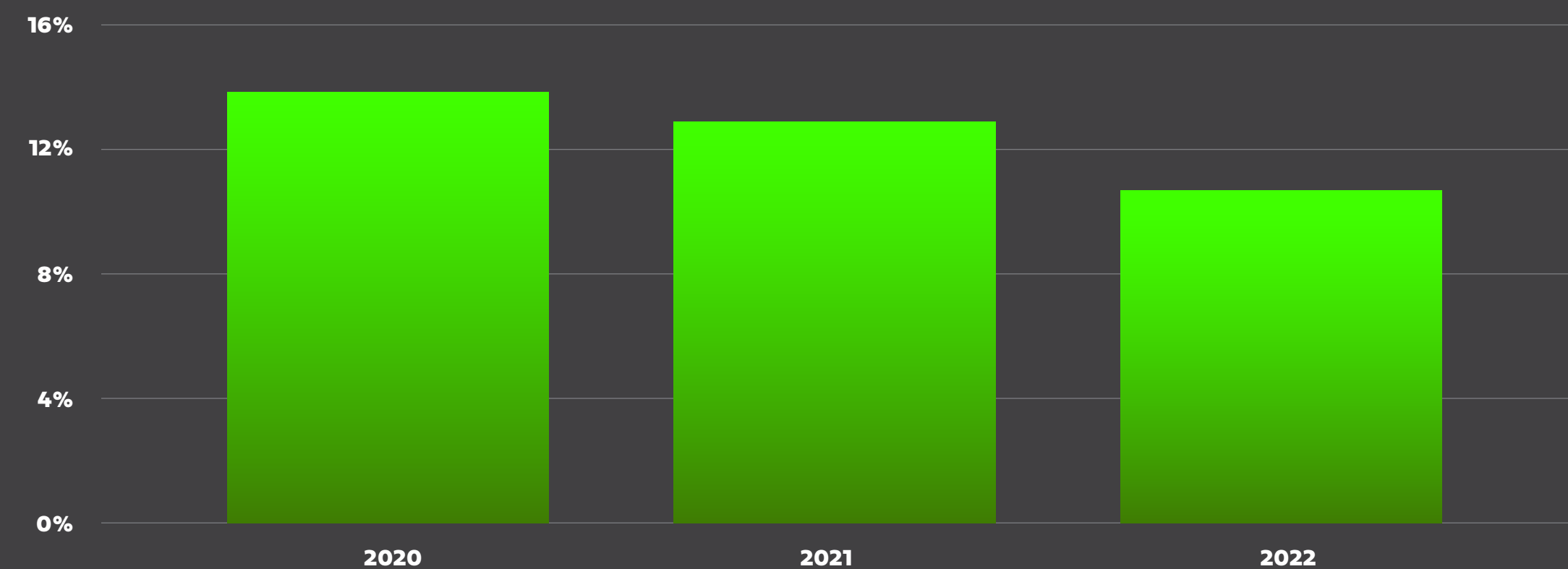
primarily based on a desire to promote biodiversity and improve soil quality by adding compost – ideally on-site. We also aim to save the cost and the emissions footprint associated with conventional waste collection.

We did not experience any significant waste related environmental impacts in the past year.

Waste Treatment



Proportion of hazardous waste



Promoting Biodiversity

Our operations not only create emissions, but they also affect the environment through our impact on the landscape. Biodiversity support may not be our primary focus, but we are aware that activities such as construction and reconstruction of the grid, construction of LNG filling stations, the creation of buffer zones, the use of herbicides, and legacy environmental burdens all have an impact on local nature and biodiversity.

For these reasons, we have adapted our biodiversity and community support strategy this year. We no longer view it as a special interest add-on to environmental care, but rather as an area in which we want to systematically manage our impacts, monitor them, and then set targets for their mitigation (slowing climate change) and remediation. As a priority, we are looking for solutions to environmental impacts that will prevent negative effects. We minimise impacts, we restore “damage” and, last but not least, we consider funding environmental restoration projects.

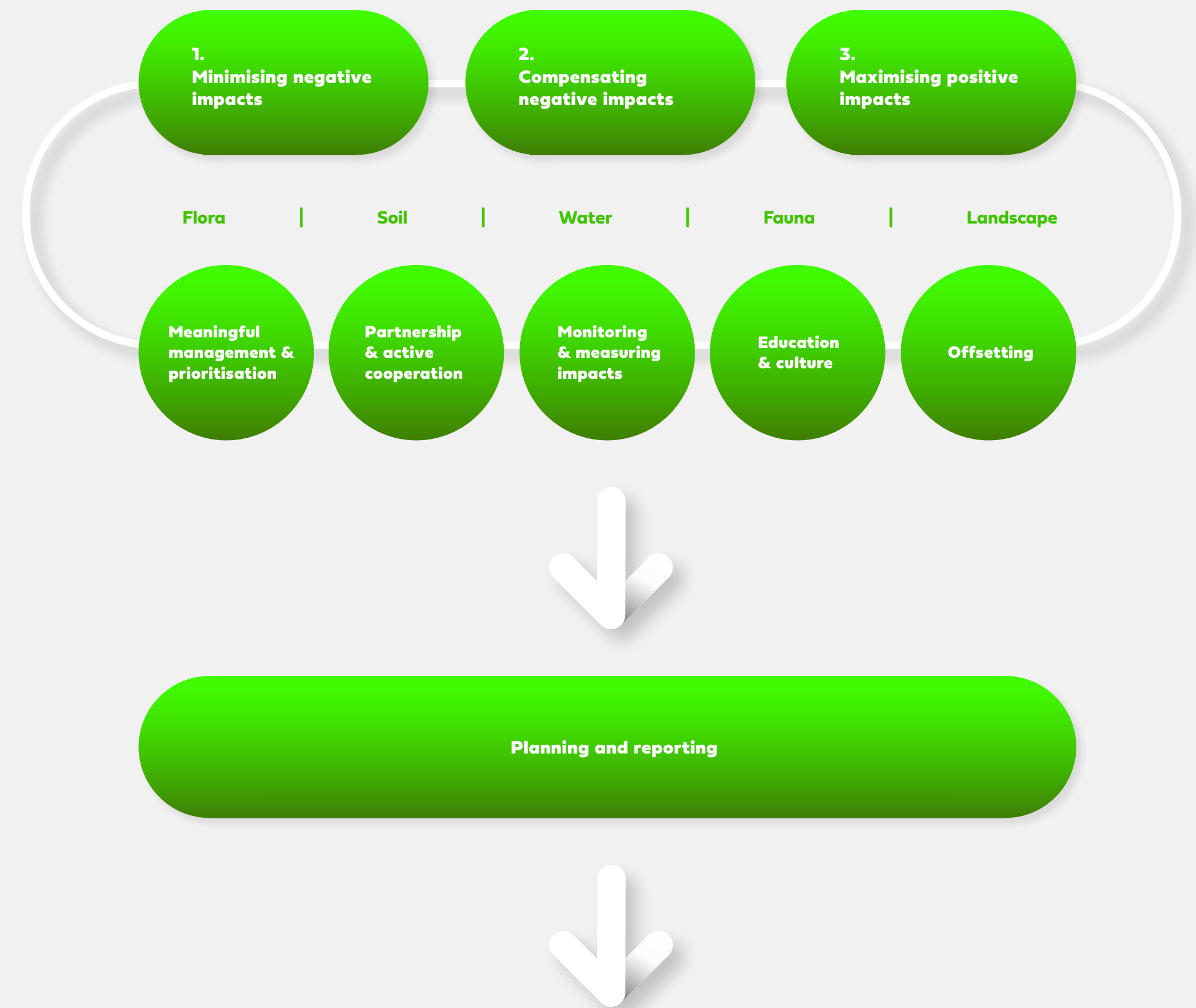
In 2022, working with our partners, we organised five volunteer and teambuilding events and six educational events. We worked with INCIEN to focus internal education on the topics of circular economy, energy and responsible consumption. We worked together on the topic of the future of energy at Science on Stage, a science fair focused on teacher education. With the non-profit organisation Kokoza, we supported the introduction of bio-waste sorting at our sites through education. As part of our volunteer activities, we

supported the natural environment in both protected areas and in municipalities. A total of 232 employees participated and collectively made the following positive impacts:

- We eradicated non-native plants – which were interfering with biodiversity – over an area of 2 ha
- We revitalised two streams in the Šumava National Park
- We cleaned and prepared sites in Giant Mountains National Park for fencing and planting

For 2023, we are developing a system that will enable us to record the state of biodiversity in our operational areas. We will then set targets and measures based on our own data. We are taking inspiration from the Natura 2000 project, which identifies specific sites and the care needed and then uses this data to create an action plan. In these locations we create projects for which we then build specific partnerships. When planning, we try to balance low-cost “win-win” activities against specialised, more expensive projects.

We have also decided to prepare a biodiversity policy so that GasNet is formally committed to these activities. In addition, we want to open a dialogue with project designers about the environmental criteria for construction projects. We want to explore whether they take the environment into account when they plan projects, if they do not, then how and where they can start doing so.



UN Sustainable Development Goals

We manage and minimise our environmental impact through company-wide programs. In this way we contribute to the meeting Sustainable Development Goals and move the Czech energy sector towards higher efficiency and sustainability.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



SDG 12: Ensure sustainable consumption and production patterns

13 CLIMATE ACTION



SDG 13: Take urgent action to combat climate change and its impacts



Our contribution to selected UN Sustainable Development Goals

We implement modern technologies that help us reduce negative environmental impacts. We are systematically renewing and modernising our distribution network, thereby reducing gas leaks and preparing for the distribution of green gases. We are increasing our operational energy efficiency by expanding cogeneration and implementing heat pumps. We are transforming our fleet by switching to CNG and electricity. We support the development of LNG in freight transport and operate LNG filling stations.

We closely monitor and manage our waste. We take steps to reduce waste. As part of a company-wide program, we manage activities to support sustainable purchasing. We handle chemicals responsibly and according to current legislation. We actively work to reduce our energy consumption in our operations, office buildings and our vehicle fleet.

We are building the general resilience of the energy sector and its ability to adapt to climate risks. We are managing the decarbonising of our company. We build energy efficiency improvements into our operational strategies and plans. We support the use of gas in meeting national targets for greenhouse gas reduction. We support the process of transformation of the Czech energy sector with the aim of creating conditions for the distribution of hydrogen and the use of low-carbon fuels in transport.



Part

#2.3

An aerial photograph of two workers in high-visibility yellow and grey safety gear and white hard hats standing in a lush green field. The workers are positioned in the center of a large circular frame that is part of a layered green background. The text 'We Care About Our People and the Community Around Us' is overlaid in white on the bottom half of the image.

**We Care About Our People
and the Community Around Us**

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We Care About Our People and the Community Around Us

We are working hard not just to prepare for the energy challenges of the future, but also to create a corporate culture that is flexible, open to the world and inclusive. We apply these principles to our corporate development, recruitment, and people management.

Every day we grow in line with our ESG strategy and in the spirit of our company values: **safety, reliability,** and **respect.** We also emphasise these values outside GasNet.

Education, nurturing new talent and working with schools is a key part of preparing for the future. Because we will not survive without the next generation of gas engineers.

Get to know us better...



We support flexible working hours for the future and existing parents. Work-life balance is a fundamental theme of our diversity strategy and inclusion.



The Direction of our Journey is set by our Values, by Legislation, and by Digital Tools

We have set out our corporate values and the principles of behaviour that they create in our new **Code of Ethics**. The code is a fundamental foundational tool in building our employer-employee relationships.

The key piece of legislation that determines the rights and obligations of both parties is Act No. 262/2006 Coll., the Labour Code. We have supplemented these legal requirements with our own internal regulations. These include our Remuneration, Performance Management and Employee Benefits Policies as well as our Collective Agreement. We did not conclude a collective agreement in 2022 due to the geopolitical situation in that year. It was replaced by a Wage Increase Agreement. All employees and the employer agree – as a part of their employment contracts – to be bound by these internal regulations and their rights and obligations under the Labour Code.

We are digitalising our HR processes. In 2022, we implemented the SAP SuccessFactors system. With this tool, all our employees are able to deal with all HR administration digitally. In this way we are increasing the transparency of our processes and improving compliance with them. We are also improving our processes and our company culture through regular surveys via our chatbot Arnold. Arnold has been collecting employee opinions since 2020. You can find out more about what Arnold helped us discover this year in a separate chapter.

The principles of our human resources management will not change significantly in the coming year

In first quarter of 2023, we will be implementing two more SAP SuccessFactors modules: **Education** and **Succession**. Our Arnold chatbot will continue to engage in regular dialogue with our employees, while targeting specific groups. We are also preparing to finalise our Collective Agreement.



OUR PEOPLE IN NUMBERS:

2,292

EMPLOYEES HELP US TAKE CARE OF GAS DISTRIBUTION

2,292 / 600

As at 31 December 2022, GasNet had 2,292 employees (of whom 600 were women).

2,285.5

In full-time equivalent (FTE) terms, this is 2,285.5.

117 / 54

117 employees (54 of them women) had fixed-term employment contracts.

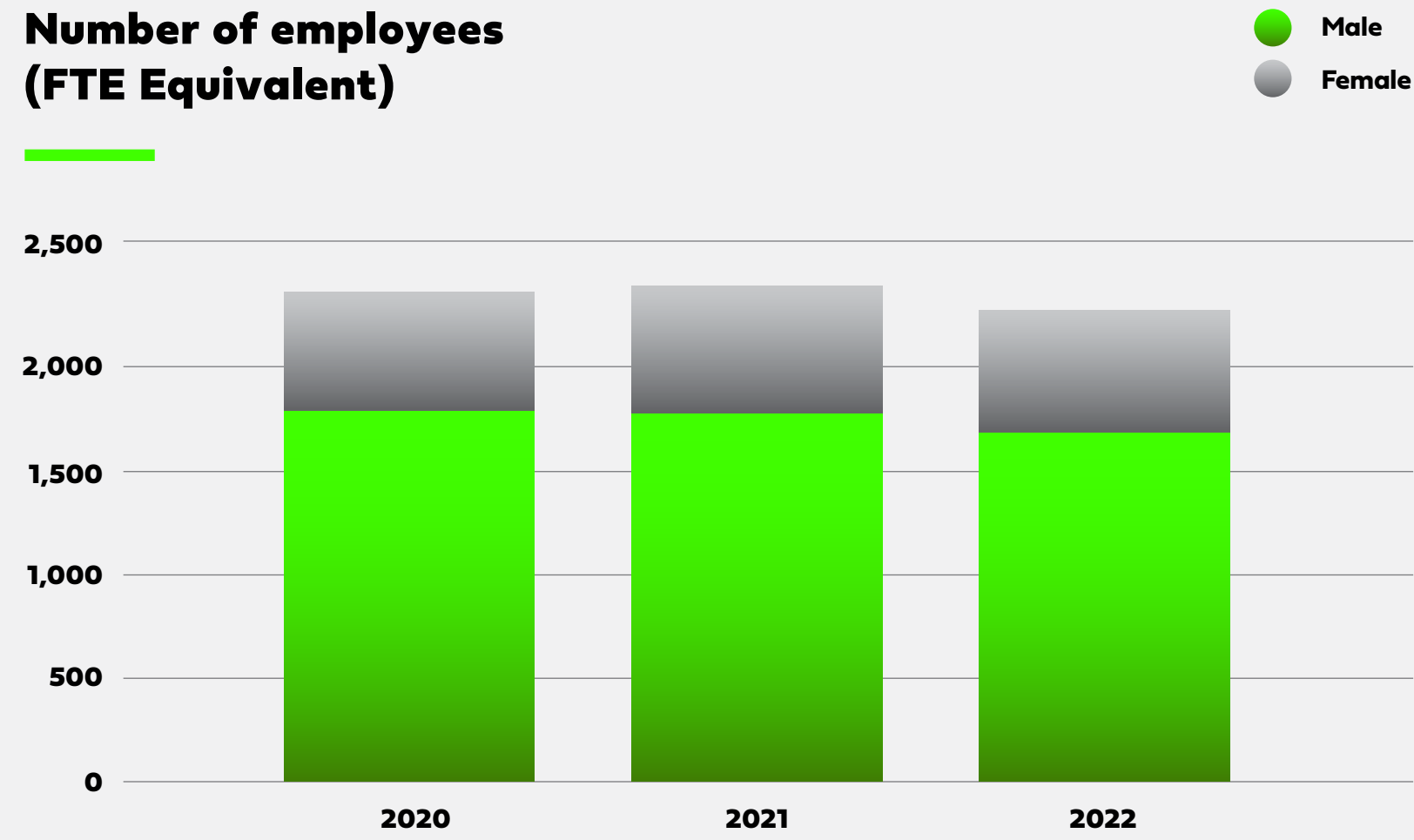
17 / 15

We had 17 part-time employees (15 of them women).

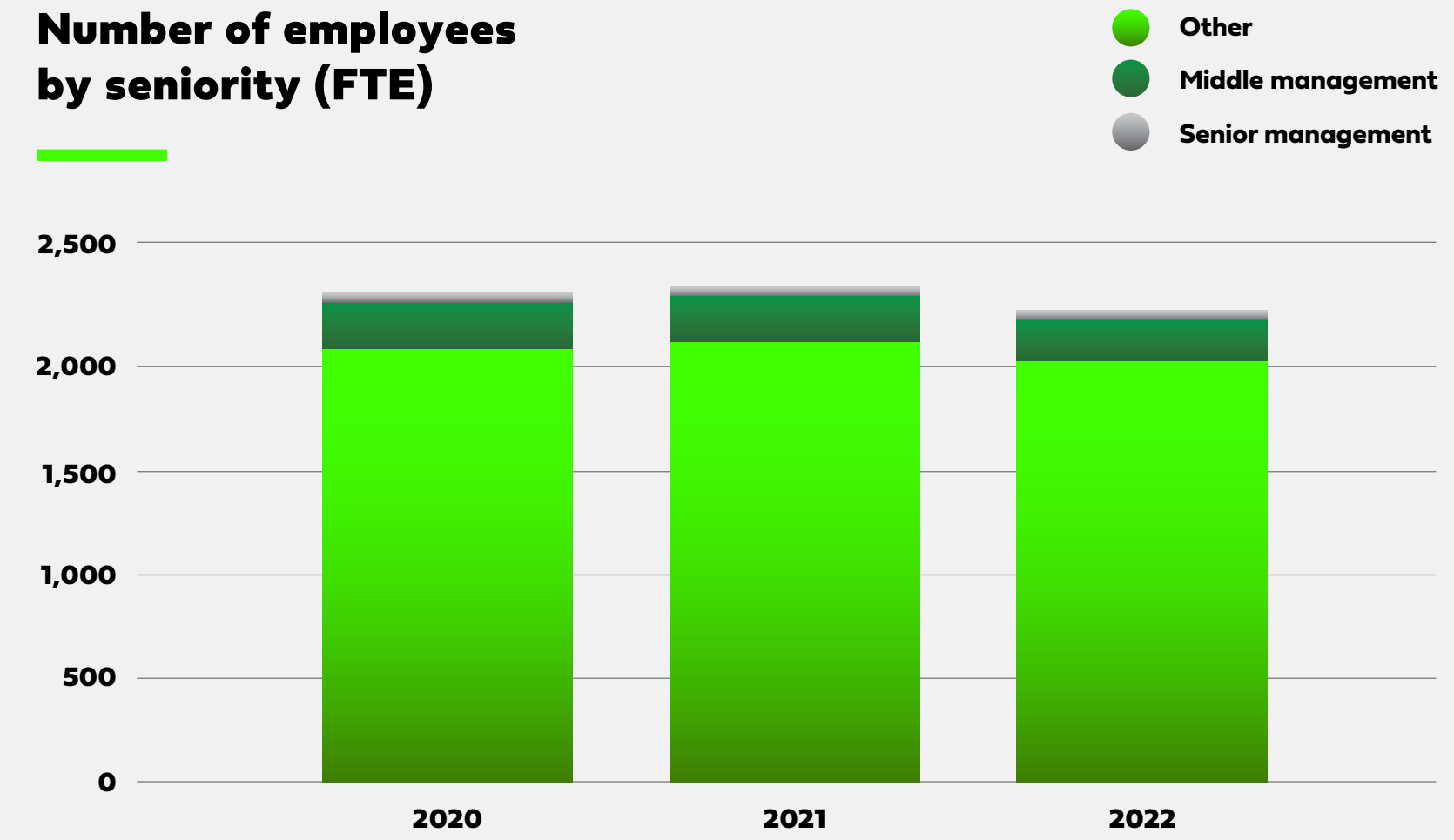
47.9

The average age of our employees was 47.9 years.

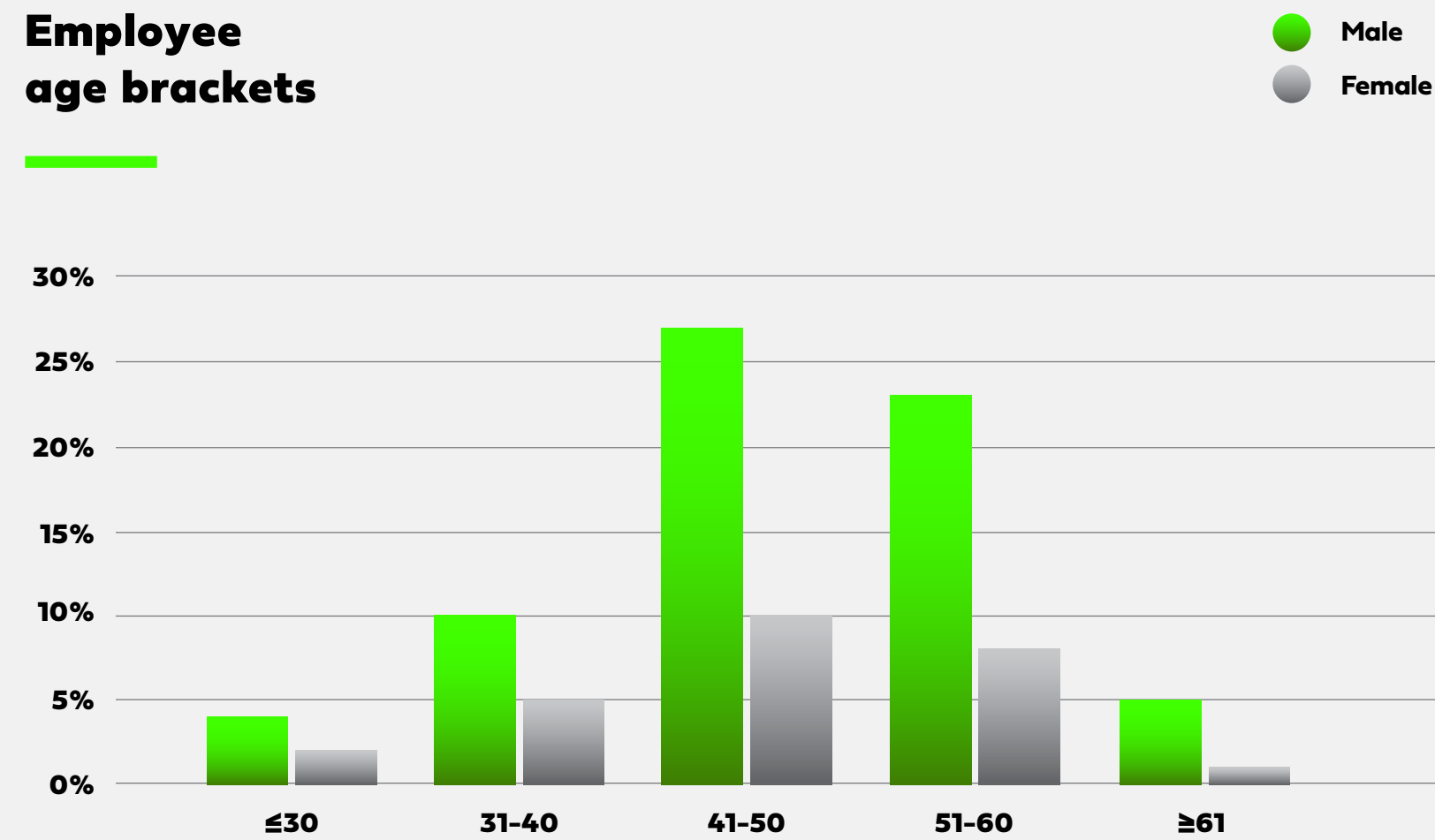
Number of employees (FTE Equivalent)



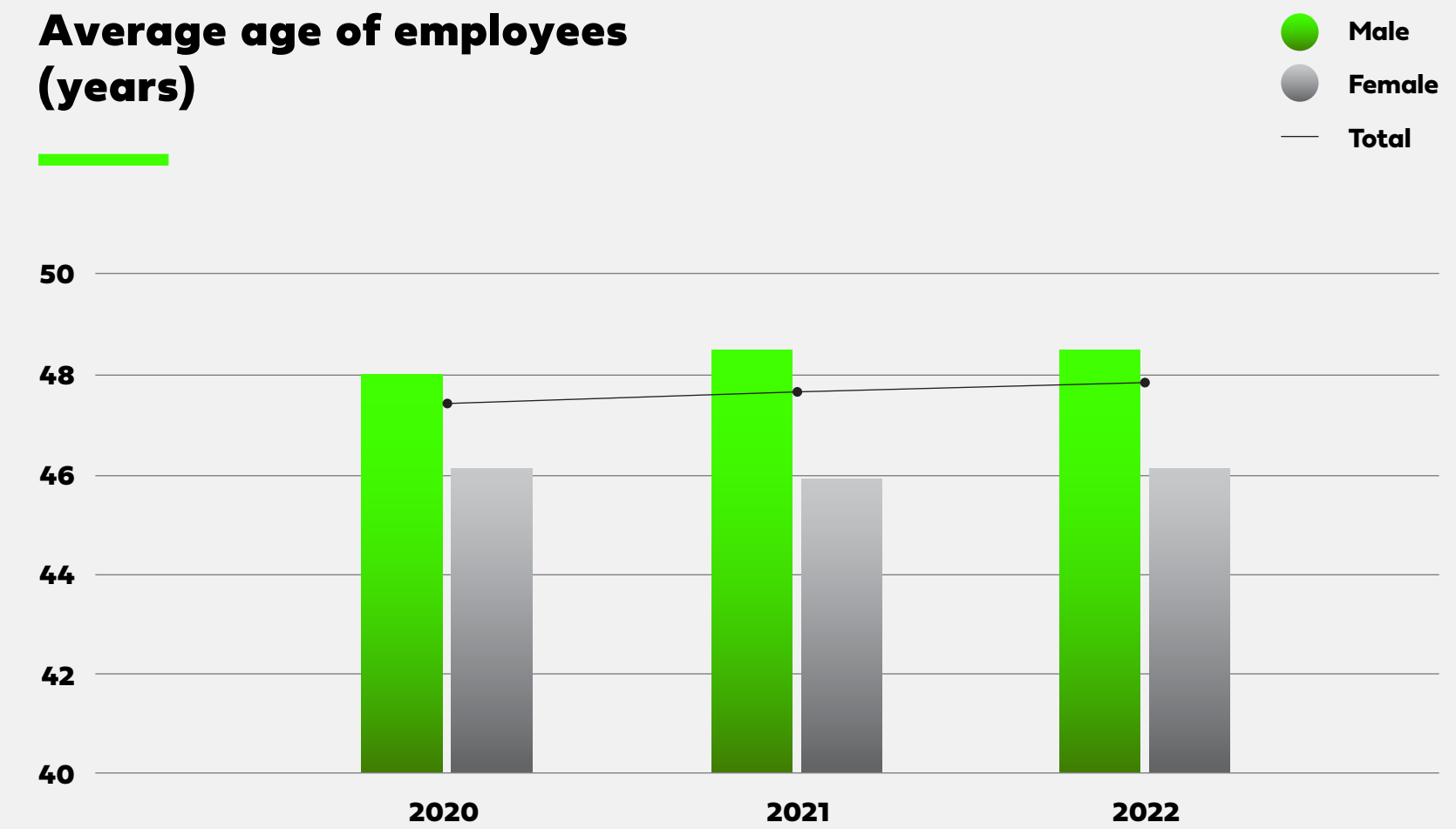
Number of employees by seniority (FTE)



Employee age brackets



Average age of employees (years)



We met our recruitment goals despite negative external factors

For some time, the labour market in the Czech Republic has been challenging. This is due to (i) demographic developments and (ii) the lowest unemployment rate in the EU – which has been averaging around 3.5% since 2017. These problems were exacerbated in 2022 by the geopolitical situation, which influenced candidates' behaviour especially in the second and third quarters. We saw an increase in rejected job offers at GasNet and also in a decrease in candidate responses to the positions we advertised. We believe this temporary trend resulted from concerns about the future of the gas industry. During this period perceptions of our field of business were affected by events related to the war in Ukraine.

Even with these challenges, we were able to meet our recruitment targets. Our average time to fill a position from the time it was advertised did not exceed our target of **60 working days**.

We source employees at all levels exclusively from the Czech labour market. This also applies to key

positions (e.g., managerial positions and positions with specialised know-how).

In 2022, 120 new hires, with an average age of 36 years, joined us from the external labour market. This is a slight increase in compared to 2021, when 105 newcomers joined us.

We get most of our candidates from job websites. In 2022, 50% more people joined us from this source than in the previous year.

In 2022, **we relaunched our 'join us' website**. We position GasNet as an employer that is preparing the Czech Republic for renewable gases. The upgrade has contributed to an increase in candidate responses to the vacancies we posted. Our measurement tools indicate that on average, these were 30% higher than responses to positions at other companies in 2022. This is a significant increase compared to 2020, when candidate responses were 47% lower than responses to roles advertised by other companies.

Another very good source of candidates is our Referral Program through which our existing employees bring us candidates. We recruited 23 new people in this way this year. Of these, only 2 left their employment during the probationary period.

New hires from the external market	2021	2022
White collar	94	82
Blue collar	26	23
Total	120 (45% female)	105 (42% female)

* White-collar means administrative staff. Blue-collar workers work in field operations.



We support new starters. Nobody swims alone at GasNet

We want our new employees to become part of our company culture as quickly as possible. We are helped in this by our **Welcome to GasNet** digital guide and our **Orientation Day**, where new starters gain an overview of our company's operations. Last but not least, are regular **surveys with our Arnold chatbot**, who regularly asks new starters what they need to master their role.

For more, see our chapter *Digital dialogue with Arnold*.

Staff turnover: Our people stay loyal to GasNet

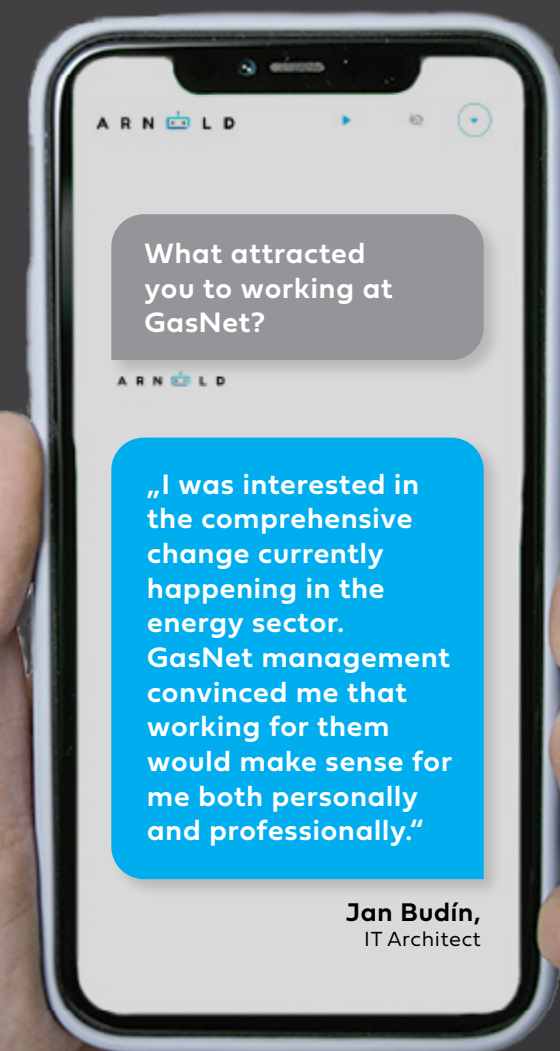
Total turnover, (including retirement and maternity leave), was 11% in 2022. This was an increase of 4% over 2021. This change is mainly due to some restructuring of our operations at the end of 2021. In 2022, **only 3%** of our employees decided to voluntarily terminate their employment. The notice period for termination of employment is two full calendar months.

17 employees went on maternity and/or parental leave in 2022. They were all female. Our male employees can also take advantage of state-recognised 14-day paternity leave. This was used by **27 men**.

Employees who retire are entitled to a financial reward under certain conditions. The financial conditions associated with maternity and parental leave are set out in the Labour Code.

Outplacement: saying goodbye with respect

We offer an Outplacement Program to employees who are being made redundant or whose employment is being terminated due to long-term disability. We offer these employees a contribution to retraining and/or a counselling program up to a total of CZK 20,000 including VAT.



Staff Turnover Trends [%]



Our campaigns target those candidates who are the hardest to find

In 2023, we will target our recruitment campaigns more towards attracting fitters and designers. There is a shortage of candidates for these roles, and they can take up to 90 days to fill. We will increase the emphasis on our journey towards renewable gas in our communications with candidates and the public.



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Training is the Key to the Future of the Gas Industry

Because training shapes our path to sustainability, we pay close attention to it. We focus on developing the skills that will help us achieve the goals we have set for our employees at all levels. We base this on (i) our corporate strategy, (ii) ESG and (iii) our corporate values.

Delivering a Varied Mix

We offer training courses led by experienced trainers, coaching, mentoring, and online self-study. Psychodiagnostic tools – such as the Hogan Personality Questionnaire, in which 61 employees participated in 2022 – help us to target our training more precisely. We also use regular feedback from our chatbot, Arnold. We offer three types of development.

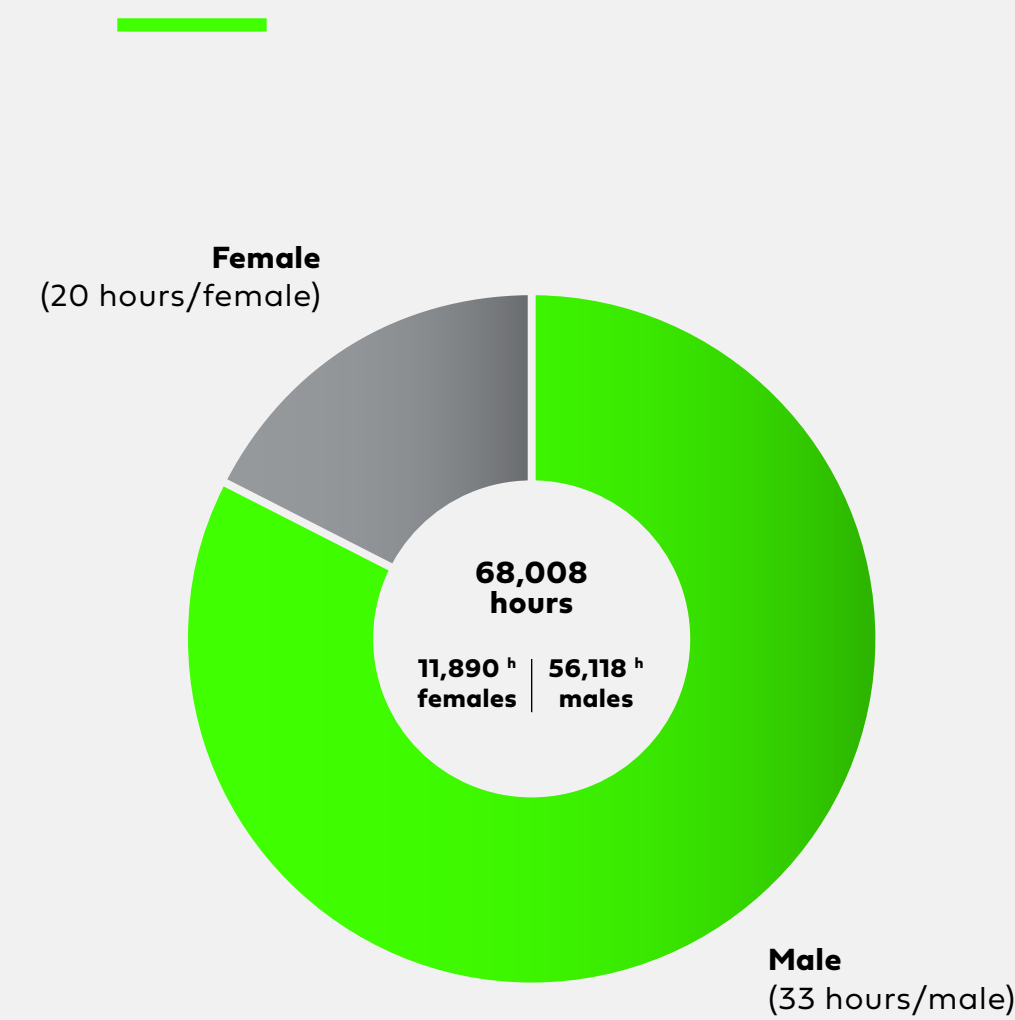
The three types of training GasNet delivers:

- Tailor-made development
- Mandatory training
- Company-wide training

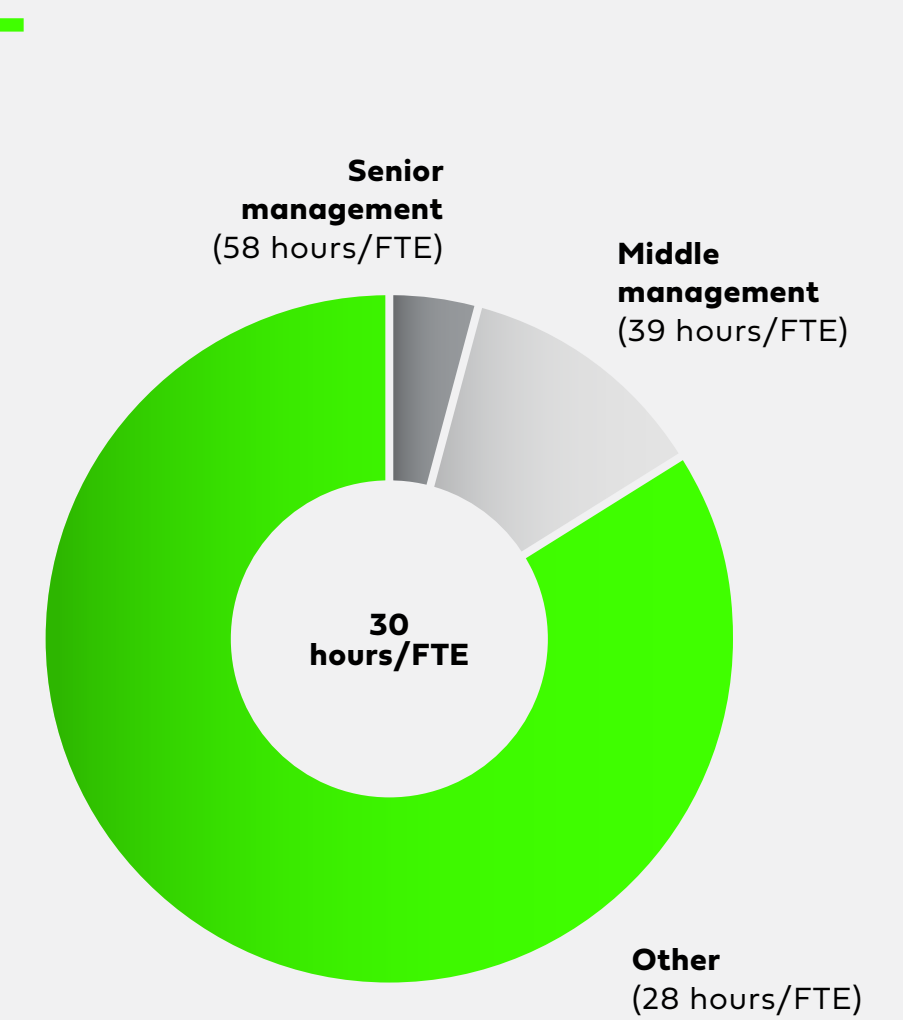
In 2022, we devoted 23% more time to training

In 2022, our staff spent a total of **68,008** hours participating in training. On average, this equates to about **30 hours per employee per year**. This is an increase of 23% compared to the previous year.

Time spent on training – by gender



Time spent on training – by seniority



23%

IN 2022, OUR STAFF SPENT A TOTAL OF 68,008 HOURS BY TRAINING, THAT IS 23% MORE THAN 2021.

Mandatory Training

Number of training hours by development area	Number of hours	Number of sessions	Number of participants
Training mandated by law <small>(legislation, qualifications, technical training)</small>	39,666	3,562	10,601
Training mandated by the employer <small>(e.g. defensive driving, safety, health)</small>	8,180	217	2,466
Other training <small>(tailor-made development and company-wide training)</small>	20,163	6,125	8,129

Tailored training to develop specific skill sets

We design our tailored training programs to meet the specific demands of our employees and their managers. Here are some examples of these programs:



Our succession program: Our managers have a major impact on shaping GasNet’s future and delivering on our value of Reliability. That is why in 2022, we focused on identifying development needs for successors to our 41 B-1 level managers.



In 2022, we launched a program to **develop the management competencies of our blue-collar foremen and supervisors**. The program was initiated by our management to promote the adoption of company values. There are **102 supervisors** involved in this training program. At the same time, we are working on the development of safe leadership during interventions at gas facilities through a program for all our Operations Managers.



We also provide intensive ESG training to **Management Board members and senior managers**. In 2022, three managers (including our CSO) successfully completed training courses on Business and Climate Change: Towards Net Zero Emissions and Sustainable Supply Chain Management. As a result, the three women received certification from the Cambridge Institute for Sustainability Leadership.



In 2022, we launched a pilot trial of 10 mixed **mentoring pairs between GasNet employees and the Czech Fire Brigade**.



In addition, internal **mentoring and coaching** is a support tool for tailored development. Our internal lecturers completed a total of 53 hours of training in 2022. We use external coaches to address specific requirements. Our employees participated 73 hours of such sessions.

Mandatory training as the foundation of our Gas Industry

Mandatory training is one of the dominant components of our training activities – especially for our operational employees. The training requirements are set (i) by law and/or (ii) by GasNet management. They include extension of qualifications and the technical training required for the performance of individual roles.

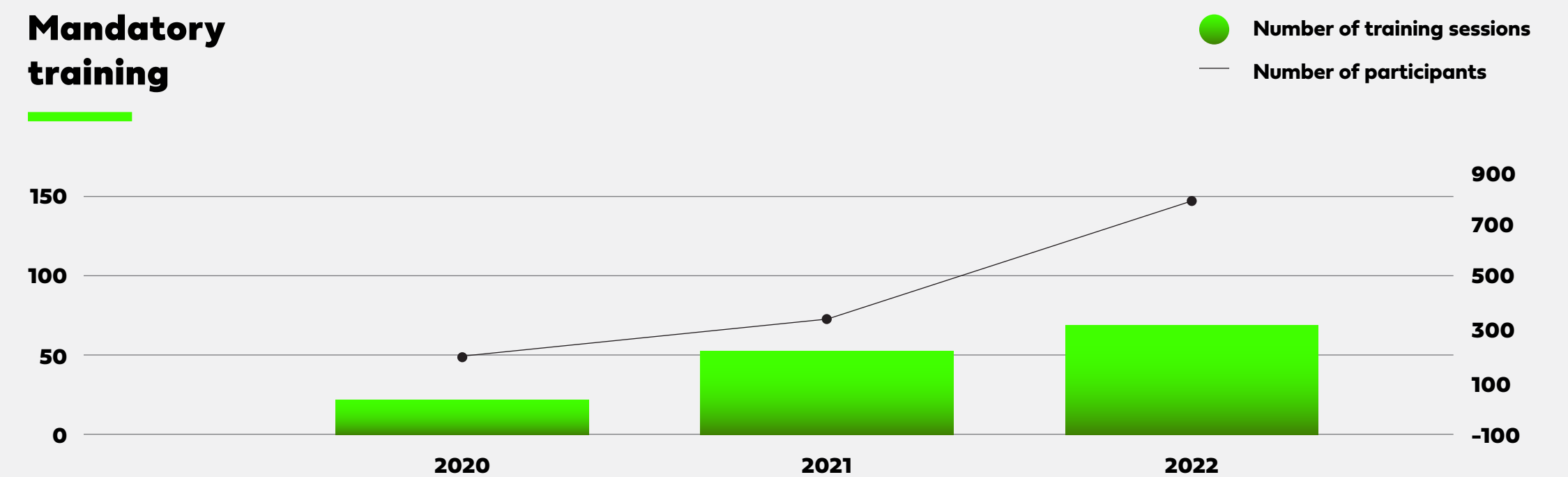
Each year we administer 300 types of professional legislative qualifications (e.g., for the installation and inspection of gas equipment or welding).

In concrete terms, this means that we administer around 20,000 qualifications each year. Having said that, the need to be qualified is not a barrier to entry for field positions. If job applicants lack the required qualifications, we will provide the necessary training. This is an important competitive advantage for GasNet. In 2022, we helped provide 1,001 qualifications for 113 new recruits in this way.

Mandatory training also includes training requirements set by company management. Because our employees drive over 20 million kilometres a year as they care for our gas system, management decided in 2019 that every GasNet driver would be required to complete a defensive driving course by 2023. **Between 2020 and the end of 2022, 66% of our 2,179 drivers had already received this training.** In 2022, there were 69 defensive driving sessions, which a total of 776 employees attended. In terms of time, this amounted to about 5,500 hours.

In 2022, GasNet employees completed a total of **39,666 hours of mandatory training** (of which about 2,641 were completed online via e-learning). We delivered a total of **3,562 training sessions**, which a total of **10,601 participants** attended.

Mandatory training



21,321
1,001
113

2022: 21,321
QUALIFICATIONS OF
WHICH 1,001 WERE FOR
113 NEW EMPLOYEES

20,419
868
97

2021: 20,419
QUALIFICATIONS OF
WHICH 868 WERE FOR
97 NEW EMPLOYEES

Company-wide awareness training embeds GasNet's values

Our Awareness Webinars build on our strategy and are voluntary for all employees. In 2022, we focused on these three areas:

- ESG, where we focus on fostering a culture of safety and on environmental and social issues such as the role of women in society and care for the elderly.
- Corporate strategy, where we present information related to the transition to green gases.
- Culture, where we explain how to integrate values and routines into everyday teamwork.

We offered a total of 18 of these webinars in 2022. A total of 922 employees attended.

Strengthening safety

Safety is a company value. This value was the focus of our awareness training which was mainly reflected in the following three areas: safety behind the wheel, safety behind the keyboard and health prevention.

Safety behind the wheel

In addition to the mandatory defensive driving courses, we mentioned above, we are improving safety on Czech roads in cooperation with the **Start Driving** project. This free program teaches novice drivers how to drive safely and respectfully. Put another way, it is a driving university. Entire families are involved in improving driving skills at courses held at the country's top driver training venues.

With the Start Driving organisation, we provided training for our employees and their children at four one-day training events in three different regions of

the country. Each of these events was attended by 36 GasNet participants, either in the role of learner drivers or as parents in a mentoring role. A further **290 employees** completed safe driving training on driver training tracks. **50 managers** also received the training at a management retreat.

We also provided **five online Road Safety training sessions**, which focused on accident prevention and seasonal risk situations. Approximately **105 employees** attended these sessions.

Safety at the keyboard

We are digitalising the gas industry. Part of that involves teaching our employees how to behave safely in cyberspace. During the year our Security Specialist and Digital Ambassador David Šimko delivered around 14 webinars on this topic, which were attended by about 279 employees. We also covered the topics of **Safe Behaviour for Children in Cyberspace and Parental Approaches**.

Health prevention – healthy employees, healthy company

Safety and health? They go hand in hand at GasNet. Because cardiovascular diseases are the most common cause of death in this country, we support the public Žiješ srdcem (Your Heart for Life) campaign organised by the Loono organisation. As part of the campaign, we offered our employees a series of four educational webinars on how to take better care of their hearts and blood vessels. The topic of cardiovascular diseases was also a part of our **'Health Days'** events. We held these in six locations in the Czech Republic where GasNet operates. A total of **484 employees registered** for the health prevention events. Working with the Nevypust' duši (Don't Drain your Soul) organisation, we also offered six mental health prevention webinars. A total of **196 employees** attended these webinars.

922

ATTENDEES JOINED A TOTAL OF 18 WEBINARS IN 2022

105

EMPLOYEES ATTENDED THE COURSES OF SAFE DRIVING

484

EMPLOYEES REGISTERED FOR THE HEALTH PREVENTION EVENTS

196

EMPLOYEES ATTENDED WEBINARS ON THE TOPIC OF MENTAL HEALTH

Improving intergenerational communication

As part of our efforts to enhance diversity, we focused on intergenerational communication, with a special emphasis on the **elderly and their care**. The elderly are some of the most vulnerable members of our society. At the end of the year, we organised a two-part **webinar with women** at GasNet. We discussed self-development and how to assert yourself in male dominated environments. These webinars were an output of our survey using our Arnold chatbot that took place in the summer. A total of **400 women** participated in the webinars. We provide more information about diversity and inclusion in a separate chapter.

Educating ourselves for the future of gas

The Future of Gas is a topic we are talking about more and more in our company. For that reason, we included a **two-part webinar** in our training program that employees were able to attend every quarter. Our teams have set up a new **Future of Gas** intranet section where employees can obtain information and news. To increase general awareness of hydrogen, we created a **"Hydrogen Cookbook"** which is available to all our employees on our intranet.

In 2023, we will focus on executive development, talents, and online learning

- In 2023, we will continue to implement key projects aimed at developing the management skills of our blue-collar supervisors and operations managers.
- We will expand our management succession program to the next managerial level – i.e., B-2 (about 150 managers). This will allow us to identify and develop new successors.

- We want to expand our range of online courses. One example will be our RedButton platform, where employees will be able to find courses and lectures on soft skills, hard skills, and ESG.
- In 2023, we will train employees on the new SAP Success Factors training modules, which we will implement in the first quarter.

Career Growth? Our internal job market provides it

Thanks to our **internal job market**, our employees have opportunities for further career development. In 2022, we filled a total of eight positions internally. In the prior year, there were six such placements.

„I have experienced a really big change in my job description. Fundamentally, I needed to deeply orient myself towards ESG issues. And the result? All the while, I was gaining the knowledge and support I needed for my development.“

Michal Hrotik

ESG Senior Specialist
Michal previously worked as the Head of the Special Works Department and subsequently moved to the ESG team.



We Manage Performance and Remunerate Fairly

Performance management is the foundation of fair remuneration. Its core is the setting and evaluation of individual objectives that **support the company in achieving its strategic goals.**

Part of the evaluation process is the recognition of both superior and exceptional performance for each evaluation period. We also measure the approach to our company values, workplace safety, personal and professional development, and working relationships with colleagues.

The results of the evaluation are reflected in the level of **'variable wage'**. This is set as a percentage of the monthly fixed (guaranteed) wage and is paid on a monthly, quarterly, semi-annual or annual basis (depending on the job role).

Remuneration conditions for members of the Management Board are covered by their employment contracts. They also have a fixed and a variable part. Bonus payments depend on financial, safety and individual targets.

Top management also regularly monitors **gender pay equity**. The resulting data confirms that we are meeting this goal at GasNet.

Next year, we will focus on adjusting the processes to meet managers' business needs and on educating managers on how to evaluate employees fairly.

Number of people who have been set targets and whose performance is assessed. For manual workers, the evaluation takes place through the performance of tasks assigned by the dispatch room:

	Female	Male	Total
Senior management	9	39	48
Middle management	23	178	201
Administrative workers	207	345	552
Total	239	562	801



Working with Schools

#ReinventingGasIndustry: We create the future with schools

Europe is on the path to decarbonisation and to a sustainable economy. Both the Green Deal for Europe and the European Commission's REPowerEU plan foresee the emergence of renewable gases. Their implementation will not be possible without a new generation of gas workers.

In order to attract these future team members, we are working ever more closely with schools at all levels. We offer students paid internships, GasNet benefits, and a high level of flexibility. We also offer internships to university students allowing them to participate in innovative projects that are linked to the future of gas.

We focus on close working partnerships with schools on three levels:

Secondary Vocational Colleges: Gas engineering and related fields such as plumbing, where we make contact with our potential future gas engineers.

Secondary schools: We target technical schools. We look for future designers, who are in short supply in the market.

Universities: We target faculties related to the energy sector. We are aiming to attract future employees in areas relevant to our hydrogen strategy.

Secondary Vocational Colleges: Working together to develop the gas industry

Until 2021, we worked with four schools which teach gas engineering in different regions of the Czech Republic. In 2022, we started working with two additional schools.

Our partnership with the schools is focused mainly on the practical preparation of students for future work. We offer students the opportunity to participate in **internships, temporary jobs and scholarships**. We organise joint events which take place directly at the schools or at GasNet. For example, our **Day with GasNet**, where our employees introduce students to the gas industry. The introduction focuses both on the present and also on our **future with renewable gases**. We invite students and teachers to a **Field Day** organised by our colleagues from Ústí nad Labem where they see the real **work of gas engineers in practice**.

As in previous years, in 2022 we were partners of the **Enersol Secondary Schools' Competition**, in which students work on projects that promote **innovation and sustainability in the energy sector**. The project also involves students from our partner Secondary

Vocational College in Pardubice. In 2022, five students participated in the competition. In their projects, they worked with colleagues from GasNet on **connecting biogas stations to the grid** and on the use of CNG in transport. Both projects advanced to the national round.

The gas industry is going through a crisis of confidence

This was sparked by an ambiguous public perception of the future role of gas in the Green Deal. The uncertainty was then compounded by the war in Ukraine and the subsequent rise in gas prices. School principals confirmed these factors and told us that parents were concerned about future prospects for the gas industry. All of this has been reflected in a reduction in the number of students enrolled in the first year of gas-related classes. We have therefore started to communicate the future of gas to the public and parents in a more targeted way. We started to strengthen our communication with the public through the media in the second half of 2022. And also directly targeted schools.

We enhance our communication with secondary school students who are heading to university

We were partners in competitions for secondary school students: the **Technology and Energy Olympiads at the Czech Technical University in Prague**. The competitions involved secondary level students in creating sustainable projects – including for the gas industry. Our employees acted as expert guarantors and lecturers.

We invited the winning students to the **German H₂-Infra hydrogen polygon** which focuses on research into the safety, environmental and economic aspects of 100% hydrogen distribution.

Hydrogen and sustainability attract university students

We are building strategic working relationships with key universities. We are focusing on the technical, science and IT areas.

Our employees helped students as professional guarantors, mentors and lecturers. Lectures by our experts in energy, IT and cybersecurity were popular. Through this involvement, we were able to present the future of the gas industry and GasNet to students on specific topics.

We plan to significantly strengthen our strategic relationships, especially in 2023 by working closely with the managers involved in our Future of Gas project.

A successful Trainee Program: talented students working on the future of gas

GasNet launched a Trainee Program in 2022, with nine trainees joining one of our teams for 10 months to learn about the gas industry. The goal of the program is to encourage the trainees to continue working for our company after they graduate. The trainees mainly worked on projects related to the **Future of Gas**.

The original intention was to attract five students. We managed to do this very quickly, meeting this target in just two months. Due to this success and the very positive response from our managers, we accepted four additional students into the program. The trainees most appreciated the opportunity to gain work experience in the energy industry, the high level of flexibility and the opportunity to be part of the energy revolution. The students also appreciated the opportunity to work on specific projects.

In 2023, we want to expand our Trainee Program, and also to work even better with the talents that we attract.



“I work in the design team led by Martin Kugler. I have gained insight into trends in the gas industry, and I am fulfilling my dream. I always wanted to work on progressive projects in the energy industry and I am succeeding at GasNet. I was very surprised by the high level of the team’s motivation. We are helping Hydrogen to forge a path despite the bureaucratic heavy-handedness we encounter outside GasNet.”

Josef Kubička

As a trainee his work includes contributing to a pilot hydrogen distribution project in the Czech Republic.

GasNet supported students from the Czech Technical University. They won with environmentally friendly gas industry technology

CTU students won the international competition **EuroTeQaThon**. They surprised the jury with their technological solution for the use of waste heat to produce electricity during gas distribution. The winning team developed their technology based on a competition assignment from GasNet. They won from a strong field of leading European universities.



“Collaboration with schools will be crucial for the green gas industry, and CTU’s results in this year’s EuroTeQaThon competition are an inspiring example for the future.”

Thomas Merker
Chief Financial Officer

Helping teachers teach innovatively

In another project, **Elixir for Schools**, we help teachers to teach technology and science in an innovative way.

We took part in the international **Science on Stage** festival for teachers. We took over the patronage of the **Zlatá Agnes** competition for the best teaching project in the field of sustainability



Diversity, Equality, and Inclusion

We believe that diversity, equality, and inclusion are core elements of a successful, humane culture. That is why they are part of our ESG strategy and a key component of our corporate values, especially **respect**. Together with not-for-profit organisations, we strive to make respect commonplace outside GasNet.

We strengthen diversity and inclusion with our own strategy, which covers **gender equality, intergenerational dialogue**, work-life balance, LGBT+ and work on our own diversity, which we understand as diversity within our company.

Clear goals for measurable success

We set clear objectives in each area. These goals are approved and evaluated by our Management Board and our shareholders. Thanks to these steps, we were successful in obtaining an international GRESB ESG rating. In the “people” category, we achieved full points for the second year running.

Strengthening diversity and inclusion with partners

Our strategic partner for diversity is **Business for Society**. In this area:

- We are a signatory to the **European Charter for Diversity**,
- We were awarded a gold certificate for our D&I strategy in the summer of 2022 for our diversity activities.

Another important partnership is with the Business **Professional Women initiative**. We **signed the WEPs** (see below) at the end of 2022. We also support respect for differences with the **Czechitas, Prague Pride** and **Between Us** organisations.



Our main D&I theme for 2022: Promoting gender equality

The Czech Republic is ranked 23rd in the EU in the Gender Equality Index compiled by the European Institute for Gender Equality (EIGE). *“Unfortunately, the trend is not positive. Gender equality in the Czech Republic as per the Sustainable Development Goals remains somewhat sidelined,”* says Lenka Štastná from Business Professional Women (BPW). This is why we focused on gender equality in 2022.

A key role in promoting female-male fairness was played by a survey via the chatbot Arnold. The results helped us to identify the areas we needed to address at GasNet. Details of the survey can be found in a separate chapter on Arnold.



“The aim is always to develop women’s working roles and self-confidence.”

Petra Vrbová
Head of Procurement

Petra is an Equal Pay Day mentor. Under the auspices of the Business for Society organisation, she organises and teaches a number of activities related to the mentoring and education of women



“Due to the high proportion of work that is physically demanding, the gas industry is, by its nature, a men’s domain. That means that we need to take particular care to create suitable working conditions for women. At GasNet, we believe that it is diversity of experience and opinion that gives us strength. We create a tolerant environment and offer a safe place where every professional is welcome. Signing the WEPs is an important milestone in our journey to strengthen fairness and deliver on our ESG strategy.”

Erika Vorlová
a member of GasNet’s management team

GasNet is the first signatory of the WEPs in the Czech energy sector

At the end of 2022, we became the first energy company in the Czech Republic to sign the UN Women’s Empowerment Principles (WEPs). By doing this, we joined the global community of companies that publicly promote diversity and fairness between women and men in accordance with the UN principles.

The principles of WEPs are based on international labour standards, human rights and are founded on recognition of the fact that companies are co-responsible for conditions in society as a whole. These conditions include, for example, equal pay for work of equal value and zero tolerance for sexual harassment in the workplace.

With the BPW organisation we support the **Empowering Women** program. Its main goal is the professional and personal development of women through intensive experience sharing with mentors (the speed mentoring method). Our female employees are involved in the program, both as mentors and mentees. The program culminates in an annual **Equal Pay Day** conference, in which we participate.

We also support gender equality by participating in conferences organised by Business for Society. In 2022, these included the **Mothers and Fathers Welcome** conference and the **European Diversity Day**. There was no lack of discussion on the integration of Ukrainian refugees, especially in the context of using their work potential and know-how.

With Czechitas we empower women in IT

Since 2022 we have been working with **Czechitas** to improve the career development of women in Czech IT. We have traditionally supported its **Digital Academy** program. This is designed for women who want to pursue a career in data analytics. We supported a total of 54 women (including women from Ukraine) who were interested in becoming Junior Data Analysts. At the end of this program, the women participated in online field trips to our company. The topic of the field trip was Data Analysis in Asset Management and 33 women participated. Another activity was a **Tech Meet-Up** focused on data analysis at GasNet. The four-hour meeting was attended by 31 women and presented by three GasNet employees.

GasNet for all generations: Connecting generations, breaking down stereotypes

In November, we launched a project called **GasNet for All Generations**. We offered a series of webinars from which participants gained useful information on how to care for and communicate with the elderly. We involved seniors from Between Us and students from DofE. This helped us to connect two distinct generations.

Our employees have been supporting the seniors at **St. Anthony's House** for a long time. In 2022, they made them happy by creating Easter decorations with them, and in winter they organised a traditional gift collection in which they fulfilled the seniors' Christmas wishes.

We also promoted intergenerational understanding through a **Family Day with Czechitas** which took place in Ostrava in April. Our employees' children programmed robots and we prepared a lecture for their parents on the topic of cyber security and child safety on the Internet. Eleven children and six parents attended the event. We also see our **StartDriving** project (see separate paragraph) as an intergenerational connection. It is based on communication between parents and children. This project was mentioned in the chapter on development.



We strengthen diversity. We develop intergenerational understanding with the Between Us organization

GasNet and LGBT: We offer a safe place where every professional is welcome

We continue to work with the **Prague Pride** organisation to support fair access and respect for differences. This focuses primarily on LGBT+ support. In May 2022, we again partnered for an event called **Fun and Run, which is a traditional run against homophobia**. Every year, all proceeds from the run go towards running the online LGBT+ counselling service Sbarvouven.cz and the House of Light, a support centre for people living with HIV. Last year, despite the unfavourable conditions created by the pandemic, we raised 132,000 CZK together.

In autumn 2022, two young people died in Bratislava...

...Matúš and Juraj. They were murdered by a gunman targeting customers of a gay bar. Prague Pride organised a public gathering in Wenceslas Square in Prague to honour their memory. GasNet supported this event both financially and through public communication using social networks etc.

In the area of D&I, we will continue to focus on building fairness at work and in our society. We focus mainly on:

- Equal pay,
- Working with the results of the survey of women (e.g., self-development and self-esteem building for women),
- Inclusion of employees who are the parents of young children. This includes their involvement with GasNet during maternity and parental leave, and their subsequent return to work.



1.1
1.2
1.3
1.4
1.5
2.1
2.2
2.3
2.4

“Our strategy is not just about what we plan to do, but also how we do it.”

Martin Gebauer
CEO



Culture and Internal Communities

The way we do things and the way we treat ourselves and the outside world is a manifestation of our corporate culture. We create it in the spirit of three values: safety, reliability, and respect.

In 2022, **GasNet won the People & Culture Barometer 2022**, a national assessment of HR team performance, process quality and corporate culture.

Conectio's People & Culture Barometer professionally assesses key people management processes, identifies both strengths and opportunities to increase the value of HR for business. We scored highest in the process of setting company culture.

This success is the result of the work of colleagues from our Culture Team who volunteer beyond their job roles to help oversee the implementation of our company values.

We reinforced the role of corporate values with webinars on corporate values. Our colleagues were inspired with information on how to gradually open up and develop culture in their teams.

People are the pillar of our company culture

That's why we connect through the following **internal communities**.

Our culture team is transforming GasNet and nurturing our company values

Our Culture Team has been helping to shape our corporate culture since 2020. It currently has **24 members from across the GasNet Group** of whom 14 are males and 10 females.

„We make sure that the group is as diverse as possible and at the same time represents all parts of our company,” explains Petr Pěčka from HR, who leads the Culture Team, “In our team you will find seasoned old hands, and newcomers, colleagues from the field and from the office, women and men of different ages, managers and mothers on parental leave. These are colleagues who have respect and at the same time want to actively change the company. What’s more, they do everything above and beyond their daily work duties.”

The Culture Team helps with survey results, is involved in promoting a culture of safety, and in emerging projects such as **#GasNetHeart** and **GasNet for All Generations**.

Digital Ambassadors as an example of an inclusive community

At GasNet, we believe that respect is linked to diversity and inclusion. These values are also clearly reflected in our Digital Ambassadors development program. This program not only supports the digitalisation of our company, but it also connects regions, promoting intergenerational dialogue, development, and teamwork. Since 2020, our Digital Ambassadors have been making sure that everyone in our company really understands technology. In 2022, we added eleven more ambassadors to the team, taking it to **38 employees**, 23 of whom are women.

This program gives every employee the opportunity to contact an ambassador who they know and ask any digital question. In this way, our training can then be more individually tailored, taking into account the knowledge level or time needs of the specific team. Our team of ambassadors continue to operate on a volunteer basis with no financial remuneration. Their motivation is primarily self-development, career growth and the opportunity to participate in attractive company projects.

During 2022, our digital ambassadors put in a total of **626 hours** helping their colleagues with individual consultations and group training sessions.

24

MEMBERS OF CULTURE TEAM

14 MEN + 10 WOMEN

38

DIGITAL AMBASSADORS

15 MEN + 23 WOMEN

Digital Dialogue with Arnold

Arnold: the digital sidekick who improves our culture

We have an unusual partner in GasNet. He helps us with company culture, internal communication, surveys and improving employee relations. His name: Arnold, and he's... a robot.

Chatbot.

The Arnold chatbot at GasNet has been collecting employee insights and opinions regularly since 2020. He also opened discussions on current company topics with employees in 2022. We focused on safety, employee satisfaction and women's development.

Company executives and managers receive results for their divisions and teams after each survey. Thanks to these reports, at GasNet we understand what needs attention, what our employees enjoy, and what worries them.

We measure our employee satisfaction

At the beginning of 2022, we asked employees what topics they would like to discuss with Arnold. One suggestion was to ask more about atmosphere and needs. As a result, we used Arnold to carry out a company-wide Employee Satisfaction survey. And the result?

Most GasNet employees are satisfied

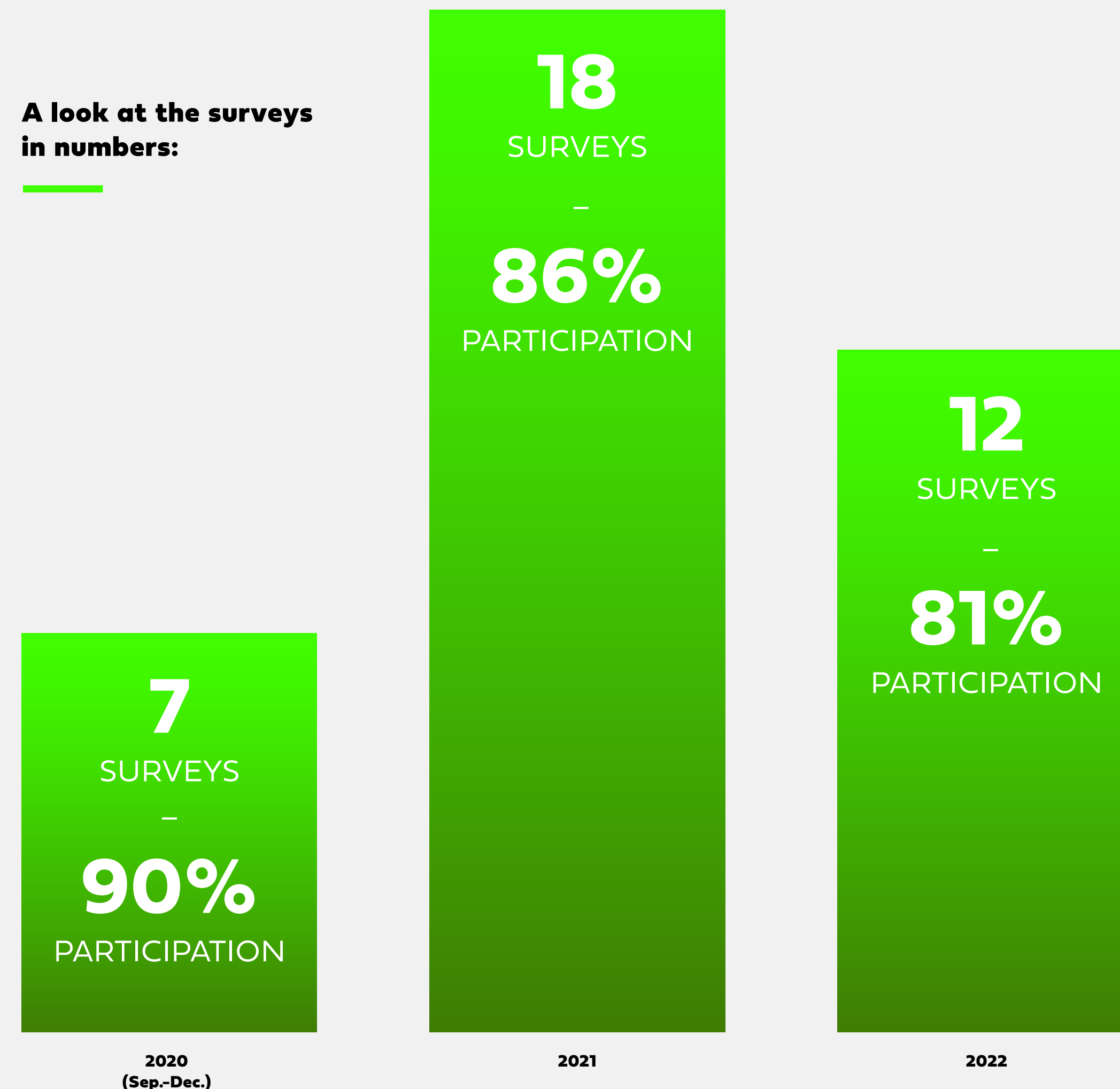
74% of employees participated in the Arnold employee satisfaction survey. *"The survey showed that 89% of employees are generally satisfied at work, and that's very good news. We carefully analysed the results with all the members of the management team. How people feel at work is really important to us, as well as what they enjoy and what, on the other hand, bothers them. This is especially important in the current challenging times,"* says CSO Erika Vorlová.

Satisfaction was most reflected in these areas:

- Employees' needs, attitudes and concerns regarding the socio-economic situation, remuneration,
- The balance of face-to-face vs. online meetings*,
- Digitalisation in operation,
- Satisfaction with the work environment.

* We learned that our employees need to **meet and speak personally with GasNet management more often**. As a result, we arranged a meeting of our Foremen in the autumn and planned regional meetings with employees in 2023.

A look at the surveys in numbers:



GasNet's women welcome dialogue

74% of GasNet employees are male. Because of this, our Arnold chatbot surveyed our women to find out how they feel working in a company that employs significantly more men and whether they have enough space to develop and express their opinions.

The survey was conducted in August 2022 and the response rate was 83% – a total of 493 out of 591 invitees.

99% of our women value the tools that GasNet offers to enhance flexibility (especially the opportunity to work from home or to adapt working hours to fit in with family – whether for childcare or other family reasons).

A number of women commented that they would welcome more openness from managers about the possibility of part-time work. At GasNet, only 1% of our employees – 17 people – fall in this category. The vast majority of them work 80%.

69% of women in the survey feel GasNet gives them equal opportunities for career growth. One comment from the anonymous survey: *"If men are advancing in their careers more than women, it's because they want that. And it's not about being favoured."*

However, some women said that they had encountered prejudices against women on the basis of perceptions that they lack technical knowledge or that, because they are mothers, they cannot fully devote themselves to their work.

Another area that we will focus on more in the future is education. **Only 65% of women said that they have the opportunity to develop themselves** in the company. Given our training strategy, we know that this figure could be significantly higher. As a result, we will focus on the area of self-development in order to strengthen internal motivation and self-initiative.

Arnold makes sure new hires are included

According to LMC research, 31% of new hires in the Czech Republic leave their jobs within the first six months. The main reason is a negative onboarding experience. For this reason, **Arnold talks to our new hires seven times in the first three months.** In this way we get suggestions about their work with the company and keep an eye on their satisfaction.



#GasNetHeart

CZK 671,918

We Help

We emphasise safety, reliability, and respect both with our employees and also outside our company in our work with non-profit organisations. We have presented many of our activities in the previous chapters, especially in the Diversity, Equality, and Inclusion chapter. In this chapter, we present some other important projects.

#GasNetSrdcem (GasNet Heart)

We involve our employees in helping. That's why we launched our #GasNetSrdcem program. Any employee can start a collection to help people in need. We help both small non-profit organisations and individuals, always in line with our ESG strategy.

In 2022, we raised a total of CZK 671,918 from seven collections through the #GasNetSrdcem program.

RESPECT connects us with DofE

We are a long-term partner of The Duke of Edinburgh's Award (DofE). Founded by Prince Philip, DofE has changed the lives of millions of young people around the world. The organisation encourages young people to achieve personal goals in three areas: volunteering, physical activity, and skills.

- DofE participants took to social media to participate the 2nd annual #GasNetChallenge: Film the expedition, show respect. Portraying respect as a key value for sustainability was central to the challenge. The top three teams received awards at a ceremony.

- Ten of our employees were actively involved in mentoring DofE participants. All the mentors are regularly trained to provide professional support to participants.

Firefighters and Gas Workers: Helping together

In 2022 and for the 12th time, GasNet was the general partner of the Volunteer Firefighters of the Year Survey. It recognises the work of 360,000 volunteer firefighters from across the Czech Republic. The award is a dignified thank you from the GasNet Group to the firefighters for their work with us during interventions, for their professionalism and their preventive activities. In 2022, we honoured the 50 best teams including for their work helping with the catastrophic fire in Bohemian Switzerland.



"I am pleased that with the Survey, we have recognised the reliable work of volunteer firefighters for 12 years. Our support is also not just financial – through the Survey, but also in the physical support of our employees' volunteer work. In fact, many of our gas workers are also volunteer firefighters. When the situation requires it, we allow them to get involved in events. This was also the case with the fire in Bohemian Switzerland."

Petr Koutný
GasNet's Network Operations Director

#Stand With Ukraine

Together with our employees, we helped provide humanitarian aid immediately following the invasion of Ukraine:

- With our joint fundraising, we donated over CZK 2.5 million in aid to people in Ukraine through the humanitarian organisation People in Need.
- Our employees helped to open a hostel for refugees in Prague.
- We helped to quickly reconnect and deliver power to shelters.

- We helped Ukrainian women together with Czechitas, including through our involvement in the Digital Academy. In 2022, nine Ukrainian women successfully completed this course. All of them completed a minimum of 300 hours of study.
- We have been preparing humanitarian technological assistance for Ukrainian gas producers to help repair damaged energy infrastructure.

Our support for these projects will continue in 2023.

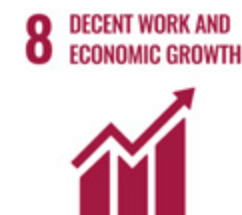


UN Sustainable Development Goals

We actively develop our corporate culture, taking care of our employees, communities, and the society around us. In this way, we fulfil UN Sustainable Development Goals in the areas of promoting education, improving working conditions and increasing diversity, equality, and inclusion.



SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



SDG 10: Reducing inequality within and between countries



Our contribution to selected UN Sustainable Development Goals

We support education. We introduce sustainability to students and teachers through our cooperation with key educational institutions. We have worked with vocational secondary schools for a long time, and we employ their graduates. We help young people before they graduate by providing internships. We show schools the practical aspects of our industry and its future. We are a partner of student competitions in the field of energy and education.

We are closing the pay gap between men and women. We are building a quality working environment through the continuous education of our employees, their families, and other external partners. We train our people and the public in the areas of cyber security and digitalisation. Not only do we develop our employees' work skills, but we also help them develop their personal lives, especially in the areas of physical and mental health and safety. A culture of health and safety spreads from our management positions across the company.

As part of our ESG strategy, we are building a diverse, inclusive, and fair culture. We implement our own strategy for diversity and inclusion. We support diversity with the help of an internal Culture Team. We are committed to fairness in remuneration and job opportunities. We promote gender equality when we offer jobs. We improve legal employment conditions for all groups of employees and try to motivate other employers to behave in a socially considerate way.



Part

#2.4

**We Conduct Business
Responsibly and with
Respect**



We Conduct Business Responsibly and with Respect

Our ESG commitment states that we are a socially responsible company with a strong focus on ethical management, transparency, and sustainability. From 2022, this commitment has taken on a global dimension. This is because we have joined the **UN Global Compact**, the world's largest UN-led social responsibility and sustainability initiative.

The trust of our customers, shareholders, partners, and the public is everything to us. We build it every day with **transparent decision making**, honesty and mutual respect. For this reason, our responsible business principles are framed by a multi-level governance system. The same applies to our management of the entire ESG area. From the moment we developed our ESG strategy and presented it to our employees, the topic of sustainability became a company-wide issue. It spread across our company at all levels; from shareholders, through our Management Board and our ESG & Security unit, to our ordinary team members. Everyone has a role within ESG and

responsibilities that arise from it. We recognise that everything we do has an impact on our customers, suppliers, communities, and the public. Responsible management is therefore an inherent part of our approach to ESG.

Our business is governed by clearly defined and transparently documented principles and rules. We use a system of internally controlled documentation to formalise the responsible management of the GasNet Group in a procedural manner. In 2022, we completely overhauled the system to match the nature of our company and our corporate culture. Our goal was to create documentation that is accessible, concise, and up to date. We will implement the project outputs in 2023.

The framework for our business activities is set, not just by our internal rules, but of course also by legal regulations and the decisions of administrative authorities. In 2022, we did not record any material breaches of legislation.



Shareholders and committees

They endorse the strategic direction of ESG and ensure that results meet ESG objectives

Management Board

Ensures the integration of ESG into corporate strategy and provides resources to support ESG management

ESG & Security and support teams

They provide a strategic framework. They coordinate work on ESG activities through the Green GasNet and Future of Gas programs. They ensure compliance with ESG strategy

Individual sections and departments

They put ESG strategy into practice. They fulfill it in their daily activities. They provide specific outputs within the Green GasNet and Future of Gas programs.

Business partners, communities, the public

**ESG
Documentation**

E

S

G

POLICIES

Energy Policy
Environmental Policy

Workplace Health and Safety Policy

Code of Conduct
Code of Conduct for GasNet Group Suppliers
Policy for the prevention of improper conduct
Information Security Management Policy
GasNet's commitment to compliance

DIRECTIVES AND OTHER DOCUMENTS

Emergency environmental preparedness
Chemicals and compounds
Waste management
Air quality protection
Water protection
Environmental protection
Energy Management Handbook
Environmental Management System Handbook

Remuneration, performance management and employee benefits
Employment conditions
Fire protection
Principles of occupational health and safety organisation

Information security
Business Continuity Management
Dealing with business partners in accordance with compliance principles
Personal data protection
Crisis management plan
Rules for drawing up and granting powers of attorney and mandates
Anti money laundering
Tax management
Procurement sustainability
Prohibition of insider dealing with financial resources
Basic risk management guidelines

CERTIFICATION & STANDARDS

ISO 50001 Energy Management System
ISO 14001 Environmental Management System*

ISO 45001 Occupational Health and Safety Management System*

ISO 9001 Quality Management System
Technical norms for gas (TPG)

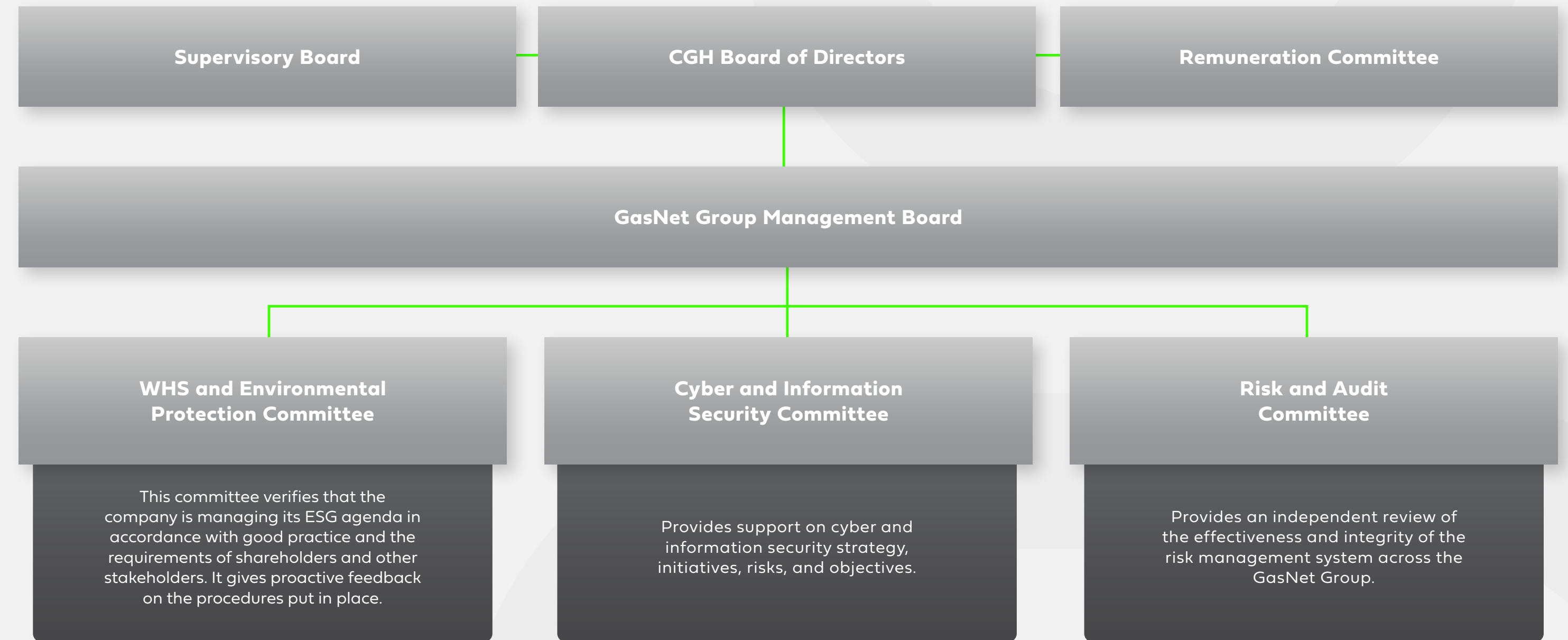
* Management systems that are harmonised or in the process of harmonisation. These are not certified systems. The documents are the responsibility of the individual sections and departments that deal with the relevant themes.

GasNet Group Management

The system we have put in place at GasNet ensures that all major decisions are discussed at multiple levels and also evaluated in the context of our values and strategy.

Our Managing Directors are responsible for the business management of the GasNet Group companies. They are also members of our **Management Board**. Our Management Board is the highest executive and decision-making body, proposing the strategy and key objectives of the GasNet Group and overseeing their implementation. In 2020, the Management Board established three **specialised committees** which have become an integral part of the company's management. The parent company of the GasNet Group is led by the **CGH Board of Directors**, representing the interests of shareholders from MAM, ACP and BCI.

Structure of GasNet Group Management



GasNet Group Management Board

Members of Management Board

In 2022, the Management Board was comprised of seven divisional directors and lead by one Executive Chairman.



Martin Gebauer
Executive Chairman and Chairman of the Executive Board

leads the CGH Board of Directors. This board is composed of shareholder representatives and determines GasNet's direction and strategy. In his executive role within the GasNet Group, he is responsible for implementing the strategy set by the CGH Board of Directors and managing the Management Board and its membership. He has no other management role within the GasNet Group.



Thomas Merker
Chief Financial Officer and Managing Director

leads the Finance and Capacity Sales Division, which in addition to financial services, also includes investor relations management, internal audit, legal services, regulatory and the Business Development Department. He is also Vice-Chairman of the CPS Board.



Erika Vorlová
Chief Services Officer

leads the Support & Services Division, which provides support services in the areas of HR, Facility & Services, Procurement, PR & Communication and ESG & Security. She is directly responsible for, and oversees, our ESG agenda. She is also a member of the DoFE Board.



Jiří Nováček
Chief Digital Officer

leads the Digital and Information Technology Division and sets the direction for the development of IT and the digitalisation of GasNet's activities. The Division provides support services to the core business from an IT perspective.



Ivo Jirovský
Chief Asset Officer

leads the Strategic Gas Asset Management Division and ensures the care and strategic development of the distribution system. He is also responsible for the Process Safety Unit.



Petr Koutný
Network Operation Director

heads the Network Operation and Maintenance Division, which performs strategic and operational activities related to the operation and maintenance of gas facilities, including measurement of gas consumption and quality. The Division's other activities include the processes of connecting and disconnecting customers. He is a member of the CPS Council.



Pavel Komsa
Investment and Construction Director

heads the Investment Construction Department, which manages the preparation and implementation of gas facility construction projects.



Pavel Dočekal
Head of Regulatory, Legal & Internal Audit and Managing Director

leads the Regulatory, Legal & Internal Audit department, which provides and coordinates legal and internal audit services, communicates with the ERO, and manages the compliance agenda. He is a member of the CPS Council.

When GasNet separated from innogy, the members of the Management Board were originally appointed to their roles by MAM, as the shareholder representative. The CDO is a new role within the Management Board which was created later. Staff changes and changes to the division of responsibilities between several roles were made as a result of the departure of several existing members. Candidates for these positions were required to go through an internal selection process and to meet requirements that GasNet

defined together with the shareholders. The main criteria used to fill the positions in the Management Board are **professional competence** and the added value that the professional is able to bring to the company. After successfully completing the selection process, the new Management Board member is subject to a probationary period which ends on a decision of the Remuneration Committee, which is appointed by CGH's Board of Directors.

42

meetings

2

per rollam
votes

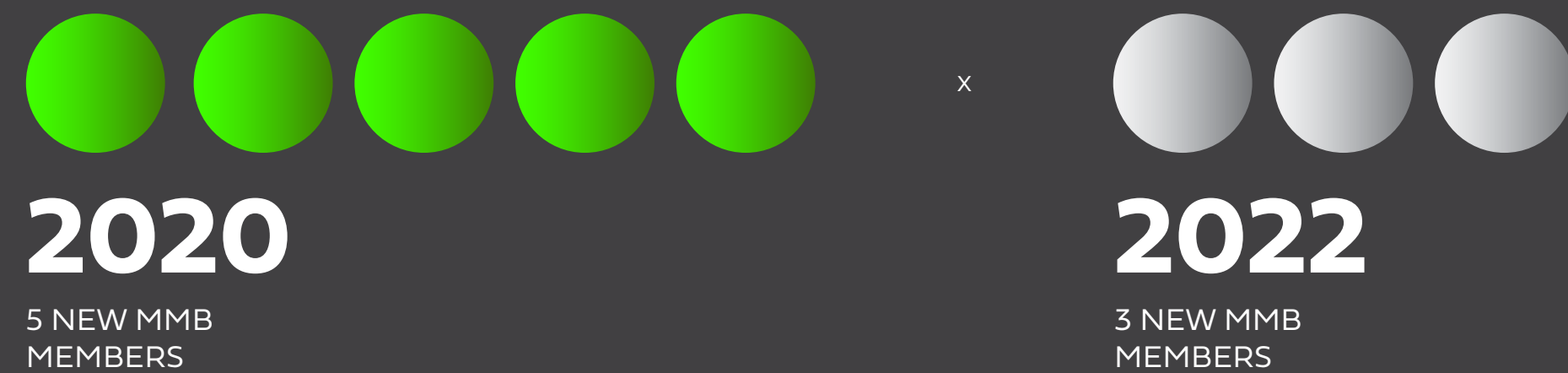
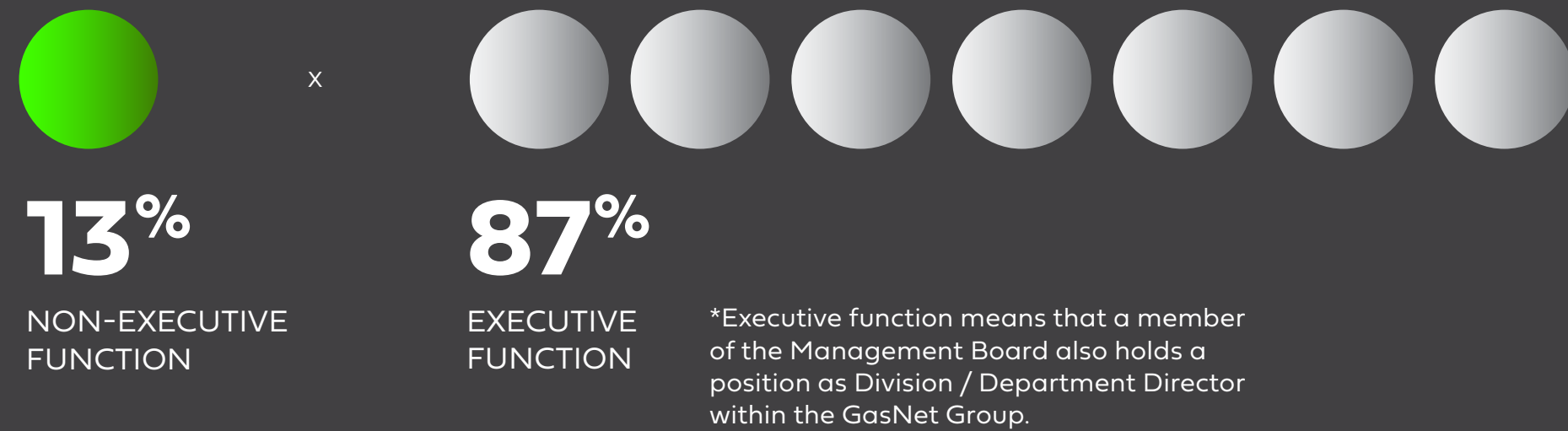
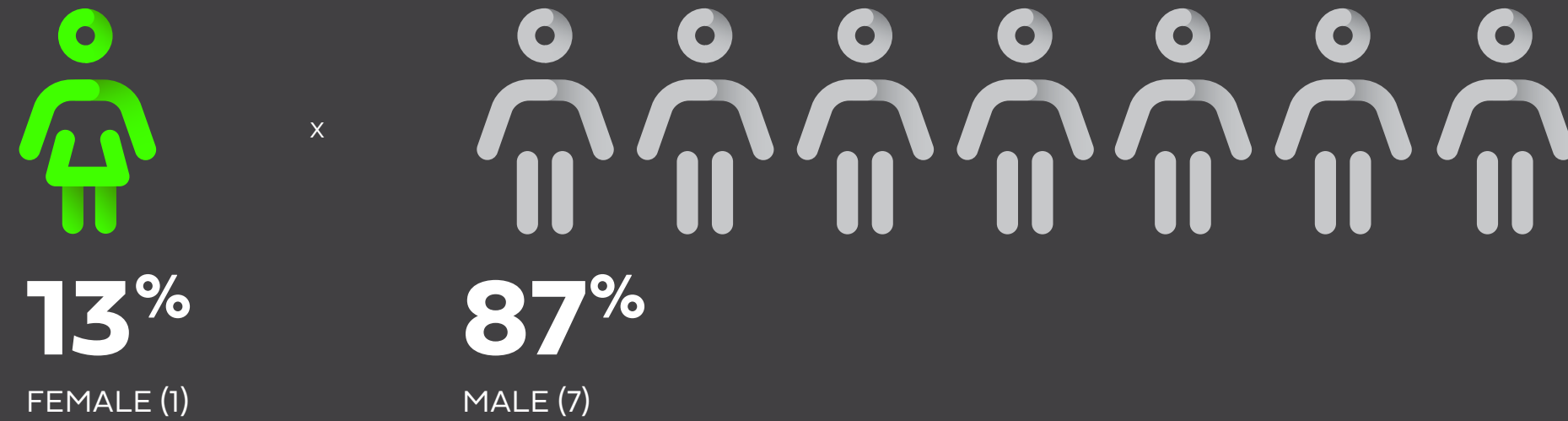
87%

participation

120min.

average meeting
time

**Composition
by gender**



In addition to managing the overall direction of the company, the Management Board is also responsible for overseeing and actively promoting the implementation of our ESG strategy and the commitments made in this area within our company. The Management Board has been at the forefront of developing our ESG strategy since the very beginning. In mid-2020, we organised our first major ESG workshop for Management Board members and shareholder representatives. The aim was to anchor ESG in the foundation of GasNet's corporate strategy and to align our vision for sustainability. The Management Board was also involved in the actual development of the ESG strategy. It was subsequently approved by the Workplace Health and Safety and Environmental Protection Committee. These two bodies review and approve the implementation of the ESG strategy and the plan for the following year on an annual basis. They also play an important role in non-financial reporting. The Management Board always approves the initial vision and background for the development of the Sustainability Report. It also comments on and approves the report during the process of its preparation. On behalf of the Workplace Health & Safety and Environmental Protection Committee, the Executive Chairman comments on the Report in his capacity as Chairman.

Responsibility for managing the environmental, employee, community, and public impacts of the Company's activities (collectively ESG impacts) is directly delegated by the Management Board to the senior managers who make up the GasNet Group's ESG organisational structure (see "ESG organisational structure", page 15). The Management Board is kept informed of developments in the ESG sub-agendas by the relevant responsible managers in the context of regular meetings or during the annual review of the ESG strategy.

ESG is also a factor in the performance evaluation of Management Board members. All members are evaluated and rewarded annually according to how they have fulfilled individual goals linked to ESG. These include objectives related to workplace health and safety, environmental protection and objectives linked to projects, reporting and sustainability ratings. The evaluation criteria are included directly in the Management Board members' personal contracts. The fulfilment of ESG targets is evaluated by the Executive Chairman and the Remuneration Committee, which then decides on the payment of appropriate remuneration.

Target	ESG Pillar
LTIF ≤ 1.6	S
0 fatal accidents - employees and employees of suppliers	S
4 safety walks	S
Successful management of the covid situation (0 interruptions of gas supplies due to covid)	S
Number of culpable traffic accidents per 100 thousand driven km ≤ 0.6	S
Active involvement in ESG topics – sustainability report, ESG ratings, the Green GasNet project	E, G

CGH Board of Directors

CGH's Board of Directors, represents the **interests of shareholders**. It meets regularly to discuss strategic issues and GasNet's performance. The Board consists of seven members (including the Chairman), who are each elected for a five-year term. The GasNet Group Executive Charmain fills the role of Chairman of the CGH Board. The supervisory function within CGH is performed by the Supervisory Board, which oversees the performance of the Board of Management and the activities of CGH.

The Management Board **thematic committees** which are mentioned above, have a consultative, advisory, and expert role. These committees meet regularly (typically quarterly) to discuss matters with a significant impact on GasNet's ESG activities and operations. Their members are appointed on the basis of their expertise and professional experience.

Committee	Workplace Health and Safety and Environmental Protection Committee	Cyber and Information Security Committee	Risk and Internal Audit Committee
Purpose	Verifies that the company is managing its ESG agenda in accordance with good practice and the requirements of shareholders and other stakeholders.	Provides support on cyber and information security strategy, initiatives, risks, and objectives.	Provides an independent review of the effectiveness and integrity of the risk management system across the GasNet Group.
Chairman	Executive Chairman	Executive Chairman	ACP representative
Members	CSO	CDO	Executive Chairman
	CAO	Network Operation Director	CFO
	Construction and Investment Director	Head of ESG & Security	Head of Regulatory, Legal & Internal Audit
	Network Operation Director	Director of Distribution Dispatching	Shareholder Representatives
	Head of ESG & Security	Senior Manager, Security	
	Shareholder Representatives	IT Architect – Cyber Security	



Ethical Conduct

The **Regulatory, Legal & Internal Audit** Department is responsible for compliance, for ensuring we conduct business ethically and setting procedures for reporting and investigating suspected misconduct and complaints. The Department has introduced a management system in accordance with our Code of Conduct (compliance management). The system is designed to identify potential structural risks and manifestations of improper behaviour throughout the entire GasNet Group. We can then use this information to identify the steps we need to take to eliminate or minimise these risks and to communicate them on a regular basis. All compliance policies and procedures are formally set out in our internal governance documentation. You will find an overview of this documentation in the introduction to the Governance chapter.

Code of Conduct

While the basic moral principles on which we do business have not changed, after we became independent from innogy, we needed to revise our Code of Conduct. We wanted it to reflect our evolving corporate culture, changing societal demands, our emphasis on sustainable development and, above all, our corporate values of **safety, reliability, and respect**. For these reasons we updated our **Code of Conduct** in 2022 and created two new documents – the **GasNet Group Commitment to Compliance** – our highest-level document dealing with the principles of compliance, and our **Supplier Code of Conduct**. You

can find more information on our Supplier Code in the Sustainable Supply Chain chapter (page 108).

Our **Code of Conduct** formalises the guiding principles of our ethical and transparent approach to business – towards employees, customers, business partners, shareholders, and other stakeholders. It describes how we intend to achieve the goals we have set as part of our corporate and ESG strategy. In the words of Martin Gebauer, Executive Chairman of the GasNet Group, the Code is our guide and advisor. It gives direction to our daily work, and it is a **moral compass** that helps us to work not only with professional competence, but also with honour and dignity.

Amongst other things, our Code of Conduct contains commitments to protect and promote human and labour rights based on internationally recognised standards and principles such as those of the International Labour Organisation and the UN Global Compact. In line with our company values, we place particular emphasis on occupational health and safety, as well as freedom to join trade unions, collective bargaining and non-discrimination in the selection, remuneration, training, and career development of employees.

The Code also sets out guiding principles to **prevent conflicts of interest and corruption**. Both topics are elaborated in more detail in relevant internal documentation, e.g. our Policy on Prevention of

Improper Conduct and the related documents which we described in the introduction to the Governance chapter. Every employee, including members of the Management Board, must prevent conflicts of interest in relation to the GasNet Group and from activities that conflict with their duties to the GasNet Group. All members of the Management Board are obliged to ensure transparency and take appropriate measures to ensure that their work decisions cannot be adversely affected by their private interests. In case of doubt, anyone can contact the Compliance Officer. If a conflict of interest arises for a member of the Management Board, the shareholder representatives will be informed.

Our Code of Conduct is binding on all GasNet Group employees and statutory bodies. We also expect our managers to set an example for other employees in complying with their obligations under the Code. After the Code completed our standard comment and approval process, we informed employees of the update via email and the intranet. Our employees can access the document at any time in the document management portal. Because our Code also governs GasNet's external relationships, we have placed it on our [website](#), so that it is accessible to our customers, suppliers, public authorities, and the public at all times.

Suspicious of Misconduct and Complaints

GasNet has established mechanisms for its employees, contractors and third parties to report suspected misconduct or to seek compliance advice. The type of improper conduct that a whistle-blower might encounter could include conduct contrary to GasNet's interests, unethical or illegal conduct, violation of GasNet's Code of Conduct or internal regulations (fraud, health and safety violations, discrimination, or corruption). The reporting channels include our **Green Line**, which is operated by an external law firm. This ensures independence from GasNet and the anonymity of whistle-blowers. Alternatively, employees can contact our **Compliance Officer** or their direct supervisor. Notifications can be made during office hours. We did not receive any reports through our Green Line in 2022.

We maintain the **principles of confidentiality and anonymity** when we deal with suspected misconduct. All reports are treated as confidential. GasNet maximises the protection of the identity of any whistle-blower who does not wish to be named in connection with their report. Only a specific group of employees, i.e., Compliance Committee members (Compliance Officer, Internal Audit, ESG & Security and HR representatives), company executives and the team designated to conduct the actual investigation of the notification, are privy to notifications.

We inform our employees about the methods for reporting suspected misconduct using our intranet and compliance e-learning. We also provide this information to third parties and suppliers on [our website](#), in our contractual documentation and in the regulations of the distribution system operator.

We also apply the principles we describe above to cases where anyone feels that their rights or claims under the law, their contractual relationships with GasNet or customary practice have been violated. GasNet is proactive in this regard. We offer employees, customers, and suppliers a range of options for filing any type of complaint. Our ‘Green Line’ and our Compliance Officer are also available for this type of notification. In addition, we have set up a [special email address](#), where customers can raise their complaints or grievances. Of course, we also respect our customers’ rights to resolve their complaints through the Czech Trade Inspection Authority or the Energy Regulatory Authority.

All GasNet employees are required to undergo regular **e-learning** training which builds on the commitments we set out in our policies. This includes a course on **Compliance**, which covers topics related to preventing conflicts of interest, anti-money laundering, anti-corruption, and the principles of the Code of Conduct in general. In 2022, 1,091 employees completed the e-learning. The remaining employees will go through this e-learning in the following years according to the two-year cycle in which the course must be completed. In addition, we offer e-learning courses on **Information Security** (implementation of commitments from the Information Security Management System Policy) and **Environmental Protection** (implementation of commitments from the Environmental Protection and Energy Policy). Employees can also voluntarily complete an ESG webinar based on our ESG strategy and commitments.

During the reporting period, GasNet was not a party to any court proceedings related to anti-competitive behaviour or violation of anti-monopoly legislation.

	Number	Type
Confirmed cases of corruption in GasNet	1	Misuse of company assets by an employee
Confirmed cases of corruption with labour-law consequences by GasNet employees	1	Termination of employment
Confirmed cases of corruption resulting in termination or non-renewal of the contract with a supplier	0	
Cases in which corruption charges have been brought against GasNet or its employees	0	

Risk Management

Risk management is a key aspect of sustainability and a critical factor in the long-term success of any organisation. In today’s business world, companies face a wide range of risks, from financial to environmental and social, and must take a proactive approach to managing them. Risk management is a very important topic that plays a key role in the GasNet Group’s strategy. It is important that all employees understand the risks and mitigating measures within the company. Regular reviews and updates of the risk catalogue should also be carried out to ensure that it is up to date and relevant. As of 2021, the risk identification and management process has been transferred to an independent risk management function reporting directly to the CFO and risk responsibility has been transferred to Board-1 level.

Responsibilities in the risk management system are divided according to the “**three lines of defence**” model. The first line of defence consists of those departments and staff whose activities are directly linked to the individual risks. The second line of defence includes the internal control systems (Risk Management, Compliance, Security, Occupational Health and Safety, EMS, ISMS). A Risk Management Specialist coordinates the risk management system, collects and evaluates information on its operation, and reports to GasNet and GasNet Služby management and the Board of Directors. They submit a report on the status and development of risk management at least once a year. The report

summarises in particular the results of the risk and control system self-assessment, and the occurrence of risk events in the reporting period. It also provides information about the current set-up and functioning of the company’s risk management system. The third line of defence provides an independent review of the effectiveness and integrity of the risk management system across the company. This is the responsibility of the Regulatory, Legal & Internal Audit Department.

In 2022, we successfully completed a catalogue of risk across our entire company. We continue to use a “bottom-up” approach to risk management. This involves identifying and assessing risks at an operational level and then updating our risk catalogue. The catalogue contains detailed information on each risk, including its likelihood, potential impact, and the owner of the risk. The risk catalogue also contains information on any measures that have been implemented or are planned to be implemented to reduce or eliminate a particular risk. This approach ensures that risks are identified and addressed at source, rather than relying solely on top-down risk management processes. **We have created ten categories from all the risks assessed. These include the risks that are classified as the most serious. These areas will receive increased attention in 2023.**

Effective risk management requires us to continually monitor and review the risks our organisation faces. For that reason, we must regularly evaluate the effectiveness of our risk mitigation measures and adjust them as necessary. In 2023, we will focus on activities related to emphasising the development of a culture of risk perception, reducing high-impact risks, regularly engaging risk owners, updating the risk register and implementing risk mitigation plans, including working closely with internal audit and members of our management team.

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Three lines of defense

1

Employees
(risk owners)

Risk management in the context of daily operations.

2

Internal control systems
(Risk Management, Compliance, Security, WHS)

First line support.
Creation and implementation of strategies, policies and security measures.
Management Board reporting.

3

Regulatory, Legal & Internal Audit

Independent monitoring of the effectiveness and integrity of the risk management system across the entire company.

Cyber Security, Personal Data Protection & Crisis Management

Cyber Security, Information and Physical Security

Protecting our distribution network as well as our management information systems is important if we are to ensure the reliability and security of our gas supply and meet our customers' needs. Managing cyber security, information and physical security, ensuring compliance with relevant legislation, and setting strategic direction in these areas is therefore absolutely crucial for GasNet Group. Our **Security** Department – which is part of our ESG & Security Department – is responsible for setting the management framework and the resulting measures and activities.

In line with our strategy, we conducted a cyber security risk analysis in 2022 and embedded our information security risk management system into our corporate risk management framework. We focused on managing information security risks for our gas distribution system management activities, for our data processing, and for our other operational activities. We have also taken the first steps towards achieving and maintaining compliance with new

legislation which aims to achieve a high common level of cyber security in the European Union. In 2023, we will conduct a detailed analysis of the impact of the requirements of the new legislation on our company so that we can take steps to ensure we comply.

Because we want to continuously improve our level of cybersecurity, we continue to implement and upgrade important security technologies and processes. These help us to automate central management of access permissions in our information systems, to effectively prevent attacks and to reduce our so-called attack surface, to detect cyber security events early, and to manage potential security incidents. In 2023, we plan to finish unifying and optimising our security monitoring process to meet the current needs of the GasNet Group.

As part of our preventive measures, we place great emphasis on continuous **security testing of our critical information systems and applications**. We test using internal tools for detecting technical vulnerabilities. We also work with independent specialists who have the necessary security qualifications and experience in the field of information and electronic control systems. In 2022, we also conducted an **internal audit of the security of our critical information infrastructure** to the full

extent of the legislative requirements. We incorporate all the results of testing and audit activities into our security risk management plans. Security always plays an integral part in the introduction of new IT technologies and in the other changes that take place at GasNet as we implement our Group strategy. Working closely with the National Office of Cyber and Information Security, our company will undergo a comprehensive cybersecurity audit in 2023, in full compliance with the requirements of the Cybersecurity regulations.

It is vital to build employee awareness and foster a culture of working safely with digital technologies

if we want our staff to be actively involved in cyber protection. Our employee security awareness program consists of a **wide range of development activities**. We use a variety of formats and combine different communication channels to convey information. These include lectures, online education, communication through the management cascade and special awareness campaigns. Our education includes the rules of basic cyber hygiene and the obligations arising from our internal security policies. In ongoing and ad-hoc communication, we keep our employees up to date on current threats and the necessary security measures. All employees receive mandatory training on a regular basis at least once every two

years. Beyond that mandatory training, employees can also participate in personal development activities such as webinars on cybersecurity and privacy in cyberspace. Finally, we test and educate our employees several times a year with specially prepared **simulated phishing campaigns**. Strengthening our cybersecurity culture is key for us in the long term. As a result, we will continue to focus on educating our employees and raising current topics in 2023.

In the area of physical protection, we completed the upgrade of our central security access and surveillance systems in 2022. We also strengthened the physical surveillance of major critical infrastructure components. In 2023, we will focus on enhancing the technical security of selected facilities, where we want to use the latest technology.

Last but not least, we also focused on enhancing our resilience and emergency preparedness. We conducted impact analysis for all the critical activities supporting our services, and we revised, completed, and tested recovery plans.

Personal Data Protection

Data protection is another role of our ESG & Security team. In this area, we rely on a dedicated Data **Protection Officer** (DPO) whose role is to ensure compliance with the General Data Protection Regulation (GDPR) and other generally binding data protection legislation. The DPO sets the necessary data protection requirements, including monitoring and control activities. The DPO also provides advice, expertise, and training within the GasNet Group.

During 2022, the DPO focused mainly on **professional training** of some organisational units, on control and audit activities of selected internal areas and suppliers, and on updating mandatory internal analytical and information documents related to the processing of personal data. At the beginning of 2022, we identified one personal data protection breach. We

informed the Office for Personal Data Protection of the breach, and they requested additional information, which we provided within the deadline. We did not receive any substantiated complaints in the year relating to breaches of customer privacy.

In 2023, the DPO's key activities will be to **strengthen our culture when working with data, and to raise employee awareness of personal data protection** and individual responsibility. This will be aimed at checking we comply with the methodological framework. It goes without saying that the DPO will continue to provide information and advice on the protection of personal data to the relevant organisational units when asked to do so. They will also be involved in the implementation and change of plans and projects.

Crisis Management

At GasNet, crisis management is the role of our **Crisis Management & Documentation** team, which is a unit of our ESG & Security Department.

Although the coronavirus pandemic was already fading in 2022, we continued to focus our attention on it. We monitored the spread of the disease both in the Czech Republic and within our company. As the situation evolved, we reintroduced preventive testing of key employees in dispatch centres and employees returning from abroad. In total, we provided over 15,000 self-tests to our employees. We believe that this approach made a significant contribution to one of GasNet's strategic objectives for 2022, which was to successfully manage the covid situation without disrupting the company's operations.

GasNet is part of the critical infrastructure (CI) of the Czech Republic. It is crucial to the functioning of Czech society and our economy. This status places high demands on ensuring safe and reliable gas supplies to customers and also implies specific legal requirements. These require us to prepare a Crisis Preparedness Plan for the CI entity and to undergo inspection by the Ministry of Industry and Trade. Both of these activities were undertaken by GasNet Group in 2022. The audit focused on the CI Entity's Crisis Preparedness Plan and its compliance with crisis legislation and the methodology issued by the

Ministry of the Interior. The second part of the audit concerned the physical protection of CI elements and was conducted directly at a selected transfer regulation station. **The Ministry of Industry found no deficiencies and assessed the inspection positively overall. We intend to continue our successful work with the Ministry in the coming years.**

In 2022, the crisis management team also worked on updating our crisis management processes and related internal documentation. They conducted **exercises for crisis staff**. The topic of the exercise, which took place at the end of the year, was a large-scale power blackout. Participants had the chance to practice their response to a large-scale crisis situation, which a **blackout** undoubtedly is. They used a simulated scenario. The aim was also to check that our existing crisis management is correct and meaningful, and to raise awareness of crisis management activities. The exercise also initiated the regular organisation of exercises and training. The exercise resulted in a report that identified nine areas for improvement. From mass communication with staff, to IT systems recovery planning, to crisis staff education. We have proposed measures to deal with each of the findings, which we will implement during 2023. We will subsequently verify the success of the implemented measures with a training session and then during the next crisis staff exercise.

Business Model Resilience

From a pan-European perspective, 2022 was a watershed year for the gas industry. The war in Ukraine and the related fluctuations in gas prices and supplies from the Russian Federation tested the readiness not only of all gas market participants but also of individual governments and EU institutions. By implementing energy savings and diversifying the sources of gas supply, especially by moving towards LNG and gas from Norway, the situation was stabilised very quickly. As a result, **stakeholder confidence in the gas sector was maintained.** As a result of these measures, European gas prices have stabilised. A competitive gas price and stability of gas supply is a prerequisite for maintaining the share of gas in the European energy mix.

The situation in the Czech Republic was similar to other Central European countries. The share of gas

supplied from the Russian Federation was close to 100% before the outbreak of the war. This share was reduced to 5% over the course of 2022. Legislative changes to strengthen the use of underground gas storage facilities and the withdrawal of storage capacity from entities that held but did not effectively use storage capacity were considered very important steps in ensuring security of supply. Another success of the gas sector, which had a positive effect on confidence, was securing capacity at the LNG terminal in Eemshaven in the Netherlands.

The volume of gas we distributed in 2022 fell to 64.6 TWh. This is 8% below the long-term average of 70.4 TWh. The relative reduction was similar in both wholesale and residential segments. We are pleased to note that the reduced volume of gas distributed was due mainly consumer savings driven by a high

retail price, and to above-average warm weather in 2022. The reduction was not in any way due to the need to restrict gas supplies to customers due to shortages.

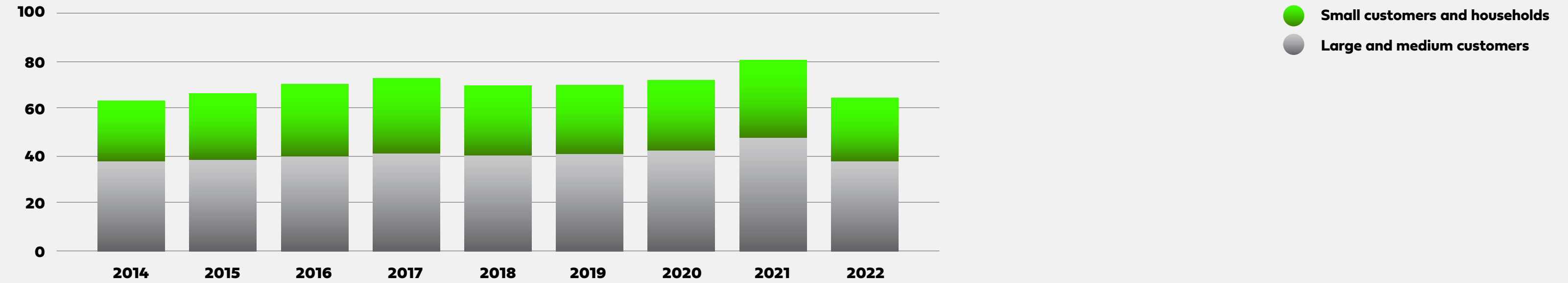
Although gas prices reached record highs last year, they were still many times lower than electricity prices. The fact that gas is irreplaceable for industry has been fully demonstrated, especially in manufacturing using high-temperature processes. Despite all the turbulence of 2022, gas remains the only alternative for decarbonisation and transformation of the domestic heating industry on a large scale in the Czech context. These competitive advantages of gas strengthen its already important position in the Czech Republic's future energy mix.

The events of 2022 also accelerated moves towards **decarbonisation of the gas sector** and the transition to green gases, in particular hydrogen and biomethane. GasNet is mindful of this opportunity and is pioneering projects in this area. We also see significant potential for hydrogen for storing surplus electricity generated from renewable sources, especially PV and wind power. The transformation of the gas industry towards green gases is no longer just theoretical. Concrete projects are currently underway to take advantage of existing gas infrastructure to enable the transformation to take off in full. This includes GasNet's distribution system.

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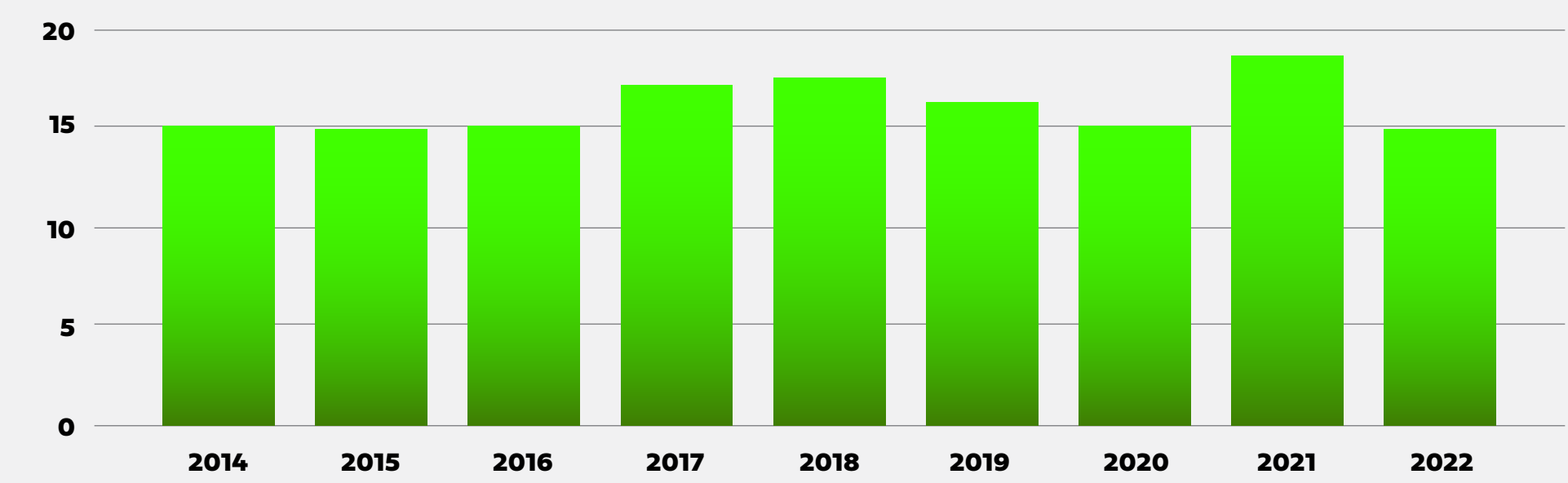
Total volume of natural gas distributed [TWh]

—



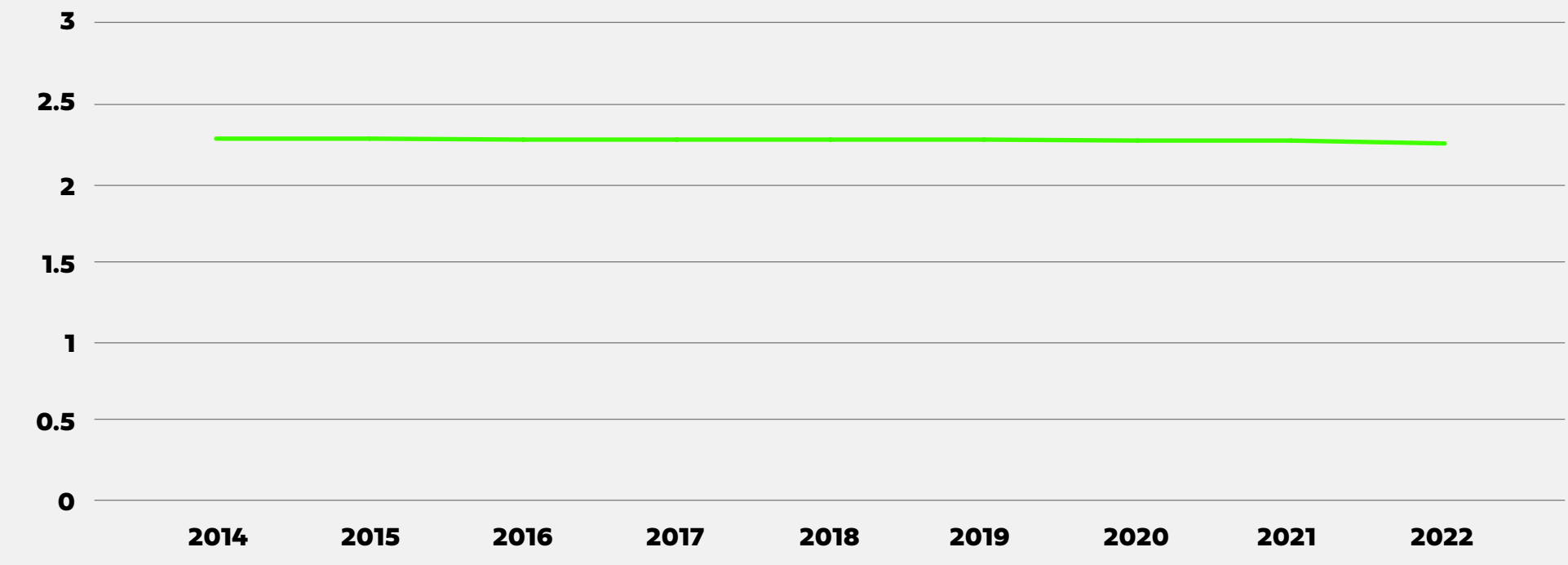
Maximum daily volume of natural gas for large and medium-sized customers [mil. m³]

—



Total number of supply points [mil.]

—



Supply Chain Sustainability

Purchasing process and principles of behaviour when working with suppliers

GasNet purchases a variety of materials and uses a variety of services in our operations and support functions.

Key commodities are supplied for the operation and maintenance of our network, construction, reconstruction, operation and the maintenance of gas facilities. This also includes technologies for metering the gas we supply.

Goods and services for **support** activities include the operation and maintenance of buildings, vehicles, ICT equipment and services, consultancy, HR services and marketing.

Our suppliers are mainly **local, medium-sized suppliers** (95%) operating in the Czech Republic, on whom we spend 97.1% of our total procurement expenditure.

In the interests of sustainability, we **monitor our supply chain's impacts**. We take steps which help us manage and mitigate them.

The main areas of environmental impact in our supply chain arise from construction activities (emission and energy footprint from the production of building materials and the use of recycled materials), transport (fuel type and emission footprint) and the management of resources and waste (selection of economically and environmentally sound solutions, implementation of circular economy principles).

Because we have a large proportion of local suppliers, negative social impacts are not common in the chain. That is because Czech legislation ensures that all human, labour, and commercial rights are respected. Compliance with occupational health and safety is also important in this area. This is embedded in all our supplier contracts. If our relationship with a partner is not contractual, the partner must comply with the terms and conditions set out in our standard order form. You can find out more in the Contractual Partner Safety chapter (page 27).

Our goal in supply chain management is a **transparent purchasing process** – from the selection of suppliers and tenders with defined rules to the subsequent management and maintenance of contractual relationships.

At GasNet, we have a set of clear principles covering how we do business. For our employees, these are set out in our **Code of Conduct**, which applies to both GasNet Group companies and describes, among other things, ethical behaviour towards contractors. Should a GasNet Group contractor encounter a violation of the Code of Conduct, or observe unethical or illegal conduct, they have the option of sending an anonymous report through our Green Line, which is operated by an independent law firm.

From 1 June 2022, we updated our **Supplier Code of Conduct**. This is the basis for all our business relationships. The Code has also been incorporated into our General Terms and Conditions (GTC) and acceptance of the Code is mandatory for all suppliers where the GTC are used. The Code sets out clear principles for how we work with the supplier in which we honour ethical and moral principles above all else. At the GasNet Group, we comply with current legislation and promote the principles of sustainability.

	Number of suppliers	Percentage of Total	Percentage of Invoicing (%)
Local suppliers (Czech Republic)	1 052	94.77	97.11
Foreign suppliers	58	5.23	2.89

Suppliers are obliged to comply with legislation and binding technical standards, respect human and labour rights, avoid corruption and conflicts of interest, and protect data and personal information. With regard to the environment, they must eliminate risks, reduce their negative impacts, put in place appropriate systems to conserve natural resources, and reduce greenhouse gas emissions.

The rules set out in the Code apply to suppliers' employees and to the contractors who help the supplier meet its obligations to the GasNet Group. Our company has an established right under the contract documents to monitor and verify supplier compliance with the Code.

Our company is entitled to withdraw from a contractual relationship if an employee of the supplier is convicted of a criminal offence during the term of our business relationship. No such case occurred during the period under review. We work with a single supplier based on a special contractual relationship with enhanced supervision for historical reasons.

In 2022, we implemented activities and initiatives that again further improved our resource conservation and management relative to the prior year.

We have worked with our PR and Communications Department, to modify our catalogue of promotional items. Our emphasis is on ensuring that the products meet our sustainability requirements – products are sourced from local producers or have already gone through one life cycle. We also pay attention to sustainability when organising corporate events,

requiring event suppliers to ensure that our events have as little environmental impact as possible (zero-waste solutions, local raw materials, etc.).

We aim to reduce the environmental impact of our business travel. We encourage shared transport, by encouraging the use of public transport and carpooling. We hold more online meetings with suppliers and business partners to reduce the number of journeys required on both sides. In the coming years, we will focus on optimising our own travel data collection so that we can better monitor and manage its impact.

In the past, a significant part of our waste was created by odorant gas barrels. We have now started using returnable barrels, even though they are more costly. However, reduced waste management costs mean that we will recoup this increased expenditure on returnable barrels over the long term. The environmental impact is described in more detail in the Waste Management chapter (page 61).

We also focused on reducing our need for printing. In November 2021, we centrally set all our printers to black and white and double-sided printing. We have optimised the circulation of internal forms. Some forms have been abolished and a significant number of others have been fully digitised. This move has saved 16,000 sheets of paper. We plan to continue digitisation in the future and apply it to other processes. We plan to modify our document management system and digitise the internal circulation of documents. This will reduce our reliance on postal services.

Scope 3 Screening and Computational Model

In 2022, we began the process of developing a methodology for calculating Scope 3 greenhouse gas (GHG) emissions. We worked with a consulting company to map our supply chain and began creating a calculation model for the categories of emissions that make up Scope 3.

The initial "screening" involved analysing our most important suppliers and the types of commodities they supply in order to determine the emission categories for our model. As a result, we focus on suppliers according to their GHG Protocol category: The purchase of goods and services, upstream transport and distribution, and third-party waste management. The business travel and employee commuting categories relate to GasNet's internal activities. We expect to complete the calculation in early 2023. Next year we should be able to report our Scope 3 calculations of the GasNet Group's carbon footprint for the first time.

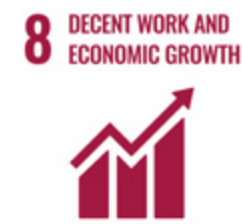
Developing a Dialogue with our Suppliers

A two-way dialogue with our business partners and suppliers is essential if we are to embed sustainability in our supply chain. The first step to setting targets and implementing measures, is to set up supply chain environmental footprint measurement and data collection. An essential starting point to this process is securing data collection from our suppliers. We want to know not only their approach to managing sustainability, but also the specific impacts of their supplies. In the process of providing data, we want to be hands-on with our contractors. Rather than imposing conditions, we seek to inspire and educate them through our own experiences. In 2023, we will hold a joint meeting where we will open up the topic of ESG with contractors for the first time.

Another objective for 2023 is to revise our selection criteria. We already want to include environmental and social criteria when we select suppliers. For the next year we will identify several pilot tenders and attempt to apply our new criteria. We are aware that this is a significant change for the future of our business relationships, so for the time being the new requirements will be positive factors – but not prerequisites – for supplier selection.

UN Sustainable Development Goals

Our values are founded on ethical and responsible behaviour. Our management systems help us develop sustainable business and contribute to the Sustainable Development Goals in the areas of sustainable economic growth, ethical behaviour, and partnerships to promote sustainability.



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development



Our contribution to selected UN Sustainable Development Goals

We adapt the management of our company and our operations so that we separate economic growth from the worsening impacts on the environment and on the society around us. We ensure the long-term sustainability of our business model. We connect these two aspects through responsible leadership. We respect the social responsibility of our business. We actively manage the impact of our activities internally and externally. We have initiated sustainability management activities in our supply chain.

We manage our activities so that they are in accordance with ethical principles of business and applicable legislation. We recognise and implement in practice the principles of human rights, labour standards, environmental protection and the fight against corruption and bribery. We are updating the Rules of Ethical Conduct in the GasNet Group in the area of compliance, our Code of Conduct for Employees and Officers of the GasNet Group and more recently also our Code of Conduct for Suppliers. We expect all our employees, partners, and suppliers to adhere to these rules. We are accountable, efficient, and transparent.

We nurture the strategic partnerships that help us to effectively meet our goals. We establish, build, and maintain strategic partnerships with Czech and international entities and institutions across disciplines. We actively communicate and cooperate with the public sector. We conduct an active dialogue with state and regulatory authorities. We know our stakeholders, communicate with them and are transparent with them.



List of abbreviations

ACP	Allianz Capital Partners	ECR	Energy Recycling Centre	LTI	Lost Time Injuries
ADR	Agreement concerning the International Carriage of Dangerous Goods by Road	EFG	Energy Financial Group	LTIF	Lost Time Injury Frequency
BCI	British Columbia Investment Management Corporation	EMS	Environmental Management Systems	MIRA	Macquarie Infrastructure and Real Assets
CDO	Chief Digital Officer	EP	Environmental protection	MPO	Ministry of Industry and Trade of the Czech Republic
CFO	Chief Financial Officer	ERICPD	Eliminate, Reduce, Isolate, Control, Personal Protective Equipment, Discipline	NECP	National Energy and Climate Plan
CGA	Czech Gas Association	ERO	Energy Regulatory Office	NGO	Non-governmental organisation
CGH	Czech Grid Holding	ESG	Environmental, Social and Governance	NOSACQ 50	Nordic Occupational Safety Climate Questionnaire
CGN	Czech Gas Networks	EU	European Union	NO_x	Nitrogen oxides
CGNI	Czech Gas Networks Investments	EUR	Euro (currency)	OHSAS	Occupational Health and Safety Assessment Specification
CMT	Crisis Management Team	GDPR	General Data Protection Regulation	PDCA	Plan, Do, Check, Act
CNG	Compressed natural gas	GHG	Greenhouse Gas	PE	Polyethylene
CO	Carbon monoxide	GRESB	Global Real Estate Sustainability Benchmark	PPE	Personal protective equipment
CO₂	Carbon dioxide	GRI	Global Reporting Initiative	PV	Photovoltaic
COO	Chief Operating Officer	GWh	Gigawatt-hours	RES	Renewable energy source
COP21	Conference of Parties 21	H&S	Health and Safety	SDG	Sustainable Development Goals
COVID-19	Coronavirus disease 2019	HR	Human Resources	SFŽP	State Environmental Fund of the Czech Republic
CSO	Chief Services Officer	HSE	Health and Safety Executive	SO_x	Sulphur oxides
CZK	Czech koruna (currency)	IGU	International Gas Union	STEM	Science, technology, engineering, and mathematics
D&I	Diversity and Inclusion	IPCC	Intergovernmental Panel on Climate Change	TL	Technological losses
DA	Digital ambassador	ISMS	Information Security Management System	TPG	Technical Regulation for Gas
DofE	The Duke of Edinburgh's International Award	ISO	International Organisation for Standardization	TWh	Terawatt-hours
DPO	Data Protection Officer	KPI	Key performance indicator	UN	United Nations
DSO	Distribution System Operator	LNG	Liquefied natural gas	WHS	Workplace Health & Safety

Source Tables 2.1

INJURIES AND ACCIDENTS		UNITS	2019	2020	2021	2022
ACCIDENT COEFFICIENT (LTIF) - GASNET EMPLOYEES	Number of accidents/1 million hours worked		3.15	1.90	0.77	1.08
ACCIDENTS RESULTING IN INCAPACITY FOR WORK (LTI) - GASNET EMPLOYEES	Number		13	8	4	4
FATAL ACCIDENTS - GASNET EMPLOYEES	Number		0	0	0	0
NUMBER OF TRAFFIC ACCIDENTS INVOLVING GASNET EMPLOYEES	Number of accidents/100 thousand km		0.67	0.66	0.48	0.44
ACCIDENT RATE (LTIF) - SUPPLIERS	number of accidents/1 million hours worked		2.52	0.60	0	0.64
ACCIDENTS RESULTING IN INCAPACITY FOR WORK (LTI) - SUPPLIERS	Number		4	1	0	1
FATAL ACCIDENTS - SUPPLIERS	Number		0	1	0	0
DISTRIBUTION NETWORK SAFETY		UNITS	2019	2020	2021	2022
DOWNTIME DUE TO FAILURE OF GAS EQUIPMENT OR GASNET WORKER	Number		12	11	5	2
NUMBER OF BREACHES OF OUR NETWORK BY THIRD-PARTY ACTIVITIES	Number		519	537	585	502
NUMBER OF SUCCESSFULLY RESOLVED TELEPHONE REPORTS FROM EXTERNAL ENTITIES	Number		30 773	33 237	38 761	33 520

Source Tables 2.2

GREENHOUSE GAS EMISSIONS	UNITS	2020	2021	2022
TOTAL EMISSIONS (SCOPE 1 + 2) – LOCATION-BASED	tCO ₂ e	206 435	203 452	183 795
TOTAL EMISSIONS (SCOPE 1 + 2) – MARKET-BASED	tCO ₂ e	206 435	196 479	177 167
SCOPE 1	tCO ₂ e	198 820	195 265	176 102
SCOPE 2 – LOCATION-BASED	tCO ₂ e	7 616	8 186	7 693
SCOPE 2 – MARKET-BASED	tCO ₂ e	7 616	1 214	1 066
INTENSITY OF LOCATION-BASED EMISSION FOOTPRINT BY NETWORK LENGTH ¹	tCO ₂ e/km	3.17	3.13	2.83
INTENSITY OF MARKET-BASED EMISSION FOOTPRINT BY NETWORK LENGTH ²	tCO ₂ e/km	3.17	3.02	2.72
ENERGY CONSUMPTION	UNITS	2020	2021	2022
TOTAL ENERGY CONSUMPTION	MWh	89 560	101 550	88 402
	GJ	322 415	365 579	318 249
RENEWABLE ENERGY SOURCES	MWh	0	15 267	11 672
	%	0%	15%	13%
NON-RENEWABLE ENERGY SOURCES	MWh	89 560	86 283	76 730

METHANE EMISSIONS	UNITS	2020	2021	2022
TOTAL TECHNOLOGICAL LOSSES	m ³	611 571	493 963	496 467
EXTERNAL TECHNOLOGICAL GAS LOSSES	m ³	295 879	296 328	244 232
OWN TECHNOLOGICAL GAS LOSSES	m ³	316 315	197 635	252 235
FUGITIVE NATURAL GAS LEAKS	m ³	8 670 111	8 479 604	7 680 385
	number	5 404	4 599	3 248
UNDERGROUND LEAKS	m ³	8 361 919	8 219 409	7 500 197
	number	1 310	1 270	1 167
ABOVE-GROUND LEAKS	m ³	257 152	210 511	130 160
	number	4 094	3 329	2 081
PERMEABILITY	m ³	51 040	49 684	50 028

¹ The emission footprint includes total emissions (Scope 1 + 2) – location-based. | ² The emission footprint includes total emissions (Scope 1 + 2) – market-based.

Source Tables 2.2

ELECTRICITY CONSUMPTION	UNITS	2020	2021	2022
TOTAL ELECTRICITY CONSUMPTION	MWh	7 541	9 332	8 692
RENEWABLE SOURCES ¹	MWh	0	8 107	7 707
NON-RENEWABLE SOURCES	MWh	7 541	1 225	985
OPERATION OF REGULATION STATIONS	MWh	5 630	6 997	6 314
OPERATION OF LNG STATIONS	MWh	4	43	76
OWN ADMINISTRATIVE BUILDINGS	MWh	1 159	1 067	1 317
LEASED ADMINISTRATIVE BUILDINGS	MWh	748	1 225	985
OPERATING ELECTRICITY CONSUMPTION PER UNIT OF NATURAL GAS DISTRIBUTED ²	MWh/TWh	78	87	97
ADMINISTRATIVE ELECTRICITY CONSUMPTION PER OCCUPIED AREA OF BUILDINGS ³	MWh/m ²	-	0.03	0.03
ELECTRICITY PRODUCED FROM COGENERATION	MWh	3 141	5 333	5 100
ELECTRICITY SOLD	MWh	3 078	5 229	4 987
HEATING AND COOLING CONSUMPTION	UNITS	2020	2021	2022
HEATING	MWh	0	603	784
COOLING	MWh	0	107	179

NATURAL GAS CONSUMPTION	UNITS	2020	2021	2022
TOTAL NATURAL GAS CONSUMPTION	m ³	6 209 098	7 367 817	5 811 862
	MWh	65 506	77 730	61 315
	GJ	235 822	279 830	220 735
GAS PREHEATING AT REGULATION STATIONS	m ³	4 649 126	5 280 868	4 039 331
	MWh	48 977	55 564	42 615
OPERATION OF COGENERATION UNITS	m ³	576 366	1 060 206	1 036 422
	MWh	6 152	11 334	10 934
OWN ADMINISTRATIVE BUILDINGS	m ³	563 705	636 686	531 870
	MWh	5 947	6 717	5 611
LEASED ADMINISTRATIVE BUILDINGS	m ³	419 900	390 057	204 239
	MWh	4 430	4 115	2 155
OPERATING CONSUMPTION OF NATURAL GAS PER UNIT OF GAS DISTRIBUTED ¹	MWh/TWh	765	831	824
ADMINISTRATIVE CONSUMPTION OF NATURAL GAS PER OCCUPIED AREA OF BUILDINGS ²	MWh/m ²	-	0.12	0.09
CUMULATIVE NUMBER OF GAS BOILER REPLACEMENTS CARRIED OUT	number	819	942	1 058

¹ Consumption of electricity from renewable sources is covered by green certificates with a guarantee of origin. | ² Operating electricity consumption includes the operation of regulation and LNG stations. | ³ Administrative electricity consumption includes both our own and leased administrative buildings. In 2020, assets were transferred following the separation of GasNet from the Innogy Group and therefore no exact occupancy figure is available.

Source Tables 2.2

VEHICLE FLEET FUEL CONSUMPTION	UNITS	2020	2021	2022
TOTAL FUEL CONSUMPTION	MWh	19 592	19 161	19 291
	GJ	70 531	68 979	69 448
CNG	thousand m ³	638	0	349
	GJ	24 249	0	13 263
BIOCNG ¹	thousand m ³	0	685	376
	GJ	0	26 031	14 276
DIESEL	m ³	838	842	834
	GJ	32 350	32 495	32 186
PETROL	m ³	407	306	284
	GJ	13 932	10 454	9 721
FUEL CONSUMPTION PER KM	GJ/mil. km	2 957	2 898	2 848

AIR POLLUTION	UNITS	2020	2021	2022
CO	t	1.10	2.74	2.78
NO _x	t	2.73	2.83	2.36
WASTE MANAGEMENT	UNITS	2020	2021	2022
HAZARDOUS WASTE	t	27	33	30
NON-HAZARDOUS WASTE	t	163	230	252

¹ BioCNG consumption is covered by certificates with a guarantee of origin.

Source Tables 2.3

CATEGORY		2020		2021		2022	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
NUMBER OF EMPLOYEES (HC) ¹	Total	2 380		2 409		2 292	
	By gender	1 800	580	1 787	622	1 692	600
FULL-TIME (HC)	Total	2 361		2 392		2 275	
	By gender	1 794	567	1 781	611	1 690	585
PART-TIME (HC)	Total	19		17		17	
	By gender	6	13	6	11	2	15
TEMPORARY WORK (HC)	Total	110		117		117	
	By gender	57	53	58	59	63	54
NUMBER OF EMPLOYEES PER FTE ²	Total	2 370		2 401		2 285	
	By gender	1 796	575	1 783	618	1 691	595
SENIOR MANAGEMENT (FTE) ^{2,3}	Total	47		48		48	
	By gender	37	10	39	9	39	9
MIDDLE MANAGEMENT (FTE) ³	Total	224.9		221.9		201	
	By gender	202.9	22	195.9	26	178	23
OTHER (FTE)	Total	2 099		2 131.4		2 036.5	
	By gender	1 556.3	542.7	1 548.3	583.1	1 473.9	562.6

¹ HC (Head count) – Number of employees. | ² FTE (Full Time equivalent) – Equivalent number of full-time jobs.

³ Senior management consists of the Management Board (MMB and top managers reporting to members of the MMB (Level B-1). Middle management consists of Managers and Team leaders reporting to B-1 managers.

Source Tables 2.4

TOTAL VOLUME OF NATURAL GAS DISTRIBUTED		UNITS	2014	2015	2016	2017	2018	2019	2020	2021	2022
LARGE AND MEDIUM CUSTOMERS	TWh	37.8	38.4	39.8	41.0	40.3	40.8	42.4	47.6	37.7	
SMALL CUSTOMERS AND HOUSEHOLDS	TWh	25.6	28.1	30.6	31.9	29.4	29.2	29.7	33.0	27	
TOTAL	TWh	63.4	66.5	70.5	73.0	69.8	70.1	72.1	80.5	64.6	
NUMBER OF OFFTAKE POINTS		UNITS	2014	2015	2016	2017	2018	2019	2020	2021	2022
LARGE AND MEDIUM CUSTOMERS	number	6 254	6 140	6 093	6 112	5 958	5 963	5 973	5 958	5 785	
SMALL CUSTOMERS AND HOUSEHOLDS	number	2 302 651	2 297 540	2 295 315	2 293 290	2 291 909	2 290 130	2 286 117	2 282 511	2 245 636	
TOTAL	number	2 308 905	2 303 680	2 301 408	2 299 402	2 297 867	2 296 093	2 292 090	2 288 469	2 251 421	
MAXIMUM DAILY VOLUME OF DISTRIBUTED NATURAL GAS		UNITS	2014	2015	2016	2017	2018	2019	2020	2021	2022
LARGE AND MEDIUM CUSTOMERS	thousand m ³	15 123	14 955	15 128	17 178	17 552	16 313	15 134	18 660	14 947	

GRI Index

GasNet Group has reported the information cited in this GRI content index for the period 1. 1. - 31. 12. 2022 with reference to the GRI Standards. For this report GRI 1: Foundation 2021 was used.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organizational details	7-8
	2-2 Entities included in the organization's sustainability reporting	6, 8
	2-3 Reporting period, frequency and contact point	6
	2-6 Activities, value chain and other business relationships	7-9
	2-7 Employees	68
	2-9 Governance structure and composition	96-99
	2-10 Nomination and selection of the highest governance body	98
	2-11 Chair of the highest governance body	97
	2-12 Role of the highest governance body in overseeing the management of impacts	99
	2-13 Delegation of responsibility for managing impacts	99
	2-14 Role of the highest governance body in sustainability reporting	99
	2-15 Conflicts of interest	101
	2-17 Collective knowledge of the highest governance body	100
	2-18 Evaluation of the performance of the highest governance body	99
	2-19 Remuneration policies	78
	2-20 Process to determine remuneration	78, 99
	2-22 Statement on sustainable development strategy	5
	2-23 Policy commitments	101
	2-24 Embedding policy commitments	67, 94, 99
	2-25 Processes to remediate negative impacts	94, 101
	2-26 Mechanisms for seeking advice and raising concerns	101, 108
	2-27 Compliance with laws and regulations	37, 94
	2-28 Membership associations	17
	2-29 Approach to stakeholder engagement	16
	2-30 Collective bargaining agreements	67

GRI STANDARD	DISCLOSURE	LOCATION
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	70
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	108
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	102
	205-3 Confirmed incidents of corruption and actions taken	102
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	102
GRI 302: Energy 2016	302-1 Energy consumption within the organization	47, 48, 113 -115
	302-3 Energy intensity	114
	302-4 Reduction of energy consumption	50
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	63
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	39, 113
	305-2 Energy indirect (Scope 2) GHG emissions	39, 113
	305-3 Other indirect (Scope 3) GHG emissions	39
	305-4 GHG emissions intensity	113
	305-5 Reduction of GHG emissions	42
	305-6 Emissions of ozone-depleting substances (ODS)	61
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	61, 115
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	61-62
	306-2 Management of significant waste-related impacts	61
	306-3 Waste generated	115
	306-4 Waste diverted from disposal	61
	306-5 Waste directed to disposal	61-62
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	109
	308-2 Negative environmental impacts in the supply chain and actions taken	108-109

GRI STANDARD	DISCLOSURE	LOCATION
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	70-71
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	71
	401-3 Parental leave	71
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	71
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	21
	403-2 Hazard identification, risk assessment, and incident investigation	22, 26
	403-3 Occupational health services	31-32
	403-4 Worker participation, consultation, and communication on occupational health and safety	23
	403-5 Worker training on occupational health and safety	24, 25, 29
	403-6 Promotion of worker health	31
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29-30
	403-8 Workers covered by an occupational health and safety management system	21
	403-9 Work-related injuries	24, 27
	403-10 Work-related ill health	24
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	73
	404-2 Programs for upgrading employee skills and transition assistance programs	74
	404-3 Percentage of employees receiving regular performance and career development reviews	78
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	68, 99
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	90-91
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	108
	414-2 Negative social impacts in the supply chain and actions taken	108
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	22
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	105

Safety Reliability Respect

