



Report

Province Zeeland

Integrity Due Diligence

Energetický a průmyslový holding a.s.,

Mr Daniel Křetínský and Mr Patrik Tkáč

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Holland Integrity Group Special Services B.V.

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MANAGEMENTSAMENVATTING

Op verzoek van Gedeputeerde Staten van de Provincie Zeeland heeft Holland Integrity Group Special Services B.V. een integriteitonderzoek ingesteld naar Energetický a průmyslový holding a.s. (hierna EPH) en haar zogeheten uiteindelijk belanghebbenden Mr Daniel Křetínský (hierna de heer Křetínský) and Mr Patrik Tkáč (hierna de heer Tkáč) (hierna gezamenlijk EPH cs).

Gedeputeerde Staten wenst een beeld te krijgen van de reputatie en integriteit van EPH cs, indien en voor zover dit aan de hand van door EPH cs verstrekte gegevens en uit open bronnen kan worden vastgesteld. Het betreft een transactie van PZEM N.V. met EP Netherlands B.V. Hiervoor heeft de raad van het bestuur van PZEM statutaire goedkeuring nodig van de Algemene vergadering van aandeelhouders van PZEM. Provincie Zeeland is één van de aandeelhouders in PZEM met een belang van 50% van de aandelen.

Voor de uitvoering van dit onderzoek hebben wij aansluiting gezocht met de geldende Nederlandse wet- en regelgeving en richtlijnen. Het integriteitonderzoek heeft zich gericht op het vaststellen van indicaties van onregelmatigheden, belangentegenstellingen of andere relevante omstandigheden die de integriteit van EPH en haar uiteindelijk belanghebbenden kunnen aantasten.

In het kader van dit onderzoek hebben wij de medewerking van EPH cs gevraagd, informatie en documenten bij hen opgevraagd alsmede gegevens uit internationale open bronnen geraadpleegd, zoals persdatabanken, handelsregisters, kadaster en overige relevante bronnen. Deze gegevens ('het publiek domein') zijn voor een ieder toegankelijk. Wij attenderen erop dat enkele instanties die dergelijke gegevens verwerken en beheren, een 'lijdelijke' houding aannemen. Dit heeft tot gevolg dat deze instanties de verantwoordelijkheid voor de juistheid en volledigheid van gegevens leggen bij de verstrekker van deze gegevens. Voorts mag voor zich spreken dat enkele open bronnen, zoals persdatabanken, en internet gegevens bevatten die subjectief van aard kunnen zijn. In dit licht hebben wij bij berichtgeving van subjectieve of negatieve aard in andere bronnen gezocht naar een nadere onderbouwing dan wel falsificatie.

We willen benadrukken dat, gegeven het doel en de aard van het integriteitonderzoek, onze focus in dit integriteitonderzoek gericht is op het verzamelen van indicaties van onder meer onregelmatigheden. Dit kan resulteren in een rapport waarin een onbalans bestaat door de aanzienlijke aandacht voor negatieve berichten en weinig tot geen aandacht voor positieve berichten. Ons rapport met de gepresenteerde bevindingen moet dan ook in dit licht worden gezien.

In hoofdstuk 2 van dit rapport hebben wij het juridische en onderzoekstechnische raamwerk en de geldende richtlijnen voor dit integriteitonderzoek kort beschreven. Daarnaast hebben wij in dit hoofdstuk een schets gegeven van het relevante kader op het terrein van de sancties met betrekking tot Rusland, zogeheten politiek prominente personen en corruptie en omkoping.

De resultaten van ons onderzoek met betrekking tot EPH, de heer Křetínský en de heer Tkáč zijn achtereenvolgens in de hoofdstuk 3 tot en met 5 gepresenteerd.

Zoals beschreven in deze hoofdstukken hebben wij in het integriteitonderzoek geen onderbouwde aanwijzingen aangetroffen die duiden op onregelmatigheden, verstrengeling van belangen of andere relevante omstandigheden, waardoor de reputatie en/of integriteit van EPH cs ter discussie zou kunnen komen te staan. Voor de specifieke details verwijzen wij naar de genoemde hoofdstukken.



1 INTRODUCTION

1.1 Assignment and purpose

On 14 October 2022, Holland Integrity Group Special Services B.V. (referred to hereinafter as Holland Integrity Group) was requested by the Province Executive of the Province Zeeland (referred to hereinafter as Province Zeeland) to conduct an integrity due diligence regarding Energetický a průmyslový holding a.s. (referred to hereinafter as EPH) and the ultimate beneficial owners (referred to hereinafter as UBOs) Mr Daniel Křetínský (referred to hereinafter as Mr Křetínský) and Mr Patrik Tkáč (referred to hereinafter as Mr Tkáč). EPH, Mr Křetínský and Mr Tkáč are together referred to hereinafter as EPH cs.

This integrity due diligence is conducted in relation to Province Zeeland's intention to enter into a transaction with EPH regarding the power station Sloe in Vlissingen, the Netherlands. The integrity due diligence aims to ascertain whether there are indications of irregularities, conflicts of interest, or other relevant circumstances that may subvert the integrity of EPH and its UBOs.

1.2 Process of the integrity due diligence

After we received the request of Province Zeeland to conduct an integrity due diligence concerning EPH cs, Mr Frank Verhagen (referred to hereinafter as Mr Verhagen), CEO of PZEM, introduced us to Mr Jan Špringl (referred to hereinafter as Mr Špringl), CEO of EP Power Europe and member of the boards of directors of EPH, on 13 October 2022, and informed him of the request of Province Zeeland and requested the cooperation of EPH cs.

On 18 October 2022, we have provided the representatives of EPH, Mr Křetínský and Mr Tkáč with information letters, questionnaires, and requests for their consent. In the information letters, we have requested EPH, Mr Křetínský and Mr Tkáč to provide us with information and certain documents.

Mr Pavel Fekar (referred to hereinafter as Mr Fekar) is assigned as our first point of contact on behalf of EPH cs. Since 18 October 2022, he provided us with documentation concerning EPH. The final and signed questionnaires and corresponding documentation concerning EPH and Mr Křetínský were received on 10 November 2022 and the documentation regarding Mr Tkáč on 16 November 2022.

On 23 November 2022, separate interviews with Mr Tkáč and Mr Křetínský were held at their offices in Prague. In these interviews, Mr Tkáč and Mr Křetínský fully cooperated and answered all questions concerning the relevant topics.

On 1 December 2022, we have provided the separate draft reports of EPH, Mr Křetínský and Mr Tkáč to each of them with the request to read and comment on the correctness and completeness of the issues mentioned in the separate draft reports. After receiving the comments, the reports were completed and on 8 December 2022 provided to Province Zeeland.

1.3 Conditions and limitations of the due diligence

Holland Integrity Group has informed EPH, Mr Křetínský and Mr Tkáč in writing prior to conducting the integrity due diligence. The integrity due diligence took place on the basis of voluntary cooperation.

Within the context of this due diligence, we have collected data from public sources (such as press data banks, trade registers and other relevant sources) in various countries. We would like to point out that some of the bodies that process and store data adopt a 'passive' approach. The result of this is that the bodies concerned leave responsibility for the accuracy and completeness of their data up to the provider of such data.



Furthermore, we wish to emphasize that some public sources of information, such as press data banks and websites on the internet, contain information that may be subjective in nature. Therefore, we always try to collect supporting documentation from reliable sources to validate the suggestions made in some public sources.

Due to the size of the media profile of EPH cs and time and budget constraints for the project, research was focused on the reputation and related core adverse and noteworthy information concerning EPH cs, and not the reputation of all individual associated companies, whereas EPH, Mr Křetínský and Mr Tkáč were mentioned in a role of (in)direct shareholder.¹

The integrity due diligence is not a financial audit of financial annual reports, nor do we evaluate the technical aspects of environmental or fiscal issues.

We also would like to stress that given the purpose and nature of the integrity due diligence our main focus is aimed at gathering adverse information regarding EPH cs. This could result in a report in which considerable attention is paid to adverse publications and no or limited attention to non-adverse publications. Our report with the presented findings should be seen in this respect.

When conducting the integrity due diligence, the requirements as set out in the Dutch legal and investigative framework are implemented. Given the requirements in the Dutch regulatory and privacy legislation and the public use of the report, sensitive corporate information and personal information regarding Mr Křetínský and Mr Tkáč are left out.

Holland Integrity Group treats all data that comes to its attention during the due diligence with strict confidence and will not pass on such data nor make such data available to other parties, unless required to do so by law. Holland Integrity Group is supplying the final report to the client Province Zeeland only. Province Zeeland is authorised to use the report for her deliberations and decision-making concerning the mentioned transaction and shared with other stakeholders in this process.

The information contained in Holland Integrity Group's due diligence file will be destroyed after a period of a maximum of five years of custodianship. This period may be extended if an instance should arise of (possible future) legal proceedings.

1.4 Readily available information

For the purposes of our due diligence, we have made use of the following data:

- The questionnaires filed on behalf of EPH, Mr Křetínský and Mr Tkáč.
- The documents provided by representatives of EPH, Mr Křetínský and Mr Tkáč, such as:
 - EPH Articles of Association.
 - Criminal record certificates regarding EPH, Mr Křetínský and Mr Tkáč.
 - Annual reports from 2009 to 2021.
 - The structure of the shareholders of EPH.
 - Overviews of functions of Mr Křetínský and Mr Tkáč.
 - Overviews of legal proceedings or disputes of EPH, Mr Křetínský and Mr Tkáč.

¹ It is our experience that in adverse publications concerning individual associated companies the ultimate holding company and related UBO's are also mentioned.



- The statements of consent of EPH, Mr Křetínský and Mr Tkáč.
- And various other documents.
- Data from public sources (press data banks, trade registers and other relevant sources).

The information provided by EPH cs and the information from public sources will be kept in our due diligence file. Only relevant data has been presented in this report. It may be that (parts of) information from interviews, the due diligence information request or other written or oral statements are mentioned in the report.

1.5 Research activities performed

The integrity due diligence is completed with this report. It reflects the relevant findings with respect to the facts and circumstances in relation to the integrity of EPH cs. Holland Integrity Group does not judge upon the desirability of entering into a business transaction with EPH cs. This assessment is reserved to Province Zeeland.

In more detail, we have conducted the following research activities:

- Requesting information (among which the completed questionnaires, etc.).
- Conducting research in public sources (press data banks, trade registers and other relevant sources).
- Analysing the results of the research.
- Interviewing Mr Tkáč and Mr Křetínský in Prague on Wednesday 23 November 2022.
- Preparing a report with preliminary findings.
- Processing the feedback of EPH cs regarding the draft report.
- Providing the ultimate report to Province Zeeland.

In the following chapters, our findings based upon the information provided by EPH cs and from public sources with respect to the conducted integrity due diligence are displayed.

The search in public sources has been finalized on 22 November 2022.



2 NORMATIVE FRAMEWORK

2.1 General

In this chapter, we explain the legal and investigative framework and definitions we used for this integrity due diligence.

2.2 Integrity due diligence

While conducting this integrity due diligence, connection is sought with the requirements that are applied in Dutch laws, other legislation and guidelines, such as the Province Act (de Provinciewet), the Implementing Act Foreign Direct Investment Screening Ordinance (de Uitvoeringswet screeningsverordening buitenlandse directe investeringen), the Public Administration Probity Screening Act (de Wet bevordering integriteitsbeoordelingen door het openbaar bestuur (BIBOB)), the Financial Supervision Act (de Wet op het financieel toezicht (WFT)), the Handbook Integrity Investigation (het Handboek Integriteitsonderzoek) of the Ministry of the Interior and Kingdom Relations and the guidelines provided by the Netherlands Financial Forensic Institute and other Dutch and European institutes for forensic investigators and expert witnesses. A part of this legislation does apply to Province Zeeland. The normative framework in these laws and guidelines does however serve as an important guideline for the design and execution of this integrity due diligence.

In the context of this integrity due diligence, the geopolitical situation in Europe and the nature of the business of EPH make that sanctions, so-called politically exposed persons (referred to hereinafter as PEPs), and corruption and bribery, amongst other forms of financial and economic crime, are relevant topics.² The framework of these topics is outlined in the following paragraphs.

2.3 Sanctions

2.3.1 General

As it is described on the website of the European Union (referred to hereinafter as EU), since March 2014, the EU has progressively imposed restrictive measures (sanctions) against Russia, initially in response to the annexation of Crimea and Sevastopol and the destabilisation of Ukraine.³ On 23 February 2022, the EU expanded the sanctions in response to the recognition of the non-government controlled areas of the Donetsk and Luhansk oblasts of Ukraine and the ordering of Russian armed forces into those areas. After 24 February 2022, in response to Russia's military operations against Ukraine, the EU expanded the sanctions. The EU has imposed an additional series of eight packages of sanctions against Russia, starting on 23 February 2022.⁴

Sanctions include targeted restrictive measures (individual sanctions), economic sanctions and diplomatic measures.

2.3.2 Economic sanctions

2.3.2.1 General

On the EU website, it is described that the EU has imposed a number of import and export restrictions on Russia. This means that European entities cannot sell certain products to Russia (export restrictions) and

² All politicians in this report can be considered a PEP. As described later in this report, due to their position and influence, it is recognised that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering offences and related predicate offences, including corruption and bribery.

³ Council Decision 2014/512/CFSP of 31 July 2014 and Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilizing the situation in Ukraine

⁴ The sanctions can be found at the website www.eur-lex.europa.eu/eu-and-world/sanctions-restrictive-measures



that Russian entities are not allowed to sell certain products to the EU (import restrictions). The export and import restrictions exclude products primarily intended for consumption and products related to health, pharma, food and agriculture, in order not to harm the Russian population.

The list of sanctioned products includes among others:

- Crude oil and refined petroleum products, with limited exceptions.
- Coal and other solid fossil fuels (as there is a wind-down period for existing contracts, this sanction will apply as from August 2022).
- Steel, steel products and iron.
- Gold, including jewellery.
- Wood, cement and plastics.
- Seafood and liquor (e.g., Caviar, vodka).
- Cigarettes and cosmetics.

2.3.2.2 *Energy sector*

According to the EU website, the EU imposed a ban on the export of specific refining technologies to Russia as well as an import ban on all forms of Russian coal and all Russian seaborne crude oil and petroleum products. According to Eurostat, petroleum products are products derived from crude oil. These products include refinery gas, ethane, liquified petroleum gas (LPG), gasoline, naphtha and many other types of fuels. Petroleum products can also be made from coal, natural gas, and biomass. More specific, it is prohibited to purchase, import or transfer coal and other products, as listed in Annex XXII of Regulation (EU) 833/2014, from Russia and it is prohibited to purchase, import or transfer crude oil or petroleum products, as listed in Annex XXV of Regulation (EU) No 833/2014, from Russia. Related technical or financial assistance and brokering services are also prohibited. Certain exemptions apply.

This ban is subject to certain transition periods to allow the sector and global markets to adapt, and a temporary exemption for pipeline crude oil to ensure the phase out. This allows the EU and its partners to secure alternative supplies and minimises the impact on global oil prices. After a wind down period of 6 months, EU operators will be prohibited from insuring and financing the transport, in particular through maritime routes, of oil to third countries.

More specific, according to the EU website, the Council decided on 3 June 2022 to adopt various measures concerning oil import and transport. These sanctions will come into force with immediate effect and will phase out Russian oil imports in an orderly fashion. For seaborne crude oil, spot market transactions and execution of existing contracts will be permitted for six months after entry into force, while for petroleum products, these will be permitted for eight months after entry into force. Member States who have a particular pipeline dependency on Russia can benefit from a temporary exemption and continue to receive crude oil delivered by pipeline, until the Council decides otherwise. However, Member States benefiting from this exemption will not be able to resell such crude oil and petroleum products to other Member States or third countries. Due to its specific geographical exposure, a special temporary derogation until the end of 2024 has been agreed for Bulgaria which will be able to continue to import crude oil and petroleum products via maritime transport. In addition, Croatia will be able to authorise until the end of 2023 the import of Russian vacuum gas oil which is needed for the functioning of its refinery.

On 5 October 2022, the G7 agreed to introduce a price cap on Russian oil exports, taking effect after 5 December 2022 for crude oil and after 5 February 2023 for refined petroleum products. It is mentioned on the EU's website that while the EU's ban on importing Russian seaborne crude oil fully remains, the price cap, once implemented, would allow European operators to undertake and support the transport of Russian oil to third countries, provided its price remains under a pre-set 'cap'. This will help to further reduce Russia's



revenues, while keeping global energy markets stable through continued supplies. It will also help address inflation and keep energy costs stable at a time when high costs – particularly elevated fuel prices – are a great concern to all Europeans.

2.3.3 *Transportation over land and by sea*

According to the EU website, the EU has prohibited Russian and Belarusian road transport operators from entering the EU, including for goods in transit. However, EU countries can grant derogations for:

- The transport of energy.
- The transport of pharmaceutical, medical, agricultural and food products.
- Humanitarian aid purposes.
- Transport related to the functioning of diplomatic and consular representations of the EU and its countries in Russia, or of international organisations in Russia which enjoy immunities in accordance with international law.
- The transfer or export to Russia of cultural goods on loan in the context of formal cultural cooperation with Russia.

It is also mentioned that the EU has closed its ports to Russia's entire merchant fleet of over 2,800 vessels. However, the measure does not affect vessels carrying:

- Energy.
- Pharmaceutical, medical, agricultural and food products.
- Humanitarian aid.
- Nuclear fuel and other goods necessary for the functioning of civil nuclear capabilities.
- Coal (until 10 August 2022, after which imports of coal into the EU will be banned).

2.3.4 *Sanctions concerning financial transactions*

According to the EU website, the ban prevents ten Russian and four Belarusian banks from making or receiving international payments using the international messaging service SWIFT, which facilitates information exchange between banks and other financial institutions, unless the payments relate to exempted goods.

2.4 **Publicly Exposed Persons**

2.4.1 *General*

In this paragraph, we describe the relevant international guidance provided regarding publicly exposed persons.

2.4.2 *FATF Guidance on PEPs*

The Financial Action Task Force (referred to hereinafter as FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (referred to hereinafter as AML) and counter-terrorist financing (referred to hereinafter as CFT) standard.



Over the years, the FATF provided guidance on the definition of PEPs.⁵ In the FATF 2013 Guidance, a PEP is defined by the FATF as an individual who is or has been entrusted with a prominent public function.⁶ Due to their position and influence, it is recognised that many PEPs are in positions that potentially can be abused for the purpose of committing money laundering (referred to hereinafter as ML) offences and related predicate offences, including corruption and bribery, as well as conducting activity related to terrorist financing (referred to hereinafter as TF).

According to the 2013 publication, the FATF defines a PEP as follows:

- Foreign PEPs: individuals who are or have been entrusted with prominent public functions by a foreign country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials.
- Domestic PEPs: individuals who are or have been entrusted domestically with prominent public functions, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials.
- International organisation PEPs: persons who are or have been entrusted with a prominent function by an international organisation, refers to members of senior management or individuals who have been entrusted with equivalent functions, i.e., directors, deputy directors and members of the board or equivalent functions.
- Family members are individuals who are related to a PEP either directly (consanguinity) or through marriage or similar (civil) forms of partnership.
- Close associates are individuals who are closely connected to a PEP, either socially or professionally.

Regarding the period an individual, family member or close association should be treated as a PEP, it is mentioned in the FATF 2013 Guidance that this should be consistent with the risk-based approach which is also outlined in this report. In the report, it is stated that the handling of a client⁷ who is no longer entrusted with a prominent public function should be based on an assessment of risk and not on prescribed time limits. As possible risk factors are mentioned, the level of (informal) influence that the individual could still exercise, the seniority of the position that the individual held as a PEP and whether the individual's previous and current function are linked in any way. The period for which family members and close associates of PEPs who are no longer entrusted with a prominent public function should be treated as PEPs is directly related to the assessment of risk for the PEP.

2.5 Corruption and bribery

2.5.1 General

In this paragraph, we describe the relevant guidance provided by the United Nations (referred to hereinafter as UN) and other relevant organisations regarding corruption and bribery.

⁵ FATF, Politically Exposed Persons (Recommendations 12 and 22), June 2013; 2003 FATF 40 Recommendations.

⁶ In the Glossary to the FATF Recommendations, all relevant definitions are set out.

⁷ This applies also to future business partners, employees and other individuals and companies which are subject of an integrity or customer due diligence.



2.5.2 *International framework*

The UN has provided guidance in defining and the combat of corruption. The UN Convention against Corruption of 2003 (referred to hereinafter as Convention 2003) is the only legally binding universal anti-corruption instrument. The vast majority of the UN Member States are parties to the Convention 2003.

The Convention 2003 requires countries to establish criminal and other offences to cover a wide range of acts of corruption, if these are not already crimes under domestic law. According to the Convention 2003, corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice and discouraging foreign aid and investment. The Convention 2003 introduces a comprehensive set of standards, measures and rules that all countries can apply in order to strengthen their legal and regulatory regimes to fight corruption. It calls for preventive measures and the criminalization of the most prevalent forms of corruption in both public and private sectors.

In this integrity due diligence, we have also focused on indications of the following forms of corruption and bribery, as mentioned in the Convention 2003, amongst others:

- Article 15 - Bribery of national public officials, divided into two elements: offering and accepting.
- Article 16 - Bribery of foreign public officials and officials of public international organizations.
- Article 18 - Trading in influence, divided into two elements: offering and accepting.
- Article 19 - Abuse of functions.
- Article 20 - Illit enrichment.
- Article 21 - Bribery in the private sector.

2.5.3 *European framework*

In addition to the UN, the Organisation for Economic Co-operation and Development (referred to hereinafter as OECD) also established legally binding standards for the members states to criminalise bribery of foreign public officials in international business transactions.⁸ In the EU, the OECD guidelines on combating corruption from 2011 have been implemented.

2.5.4 *Situation in Czech Republic*

On 22 June 2021, the OECD Working Group on Bribery (referred to hereinafter as the Working Group) made a statement that it is concerned about the announcement of the resignation of the Czech Republic's chief prosecutor, after ten years of service, following alleged disagreements with the Minister of Justice. In the Working Group announcement, it is mentioned that on 14 May 2021, the chief prosecutor announced his resignation at a press conference where he alluded to pressures from the Minister of Justice. The resignation comes a month after the chief prosecutor made a public statement regarding an ongoing investigation, with media reporting that the Minister of Justice had plans to submit a disciplinary lawsuit against him based on this statement. From public sources we learned that the ongoing investigation concerns the then Czech Prime Minister Mr Andrej Babiš (referred to hereinafter as Mr Babiš).⁹ There were no indications in public sources that EPH cs is related to this investigation.

⁸ All EU member states are member of the OECD.

⁹ Peter Laca, 'Top Czech Prosecutor Quits, Citing Attacks From Justice Minister', Bloomberg, 14 May 2021; James Shotter, 'Czech public prosecutor reopens Andrej Babis fraud probe', Financial Times, 4 December 2019.



The Working Group mentioned in its statement that allegations involving possible political interference in the work of the prosecutorial authority are particularly concerning given that the Czech Republic has consistently failed to adopt reforms to safeguard investigative and prosecutorial independence. The Working Group has been monitoring this issue since 2013, as it may affect the Czech Republic's ability to meet its obligations under Article 5 of the OECD Anti-Bribery Convention. This Article prohibits considerations of national economic interest, the potential effect upon relations with another State or the identity of the natural or legal persons involved to influence foreign bribery investigations and prosecutions.



3 FINDINGS WITH RESPECT TO EPH

3.1 General

The due diligence is aimed, among others, at collecting facts and circumstances regarding the reputation and integrity of EPH cs. Below we display our findings with respect to EPH, obtained from the documentation provided by the representatives of EPH and from public sources.

3.2 Corporation

3.2.1 General

In this paragraph, we will present the information concerning the corporation.

3.2.2 Corporate data

According to available documentation regarding EPH, the company was established on 7 August 2009 and registered in the Commercial Register on 10 August 2009 by subscription of the registered capital in the form of a non-monetary contribution of 100% of shares of Bauliga a.s., Honor Invest a.s. and Masna Holding Limited. The current legal form of EPH is a joint-stock company. EPH's registered and postal address is Pařížská 130/26, Josefov, 110 00 Prague 1, Czech Republic.

EPH has 1,000 outstanding shares with a share value of CZK 4,000,000 (approximately 163,565 EUR)¹⁰ per share. The nominal capital of EPH adds up to CZK 4,000,000,000 (approximately 163,565,059 EUR). The company's line of business is described as follows: *'Production, trade and services not listed in Appendices 1 to 3 of the Trade Act'*. The company has the registration number 283 56 250 at the Czech Commercial Register.

EPH mentioned in its annual reports that it heads a leading European energy group that owns and operates assets in the Czech Republic, the Slovak Republic, Germany, Italy, the United Kingdom (referred to hereinafter as UK), Ireland, France and Switzerland. EPH is a vertically integrated energy utility covering a complete value chain with a primary focus on gas transmission, distribution and storage as well as power and heat generation and distribution. EPH and its group companies focus on regulated and long-term contracted assets in the areas of natural gas transmission, power, gas and heat distribution as well as gas storage and power generation.

3.2.3 Shareholders

According to documentation provided by representatives of EPH cs, in November 2022 EPH's shareholders are the Czech company EP Corporate Group a.s. with a stake of 56% plus one share and the Czech company J&T Energy Holding a.s. with a stake of 44% minus one share. From documents provided we learned that a group of managers of EPH participate in EP Corporate Group a.s., which results in an indirect stake of these managers in EPH of 6%.

From the annual reports and other documents provided by EPH cs, we learned that from the establishment of EPH on 7 August 2009 until present, the ownership of EPH has changed on various moments.¹¹ An overview of the shareholder's position over the years is enclosed as annex 1 to this report. The most important changes concern:

¹⁰ Per rate of 4 November 2022.

¹¹ In the following statement on EPH's website the formation of EPH is described:
<https://www.ephholding.cz/tiskove-zpravy/jt-and-ppf-sign-an-agreement-on-forming-an-energy-and-industrial-holding-company/>



1. The withdrawal of Timeworth Holdings Limited, subsidiary of the international investment group PPF Group, associated to Mr Petr Kellner¹² (referred to hereinafter as Mr Kellner), in 2013.
2. The withdrawal of Biques Limited and Miles Limited, associated to the investment group J&T, related to Mr Tkáč amongst others, in 2017.
3. The renewed participation of J&T Energy Holding a.s., associated to the investment group J&T, related to Mr Tkáč amongst others, in 2020.¹³

For more detailed information concerning each of these changes, we refer to EPH's annual reports. We analysed these changes and discussed the context and reasons of these changes with Mr Tkáč and Mr Křetínský. The data collected and information provided in the interviews by Mr Tkáč and Mr Křetínský gave insight into the background of these changes and does not lead to additional questions.

Mr Křetínský and Mr Tkáč are considered in public databases to be a PEP. Mr Křetínský, due to his relationship with his mother¹⁴, and his positions at partly Slovak state-owned energy companies. Mr Tkáč, due to his close corporate affiliation with Mr Křetínský. This observation does not have any legal implications for Province Zeeland as the relevant legislation is not applicable to them. It is only relevant for understanding and assessing the business and (geo)political context in which Mr Křetínský and Mr Tkáč operate.

3.2.4 Board of directors and supervisory board

According to information retrieved from public sources, Mr Marek Spurný, Mr Pavel Horský and Mr Jan Špring are legal representatives and members of the board of directors at EPH, whereas Ms Tereza Štefunková, Mr Martin Fedor and Mr Petr Sekanina serve as its members of the supervisory board, Mr Sekanina being chairman of this board.

3.2.5 Subsidiaries

In EPH's annual reports, overviews of EPH's subsidiaries and related companies are enclosed. Given the scope of the integrity due diligence and the budget and time restraints, we have not included all of EPH's subsidiaries and related companies in our research. For an overview of EPH's subsidiaries and related companies, we refer to the annual reports of EPH.

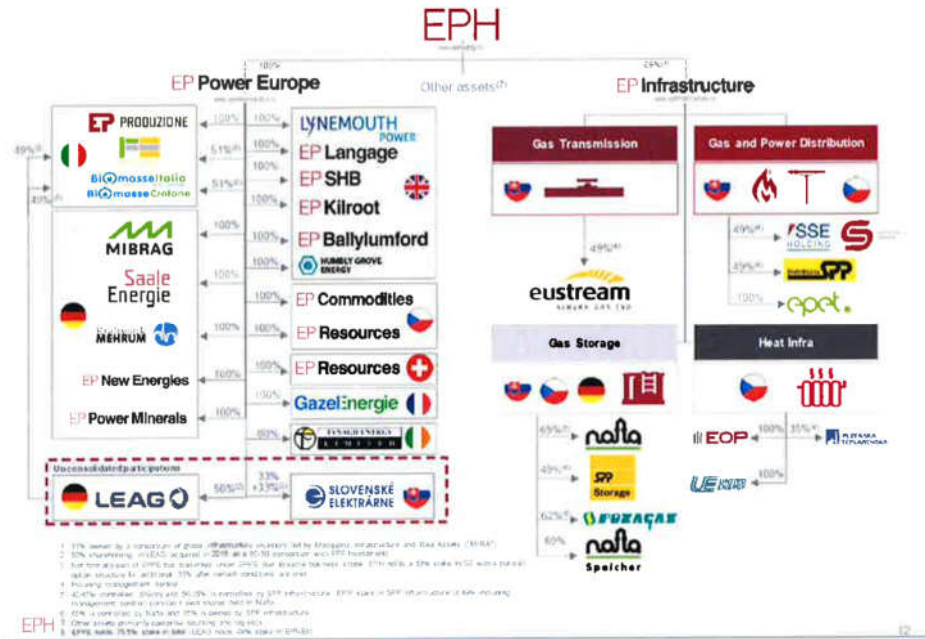
3.2.6 Business activities

According to documentation of EPH, the main activities are structured into two divisions: EP Infrastructure (referred to hereinafter as EPIF) and AP Power Europe (referred to hereinafter as EPPE). The two divisions are visualised as follows:

¹² Mr Kellner was a Czech business man who died in a helicopter crash in Alaska in 2021.

¹³ The renewed participation is also described in the press article: <https://www.blesk.cz/clanek/zpravy-udalosti/664415/podnikatel-tkac-se-vraci-do-eph-ma-44-procent-akcii-majoritu-drzi-kretinsky.html>

¹⁴ Ms Židlická, Mr Křetínský's mother, is a former judge of the Czech Constitutional Court, who was in office between 2004 and 2014.



In the same document, the core portfolio of the activities of EPPE per country is visualised as follows:

| Country | Net installed capacity / fuel | Group Companies | Asset highlights | Business profile |
|-------------------------------|---|---|---|--|
| Germany | 17 – 19 mt annual lignite production 0.6 GW in lignite ¹ 0.7 GW in hard coal | HELMSTEDTER REWER MEHRUM | <ul style="list-style-type: none"> Two lignite mines and two CHP plants Lignite mine and Buschhaus power plant that entered strategic reserve in 2016 Share in Schkopau power plant Highly efficient hard coal power plant | <ul style="list-style-type: none"> Contracted / security reserve Merchant |
| UK | 0.4 GW biomass conversion 2.9 GW in gas 0.5 GW in hard coal 2.6 TWh gas storage capacity | LYNEMOUTH POWER EP SHB EP Ballylumford HUMBLY GROVE ENERGY | <ul style="list-style-type: none"> Completed biomass conversion project with UK government backed contract for difference until 2027 Highly efficient CCGTs with leading positions within the UK merit order Natural gas and hard coal assets in Northern Ireland Underground gas storage facility in Hampshire | <ul style="list-style-type: none"> Contract for difference / capacity payment Contracted |
| Italy | 4.1 GW in gas ¹ 0.6 GW in hard coal 0.1 GW in biomass | EP PRODUZIONE BIOGASSE ITALIA BIOGASSE CRITONE | <ul style="list-style-type: none"> Fleet of 5 modern gas-fired power plants in mainland Italy and Sicily and 1 coal-fired power plant in Sardinia 2 biomass plants with total capacity of 73 MW | <ul style="list-style-type: none"> Merchant / must – run / ancillary services Contracted / green bonus |
| France | 1.2 GW in hard coal 0.8 GW in gas 0.1 GW in biomass | Gazel:energie | <ul style="list-style-type: none"> 2 CCGT plants and 1 hard coal plant in Saint-Avold 1 hard coal and one biomass plant in Gardanne 2 solar farms and several wind farms | <ul style="list-style-type: none"> Merchant / ancillary services Contracted |
| Ireland | 0.4 GW in gas | TYNVALI ENERGY LIMITED | <ul style="list-style-type: none"> A CCGT power plant located in County Galway | <ul style="list-style-type: none"> Merchant / ancillary services |
| Unconsolidated participations | | | | |
| Slovakia | 1.8 GW in nuclear 1.6 GW in hydro 0.2 GW in hard coal 0.2 GW in lignite | SLOVENSKÉ ELEKTRARNE ⁴ | <ul style="list-style-type: none"> Largest power generation company in Slovakia with 3.4 GW of carbon free capacity | <ul style="list-style-type: none"> Merchant / ancillary services |
| Germany | 7.6 GW in lignite 0.2 GW in gas | LEAG ⁵ | <ul style="list-style-type: none"> Four critical and dependable baseload power plants and associated lignite mines in Germany | <ul style="list-style-type: none"> Merchant / ancillary services / heat co-generation |

1 Capacities of EPPE are excluded
2 Including 400MW capacity of Schkopau power plant that is equity consolidated
3 Including capacity of Scanzano power plant that is equity consolidated
4 EPH owns a 33.33% share in Slovenské elektrárne (indirectly), included in this section due to the same business rationale
5 EPPE owns a 50% share in LEAG (indirectly)

According to European legislation, the business activities of EPH's subsidiaries on the energy markets in the various European countries are regulated.

3.3 Finances

3.3.1 General

In this paragraph, we describe relevant financial aspects in the context of the integrity due diligence. We emphasize that we have not conducted an audit into the financial reports of EPH.



3.3.2 Relevant issues

In this due diligence, we have collected and analysed the annual reports of EPH in relation to relevant events, disputes, litigations, claims and press articles. Amongst others, the composition and development of EPH's equity in relation to the changes in the shareholding of the company, as described in subparagraph 3.2.3 of this report, and the consolidated cashflow, sales, financing, valuation of the shares and other financial aspects of the company were taken into consideration. In the interview on 23 November 2022, these relevant aspects were discussed with Mr Křetínský. He provided insight into the background and context of these aspects.

Searches conducted at official and public sources revealed no substantiated questions concerning issues related to EPH's equity, cashflow and other financial aspects. The information provided and discussed in the interviews with Mr Tkáč and Mr Křetínský does not lead to additional questions concerning the finances of EPH in the context of this integrity due diligence.

3.3.3 Loans and listed bonds

In the interview on 23 November 2022, Mr Křetínský explained that EPH finances her business activities in general with equity, senior debts provided by leading banks and bonds, and does not use hybrid or other hidden financial structures.

According to public information and information in the annual reports, EP Energy a.s., EPH Financing CZ a.s., SPP Financing Structure B.V. and EP Infrastructure a.s., subsidiaries of EPH, have issued bonds at the regulated markets of the stock exchanges in the Czech Republic and the Republic of Ireland. An English subsidiary of EPH, EPH Energy Limited was regulated under number 797973 at the Financial Conduct Authority in the UK.

Searches conducted at official Czech, Irish, Dutch and English sources revealed no matches involving EPH's subsidiaries in regulatory issues.

3.3.4 Debts and bankruptcy

Searches conducted at official Czech sources revealed no matches involving EPH in bankruptcy or insolvency procedures. Debts and bankruptcy checks are available in the Czech Republic and searches are conducted using the company's name or registered number.

3.4 Disputes / litigation

3.4.1 General

In the official European and Czech civil and criminal litigation sources, searches have been conducted regarding EPH. In EPH's annual reports, certain litigations and claims are mentioned. As agreed with Mr Fekar, the responses provided by EPH are qualified by materiality. For the sake of completeness certain responses also disclosed facts, matters or circumstances below a reasonable materiality threshold.

3.4.2 Litigation at European level

According to information provided by EPH and from public sources, in November 2009, an inspection was carried out on EPH by the European Commission (referred to hereinafter as EC) to investigate a potential violation of EU competition rules. In May 2010, an investigation was launched on EPH by the EC for obstruction of an EU inspection. In December 2010, EPH was formally charged by the EU regulators following a statement of objection sent by the EC for obstructing an antitrust investigation inspection in November 2009. In March 2012, EPH was fined, jointly with EP Investment Advisor's, EUR 2.5 million by



the EC for obstruction during the inspection carried out by Commission officials in November 2009. In November 2014, EC's decision and fine from March 2012 was confirmed and upheld by the EU General Court.

The summary of the final decision of the EC and the press release regarding the decision have been enclosed as annex 2 to this report.

3.4.3 *Litigation in Czech Republic*

Searches conducted at official Czech civil and criminal litigation sources revealed ten non-adverse matches involving EPH. The database of the Supreme Court of the Czech Republic has been publishing decisions as of 2000, and there is no information on how far back the database of the Constitutional Court goes. Most sources provide detailed information on decisions, but some sources omit individuals' names.

EPH was mentioned in a case from 2012 found at the Constitutional Court of the Czech Republic, as being owned by the son of, at that time judge of the Czech Constitutional Court, Ms Michaela Židlická – Křetínský (referred to hereinafter as Ms Židlická). The case pertained to a request of a group of senators of the Senate of the Parliament of the Czech Republic to exclude Ms Židlická from the case as the judge of the Constitutional law regarding the promotion of electricity production from renewable energy sources amendment, stating that the fact that her son operates in the energy sector might cause conflict of interest.

We discussed this case with Mr Křetínský. He explained that he was not aware of this case as his mother has never mentioned it to him. He further mentioned that he has never discussed any specific corporate matter with his mother, except her interest in Sparta Prague. In our research, we have gathered no indications that Ms Židlická had misused her position as judge in this or other cases in relation to EPH or her son.

A case from 2021, found at the Supreme Administrative Court, pertained to a petition filed by EPH's subsidiary EP ENERGY TRADING, a.s., whereas EPH was just mentioned as a shareholder, not a litigant. Two other cases from 2014 pertained to the same matter mentioning EPH as the third party on the side of the plaintiff.

Four matches found at the Supreme Administrative Court, held from 2014 until 2015, regarded the plaintiff's, Severní energetická a.s., objection with no reason specified to the merger between EPH and East Bohemia Energy Holding Limited. The objection was dismissed by the Office for the Protection of Competition on 11 April 2012, and hence the plaintiff filed a complaint to the court against its decision. According to the latest hearing held on 11 March 2015, EPH filed a complaint against the decision of the lower court which annulled the decision of Office for the Protection of Competition. The Supreme Administrative Court ruled in favour of EPH and returned the case to the lower court for further proceedings. However, information on the development of the case could not be identified.

In a case from 2015, found at the Supreme Administrative Court, EPH was mentioned as the shareholder of the company Pražská teplárenská Holding a.s., in which the plaintiff of who the name is omitted, filed a complaint against Pražská teplárenská Holding a.s.' decision to not provide the plaintiff certain information.

A case from 2021, found at the Supreme Administrative Court, pertained to a petition filed by EPH's subsidiary EP Energy Trading a.s., whereas EPH was just mentioned as a shareholder, not a litigant.

Overall, no adverse information was found in official Czech sources concerning EPH.



3.4.4 *Regulatory and law enforcement*

Official Czech sources revealed 86 non-adverse matches involving EPH. As most sources have only online publications and no searchable databases, identifiers for individuals are not always published. The information on minor law-offences and the dossiers of those currently under investigation are not publicly available. Detailed information on decisions published by the Czech National Bank before 1 January 2009 is not available.

The Office for the Protection of Competition (referred to hereinafter as UOHS) revealed 67 non-adverse matches involving EPH in procedures which mainly regarded merger and acquisition permissions issued by UOHS.

The Czech National Bank revealed 19 non-adverse matches mentioning EPH in connection to its business activities.

Overall, no adverse information was found in official Czech sources concerning EPH.

3.5 **Media**

3.5.1 *General*

EPH has a high profile in the Czech-language internet and media. Most references pertained to EPH's business activities, such as purchases of assets in France¹⁵, Italy¹⁶, Northern Ireland¹⁷ and UK¹⁸, acquisitions¹⁹, as well as to its registration details published by business registries.²⁰

Due to the size of EPH's media profile and time and budget constraints for the project, research was focused on its reputation and related core adverse and noteworthy information, and not the reputation of its associated companies, whereas EPH was mentioned in a role of the parent company. For the sake of completeness, we have enclosed various summaries of press publications (with its source references) regarding EPH as annex 4 to this report.

In our interview, we have discussed with Mr Křetínský the impact of the war in Ukraine on the businesses of EPH and other companies related to Mr Křetínský and the deals with Gazprom as mentioned in various articles and outlined in the following subparagraph.

3.5.2 *Impact of war in Ukraine, deals with Gazprom and ties with Kremlin*

On an unspecified date, the Czech independent news portal Deník Referendum reported that the war which had escalated in February 2022 after the invasion of Russian troops in Ukraine might have an impact on the performance of EPH as the largest transporter of Russian gas to the European countries through its subsidiary - Slovak gas pipeline operator Eustream, whose contractual counterparty is directly the Russian gas concern Gazprom.²¹ It was mentioned that the possibility of Russian gas supply ending completely could cause a great financial loss to EPH's subsidiaries and EPH itself. It was also mentioned that EPH

¹⁵ <https://www.euro.cz/byznys/kretinsky-chce-koupit-dve-uhelne-elektrarny-ve-francii-tvrdi-list-le-monde-1428445>

¹⁶ <https://www.euro.cz/byznys/eph-dal-investuje-do-biomasy-koupil-elektrarnu-na-severu-italie-1438799>

¹⁷ https://www.lidovky.cz/byznys/firmy-a-trhy/firma-eph-kterou-vlastni-miliardar-kretinsky-kupuje-dve-severoirske-elektrarny.A190423_151917_firmy-trhy_krku

¹⁸ <https://echo24.cz/a/i4tHN/eph-definitivne-ziskal-dve-paroplynove-elektrarny-v-britanii>

¹⁹ <https://www.fxstreet.cz/zpravodajstvi-134473.html>

²⁰ <https://rejstrik.penize.cz/dph/cz28356250-energeticky-a-prumyslov-y-holding-a-s>

²¹ <https://www.seznamzpravy.cz/clanek/ekonomika-firmy-plynova-krize-dorazi-na-imperium-daniela-kretinskeho-210031>



would profit as the price of the gas would rise.²² According to the rating agency Fitch, the negative outlook reflects the material risk of a stoppage of payments by Gazprom, potentially also arising from the risk of a complete stoppage of gas supplies from Russia to the EU.²³

The same article further indicated that EPH's connection with Russia's Gazprom, a state-owned company and the largest exporter of natural gas in the world, affected the rating of some of Mr Křetínský's companies, allegedly causing the shares price to drop, such as British Royal Mail, which is partly and indirectly owned by Mr Křetínský.²⁴

Another Czech news portal, britskelisty.cz added in August 2022, that the UK was planning to conduct a national security review of British Royal Mail's ownership.²⁵ The national security review was supposed to check Mr Křetínský's ties to the Russian gas industry, given EPH's close ties to Gazprom. On 31 October 2022, the Financial Times reported that *'the UK has called off its probe into Czech billionaire Daniel Křetínský's plans to increase his stake in Royal mail, bringing to a close one of the first reviews to be announced under the government's new national security powers'*.²⁶

A few years earlier, in 2014, when the conflict between Ukraine and Russia started, Czech media portal idnes.cz reported that Eustream and EPH had a problem after the EU promised Ukraine to import some of its gas to Europe instead of Russian gas.²⁷ Reportedly, as Eustream was managing gas pipes supplying Russian gas to Europe, they were not sure how to assist Ukraine without permission from Gazprom and not upsetting the Russian Government. Nevertheless, at time of the article, it was said that the plans were postponed.

It was further speculated in this article that EPH was in a struggle, as at that time one of the shareholders of EPH was Mr Kellner's PPF group, which reportedly had close ties to the Russian Government. The media also reported that Eustream even earlier tested possibilities of importing Ukrainian gas; however, Western European energy companies, of which the names are unspecified, did not support the plan as it might cause a conflict with Gazprom, on whose pricing policy their economy depended.²⁸

The same article further speculated that when EPH wanted to acquire shares in the Slovak state-owned company Slovenský plynárenský priemysel a.s. (referred to hereinafter as SPP) in 2013, former Slovak Prime Minister Mr Robert Fico's (referred to hereinafter as Mr Fico) government allegedly set a condition for taking over SPP, according to which Mr Křetínský was supposed to negotiate with Gazprom to improve the long-term gas contract for Slovakia, which was considered unfavourable at the time. Negotiations on the new price ended and the agreement between SPP and Gazprom was reached just after the EU announced the first anti-Russian sanctions as punishment for the control of Crimea.

In 2016, Mr Křetínský was reported by the Slovak newsagent Euractiv to have travelled to Moscow, Russia together with then Slovak Prime Minister Mr Fico's, in office between 2006 and 2008, again between 2012

²² <https://denikreferendum.cz/clanek/33946-rusky-plyn-je-slepici-snasejici-kretinskemu-zlata-vejce-valka-mu-ji-muze-vzit>

²³ <https://www.seznamzpravy.cz/clanek/ekonomika-firmy-plynova-krize-dorazi-na-imperium-daniela-kretinskeho-210031>

²⁴ <https://denikreferendum.cz/clanek/33946-rusky-plyn-je-slepici-snasejici-kretinskemu-zlata-vejce-valka-mu-ji-muze-vzit>

²⁵ <https://www.blisty.cz/art/109519-miliardari-kretinsky-a-tkac-celi-ve-velke-britanii-bezpecnostni-kontrola-kvuli-akciim-britske-posty.html>

²⁶ Oliver Telling, 'UK calls off probe into Czech billionaire's plan to raise stake in Royal Mail', Financial Times, 31 October 2022.

²⁷ https://www.idnes.cz/ekonomika/zahranicni/slovaci-chteji-pomoci-ukrajine-s-plynem-ale-nenastvat-gazprom.A140425_211509_eko-zahranicni_zt

²⁸ https://www.idnes.cz/ekonomika/zahranicni/slovaci-chteji-pomoci-ukrajine-s-plynem-ale-nenastvat-gazprom.A140425_211509_eko-zahranicni_zt



and 2018, in order to meet with then general director of the Russian energy company Gazprom, Mr Aleksej Miller (referred to hereinafter as Mr Miller).²⁹ Mr Křetínský went with Mr Fico as a member of the supervisory board of Eustream and co-owner of the energy company SPP, where the involved parties discussed further distribution of Russian gas through Slovak companies.³⁰ The Slovak company SPP Infrastructure A.S.' (referred to hereinafter as SPPI) 51 percent owner is SPP, wholly owned by the Ministry of Economy of Slovakia, whilst 49 percent is controlled by Mr Křetínský through the Netherlands-based Slovak Gas Holding B.V.³¹, wholly owned by EP Infrastructure a.s. (referred to hereinafter as EPIF).³² EPIF is in turn owned by EPH for 69 percent, and Luxembourg-based CEI Investments SARL for 31 percent, which is wholly owned by Macquarie Infrastructure and Real Assets.³³

Compromat.ru, a Russian compromising materials website aggregating publications from different media sources, reported on 9 February 2021 that the operator of the Slovak gas transportation system Eustream, entered into an agreement with Russian company LLC Gazprom Export in March 2017 for access to the gas transmission network for a period up to October 2050, for transferring Russian gas from Slovakia to Europe. LLC Gazprom Export, being part of Gazprom group/PJSC Gazprom³⁴, was sanctioned by Poland in 2022.³⁵

The sports-related multimedia platform Sports.ru reported on 15 December 2021 that upon learning that the largest French newspaper Le Monde was being bought by Mr Křetínský, the editors were shocked. Reportedly, French tabloids wrote that Křetínský, who works with the Russian majority state-owned energy corporation Gazprom³⁶, could turn out to be 'Putin's man', and alleged that the global idea of the purchase was to block critical articles about Russia that often appeared in Le Monde.³⁷

In the interview on 23 November 2022, Mr Křetínský provided background information on his views on the geopolitical policy and situation of EPH and its related companies in general and the relationship and negotiations of EPH and other companies with Gazprom more specific. He explained that he never met anybody of Gazprom before the agreement between SPP and Gazprom was reached. He indicated that he only travels to Russia for business meetings related to EPH. He disagreed with the suggestions made in the press articles.

On behalf of Mr Křetínský, the following statement was provided in response to the draft report: *'EPH has no ties to Kremlin and Russia outside of gas transmission related to eustream a.s. (Slovak gas transmission system operator), which is a relationship dating several decades and regulated by strict rules (i.e. rules imposed on gas transmission system operators). Eustream a.s. relationship to Gazprom does not go beyond relationships that other gas transmission system operators in Europe have. On the contrary, neither EPH nor eustream a.s. never invested into a joint venture project or similar partnership with Gazprom as many other operators did (such as Shell, E.ON, Uniper, Engie or OMV).*

No shareholding in EPH is connected to Russian individuals.

DK's and PT's investments into media companies were not conducted in order to manipulate public opinion and HIG's research may certainly confirm that there is no evidence that our media anyhow acted to improve public image of Russia?.

²⁹ <https://euractiv.sk/section/vonkajsie-vztahy/news/fico-a-putin-veria-v-napravu-obchodnych-vztahov/>

³⁰ <https://m.echo24.cz/a/ixqHM/fico-je-moskve-kvuli-plynu-a-vzal-s-sebou-i-kretinskeho>

³¹ http://www.sppl.sk/wp-content/uploads/2019/05/SPPI-Individualna-UZ-Vyrocnna-sprava-k-30.9.2018_EN_final.pdf

³² <https://www.sppl.sk/en/stockholders/>

³³ <https://www.epinfrastructure.cz/en/about-us/shareholder-structure/>

³⁴ <https://www.gazprom.ru/about/marketing/europe/>

³⁵ <https://www.rbc.ru/business/29/09/2022/6335d3a29a79479bef4e53e7>

³⁶ <https://www.cnbc.com/2022/08/31/russias-gazprom-surge-after-bumper-profit-and-dividendannouncement.html>

³⁷ <https://www.sports.ru/tribuna/blogs/urbanhymns/2996435.html>



As mentioned in the first chapter of this report, we explained that some public sources of information, such as press data banks, contain information that may be subjective in nature. In this context, we searched for additional information, but determined no substantiation in other public sources of the suggestions made in the articles above and the articles concerning EPH and Mr Křetínský in the annexes 4 and 5 of this report.

3.5.3 Article *'The "coal villain" of the European Union?'*

In the Energy Research & Social Science database of Elsevier, an article, named *'The "coal villain" of the European Union? Path dependence, profiteering and the role of the Energetický a průmyslový holding (EPH) company in the energy transition'* was published on 14 April 2021. Three scholars of the Department of International Relations and European Studies of the Faculty of Social Studies of the Czech Masaryk University wrote this article concerning the history and role of EPH in the European energy market.³⁸

This article concerning EPH was mentioned to Mr Křetínský in the interview. Mr Křetínský mentioned that he was not aware of this article. After we provided Mr Křetínský with this article the following day, he sent us his response, which is enclosed as annex 3.

³⁸ <https://www.sciencedirect.com/science/article/pii/S2214629621001596>



4 FINDINGS WITH RESPECT TO MR DANIEL KŘETÍNSKÝ

4.1 General

Below we display the findings with respect to Mr Křetínský as obtained from the documentation provided on behalf of Mr Křetínský and from public sources.

4.2 Personal circumstances

4.2.1 General

In this paragraph, the personal background of Mr Křetínský will be described.

We have met Mr Křetínský in person on 23 November 2022. In this integrity due diligence, we have verified the correctness and completeness of the personal and corporate data provided on behalf of Mr Křetínský in public sources.

4.2.2 Family

According to information provided by representatives of Mr Křetínský and from public sources, Mr Křetínský was born in the Czech Republic. Mr Křetínský currently holds a Czech citizenship, and his residential address is in Prague, Czech Republic.

Mr Křetínský's father, Mr Mojmír Křetínský, is a professor and former head of the Department of Computer Science of Masaryk University in Brno, whereas Mr Křetínský's mother, Ms Židlická, is a former judge of the Czech Constitutional Court, who was in office between 2004 and 2014.

In global compliance and sanctions databases, Mr Křetínský is identified as a PEP for formerly being a holder of several positions in Slovak partly state-owned entities and due to his mother being a PEP.³⁹

4.2.3 Education

According to public sources, it appears that Mr Křetínský holds a doctoral degree in law, obtained at Masaryk University in Brno in 1999.

4.3 Employment history and business activities

4.3.1 General

In this paragraph, the findings regarding Mr Křetínský's employment and business background are presented as retrieved from the questionnaire, interview and public sources.

4.3.2 Employment history

According to the available information, Mr Křetínský started working as para-legal at the Czech law firm Gottweis & Partner from an unspecified date until 1999. From 1999 until 2003, Mr Křetínský worked as lawyer at J&T Group. In the following years up to 2009, Mr Křetínský was responsible for J&T's investment activities in the energy sector.

³⁹ In the FATF 2013 Guidance report, it is stated that the handling of an individual who is no longer entrusted with a prominent public function should be based on an assessment of risk.



4.3.3 *Business interests*

According to the available information, Mr Křetínský has stakes in multiple local and foreign listed and private companies, of which many directly and indirectly via EPH and the Luxembourgish investment company Vesa Equity Investment S.a.r.l., amongst others.

In the interview, Mr Křetínský described the background of his business relationship with Mr Tkáč and the reasons for the collaboration in their joint investments. He mentioned that he is grateful that Mr Tkáč gave him the opportunity to do business and therefore he always offers him the option to co-invest as a passive minority shareholder. Mr Křetínský explained that, as EPH is a strong cashflow generator, all investments are financed by equity, bank finances of leading banks and bonds listed at European stock exchanges.

4.3.4 *Debt and bankruptcy*

Searches conducted at official Czech sources revealed no matches involving Mr Křetínský in bankruptcy or insolvency procedures. Debts and bankruptcy checks are available in the Czech Republic, and searches are conducted using the names of individuals. The Register of Insolvency of the Ministry of Justice of the Czech Republic publishes information on bankruptcy proceedings initiated after 1 January 2008.

4.4 **Finances**

4.4.1 *General*

In this paragraph, we describe relevant financial aspects in the context of the integrity due diligence. We emphasize that we have not conducted an audit into the financial situation of Mr Křetínský.

4.4.2 *Origin of income and wealth*

In our research concerning the origin of income and wealth of Mr Křetínský, we focused on establishing a proper understanding of the sources of his income and wealth. In official public sources, no information is available regarding the origin and volume of income and wealth of individuals.

In the questionnaire, Mr Křetínský explained that the origin of his income and wealth comes from two companies, EP Corporate Group a.s. and EPH. An overview of his direct and indirect ownership interests per 31 October 2022 was provided on his behalf. Due to the extensive number of his direct and indirect ownership interests and the time and budget constraints for the project, research concerning the origin of income and wealth was focused on EPH's annual reports. From these annual reports, we learned that an amount of EUR 5.1 billion was paid by EPH as dividends to its shareholders, besides the acquisition of its own shares in the years 2014 and 2017 for the amounts of EUR 1.08 billion and EUR 1.5 billion as explained in subparagraph 3.2.3 of this report. Given the extensive number of his direct and indirect ownership interests in local and foreign listed and private companies, it can be expected that a substantial additional amount of dividend is also derived from these companies.

In our integrity due diligence, we have gathered no substantiated indications that the origin of income and wealth of Mr Křetínský originated wholly or partly from illicit activities.

4.5 **Disputes / litigation**

4.5.1 *General*

In this paragraph, findings will be presented concerning disputes and litigation in relation to Mr Křetínský, as found in public sources in the Czech Republic and other countries.



4.5.2 *Litigation*

Searches conducted at official Czech civil and criminal litigation sources revealed one non-adverse match from 2017 found at the Constitutional Court of the Czech Republic, involving Mr Křetínský in legal proceedings only as the third party not affected by the court's ruling in manner.

The database of the Supreme Court of the Czech Republic has been publishing decisions as of 2000, and there is no information on how far back the database of the Constitutional Court goes. Most sources provide detailed information on decisions, but some sources omit individuals' names.

4.5.3 *Regulatory and law enforcement*

Official Czech sources revealed 19 non-adverse matches involving Mr Křetínský. As most sources have only online publications and no searchable databases, identifiers for individuals are not always published. The information on minor law-offences and the dossiers of those currently under investigation are not publicly available. Detailed information on decisions published by the Czech National Bank before 1 January 2009 is not available.

The Czech National Bank revealed 11 matches involving Mr Křetínský, where he was mainly mentioned as the chairman of the board of directors and co-owner of EPH Financing CZ a.s., and he also came up in six matches referring to company reports published by the Czech National Bank.

In eight matches, Mr Křetínský was mentioned as the representative of EPH Group and Cyprus-based Mackarel Enterprises Limited in decisions published by the Office for the Protection of Competition of the Czech Republic, allowing the mergers of said companies with other participating firms in respective public procurement processes.

4.6 **Media**

4.6.1 *General*

In the due diligence, we have consulted public sources, among which are publications such as press articles. Furthermore, several sources have been consulted via the internet with respect to Mr Křetínský.

Mr Křetínský has a high profile in the Czech-language internet and media, being referenced as a Czech billionaire, owner of the Czech football club Sparta Prague, chairman of the board of directors at EPH and founder of EP Corporate Group and EP Equity Investment, aside from appearing in publications as a power-plant, retail chain and media house owner. Czech weekly magazine Euro estimated Mr Křetínský's net worth to be CZK 94 billion (approximately EUR 3.86 billion)⁴⁰, listing him to be the fourth wealthiest Czech in 2022 on 26 September.

In our research, we focused on indications of corruption and bribery, amongst others. Some adverse information involving Mr Křetínský was identified and is presented further below and in annex 3 of this report.

4.6.2 *Political exposure*

4.6.2.1 *General*

In Czech media articles, Mr Křetínský's ties to certain political parties and politicians were referenced. In the following subsections, we will describe the various adverse publications.

⁴⁰ Given the rate of the end of September 2022.



In the interview, Mr Křetínský explained that in his position at EPH he meets politicians on many occasions and in different settings. He stressed that he has never taken or provided any bribes, nor that he spent any holidays with politicians or sponsored political parties and politicians, except the case explained in section 4.6.2.4 of this report. He also mentioned that EPH never bought stakes in state-owned energy companies from a state, but always from private companies, being listed energy companies.

4.6.2.2 *The former head of the Prime Minister's Cabinet Ms Jana Nečasová*

In 2019, various portals reported on his involvement with the former head of the Prime Minister's Cabinet Ms Jana (formerly Nagyová) Nečasová (referred to hereinafter as Ms Nečasová), who was at the time facing charges for tax evasion and potential corruption.⁴¹ According to an article, Mr Křetínský admitted in his testimony at the Prague District Court giving two necklaces worth CZK 350,000 (approximately EUR 13,650) and CZK 158,000 (approximately EUR 6,162)⁴² as presents to Ms Nečasová.⁴³

The court hearing aimed to establish whether Ms Nečasová was taking bribes from politicians and businessmen in 2012 and 2013, with a promise to arrange meetings with the then Prime Minister Mr Petr Nečas (referred to hereinafter as Mr Nečas), in office between 2010 and 2013, or to lobby for their interest. The court eventually dropped all charges against Ms Nečasová. In 2022, the court reported that the case has been reopened.

In our interview, Mr Křetínský described the background of this matter. He gave insight into the personal background of his meetings with Ms Nečasová.

No additional information on Mr Křetínský in connection to his case was reported in the public sources. Further internet and media searches could not establish whether Mr Křetínský used his political affiliation to Ms Nečasová in an illicit manner, although per the media, he faced no legal consequences related to said court trial.

4.6.2.3 *French politicians*

As reported by the Czech online newspaper Hospodářské noviny (Byznys Ihned division) in September 2019, Mr Křetínský met several French politicians.⁴⁴ One of them was the former French Prime Minister Mr Édouard Philippe, in office between 2017 and 2020, who was at the time also a member of the National Assembly, whom Mr Křetínský reportedly met in France in 2016. It was suggested in the article that Mr Křetínský was aiming to lobby for his own future investment in the half state-owned energy company EDF.⁴⁵ According to another article, Mr Křetínský had no success in this lobbying related to EDF.⁴⁶

Also, the French President Mr Emmanuel Macron (referred to hereinafter as Mr Macron), in office since 2017, allegedly helped Mr Křetínský enter the French energy sector in 2018, but it was not specified in which way exactly. Moreover, it was reported in 2022 that Mr Křetínský changed an editorial decision with regards to a headline in a French magazine Marianne, of which he is the main shareholder, in order to provide support to Mr Macron prior to the second round of presidential elections in France in April 2022. The Society of Marianne Editors objected to it in a published statement, claiming it was an attack on the

⁴¹ <https://www.novinky.cz/krimi/clanek/miliardar-kretinsky-priznal-staticicove-dary-pro-nagyovou-40283031>

⁴² Both amounts given the rate in 2012

⁴³ https://www.irozhlaz.cz/komentare/komentar-kniha-roberta-slachty-protimafiansky-utvar-vydavatelstvi-patrik-tkac_2003070629_vtk

⁴⁴ <https://byznys.hn.cz/c1-66635930-tkac-a-kretinsky-koupili-temer-petiprocentni-podil-francouzskeho-obchodniho-retezce-casino-patri-k-prednim-hracum>

⁴⁵ <https://byznys.hn.cz/c1-66635930-tkac-a-kretinsky-koupili-temer-petiprocentni-podil-francouzskeho-obchodniho-retezce-casino-patri-k-prednim-hracum>

⁴⁶ <https://www.euro.cz/byznys/polska-aktiva-edf-ktera-chtel-koupit-kretinsky-prebira-domaci-pge-za-29-miliard-1348951>



independence of media. Marianne's editor-in-chief, however, claimed that the decision to change the disputed headline was made independently.⁴⁷

In the interview, Mr Křetínský's alleged meetings with French politicians were discussed. He confirmed that he had in his role as representative of an energy company meetings with French and other politicians to discuss developments in the energy sector. He further clarified the background of his interests in France and the reasons for his French investments. Aside from what was mentioned in the articles, we obtained no other articles and no substantiation of any possible misuse of these political connections.

4.6.2.4 *The former Prime Minister, Mr Mirek Topolánek*

In October 2021, an article published on the website of the Czech Radio news portal iROZHLAS - reporting on EPH's activities and its environmental impact - pointed out the correlation between Mr Křetínský and the Civic Democratic Party (referred to hereinafter as ODS), specifically, its member and former Prime Minister, Mr Mirek Topolánek (referred to hereinafter as Mr Topolánek), in office between 2006 and 2009, during whose tenure Mr Křetínský's EPH established itself among the most powerful energy concerns in the country.

Upon resigning from the government, Mr Topolánek joined the leadership of EPH.⁴⁸ According to public sources, Mr Křetínský further supported Mr Topolánek in 2017, when the latter announced his presidential candidacy, by personally sponsoring him with CZK 350,000 (approximately EUR 13,300)^{49,50}

In the interview, Mr Křetínský explained the background and the professional reasons for hiring of Mr Topolánek. During our research, we found no indications in public sources that Mr Křetínský used his affiliation to Mr Topolánek in an illicit manner.

4.6.2.5 *Lobbying for the weak form of waste legislation*

Additionally, an article published on 12 October 2021 by Britské listy, a Czech-language cultural and political internet daily, reported that Mr Křetínský, with members of parliament from ODS and ANO 2011 (referred to hereinafter as ANO), lobbied for the weak form of waste legislation that would be beneficial for Mr Křetínský's waste management company AVE CZ odpadové hospodářství s.r.o. It was further stressed that Křetínský's media were taking the side of the former Prime Minister Mr Babiš, in office from 2017 until 2021, while opposition parties and NGOs saw Mr Babiš as responsible for the edging 'oligarchizing' of the state, a process that they say would accelerate if they return to power.⁵¹

In the interview, Mr Křetínský explained his views on his participations in the Czech, French and other media companies. In our research, we found no substantiated indications in public sources that Mr Křetínský misused his interests in media companies.

4.6.2.6 *'Standard' relations with Mr Babiš*

In September 2021, another article published by the news portal ParlamentníListy mentioned that Mr Křetínský has 'standard' relations with Mr Babiš, although he has lately been connected mainly with the Czech Social Democratic Party Česká strana sociálně demokratická, (referred to hereinafter as CSSD).

There were no indications in public sources that Mr Křetínský used his political affiliation to Mr Babiš or CSSD in an illicit manner.

⁴⁷ https://www.irozhlas.cz/zivotni-styl/spolecnost/daniel-kretinsky-casopis-francie-marianne-nezavislost-medii-prezidentske-volby_2204201010_aur

⁴⁸ <https://blisty.cz/art/105458-ceske-debate-o-zmene-klimatu-dominuje-energeticka-lobby>

⁴⁹ Given the rate in 2017.

⁵⁰ https://www.irozhlas.cz/zpravy-domov/mirek-topolaneck-daniel-kretinsky-prezidentske-volby-2018-eph-milos-zeman-kampan_1712130600_kno

⁵¹ <https://blisty.cz/art/105458-ceske-debate-o-zmene-klimatu-dominuje-energeticka-lobby>



4.6.2.7 *The former Prime Minister of Czechoslovakia Mr Marián Čalfa*

In January 2019, it was reported that Mr Marián Čalfa (referred to hereinafter as Mr Čalfa), former Prime Minister of Czechoslovakia from 1989 until 1992, was appointed member of the board of directors at EPH's subsidiary Plzeňská teplárenská a.s.⁵²

In the interview, Mr Křetínský explained the background and the professional reasons for hiring of Mr Čalfa. During our research, we found no indications in public sources that Mr Křetínský used his affiliation to Mr Čalfa in an illicit manner.

4.6.2.8 *Close ties to various politicians*

In 2019, the pro-Russian Czech news portal aeronet.cz mentioned Mr Křetínský as a partner of the J&T financial group, whose several associated individuals, including Mr Tkáč and Mr Jaroslav Tvrđík (referred to hereinafter as Mr Tvrđík) were mentioned as having close ties to Mr Jiri Drahos (referred to hereinafter as Mr Drahos), member of the Czech Senate from Prague 4 in office since 2018 and a candidate of the Czech Presidential elections in 2018.⁵³ Mr Tvrđík, who is also a former Minister of Defence, in office from 2001 until 2003, was further noted as having ties with the Czech Social Democratic Party CSSD, which was also confirmed by other online sources.⁵⁴ No direct ties between Mr Křetínský, Mr Drahos and CSSD were mentioned in the context of any malpractices, specifically related to Mr Křetínský.

As reported in 2009 by several Czech media outlets, including iDnes daily, Mr Křetínský's long-time friend was Ms Cétlová,⁵⁵ who is the current deputy of the Supervision and Control Department at the Czech Ministry of Justice, where she has also held other high-ranking positions since 2014. Between 1999 and 2014, Ms Cétlová additionally occupied several positions at the Czech Ministry of Finance, the Appellate Committee of the Czech National Bank and the Czech Securities and Futures Commission.⁵⁶ There are no reports online that Mr Křetínský misused this connection.

One article published on 3 February 2009 by the Czech news portal iDNES.cz reported that Mr Křetínský allegedly had ties to Mr Milan Jančík and Mr Martin Langmajer from ODS, as well as with Mr Miroslav Poche and Mr Petr Hulínský from CSSD, all associated with the state-owned Pražská energetika a.s. engaged in gas trade services, in which Mr Křetínský had an interest via EPH.⁵⁷

There were no sources mentioning Mr Křetínský using ties with these persons and parties in an unlawful manner.

4.6.3 *Alleged bribery in MIBRAG case*

The Czech daily Lidovky speculated in an article from 20 June 2014 that Mr Křetínský and Mr Martin Roman (referred to hereinafter as Mr Roman), former head of the majority-state owned company ČEZ, received bribes from sellers of the German mining company MIBRAG.⁵⁸ Bribes in the amount of CZK

⁵² <https://www.e15.cz/byznys/prumysl-a-energetika/do-vedeni-plzenske-teplarenske-zasedl-calfa-1355434>

⁵³ <https://aeronet.cz/news/cinska-mafie-se-dostala-az-do-okruhu-financovani-volebni-kampane-jiriho-drahose-prezidentskemu-kandidatovi-lepsolidi-pristalo-na-volebnim-uctu-13-milionu-korun-od-osob-napojenych-na-tvrdik/>

⁵⁴ https://www.idnes.cz/zpravy/domaci/tvrdik-muze-byt-lidrem-cssd-na-vysocine.A011028_085227_jihl_zpravy_kot

⁵⁵ https://www.idnes.cz/zpravy/archiv/kdo-je-daniel-kretinsky-sef-sparty-a-spoluvlastnik-holdingu-ktery-zakladaji-ppf-a-j-t.A090203_131721_kavarna_bos

⁵⁶ <https://www.ahaonline.cz/clanek/sport/44999/petera-vs-kretinsky-valka-prachacu.html>

⁵⁷ https://www.idnes.cz/zpravy/archiv/kdo-je-daniel-kretinsky-sef-sparty-a-spoluvlastnik-holdingu-ktery-zakladaji-ppf-a-j-t.A090203_131721_kavarna_bos

⁵⁸ https://www.lidovky.cz/byznys/policie-proveruje-kompro-na-kretinskeho-a-romana.A140619_212029_firmy-trhy_sk



two billion (approximately EUR 76 million)⁵⁹ were allegedly received to facilitate ČEZ and J&T's 2009 acquisition of MIBRAG. The said funds had supposedly secretly flown into unnamed companies associated with Mr Křetínský and Mr Roman during the MIBRAG trade as illegal commissions or bribes paid by MIBRAG's shareholders, American URS Corporation (referred to hereinafter as URS) and NRG Energy Inc. (referred to hereinafter as NRG), at the time to facilitate the acquisition, but no additional details on this were offered in the article. At the time, Mr Křetínský was reportedly considering filing a complaint against unknown individual(s).⁶⁰ The sale of MIBRAG's shares in 2009 was also the subject of investigation by the German police and its public prosecutors in Bochum and Halle, with unidentified outcomes of the cases.⁶¹ A year later an article with the same scope appeared in the German press.⁶²

In our interview, this case was discussed with Mr Křetínský. He has no recollection of the case as he was never questioned by the police or another authority in relation to this case. No additional information on Mr Křetínský, URS and/or NRG in connection to his case was reported in German, American or Czech public sources. Further internet and media searches could not substantiate the suggestions in these articles.

Furthermore, as per an article published on 22 April 2015 by Hospodářské noviny (Byznys Ihned division), two years after the mentioned purchase of MIBRAG, ČEZ decided to sell its MIBRAG shares to J&T for a sum that was almost half of what ČEZ had initially paid - for EUR 130 million, whereas in 2009, it paid EUR 206 million for the said shares. This became the subject of a police investigation⁶³ in 2013⁶⁴ after the Czech foundation Endowment Fund against Corruption filed a criminal complaint against the transaction, claiming that ČEZ discounted its shares based on suspicious accounting and that this majority state-owned company could have earned more from the sale, but the police concluded in 2015 that there were no suspicions of a criminal act in connection to the transaction and postponed the investigation.⁶⁵ Mr Křetínský and Mr Roman were questioned as witnesses during the said investigation, with no details provided about their testimonies. There were also speculations found in public sources that the decision by the police to stop the investigation may have been influenced by a circle of Mr Babiš, then Czech Minister of Finance, confidants as Mr Babiš was personally interested in the company ČEZ.⁶⁶

No further updates on the complaint were reported in public sources. The veracity of said allegations could not be confirmed through public sources, with no legal consequences mentioned in this regard for Mr Křetínský either. Although Mr Křetínský was one of the witnesses in the MIBRAG acquisition case, there was no reference in public sources that he was investigated for said allegations in particular. No information was found on whether the investigation was reopened at a later date or that Mr Křetínský was officially accused of committing any crimes during MIBRAG's privatisation.

⁵⁹ Given the rate in 2009.

⁶⁰ https://www.lidovky.cz/byznys/firmy-a-trhy/policie-proveruje-kompro-na-kretinskeho-a-romana.A140619_212029_firmy-trhy_sk

⁶¹ <https://politicky-real.github.io/>

⁶² <https://www.handelsblatt.com/unternehmen/energie/schmiergeld-verdacht-bei-mibrag-verkauf-schmutzige-geschaefte-mit-braunkohle/12496158.html>

⁶³ <https://byznys.hn.cz/c1-63902820-policie-odlozila-pripad-ve-kerem-cez-koupil-a-prodal-podil-v-nemeckych-dolech-mibrag>

⁶⁴ <https://www.respekt.cz/fokus/spolecny-obchod-cez-a-j-t-postihla-ztrata-pameti>

⁶⁵ <https://byznys.hn.cz/c1-63902820-policie-odlozila-pripad-ve-kerem-cez-koupil-a-prodal-podil-v-nemeckych-dolech-mibrag>

⁶⁶ <https://politicky-real.github.io/index.html>



5 FINDINGS WITH RESPECT TO MR PATRIK TKÁČ

5.1 General

Below we display our findings with respect to Mr Tkáč as obtained from the documentation provided on behalf of Mr Tkáč and in public sources.

5.2 Personal circumstances

5.2.1 General

In this paragraph, the personal background of Mr Tkáč will be described.

We have met Mr Tkáč in person on 23 November 2022. In this integrity due diligence, we have verified the correctness and completeness of the personal and corporate data provided on behalf of Mr Tkáč in public sources.

5.2.2 Family

Mr Tkáč's full details are Mr Patrik Tkáč, born in Slovakia. Mr Tkáč is married to Ms Iveta Tkáčová (referred to hereinafter as Ms Tkáč). We have not conducted research into Ms Tkáč.

Mr Tkáč's father is Mr Jozef Tkáč, the former head of the SOE Národní rozvojová banka (referred to hereinafter as SOE National Development Bank).

Searches through the global compliance and sanctions database did not associate Mr Tkáč with any adverse issues, only mentioning him as a PEP due to his connection to Mr Křetínský, who is listed as a PEP.

5.2.3 Education

According to public sources, it appears that Mr Tkáč holds a degree at the Faculty of Economics, obtained at the University of Economics in Bratislava in 1996. During his studies, Mr Tkáč completed an internship at VP Bank VADUZ in Liechtenstein and was subsequently granted a brokerage license by the Slovak Ministry of Finance.

5.3 Employment history and business activities

5.3.1 General

In this paragraph, the findings regarding Mr Tkáč's employment and business background are presented as retrieved from the questionnaire, interview and public sources.

5.3.2 Employment history

According to Mr Tkáč and public sources, he has always been working at companies related to J&T Finance Group SE (referred to hereinafter as J&T Finance Group).

5.3.3 Business interests

According to Mr Tkáč and public sources, he is the vice-chairman of the board of directors, co-founder and, reportedly co-owner of the international financial and private banking services provider and investment group J&T Finance Group, and vice-chairman of J&T Banka a.s. (referred to hereinafter as J&T Banka).



His engagement includes numerous top managerial positions at various companies, mostly engaged in investment and banking.

According to public sources, Mr Tkáč indirectly owns numerous foreign and domestic private and listed companies operating all around the world.

5.3.4 Debts and bankruptcy

Searches conducted at official Czech sources revealed no matches involving Mr Tkáč in bankruptcy or insolvency procedures. Debts and bankruptcy checks are available in the Czech Republic, and searches are conducted using the names of individuals. The Register of Insolvency of the Ministry of Justice of the Czech Republic publishes information on bankruptcy proceedings initiated after 1 January 2008.

5.4 Finances

5.4.1 General

In this paragraph, we describe relevant financial aspects in the context of the integrity due diligence. We emphasize that we have not conducted an audit into the financial situation of Mr Tkáč.

5.4.2 Origin of income and wealth

In our research concerning the origin of income and wealth of Mr Tkáč, we focused on establishing a proper understanding of the sources of his income and wealth. In official public sources, no information is available regarding the origin and volume of income and wealth of Mr Tkáč.

In the questionnaire, Mr Tkáč explained that the origin of his income and wealth comes from his participation in J&T Private Equity Group Limited. An overview of his direct and indirect ownership interests per 31 October 2022 was provided on his behalf. Due to the extensive number of his direct and indirect ownership interests and the time and budget constraints for the project, research concerning the origin of income and wealth was focused on EPH's annual reports. From these annual reports, we learned that a substantial amount was paid as dividends to its shareholders and as acquisition of own shares. Mr Tkáč informed us that he also receives income from his shareholding in J&T Private Equity Group. Given the extensive number of his direct and indirect ownership interests in local and foreign listed and private companies, it can be expected that a substantial additional amount of dividend is derived from these companies.

In our integrity due diligence, we have gathered no substantiated indications that the origin of income and wealth of Mr Tkáč originated wholly or partly from illicit activities.

5.4.3 Energetický a průmyslový holding a.s.

In the interview, Mr Tkáč explained from his side the context and reasons of the roles of Mr Kellner and Mr Křetínský, and the important changes involved in EPH's capital over the years, as mentioned in subparagraph 3.2.3 of this report.

As mentioned previously, searches conducted at official and public sources revealed no substantiated questions concerning issues related to EPH's equity, cashflow and other financial aspects. The information provided and discussed in the interviews with Mr Tkáč and Mr Křetínský does not lead to additional questions concerning the finances of EPH in the context of this integrity due diligence.



5.5 Disputes / litigation

5.5.1 General

In this paragraph, the findings will be presented concerning disputes and litigation in relation to Mr Tkáč, as found in public sources in the Czech Republic and other countries.

5.5.2 Litigation

5.5.2.1 General

Searches conducted at official Czech civil and criminal litigation sources revealed one match involving Mr Tkáč in legal proceedings, which is described in the following paragraph. The database of the Supreme Court of the Czech Republic has been publishing decisions as of 2000, and there is no information on how far back the database of the Constitutional Court goes. Most sources provide detailed information on decisions, but some sources omit individuals' names.

5.5.2.2 *Patrik Tkáč vs. Tomáš Berka, (III.ÚS 1911/21) The Constitutional Court of the Czech Republic, 15 July 2021*

On 15 July 2021, Mr Tkáč filed a constitutional complaint at the Constitutional Court of the Czech Republic against the decision with number 20 Cdo 1852/2020-874 of the Supreme Court Prague 4 from 27 April 2021, requesting the decision's annulment. Namely, the Supreme Court Prague 4 rejected the proposal issued by the Supreme Court of the State of Arizona, USA from 2011, obliging Mr Tomáš Berka (referred to hereinafter as Mr Berka) to pay Mr Tkáč the compensation in the amount of USD 100,000 (approximately EUR 83,000)⁶⁷. On 17 August 2021, the Constitutional Court of the Czech Republic dismissed Mr Tkáč's complaint. No information has been identified on whether Mr Tkáč filed any additional complaints against the court's decision in the meantime.

In September 2009, the Czech media reported that Mr Tkáč was suing Mr Berka in one of the courts in the US state of Arizona, accusing him of defamation. Reportedly, Mr Berka was the shareholder of one of the companies controlled by J&T at the time, and, due to unspecified reasons, he allegedly started posting negative comments about J&T on certain internet portals.⁶⁸ No other details were provided by the media.

5.5.3 Regulatory and law enforcement

Official Czech sources revealed six non-adverse matches involving Mr Tkáč. As most sources have only online publications and no searchable databases, identifiers for individuals are not always published. The information on minor law-offences and the dossiers of those currently under investigation are not publicly available. Detailed information on decisions published by the Czech National Bank before 1 January 2009 is not available.

In six matches, Mr Tkáč was mentioned as the representative of one of his associated companies in decisions published by the Office for the Protection of Competition of the Czech Republic, allowing the mergers of said companies with other participating firms in respective public procurement processes.

5.6 Media

5.6.1 General

In the due diligence, we have consulted public sources, among which are publications such as press articles. Furthermore, we have consulted several sources via the internet with respect to Mr Tkáč.

⁶⁷ Given the rate in 2021

⁶⁸ <https://www.motejlekskocdopole.com/patrik-tkac-nevydrzel-zaluje-v-usa-tomase-berku-o-milion-dolaru/>



Mr Tkáč has a high profile in the Czech-language internet and media. He is mostly mentioned as the prominent Slovak businessman, who is the co-founder of investment group J&T.^{69 70}

In our research, we focused on indications of corruption and bribery, amongst others. Some adverse information involving Mr Tkáč was identified and is presented further below and in annex 5 of this report.

5.6.2 *Successful start of career*

The independent media Biztweet.eu reported that Mr Tkáč began his career during the 1990s in Slovakia and the media speculated that his success was connected to his father Mr Jozef Tkáč, who at the time was the head of the SOE National Development Bank. Reportedly, Mr Jozef Tkáč gave him tips on profitable investment projects, and he allegedly also had support from SOE National Development Bank through loans allowed by Mr Jozef Tkáč.

It was reported that one of the first projects was the Creditanstalt investment fund, when in 1996, Mr Tkáč and his partner Mr Jakobovič bought a controlling stake in the fund from Bank Austria. At the same time, the Austrian bank refused to negotiate directly with the two entrepreneurs, who were still students at the time, and the entire transaction took place through a mandate contract with SOE National Development Bank, which sponsored the project with a loan. Stredoeurópska akciová spoločnosť was then created from the Creditanstalt fund, which was considered as the foundation for later development of J&T Group.

In the article it was further speculated that the next project was the creation of J&T Banka on the territory of the Czech Republic, which was allegedly a successor of Podnikateľská banka. J&T acquired the majority of its stake reportedly through alleged lobbying of Mr Tkáč's father.

In his response to this article, Mr Tkáč informed us that *'J&T Banka is a legal successor of Podnikateľská banka as can be verified in the Czech commercial registry. Shares were duly purchased under the supervision of Czech national bank, as Podnikateľská banka was under its forced administration at that time. Forced administration was caused by its previous owner/management.'*

In the interview on 23 November 2022, Mr Tkáč elaborated on the background and the political and social context in eastern Europe around the time of the start of his career. Searches conducted at official and public sources revealed no substantiated questions concerning issues related to Mr Tkáč's start of his career. The information provided and discussed in the interview with Mr Tkáč does not lead to additional questions.

5.6.3 *Political exposure*

An article published by the independent media Biztweet.eu on an unspecified date reported on Mr Tkáč's and Mr Jakobovič's, his business partner in J&T Group, alleged political ties. Reportedly, the president of the Slovak political party SMER – sociálna demokracia and the Minister of Finance of Slovakia from 2006 until 2010 Mr Ján Počiatek had regular meetings with the two businessmen. It was further speculated that Mr Tkáč and Mr Jakobovič were sponsors of SMER for a long time, which allegedly resulted in the government's willingness under Mr Fico, the Prime Minister of Slovakia from 2006 until 2010 and from 2012 until 2018 to let J&T have significant shares of state-owned enterprises.

It was also suggested that Mr Jakobovič and Mr Tkáč also had connections in the Czech Republic, with the former Prime Minister Mr Topolánek, connected to Mr Křetínský as well.⁷¹

⁶⁹ <https://zivotopis.financnici.cz/patrik-tkac.php>

⁷⁰ <https://www.fxstreet.cz/klicova-slova+patrik-tkac.html>

⁷¹ <https://biztweet.eu/article/571-patrik-tkac-a-ivan-jakabovic-zakladny-kamen-financnych-zralokov>



In our interview, Mr Tkáč explained that he never paid any politicians. The veracity of the allegations in the various articles could not be identified. We found no substantiation in other public sources.

5.6.4 *Connections with Russia*

In the interview on 23 November 2022, Mr Tkáč provided background information on his views on the geopolitical policy and situation of J&T Banka and other companies in general and the relationships with Russian companies and individuals more specific. He explained that before his marriage he travelled to Russia on many occasions. He disagreed with the suggestions made in various press articles that he has close relations with Russian individuals and companies.

5.6.5 *Involvement in bribery investigation*

An article published by the Czech news portal Lidovky.cz reported in June 2014 that the Czech anti-corruption police started investigating a case of bribery connected with plots in the Turks and Caicos Islands, in which representatives of the Czech-Slovak financial group J&T, including Mr Tkáč, and local politicians, were the suspects. The other individuals involved were Slovak financier Mr Mario Hoffmann (referred to hereinafter as Mr Hoffmann), J&T co-founder Mr Jakobovič, partner Mr Peter Korbačka (referred to hereinafter as Mr Korbačka), as well as former Prime Minister of Turks and Caicos Islands, Mr Michael Misick (referred to hereinafter as Mr Misick).⁷²

According to the same article, the case was supervised by the District Attorney's Office for Prague 1, and according to its spokesperson, Ms Šárka Pokorná, the criminal proceedings were being prepared at the time and it was to be decided whether the suspects would be accused.

Reportedly, in 2009, it was further mentioned in the article, that the Government of Turks and Caicos Islands sold land to Mr Hoffmann for a questionably low price, which caused suspicions of potential bribery. According to the text of the opening of the criminal proceedings, Mr Hoffmann provided Turks and Caicos government officials with a bribe, allegedly arranged by J&T Bank. Details remained unspecified. At the mentioned land, J&T wanted to build a luxury resort worth USD 600 million.

In August 2014, J&T published an official statement on its corporate website, stating the investigation into the commission of a criminal offence in the Turks and Caicos Islands against J&T was apparently terminated in 2012. It was further mentioned that on the basis of the agreement between the Governor of the Islands representing the British Crown and other involved parties, a mutual agreement had been reached, whereby J&T and its representatives were cleared of all charges.⁷³

Reportedly, the above-mentioned investigation has been conducted by the Czech authorities, which were asked by the British party to render assistance a few years ago.

In the interview, Mr Tkáč explained the background of the case. From the interview and public sources, no further details were identified on the development of the investigation or mentions of Mr Tkáč having any legal charges.

⁷² https://www.lidovky.cz/byznys/ceska-policie-proveruje-piraty-z-karibiku.A140618_100019_in_domov_ele

⁷³ <https://www.jtfg.com/en/media-servis/1171759-statement-of-jt-banka-regarding-the.html>



6 SUMMARY

Following your request, we have conducted an integrity due diligence into EPH, Mr Křetínský and Mr Tkáč. In this report, we present the results of the research concerning EPH, Mr Křetínský and Mr Tkáč. The preliminary findings are discussed with them.

In conducting this research, we have sought alignment with requirements stated in the various Dutch laws, other legislations and guidelines.

In chapter 2 of this report, we have explained the legal and investigative framework and definitions we used for this integrity due diligence. The results based upon the desk research in public sources and the interviews with Mr Tkáč and Mr Křetínský regarding EPH are outlined in chapter 3. In chapter 4, we have presented the findings regarding Mr Křetínský retrieved from information provided by him and from public sources, and in chapter 5 the findings regarding Mr Tkáč.

For our findings regarding EPH, Mr Křetínský and Mr Tkáč, we refer to the abovementioned chapters at the beginning of our report.

We are at your disposal should you require any further explanation.

Yours faithfully,

Holland Integrity Group B.V.

F.J. Erkens
Managing Partner



ANNEX 1 – AN OVERVIEW OF THE SHAREHOLDERS' POSITIONS OVER THE YEARS



The overview of the shareholders' positions over the years

| | Khasomia Limited | Timeworth Holdings Limited | Biques Limited | Mackarel Enterprises Limited | Milees Limites S.a.r.l. | EP Investment S.a.r.l. | EP Investment II S.a.r.l. | EP Corporate Group a.s. | KUKANA ENTERPRISES LIMITED | J&T Energy Holding a.s. | Own shares | |
|---------------------|------------------|----------------------------|----------------|------------------------------|-------------------------|------------------------|---------------------------|-------------------------|----------------------------|-------------------------|----------------|----------------|
| 7/aug/09 | 8.248.461.000 | | | | | | | | | | | 8.248.461.000 |
| | 100,00% | 0,00% | 0,00% | 0,00% | 0,00% | | | | | | | 0,00% |
| Mutation | -8.248.461.000 | 4.412.584.000 | 2.206.292.000 | 2.206.292.000 | 2.206.292.000 | | | | | | | 2.782.999.000 |
| 31/dec/09 | | 4.412.584.000 | 2.206.292.000 | 2.206.292.000 | 2.206.292.000 | | | | | | | 11.031.460.000 |
| | | 40,00% | 20,00% | 20,00% | 20,00% | | | | | | | 100,00% |
| Mutation | | 183.817.800 | 91.908.900 | 91.908.900 | 91.908.900 | | | | | | | 459.544.500 |
| 31/dec/10 | | 4.596.401.800 | 2.298.200.900 | 2.298.200.900 | 2.298.200.900 | | | | | | | 11.491.004.500 |
| | | 40,00% | 20,00% | 20,00% | 20,00% | | | | | | | 100,00% |
| Demerger spin-off | | -1.229.606.600 | -614.803.300 | -614.803.300 | -614.803.300 | | | | | | | -3.074.016.500 |
| 31/dec/11 | | 3.366.795.200 | 1.683.397.600 | 1.683.397.600 | 1.683.397.600 | | | | | | | 8.416.988.000 |
| | | 40,00% | 20,00% | 20,00% | 20,00% | | | | | | | 100,00% |
| Mutation | | 673.359.040 | | | | | | | | | | 673.359.040 |
| 31/dec/12 | | 4.040.154.240 | 1.683.397.600 | 1.683.397.600 | 1.683.397.600 | | | | | | | 9.090.347.040 |
| | | 44,44% | 18,52% | 18,52% | 18,52% | | | | | | | 100,00% |
| Mutation | | | | | | | | | | | | 0 |
| 31/dec/13 | | 4.040.154.240 | 1.683.397.600 | 1.683.397.600 | 1.683.397.600 | | | | | | | 9.090.347.040 |
| | | 44,44% | 18,52% | 18,52% | 18,52% | | | | | | | 100,00% |
| acquired own shares | | -4.040.154.240 | | -1.683.397.600 | | 1.683.397.600 | | | | | 4.040.154.240 | 0 |
| 31/dec/14 | | 0 | 1.683.397.600 | 0 | 1.683.397.600 | 1.683.397.600 | | | | | 4.040.154.240 | 5.050.192.800 |
| | | 0,00% | 33,33% | 0,00% | 33,33% | 33,33% | | | | | | 100,00% |
| Mutation | | | -193.590.724 | | | 193.590.724 | | | | | | 0 |
| 31/dec/15 | | 0 | 1.489.806.876 | 0 | 1.683.397.600 | 1.876.988.324 | | | | | 4.040.154.240 | 5.050.192.800 |
| | | 0,00% | 29,50% | 0,00% | 33,33% | 37,17% | | | | | | 100,00% |
| Mutation | | | -193.590.600 | | 193.590.600 | | | | | | -4.040.154.240 | 0 |
| 31/dec/16 | | 0 | 1.296.216.276 | 0 | 1.876.988.200 | 1.876.988.324 | | | | | 0 | 5.050.192.800 |
| | | 0,00% | 25,67% | 0,00% | 37,17% | 37,17% | | | | | | 100,00% |
| Mutation | | | -1.296.216.276 | | -1.876.988.200 | -3.366.795 | 1.661.513.431 | | | | 1.515.057.840 | -1.515.057.840 |
| 31/dec/17 | | 0 | 0 | 0 | 0 | 1.873.621.529 | 1.661.513.431 | | | | 1.515.057.840 | 3.535.134.960 |
| | | 0,00% | 0,00% | 0,00% | 0,00% | 53,00% | 47,00% | | | | | 100,00% |
| Mutation | | | | | | | | | | | -1.515.057.840 | 0 |
| 31/dec/18 | | 0 | 0 | 0 | 0 | 1.873.621.529 | 1.661.513.431 | | | | 0 | 3.535.134.960 |
| | | 0,00% | 0,00% | 0,00% | 0,00% | 53,00% | 47,00% | | | | | 100,00% |
| Mutation | | | | | | | | | | | | 0 |
| 31/dec/19 | | 0 | 0 | 0 | 0 | 1.873.621.529 | 1.661.513.431 | | | | 0 | 3.535.134.960 |
| | | 0,00% | 0,00% | 0,00% | 0,00% | 53,00% | 47,00% | | | | | 100,00% |
| Mutation | | | | | | -1.873.621.529 | -1.541.512.431 | 2.120.000.000 | 1.759.999.000 | | | 464.865.040 |
| 31/dec/20 | | 0 | 0 | 0 | 0 | 0 | 120.001.000 | 2.120.000.000 | 1.759.999.000 | | 0 | 4.000.000.000 |
| | | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 3,00% | 53,00% | 44,00% | | | 100,00% |
| Mutation | | | | | | | -120.001.000 | 120.001.000 | -1.759.999.000 | 1.759.999.000 | | 0 |
| 31/dec/21 | | 0 | 0 | 0 | 0 | 0 | 0 | 2.240.001.000 | 0 | 1.759.999.000 | 0 | 4.000.000.000 |
| | | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 0,00% | 56,00% | 0,00% | 44,00% | | 100,00% |



ANNEX 2 - THE SUMMARY OF THE FINAL DECISION OF THE EC AND THE PRESS
RELEASE

Summary of Commission Decision

of 28 March 2012

relating to a proceeding under Article 23 of Council Regulation (EC) No 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty

(Case COMP/39.793 — EPH and others)

(notified under document C(2012) 1999 final)

(Only the English text is authentic)

(2012/C 316/05)

On 28 March 2012, the Commission adopted a decision relating to a proceeding under Article 23 of Council Regulation (EC) No 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty⁽¹⁾. In accordance with the provisions of Article 30 of Council Regulation (EC) No 1/2003⁽²⁾, the Commission herewith publishes the names of the parties and the main content of the decision, including any penalties imposed, having regard to the legitimate interest of undertakings in the protection of their business secrets.

1. INTRODUCTION

(1) The Decision is addressed to Energetický a průmyslový holding ('EPH') and its 100 % subsidiary EP Investment Advisors ('EPIA'). It imposes a fine on them for refusal to submit to an inspection, an infringement within the meaning of Article 23(1)(c) of Council Regulation (EC) No 1/2003. The refusal took the form of a failure to block an e-mail account and of diversion of incoming e-mails which occurred during the inspection carried out at the premises shared by EPH and EPIA.

2. PROCEDURE

(2) On 17 May 2010, the Commission decided to initiate proceedings against J&T IA (now EPIA⁽³⁾) and EPH with a view to adopting a decision sanctioning an alleged infringement within the meaning of Article 23(1)(c) of Council Regulation (EC) No 1/2003.

(3) On 17 December 2010, the Commission adopted a statement of objections ('SO') against EPIA and EPH concerning an alleged infringement within the meaning of Article 23(1)(c) of Council Regulation (EC) No 1/2003. The SO was notified to the parties on 22 December 2010. The parties submitted their response on 17 February 2011. The oral hearing took place on 25 March 2011.

(4) On 15 July 2011, the Commission adopted a supplementary statement of objections ('SSO') setting out additional factual and legal elements with regard to one of the instances of an alleged infringement within the meaning of Article 23(1)(c) of Council Regulation (EC) No 1/2003. The SSO was notified to the parties on 19 July 2011. The parties submitted their response on 12 September 2011. The oral hearing took place on 13 October 2011.

(5) The Advisory Committee on restrictive practices and dominant positions was consulted on the existence of an infringement and on the proposed amount of the fine on 12 March 2011. The Advisory Committee delivered a unanimous positive opinion on the draft decision, including the proposed fine.

(6) The Hearing Officer issued his final report on 13 March 2012. The report concludes that the parties' right to be heard has been respected.

3. FACTS

(7) The Decision addresses two incidents relating to the handling of e-mails that occurred during the inspection of 24-26 November 2009: (i) failure to block an e-mail account and (ii) diversion of incoming e-mails.

Failure to block an e-mail account

(8) On 24 November 2009, after the notification of the inspection decision, the Commission inspectors requested to block e-mail accounts of key persons until further notice. This was done by setting a new password only known to the Commission inspectors. This is a standard measure taken at the beginning of inspections, to ensure that inspectors have exclusive access to the content of e-mail accounts and prevent modifications to those

⁽¹⁾ With effect from 1 December 2009, Articles 81 and 82 of the EC Treaty have become Articles 101 and 102 respectively of the TFEU. The provisions laid down in the respective articles are, in substance, identical in both cases. For the purposes of this Decision, references to Articles 101 and 102 of the TFEU should be understood as references to Articles 81 and 82 of the EC Treaty where appropriate.

⁽²⁾ OJ L 1, 4.1.2003, p. 1.

⁽³⁾ On 10 November 2010, J&T IA was renamed EPIA without changes in the corporate structure or the organisation of the company. The following text refers to EPIA also for the time when it was named J&T IA.

accounts while they are searched. On the second day of the inspection, the Commission inspectors discovered that the password for one account had been modified in the course of the first day in order to allow the account holder to access the account.

Diversion of incoming e-mails

- (9) On the third day of the inspection, the Commission inspectors discovered that one of the employees had requested the IT department on the second day of the inspection to divert all incoming e-mails to the accounts of several key persons away from these accounts to a computer server. The company admitted that it had implemented the instruction for at least one of the e-mail accounts. As a result, the incoming e-mails did not become visible in the inboxes concerned and could not be searched by the inspectors.

4. LEGAL ASSESSMENT

- (10) First, the Decision notes that the case law in *Orkem*⁽¹⁾ and *Société Générale*⁽²⁾ and the Commission's decision-making practice⁽³⁾ confirm that full submission to an inspection includes the obligation to actively cooperate with the Commission in all respects. This entails that e-mail accounts of the undertaking are blocked upon request of the inspectors by resetting the password and providing them with a new password exclusively known to the inspectors. The exclusive access to the account by the inspectors must be ensured until the inspectors explicitly allow for it to be unblocked so as to ensure the integrity of the content of the mailbox.
- (11) Second, the Decision notes that submission to an inspection requires that Commission inspectors must have access to all e-mails in the account, including e-mails entering the account during the entire inspection until such point as the inspection ends.
- (12) Third, the Decision determines that the unblocking of the e-mail account was committed by negligence and that the diversion of incoming e-mails was committed intentionally.
- (13) Fourth, the Decision determines that while each of the two incidents could constitute an infringement within the meaning of Article 23(1)(c) of Regulation (EC) No 1/2003 in itself, having regard to the common elements, it would not be appropriate to view each conduct in isolation. Therefore, it is concluded that EPIA and EPH engaged in a single overall infringement within the meaning of Article 23(1)(c) of Regulation (EC) No 1/2003.
- (14) Fifth, given that EPH controls EPIA as its 100 % owner in a common management structure as well as the fact that the incidents involved persons who represented both entities during the inspection and also related to e-mail accounts of persons working for each of them, the Decision determines that EPIA and EPH should be held jointly and severally liable for the infringement.

5. FINES

- (15) Since the infringement referred to in Article 23(1)(c) of Regulation (EC) No 1/2003 has been established, the Commission may impose on the undertakings fines not exceeding 1 % of their turnover.
- (16) For determining the amount of the fines, the Decision has regard both to the gravity and the duration of the infringement according to Article 23(3) of Regulation (EC) No 1/2003.
- (17) Concerning the gravity, the Decision notes that the infringement is of a serious nature. It is particularly noted that the power to conduct inspections is one of the most important of the Commission's investigative powers in the competition field permitting to detect infringements of Articles 101 and 102 of the TFEU. It is also noted that over the last decade paper-based evidence has become less important and most of the documents collected nowadays during inspections are extracted from e-mail accounts and electronic files and that data stored in electronic format are much easier and quicker to destroy than paper files. Finally, it is taken into account that there are two incidents in which EPIA and EPH obstructed the inspection: the failure to block an e-mail account and the diversion of e-mails.
- (18) In terms of duration, the Decision takes into account that the infringement continued for a significant period of time during the inspection at the premises of EPIA and EPH.
- (19) Finally, the Decision takes into account that the parties have cooperated in a way which helped the Commission to ascertain the circumstances of the refusal to submit to the inspection with regard to e-mails. It is nevertheless noted that while the parties did not contest certain facts, they have generally sought to put in doubt the existence of any procedural violation.

⁽¹⁾ Case 374/87 *Orkem v European Commission* [1989] ECR 3283, paragraph 27 which related to a request for information after an inspection had been carried out under Article 14 of Regulation No 17.

⁽²⁾ Case T-34/93 *Société Générale v Commission* [1995] ECR II-545, paragraph 72.

⁽³⁾ Commission Decision 94/735/EC of 14 October 1994 imposing a fine pursuant to Article 15(1) (c) of Council Regulation No 17 on Akzo Chemicals BV (OJ L 294, 15.11.1994, p. 31).

6. CONCLUSION

- (20) On the basis of the above, the Decision concludes that EPH and EPIA refused to submit to the inspection carried out at their premises on 24-26 November 2009 pursuant to Article 20(4) of Regulation (EC) No 1/2003 by negligently allowing access to a blocked e-mail account and intentionally diverting e-mails to a server, thereby committing an infringement within the meaning of Article 23(1)(c) of that Regulation. The Decision imposes a fine of EUR 2 500 000 jointly and severally on EPH and EPIA.
-



EUROPEAN COMMISSION - PRESS RELEASE

Antitrust: Commission fines Czech energy companies Energetický a průmyslový holding and EP Investment Advisors € 2.5 million for obstruction during inspection

Brussels, 28 March 2012 - The European Commission has imposed a total of € 2 500 000 in fines on Energetický a průmyslový holding and EP Investment Advisors¹, active in the energy sector in the Czech Republic, for obstructing an inspection carried out by Commission officials from 24 to 26 November 2009 at their premises in Prague as part of an antitrust investigation. The companies failed to block an email account and diverted incoming emails, in breach of their obligations to cooperate with Commission officials during such inspections and to disclose all documents relevant to the investigation.

Joaquín Almunia, Vice President of the Commission in charge of competition policy, said: *"Company information is nowadays essentially stored in IT environments like email systems and can be quickly modified or deleted. This decision sends a clear message to all companies that the Commission will not tolerate actions which could undermine the integrity and effectiveness of our investigations by tampering with such information during an inspection."*

On 24 November 2009, after the notification of the inspection decision, the Commission inspectors requested to block e-mail accounts of key persons until further notice. This was done by setting a new password only known to the Commission inspectors. This is a standard measure taken at the beginning of inspections, to ensure that inspectors have exclusive access to the content of email accounts and prevent modifications to those accounts while they are searched. On the second day of the inspection the Commission inspectors discovered that the password for one account had been modified in the course of the first day in order to allow the account holder to access the account.

On the third day of the inspection, the Commission inspectors discovered that one of the employees had requested the IT department on the previous day to divert all e-mails arriving in certain blocked accounts away from these accounts to a computer server. The company admitted that this procedure had been implemented for at least one e-mail account. As a result, the incoming e-mails did not become visible in the inboxes concerned, they could not be searched by inspectors and their integrity could be compromised.

¹ On 10 November 2010, J&T Investment Advisors was renamed EP Investment Advisors without changes in the corporate structure or the organisation of the company.

Background on the investigation

From 24 to 26 November 2009, the Commission carried out inspections at the premises of Czech companies active in the electricity and lignite sectors, investigating a potential violation of EU antitrust rules that prohibit restrictive business practices and the abuse of a dominant market position (respectively Articles 101 and 102 of the Treaty on the Functioning of the European Union – TFEU, see [MEMO/09/518](#)).

The Commission opened proceedings in this case in May 2010 (see [IP/10/627](#)) and sent the companies a statement of objections in December 2010, setting out its concerns (see [IP/10/1748](#)). Today's decision finds for the first time that an obstruction related to emails occurred during an inspection.

Background on inspections

The power to carry out inspections is one of the Commission's most important investigative tools to detect infringements of the antitrust rules. Inspectors are empowered to examine and take copies of documents related to the business, irrespective of the medium on which they are stored. In order to avoid any destruction of electronic files, inspectors routinely take steps ensuring them access to the complete files during an inspection.

In particular inspectors identify the e-mail accounts of key persons in a company under inspection and block access to these e-mail accounts during the inspection as one of the measures to prevent the destruction of content. The Commission needs to review not only e-mails that pre-date the inspection but also e-mails that are exchanged in the course of the inspection.

Companies' obligations to cooperate with Commission officials during an inspection, to give correct information and to give access to all documents relevant to an antitrust investigation are laid down in antitrust [Regulation 1/2003](#) (Articles 20(4) and 23).

These obligations have been confirmed by the EU's General Court in a December 2010 ruling (case [T-141/08](#)), dismissing E.ON's appeal against a €38 million fine the Commission imposed on it in 2008 for the breach of a seal during an inspection (see [MEMO/10/686](#))

Article 23(1)(c) of antitrust [Regulation 1/2003](#) provides that the Commission can impose a fine of up to 1% of a company's total turnover if the company, intentionally or negligently, produces the required books or other records related to the business in incomplete form during an inspection or refuses to submit to an inspection.

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ANNEX 3 – RESPONSE TO ARTICLE ‘THE “COAL VILLAIN” OF THE EUROPEAN UNION’

EPH's position to article "The "coal villain" of the European Union? Path dependence, profiteering and the role of the Energetický a průmyslový holding (EPH) company in the energy transition"

1. Introduction

During the course of integrity due diligence Holland Integrity Group Special Services B.V. ("**HIG**") requested Energetický a průmyslový holding a.s. ("**EPH**" or "**we**") to provide its position on article "The "coal villain" of the European Union? Path dependence, profiteering and the role of the Energetický a průmyslový holding (EPH) company in the energy transition" published by Filip Černoch Jan Osička and Sebastián Mariňák ("**Article**").

We appreciate authors' interest in energy transition and EPH's role in this process. The Article, however, includes several factual misstatements undermining the credibility of the Article. More importantly, several perspectives presented in the Article are rather emotionally colored and exactly opposite to the actual EPH's role in the energy transition process.

2. Factual Content

The description of our investments based on public resources in the Article is correct only to certain extent. It is indeed the flexibility and non-ideological nature of decision-making on acquisitions that was and is absolutely essential and distinguishes EPH from state or semi-state companies. As regards renewables we indeed focus on predictable and non-intermittent sources such as nuclear, hydro and biomass.

Several key factual statements are, however, incorrect. To list a few:

- (a) Daniel Křetínský has never owned 94% of EPH.
- (b) EPH does not control any company in e-commerce, media and production of transport vehicles. EPH does not own shares in Czech football club Sparta Praha.
- (c) EPH has never owned a hard or black coal mine or a hard or black coal power plant in the Czech Republic and Hungary.
- (d) Eggborough has not been transformed into a 2500 MW gas-fired power plant.

Certain key factually oriented statements tend to be judgmental, not verifiable, speculative or even manipulative. To list a few:

- (a) The current shareholder's structure has been provided to HIG. The financing of EPH is properly disclosed in EPH's audited financial statements and prospectuses prepared in connection with bond offerings.

EPH's subsidiary EP Infrastructure a.s. ("**EPIF**") has been rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings. EPH has a close relationship with leading European and global banks, whereby EPH has been subject to numerous KYC and credit risk procedures. EPIF has issued several investment grade rated bonds with current outstanding value of EUR 2.35 billion.

We are subject to scrutiny of the international bond market and the global banking industry.

We find our financing is anything but that *resembling a start-up*.

- (b) We are committed to fulfil our liabilities associated with recultivations of the mining sites, bolstering biodiversity and restoring both forest and agricultural land. EPH reserves the funds for

this in special purpose accounts in compliance with the relevant regulations. The financial statements of EPH (as well as LEAG financial statements) are audited by Big4 auditing firms.

Statements made in the Article questioning EPH's ability and willingness to reserve funds for recultivation and restoration and shielding off or socializing some of the financial and non-financial costs associated with owning and operating EPH's assets are simply absurd.

- (c) 80% of net power produced in 2021 in consolidated operations of EPH (i.e, excluding LEAG and Slovenské elektrárne) was from zero- or low-carbon-intensive sources (such as natural gas, biomass and hydro) and EPH is constantly expanding the share of such energy generation in the portfolio.

LEAG is the second largest power producer in Germany producing approximately 8% of German gross electricity production. This traditional power generator is undergoing fundamental transformation toward climate friendly energy production with strong renewable projects pipeline. LEAG has not distributed any dividends since EPH acquired its participation there.

The Article, including its title, misleadingly emphasize the EPH's energy production from coal.

- (d) Capacity remuneration mechanisms are elements of organizing certain energy markets that certain countries implemented in order to ensure security of supply.

The assumptions made in the Article that these *mechanisms often cement the practice of coal combustion and delay the shift from high to low carbon technologies or create an opportunity for an economically viable afterlife for slowly but surely departing carbon-intensive power plants* is unfounded. There is also no evidence offered for viewing functioning of *capacity remuneration mechanisms as an indication of policy failure* as this is a broadly used practice by the relevant national regulators in e.g. UK, Italy, France and the national policies had been always approved by the EU Commission as compliant with the EU policies.

The Article concentrates on EPH acquisition of coal power plants.

3. Perspectives presented in the Article

The Article offers emotionally colored perspectives that *EPH acts either like a scavenger, buying out "dirty" coal assets from energy incumbents, or a profiteer taking advantage of the recently introduced capacity mechanisms which give an afterlife to such assets, thereby extracting rents from transition policies.* or *"EPH should be viewed as an investment group interested in any kind of profit, including rent extraction."*

Both of these perspectives ignore the mission of EPH – to provide our customers - the individuals, businesses and public bodies – with an access to basic services in the form of affordable, high quality and reliable electricity, gas and heat supply. EPH provides security of supply through a fleet of diversified, controllable and flexible power plants.

EPH is committed to operating its portfolio responsibly to reduce environmental footprint in the fastest possible manner whilst keeping focus on social, health and safety aspects of this strategy. EPH stands ready to meet its liabilities, particularly associated with future decommissioning and recultivations.

Most importantly the Article suggests that *EPH decided to go against the mainstream and speculate on the prolonged transition from fossil fuel sources to low-carbon technologies that it appears to be betting on the transition proceeding less smoothly and taking longer than envisaged by policymakers and possibly also many fellow energy companies.* The Article outlines that *EPH's carbon-intensive assets will remain profitable longer and their eventual decommissioning will be more costly, effectively allowing the company to at least partially avoid the stranded asset risk [47,48]. In addition, the availability of profitable*

back-up capacity which the company brings to the market may compromise the development of cleaner alternatives and thus also the general goal of decarbonization.

EPH actively participates in the process of energy transition and converts conventional energy sources to renewables whenever this is feasible. EPH achieved an ESG Risk Rating from Sustainalytics, placing EPH in the medium risk category, ranking 15th of all companies in the Multi-utilities Sector at the time of assessment.

EPH has taken over various power generation assets from multiple European energy companies, but in that process no additional CO₂ footprint has been created. EPH has not build any new coal power plants and has not contributed to increased CO₂ emissions, in the countries where operate, as compared to status before EPH acquired these companies.

On the contrary, in our decarbonization efforts, we strive to actively seek and pursue real solutions - not merely offloading but truly decommissioning the most carbon-intensive sources while investing and actively converting our plants to low-carbon or fully renewable sources like gas or biomass, depending on the specific conditions of each site. Upon drop in costs of renewables, EPH expanded its investments into wind and solar.

EPH is committed to operate its portfolio responsibly and gradually reduce environmental footprint. EPH group reduced CO₂ emissions by 38% and SO₂ emissions by a full 70% in 2021 as compared to 2015. By 2050, EPH will be carbon neutral. By 2030, our CO₂ emissions will be reduced by 60% compared to the emissions we produced in 2021. EPH group has already invested or committed to invest more than EUR 2.4 billion in the coming years to build a path to carbon neutrality and energy independence in Europe.

EPH has established a clear plan to undergo transformation process with its lignite and hard coal power plants outside of Germany until 2030 (hard-coal until 2025) and in Germany by 2038 (while 2035 is set as a target year for fully consolidated companies, plants operated by our equity participations (LEAG) are scheduled to operate until 2038), and in line with deadlines dictated by the German Coal Phase-out Act.

In Germany, our future path to responsible transition for lignite and hard coal power plants is a matter of national interest and was closely coordinated with the German Federal Government, the respective States and municipalities, NGOs, large customers and employee representative bodies to ensure that grid stability is not endangered and that social impacts in affected regions are considered (primarily in economically weaker districts of eastern Germany).

In the UK we converted Lynemouth power plant to pure biomass (407 MWe). The conversion helped to significantly reduce SO_x and NO_x emissions. This conversion saves approximately 2.7 Mt of CO₂-eq emissions annually. We decommissioned Eggborough power plant (net installed capacity 1960 MW) in 2018 saving 11.5 Mt of CO₂-eq emissions annually (compared to baseload operations in 2013).

Also, investments of significantly above billion Euros have been launched in state-of-the-art combined-cycle gas turbine power plants ready for future hydrogen use in Tavazzano and Ostiglia (both in Italy) and additional units providing capacity and grid stability services in Kilroot (UK) and Leipheim (Germany) to provide energy when it cannot be supplied from renewable sources.

During last few years, EPH decommissioned coal-fired power stations Mehrum, Deuben, Buschhaus, Provence 5, Emile Huchet 6 and two units of the Jänschwalde power station. All was done in responsible fashion with social plans in place for the employees and honoring all decommissioning liabilities. Recently, Mehrum, Emile Huchet 6 and two Jänschwalde units have been put back in operation on requests of the relevant Governments in order to fight against the gas crisis caused by Russian invasion in Ukraine.

Next year, the coal and oil-fired units at the Kilroot power station (net coal installed capacity 350 MW) in Northern Ireland, UK will be replaced by state-of-the-art natural gas combustion technologies (OCGT), primarily to provide capacity and network stability services.

Coal power plant Fiume Santo (net installed capacity 599 MW) in Sardinia, Italy where sustained operations are required by local government is expected to be decommissioned in 2025. As the power plant is a key source of power on the island, an alternative source of power needs to be identified prior to the shutdown. The selected technology depends on discussions with local authorities, biomass is considered optimal by EPH provided that adequate generation subsidy is provided. In addition, we expect to build photovoltaic panels on the site.

In addition to the accelerating transition from coal to natural gas and biomass, we are looking for opportunities in the renewables segment. These efforts are mainly concentrated in the subsidiary EP New Energies, which specializes in the development of large-scale renewable energy projects using mainly former mining sites in Germany. Since its inception in 2019, EP New Energies has built several large-scale and, above all, sustainable projects and has additional wind, ground-mounted, rooftop and floating photovoltaic and hybrid projects of more than 3,000 MW in the pipeline.

EPH has a clear plan to operate advanced battery storages in Germany and the UK. New projects with a low carbon footprint create jobs in the energy sector, thus demonstrating that environmentally responsible, reliable and affordable energy supply must go hand in hand with social justice and job continuity.

Finally, in Slovakia, EPH holds a participation in Slovenske elektrarne a.s., which is building two new nuclear units (each approx. 438 MWe, first being currently commissioned). This project will significantly improve security of supply in Slovakia and it will also meaningfully decrease carbon footprint of EPH. The project with total budget of EUR 6 billion is the largest private investment in Slovakia.

Updated on: 2 December 2022
EPH Contacts: DK/MS/FB/PF



ANNEX 4 - PRESS ARTICLES RELATED TO EPH

Dispute with Czech Coal group

In June 2012, the Czech media outlet ceskapozice.cz reported that EPH and a mining company controlled by Mr Pavel Tykač, named Czech Coal group, were engaged in a dispute that started in 2012.⁷⁴ Czech Coal group's withdrawal from a contract to supply EPH's subsidiary Elektrárny Opatovice power station with lignite was called 'unjustified' by EPH, which rejected earlier Czech Coal group's claims that the said subsidiary failed to pay for supplies. The companies ended their disputes by signing an out-of-court agreement in 2014.⁷⁵

In our research, no information on any possible further development of the dispute has been identified.

Protests against EPH in Germany

The Czech media portal reported that the non-governmental environmental organization Greenpeace, which focuses on worldwide issues such as climate change, deforestation, overfishing, and similar issues, protested against the coal policy of the German government in 2015.⁷⁶ Protests were held in front of the power station in Deuben, Germany, which is controlled by EPH, due to its belief that coal emissions were causing the early deaths of approximately 22 people per year.⁷⁷ The protestors referred to a 2013 study by scientists from the University of Stuttgart on behalf of Greenpeace. The original file of the study is untraceable, so the study could not have been verified. The protest was also related to EPH's intention to buy surface lignite mines in eastern Germany.

In our research, no further information was found on this matter.

Member company fined for deceiving customers

It was reported in public press in October 2016 that Pražská teplárenská, an electricity company being a subsidiary of EPH until 2020, was fined by the Czech Energy Regulatory Office (referred to hereinafter as ERÚ) for an amount of CZK 240 million (approximately EUR 8.88 million)⁷⁸ for having allegedly deceived its customers.⁷⁹ The company was found guilty of including unjustified costs and disproportionate profit in the calculation of thermal energy prices in 2011, contrary to the Price Decision of ERÚ. However, as reported by Czech daily iRozhlas, Pražská teplárenská filed a complaint against ERÚ's decision.

The official regulatory source revealed ERÚ's final decision from 23 December 2016, according to which Pražská teplárenská's fine was reduced to CZK 111 million (approximately EUR 4.11 million).⁸⁰ According to public sources, Pražská teplárenská had no right to appeal against ERÚ's decision.

⁷⁴ http://ceskapozice.lidovky.cz/eph-claims-czech-coal-supply-contract-termination-unjustified-p7s-/tema.aspx?c=A120607_154333_pozice_69451

⁷⁵ https://www.idnes.cz/ekonomika/podniky/czech-coal-a-skupina-eph-uzavrely-letity-spor-o-uhli.A140106_130533_ekoakcie_fih

⁷⁶ <https://media.greenpeace.org/archive/Cork-Protest-at-Deuben-Coal-Power-Plant-in-Germany---News-Access-1-2-27MAKVRI0B9.html>

⁷⁷ <https://byznys.ihned.cz/c1-64819800-clenove-greenpeace-protestuji-u-uhelne-elektrarny-v-nemecku-ktera-patri-kretinskeho-eph>

⁷⁸ Given the rate in 2016.

⁷⁹ https://www.irozhlas.cz/ekonomika/energeticky-regulacni-urad-vymeril-stamilionove-pokuty-firmy-spatne-uctovaly_1610240747

⁸⁰ Given the rate in 2016.



Plans for closing coal power plants by 2030

As per an article published on 13 October 2022 by news portal Idnes, focusing on toxic emissions from power plants in Czechia in general and some exemptions of authorities – particularly concerning granted exemptions to the Opatovice power plants (EOP) – one of EPH's subsidiaries, which was allowed older emission limits for the next six to eight years, it was mentioned that EPH has announced that it has planned to close its coal power plants by 2030, and has assured that it will provide compensation for the closed sources.⁸¹

An exception would reportedly be Germany, where the company will proceed in accordance with the law on ending the use of coal, on the basis of which the production of energy from coal will be ended nationwide by 2038 at the latest.⁸²

Loan from state

In September 2022, the Czech News portal parlamentnilisty.cz reported that the Czech Minister of Industry and Trade, Mr Jozef Síkela, approved EPH's application for a loan, which it would use as a deposit that energy companies must make when trading on European Energy Exchange AG.⁸³ The article speculated that Mr Síkela approved the loan because EPH allegedly did not have enough money for deposits that guarantees sales. The other company which received the same loan was Sev.en Energy group. Mr Síkela's approval was largely criticized by the public.

No information on EPH conducting any illicit activities in connection to this case was found.

German green energy compensation

The Czech portal Peak.cz reported in March 2013 that because of the newly approved agreement about compensating producers of electricity from lignite with CZK 114 billion (approximately EUR 4.45 million)⁸⁴ for accelerated decommissioning of their power plants, EPH was set to receive two fifths of that amount. Local ecologists accused EPH that compensation was its main goal since the very beginning of its operations in Germany, nevertheless, EPH dismissed such claims.⁸⁵

⁸¹ https://www.idnes.cz/hradec-kralove/zpravy/kralovehradecky-elektrarna-opatovice-vyjimka-hradec.A211013_631373_hradec-zpravy_tuu

⁸² <https://zpravy.aktualne.cz/ekonomika/do-roku-2030-prestaneme-pouzivat-uhli-pro-elektrinu-a-teplo/r~f2eb2788f8f411eba824ac1f6b220ee8/>

⁸³ <https://www.parlamentnilisty.cz/arena/monitor/Dalsi-pujcka-na-lipskou-burzu-Miliardarum-Sikela-nastval-uz-i-priznivce-713335>

⁸⁴ Given the rate in March 2013.

⁸⁵ <https://www.peak.cz/kretinskeho-proziravost-s-nemeckou-energetikou-odklon-od-uhli-muze-eph-prinest-desitky-miliard-ze-statnich-kompenzaci/27636/>



ANNEX 5 - PRESS ARTICLES RELATED TO MR KŘETÍNSKÝ

Criticism for allegedly misusing the news portal Info.cz

In 2019, Mr Křetínský was a target of criticism for allegedly misusing the news portal Info.cz owned by his company Czech News Centre a.s.⁸⁶ for spreading propaganda, denying climate change and ridiculing environmental activists.⁸⁷

Searches could not identify any penalties or related investigations concerning the above allegations of misusing political connections.

Offshore affiliations

Searches through the ICIJ Offshore Leaks database identified findings on Mr Křetínský, indicating that in 2010, he was one of the shareholders of Wonderful Yacht Holdings Limited, registered in the British Virgin Islands and listed in the Panama Papers.⁸⁸ No other information was provided in the ICIJ database. However, according to an article, published on 4 April 2016, by the Czech news portal Novinky, Mr Křetínský allegedly used services of the Panama-based formation agent Mossack Fonseca.⁸⁹ A spokesperson from EPH denied that Mr Křetínský had committed any illegal actions to hide the company's profits; however, it confirmed that Mr Křetínský owned Wonderful Yacht Holdings Limited.⁹⁰

This affiliation was also referenced as 'suspicious' when in 2016, EPH and PPF, associated to the now deceased Czech entrepreneur Mr Kellner, became interested in acquiring the Swedish Vattenfall utility's loss-making mines and associated power plants, but there were no allegations of any illegal activities in this sense.⁹¹

Additional internet and media research located no indications of Mr Křetínský having misused Wonderful Yacht Holdings Limited for any illicit dealings.

Donations and charity work

In June 2021, the Czech online magazine Wealth Magazine (referred to hereinafter as Wmag) published a list of major philanthropists in the country, and it included Mr Křetínský in the ranking. According to Wmag, through EPH, Mr Křetínský donated EUR four million to around 200 health institutions during the beginning of the global Covid-19 pandemic.⁹² In 2017, the Czech weekly Tyden reported that Mr Křetínský donated CZK three million (approximately EUR 114,000)⁹³ to his alma mater, the Faculty of Law of the Czech Masaryk University in Brno.⁹⁴

Petition against Le Monde takeover

Various Czech media portals, including iROZHLAS, reported in September 2019 that journalists of the French newspaper Le Monde were not satisfied with the idea of Mr Křetínský increasing his stake in the

⁸⁶ <https://www.polemag.sk/kto-dostava-slovo-v-diskusii-o-klimatickej-zmene/>

⁸⁷ <https://nazory.pravda.sk/dnes-pise/clanok/536269-ako-sa-ovplyvnuje-verejna-mienka/>

⁸⁸ <https://offshoreleaks.icij.org/nodes/10156125>

⁸⁹ <https://www.novinky.cz/domaci/clanek/kauza-panama-papers-ukazuje-i-na-stovky-ceskych-jmen-346945>

⁹⁰ <https://roklen24.cz/a/wuibR/kretinsky-na-panenskych-ostrovech-mam-jen-katamaran>

⁹¹ <https://www.climatechangenews.com/2016/04/08/czech-buyers-of-german-coal-plants-linked-to-panama-papers/>

⁹² <https://wmag.cz/v-cesku-roste-trend-filantropie-kdo-daroval-nejvic/>

⁹³ Given the rate in 2017.

⁹⁴ https://www.tyden.cz/rubriky/domaci/nazory/drbarna/kretinsky-rozdaval-miliony-koho-obdaroval_431840.html



newspaper because of a nationalist sentiment⁹⁵, since Le Monde has been one of the most famous French newspapers with a long history.⁹⁶ Journalists, as well as other shareholders of Le Monde who control 25% of the newspaper, signed a petition against Mr Křetínský obtaining a majority stake in Le Monde without their consent.⁹⁷ Mr Křetínský eventually signed the agreement with Le Monde's minority shareholders in September 2019 in the shareholders' favour⁹⁸, and he has so far remained in control of 49% of the newspaper.⁹⁹

Around the time that Mr Křetínský invested in the French press, Mr Jerome Lefilliatre (referred to hereinafter as Mr Lefilliatre) wrote a book called *'Mister K.: Petites et grandes affaires de Daniel Křetínský'*, published 12 March 2020. The author has subsequently held multiple interviews regarding Mr. Křetínský. There he expresses the opinion that Křetínský is first and foremost a businessman, interested in making profit. He had found no evidence of Russian interference.

In our research, we found no other indications or substantiation that Mr Křetínský misused his stake in Le Monde.

Allegations of manipulating Czech media

Articles from 2018 found in the media reported on Mr Křetínský's alleged intention to purchase several media companies in order to prevent the influence and control of Mr Babiš over the Czech media. Mr Babiš is the owner of most of the companies providing media services in the Czech Republic and Mr Křetínský's opponent only in terms of competition on the market concerning their media business, and not in a political way, as reported by the media.¹⁰⁰ In 2019, some media outlets reported on Mr Křetínský's alleged manipulation of the Czech media via his large media house Czech News Centre, which he reportedly uses to promote his economic interests.¹⁰¹

No examples were offered in the said articles in terms of evidence of this alleged manipulation and it was not found to have been officially investigated. In our research, we found no other indications or substantiation of the suggested manipulation.

Part of scheme to stop corruption in football

In September 2012, various Czech and Slovak news and sports portals, among them Aktualne.cz, reported on Mr Křetínský supposedly providing the Czech Football Association with evidence of influencing matches in favour of certain unnamed teams by some referees, as well as on betting mafias.¹⁰² Although precise information of the submitted evidence was never published in the media, the director of the anticorruption police Mr Tomáš Martinec (referred to hereinafter as Mr Martinec) announced that Mr Křetínský did not provide any valuable information or proof of such claims, as reported by the Czech

⁹⁵ https://www.irozhlas.cz/zpravy-svet/denik-le-monde-daniel-kretinsky-pigasse-francie-czech-media-invest-novinari_1909240752_jgr

⁹⁶ <https://www.forum24.cz/kretinsky-je-pro-nas-pan-neznamy-z-vychodu-priznava-francouzsky-novinar2/>

⁹⁷ <https://www.forbes.cz/jeho-cil-je-byt-jednou-vetsi-nez-petr-kellner-lici-kretinskeho-autor-knihy-o-nem/>

⁹⁸ https://www.irozhlas.cz/zpravy-svet/denik-le-monde-daniel-kretinsky-pigasse-francie-czech-media-invest-novinari_1909240752_jgr

⁹⁹ <https://www.forbes.cz/kretinsky-noviny-neovladne-proti-vuli-novinaru-rika-sef-le-monde/>

¹⁰⁰ <https://byznys.hn.cz/c1-66116770-penize-podle-leose-rouska-investice-daniela-kretinskeho-do-medii-jsou-o-byznysu-i-politice-amazon-hlasi-100-milionu-predplatitelu-sluzby-prime>

¹⁰¹ <https://denikreferendum.cz/clanek/29768-ivo-lukacovic-vydelava-na-lzich>

¹⁰² <https://sport.aktualne.cz/fotbal/tajemstvi-kretinskeho-cerne-tasky-jeji-obsah-peltu-zdesil/r~ccf5215c01c411e285fc0025900fea04/>



weekly Tyden in November 2012. The media started speculating on Mr Křetínský's potential secret agenda related to the case, considering his interests as Sparta Prague football club's owner.¹⁰³

Then, in October 2013, Lidovky reported that Mr Křetínský's accusations led to a police investigation and resulted in criminal proceedings against two referees, one former public official and one football player, whereas Mr Křetínský testified at a disciplinary hearing.¹⁰⁴ Furthermore, in April 2020, Seznam Zpravy reported on Mr Křetínský denying ever having access to any evidence, or claiming to have had it, blaming the media for blowing the incident out of proportion, but as per the article, it appears to have been part of a game plan. Namely, Mr Miroslav Pelta (referred to hereinafter as Mr Pelta), then head of the Czech Football Association, was reportedly caught on a police wiretapping tape bragging how he and Mr Křetínský invented the whole largely publicized scheme that included Mr Křetínský pretending he was bringing him proof of match-fixing in Czech football just so they would make football referees stop favouring a certain football club, which Mr Křetínský suspected them of doing at the expense of his own.¹⁰⁵

Mr Pelta was wiretapped as part of a police investigation into sports subsidies that led to him being indicted on several criminal offences, but Mr Křetínský was only referenced as a witness in this case, testifying in support of Mr Pelta.¹⁰⁶

In the interview on 23 November 2022, we discussed the two football cases with Mr Křetínský. He elaborated on the background of the cases and the situation in the Czech football. In our research, we have gathered no substantiation that Mr Křetínský is a subject in a criminal investigation or in other ways involved in a scheme.

Ownership in Royal Mail and PostNL

According to Dutch media sources, in 2021 Mr Křetínský acquired shares in the Dutch postal company PostNL via Vesa Equity Investment and in 2022 he increased his share to more than 25%.¹⁰⁷ EP Group wrote in three tweets on the first of March 2021 the following about their strategy: *'VESA Equity Investment: The investment into PostNL is, after our investment in Royal Mail, the second acquisition of a minority stake in a postal company active on developed western european markets and confirms VESA's strategic interest in the sector of logistics. We see last mile post and particularly parcel delivery as a growing business with attractive fundamentals. PostNL demonstrates the qualities required to remain successful in this field, namely a well invested nationwide infrastructure, significant market share... ..and being a reputable delivery partner for its customers and can be seen an exemplary case of successful transformation of a traditional postal company into a modern efficient provider of delivery and logistic services. The strong results published today confirm our view'*.

As mentioned before, it was reported in August 2022 that the UK planned to conduct a national security clearance of Royal Mail's ownership as its largest shareholder – Mr Křetínský's and Mr Tkáč's Vesa Equity Investment - was apparently set to increase its stake above 25% and this company was found to have ties to the Russian Gazprom. In October 2022, however, the British government decided to allow Mr Křetínský to increase his ownership stake in Royal mail via Vesa Equity Investment.¹⁰⁸

¹⁰³ https://www.tyden.cz/rubriky/sport/fotbal/gambrinus-liga/kretinskeho-divadlo-strachu-cerna-kabela-ho-muze-mrzet_250884.html

¹⁰⁴ https://www.lidovky.cz/sport/fotbal/melo-byt-ovlivneno-utkani-jablonce-s-plzni-policie-navrhla-obzalovat-ctyri-osoby.A131007_112045_in-fotbal-prvni-liga_vrb

¹⁰⁵ <https://www.seznamzpravy.cz/clanek/vse-vyzrazeno-pelta-v-odposlech-odhalil-tajemstvi-kretinskeho-tasky-101282>

¹⁰⁶ <https://isport.blesk.cz/clanek/fotbal/396805/kretinsky-jako-svedek-u-soudu-pelta-je-pritel-vysvetloval-jednani.html>

¹⁰⁷ <https://fd.nl/bedrijfsleven/1458811/tsjechische-miljardair-breidt-belang-in-postnl-uit-p1k2caCxCTTj>

¹⁰⁸ <https://www.gov.uk/government/news/government-to-take-no-further-action-under-the-national-security-and-investment-act-2021-on-royal-mail-share-acquisition>



In response to the above, the following statement was provided on behalf of Mr Křetínský: *‘The commencement of national security review of British Royal Mail’s ownership was triggered by the fact that Royal Mail’s has been viewed as a strategic company (i.e. a target driven procedure). It was not triggered by DK as the ultimate investor (i.e. no investor driven decision). On 31 October 2022 UK government decided to take no further action under its national security powers in this respect.’*

In relation to this case, we obtained no indications in public sources of any misconduct of Mr Křetínský, Mr Tkáč and Vesa Equity Investment in respect to the participations in PostNL and Royal Mail.

AVE CZ odpadové hospodářství s.r.o.

According to local media, in September 2021, waste management company AVE CZ odpadové hospodářství s.r.o., linked to Mr Křetínský, was investigated by the Organised Crime Detection Unit of the Czech police for systematically evading taxes for environmental impact for years. Because of the tax evasion, the company was fined a minimum of 11 times between 2013 and 2018 by the Czech Environmental Inspection altogether for more than CZK ten million (approximately EUR 370,000).^{109 110} According to the latest reports, the public prosecutor’s office has been prosecuting the AVE CZ company since August 2022, claiming that it caused damages in the amount of CZK 4 billion (approximately EUR 14.8 million).¹¹¹ According to the publication, Mr Křetínský claimed that he owns less than 25 percent of AVE CZ’s shares.¹¹²

In relation to this case, we obtained no information of any involvement of Mr Křetínský in this matter.

¹⁰⁹ Given the average rate between 2013 – 2018.

¹¹⁰ <https://ct24.ceskatelevize.cz/domaci/3369642-reporteri-ct-hra-o-miliardy-policie-proveruje-kretinskeho-skladkovou-firmu-ave>

¹¹¹ Given the average rate between 2013 – 2018.

¹¹² <https://www.ekonews.cz/kdo-vlastni-stihanou-firmu-ave-cz-kretinsky-prazak-i-namestkyne-ministra-spravedlnosti/>



ANNEX 6 - PRESS ARTICLES RELATED TO MR TKÁČ

Offshore affiliations

Searches through the ICIJ Offshore Leaks database identified findings on Mr Tkáč, indicating that in the period from May 2012 until August 2013, he was the shareholders of Rawten Assets Limited, registered in the British Virgin Islands and listed in the Panama Papers.¹¹³

No other information was provided in the ICIJ database; additional media research located no indications of Mr Tkáč having misused Rawten Assets Limited for any illicit dealings.

In his response to this publication, Mr. Tkac mentioned that he *'contemplated acquisition of a yacht, together with his business partner Mr. Jakabovic. British Virgin Islands ("BVI") were contemplated as a potential jurisdiction for its registration. In his view BVI, is a one of a very few flags globally under which larger yachts are commonly registered. The idea of acquisition was however later abandoned and the company was therefore never used. As a matter of fact, Mr. Tkac was erroneously registered as (co-)owner of Rawten Assets Limited (Rawten), by its administrator Bulldog International Limited (BI). Mr. Tkac was never Rawten's owner and therefore could never use the company. Please see attached scan of letter from BP.*

Media reports on companies associated with Mr Tkáč

In 2018, the Czech media reported that the Office for the Protection of Personal Data (referred to hereinafter as ÚOOÚ) imposed a fine of CZK 1.5 million (approximately EUR 58,500)¹¹⁴ on Mall.cz, a company related to Mr Tkáč, for failing to secure personal data of more than 700,000 of its customers during a hackers' attack.¹¹⁵

In his response to this report, Mr. Tkac mentioned that he *'was a non-controlling minority shareholder of Mall Group at that time with indirect stake of less than 20%'.*

In 2016, the Czech media reported that the Central Bank imposed a fine on J&T Banka, managed by Mr Tkáč, in the amount of CZK 5 million (approximately EUR 185,000)¹¹⁶ due to bad provision of loans, poorly substantiated remuneration of its own bankers, suspicious transactions against the bank and missing records of dealings with clients.¹¹⁷

Aeronet.cz on J&T ties to the Chinese mafia

The apparently pro-Russian Czech news portal aeronet.cz referenced Mr Křetínský in 2019 as a partner of the alleged pro-China financial group J&T, which is, according to the text, involved with the Chinese mafia.¹¹⁸

In his response to this publication, Mr Tkáč mentioned *'In our view Aeronet is an extremely dubious media, with a opaque ownership structure, which is very likely somehow tied to the Kremlin. The website is systematically spreading disinformation over Czech (online) media space.*

¹¹³ <https://offshoreleaks.icij.org/nodes/12171155>

¹¹⁴ Given the rate in 2018.

¹¹⁵ https://www.irozhlas.cz/ekonomika/mall-pokuta-osobni-udaje-uouu_1810042104_cen

¹¹⁶ Given the rate in 2016.

¹¹⁷ https://www.idnes.cz/ekonomika/domaci/j-t-banka-dostala-od-cnb-pokutu-5-milionu.A161216_120144_ekonomika_nio

¹¹⁸ <https://aeronet.news/cinska-mafie-se-dostala-az-do-okruhu-financovani-volebni-kampane-jiriho-drahose-prezidentskemu-kandidatovi-lepsolidi-pristalo-na-volebnim-uctu-13-milionu-korun-od-osob-napojenych-na-tvrdika/>



As a matter of fact, Czech government temporarily decided to block its website (together with seven other websites) in February 2022 as part of its reaction on Russian invasion to Ukraine.

The article is a classic example of disinformation work -- it takes real people in their real positions, but artificially connects them in a totally absurd and made-up manner, but in a sense which supports the narrative Aeronet seeks. In case of the referred article it was a discreditation of a Czech presidential candidate'.

The article suggested the presence of this connection in a lengthy investigative report, which did not directly involve Mr Křetínský. In relation to this case, we obtained no substantiation in public sources of any of the suggestions in this article in relation to Mr Tkáč and Mr Křetínský.