ALPIQ

Environmental, Occupational Health & Safety and Corporate Social Responsibility Report for 2009

Alpiq Generation (CZ) s.r.o.

Alpiq Generation (CZ)
feels responsible towards its neighbourhood.
Company keeps trying continously to find the best ways in protecting of environment in the location where the power plant is located.
And, actively prevents rise of impacts on the environment from its activity.
Company supports local community on a long term basis through its sponsorship program.

2010 Environmental, Occupational Health & Safety and Corporate Social Responsibility Report for 2009

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Introduction

Dear readers, we would like to inform you about the main activities of our company, performed particularly in the areas of occupational health and safety, environmental protection, supports for our neighbourhood and external and internal communications in 2009. At the same time, we would also like to provide you with basic information on our company and its future plans. Taking this approach, we have been making efforts, for seven years already, to provide true information on all our events, results, success and environmental impacts of our activities, as recorded for the last year.

In 2009, there was a significant change in the structure of businesses involved in the "Kladno Power Station" operations. During that year, ECK Generating, s.r.o. and ENERGETICKÉ CENTRUM Kladno, spol. s r.o. merged into Alpiq Generation (CZ) s.r.o., (hereinafter referred to as "Alpiq Generation CZ" or "AGCZ"), which was formed from Atel Bohemia, the former owner of both the companies. The merger was successfully completed, and since 1 November 2009, only one successor company Alpiq Generation (CZ) has been operating at the site. That step significantly contributed to the simplification of internal relations, reduction of administrative workload, and last but least, it also improved the transparency towards the authorities and the public. Of course, Alpiq Generation (CZ) assumed all the obligations and commitments of the dissolved companies.

Under the name of Alpiq Generation (CZ), we operate power and heat facilities, which have been complying with the environmental standards of the Czech Republic and European Union since the start of their commercial operation. Their maximum output reaches almost 415 MW, and with an approximately three percent market share, we are one of the largest independent heat and power producers in the Czech Republic. Alpiq Generation (CZ) also represents the largest Swiss investment in the Czech Republic.

Already at the beginning of our business, we decided to reduce the environmental impacts of our activities as much as possible and to ensure that our work is always safe and health-friendly. At the same time, we decided to actively support the region where we operate, and openly communicate with both the external and internal public, i.e. with our neighbourhood and our personnel. To strengthen these activities, as early as 2003 we started to introduce the environmental management system ("EMS") principles under EN ISO 14001 in the company management system, and consequently in 2004, we received the Certificate issued under this standard. In the occupational health and safety ("OHS") area, we also decided to integrate our activities under OHSAS 18001. The OHS system

of our company was successfully certified under this international standard as early as 2005. Since 2006, we have been operating both the management systems as the integrated EMS and OHS system. The integrated management system particularly allows us to effectively carry out the individual activities and unify a number of system processes and documents.

In October 2009, the second external control audit of EMS and OHS systems was carried out in our company. The external audit was carried out by CERT - ACO, s.r.o., an independent company. The audit aimed at reviewing all the activities of the company and inspecting selected work areas, technological and administrative procedures, and at the same time, the compliance with legislation requirements and relevant permits was checked from the environmental and occupational health & safety perspective. The audits did not reveal any serious deficiency. In some areas and with respect to some activities, the external auditors revealed some minor deficiencies, which were consequently remedied. The external control audits of the predecessor companies ECKG and ECK confirmed that in these companies, the EMS and OHS system continues to be maintained at a very good level. The audit proved the compliance with the requirements of both OHSAS 18001:2007 and EN ISO 14001:2004, and as such, both the Certificates were defended. The audit was also carried out in view of the then ongoing merger of ECK and ECKG into Alpiq Generation (CZ), and the new Certificates were already issued for AGCZ.

Our company continues to intensely work on preparatory work associated with the planned construction of the new circulating fluidised-bed Boiler K7. This Boiler should replace the obsolete Boiler K3, which would be environmentally nonconforming in the near future.

In 2009, we implemented a lot of smaller and greater projects positively influencing both the environment and safety at work. The most significant projects particularly included:

- During the scheduled summer outage of the fluidised-bed boilers, we installed acoustic dampening polypropylene mats to reduce the power station noise levels on the natural draft cooling tower basin within the open cooling circuit.
- In order to save non-renewable energy sources, 46,305 tons of biomass in the form of wood chips were used as a renewable source to replace brown coal (non-renewable source) in an amount corresponding to approximately 3 % of the total consumption.
- By biomass burning, we produced 41,472,000 kWh of "green electricity", which represents an average annual consumption of almost 11,000 common households. At the same time, we also produced heat for heating purposes out of biomass.
- We installed a new automated fuel sampler for the conveyors in connection with the biomass burning on both the units in order to improve the biomass handling conditions.
- Thanks to our high-quality plant operations, we achieved an annual availability of 99.3 % in 2009.
- We removed an old salt collector and built a new salt management system within the Water Treatment Plant by installing a new salt storage tank and a solution tank, designed for salt brine preparation, including accessories.
- We continued to carry out major overhauls of the gravity piping in order to prevent any failure and reduce water distribution losses by pulling in the independent insert and using the cementation technology.
- We also carry out an extensive and costly reconstruction of the process equipment in our Úholičky Water Pumping Station.
- To reduce the dust levels, we replaced the powderised coal ducts at the M 31 and M 32 sorter outlets at Boiler K3, and replaced filtration lamellas at the PD6 and Flexowell dust removal system. All the exhausts were adjusted as per the metered data.
- To reduce the risks of any accident and injury to health in storing crushed coal in the coal bunkers in the Intermediate Machine Hall, we installed a system to transmit the signal from the CO monitoring system in the area above the fuel bunkers to the Boiler K4, 5 control room.
- In taking care of greenery and neighbourhood of the company's buildings, we provide for landscaping and plant new ornamental bushes, trees and summer annuals every year.
- Last year, our company won another RoSPA Gold Award in the international safety competition.
- In defending the "Safe Enterprise Award", a control external occupational safety audit was carried out in December 2009. During the audit, no discrepancies were revealed, and in conclusion, it was stated that the company was authorized to further use the "Safe Enterprise" title.
- The company filed its application for participation in the competition organised by the Ministry of Health of the Czech Republic with a view to defend the title of "Health Support Company". In 2009, our company received the "Health Support Company - Degree 3 (Supreme Degree)" Award.
- In Alpiq Generation (CZ), no accident has been recorded. As of 31 December 2009, we had been working 1,932 days without lost time accident.

Occupational health and safety, together with the environmental protection, rank among the top strategic priorities in the company management.

By taking an active approach to all the areas included in the OHS system, we want to ensure that work in our company continues to be safe without any accidents. Therefore, we make efforts to create conditions for the upgrading of our production equipment, improvement of labour organisation, personnel qualifications and knowledge, as well as social conditions of our personnel. These conditions allow us to continuously improve our care for safety and hygiene and improve the working conditions for our personnel. We are aware of the health and safety importance, and consider the accomplishment of objectives in this area to be our key duty in managing the company.

Certifikační orgán CERT-ACO, s.r.o. v souladu s akreditací Českého institutu pro akreditaci, o.p.s. uděluje

CERTIFIKÁT

Registrační číslo:
782b-07-04
pro společnost:

Alpiq Generation (CZ) s.r.o.

Dubská 257
272 03 Kladno - Dubí
Česká republika

Společnost zavedla a používá systém managementu bezpečnosti a ochrany zdraví při práci pro oblast:

- **Výroba a distribuce elektrické energie, tepla, průmyslové vody a tlakového vzduchu**
- **Distribuce pitné vody a zemního plynu**
- **Provozování veřejné kanalizace a čištění odpadních vod**
- **Opravy a údržba energetických zařízení**

Při auditu bylo prokázáno splnění požadavků předpisu:
BS OHSAS 18001:2007

Platnost certifikátu do 11. 11. 2010.
Společnost je certifikována od května 2005.
Datum vydání certifikátu: 03. 11. 2009

S 3027

BS OHSAS 18001:2007 Certificate

The Certification Authority, CERT-ACO, s.r.o. in compliance with the accreditation of the Czech Institute for Accreditation, issues the following

CERTIFICATE

Registration number:
783b-07-04
to the company:

Alpiq Generation (CZ) s.r.o.

Dubská 257
272 03 Kladno - Dubí
Czech Republic

The company has introduced and is using an environmental management system for the following area:

- **Electricity, Heat, Industrial Water and Compressed Air Production and Distribution**
- **Drinking Water and Natural Gas Distribution**
- **Public Sewer System Operation and Waste Water Treatment**
- **Repairs and Maintainance of Energetic Apparatuses**

The audit proved the requirements of the following standard have been met:
EN ISO 14001:2004

The certificate is valid up to 11. 11. 2010.
The company has been certified since November 2004.
Date of issue of the certificate: 03. 11. 2009

S 3027

EN ISO 14001:2004 Certificate

With respect to the environmental protection, we aim at improving continuously the environment of both our and wider regional areas. We are fully aware of the fact that our operations will always impact the environment, and as such, we continue to take actions in order to prevent or possibly, to eliminate and reduce environmental pollutions and to remedy any old environmental liabilities with respect to the lands and structures owned by our company. Our activities in this area are a planned part of the management system, as well as part of everyday activities of all the employees.


Ministerstvo zdravotnictví České republiky
vydává

OSVĚDČENÍ

č. 01/03/2009

spojené s právem používat titul

PODNIK PODPORUJÍCÍ ZDRAVÍ ROKU 2009
3. STUPNĚ

společnosti

ECK Generating, spol. s r.o.
Dubská 257, Kladno – Dubí

Podnik podporující zdraví

Toto osvědčení platí do 20. 10. 2012
První certifikace 24. 10. 2006

Osvědčení potvrzuje vysokou úroveň péče o zdraví zaměstnanců poskytovanou v souladu s Kritérii pro hodnocení podpory zdraví na pracovišti vydanými Státním zdravotním ústavem Praha roku 2005.

V Praze 20. 10. 2009

Mgr. Dana Juráskova, Ph.D., MBA
ministryně zdravotnictví ČR

Certificate Health Promoting Enterprise the 3rd Grade


Státní úřad inspekce práce
Horní náměstí 103/2, 746 01 Opava

vydává firmě

Energetika Kladno s. r. o.

OSVĚDČENÍ

ev. č. 2/07/BP

o zavedení systému řízení bezpečnosti a ochrany zdraví při práci v souladu s požadavky ILO-OSH 2001 a OHSAS 18001:1999

s právem používat označení

„BEZPEČNÝ PODNIK“

Platnost osvědčení je omezena do: 19. června 2010

19. června 2007
V Opavě dne

Státní úřad inspekce práce

Státní úřad inspekce práce
generální inspektor

Certificate Safe Enterprise

Environmental Management System under ČSN EN ISO 14001:2004 and Occupational Health and Safety System under OHSAS 18001:2007

In managing the Kladno Power Station, we have been applying the environmental management system under EN ISO 14001 and the occupational health and safety management system under OHSAS 18001 on a long-term basis. The environmental management system under EN ISO 14001 has been applied for the management of our activities since 2004. In 2005, we also incorporated the occupational health and safety management system under OHSAS 18001 in the integrated management system. Including these standards in the management system enabled us to adopt and implement our common objectives and programmes in respect of environment, care for safety and hygiene at work and continuous improvement of working conditions.

The key strategic objective consists in ensuring the long-term business stability by the following activities:

1) approach to the environmental protection and occupational safety will systematically be managed; significant negative environmental and safety impacts of the business activities will be identified and gradually minimised to an acceptable risk level;
2) compliance with the applicable legal and other regulations and their respective requirements will be monitored and checked by the system, and as such, risks of non-compliance and potential penalties imposed by the governmental authorities will be reduced;
3) public relations, including relations to the governmental authorities, will be monitored and improved, and as such, their greater trust will be achieved;
4) good bases will be established to improve the company's image in both the Czech Republic and EU countries;
5) the level of our care for occupational health and safety, as well as standards of our working conditions will continuously be improved;
6) conditions will be created to upgrade our process equipment, improve the work organisation standards, personnel qualifications and skills, as well as social conditions of our personnel;
7) financial, material and human resources will be identified to achieve the EMS and OHS objectives.

Late last year, the top management of Alpiq Generation (CZ) reviewed the wording of the declared Occupational Health & Safety and Environmental Policy. The document was updated and in November 2009, a new Policy of the company was issued. Consequently, in early 2010 some other minor changes and modifications of the Policy document text were made. The updated Occupational Health & Safety and Environmental Policy, approved by the company management, is as follows:

OCCUPATIONAL HEALTH AND SAFETY AND ENVIRONMENTAL POLICY

Alpiq Generation (CZ) operates, and organisationally ensures operation of, electricity and heat producing equipment, including distribution, water supply, waste water/sewage treatment, natural gas supply, compressed air production and distribution systems, as well as other associated auxiliary production and non-production equipment. The environmental issues, along with health and safety, continuously rank among the top priorities of the company. To accomplish the objectives in this area, the top management of this company assumes the following joint obligations which must be integrated in all the staff activities:

I. Compliance with Legislation

- Continuously comply with all applicable environmental, health & safety and other associated laws and regulations.

II. Occupational Health and Safety

- Encourage employees to continuously improve safety standards.
- Continuously improve the safety management system as per scientific and technical progress.
- Apply the safety management system to all operating procedures.
- Create conditions for personnel's health protection.
- Achieve the strategic objective of zero accidents.

III. Minimisation of Environmental Impacts

- Continuously reduce environmental impacts of the business activities and, as the case may be, products at changing outside conditions.
- Prevent any environmental pollution, set and assess accomplishment of quantifiable objectives and thus continuously improve environmental standards.
- Consistently take economical and preventive actions regarding energy, raw and other material savings, waste production and disposal and reduced pollutant emissions.
- Eliminate or minimise impacts of old environmental liabilities.

IV. Readiness for Emergency

- Take preventive measures to avoid emergencies and if any emergency occurs, proceed under the Emergency Action Plans minimising environmental impacts.
- Regularly check the Emergency Action Plan functionality and staff abilities to properly respond to emergencies.
- Reduce environmental, health & safety risks and hazards.
- Assess risks and take measures to reduce or eliminate them.

V. Relation to Staff

- Continuously improve staff awareness of environmental, health & safety issues.
- Educate, train and motivate staff towards performance of any and all activities in an environmentally responsible manner.
- Improve work environment with emphasis on prevention and compliance with applicable legal and other regulations.
- Create conditions for good human relations and comfortable environment.

VI. Services and Outside Contractors

- With respect to any service and product, provide information for the purpose of safe handling, use and disposal.
- Incorporate occupational safety and environmental aspects in the marketing and supplier-customer relations.
- Make outside contractor staff working at the site familiar with safety requirements and procedures, environmental principles and procedures applicable to the site and require compliance.
- Maintain and improve strategic energy commodities and services supplies.

VII. Openness

- Communicate openly and cooperatively environmental and safety risks and impacts of the Kladno business activities to both the staff and public.
- Provide true information on environmental impacts of the Kladno business activities to both the staff and public.
- Inform the public in an available form on the state and results of environmental protection and occupational health and safety and on an overall relation of the companies to the environment and occupational health and safety.

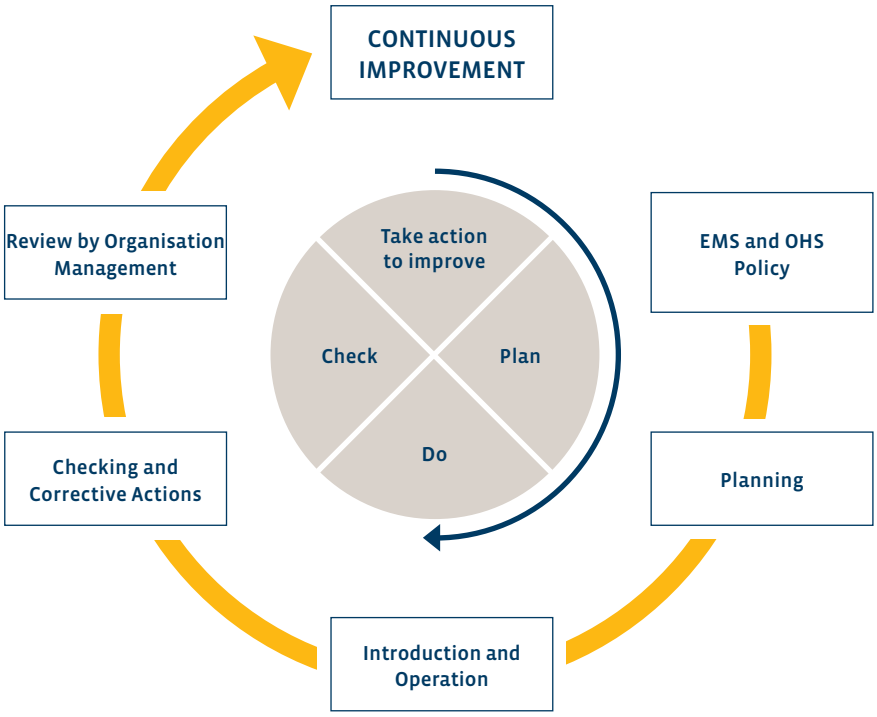
Alpiq Generation (CZ) is fully aware of safety and environmental importance, and by improving safety and environmental standards, the company wants to be better than the other energy producers.

The company management commits itself to provide sufficient resources and create conditions for compliance with this policy. In doing so, the management relies on the knowledge and capabilities of all personnel and their belonging to the company.

The adopted Policy aims at identifying top business plans under the defined EMS and OHS system to be implemented in the future in order to protect the environment and improve occupational health & safety standards. The “Policy“ is a fundamental conceptual document to manage and control our business

activities so as to comply with the continuous sustainable development principles and application of the system approach to the solution of occupational health & safety issues.

The concept of the introduced EMS and OHS system is transparently presented in the below schematic, which indicates logical relations in the system introduction and consequent operation.



If we want to systematically fulfil the Occupational Health & Safety and Environmental Policy, it is necessary to carry out all activities in a planned manner. The planning also includes the risk assessment with respect to environmental impacts of all our activities, hazards in the areas of safety and hygiene at work, legal area, as well as other requirements applicable to the company. Results are evaluated and recorded in the Registers. For significant aspects and their impacts, appropriate objectives and targets are set to eliminate or reduce them. The assessment takes into account routine activities and potential emergencies, as well as activities performed in the past which might result in so-called old liabilities, and activities to be performed in the future, where potential environmental impacts of newly introduced production activities are considered. The continuously performed assessment results in identifying the largest risks of environmental impacts to be addressed.

The most significant environmental and safety risks are mostly solved by adopting environmental objectives and programmes, as well as occupational health and safety objectives and programmes. Moreover, every year other objectives are adopted on the basis of suggestions made by the company employees and management. In addition to the long-term objectives and programmes, extraordinary actions and programmes are adopted to solve topical issues arising from the internal and external audits or operating emergencies. Even

though we do not manage to implement all the objectives and programmes by the scheduled dates, we can state that all the important EMS and OKS objectives and programmes, scheduled for 2009, have been accomplished.

In order to ensure that the EMS and OHS system works properly, sufficient human, material and financial resources are planned to accomplish its objectives and programmes. In addition to these main resources, which are included in the company budgets, other resources are also identified to maintain and improve the EMS and OHS system.

In our company, a periodical management programme is also well established in the OHS area with a view to create conditions for safe work in hygienically satisfactory environment for all the personnel. Therefore, the company is introducing documented procedures to maintain the continuously high safety standards. We provide for the personnel education and training, keep required documentations and provide for other activities, as required by the applicable legal and other regulations and scientific and technical knowledge.

The EMS and OHS system functionality is reviewed by both external and internal audits every year. The internal audits are carried out by independent, trained employees (i.e. internal auditors) and invited external independent auditors. In the event that any deficiency is detected, actions are taken to improve the situation. Any potential deficiency revealed by the auditors, is always an important suggestion for the company management to reflect on necessary corrections of the plan and to set tasks so as to remedy the deficiency or possibly, to reassess the responsibility for the task solution.

In 2009, internal audits were planned and implemented in a total of 16 areas, covering all activities and work areas of the company. The audits were carried out jointly for the EMS and OHS systems. A total of 22 internal auditors of the company were assigned to conduct such audits, and there was also one external independent auditor, who conducted a total of 6 audits, while performing the chief auditor position. The audits revealed some minor imperfections, which were gradually corrected as soon as possible. The internal audits appear to be an effective review tool and allow the management to identify and remedy on a timely basis any environmental and health & safety deficiencies.

In October 2009, there was an external control audit of the EMS and OHS systems. The external audit was conducted by CERT - ACO, s.r.o. and consisted of individual audits of selected workplaces, technological and administrative procedures, where the compliance with legislative requirements and relevant permits was audited from the environmental and safety perspective. The audit did not reveal any serious deficiencies. The external control audits of ECKG and ECK, the predecessor companies, have confirmed that the environmental and health & safety management systems continue to be maintained at a very good level. The audit was also carried out in view of the then ongoing merger of ECK and ECKG into Alpiq Generation (CZ), and the new Certificates were already issued for AGCZ. Both the Certificates under EN ISO 14001 and OHSAS 18001 were successfully defended during the external certification audit.

The EMS and OHSAS Certificates, issued under international standards, document our compliance with all the requirements of these standards and also represent our commitment to further improve our activities in all the areas such that we will continue to rank among the best energy facilities in the Czech Republic.

In 2009, we did not register any environmental accident caused by our company. In the occupational health & safety area, no lost time accident occurred in 2009.

Power Station Operations and Their Environmental and Safety Impacts

Core Business Activities

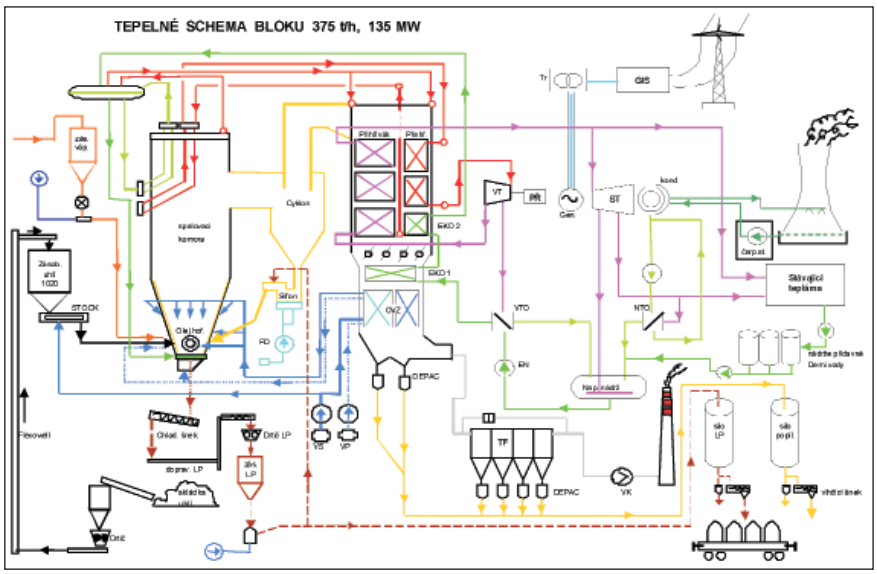
The Alpiq Generation (CZ) core activities include electricity and heat production, distribution, electricity trading, natural gas distribution, compressed air production and distribution, industrial water treatment and supply for the power station and other customers, and waste water and sewage operation, including the Waste Water Treatment Plant located at Kladno-Dubí.

In view of the character of our business activities, our major environmental impacts are particularly air emissions and production of solid remnants (i.e. ash) from the fossil fuel combustion process, and furthermore, discharge of waste water from the electricity and heat production process, as well as waste water discharged by other producers, based in the Kladno-East industrial complex, to the operated sewerage.

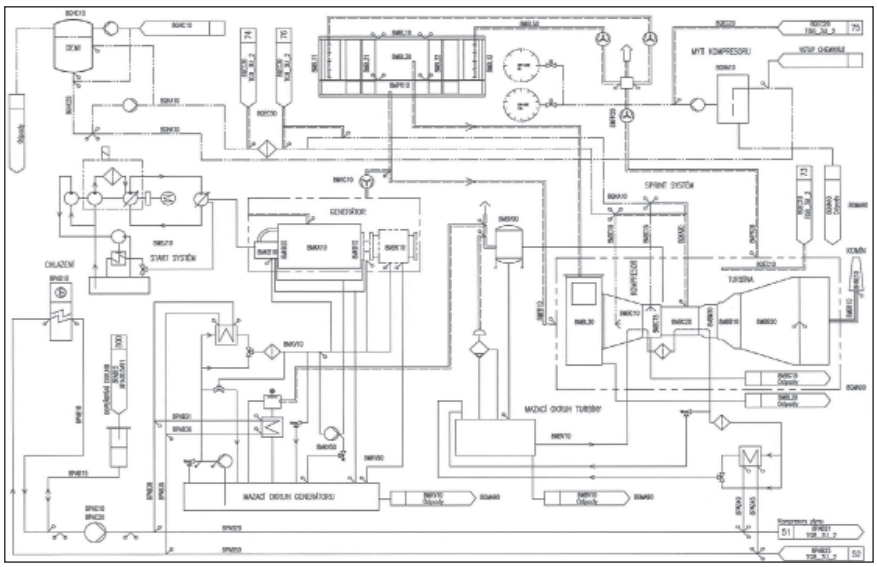
"Kladno Power Plant 1", located in Kladno – Dubí, consists of four production units with the total maximum electrical output of 371.8 MW. The main production units are the circulating fluidised-bed Boiler K4 with Turbine Generator TG4 and circulating fluidised-bed Boiler K5 with Turbine Generator TG5; another facility is the cogeneration unit with the Gas Combustion Turbine TG6 and powderised coal fired Boiler K3 with Turbine Generators TG9 and TG12.

"Kladno Power Plant 2", located in Kladno-Dříň, consists of GT8M gas turbine set with the rated electrical output of 43 MW. The unit also includes gas compressors which increase the network pressure to the pressure required for the turbine operation. The combustion turbine hall itself is designed as an assembled jacketed structure provided with noise enclosure.

This power facility is also able to start up from the dark, which may be used in the case of grid black-out, thus enabling electricity supplies to be provided to the regional energy infrastructure. Due to its ability to provide the grid support service of "start from the dark", our power facility can significantly help the power system solve critical events and improve the stability of power supplies for all customers. Electricity from this power facility also allows other power stations to be restarted.



"Kladno Power Plant 1" Basic Flow Diagram



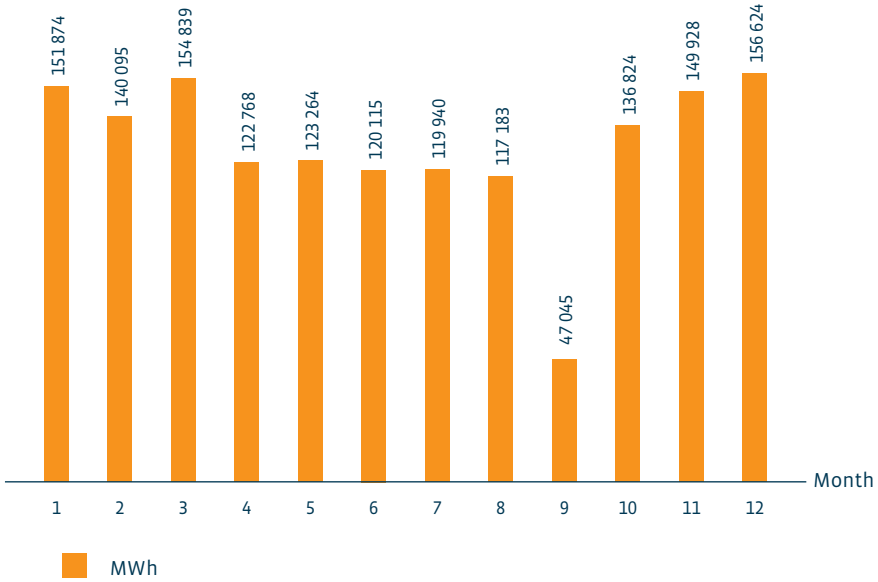
"Kladno Power Plant 2" Basic Flow Diagram:

Our auxiliary services allow our power facilities to be operated reliably, flexibly and smoothly – i.e. industrial water production and supply from the Podmoráň and Úholičky Water Pumping Stations, demineralised and softened water production and supplies of operating commodities for outside customers based in the Kladno – East industrial zone (natural gas, compressed air, electricity, drinking and industrial water, steam and hot water), waste water and sewage drainage and treatment and operations to interconnect electrical capacity to the 110 kV grid operated by ČEZ Distribution a.s. Another important activity, carried out by our company and concerning the residents and many companies based in the City of Kladno, is the heat production to provide heat to the district heating system, including residential and non-residential occupancies. We provide supplies of such operating commodities and waste water and sewage drainage through tens of kilometres long distribution piping, sewerage networks, overhead and underground electricity distribution lines and more than forty electrical substations for both our own needs and needs of many companies based in the Kladno – East industrial complex.

The fulfilment of key production indicators in 2009, as compared with the fulfilment in 2003 through 2008, is presented in the following graphs:

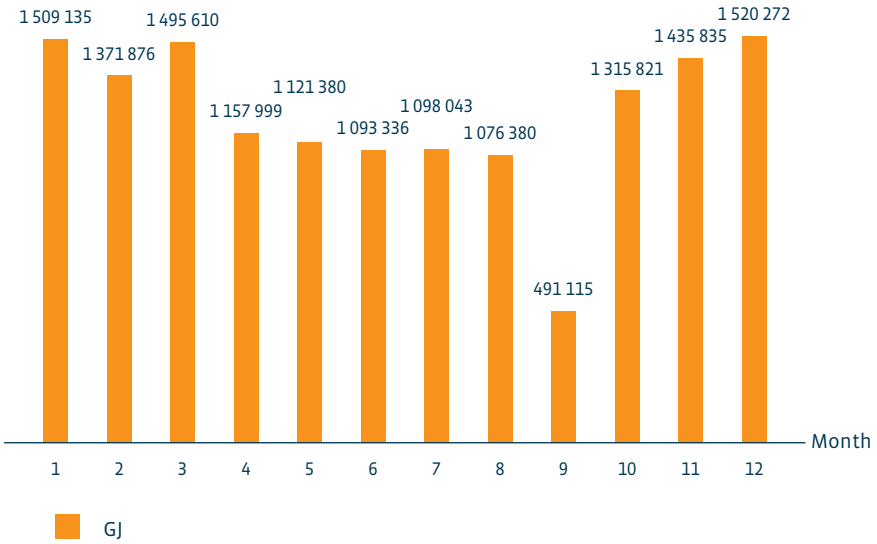
Electricity Production in 2005 through 2009

Electricity Production 2009



Heat Production in 2005 through 2009

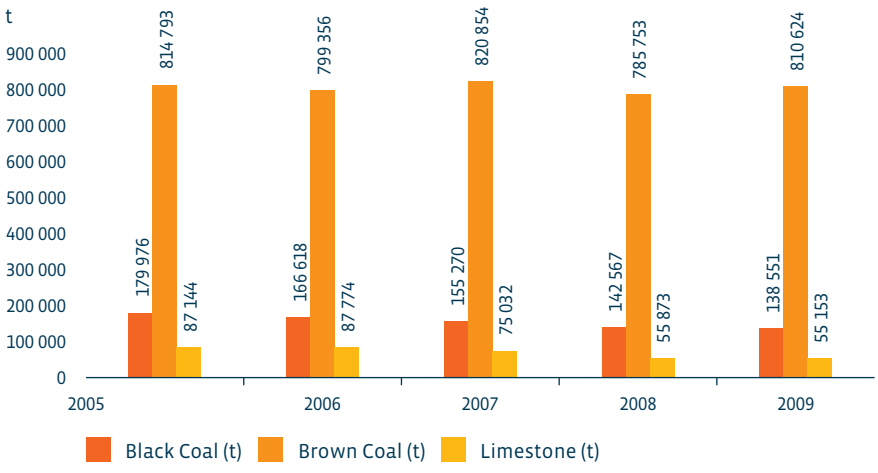
Heat Production in 2009



A summary of the key inputs and outputs of AGCZ in 2009 is provided in the below Table:

Key Inputs		Key Outputs	
Black Coal (t)	138 551	Electricity (MWh)	1 540 498
Brown Coal (t)	810 624	Heat (Steam and Hot Water) (GJ)	14 686 802
Biomass (t)	46 305	Demineralised Water (m^3)	652 762
Natural Gas (m^3)	1 760 775	Softened Water (m^3)	36 781
Extra Light Fuel Oil (m^3)	1 066	Fuel Combustion Waste (t)	201 349
Limestone (t)	55 153	Solid Municipal Waste (t)	61
Cooling Water (m^3)	2 860 338	Other Industrial Waste (t)	1 798
Process Water (m^3)	84 4173	Hazardous Waste (t)	60
Drinking Water (m^3)	22 701	Waste Water and Sewage (m^3)	1 129 524
Water Treatment Chemicals (t)	728	CO_2 Emissions (t)	1 579 026

Key Raw Material Consumption Evolution



The consumption of the main raw materials, including, but not limited to, coal, is dependent on the production volume and raw material quality parameters. By taking technical and technological actions and particularly, by switching to the new, higher quality limestone type, we have significantly reduced the consumption of this raw material, and as such, we have also reduced SO_2 emissions from the circulating fluidised-bed boilers into the air.

Biomass in the form of wood chips has been burned in our circulating fluidised-bed boilers since 2008. We gradually increase the biomass quantity used: in 2008 and 2009, we burned a total of 22,918 tons and 46,305 tons of biomass respectively; biomass replaces brown coal, an unrenewable energy source. Biomass burning also results in reduced limestone quantities to desulphurize flue gases, as well as in reduced ash quantities to be removed for further utilisation.

The natural gas consumption is particularly influenced by the utilisation of Gas Combustion Turbines TG6 and TG8. The extra light fuel consumption is influenced by the number of TG6 operating hours with this fuel, number of boiler starts and Defrosting Tunnel operation depending on the weather.

We always select high-quality input raw materials to reduce environmental impacts. Therefore, low sulphur fuels with higher heating value and lower waste (ash) product content are preferred.

The company also continuously aims at taking organisational and technical measures and implementing capital projects to reduce energy distribution losses. Furthermore, technical and organisational measures are taken to improve the primary energy utilisation efficiency.

Alpiq Generation (CZ) also takes care of its neighbourhood, and as such, we continuously make efforts to improve not only our site, but also our neighbourhood, where for example illegal dumps are also being removed. On the lands, owned by our company, as well as in the areas around the buildings operated by us, we perform regular landscaping, and decoration trees, bushes, flowers and lawns are maintained, and undesirable vegetation is removed.

In the handling of natural resources, a few programmes and measures were implemented in 2009:

- Combusting biomass to reduce the consumption of unrenewable energy sources by the fluidised-bed boilers at the power station site.
- Repairing internal paints and replacing filtration sand beds in the sand filters in the Water Treatment Plant in order to minimise the specific wash water consumption.
- Reconstructing some of the Úholičky Pumping Station filtration technology equipment (replacement of the hydraulically controlled slide gates by flap valves with servo-drives) to reduce the technological water consumption.
- Installing the evaporator circulating water bypass to reduce the steam consumption for heating when the cogeneration unit standby mode is in service.
- Inspecting proper functionality of the HRSG steam piping drainage system to reduce any thermal energy losses.
- Taking actions to prevent natural gas leaks into the gas turbine TG8 neighbourhood.
- Replacing the Dříň substation building windows to reduce thermal losses of the building.

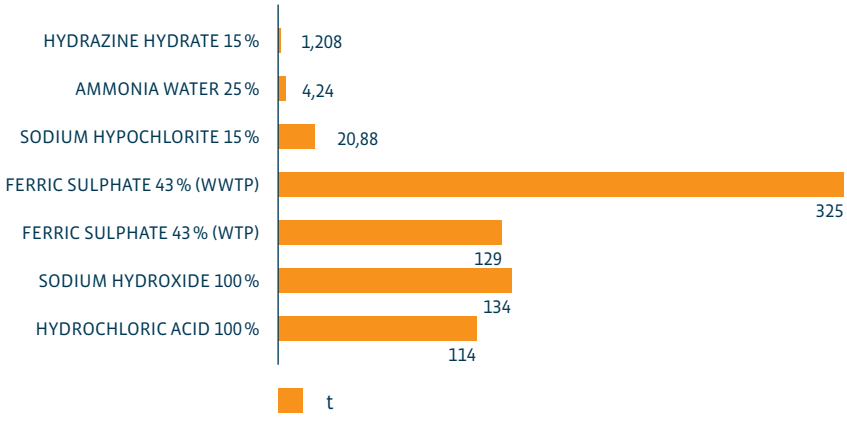
- Taking a lot of actions to minimise energy distribution system losses (replacing 6 hot water piping deaeration sections, replacing 4 shut-off fittings on the hot water distribution piping, replacing P11 steam pipe sections from the pipe bridge to RS1 at DN 150, replacing 6 steam condensate separators, continuing reconstruction of the G1 gravity water piping by pulling in the independent insert, cementing (sealing) the G2 gravity water piping, mounting 3 shut-off fittings on the industrial water supply pipeline).
- Taking actions to minimise auxiliary power amount (heating, lighting, consumption by facilities, replacement of facilities).
- Taking actions to reduce diesel oil consumption in operating the machinery on the coal yard.
- Taking other actions to minimise consumption of operating materials.

From the in-house consumption perspective, the main hazardous chemical substances and preparations in the power station include substances used in the water treatment for energy purposes and waste water and sewage treatment.

Hydrochloric acid (HCl) and sodium hydroxide (NaOH) are used to regenerate ion exchanger beds in the Water Treatment Plant ("WTP"), and ferric sulphate is used to pre-treat Vltava river raw water by clarification. Ferric sulphate is also used in the Waste Water Treatment Plant as the coagulant to treat sewage and waste water.

Ammonia water and hydrazine hydrate solution are used for alkalinisation and deaeration of treated water. The system based on the dosing of NALCO products and sodium hypochlorite is used to treat water in the open cooling system of the power station.

Key Chemical Consumption in 2009



Chemical (tons)	2005	2006	2007	2008	2009
Hydrochloric Acid (corrected for 100 %)	103	135	87	97	114
Sodium Hydroxide (corrected for 100%)	134	174	141	103	134
Ferric Sulphate 45%	498	556	666	472	454
Sodium Hypochlorite 15 %	18	26	18	16	21
Treated Raw Water Quantity	533 192	727 510	593 966	577 379	611 885

In 2009, the consumption of hydrochloric acid and sodium hydroxide increased. The chemical consumption is particularly dependent on (i) treated water quantity and quality and (ii) quality of demineralization line cartridges regenerated by means of chemicals. The increased sodium hypochlorite consumption quantity in 2009 was caused by the increased quantity of treated cooling water and worse quality of this water at the cooling tower inlet. The increased ferric sulphate consumption in the Waste Water Treatment Plant ("WWTP") in 2007 was particularly caused by an increased coagulant dosing into waste water to eliminate alkaline waste water inflows into the Waste Water Treatment Plant.

Under all chemical storage tanks, there are collecting pits which are able to catch all the tank volume. Our storage and unloading facilities are subject to regular safety checks and inspections.

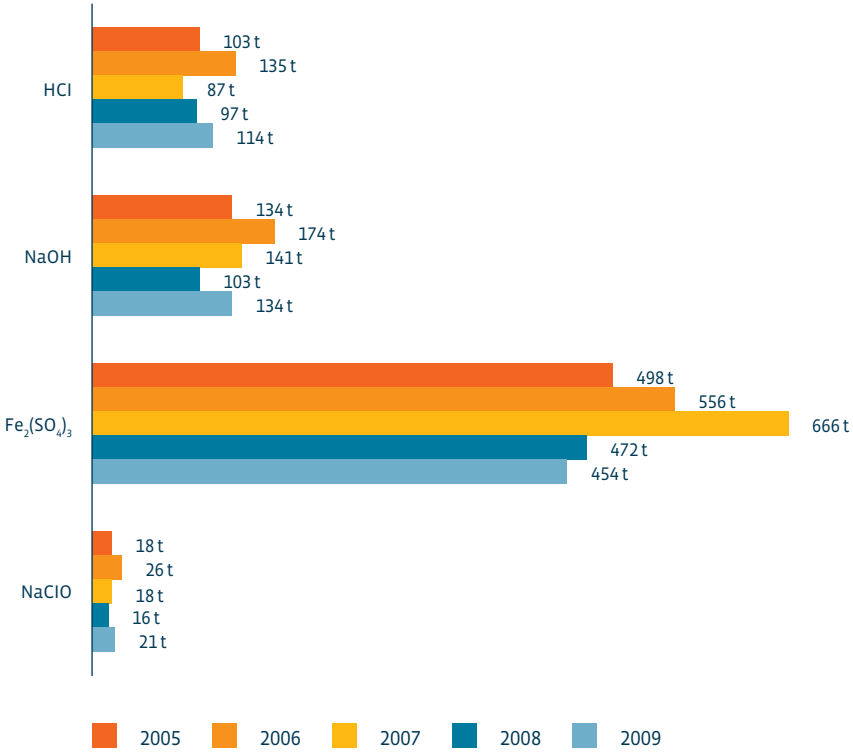
In 2009, no emergency endangering the environment or personnel's health was registered in the chemical handling system.

In managing chemicals and preparations, objectives, programmes and actions are adopted every year to reduce any emergency hazards with environmental and people's health impacts. In 2009, the following programmes and actions were implemented:

- Repair of protective paints of the high-speed stirrer and flocculators in the Water Treatment Plant to prevent any acid water leak and ferric sulphate losses;
- Replacement of ion exchanger beds in the mixed bed filters in the Water Treatment Plant to minimise specific chemical and water consumption for regeneration and washing.
- Replacement of pressure gauge connecting parts at TG6 oil piping to eliminate any oil leaks from the oil pressure gauge system of the main oil pump;
- Repair of leaks at the gearbox and TG8 generator lube oil systems;
- Improvement of the lubricant replacement and oil refilling systems;
- Regular inspections of the waste water separators and sumps, oil substance separator filters;
- Regular inspections of chemical storage and unloading systems.

In the key areas, where hazardous substances harmful to water occur, we regularly carry out emergency fighting exercises. During such exercises, precious information is gained, which allows us to identify potential problems or deficiencies in solving any emergencies. This practice allows us to improve our personnel's readiness for response to such situations. Therefore in the next period, we will also continue to exercise the response to various emergency scenarios.

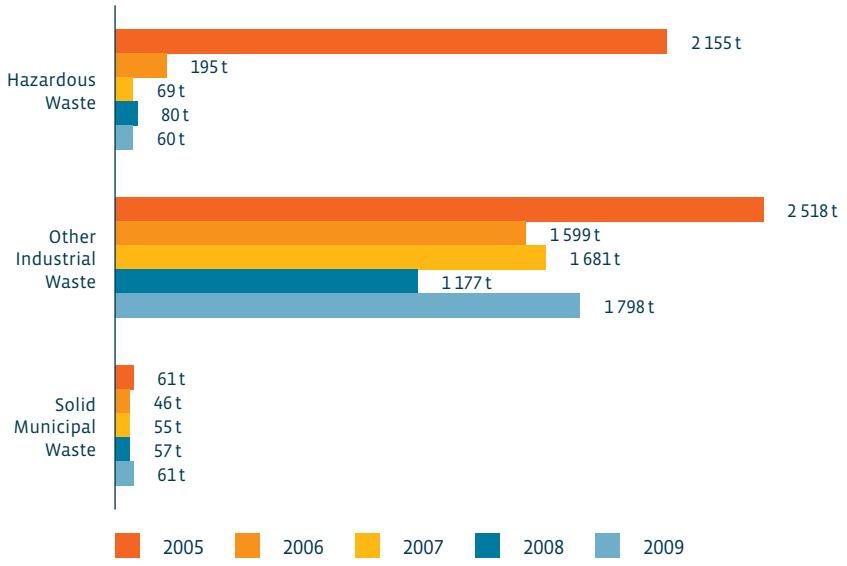
Key Chemical Consumption Evolution



In this area, we work in compliance with the approved Waste Management Plan of the company. In particular, we make efforts to prevent any waste production or possibly, to reduce waste production quantities and hazardous properties.

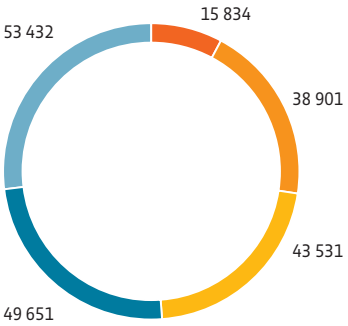
Waste Type (tons)	2005	2006	2007	2008	2009
Coal Combustion Waste	250 487	239 737	222 017	187 334	201 349
Hazardous Waste	2 155	195	69	80	60
Other Industrial Waste	2 518	1 599	1 681	1 177	1 798
Other Solid Municipal Waste	61	46	55	57	61

Waste Production Evolution



The increased hazardous waste quantity in 2005 was caused by the one-shot Poldi sedimentation pond cleaning project. The trend of the increase in the solid municipal waste production is caused by increasing the number of waste skips particularly designed for utilisable solid municipal waste types, which will improve the waste collection availability and waste sorting quality. This fact also resulted

Coal Combustion Waste



(Boiler K4, K5 fly ash is classified as Waste Catalogue Number 100105 = solid reaction product from flue gas desulphurisation, containing calcium compounds).

in an increased quantity of such recorded waste, which is determined through a statistical calculation (regular removal of solid municipal waste). The increased quantity of other industrial waste types in 2009 is just virtual because the waste (sludge) quantity reporting method changed in the Waste Water Treatment Plant, where the actual sludge quantity as dumped is recorded at present. In the previous years, the correction for 100 % of the sludge dry-matter was made, and if any such correction had also been made in 2009, then the total quantity of other industrial waste types would have amounted to 1,161 tons in 2009, and as such, it is obvious that the production of such waste types is slightly decreasing.

In the company, the coal combustion waste continues to represent the most significant waste item from the perspective of the total waste production. This production depends on both the total energy production (i.e. coal and limestone consumption) and physical and chemical properties of input raw materials. The produced waste quantity was reduced particularly by (i) switching to the new limestone type, (ii) reducing the unburned portion and (iii) starting to burn biomass, which replaced a portion of burned coal with significantly higher ash content. In 2007, the new, higher quality limestone type replaced the then used limestone type, which also had a higher content of unusable ballast components transferred to the fuel combustion waste.

In the waste management area, our key long-term objectives particularly consist in reducing the produced hazardous and other waste type quantities. Apart from performing routine activities and removing regularly produced waste types, the following projects were also implemented in 2009:

- Cleaning of the western section of the KH sedimentation pond, including the construction of the waste water bypass of this pond;
- Repeated cleaning of the Poldi sedimentation ponds, including the inflow building and rainwater separator;
- Removal of illegal dumps from the lands adjacent to the power station site;
- Cleaning of waste water separators and sumps;
- Increase of the number of skips designed for sorted solid municipal waste;
- Increase of the recycled waste portion.

In the next period, we will have to focus our efforts particularly on the waste sorting system improvement, as well as on the reduction of dumped waste.

Waste Water and Sewage Drainage and Treatment

Our company operates and administers several kilometres of sewer networks in the Kladno – East industrial area, which a few tens of external companies are also connected to. The sewer system is terminated by the Waste Water Treatment Plant at Kladno – Dubí.

Considering the large scope of the sewer system and the number of connected waste water and sewage producers, this system continues to represent one of the most hazardous areas due to potential harmful environmental impacts. In particular, there are problems due to pollutant leaks into the sewer system, caused by lack of discipline of some companies connected to the sewer system, as well as by old environmental liabilities regarding the lands located especially in the Poldi area. We manage to capture higher pollutant concentrations and emergency leaks on a timely basis, also by using the sedimentation pond system provided with scum baffles upstream of the Waste Water Treatment Plant. Over a few last years, several analysers were also installed in the Waste Water Treatment Plant, which allows us to register any such emergency duly on time such that the Waste Water Treatment Plant personnel can respond to it accordingly.

In 2009, all the applicable waste water pollution limits were complied with. In the monitored period, stable waste water and sewage quality was achieved, as measured at the Waste Water Treatment Plant outlet into the Dřetovický Creek. Reducing the waste water quantity also resulted in lower pollutant parameters of the waste water discharged by the Waste Water Treatment Plant. The reduced content of undissolved substances was particularly caused by the one-shot cleaning of the KH sedimentation ponds ("Black Sea") at the sewer system upstream of the Waste Water Treatment Plant.

In early 2009, we solved a problem of worse waste water quality at the Waste Water Treatment Plant as to the overall alkalinity and content of organic substances. The Waste Water Treatment Plant staff identified on time the pollution source - failure on an outside waste water producer's plant. Potential risks of (i) higher chemical consumption of oxygen (CHSKCr) in the waste water inflow into the Waste Water Treatment Plant and (ii) discharge of insufficiently treated waste water into the Dřetovický Creek were eliminated. The allowable limits were not exceeded at the Waste Water Treatment Plant into the Dřetovický Creek.

Waste Water and Sewage Pollution and Quantity Indicators

Indicator	Limit (kg)	2005 Emissions (kg)	2006 Emissions (kg)	2007 Emissions (kg)	2008 Emissions (kg)	2009 Emissions (kg)
$CHSKC_r$	315 000	52 083	77 982	84 156	67 288	64 369
RAS	5 172 000	1 125 706	1 616 811	1 227 042	1 172 347	966 085
NL	126 000	21 543	18 554	13 167	9 201	13 906
Waste Water Quantity from WWTP (m^3)	6 307 200	2 459 663	3 118 246	2 801 465	2 400 301	2 195 647

Explanatory Notes: CHSK = Chemical Consumption of Oxygen, RAS = Dissolved Inorganic Salts, NL = Undissolved Substances, WWTP = Waste Water Treatment Plant

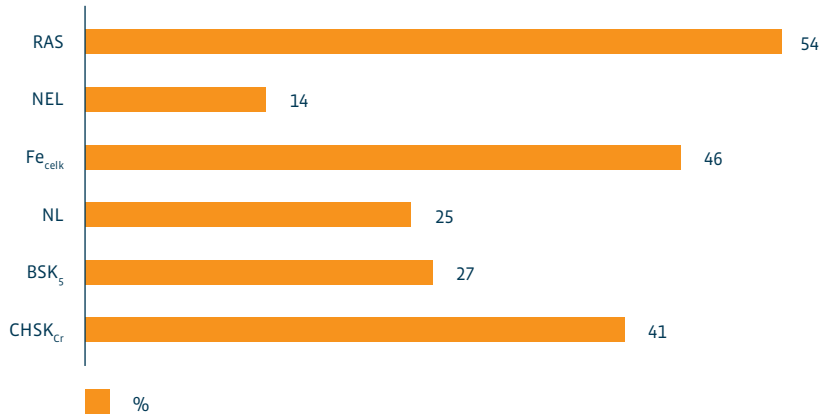
Waste Water Pollution Evolution

Pollutant concentration at the Waste Water Treatment Plant outlet

Indicator	Allowable Limit Value "p" (mg/l)	Actual Average Value at Outlet (mg/l) in 2007	Actual Average Value at Outlet (mg/l) in 2008	Actual Average Value at Outlet (mg/l) in 2009
$CHSK_{Cr}$	70	30	28	29
BSK_5	15	6,6	5,0	4,0
NL	25	4,7	3,8	6,3
Fe_{celk}	2,0	0,30	0,35	0,92
NEL	1,0	0,07	0,08	0,14
RAS	820	438	488	440

Explanatory Notes: CHSK = Chemical Consumption of Oxygen, BSK = Biological Consumption of Oxygen, NL = Undissolved Substances, NEL = Undissolved Extractable Substances, RAS = Dissolved Inorganic Salts

Fulfilment of Limits at WWTP Outlet in 2009



In 2009, we implemented a number of programmes, capital projects, preventive measures and significant decisions in the sewer system and Waste Water Treatment Plant:

- Repeated cleaning of the Poldi sedimentation ponds, including the inflow building and rainwater separator;
- Cleaning of the western section of the KH sedimentation pond, including the construction of the waste water bypass of this pond;
- The newly developed design documentation of the sewer system was assessed, and consequently, the construction of the "Sewer System in the Industrial Zone of Kladno – East (Poldi)" was checked. The construction was approved as the united sewer system for public needs;
- Based on the checked construction, the company obtained the permit for operation of the sewer system for public needs; the sewer system consists of the Waste Water Treatment Plant in Kladno - Dubí and sewer system with a total length of 29.8 km;
- Consequently, new Sewerage Rules were developed and approved for the sewer network of the Industrial Zone of Kladno – East (Poldi);
- Completion of the large repair of Sedimentation Pond 4 machinery in the Waste Water Treatment Plant, replacement of sedimentation pond rack sections and reconstruction of the clarification flocculator and stirrers;
- Replacement of drainage belt sets at KS 20 1 belt filter and reconstruction of sludge pumps under Sedimentation Ponds 1 and 4;
- Removal of floating oil substances from the PH and KH Sedimentation Pond level and scum baffles;
- Performance of industrial video camera checks of the sewer connections in the Kladno – East industrial zone;
- Performance of checks, inspections, cleaning and repairs of emergency oil collectors under the transformers.

Air Protection

The main air pollution sources are the production units installed in the Kladno Power Plant 1, and to a small extent, also the production units installed in the Kladno Power Plant 2, which is designed to be a peaking facility with the minimum annual operation. The monitored pollutants emitted by the power station into the air are solid particles, SO2, NOx, and CO. These pollutant emissions are continuously monitored by our emissions monitoring system.

CO2 emissions represent another important parameter which is subject to monitoring. In accordance with the Monitoring Plan, CO2 monitoring was ensured and greenhouse gas allowances were traded in. In 2009, a total of 1,579,026 of CO2 emissions were produced by all the energy facilities operated by the company.

In 2009, all the limits applicable to pollutant emissions into the air were satisfied, and in no case, they were violated. By taking appropriate technological measures, we regulate and maintain the pollutant emissions below the applicable emission limits. As compared with the previous years, the specific emissions of these substances into the air continue to be maintained at the stable level.

By implementing various technical actions and capital projects, we continue to comply with the applicable SO2 emissions limit of 400 mg/m3 in flue gases. In 2009, the average daily concentration of SO2 in flue gases amounted to 370.62 mg/m3 and 339.31 mg/m3 at Boilers K4 and K5 respectively.

In 2009, authorized emissions measurements were carried out to verify the correctness of the continuous emissions monitoring results. Moreover, we also carried out measurements of persistent organic substances, heavy metals, chlorides and fluorides at the extra large emission sources. During the measurement, no excessive data were registered and no measurement differences were ascertained. The measurement confirmed the correctness of the continuous emissions monitoring.

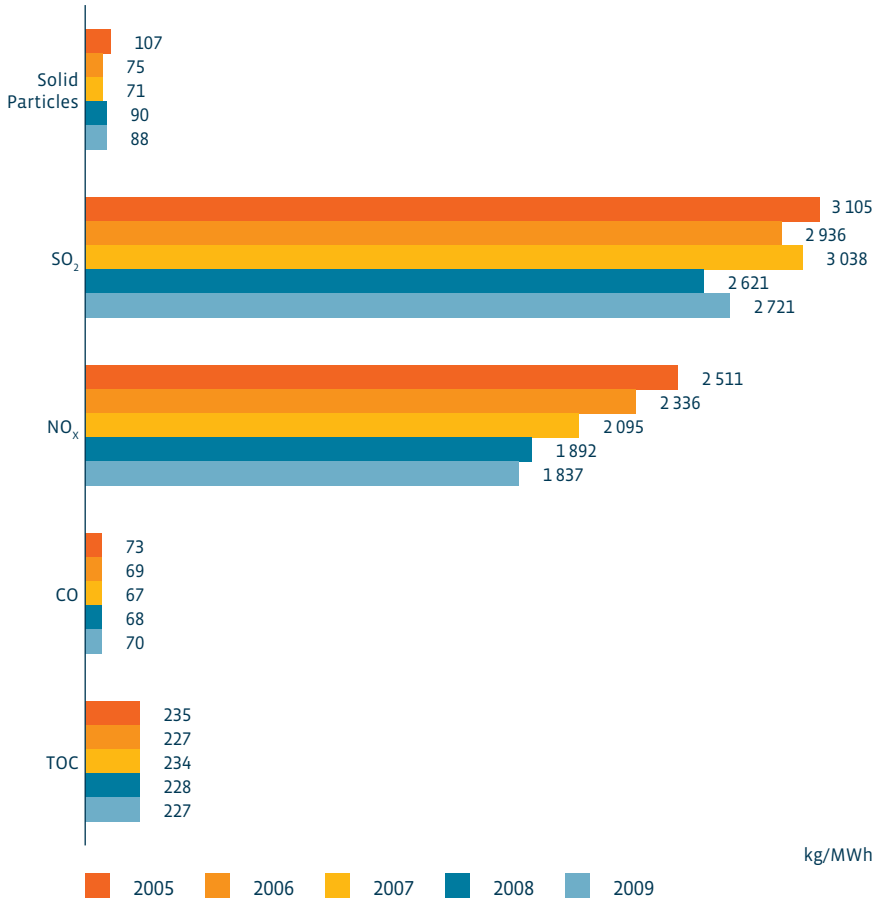
Since 2008, we have been burning wood chips in combination with brown coal in our circulating fluidised-bed boilers. In 2009, we burned a total of 46,305 tons of biomass in both the circulating fluidised-bed boilers to replace approximately 3.12 % of brown coal, the unrenewable energy source.

At the small air pollution sources, the boiler flue gas ducts are regularly inspected, and furthermore, the combustion process efficiency and emissions quantities are measured and the boiler operation equitherm control adjustment is checked.

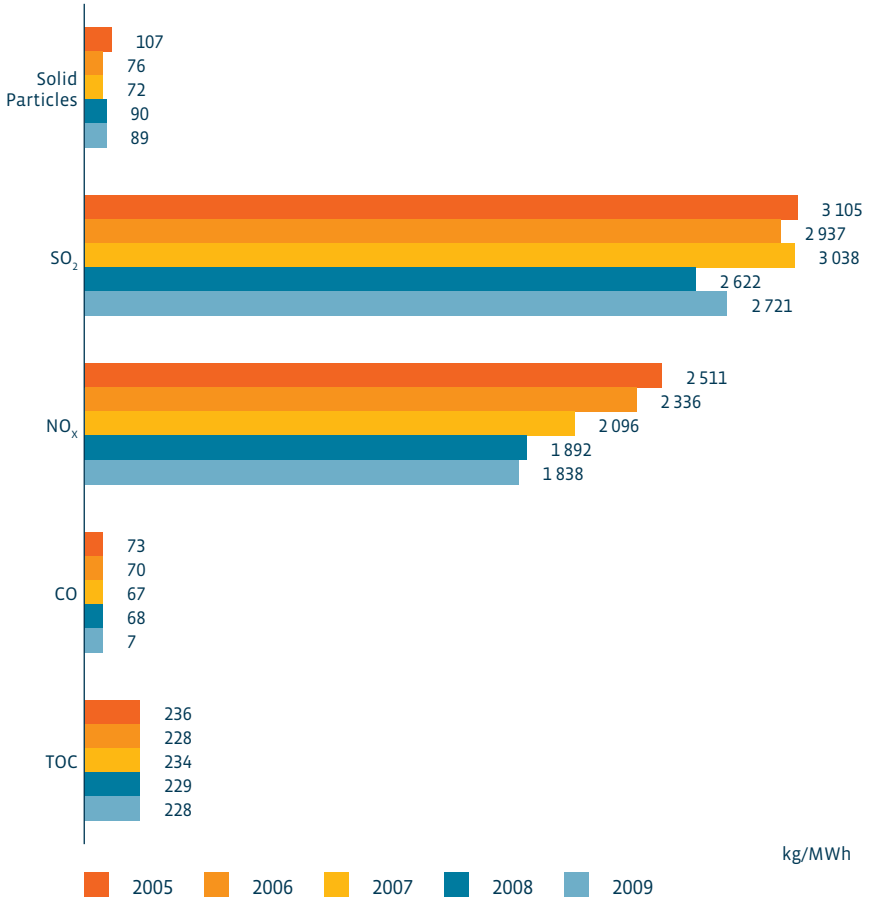
The pollutant emission balances also include the emissions from the peaking gas turbine TG8, which was commissioned in late 2006. The evolution of pollutant emissions from the AGCZ power facilities is presented in the below table and graph:

Indicator	2005 Emissions (t)	2006 Emissions (t)	2007 Emissions (t)	2008 Emissions (t)	2009 Emissions (t)
Solid Particles	107,293	75,578	71,698	90,296	88,640
SO_2	3 105,272	2 936,724	3 038,181	2 621,627	2 721,335
NO_x	2 511,004	2 336,059	2 095,856	1 892,269	1 837,941
CO	73,111	69,825	67,161	68,344	70,597
TOC	235,612	227,816	234,218	228,608	227,476

Air Pollution Evolution



Emissions to Produce Electricity



We make our best efforts to further reduce produced pollutant emissions by (i) operating properly the power station process equipment and (ii) implementing capital projects. The most significant projects implemented in the air protection area in 2009 particularly included:

- Optimisation of the circulating fluidised-bed boiler operations and testing to reduce SO2 emissions into the air;
- Significant increase of the biomass quantities burned in both the circulating fluidised-bed boilers of the power station, and implementation of capital projects related to biomass handling, (e.g. installation of new automated fuel samplers on Conveyors G1, 2).

Noise Emissions

In compliance with the conditions for power facility operations and Integrated Permits applicable to such power facilities, noise levels are regularly measured. For Kladno Power Plant 1, we carry out quarterly noise measurements in specific locations in the power station neighbourhood, and for the peaking combustion turbine, which is installed in the industrial area of Kladno – Dříň, noise measurement is carried out once a year in a specific location in the adjacent residential area. All such measurements are conducted by a certified contractor.

Based on the noise measurements carried out in the Kladno Power Plant 1 and Kladno Power Plant 2 in 2009, the Regional Hygienic Station for Central Bohemia has made a statement that both the power facilities comply with the applicable noise emission limits. From the completed measurement, it follows that Kladno Power Plant 1 adheres to the operating schedule. The noise level in the nearest residential area is almost independent on the power plant operations, and is significantly affected by the background noise, which was also documented by the measurements carried out in the previous years. In the case of Kladno Power Plant 2, the measurement has also proven that the applicable noise limit is complied with. This peaking facility also represents a stable noise source, and the noise level in the nearest residential area is more dependent on the background noise level (i.e. noise caused by traffic on the Kladno – Prague motorway) rather than on the power station operation because in comparison with 2008, the equivalent noise level also dropped by 3.4 dB there. From the above-mentioned facts it follows that both the power facilities are operated in compliance with the sanitary limits applicable to noise, as required by Government Regulation No. 148/2006 Coll. for the day-time and night-time.

By taking technical measures and operating all process equipment appropriately, we continue to reduce the noise emissions from our operations and work activities so as to affect the power station neighbourhood as little as possible.

The most significant capital project implemented in 2009 to reduce the noise level caused by our operations was the installation of noise absorbing mats on the basin of the tall natural draft cooling tower within the open cooling circuit of the power station in order to reduce the noise of falling water.

Fly Dust Emissions

The main fly dust sources in the ground atmosphere layer are particularly the coal yard operations, including the coal belt conveyance system and the ash removal system. To reduce dust levels at the site and its neighbourhood, a lot of technical and organisational actions are taken and a lot of capital projects are implemented every year, such as:

- Replacement of powderised coal ducts at the M 31 and M 32 sorter outlets within the medium-sized overhaul of Boiler K3 to reduce the dust level in K3 Boiler House.
- Replacement of filtration lamellas at the PD6 and Flexowell conveyor dust removing equipment and adjustment of all exhaust points to reduce the dust level around PD6 conveyor in coal reclaiming.
- Technical and organisational actions to reduce the dust level on the coal yard (limiting machinery operations, creating the coal yard surface layer by coal yard consolidation, applying unloading sleeves, etc.).
- Technical and organisational actions to reduce dust levels of the coal handling ways (by using central vacuum cleaning system distribution lines, performing regular cleaning by “Stokota” vacuum cleaner truck, regular quarterly cleaning of the structures by means of climbing rigs, etc.).
- Technical and organisational actions to reduce dust levels in loading both wet and dry ash into trucks (actions taken to improve tightness of telescope sleeves, deaeration and filtration plants, aeration and silo oscillomates, conveyance piping, moisturiser screw boxes etc.).
- Replacement of ALFA _ JET Plus filter sleeves to reduce the dust level of the limestone silo deaeration plant.

Occupational Health and Safety System Evaluation

In 2009, the occupational health and safety system was inspected by a few independent auditors' teams. In February 2009, the company again submitted its application for the RoSPA Gold Award and provided the organiser with the requested inputs and documents for assessment. Based on those documents and documented results of the accident rate evolution, the General Manager of the company received the RoSPA Gold Award for the company in Birmingham in May 2009.

In May 2009, our company again joined the "Health Support Company" Programme, announced by the Ministry of Health, and following the audit completed successfully in October, our company obtained the "Health Support Company – Degree 3" Award.

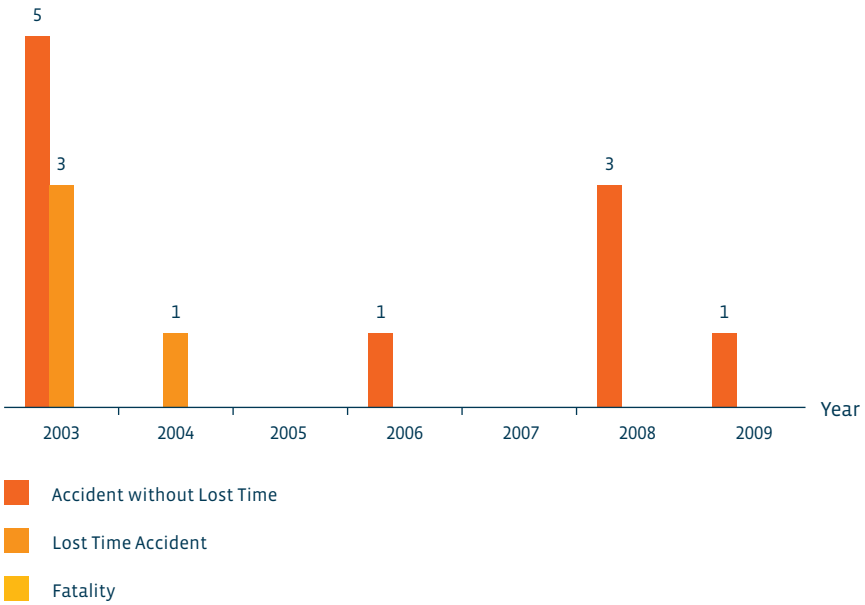
In December 2009, there was a control audit within the "Safe Enterprise" Programme, which was carried out by the inspectors of the Regional Labour Inspectorate for Central Bohemia in our company. Their Final Report says that (i) the "Safe Enterprise" Programme requirements are continuously complied with in the company, and (ii) the company may continue to use the "Safe Enterprise" degree.

The occupational health and safety system efficiency can also be documented by the current accident rate evolution. As of 31 December 2009, we had been working 1,932 days without any lost time accident, and based on that, it follows that no lost time accident was incurred. However, we recorded 1 work injury with no lost time. In 2009, we also recorded 125 near hits (a total of 121 near hits were recorded in 2008). Out of the total number of near hits, 94 have already been resolved and actions to resolve the remaining 31 near hits are in progress. Based on an analysis of the near hits recorded in 2009, we have not registered any near hit recurrence in the same location and for the same reason. In 2009, a total of 620 new suggestions were entered in the Intranet programme titled "Improvement Suggestions". Out of that number, 546 suggestions have already been implemented, 42 suggestions are in progress, and 32 suggestions are to be implemented.

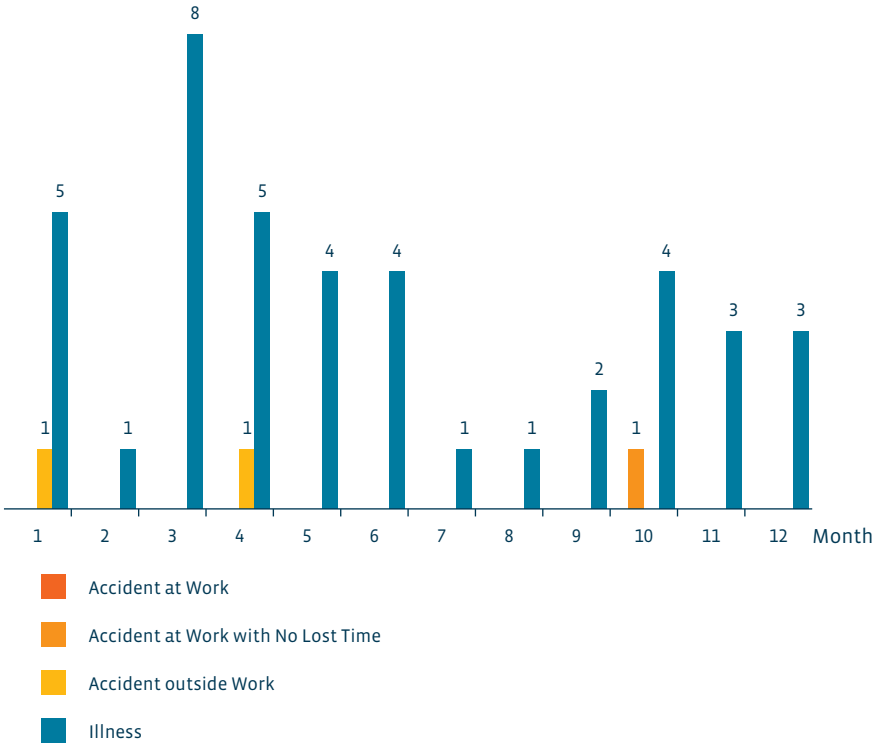
In 2009, a total of 1,143 calendar days were lost due to illness. No occupational disease has been recorded in the company's history.

To continuously improve the occupational health and safety standards, 59 programmes were adopted for 2009. All the programmes were accomplished by the set deadlines. For example, they included the reconstruction of the existing ventilation system in the Units 4, 5 Boiler House to increase the ventilation system capacity – Phase 1, reconstruction of 6 kV switchroom in the Úholičky Water Pumping Station, Building 103 – Phase III, etc.

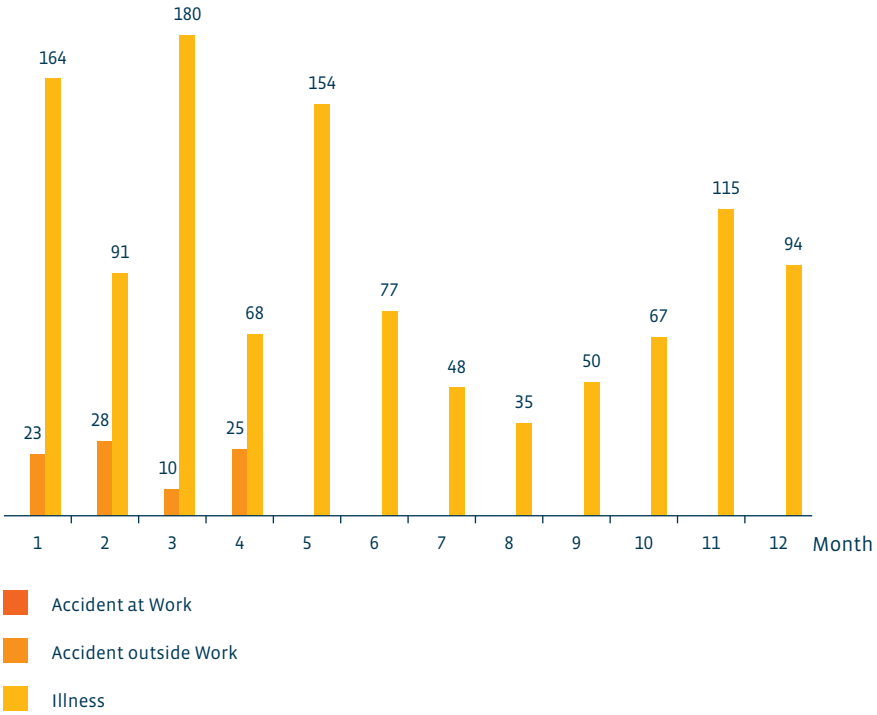
Accident Rate Evolution 2003 - 2009



Number of Newly Reported Accidents at Work, Accident outside Work and Illnesses in 2009



Number of Missed Calendar Days in 2009



Work Hygiene

Considering the organisational changes based on the merger of ECKG, ECK and Alpiq Generation (CZ), establishment of new professions and Job Descriptions, noise and welding smoke measurements were carried out in 2009. Based on the exposure results, these professions were classified into the relevant categories under Regulation No. 432/2003 Coll., which sets the conditions for work categorisation. The work categorisation was announced through the Decision of the Regional Hygienic Station for Central Bohemia.

Apart from routine checks of the drinking water quality, detailed analyses of drinking water are made by an accredited laboratory, which analyses have confirmed a good quality of the water provided to our personnel. Nevertheless, water dispensers are installed in the selected work areas, where drinking water is provided free of charge to the personnel.

Prior to the scheduled outage and cooling tower clean-up, samples were taken from the cooling system to be analysed for legionella bacterium occurrence. The results did not show any presence of this dangerous bacterium in the cooling system water.

Based on our internal directive and risk assessments, all the personnel are provided with appropriate personnel protective equipment.

The company provides all its personnel free of charge with vaccination against influenza, its personnel who work in outdoor areas with vaccination against illnesses transmitted by ticks and its personnel who come into contact with sewage with vaccination against hepatitis. At the end of the year, all the company personnel received vitamin packets to strengthen their organisms against virus diseases.

The company also provides its personnel with feeding possibilities such that the personnel can have warm meals also on night shift. Conditions are created for the purchase of frozen food and preparation of such food in microwaves, which are installed in workplace lunchrooms. The work areas also include cold and hot drink and small refreshment dispensers.

The company also actively organises regular sports events to support its personnel's health: a cycling trip is regularly organised in summer, and in winter, there are skiing trips to the mountains. All the company personnel have a possibility to visit the Kladno Aquapark and the Salt Cave free of charge four times and twice a month respectively. The control room staff may do exercises during their rest breaks at work. Also in 2009, the employees and their family members frequently used the modern fitness centre in the administrative building of the company.

Key Targets in 2010

Within the integrated EMS and OHS management system, short-term, medium-term and long-term time objectives and programmes are planned in the areas of the environment and occupational health & safety. At the same time, technical and organisational actions are taken, which influences such areas both directly and indirectly. A lot of such actions and projects are planned to remove causes or possibly, reduce negative impacts of our activities, and other projects are planned even beyond the framework of routine measures in order to continuously improve our results.

In the next period, the most significant project to be implemented by us will certainly be the construction of the new K7 Unit in order to replace the existing heating unit K3. The EPC Contractor will be selected within a tendering procedure. We expect preparatory work for the project implementation to start in 2010.

Within a longer time frame, we will continue to prepare the upgrading of the individual units so as to comply with the stricter (nitrogen oxides) emission limits by 1 January 2016, which will result in substantial reduction of negative environmental impacts.

In 2010, the key targets of AGCZ will particularly include:

- continue to prepare, and consequently, implement the K7 Project;
- carry out preparatory work to relocate Heat Exchanger Station HVS 70;
- continue to burn biomass in the form of wood chips within the routine operation of both the circulating fluidised-bed boilers based on the applicable modification of the Integrated Permit. Wood chips, as the quickly renewable energy source, may substitute up to 10 % of the fuel energy content by replacing brown coal (unrenewable energy source). In 2009, we plan to utilise up to 41,000 tons of biomass in order to replace approximately 20,000 tons of brown coal;
- complete implementation of technical actions to improve the conditions for biomass burning, adjust the area designed for biomass unloading, handling and storage to reduce the fuel degradation and dust levels in the neighbourhood;
- file the application with RoSPA for the Gold Award in 2010 and create appropriate conditions for winning this Award;
- continue to improve occupational health & safety standards so that the company will defend the Safe Enterprise Award.

In order to improve the EMS and OHS management systems in compliance with the declared Occupational Health & Safety and Environmental Policy, other significant objectives and programmes, technical and organisational actions are also adopted in all the work areas every year. They aim at reducing environmental and health & safety impacts of our activities, and we also make our best efforts to eliminate and/or reduce such risks. In 2010, such other significant objectives and programmes are for example as follows:

- further development of the integrated OHS and EMS system to reduce the company impacts;
- replacement of in-built lamella elements in the sedimentation ponds and sludge press edge fabric in the waste water treatment facility in the Úholičky Water Pumping Station;
- overhauls of Sieves 1 and 2 in the Úholičky Water Pumping Station, including the reconstruction of transport chains and replacement of worn sieves;
- continuation of the industrial gravity water main (GI) reconstruction by pulling in the separate PE insert (DN 630mm);
- cementation of the industrial gravity water main (GII, DN 700 mm) near the garages in Mošnova Street;
- reconstruction of the drinking water distribution piping at the Dříň site by pulling in the separate insert;
- replacement of shut-off valves (DN 150) on the hot water pipe branches and automated deaeration systems of the hot water piping;
- implementation of actions to optimise the thermal network of the Heat Exchanger Station "Plant" in the direction of Dříň under the Study produced by HD Engineering;
- replacement of the condensate separators on the steam distribution piping;
- reconstruction of the operating two-channel silikostat system at the demineralised water outlet from the Water Treatment Plant;
- replacement of the original dosing piston pumps by Grundfoss dosing pumps, including accessories and connection to the Water Treatment Plant control system to reduce the power consumption in the coagulant dosing by up to 90% and increase the operating availability;
- purchase and installation of self-cleaning coarse racks B 1200 at the Waste Water Treatment inlet and self-cleaning fine racks B 900 in the Waste Water Treatment Plant hall, including potential construction modification;
- reconstruction of Sedimentation Pond 5 machinery in the Waste Water Treatment Plant, replacement of sedimentation pond rack overflows, and reconstruction of the clarification flocculator and stirrers;
- replacement of drainage belt sets at KS 20 2 belt filter in the Waste Water Treatment Plant;
- reconstruction of Belt Filter 1 and polyflocculant (POF) preparation plant within the Waste Water Treatment Plant sludge management system;
- performance of visual checks and minor repairs of the of the sewer connections in the Kladno – East Industrial Zone;
- inspections and cleaning of PH and KH sedimentation ponds and removal of cap-

tured oil substances;

- inspections, cleaning and repairs of PH and KH rainwater separators to minimise leaks of untreated waste water into branches I and II of the Dřetovický Creek;
- major overhaul of CENTAC compressor in the Central Compressor House;
- replacement of the gas inlet pipeline to the Main Control Station HRS1;
- medium-sized overhaul of the Main Control Station HRS2;
- completion of the replacement of 110 kV oil converters in the ECK Substation to reduce risks of potential breakdowns;
- completion of the replacement of obsolete 35 kV breakers with oil charges by gas breakers in Power Plant 3 Substation in order to improve the reliability and to eliminate small oil leaks;
- initiation of reconstruction of 5.5 kV EL 2 Substation and R1-15 Heating Plant Substation to improve the plant availability;
- purchase and installation of grid analysers on the selected outlets to ensure the required power quality for our customers and superior power grid of ČEZ Distribuce;
- installation of a safety platform on the GIS Substation roof to install 110 kV line short-circuiting gears;
- replacement of the powderised coal ducts at the M 33 and M 34 sorter outlets within the medium-sized overhaul of Boiler K3 to reduce dust levels in K3 Boiler House;
- development of a Technical Study for the monitoring system at K4, 5 fuel bunkers to reduce risks of self-ignition of the coal / wood chips mixture. Consequent organisation of tendering procedure as per the technical specification of the Study and potential implementation of the capital project;
- monitoring temperature and air in the Unit 4,5 bunkers in their inertisation for safety during the outage;
- reconstruction of the existing ventilation system in the Unit 4, 5 Boiler House and increase of the ventilation system capacity;
- installation of an emergency exit in the Unit 4, 6 control room;
- replacement of connection parts of the TG6 oil piping pressure gauges to remove oil leaks from the oil pressure gauges at the main oil pump;
- insulation repair in the heat recovery steam generator and inspection of proper functionality of the steam piping drainage system to reduce thermal energy leaks;
- actions to reduce the noise level of the TG8 generator cooling system by adjusting the existing noise protection system;
- actions to eliminate TG8 control air leaks;
- replacement of filtration lamellas in the Transfer Tower TT1 dust removal equipment and adjustment of all exhaust locations as per measured data to reduce dust levels on U3 conveyor in coal reclaiming on the coal yard;
- asphalting the eastern section of the fuel yard for woods chips storage and handling;
- modifications to the steel structure of the SOUTH Deep Fuel Bunker shelter in accordance with the applicable Czech National Standards, extension of the cleaning platform and wood chips shelter construction;
- implementation of the project to protect Conveyor PD4 and related equipment and eliminate any potential explosion in the areas above and under the coal crushers;
- replacement of ALFA _ JET Plus filter sleeves and safety valve to reduce dust levels

of the K3 ash silo deaeration station;

- modifications and repairs of the power station site fencing and performance of regular maintenance of the camera system;
- burner inspection and adjustment and refractory checking in the Defrosting Tunnel by a specialist contractor prior to the heating season to optimise the extra light fuel oil burning process;
- replacement of the Telephone House windows to reduce thermal losses of the building;
- providing for vaccination of employees working in outdoor areas against tick-borne diseases and vaccination of all employees against influenza;
- redoing the "Induction Safety Briefing" film for visitors to the power station site;
- implementation of technical and organisational actions to reduce dust levels;
- removal of floating oil substances and other impurities captured by the scum baffles of the sedimentation ponds on the main sewers;
- performance of checks, inspections and repairs of the storage tanks and emergency collectors.

Along with the above-mentioned key EMS and OHS objectives, programmes and long-term plans, further individual objectives, programmes, technical and organisational measures are adopted for implementation in 2010 and years to come.

Corporate Responsibility and Communication with Public

Corporate Sponsorship Programme

Alpiq Generation (CZ) feels responsibility towards its neighbours, and as such, it has been engaging on a long-term active basis in projects which contribute to better life of the Kladno region residents and development of the region where it operates. The company actively communicates with the public, and openly informs on its activities by using internal and external communications tools.

Within its extensive Sponsorship Programme, Alpiq Generation (CZ) supports projects in 5 basic areas – charity and health care, education, culture, sports, and environment. In 2009, the company supported more than 20 projects and organisations in the Kladno region, and the total financial support reached almost CZK 4 million. Thanks to its Sponsorship Programme, a number of cultural, social and sports events for the Kladno public took place and supports were provided for projects, particularly helping seniors, physically and socially handicapped adults and children.

Clients of Practising Bakery in Unhošť preparing refreshment.

A key feature of the Sponsorship Programme is its long-term character, which brings a number of benefits to both the sponsored entities and the company itself. It results in building a long-term relationship between them and creating a possibility to control expended funds even more effectively. In 2008, the company (under the name of ECK Generating) was awarded by the Committee of Good Will - The Olga Havel Foundation for its significant financial supports for health handicapped people. In 2007, the company obtained the Sun Award from the Sun for All Foundation for its charitable activities.

A successful example of the supports for health handicapped people is the project of supported employment of handicapped persons within the practising bakery and café Sun in Unhošť, which is being implemented by the Sun for All Endowment Fund. Thanks to the financial support provided by Alpiq Generation (CZ), the health handicapped people can be integrated into the life by means of the therapeutic workshop - bakery, where they participate in making sweet and salty pastry. They cooperate in providing catering services and participate in attending to guests of the café, which is frequently visited by the Unhošť town residents and serves as a meeting point of the local clubs and associations.

Another Project, supported by the company in 2009, was the traditional Garden Fest organised for the Senior Home in Kladno. Already for the ninth time, the residents of this facility, their friends and family members participated in that open-air event. The event aimed at providing the seniors with distraction, animation and contact with other people. Alpiq Generation also supports other activities designed for the residents of this facility. In particular, such activities include for example dancing therapy, Senior Olympiad, trips and photo-content.

Dance performance of seniors in Garden Fest in August 2009.

A list of projects supported by the Alpiq Generation (CZ) in 2009 Sponsorship Programme can be found in the Table below.

Sponsorship Area	Organisation/Project
Charity & Health Care	• Middle Bohemian Hospital in Kladno • Charital Fund „Sun For Everyone“ • Private Special Maternity, Basic and High School „Sun“ • Centre of Help to Endangered Children „Rosa“ • Kladno Home for Seniors • Child Welfare Institution „Zvonek“ • Special Daycare Service for Disabled People „Meta“ • Kladno University of the 3rd Age
Culture	• Middle Bohemian Theater in Kladno • Kladno District Chamber of Commerce Ball • Cultural events organised by the Statutory City of Kladno (City Ball, St. Laurence Holiday Celebration) • Non-competitive parade of children´s choirs, Lidice
Education	• Institute of Finance and Administration Kladno • Czech Technical University, Faculty of Electrical Engineering • 12th Basic School, Kladno • Apprentice Centre and Practical School Kladno-Vrapice
Sport	• Kladno Street ball hockey team • Kladno Ice hockey team of juniors • Kladno Florbal team of girls • Kladno Marathon club • In-line skating tournament
Environment and Power plant neighbourhood support	• Nursery Schools at Vrapice, Dubí, Na šestém • Local football club Dubí • Enviro - conference in Kladno • National Competition for schools „ENERSOL“

Communication with Public

Any and all potential inputs provided by external parties, such as potential complaints of residents, adjacent organisations and public, potential complaints, penalties and outcomes of inspections made by governmental authorities are recorded by the AGCZ Ecology & Engineering Director. In general, the principle of mutual communication is applied, (i.e. receiving, filing, checking, processing and responding to any complaint or suggestion).

In the case of any incident, accident, breakdown or any other emergency, internal and external communications are specified in the central Emergency Action Plans of the company, as well as in the individual Emergency Action Plans developed for the individual work areas.

In 2009, we did not register any complaint about our activities from any citizens or organisations. No suggestions of the public for any environmental or health & safety improvements were received from the public.

Active communications with the public and other outside parties were carried out to the following extent in 2009:

- developing and distributing the Environmental and Occupational Health & Safety Report for 2008 (to the power station owner and other partners), making this Report available to all the personnel and public (in the administrative building entrance hall and at www.kladno.alpiq.cz);
- basic information on the production and environmental impacts published at www.kladno.alpiq.cz, which are regularly updated;
- presenting the Environmental Policy and Occupational Health & Safety Policy on the company's notice boards and at www.kladnoenergy.cz;
- presenting the plan to operate zero accident power station on the entrance board in front of the administrative building;
- informing the public on the company's activities by publishing press releases and PR articles in the local and specialized mass media and company's websites;
- organising regular meetings with local mass media's representatives to inform them about the company's activities.
- organising power station visits for the public and company personnel participation in conferences and lectures.

In 2009, ECK and ECKG merged with Atel Bohemia into one company. The merger was successfully completed, and since 1 November 2009, one successor company - Alpiq Generation (CZ) has been operating at the site. This step has significantly contributed to simplification of the internal relations, lower administration loads and last but not least, also to better transparency towards the authority and public. Of course, Alpiq Generation (CZ) also assumed all the obligations and commitments of the dissolved companies. All the relevant governmental agencies, authorities, business partners and wide public were informed about the merger progress and results.

On 1 November 2009, the new website of www.kladno.alpiq.cz was launched with a view to further present our company and basic data for the public.

In 2009, various cultural and sports events were also organised for the personnel, such as autumn travel through Prague, bowling tournament and Pre-Christmas Party for all the company personnel.

Internal communication with the personnel in respect of the EMS and OHS areas is particularly carried out through training sessions, interviews, notice board information, using the Intranet computer network to provide up-to-date information to the personnel and to provide the personnel with access to amended wordings of EMS and OHS regulations, EMS guarantor activities in the work areas and regular annual meetings of the company top management with the personnel.

Youngest visitors to Doors Open Day.

Internal communications between the personnel and the company management also took place in 2009 within the Local Safety and Information Forums ("LSIF"). The LSIF aims to (i) work on potential safety improvements in the company, (ii) identify new suggestions and ideas, (iii) make analyses of potential accidents and (iv) address other issues concerning for example the environment, business results, personnel and possibly also, other plans of the company. In 2009, there were ten LSIFs. The regular agenda items were as follows:

- work accident rate and analysis of near hits reported for the previous period;
- information on audit preparation, progress and results;
- information on accomplished objectives and programmes;
- company management information on business results, preparation for Unit 7 construction, organisational changes, etc.

At each LSIF, the attendees could also present improvement suggestions. In 2009, the LSIF attendees presented a total of 36 new improvement suggestions. The company management dealt with all the presented suggestions and reports on taken actions were presented at the next LSIF.

Within the Hungarian and Czech power stations, owned by Alpiq, there are also Regional Safety Forums ("RSF"), where representatives of these power stations meet to exchange their experience particularly in the area of occupational health and safety.

In order to inform the personnel on the company life and increase their loyalty to the company, "Energonoviny", the company quarterly was also issued in 2009.

In 2009, the company organised the Doors Open Day for its employees and their family members. The day-long programme included a visit to the power station operations, as well as rich sports and cultural programmes for all the participants.

Sport event (bicycle trip) for company employees is organised every year.

Conclusion

In Alpiq Generation (CZ), the occupational health and safety and environmental protection represent one of the key strategic priorities of the business management. For a lot of years already, the EMS system established under EN ISO 14001:2004 and occupational health and safety management system under OHSAS 18001:2007 have been helping us manage our activities in these areas. We make our best efforts to continue improving these management systems so as to improve occupational health and safety and environment quality.

We take measures directly at the sources to actively prevent any environmental pollution and minimise any adverse environmental impacts of our activities. The production always results in some environmental impacts, however using the high-quality management system, we may minimise the adverse impacts of our activities, rationalise the material and energy consumption and try to utilise more renewable energy sources to preserve the nature. We are not either indifferent to our neighbourhood, and as such, we also take an active approach to remedy old environmental liabilities which have not been caused by our company.

Our main objective in the occupational health & safety area consists in achieving the world's standards with respect to these activities. To accomplish this objective, we must create conditions so that our employees will not incur any injury and will not be exposed to any risk of injuries caused by excessive noise or dust levels or any other risk factors. Work in our company should always be safe without any injuries or occupational diseases. It is necessary for the employees to be aware of meaningfulness of this process, identify themselves with its requirements and realise that it is particularly designed for their own protection and safety. Therefore, it is necessary to consistently apply safe work procedures, use experience and knowledge of all the company employees and apply the knowledge and experience from external sources. It is also necessary to understand all the risks which may cause an accident, and actively prevent and reduce any such risks by taking technical measures or changing personnel's approach to the performed work.

We are aware of the fact that just the power station location near the residential area may be a potential source of risks, problems or conflicts, and as such, we endeavour to actively prevent potential critical situations and effectively approach all situations in order to be always considered as a good neighbour and company contributing to the region development.

We aim at achieving continuous improvements, and therefore for the next period, affected by the worldwide "economic crisis", we have set new objectives and programmes in the areas of environmental protection and occupational health and safety, whose implementation will move us forward.

Alpiq Generation (CZ) will continue to make its best efforts, use its organisational capabilities and release sufficient human, material and financial resources to accomplish all the planned objectives and programmes in the areas of environmental protection and occupational health and safety.

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