Contents

1. Introduction 6
1.1 Group Structure Chart 6
1.2 About the Company 7
1.3 Generation, Technology, Organization 8
1.3.1 Electricity 10
1.3.2 Natural Gas 10
1.3.3 Heat Generation 10
1.3.4 Distribution 10

2. Safety and Quality 11
2.1 Safety, Environmental Protection, and Management Quality Policy 11
2.1.1 Safety and Environmental Protection Policy 11
2.1.2 Management Quality Policy 12
2.2 Occupational Safety and Health 14
2.3 Emergency Preparedness 16
2.4 Fire Protection 17
2.5 Radiation Protection 19
2.6 Nuclear Safety 20
2.7 Quality 21
2.7.1 Management Quality Improvement Principle 21
2.7.2 Documentation Management 22
2.7.3 Control System 22

3. Economics 24
3.1 Mission, Vision, Strategy 24
3.2 Strategic Initiatives 25
3.2.1 New Nuclear Facility 26
3.2.2 Dukovany NPP LTO 26
3.2.3 Consolidation Abroad 26
3.2.4 Renewable Sources 26
3.2.5 Customer Orientation 27
3.2.6 New Energy Sector 27
3.2.7 Performance and Entrepreneurship 27
3.3 Ethical Aspects of Business 28
3.4 Risk Management, Optimization, Cost Effectiveness 28
3.5 Internal and External Audits 29
3.6 Regulatory Compliance 30
3.7 Tendering Rules 31

4. Social Responsibility 32
4.1 Employees 32
4.1.1 Corporate Culture Principles 32
4.1.2 Diversity, Equal Employment Opportunity 33
4.1.3 Learning and Development 33
4.1.4 Motivational Programs and Benefits 36
4.1.5 Employee Turnover and Outplacement 37
4.1.6 Occupational Safety and Health 41
4.1.7 Employee Communications 42
4.1.8 Employee Feedback 42
4.1.9 Relations with Labor Unions 44
4.2 Corporate Identity 45
4.2.1 Public Relations 46
4.2.1.1 Communication Rules and Types 46
4.2.1.2 Information Centers 49
4.3 Education Program and Cooperation with Schools 52
4.3.1 Education Program 52
4.3.2 Support for Technical Education 54
4.3.3 Talent Scouting 56
4.4 Donorship and Partnership Programs 57
4.4.1 ČEZ Foundation 57
4.4.2 Regional Partnerships 70
4.4.2.1 ČEZ Group’s CSR in Bulgaria 71
4.4.2.2 ČEZ Group’s CSR in Poland 74
4.4.2.3 ČEZ Group’s CSR in Romania 76
4.4.2.4 ČEZ Group’s CSR in Turkey 80
4.4.3 Help in Emergencies and the “Granting Wishes, Thinking About Others” Charitable Project 82
4.4.4 Corporate Volunteering 85
4.5 Contractors and Customers 89
4.5.1 Customer Code 89
4.5.2 Contracting Principles 90
4.5.3 Consumer Protection, Sales Personnel Training 91
4.5.3.1 Ombudsman 92
4.5.3.2 Customer Services, Complaint Handling System 96
## Contents

### 5. Environment

5.1 Environmental Protection, Pollution Prevention and Reduction ........................................... 98
  5.1.1 Air Protection .................................................................................................................. 99
  5.1.1.1 Voluntary Agreements .............................................................................................. 100
  5.1.2 Climate Protection .......................................................................................................... 101
  5.1.2.1 Action Plan for ČEZ Investments ............................................................................. 101
  5.1.3 Water Protection ............................................................................................................ 101
  5.1.4 Waste Management ...................................................................................................... 102
  5.1.5 Protection of Flora and Fauna ...................................................................................... 103

5.2 Generation, Mining, Construction ......................................................................................... 104
  5.2.1 Generation ..................................................................................................................... 104
  5.2.2 Mining .......................................................................................................................... 104
  5.2.3 Construction ................................................................................................................ 106

5.3 Distribution and Transportation .......................................................................................... 108

5.4 Land Clean-up and Reclamation ......................................................................................... 110

5.5 Environmental Program ...................................................................................................... 111
  5.5.1 Generation Facility Renewal Program ........................................................................ 111
  5.5.2 Upgrading and Improving the Efficiency of Hydroelectric Power Plants and Small Hydropower Plants .......................................................................................................................... 114

5.6 Renewal of Generation Facilities ......................................................................................... 114

5.7 Renewable Sources ............................................................................................................ 115

5.8 Science, Research, New Technologies ................................................................................. 116

5.9 Economical Consumption ................................................................................................... 120

### 6. Social Issues

6.1 Membership in Professional Associations and Organizations ........................................ 122
  6.2 Social Dialog .................................................................................................................... 124
  6.3 Public Activities .............................................................................................................. 126
Dear friends,

It is my pleasure to provide you with another of CEZ Group’s regular Corporate Social Responsibility Reports. It contains a lot of specific information on the topic for 2012–2013.

Two years are a very short interval in human history, but for a company they may represent a crucial period, full of important events. This is what happened to CEZ Group, an energy group that is committed to pushing boundaries of responsible business closer to natural human life, the nature around us, and the social values it honors.

We are very pleased that both the general and the expert public appreciate our efforts. This is evidenced, among other things, by the number of prizes ČEZ and other Group companies have received. Investments in education, cooperation with students, and various forms of donorship, including support for our employees' volunteering, are built-in elements of our business.

We are committed to improving our services. That is why we published, for instance, our Customer Code in 2014, which summarizes the level of services provided to households and SMBs. The 15-page document presents the three cornerstones of CEZ Group’s approach to customers. These are the mottos: “Understandability and Simplicity”, “Welcoming and Humane Attitude”, and “We Listen and Improve”. CEZ Group is thus saying that it strives to allow its customers to have their requests dealt with as easily as possible and to make their every contact with CEZ Group as pleasant as possible.

Our approach to our employees is as responsible as that to our customers. To get feedback about the management’s steps and know as accurately as possible the internal public’s opinions, we regularly organize employee surveys. The results of the last one, held in 2011, led to us introducing several measures to our everyday work. For example, management visits regional offices more frequently. Thanks to an informal approach, we receive new suggestions, questions, and comments. We communicate CEZ Group’s strategy more comprehensibly. We organize professional meetings and meetings across the borders of departments. They help us better collaborate and exchange our experiences. We have modified the vacancy filling process. We devote more resources to management development—we want leaders that can motivate their people to put in their best performance while creating a good working climate. As for the preferred and closely monitored area of safety, we created our Safety Portal. Our intranet site received a highly positive review by the international Corporate OSART Mission. We launched another employee survey in the spring of 2014. We will present its result to our employees first and then to the external public through socially responsible activities.
We also pay a lot of attention to our managerial staff, for whom we established our People Development Forum. It is a special session in our management development program. In the fall of 2013, the participants discussed the results of an assessment of the managerial competences of department directors and their future career options. The top management thus started systematic support for career management, including job rotation, succession, and development of managerial competences to support our strategic initiatives. This step should have a positive effect on our corporate culture.

As a modern company, we are committed to caring for and maintaining good relationships with all employees. We strive to create good working conditions, reward job performance, provide benefits, and organize joint activities. Our popular Employee Grants, which support publicly beneficial activities, are a new element of interconnection between the corporation, employees involved in the nonprofit sector, and the ČEZ Foundation.

The present report is full of examples of what social responsibility means to us. It gives illustrations of CEZ Group’s social, economic, and environmental responsibility in the Czech Republic and abroad. We have selected information for you that illustrates change, a positive shift, and the pursuit of development towards more responsible behavior. We will be glad if you read this report and share with us the pleasure we get from our specific successes in this area.

Michaela Chaloupková
Member of the Board of Directors and Chief Administration Officer, ČEZ, a. s.
1. Introduction

1.1 Group Structure Chart

CEZ Group underwent several organizational changes in 2012–2013. The current structure of the whole Group is shown in the chart below.

[Diagram showing the group structure with entities and subsidiaries]
1.2 About the Company

Czech Republic
Headquartered in the Czech Republic, CEZ Group is an established, integrated energy group with operations in a number of Central and Southeastern European countries and Turkey. The Group’s core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. CEZ Group has 27,000 employees.

The largest shareholder of its parent company, ČEZ, is the Czech Republic with an early 70% stake in the Company’s share capital (as at December 31, 2013). ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices.

CEZ Group’s main mission is to maximize return on investments and provide long-term growth of value for its shareholders.

Its corporate culture focuses on safety, performance, and continuous growth in internal efficiency. At the same time, CEZ Group’s business activities are governed by strict ethical standards that include responsible behavior toward employees, society and the environment.

In its business activities, CEZ Group embraces the principles of sustainable development, supports energy efficiency, promotes new technologies, contributes to social development, and creates an environment for employees’ professional growth.

CEZ Group companies in the Czech Republic extract and sell coal, generate and distribute electricity and heat, trade in electricity and other commodities, sell electricity, heat, and natural gas to end customers, and provide other services. Their power generation portfolio consists of nuclear, coal-fired, gas, hydroelectric, and other renewable sources. To ensure continuity of CEZ Group’s successful market presence in the Czech Republic, which it considers crucial for its business, its power generation portfolio is being renewed, upgraded, and developed extensively, including preparation for the construction of new nuclear facilities and the upgrade and development of distribution networks.

In its strategy, CEZ Group reacts to new trends in the energy sector. It enters new business opportunities and offers its customers innovative products and services tailored to their needs.

Abroad
Abroad, CEZ Group focuses mainly on Central and Southeastern European markets. Its main activities there include electricity distribution, generation, trading, and sales. CEZ Group also includes companies that carry on wholesale operations in electricity, other commodities, and related derivatives, function as holding companies, or engage in financing activities.

CEZ Group is the owner or co-owner of the largest generation or distribution assets in Poland, Romania, Bulgaria, and Turkey. In Poland, CEZ Group operates two coal-fired power plants and two small hydropower plants near the country’s border with the Czech Republic and co-owns a developer preparing the construction of wind turbines. In Romania, CEZ Group is involved in the generation of electricity from renewable sources (the Fântânele and Cogealac wind farms and the Reşiţa hydro plant system) and in electricity distribution and sales. In Bulgaria, it distributes and sells electricity in the western part of the country and generates electricity in a coal-fired power plant in Varna and a photovoltaic power plant in Oreshets. In Turkey, CEZ Group and its local partner operate a distribution and sales company and generate electricity in gas-fired and hydroelectric power plants and wind parks.

In many European countries, CEZ Group trades in electricity and other commodities on wholesale markets. CEZ Group sells electricity or natural gas to end customers in the Czech Republic as well as Romania, Bulgaria, Turkey, and Slovakia, in particular.
1.3 Generation, Technology, Organization

In 2012–2013, CEZ Group offered end customers in the Czech Republic the following commodities and related services:

- Electricity (ČEZ Prodej, ČEZ)
- Natural gas (ČEZ Prodej)
- Heat, i.e. thermal energy (ČEZ, Teplárná Trmice, ČEZ Teplárenská, ČEZ Energo, Elektrárna Chvaletice, Energetické centrum, ČEZ Energetické služby)
- Electricity distribution (ČEZ Distribuce).

Customers were able to order electricity and natural gas as commodity supplies (Electricity/Natural Gas Supply Contract) while obtaining distribution services under a separate Distribution Service Supply Contract. Much more frequently, however, they have an Integrated Supply Contract for the commodity in question, under which ČEZ Prodej provides the customer not only with supplies of the commodity but also arranges for provision of distribution services by the relevant local distributor in accordance with applicable legislation.

Location of CEZ Group Power Sources in the Czech Republic

Power sources
- nuclear
- hydro
- pumped-storage
- brown coal
- biomass combustion
- power-heating
- black coal
- wind
- photovoltaic
- black coal with coke gas combustion
- biogas

Mines
- brown coal

NAME OF POWER SOURCE/MINE – owned by ČEZ, a.s.
NAME OF POWER SOURCE/MINE – owned by other CEZ Group member (sources in operation)
## Total Sum of Capacities of ČEZ Energo, s.r.o. and TIE Energo, s.r.o.

<table>
<thead>
<tr>
<th>Plant Location</th>
<th>Address</th>
<th>Number of CHP units</th>
</tr>
</thead>
<tbody>
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<td>Fórum Trebič</td>
<td>Trebič</td>
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<td>Humpelec</td>
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</table>
1.3.1 Electricity
Despite ongoing market liberalization, CEZ Group is still the largest supplier of electricity to end customers in the Czech Republic. We offer our existing and potential new customers in all market segments innovative products and services, and adapt them to the customer’s needs in legitimate cases. In 2012–2013 we defended our leading position in all elementary segments—large, commercial retail, and households. As increased competition in the electricity market expanded into the SMB and household segments, CEZ Group’s market share in these segments declined despite the above-average success rate of our activities.

In 2013, CEZ Group power plants in the Czech Republic generated a total of 62,332 GWh of electricity, 1,703 GWh less than in 2012.

1.3.2 Natural Gas
In 2013, CEZ Group became the biggest alternative supplier of natural gas in the Czech Republic in terms of the number of customers acquired. The chosen strategy in the household segment followed up on the Group’s successful entry into the natural gas market in the corporate segment in previous years. Thus, CEZ Group now supplies natural gas to customers in all market segments—large, medium-sized customers, small customers, and households.

In 2013, ČEZ Prodej delivered a total of 4.8 TWh of natural gas to its end customers (including customers from CEZ Group), which meant CEZ Group’s share in gas supplies to end customers was 5.7% overall and around 10.2% in the household segment. In 2012, it was 5.1 TWh, with an overall market share of 5.9%. The year-on-year decline results from lower deliveries to large customers. As at December 31, 2013, ČEZ Prodej was the largest alternative gas supplier, serving a total of 321,700 connection points.

1.3.3 Heat Generation
CEZ Group’s heat generation sources in the Czech Republic supplied a total of 20,119 TJ in 2013, which is a year-on-year increase of 5,715 TJ (40%) in heat deliveries.

1.3.4 Distribution
Distribution of electricity in the Czech Republic is provided by ČEZ Distríbutce, which had 32,774 GWh of electricity distributed to customers in 2013. The year-on-year drop of 66 GWh was caused mainly by a decrease of 134 GWh in demand for high-voltage electricity and 13 GWh in demand for medium-voltage electricity. By contrast, low-voltage electricity distribution grew by 81 GWh due to climatic conditions.
2. Safety and Quality

2.1 Safety, Environmental Protection, and Management Quality Policy

Safety, quality, and environmental protection constitute an integrated, coherent whole. For this reason, management of these areas within ČEZ is also integrated. ČEZ Group’s safety and security is based on three fundamental pillars: management, technology, and people. The principal objectives are:

- Nuclear safety
- Radiation protection
- Technical safety
- Fire protection
- Physical protection of nuclear materials and nuclear facilities
- Occupational safety and health
- Environmental protection.

2.1.1 Safety and Environmental Protection Policy

ČEZ’s Board of Directors is fully aware of and accepts without reservation its responsibility, under applicable law and the Czech Republic’s international obligations, to ensure the safety of its plants, protect individuals, the company, and the public, protect the environment, and assure quality. To meet this responsibility, ČEZ has undertaken to create and develop adequate conditions and sufficient human and financial resources, effective governance structures, and control mechanisms. Therefore, it has proclaimed the Safety and Environmental Protection Policy and the Management Quality Policy.
The Safety and Environmental Protection Policy was passed by ČEZ’s Board of Directors and issued as an order of the Chief Executive Officer effective from May 1, 2010. It contains chapters, titles of which correspond to the strategic pillars of the Policy:

- We place protection of human life and health before all other interests.
- We pursue safety and environmental protection as integral parts of management.
- We comply with laws, regulations, and our public obligations, and we take note of recognized practices.
- We continually improve the level of safety and environmental protection.
- We regularly assess risks and either prevent them, eliminate them, or reduce their impact to an acceptable level.
- We make sure that facilities comply with all technical, safety, and economic criteria on a long-term basis.
- In selecting and evaluating suppliers, we take into account their attitudes toward safety and the environment.
- We communicate safety-related topics openly and effectively.
- We ensure sufficient numbers of competent, motivated employees and suppliers.
- We manage key knowledge.

Management of occupational safety and environmental protection is governed by control documentation pursuant to law and using certification systems. All of ČEZ’s conventional, nuclear, and hydro power plants are long-standing holders of ISO 14001 and Safe Enterprise certifications. One half of the subsidiaries under our new safety management system are holders of Safe Enterprise and/or OHSAS 18001 certifications; depending on the nature of their business, nearly one half (43%) hold ISO 14001 certification.

2.1.2 Management Quality Policy
ČEZ’s Board of Directors is fully aware that unification of management systems requires defining management quality principles. To meet this responsibility, ČEZ has undertaken to create and develop adequate conditions and sufficient human and financial resources, effective governance structures, and control mechanisms.

The goal is to achieve good mutual relationships, competitive advantages, and continually improve ČEZ Group’s overall performance. The quality principles apply to all management systems such as the safety and security management system, quality management system, risk management system, asset management system, and others.

ČEZ management defines quality in management as compliance with these principles:

- We apply a partner- and customer-oriented approach.
- We plan in line with our strategic objectives.
- We standardize and describe our best practices.
- We complete work assignments flawlessly on the first try.
- We perform checks, and respond immediately to shortcomings.
- We take decisions based on knowledge of the matter and verified facts.
- We improve things, and we make changes flexibly and safely.

The management system based on the fundamental principles has the characteristics of the integrating elements of management systems and is considered, with respect to fulfilling internal or external customers’ requirements, to be a quality management system.
OSART Mission

International OSART Missions form an important and established part of nuclear plant safety assessment and improvement. The Czech Republic regularly invites international missions, takes their recommendations seriously and puts them into practice. International missions’ assessment involves the level of state supervision and regulation of risks associated with nuclear technology. Most thematic missions follow predefined procedures; evaluation is based on the degree of compliance with IAEA standards and recommendations for the peaceful use of nuclear energy.

Corporate OSART

The first ever Corporate OSART mission took place in the fall of 2013 and focused on reviewing ČEZ’s Prague headquarters. It was the culmination of nine months of intensive preparations and collecting hundreds of pages of supporting documents. The goal was to identify areas and procedures for improvement as well as examples for other nuclear power plant operators.

The first ever OSART Mission to review corporate processes rather than a nuclear power plant, under the auspices of the International Atomic Energy Agency (IAEA), started with a meeting between mission team members and their ČEZ counterparts responsible for the areas under review. During the review, mission team members had access to tens of thousands of pages of documents, records, and reports. They also met with over a hundred employees over time and prepared an extensive report which was made available to the Agency as well as the Czech government.

The final report contains ten good practices in ČEZ’s safety management, which other nuclear power plant operators throughout the world will be recommended to adopt; it also includes six suggestions and three recommendations for further improvement in processes. The good practices include, for example, the talent acquisition system or nuclear communication in social media.

Progress towards improvement in the recommended areas and corporate processes will be reviewed by a follow-up Corporate OSART Mission that is to take place in early 2015.
2.2 Occupational Safety and Health

Requirements for the safety of the electricity and heat generation process and the protection of employee health are strictly defined by Czech law. Compliance is the Board of Directors’ responsibility. The quality of management in occupational safety and health is evidenced by ČEZ coal-fired and hydro power plants’ third recertification in October 2013 under the “Safe Enterprise” scheme guaranteed by the State Labor Inspection Office. The recertification proves compliance with the requirements of the Safety Enterprise scheme, based on the principles and guidelines of system standards (OHSAS 18001; ČSN EN ISO 14001; ČSN EN ISO 9001 and ILO-OSH 2001 Guidelines).

Today, the Safety Enterprise Certificate is held by all power plants operated by ČEZ. The first power plant to obtain it was the Dukovany Nuclear Power Plant (1999), which was successfully recertified in April 2014. It was followed by hydroelectric and coal-fired power plants (2004) and the Temelín Nuclear Power Plant (2005), which was successfully recertified in 2014.

The Board of Directors uses the certification to document its commitment to the declared safety policy, which it uses to proclaim its attitudes and intents in the area of safety and security.

ČEZ also manifested its responsible approach to OSH by implementing a safety enhancement program at conventional power plants in 2012–2013. The program identified improvements in these areas:

- Workflow management and facility security systems
- Contracts with contractors
- Contractor training
- Control system.

Measures implemented in 2012 resulted in a decrease in contractors’ injury rate already in 2013, when ČEZ achieved the best injury rate statistics in its history.
A project named Raising the Level of Occupational Safety and Health was started to enhance work safety at nuclear power plants. It will run in 2013–2014 and focuses on ČEZ employees and contractors’ personnel at the two nuclear power plants. The goal of the project is to:

- Enhance the level of personnel’s safe conduct
- Improve the performance of selected safety elements that are important for safe conduct
- Minimize shortcomings in personnel’s conduct on safety principles by applying a thorough and systematic approach.

Constituting the position of ČEZ OSH coordinator at sites where ČEZ facilities were or have been constructed or refurbished has resulted in improvement in, for instance, the Tušimice and Prunéřov II retrofit projects, the construction of a new coal-fired plant in Ledvice and a new CCGT plant in Počerady.

In addition to the retrofit projects, a number of measures were taken at nuclear and hydro power plants. In 2012–2013, the nuclear plant OSH departments coordinated measures related to the enhancement of the plants’ robustness. These included, for example, enhancing the robustness of the 4th stand-by power supply system, making building structures earthquake-resistant, reconstructing the internal parts of cooling towers, making the ceilings of unit control rooms more earthquake-resistant, or reconstructing locker rooms 5 and 6 at the Temelin Nuclear Power Plant.

With their experience, practice, and professional qualities, OSH coordinators have a crucial effect on conformance to safety quality among all manual workers at construction sites as well as among other safety engineers at subsidiaries and contractors.

An OSH Management System standard was published in 2013 to define uniform, general requirements for OHS at subsidiaries under the Production division’s safety management segment center. Regular meetings of safety managers from controlled companies were established to allow them to exchange experience and information on safety incidents and measures. Relevant information is then transferred to appropriate CEZ Group employees and necessary action is taken.

### Number of Injuries in the PD Segment Center, Including ČEZ, a. s.

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>29</td>
<td>24</td>
<td>24</td>
<td>22</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
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<td></td>
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<td>0</td>
<td></td>
<td></td>
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</tbody>
</table>
2.3 Emergency Preparedness

The goal of emergency preparedness management is to prevent emergencies and provide the capability to identify the occurrence and severity of emergencies, mitigate them, and reduce as much as possible their impacts on the health of employees and population around a nuclear power plant. Requirements for fulfilling the above goals are contained in the Atomic Energy Act, related implementing regulations, and international recommendations published by the International Atomic Energy Agency (IAEA) and other organizations (WANO, WENRA, etc.).

Emergency preparedness at ČEZ’s nuclear, conventional, and hydro power plants is overseen by the Emergency Preparedness Department, which was newly incorporated in the Fire Protection and Emergency Preparedness Department in 2013. Major tasks fulfilled by the Emergency Preparedness Department in 2012 and 2013 included:

- Revising the internal emergency plan and related emergency response documentation
- Implementing measures related to emergency preparedness from stress tests
- Replacing iodine prophylaxis at both nuclear power plants and in emergency planning zones around both sites (240,000 pcs in 2013)
- Preparing and distributing an emergency manual with a calendar for 2013–2014 in the emergency planning zones (60,000 pcs distributed in 2013)
- Ensuring full operability of the notification and warning system in the emergency planning zones
- Implementing action plans from performed international OSART and WANO missions
- Conducting all planned emergency exercises.

The table shows the number of emergency exercises conducted in 2012 and 2013. The number of emergency exercises conducted at nuclear power plants grew significantly and exercises at conventional and hydroelectric power plants were introduced in 2013.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dukovany NPP</td>
<td>4</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Temelín NPP</td>
<td>4</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>19</td>
<td>22</td>
</tr>
</tbody>
</table>

ZONE 2013, one of the biggest exercises conducted, tested the organization of emergency response, communication with disaster management bodies, staff’s activities when protective actions are announced, the operability of shelters, and many other tasks. Taking part in the exercise alongside the Dukovany Nuclear Power Plant were the SONS Emergency Response Center and other external organizations that were delivered required information by predefined means. The ČEZ Task Force took part in the exercise for the first time and was to coordinate possible help from other ČEZ sites. During the exercise, the Task Force called for and undertook tasks given by the Main Task Force of the Temelín Nuclear Power Plant and the Main Task Force of the Tušimice and Mělník conventional power plants.

Cooperation in case of emergency between the ČEZ nuclear power plants and the WANO Moscow Center was initiated in 2013. A cooperation agreement was signed between ČEZ and the WANO Regional Crisis Center in Moscow as the coordinator of help from other nuclear power plants of the same type.
2.4 Fire Protection

Fire safety at ČEZ is overseen by the Fire Departments of the Dukovany Nuclear Power Plant, Temelín Nuclear Power Plant and conventional power plants. Each of the Departments oversees comprehensive fire safety at the site, i.e. undertakes fire protection tasks in both fire prevention and fire suppression. For fire fighting, each Fire Department has its own Corporate Fire Brigade unit.

All three Corporate Fire Brigade units are integrated with the Czech Republic’s Integrated Rescue System. This means they also fight fire off-site, greatly contributing to fire protection around the power plants.

As part of the Czech Republic’s Integrated Rescue System, Corporate Fire Brigade units not only fight fire but also perform rescue activities during natural disasters and other emergencies. These most commonly include road accidents, in which the firefighters with their equipment and their training are able to provide high-quality, professional help, including quick vehicle extrication of crash victims and first aid to injured persons.

The following table shows all off-site rescue activities of Corporate Fire Brigade units within the Czech Republic’s Integrated Rescue System in 2012 and 2013.

<table>
<thead>
<tr>
<th></th>
<th>Firefighting</th>
<th>Other rescue activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dukovany NPP</td>
<td>Temelín NPP</td>
</tr>
<tr>
<td>2012</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>2013</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>

Major incidents that ČEZ Group’s firefighters successfully dealt with in the past two years:

- Road accident in Hrotovice, May 2012, Corporate Fire Brigade, Dukovany Nuclear Power Plant Unit
- Grass fire at the Mohelná Serpentinite Steppe, August 2013, Corporate Fire Brigade, Dukovany Nuclear Power Plant Unit
- Car fire in the cadastral area of Rouchovany, March 2013, Corporate Fire Brigade, Dukovany Nuclear Power Plant Unit
- Technological aid—sealing a pipeline during the failure of a raw water reservoir for the Dukovany Nuclear Power Plant, March 2013, Corporate Fire Brigade, Dukovany Nuclear Power Plant Unit
- Road accident on Road I/13 in the direction of Chomutov, April 2012, Conventional Power Plants Fire Brigade, Pruněřov Power Plant Station
- Road accident at the cargo gate of the Pruněřov II Power Plant, September 2012, Conventional Power Plants Fire Brigade, Pruněřov Power Plant Fire Station
- Garage (gas cutter) fire in Horní Počaply, June 2013, Conventional Power Plants Fire Brigade, Mělník Power Plant Fire Station
- Grass fire at the Dolní Beřkovice–Horní Počaply railroad, June 2013, Conventional Power Plants Fire Brigade, Mělník Power Plant Station
- Road accident on Road I/13, at the branch road to a raw water pumping station, April 8, 2013, Conventional Power Plants Fire Brigade, Pruněřov Power Plant Station
- Family house fire in Dříteň, June 2013, Corporate Fire Brigade, Temelín Nuclear Power Plant Unit
- The Temelín Nuclear Power Plant Unit of the Corporate Fire Brigade pumped water out of cable ducts at the Kočín substation after a rainstorm in June 2013

- Forest fire in the cadastral area of Radkovice near Hrotovice, August 2012, Corporate Fire Brigade, Dukovany Nuclear Power Plant Unit
Road accident on a driveway at Kočín, June 2013, Corporate Fire Brigade, Temelín Nuclear Power Plant Unit
Fire at a fine foods factory in Týn nad Vltavou, September 2013
Help in fighting the aftermath of windstorms, all Corporate Fire Brigade units.
2.5 Radiation Protection

Ionizing radiation inevitably occurs when using the electricity generation technology present at nuclear power stations. Unlike nuclear safety, which deals mostly with equipment functions and plant states, radiation protection gives instructions on how to behave and proceed in such an environment to avoid danger to human health and the environment.

The Atomic Energy Act defines radiation protection as a system of technical and organizational measures to reduce individuals’ exposure to radiation and to protect the environment. Besides securing safe working conditions for personnel, key tasks in radiation protection include especially protecting the environment and the population around nuclear facilities.

Nuclear power plants’ effects on the environment are monitored for several reasons. In a normal radiation situation:
- To confirm that the operation of the Dukovany and Temelín nuclear power plants is safe for their environment
- To detect any releases into the environment in a timely manner.

In an emergency radiation situation:
- To assess the releases and their impacts on population
- To establish a basis for introducing protective measures.

Monitoring is conducted by accredited laboratories with highly qualified personnel and state-of-the-art equipment, quality of which is checked by regular audits and confirmed by comparative measurements. In addition, emissions from nuclear power plants and their effect on the surroundings are independently monitored by SONS and NRPI laboratories.

Respecting legal requirements and international recommendations, CEZ Group has long had excellent results in this field.
### 2.6 Nuclear Safety

Safety of nuclear installations must be, and is, our absolute priority. ČEZ management understands this, systematically disseminating the principles of a culture of safety and creating conditions for its improvement. For this reason, among others, it has embarked on a “Unified Safety” project, under which a new Safety and Environmental Protection Policy and a new Management Quality Policy were released. This resulted in a change in process-based safety management and related organizational changes. The objective of nuclear safety is to prevent an uncontrolled fission chain reaction as well as any impermissible releases of radioactive substances or ionizing radiation into the environment. Minimum requirements for fulfilling this goal are contained in the Atomic Energy Act, related implementing regulations, and international recommendations published by the Vienna-based International Atomic Energy Agency (IAEA) and other organizations (WANO, WENRA, NEA, etc.).

In 2012, the State Office for Nuclear Safety published a National Action Plan to enhance nuclear safety at nuclear facilities in the Czech Republic. It is a set of technical, administrative and organizational measures that aim to enhance the nuclear safety of the two nuclear power plants during highly improbable events. The source document for the creation of the National Action Plan was the National Stress Test Report.

Also in 2012 ČEZ initiated the implementation of measures that will be taking place until 2015. For example, both nuclear power plants initiated the construction of new independent Diesel generators, prepared site blackout procedures for dealing with extreme climatic effects (beyond design basis earthquake, extremely low or high temperatures, extreme wind), purchased equipment that could remove the debris, and added new personnel to units that would intervene in such beyond design basis events. The Dukovany Nuclear Power Plant initiated the construction of new forced-draft towers.

### International Reviews

CEZ Group’s activities related to electricity and heat generation, especially in connection with nuclear power plants, are subject to regular international reviews.

The Temelín Nuclear Power Plant was visited by the 2nd Operational Safety Review Team (OSART) mission in 2012. International Atomic Energy Agency (IAEA) experts reviewed the power plant’s operating practices in the following areas:

- Organization and management
- Operation
- Maintenance
- Technical support
- Operating experiences
- Radiation protection
- Chemistry
- Severe accident management.

They identified five recommendations, six proposals for recommendation, and six good practices for the Temelín Nuclear Power Plant.
The Dukovany Nuclear Power Plant already hosted the 3rd World Association of Nuclear Operators (WANO) Peer Review mission in 2012. WANO experts identified nineteen areas for improvement in existing procedures as well as four good practices and five strengths that they will recommend to other nuclear power plant operators.

At the request of the Czech Republic’s State Office for Nuclear Safety (SONS), an IAEA mission conducted in 2013 focused on the assessment of seismic risks. The main objective of the IAEA mission was to review the correctness and timeliness of the seismic hazard assessment methodology currently used for the nuclear power plant sites in the Czech Republic. The IAEA team evaluated the implementation of recommendations from a previous IAEA seismic mission (February 2003) and reviewed the methodology used by Czech experts against IAEA standards and the current worldwide practice. Out of the six topic areas, three were found closed and three were found partially resolved.

The most anticipated event of 2013 was the Corporate OSART mission—the first ever corporate-level nuclear safety review conducted at ČEZ. The final report contains ten good practices in ČEZ’s safety management, which will be recommended for adoption by other nuclear power plant operators throughout the world; it also includes six suggestions and three recommendations for further improvement in processes.

Once reviewed by nuclear countries’ governments, recommendations and good practices from all OSART missions throughout the world become public and can be found in a database at www.iaea.org.

2.7 Quality

2.7.1 Management Quality Improvement Principle
To be fulfilled, the Management Quality Policy requires a good management system set-up, evaluation, documentation, and improvement. The PDCA method (also known as the Deming cycle) is successfully used to correctly set up and improve management systems. It produces especially positive results when combined with control system principles and the utilization of expert tools for continuous improvement.

Purpose:
To achieve higher levels of performance
This principle involves drawing up activity plans, undertaking the planned activities, monitoring and analyzing the results achieved, and then taking action for further improvement. CEZ Group manages its companies so that the results of its work satisfy customers as well as other stakeholders.

2.7.2 Documentation Management
CEZ Group’s documentation system makes use of advanced tools. Thus it supports safety and security, efficient planning, the operation, measurement, and improvement of systems, processes, and activities, project management, process and non-process equipment, and service delivery.

Documents are interlinked by mutual links while making sure that one piece of information is only in one place and the right piece of information is in the right place at the right time.

Document management in CEZ Group also respects the fact that ČEZ and its subsidiaries are separate legal entities with their own systems for managing internal documents. Important documents are kept in compliance with applicable legislation, safely stored according to internal filing and destruction regulations. At the end of 2013, CEZ Group’s ECM system for control documentation contained 1,921 documents in force and effect.

2.7.3 Control System
CEZ Group has an established internal control system as a quality improvement tool that uses and builds upon contemporary assessment methods.

The fundamental goal of the control system is to compare the current performance of a company, department, process, or activity with the best industrial standards, best practices, and customer expectations. The purpose is to identify areas for improvement.

Documentation and Acquaintance Systems

Document Management in CEZ Group
Documents in CEZ Group serve to provide safety and security, efficient planning, and the operation, measurement, and improvement of systems, processes, and activities according to external requirements and each company’s strategy. They also serve for the management of projects, process and non-process equipment, and the delivery of services.

Centrally Published Documents
Document management administration (registration, commenting and approving procedures, publication, and demonstrable acquaintance) makes use of a software system for document management in CEZ Group. Mandatory forms and optional appendices related to published documents are registered and published in a similar manner.
Improvement activities focus on setting the right indicators with qualitative parameters at the right boundaries between processes and between departments. Most of the control system activities are performed by highly specialized staff in sophisticated processes. The control system involves various activities such as quality audits and various self-evaluations.

The purpose of quality audits is also to review compliance with the requirements of SONS Decree No. 132/2008 Coll. in relation to the operation of nuclear power plants. Repeated audits are conducted for processes important in terms of requirements for nuclear safety, radiation protection, fire protection, emergency preparedness, and natural protection.

Self-evaluation is a method by which an individual or a team evaluate their own activity in order to identify opportunities for improvement.

Control system tools are often used to facilitate and streamline decision-making in managing activities and to analyze and resolve issues.

*Chart adapted from WANO Guideline GL 2010-01.*
3. Economics

3.1 Mission, Vision, Strategy

CEZ Group’s mission is to maximize return on investments and ensure long-term growth of value for its shareholders.

CEZ Group is one of the largest economic entities in the Czech Republic and realizes its obligation to behave responsibly. In the more than 22 years of its existence, the energy company ČEZ has paid the Czech Republic, its major shareholder, over CZK 106 billion in income tax and dividends, including CZK 66 billion in income tax. CEZ Group’s economic successes also build a basis for the whole business environment in the Czech Republic. With its operations, CEZ Group creates more than 100,000 jobs and has invested more than CZK 300 billion in the Czech Republic since the foundation of ČEZ, a. s. in 1992, which brings benefit to Czech companies as well as their employees.

CEZ Group embraces the principles of sustainable development, supports new technologies and responsible resource management, and gives top priority to the safety of employees and operated facilities in its business activities. It is governed by ethical standards that include responsible behavior toward its surroundings and the environment. It cares for and collaborates with its employees, who fundamentally benefit the technical company while being part of everyday civic life in all regions.
3.2 Strategic Initiatives

The strategic initiatives valid from 2011 to 2013 were evaluated as follows:

**Nuclear Facilities:** Preparations for the expansion of the Temelín Nuclear Power Plant continue and conditions for the financial feasibility and long-term operation of the Dukovany Nuclear Power Plant are under negotiation.

**Fuel Procurement:** Completed successfully—the main goal of procuring long-term fuel deliveries for the lignite-fired power plants in ČEZ’s portfolio was reached.

**Performance:** The current phase is successful—the main goals were reached, continuation will be ensured by a new program named Performance and Entrepreneurship.

**Regional Energy:** Activities originally pursued under Regional Energy initiative are divided between relevant ČEZ divisions and continuation will be ensured by a new strategic program named New Energy Sector.

**Renewable Sources:** The short-term goal was narrowed down to the construction of the most efficient portion of the portfolio and optimization by divesting selected assets or shares from the existing portfolio.

The result of the update of ČEZ Group’s strategy is a modified set of strategic programs and their specifications:

**New Nuclear Facilities:** Ensure conditions for financial feasibility and financing ability of the Temelín Nuclear Power Plant Units 3 & 4 construction project and possibly other nuclear projects.

**Long-Term Operation of Dukovany NPP:** Extend the service life of the Dukovany Nuclear Power Plant until at least 2025 while ensuring the required safety and rate of return.

**Consolidation Abroad:** Reduce exposure in unpromising markets abroad and increase focus on countries with greater political and economic stability; optimize the capital structure of each company.

**Renewable Sources:** Optimize the existing portfolio by divesting selected projects or asset shares; develop, build, and operate a portfolio of renewable energy sources with an attractive internal rate of return (IRR).

**Customer Orientation:** Improve customer experience across ČEZ Group; use new products or services to capitalize on the existing customer base; improve ČEZ Group’s brand perception.

**New Energy Sector:** Develop new business activities mainly in the decentralized and “small” energy sector (low-capacity plants) focusing on the end customer.

**Performance and Entrepreneurship:** Enhance entrepreneurship and financial management while achieving additional savings; set up a staff development program to enhance ČEZ Group’s performance and value.

In the light of the current development, ČEZ Group embarked on updating its strategic programs in 2013, with emphasis on end customers, achieving defined financial goals, and increasing every employee’s contribution to ČEZ Group’s value. There is no major change to the structure of assets, but the principal task for ČEZ is to operate the best assets of each group in stable countries.
3.2.1 New Nuclear Facility

Decision on the execution date of the Temelín Nuclear Power Plant Units 3 & 4 construction project was postponed until two conditions are met, namely until consistency with the final approved National Energy Strategy of the Czech Republic is confirmed and elementary requirements for return on the investment are satisfied. On April 9, 2014, the Czech government adopted a resolution saying it was not planning to provide any guarantee or stabilization mechanism for the construction of low-carbon facilities at the moment. It also declared interest in further development of nuclear energy in the Czech Republic, promising to prepare a comprehensive plan for the field by the end of 2014. Based on these two facts, ČEZ canceled the award procedure for new units construction (EPC contractor selection) on April 10, 2014, while confirming that the preparation of the project as such continues.

The European energy sector has experienced a turbulent period since 2009 when the award procedure started. The price of electricity decreased significantly and the price of emission allowances dropped as well.

However, this does not mean that ČEZ Group is over with the construction of nuclear power plants. Rather, future plans will have to be adapted to changes that are being prepared in Brussels. There will be ongoing requirement for close cooperation with the government.

3.2.2 Dukovany NPP LTO

Ensuring long-term operation of the Dukovany Nuclear Power Plant is one of ČEZ Group’s strategic initiatives. The goal is to extend the power plant’s service life until at least 2025 while providing the required safety and rate of return.

The set of activities and measures following the nuclear power plant accident at Fukushima, Japan, as well as measures from the Period Safety Review, the Dukovany Nuclear Power Plant Long-Term Operation (Dukovany NPP LTO) project, and measures to eliminate identified risks are included in the safety enhancement program for the Dukovany and Temelín nuclear power plants.

To increase its safety, there was investment in the power plant’s alternative power supply, among other things. The control inspection system renewal project continued simultaneously.

Standard planned outages and work related to fuel replacement at all four units will take place in the Dukovany Nuclear Power Plant in 2014. During the work, actions resulting from the outcomes of stress tests will be taken; these will include among other things enhancing the resistance of selected structures to extreme climatic conditions and earthquakes.

3.2.3 Consolidation Abroad

Our strategic programs include reducing exposure in unpromising markets abroad and focusing on countries with greater political and economic stability. This requires, among other things, optimizing the capital structure of each company.

3.2.4 Renewable Sources

In the field of renewable energy sources, our short-term goal was narrowed down to the construction of the most efficient portion of the portfolio and optimization by divesting selected assets or shares from the existing portfolio.

The flagship of our domestic portfolio of clean electricity sources is the upgrade and ecologization program for hydroelectric power plants, which makes use of the latest scientific and technological knowledge to achieve higher efficiency in the use of the hydropower potential. This means that hydropower plants will generate more electricity for the end user from the same amount of water running through the turbines.

Overall, the increase in production achieved by this should be over 60 million kWh per year. This will mean electricity for an additional 17,000 households and a reduction in CO₂ emissions of about 60,000 tonnes. Previously upgraded turbo-generators ensure better use of hydropower potential e.g. at the Slapy, Mohelno, and Vrané nad Vltavou power plants and the Dalešice and Štěchovice pumped-storage power plants. The overhauls of turbo-generators TG2 at the Lipno I power plant and TG1 at the Kamýk power plant will be completed in 2014.
3.2.5 Customer Orientation
The Customer Orientation strategic program aims to increase customer satisfaction and improve customer experience based on surveys and feedback. Our approach to customers is based on three principal pillars:
- Understandability and Simplicity
- Welcoming and Humane Attitude
- We Listen and Improve.

Specifically, the program resulted in the publication of our Customer Code in May 2014, which summarizes the level of services provided to households and SMBs and guarantees high service standards. It allows customers to have their requests dealt with more easily and strives to make their every contact with CEZ Group as pleasant as possible.

CEZ Group is preparing a number of improvements for the fall of 2014 to provide better communication with customers.

3.2.6 New Energy Sector
This strategic program was created in response to the changing energy market, especially the development of decentralized generation and new technology. According to analysts’ estimates, the “new” energy sector is one of CEZ Group’s biggest growth opportunities in the middle term.

ČEZ’s New Energy Sector team will be looking for interesting opportunities primarily in the Czech Republic and then abroad. It will focus, for instance, on energy savings, distributed energy technology, waste management, collection and processing of large volumes of data relevant for the energy sector—“Big Data”, smart households, control systems, etc. It expects to make two to three investments every year, starting with one in 2014.

CEZ Group should invest about CZK 5 billion under the New Energy Sector program by 2020, when the program should contribute a total of CZK 1 billion to CEZ Group’s income.

3.2.7 Performance and Entrepreneurship
Voted one of CEZ Group’s seven key strategic programs at the ČEZ Management Meeting 2013, the Performance and Entrepreneurship program logically builds on the previous Efficiency, New Vision, and Performance initiatives.

The program consists of three partial projects, focusing on human resources, controlling, and the group-wide activity New Vision:
- Competence and Corporate Culture Development
- Financial Management
- New Vision 2.0.

The common denominator and goal of the individual projects is to achieve further increase in CEZ Group’s value by:
- Supporting segment and employee initiative
- Optimally dividing financial management roles and responsibilities throughout the Group
- Developing corporate culture and competences in managers and employees to increase performance and entrepreneurship.

The Competence and Corporate Culture Development project should achieve these main goals:
- Conducting activities for corporate culture development
- Increasing the level of strategic competences.

The project is implemented using selected HR tools; one of them is a survey of our corporate culture.
3.3 Ethical Aspects of Business

The business environment in the Czech Republic is complicated and legislation places high administrative and operating demands on companies. The energy sector together with the operation of nuclear facilities deal with a number of legal obligations that are not always easy to fulfill. However, CEZ Group respects and follows the rules for business. It voluntarily amends or tightens its internal regulations in selected management system areas in the spirit of the principles of corporate social responsibility.

In line with its strategy, CEZ Group reflects ethical principles in its business activities. They are contained in its fundamental strategic documents such as:
- Safety and Environmental Protection Policy
- Management Quality Policy
- Customer Code.

Ethical business behavior is aided by internal and external audits, OSART missions, documentation and management systems, clearly defined cooperation with contractors, collective bargaining with trade unions, and employee training.

The year 2013 marked the start of work on a new code of conduct, by which CEZ Group wants to respect the current development and business environment in the Czech Republic, especially in the energy sector.

3.4 Risk Management, Optimization, Cost Effectiveness

CEZ Group continually develops an integrated risk management system and a system of internal controls, including independent internal audit, which continually checks all processes against best practices and internal and external regulations and standards.

The principal body in risk management is the Risk Management Committee as the ČEZ CEO’s advisory board which, other than approving the overall risk limit for the annual plan (in the authority of the ČEZ Board of Directors), makes proposals for how the integrated risk management system should be developed, proposes the overall risk capital allocation to individual risks and organizational units, mandatory rules, and responsibility and structure of limits for the management of partial risks, and continually monitors the overall impact of risks on CEZ Group, including the utilization of CEZ Group’s debt capacity and fulfillment of rating requirements.

Monthly reports for the Risk Management Committee quantify individual scenarios for the development of selected risk factors and their impact on the current year, on the business plan period, and on the debt capacity.

Risk management tools were updated during 2013 to reflect structural changes in the market due to an increase in production from renewable electricity sources and a decrease in the prices of hard coal and emission allowances.

Risk management in ČEZ is in the purview of the Risk Management Committee (RMC). Its chairman is the Chief Finance Officer. Permanent members of the RMC are the Chief Production Officer, Director of Financing, Director of Trading, and Director of Risk Management (in charge of Risk Management). The positions and the number of other permanent members of the RMC are decided by the Chairman, who is authorized to appoint and recall permanent members of the RMC. Non-permanent members of the RMC (having the right to attend every RMC meeting) are the Chief Executive Officer and the heads of all other divisions. The Director of Internal Audit is not a member of the RMC but is entitled to attend any RMC meeting.
3.5 Internal and External Audits

Internal and External Audit
About the same number (40) of audits were conducted in 2012 and 2013, in line with the medium-term action plan covering all company processes.

The Internal Audit department has stable staffing and did not undergo any organizational changes in 2012–2013. Its activities did not cover the Czech Republic alone; it also took part in the transfer of best practices to CEZ Group’s foreign entities with the main goal of helping increase efficiency in processes and ensuring return on investment.

An external assessment of internal audit quality by Ernst & Young was finished at the end of 2011 and in 2012 Internal Audit focused on taking corrective action that will help improve the quality of services provided to the management with an impact on the quality of services and products delivered to customers.

A major activity of 2013 was the creation of an ECM software application for Internal Audit, which was put into production operation at the end of 2013 and will help assess the fulfillment of corrective action obligations resulting from audit findings.

Relations with other audit departments in CEZ Group (ČEZ Distribuce, Severočeské doly, Bulgaria, Romania, and Turkey) continue to intensify.

In collaboration with Risk Management, Internal Audit’s risk map is interconnected with and annually updated against the corporate map of risks. The 2013 update involved heads of divisions. Risk map outputs formed a basis for the medium-term strategy of internal audit in the field of the efficiency assessment of the internal control system.

Internal Audit’s findings are preferentially handed over to the heads of audited entities, emphasizing the severity/priority of individual findings. The established unified form of final reports (with a summary of the results of tested hypotheses at the beginning of each report, visually highlighted and categorized recommendations, and a summarizing “audit tracker” appendix) makes a report more comprehensible for the recipients and helps them find their bearings in the internal audit conclusions and recommendations. The formalization of sheets with individual findings is also a prerequisite for an efficient use of the software support for internal audit.

Internal Audit’s results are presented quarterly to the ČEZ Audit Committee and Board of Directors, including any major findings from the audits conducted.

Internal Audit representatives regularly attend the meetings of the company’s governance bodies and other committees and boards in order to get as comprehensive information as possible for adequate assessment of the internal control system.
3.6 Regulatory Compliance

With effect from January 1, 2014, the principal body of law regulating private legal relations in the Czech Republic is the new Act No. 89/2012 Coll., Civil Code. It replaces the previous civil code (Act No. 40/1964 Coll., Civil Code) after almost fifty years. On the same day the Collection of Laws published Act No. 90/2012 Coll., on commercial companies and cooperatives (Business Corporations Act), which replaces Act No. 513/1991 Coll., Commercial Code, with effect from January 1, 2014. Also promulgated was Act No. 91/2012 Coll., on private international law.

Involving amendments to many other related regulations, this recodification of private law in the Czech Republic represents a change to the fundamental bodies of private law regulating the economic and commercial aspects of CEZ Group’s business activities. As a follow-up to this extensive change, CEZ Group took action to properly implement the requisite measures during 2013.

The following acts also apply to ČEZ:
- No. 256/2004 Coll., Capital Markets Act

Alongside this general legal framework, there is energy legislation that is also crucial for CEZ Group. Its basis consists of the following regulations:
- Act No. 458/2000 Coll., on conditions for business and state administration in the energy sectors and on amendments to some acts (Energy Act)
- Act No. 18/1997 Coll., on the peaceful use of nuclear energy and ionizing radiation and on modifications and amendments to some acts (Atomic Energy Act)
- Act No. 165/2012 Coll., on promoted energy sources and on amendments to some acts.

In addition to the above fundamental regulations for the energy sector, energy business—especially electricity and heat generation—is increasingly affected by environmental legislation. The following acts can be regarded as crucial in that area:
- Act No. 201/2012 Coll., Clean Air Act
- Act No. 695/2004 Coll., on conditions for trading in greenhouse gas emission allowances and amendments to some acts
- Act No. 383/2012 Coll., on conditions for trading in greenhouse gas emission allowances (repealed Part One of Act No. 695/2004 Coll., i.e. the part concerning conditions for trading in greenhouse gas emission allowances, with effect from January 1, 2013).
3.7 Tendering Rules

CEZ Group selects its contractors in above-threshold public contracts pursuant to applicable legislation. It also conducts below-threshold tendering procedures.

When selecting its contractors, CEZ Group emphasizes the quality of delivered materials or provided services and, naturally, the price. The selection of contractors uses defined evaluation criteria that always reflect the price. They also include qualification criteria, such as various certificates, quality certifications based on ISO parameters, trading licenses, and other documents, as well as technical evaluation criteria, if appropriate.

CEZ Group already prepared for changes related to the publication of the new Civil Code in 2013. The modifications made to the purchasing process reflect the needs of the new Civil Code and, simultaneously, meet the internally specified requirements for higher flexibility and performance of the purchasing process, especially its transparency.

All employees affected by the changes in any way were informed about the measures aimed at improving the purchasing process in a timely and comprehensible manner. The particulars of a purchase request are specified by an internal corporate guideline; responsibility for signing is updated in the signing and competence rules in controlled documentation.

To make tendering procedures transparent, the requester’s department does not receive quotations. After evaluation, all information about the course of a tendering procedure is stored in SAP SRM with the draft contract as an enclosure. Changes in the newly adopted Civil Code attach greater importance to the acts of a company employee; that is why, for example, business dealings are strictly delegated to a purchasing agent from Administration rather than an employee from the requester’s department.

CEZ Group warned its employees through internal communication channels that acts in violation of the above rules could be deemed a breach of employee duties and should there be a loss, the employee could be held criminally responsible as well as liable for damages.
4. Social Responsibility

4.1 Employees

Employees are part of CEZ Group’s spiritual wealth. They create high-quality value for its customers; therefore, the employer cares for them, creates good conditions for their work, and encourages them to continuously develop their qualifications. It also supports their personal growth and gives them interesting options for spending their free time.

4.1.1 Corporate Culture Principles

If CEZ Group is to continue fulfilling its vision and keep on achieving ambitious goals, it is important to boost a desirable corporate culture in it. It is defined by seven principles and has been part of the CEZ Group strategic framework since 2005.

Seven Principles of Corporate Culture
- We create value safely.
- We take responsibility for results.
- We play as one team.
- We work to improve ourselves.
- We grow beyond borders.
- We seek new solutions.
- We play fair.

For CEZ Group employees, the principles represent values that they share and respect and that are an important part of the CEZ Group standard. CEZ Group places great emphasis on making the principles an easy-to-understand guide to how to behave and make decisions in everyday work rather than empty words.

Each of the seven principles is broken down into specific behaviors. These are more detailed explanations of how employees should act towards their colleagues and internal and external customers. Assessment of the conformity of an employee’s behavior with the above principles is an integral part of regular employee appraisal. Appraisal results are reflected in remuneration, which encourages performance and behavior in line with the corporate culture.
4.1.2 Diversity, Equal Employment Opportunity
Anti-discrimination measures, procedures and instructions are contained in companies’ work rules and collective agreements as well as in documents regulating recruiting and employee selection.

ČEZ and its integrated subsidiaries are highly technology-oriented companies that place high demands not only on employees’ professional qualifications but also on their physical and psychological fitness for their jobs. In spite of that, CEZ Group made it possible to employ 120 people with disabilities in selected positions, giving them an opportunity to integrate into society and improve their quality of life.

CEZ Group was one of the first organizations to sign the Memorandum on the Promotion of Equal Opportunities in the Labor Market and Active Application of Gender Balance Principles (Diverzita 2013+ Memorandum), signed by Michaela Chaloupková, member of the Board of Directors, on October 23, 2013.

Although the nature of undertaken activities does not allow massive use of part-time positions, CEZ Group strives to accommodate such wishes of its employees. Almost 30 employees used this opportunity in 2013. Employees are allowed to both start working part-time and resume working full-time.

ČEZ has also been actively involved in the Age Management thematic expert group, which deals with the issues of employment with respect to the specifics of various employee age groups, launched by the Business for Society platform for its corporate members.

4.1.3 Learning and Development
CEZ Group offers its employees a wide range of learning and development activities. First and foremost, there is an employee professional qualification system, which is based on qualification requirements for respective jobs.

As regards development programs, CEZ Group focuses on supporting expertise and soft skill development tailored to departments and specific target groups. It also supports qualification improvement and development, especially at technology-oriented secondary schools, colleges, and universities.

Since 2012 CEZ Group has been focusing on the development of its key employees, specifically promoting their performance, entrepreneurship, and motivation in the period of changes and instability. Key employees can choose from a wider portfolio of development programs, in which they can use their personal development plans with an external coach’s support.

In 2013 CEZ Group also focused on the development of strategic management. It defined six managerial competences based on CEZ Group’s current strategic needs, which are mandatory for each manager. CEZ Group management expects that the new managerial competences will make company management more efficient, improve the performance of directors and their teams, and create the conditions for dynamic growth and faster adoption of changes. The management development program is no one-shot event; it involves continual, repeating activities that aim to achieve an optimum level of managerial performance.

When providing training to its employees, CEZ Group makes use of the latest methods and shares the best practices. One of the tools is an e-learning platform. The portfolio of e-learning courses keeps growing, currently including more than a hundred courses in such areas as mandatory training, development programs, and expert courses tailored to CEZ Group’s specific needs. As a result, its training needs are fulfilled with greater efficiency.
CEZ Group pays special attention to training for nuclear plant personnel. Managers from generating unit control rooms regularly take part in “Play Safe” courses, focusing on teamwork and safe and efficient decision-making. In the framework of international cooperation among nuclear plants, several technical support missions took place in 2012 and 2013 at CEZ Group’s nuclear power plants, focused on workflow control, assessments of outages, and self-assessment.

Processes in the professional training and development of nuclear power plant staff were in 2013 reviewed and assessed during an international Corporate OSART (Operational Safety Review Team) mission to the Prague headquarters. The assessment had a very good outcome and identified good practices that can be used in other countries.

A project named Electronic Job Descriptions for Enhanced Safety was launched in 2013 with the aim to allow managers to cross-link activities undertaken by their subordinates with qualification selection, placing increased emphasis on “safety requirements”.

Chart adapted from WANO Guideline GL 2010-01.

Purpose: To achieve higher levels of performance
ČEZ Potentials
The two-year ČEZ Potentials program is intended for university graduates with technical or economic majors. After passing the selection procedure successfully, program participants are appointed to specific job positions in ČEZ Group companies. Over a period of 12 months they undergo a specially designed program involving the development of soft skills, workshops, coaching, tours of ČEZ Group operations, and motivational meetings with top management. The whole time they are actively involved in key projects and important individual tasks under the leadership of experienced managers.

Knowledge Management
Preserving and sharing the experience of experts plays an important role in reducing the risks associated with staff mobility and aging. This is given increased attention especially at nuclear power plants due to the effect on operational safety. ČEZ Group applies the principle of knowledge management primarily to key expert experience that is not covered by standard documentation.

The knowledge management principle helps identify significant experience and those who possess it, as well as systematically ensure that it is shared and the risk of its loss is reduced. Once knowledge management was implemented at the Temelín and Dukovany nuclear power plants, it was extended to other departments and divisions in 2012 and 2013. The International Atomic Energy Agency identified ČEZ’s knowledge management processes as a good practice.

The long-term goal is to gradually implement knowledge management in the everyday work of all employees. ČEZ Group wants to live up to its motto We value our employees’ knowledge and can work with it.

People Development Forum
ČEZ Group pays a lot of attention to its managerial staff, for whom it established the People Development Forum. It is a special session in our management development program. In the fall of 2013, the participants discussed the results of an assessment of the managerial competences of department directors and their future career options. The top management thus started systematic support for career management, including job rotation, succession, and development of managerial competences to support our strategic initiatives. This step should have a positive effect on ČEZ Group’s corporate culture.

Participants in the management development program will now work for a year on their own development action plans, which will take them to the second People Development Forum in November 2014. While the main responsibility for achieving the development goals is held by program participants, they will receive maximum support from their managers and all available development tools from Human Resources.

The shift in the evaluation of their managerial competences will be measured once again by means of 360-degree feedback from their professional environment, which will be gathered in August 2014. The management development program is no one-shot event; it involves continual, repeating activities that aim to achieve an optimum level of managerial performance.

Electrician’s Guide
The internal portal that serves to prepare ČEZ Group’s personnel for qualification testing and re-testing in electrical engineering pursuant to Decree No. 50/1978 Coll. includes, among other things, an Electrician’s Guide. The Guide deals with topics corresponding to ČEZ Group’s individual entities in terms of qualification requirements.

The user selects their employer, a decree section, and other criteria on the welcome page and immediately views the contents of the Guide including test questions matching the selection. Employees can print out and take home the whole Guide or its selected parts in order to study for the tests in the quiet of their homes.
4.1.4 Motivational Programs and Benefits

The main objective of motivational programs and benefits is to ensure employee motivation and retention in order to help achieve the company’s strategic goals while efficiently managing personnel costs and optimally allocating them to individuals.

Employee Remuneration

The remuneration system and wage policy are designed to facilitate internal fairness and external competitiveness. CEZ Group employees are paid wages that are in line with CEZ Group’s long-term financial performance and position in the labor market. Base wages are differentiated according to the complexity, responsibility, and difficulty of the work performed. Variable wage components ensure a bond with corporate and individual goals as well as behavior in accordance with corporate principles. They motivate employees to take personal responsibility for results as well as to reach strategic goals. Planning for and managing deviations in personnel costs—especially factors such as the workforce headcount, year-on-year wage adjustments, and wage policies—result in cost effectiveness.

Award for Best Employees of Divisions, Organizational Units, and Subsidiaries

Each year, the head of each division, subsidiary, and power plant selects one of their subordinates as a candidate for the ČEZAR Award. This award is given to the most successful employees across all the countries where CEZ Group operates. ČEZAR is awarded to individual rank-and-file employees rather than teams, since CEZ Group seeks to support the principle of taking individual responsibility for meeting ambitious goals. The award is given to employees that made substantial contributions to their department’s results in the past year and achieved excellent results in meeting their personal goals. The awards are announced at work meetings every year. The main prize is an experience stay with a gala where the CEO officially presents the award to the winners. The purpose of this exclusive meeting is to give key CEZ Group employees an opportunity to exchange work experience and talk informally to one another.

Positive Motivation Award

Since 2013, heads of departments and organizational units and CEOs of integrated subsidiaries have been able to semi-annually point out and nominate for an award teams and individuals that have achieved results exceeding defined goals, are proactive, come up with ideas, and promote cooperation.

The head of each division then reviews the nominated initiatives of individuals and teams in the division and determines the division winner. Up to eight winners can be announced and awarded in each round of Positive Motivation (one from each division). A total of thirteen teams and two individuals, 99 employees overall, were announced and awarded in two rounds in 2013.

Benefits at CEZ Group

The provision of benefits is common practice at most companies. Compared to similar companies, CEZ Group offers its employees an above-average number of benefits. Collective agreements at CEZ Group include a social section where the benefits are described.
Benefits are part of every employee’s remuneration and can be both monetary and in kind, adding up to several thousand CZK in financial value every year. CEZ Group companies have a shortened, 37.5-hour work week, one additional week of paid vacation is provided beyond the statutory minimum, and employees get paid leave beyond the scope required by law. CEZ Group companies provide employees with a broad portfolio of benefits, such as personal accounts intended especially for recreation, contributions to supplemental pension insurance, life insurance, employee meal plans, contributions during the first three days of sick leave, health care, special bonuses for employee jubilees and on retirement, the Mobility Support program intended for key employees changing their place of work within a company or within CEZ Group, and one-shot social aid in extraordinary cases. In addition to the benefits arising from collective agreements, the employer negotiates discounts on selected companies’ goods and services for its employees.

The employer strives to offer its employees benefits that are primarily advantageous for them, while offering a wide variety of benefits to encourage and allow as many employees as possible to take advantage of them. Although the employer incurs considerable expenses to provide the benefits, employees often see them as an entitlement or a natural part of employment relations rather than an additional expression of the employer’s care and appreciation.

CEZ Group does not forget about its former employees—retirees—who it cares for through the CEZ Group Seniors Endowment Fund or by supporting pensioners’ clubs.

4.1.5 Employee Turnover and Outplacement

CEZ Group takes extra care of employees who are leaving due to organizational changes. In order to mitigate the negative impacts of such changes, it has an Outplacement program for all leaving employees, which aims to ease their transition and help them continue with their careers. CEZ Group works constantly on the program’s product line. It enhanced the diversification of its tools in 2013 to cover as much as possible the specific needs of leaving employees.

Each leaving employee is also entitled to retraining. CEZ Group strives to provide the maximum care possible to leaving employees in this difficult situation.

Outplacement

In the period of extensive organizational changes, CEZ Group strives to support employees that will leave CEZ Group to the external labor market due to redundancy. The support is also extended to managers that give this information in their teams and to HR officers that participate in the implementation of organizational change. Three levels of the outplacement program were introduced:

<table>
<thead>
<tr>
<th>Minimum Scope</th>
<th>Standard Scope</th>
<th>Extra Scope</th>
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<tr>
<td>Handbook for redundant employees.</td>
<td>One-day workshops for managers whose departments undergo organizational changes.</td>
<td>Individual consulting for managers.</td>
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<tr>
<td>–</td>
<td>One-day workshop for redundant employees.</td>
<td>Half-day workshop for HR officers.</td>
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<tr>
<td>–</td>
<td>Individual consulting for redundant employees, 2 hours/person.</td>
<td>Diagnostics for redundant employees.</td>
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<td>–</td>
<td>–</td>
<td>Consulting over a HELP line.</td>
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<tr>
<td>–</td>
<td>–</td>
<td>Individual consulting for redundant employees, more than 2 hours/person.</td>
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Development plans for particular employees were fundamental. A development plan was prepared for each employee in a new position, mostly moving from a region to new company headquarters in Ostrava during the organizational change. At the same time, the person responsible for preparing supporting documents for the transfer of information or knowledge was appointed. The development plan included suggested methods to be used and schedules for on-the-job training in new skills. To make this feasible, it was necessary to establish open communication between the leaving employee and the new employee. The situation was mentally exhausting, especially for the leaving employees. Therefore, checking the implementation of the development plans was usually the responsibility of managers, who, however, were often impacted by the organizational change themselves. Managers checked development plan implementation, actively trained new employees, and transferred their knowledge and experience to incoming managers.

The senior management of ČEZ Korporátní služby proposed several nonstandard programs and seminars during the execution of organizational changes with the aim to motivate and develop leaving employees, prepare managers for their difficult position as those who lay off people, and to stabilize the newly created teams in order to achieve the required level of performance for services provided by the company.
The goal of the crisis management development seminar was to prepare managers for the organizational changes as a crisis situation, as it was them who were the bearers of bad news about the impact of the organizational changes on their subordinates. The program focused on the appropriate forms of giving notice, types of response to be expected from laid-off employees, coping with emotional situations, and adopting a matter-of-fact, specific, and rational approach to this stressful situation. The seminar was prepared in collaboration with a company engaged in personal counseling, which also provided a Redeployment service.

As part of the transformation, senior management in cooperation with Human Resources prepared a development program named Our Potential, Or the Best in Ourselves for the group of leaving managers and the group of other leaving employees. The program focused on developing one’s own potential, identifying strengths and weaknesses, and resolving the difficult situations of program participants. The aim was to improve skills and competences in dealing with others and to help find solutions to frequent difficult situations. The development program was implemented as a workshop, with participants focusing on resolving and coping with specific situations based on the principles of efficient communication and learning the basics of transactional analysis. In spite of senior management’s active communication, only the group of seven leaving managers took up the offered development program.

One of CEZ Group’s objectives is to support the best employees, keep them in the company, enhance their performance, and motivate other employees to improve. This group of employees needs to be taken due account of especially in a period of organizational changes, as their value added for the company consists above all in high performance, engagement, expertise, and potential for further development. For 2013, ČEZ Korporátí služby identified eleven key employees across the company, for whom an extra development program was designed for the transformation period. The program focused on enhancing the competences indispensable to managers. It was executed in two-day cycles. In the middle of each two-day cycle, the key employees met with the company’s senior management. The meeting had an informal atmosphere, there was time for discussion, questions, and presentation of suggestions or innovative ideas. The work with the key employees was paying off throughout the year. They worked as project team leaders and were members of task groups and positive bearers of information on the company’s strategic course.

The group of managers accepted their role as trainers with great dedication and high responsibility. They often spent several days on business trips to new locations where they trained new employees and when they got back to their original workplace they responsibly finished the necessary administrative work associated with the handover of their positions and tasks to new employees. The senior management of ČEZ Korporátí služby did not take this for granted, perceiving the difficult situation of managers that were affected by the organizational change themselves and yet they were committed to motivating their teams to provide services with the required scope, timeliness, and quality. Therefore, it proposed to give the team of leaving managers an extra reward for the Being Manager till the Last Day of Employment initiative. It decided to use the Positive Motivation tool for the reward. The seven managers received a financial reward for “invaluable contribution based on such values as loyalty and integrity, affecting employee engagement.”
Throughout the transformation process, the senior management of ČEZ Korporátní služby used a broad range of motivation and stimulation tools. It took the opportunity to reward the best employees and teams for their extra efforts and proactive involvement in the transformation process with an informal reward—for example, meeting with senior management in an informal environment, during sports events or work meetings—as well as with all forms of financial motivation that are used at CEZ Group.

All participants were offered the opportunity to be included in several selection procedures with identified potential employers. Some did not succeed, others rejected the offer on the grounds of unsuitable working hours, higher pay requirements, unwillingness to commute, or missing language skills at the required level.

The Redeployment program was formally terminated at the end of June 2013. Program participants were able to contact the consultants they had personal experience with and initiate new collaboration even after the program was formally terminated.

Although the above-mentioned leaving employees could not be found new jobs, mostly because of their higher requirements and expectations concerning the future job or because they started their own business, the Redeployment program attained the goal desired by the senior management of ČEZ Korporátní služby. The goal was to provide the laid-off employees with a wide range of support when seeking new jobs and to help them in this difficult situation.
4.1.6 Occupational Safety and Health

Occupational safety and health is a body of measures defined by law and the employer to prevent danger or damage to human health on the job. It intertwines with such areas as fire protection, industrial medicine, corporate ecology (waste management, air protection, and possibly water management), and crisis management.

There is no safe workplace or safe work, there are always just less or more dangerous workplaces or work. That’s why there are rules and measures protecting against the negative consequences of living in the work environment:

- Reduced work comfort (including disrupted social comfort)
- Work accident
- Risk of occupational diseases
- Occupational diseases.

Occupational safety and health has traditionally received great attention at CEZ Group. Both nuclear power plants (Dukovany and Temelín) hold the Safe Enterprise certificate. There are about fifty enterprises in the Czech Republic that can add the title Safe Enterprise to their name.

The Dukovany Nuclear Power Plant was awarded the Safe Enterprise certificate and title for the first time in 1999. It was successfully recertified in 2002, 2005, 2008, 2011, and 2014. The Temelín Nuclear Power Plant was granted the prestigious Safe Enterprise certificate in 2005, 2008, and 2011. A team of auditors from the State Labor Inspection Office reviewed the work safety system at both nuclear power plants and confirmed that they had a fully functional occupational safety and health system in place and followed its rules in their operations.

Fleet and Accident Rate

CEZ Group’s fleet contains over 4,500 vehicles. Besides company cars, there are off-road vehicles, fire trucks, motor scooters, and a snowmobile. The gigantic fleet travels over 85 million kilometers every year. This means a great risk of insurance events and road accidents, which sometimes involve injuries. In 2012 alone, CEZ Group registered 2,029 insurance events, with an alarming 1,220 accidents caused by its own employees.

The fleet manager, ČEZ Korporátní služby, is therefore taking action to reduce the rate of insurance events. In 2013, it undertook a project named Driving Safely, Protecting Lives, Saving Money with the aim to remind employees of traffic rules, make them aware of the most frequent causes of road accidents, and recommend ways to prevent them in an educational manner. The project reached over 23,000 CEZ Group employees in total; more than 2,000 employees took part in the related contest.
4.1.7 Employee Communications

CEZ Group uses a wide variety of communication tools to keep its employees informed, such as the ČEZ NEWS magazine, intranet sites including the audiovisual ČEZ TV, direct newsletters with keynote information, SMS or audio messages, notices on bulletin boards, or elements of internal marketing. Employee involvement and engagement are strengthened by workshops, work meetings with the management of divisions, subsidiaries, and power plants, professional employee meetings, meetings “on the border” across subsidiaries, or skip-level meetings that were newly introduced at nuclear power plants and were recognized as a best practice by an international OSART mission.

Employees can file their complaints and comments resulting from employment relations to the head of Human Resources. The procedure is governed by Guideline SKČ_ME_0068r00z1. Concrete complaints are handled by the Social Relations department, which makes sure the complaint is examined and a response is sent to the employee. Corrective action is taken if shortcomings were found.

Employees can also file their complaints and comments through relevant labor unions according to the collective agreement.

Suggestions/observations can also be submitted by means of the Orange Mailbox. This is mostly electronic communication using intranet forms. Employees can submit their questions as well as opinions with the aid of a table of topics. Employees without access to a computer can ask their colleagues or, at selected sites, use an actual orange mailbox.

4.1.8 Employee Feedback

One of the important ways to get feedback from all employees is a corporate culture and safety culture survey, organized by CEZ Group regularly every three years. Based on the feedback, CEZ Group not only promotes change in corporate culture but also motivates employees to express what should be improved and what should be continued within the company. It works with the feedback from survey results alongside the safety culture and actively engages employees in proposing solutions. Employees can check and amend the interpretation of the results and help propose solutions and appropriate measures at task workshops. The outcomes are action plans in whose implementation employees participate personally with management’s support.
The results of the last survey, held in 2011, led to CEZ Group introducing several measures to its everyday work.

- For example, management visits regional offices more frequently. Thanks to an informal approach, it receives new suggestions, questions, and comments.
- CEZ Group communicates its corporate strategy more comprehensibly. It introduced new forms of communicating strategic topics—panel discussions and videos.
- It organizes professional meetings and meetings across the borders of departments. They help them better collaborate and exchange their experiences.
- The Group modified the vacancy filling process. The number of positions filled with internal candidates grew.
- Greater attention is paid to management development—we want leaders that can motivate their people to put in their best performance while creating a good work climate.
- In the field of safety and security, CEZ Group created a Safety Portal. The intranet site received a highly positive review by an international Corporate OSART Mission.

Another survey was started in the spring of 2014.

The new vacancy filling method significantly increased the share of positions filled by CEZ Group employees.
4.1.9 Relations with Labor Unions

There were a total of 26 separate local labor organizations operating at ČEZ in 2013, organizing 1,670 employees, or 31% of the company’s total workforce. ČEZ Group’s integrated subsidiaries in the Czech Republic had a total of 42 local labor organizations, organizing 3,318 employees, or 47% of the employee headcount.

The labor organizations are associated in labor unions—ECHOLabor Union, Czech Labor Union of Power Engineers, and KOVO Labor Union.

Regular meetings were held between the employer and labor organization representatives, at which information was presented to the labor organizations and topics set down by the Labor Code and collective agreements were discussed.

The collective agreements at ČEZ and its integrated subsidiaries expire on December 31, 2014. Amendments to the collective agreements were made every year, adjusting above all the wage policy.

There are 16 local labor organizations operating within the Severočeské doly Group. Their collective agreements expire on December 31, 2014, the subsidiary SD-KOMES has a collective agreement expiring on June 30, 2014.

There are also labor unions operating at ČEZ Group’s companies abroad—in Poland, Romania, and Bulgaria. There were four labor unions in total operating at ČEZ Group’s Polish companies (Elektrownia Skawina S.A.; Elektrociepłownia ELCHO sp. z o.o.; ČEZ Polska sp. z o.o.) in 2013, thirteen labor unions operating at Bulgarian companies (CEZ Razpredelenie Bulgaria AD; CEZ Bulgaria EAD; CEZ Elektro Bulgaria AD; TEC Varna EAD), and a total of three labor unions operating at ČEZ Group’s Romanian companies (CEZ Distributie S.A.; CEZ Romania S.A.; TMK Hydroenergy Power S.R.L.) in 2013.

Based on its membership in an employers’ organization, the Czech Association of Employers in the Energy Sector (CAEES), ČEZ takes part in collective bargaining at a higher level in the energy sector, which results in the Higher-Level Collective Agreement.

There is a European Works Council operating at ČEZ Group as a platform for informing of and discussing ČEZ Group’s main strategic issues at a “transnational” level, with representatives of employees from the entire ČEZ Group, including employee representatives from Poland, Romania, and Bulgaria.
4.2 Corporate Identity

CEZ Group obtains information about its position in the market, respondents’ attitudes, and a range of other important information by research, among other things. The research is conducted for it by six—three Czech and three foreign—agencies. CEZ Group also conducts a good part of the research on its own. The research focuses on, in particular:

- Dynamics Tracking—measurement of brand attributes and key indicators (MillwardBrown, every week)
- Online Tracking—measurement of campaign effectiveness and association of additional brand attributes (GFK, every week)
- Brand Dynamics—brand health measurement (MillwardBrown, once a year)
- CSR—public awareness of and attitudes to CSR in connection with CEZ Group (GFK, once a year)
- Nuclear power—the Czech public’s attitudes to nuclear power (IBRS, twice a year)
- Customer Experience—perception of customer experience (IBRS, three times a year).

The most important information arising from the above research during 2013 was:

- Brand perception index—CEZ Group maintains a higher position than other competitive brands.
- Brand value—the brand is a leader in the Czech market.
- Innovativeness—the public regards the brand as a symbol of an innovative company that sets new trends in energy.
- Pro-customer—people feel the company treats them well.
- Beneficial—in the public’s opinion, the company dedicates a fair portion of its profit to the public good.
- Expert—the company is perceived as an expert on energy and energy supplies.
- Two out of three respondents are in favor of nuclear power development.
- The public places very high trust in the professionalism of CEZ Group’s engineers and service personnel—they deal with requests quickly and reliably.
- CEZ Group’s engineers and service personnel have a very high rating in areas that were hit by floods.
- Children’s playgrounds are the most frequently spontaneously mentioned and most conspicuous CSR activity of ČEZ.
4.2.1 Public Relations

CEZ Group engages in systematic, open communications with the public at large, not just in places where it has direct operations. Communication methods vary depending on the particular target group we wish to address.

- We communicate with customers face to face at customer centers, by phone at the customer line, and over the Internet by means of our Virtual Sales Office. Various advertising campaigns and materials for customers, including the Orange Guidebook (an easy-to-understand guide for customers), are another mode of communication.
- We communicate with the general public by means of information centers at individual power plants, and we also offer tours of all the power plants that lack an information center.
- CEZ Group addresses the professional public, students, and job candidates through its presence at various exhibitions, trade shows, and professional gatherings.
- We also communicate with all target groups through the mass media: TV, radio, nationwide and regional dailies, weeklies, and monthlies, as well as modern, online channels—the Internet and social media.

CEZ Group publishes a number of periodicals for the public, either printed or online:

- ČEZ Info, a quarterly for corporate customers
- Zpravodaj (Bulletin), a magazine published by the Dukovany Nuclear Power Plant
- Temelínky, a magazine published by the Temelín Nuclear Power Plant
- Šťáva (Juice), a lifestyle magazine which gradually turned into a comprehensive customer program named Juice
- Třípól (Threepole), a popular science e-zine
- Energetika v EU (Energy Sector in the EU), a monthly bulletin for employees
- ČEZ News, an employee magazine.

4.2.1.1 Communication Rules and Types

Public Affairs

Communication with all individuals and institutions that have something in common with CEZ Group (stakeholders) is the responsibility of Public Affairs. Since CEZ Group’s business is increasingly affected by not only Czech but also EU regulation, the department’s main task is to express CEZ Group’s opinions on fundamental issues and risks in a qualified and open manner and present the opinions to representatives from central and local authorities, the European Parliament, and the European Commission.

To make CEZ Group be perceived as a constructive, open, and fair company, its communication must have the same qualities. CEZ Group thus uses Public Affairs to present its opinions and positions in public consultations opened by the European Commission, various EU and national expert working groups, and expert conferences.

For example, CEZ Group participated in a discussion concerning the European Union’s 2030 policy framework for climate and energy, came up with a constructive proposal for a reform of the European Union Emission Trading Scheme, and is an active participant in a discussion about the future of the energy sector in the Czech Republic.
Communication with Shareholders and Capital Market Participants

Company shareholders have access to quarterly reports on CEZ Group’s financial performance—on dates that are planned and announced in advance. In addition, they are kept informed, on an ad hoc basis, about all other relevant circumstances that could influence the share price.

It is the company’s intent to carry on intensive and open dialog with all capital market participants beyond the scope of its statutory obligations so that everyone has sufficient information for an independent evaluation of CEZ Group’s performance and strategy. ČEZ organizes the following for them:
- Regular press conferences
- Conference calls when quarterly figures are released.

Financial figures and other pertinent information are also published on its website.

Communication with the Mass Media

Information transparency is one of the fundamental priorities of CEZ Group’s information strategy. The spokesperson and their team of coworkers communicate with representatives of the media; managers give interviews and answer questions. The media can also make use of the website at [www.cez.cz](http://www.cez.cz), with current and archived press releases and a variety of other information on the Group’s activities. CEZ Group issues about 400 press releases in total every year, at both central and regional level.

Communication with the Professional Public

CEZ Group prides itself on being innovative, progressive, and using the latest scientific knowledge in its activities. Therefore, it cooperates with the professional public, supporting science, research, and technical schools.
- With target advertising, CEZ Group participates in the publication of professional literature such as monographs, university textbooks, and magazines.
- It supports expert conferences with its own papers or sponsorship, focusing on research and development.

CEZ Group’s Online Presentation

CEZ Group’s online presentation and communication allows its shareholders, customers, and the wider public easier access to required information.

CEZ Group presents itself via a comprehensive information service including multimedia messages at [www.cez.cz](http://www.cez.cz). Information is available on the website in Czech and English and partially also in German.

CEZ Group’s Internet presentations in the countries it operates in form a set of websites with uniform design. The unique multi-language web portal based on the Czech website can be found at [www.cez.bg](http://www.cez.bg) for Bulgaria, [www.cez.hu](http://www.cez.hu) for Hungary, [www.cez.ro](http://www.cez.ro) for Romania, [www.cezpolska.pl](http://www.cezpolska.pl) for Poland, and [www.cez.sk](http://www.cez.sk) for Slovakia. All the websites but the last two also offer certain information in English. The most visited foreign site is the Bulgarian version of CEZ Group’s website with almost half a million users every month. Each website contains a description of activities in the given country, an overview of local events, and information for customers.
Additional information is provided by thematic landing pages:
1) www.kdejinde.cz provides information on vacancies and presents the advantages of working for CEZ Group.
2) www.elektromobilita.cz presents the electromobility project.
4) www.cez.cz/kodex presents CEZ Group’s positions and advantages for clients to customers.

The address geoportal.cez.cz hosts the self-service CEZ Group Geoportal, which provides information about the routing of networks and position of equipment and allows builders and architects to obtain a statement on the existence of networks and comfortably also other necessary information from ČEZ ICT Services and ČEZ Distribuce.

CEZ Group videos can be seen at www.youtube.com/user/SkupinaCEZ.

CEZ Group also publishes a number of specialized magazines whose full or online versions can be found on the Internet:
1) ČEZ Info, a quarterly for corporate customers with news from CEZ Group and the energy sector: business.cez.cz/cs/ke-stazeni/cez-info/.
2) The Šťáva (Juice) customer program for Retail customers: www.stava.cz.
3) ČEZ News, a magazine for employees (11 issues per year) that provides detailed information about events within CEZ Group: www.cez.cz/cs/pro-media/casopis-cez-news.
6) Třipol (Threepole) is a popular science and technology e-zine with focus on the energy sector: www.tretipol.cz.
7) An information site with news on energy and the energy sector sponsored by CEZ Group in Hungary: www.energijainfo.hu.
There are two websites in English intended primarily for the expert public: a presentation for investors at www.cez.cz/cs/pro-investory/prezentace-pro-investory/ and records of conference calls made on each day on which a press conference is held at www.cez.cz/cs/pro-investory/kalendar-ir-akci.html. At both sites it is necessary to choose the required year to view relevant information.

**CEZ Group’s Presentation in Social Media**

CEZ Group is also active in social media. It uses mainly Facebook, running five pages on the social network:

1) www.facebook.com/PracevCEZu, where it informs about the options for building a career with CEZ Group in the Czech Republic and activities for university and high-school students, graduates, and teachers.

2) www.facebook.com/fandime.elektromobilum, where it publishes news on the progress of projects related to the development of electromobility in the Czech Republic.

3) www.facebook.com/CEZlidem was founded in 2011 to inform about ČEZ Foundation projects, social responsibility, corporate volunteering, and CEZ Group’s engagement in the individual regions of the Czech Republic.

4) www.facebook.com/projadro, a Facebook page dedicated to nuclear power and nuclear power plants. This is our most successful Facebook profile.

5) www.facebook.com/jsmesvami, a Facebook page dedicated mostly to PR activities—projects such as Your Energy Can Do Marvels, We’re With You, and others.

6) www.facebook.com/matostavu, a Facebook profile to promote the Štáva (Juice) customer program.

CEZ Group is also on Twitter, at www.twitter.com/SkupinaCEZ. CEZ Group uses this tool to present its press releases, especially to mobile Internet users.

### 4.2.1.2 Information Centers

CEZ Group power plants and information centers attract more and more visitors. Some information centers are already traditional, such as the Dukovany Nuclear Power Plant Information Center, which opened for the first time 18 years ago. It has been visited by over 524,000 visitors and is being renovated at the moment. The Ledvice Information Center is very modern and the Dlouhé Stráně Information Center has become a regular part of tourist trips. In addition, student field trips to CEZ Group facilities have a didactic value.

Information centers and sites that allow field trips can be found at the following places:

- Dukovany Nuclear Power Plant
- Temelín Nuclear Power Plant
- Dalešice Power Plant
- Dlouhé Stráně Power Plant
- Ledvice Power Plant
- Lipno Power Plant
- Orlík Power Plant
- Slapy Power Plant
- Štěchovice Power Plant
- Vydra Power Plant & Čeňkova Pila Power Plant
- Tušimice Power Plant
- Renewable Sources (Hradec Králové)
- Bilina Mines
- Nástup Tušimice Mines
- Řež Nuclear Research Institute
- ELCHO Power Plant (Poland)
- Skawina Power Plant (Poland)

CEZ Group’s power plants and information centers were visited by almost 200,000 people in 2013.
Traditionally, the most popular site was the “wonder of the Czech Republic”—the Dlouhé Straňě pumped-storage hydroelectric plant in the Jeseníky Mountains. Due to its location in a protected landscape area, the excursion is divided into two parts—a visit to the information center, the lower reservoir, and the actual power plant deep inside the mountain, and a visit to the upper reservoir with a beautiful view of the Jeseníky Mountains. A six-person chairlift takes tourists to the upper reservoir, then they can take an environmentally-friendly microbus, walk, or use their in-line skates or cross-country skis. There were two innovations that tourists encountered in 2013: a small information center under the crest of the upper reservoir’s dam, offering refreshments, printed materials, maps, and tourist stamps, as well as a lecture on the power plant.

There is lasting interest in both nuclear power plants—in Temelín and Dukovany. The Temelín information center’s park at the Vysoký Hrádek manor is also a popular place for weddings, tourist picnics, cyclists’ meetings, and entertainment for children. Dukovany also offers a visit to the first Czech photovoltaic power plant and the trip can be combined with a visit to the Dálešice pumped-storage hydro plant. The Dukovany Nuclear Power Plant’s information center was closed for reconstruction and renovation in the first half of 2014. Now it has a brand-new exposition with new models and attractions.

Visits to CEZ Group power plants are most popular in summer months; the season starts with school excursions in May and June and continues with tourist visits and family trips until September. Another influx of visitors comes with the Science and Technology Week organized by the Czech Academy of Sciences in early November. However, all visit points welcome visitors throughout the year.

**Visitors to Information Centers and Sites Accessible to Excursions, Including Single Points Under a Common Name, in 2013**

<table>
<thead>
<tr>
<th>Name</th>
<th>Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dlouhé Straňě Power Plant</td>
<td>36,530 (lower reservoir)</td>
</tr>
<tr>
<td></td>
<td>43,701 (upper reservoir)</td>
</tr>
<tr>
<td>Temelín Nuclear Power Plant</td>
<td>33,400</td>
</tr>
<tr>
<td>Dukovany Nuclear Power Plant</td>
<td>23,642</td>
</tr>
<tr>
<td>Renewable Sources IC &amp; Hučák SHPP</td>
<td>13,891</td>
</tr>
<tr>
<td>Dálešice Power Plant</td>
<td>9,469</td>
</tr>
<tr>
<td>Lipno Power Plant</td>
<td>7,905</td>
</tr>
<tr>
<td>Výdra &amp; Cefíkova Pila Power Plant</td>
<td>4,995</td>
</tr>
<tr>
<td>Stěchovice Power Plant</td>
<td>3,664</td>
</tr>
<tr>
<td>Ledvice Power Plant</td>
<td>2,485</td>
</tr>
<tr>
<td>Tušímice Power Plant</td>
<td>2,350</td>
</tr>
<tr>
<td>Orlik Power Plant</td>
<td>1,940</td>
</tr>
<tr>
<td>Dětmarovice Power Plant</td>
<td>1,803</td>
</tr>
<tr>
<td>Střekov Power Plant</td>
<td>1,309</td>
</tr>
<tr>
<td>Spálov Power Plant</td>
<td>1,066</td>
</tr>
<tr>
<td>Slapy Power Plant</td>
<td>835</td>
</tr>
<tr>
<td>Chvaletice Power Plant (until September 2013)</td>
<td>773</td>
</tr>
<tr>
<td>Pohlí Power Plant</td>
<td>659</td>
</tr>
<tr>
<td>Počerady Power Plant</td>
<td>416</td>
</tr>
<tr>
<td>Želina Power Plant</td>
<td>386</td>
</tr>
<tr>
<td>Melník Power Plant</td>
<td>352</td>
</tr>
<tr>
<td>Tisová Power Plant</td>
<td>270</td>
</tr>
<tr>
<td>Hodonín Power Plant</td>
<td>88</td>
</tr>
<tr>
<td>Other small hydro power plants in East Bohemia and Moravia</td>
<td>2,738</td>
</tr>
<tr>
<td>Janov &amp; Věžnice wind parks</td>
<td>426</td>
</tr>
<tr>
<td>Číčov Power Plant (biogas)</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>195,098</strong></td>
</tr>
</tbody>
</table>
Rež Nuclear Research Institute
The Nuclear Research Institute in Rež offers organized excursions for the general public. Visitors can see an LVR-15 research reactor, including the control room, reactor hall, hot cells, and experimental loops, an LR-0 zero-power reactor, including the control room, and a hall with experimental loops for Generation IV reactors. Since 2012 the tour has included a visit to the PET R&D Center in Rež with a multimedia presentation, cyclotron, control room, and semi-hot cell premises. Tours will depend on the current operation of the facility in the future. By agreement, the company can arrange individual visits for the professional public, touring other specialized premises such as hot and semi-hot cells for the testing of irradiated materials or the fluorine chemistry lab.

Excursion Statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>Excursions</th>
<th>Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>78</td>
<td>1,400</td>
</tr>
<tr>
<td>2013</td>
<td>68</td>
<td>1,101</td>
</tr>
</tbody>
</table>

Visitor Statistics for Open Days

<table>
<thead>
<tr>
<th>Year</th>
<th>Students (elementary and high school)</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>130</td>
<td>461</td>
</tr>
<tr>
<td>2013</td>
<td>83</td>
<td>437</td>
</tr>
</tbody>
</table>

Detailed information about the information centers and sites for excursions, contacts, and opening hours can be found on CEZ Group’s website at www.cez.cz/cs/o-spolecnosti/kontakty-skupina-cez/informacni-centra.html#!&zoom=7.
4.3 Education Program and Cooperation with Schools

4.3.1 Education Program
In 2013 ČEZ celebrated the 21st anniversary of “World of Energy”, its systematic, comprehensive information and education program, which is designed not only for young people. It offers students, teachers, and schools help in understanding the power industry and integrating related topics into school curricula.

Support for education is another service that ČEZ offers to the public. All learning activities are provided either free of charge or at symbolic prices. ČEZ is the only Czech industrial company that provides such a long-standing program to support education in technology and sciences. It includes not only an offering of learning materials but also debates with students, seminars for teachers, a Physics Teachers Club named World of Energy Club that lets teachers take tours of power plant operations and meet with experts, and contests designed to find and support talented students.

In the fall of 2013, an international IAEA OSART mission found ČEZ’s education program an example of good practice to be followed by other nuclear operators. In December of that year, the Physical Society of the Union of Czech Mathematicians and Physicists gave the World of Energy education program an award for an outstanding contribution to the popularization of physics.

By the spring of 2014, there were more than 5,000 debates entitled Energy—the Future of Humanity, which were attended by over 180,000 boys and girls aged 14 to 19. The regular semi-annual climax of the debate series is the What Do You Know About Energy competitions, in which participants compare their knowledge as well as physical and mental fitness.

In 2013 there were debates outside the Czech Republic as well—at the Engineer’s School in Waldmünchen, Bavaria. These were followed by a discussion panel with Czech and German students, which resulted in a joint declaration. In the declaration, students recommend that renewable sources should be used as efficiently as possible in the search for future energy sources and that they should be built where the conditions are best for them. They also agree that nuclear power is irreplaceable as yet.

CEZ Group organizes more than ten seminars for teachers every year, teaching them how to teach physics in a new, attractive way. The seminars are accredited by the Ministry of Education, Youth, and Sports of the Czech Republic. Twice a year CEZ Group adds practical physical seminars on Working with Gamabeta, during which teachers become familiar with the advanced educational aid for teaching ionizing radiation physics. The seminars are combined with demonstrations of physical experiments and excursions to power plants. More than 60 such seminars for over 1,200 teachers took place by the spring of 2014.
Active physics teachers from all over the Czech Republic are offered membership in CEZ Group’s World of Energy club. The club had 285 members in the spring of 2014. In 2013, they visited a uranium mine in Hamr and a photovoltaic power plant in Ralsko, the Dlouhé Stráně pumped-storage hydroelectric plant, the Tušimice coal-fired power plant, and an open-pit coal mine.

The ČEZ Award, a diploma thesis contest through which CEZ Group seeks and supports the best power and electrical engineering majors at Czech colleges and universities, was organized for the 15th time in 2013.

Traditionally, CEZ Group was the general partner of the 20th annual Expo Science, a competition of high-school students’ scientific and technical projects, in 2013.

The offering of learning materials continued to expand in 2013 and 2014. CEZ Group created the Encyclopedia of Nuclear Energy and Industry for tablets and smartphones and a set of eight mini-encyclopedias dealing with various physical topics (www.cez.cz/miniencyklopedie). It also converted its kids’ programs Joulinka and Pexeso with the Enerpixies for use in contemporary online media. After one week from its release, the Joulinka app had 1,500 downloads from the App Store. This is more than some commercial titles. The general public was offered access to seven power plants by means of virtual tours to:
- Štěchovice Hydro Power Plant
- Temelín Nuclear Power Plant
- Janov Wind Turbine
- Tušimice Coal-fired Power Plant
- Biomass combustion plant at the Hodonín Power Plant
- Číčov Biogas Station
- Buštěhrad Photovoltaic Power Plant.

They are available at www.cez.cz/cez-virtualni-prohlidky. The virtual tours had 40,000 visitors in just two months after going online.

All activities and offers under the World of Energy education program for students, teachers, and the public can be found at www.cez.cz/vzdelavaciprogram.
4.3.2 Support for Technical Education

CEZ Group actively seeks future employees at schools that have power engineering or mechanical engineering programs.

The years 2012 and 2013 saw continuation of strategic recruitment activities that aim to promote the study of technical fields and prepare enough people for natural and generational staff turnover. Our recruitment activities are repeatedly rated highly by undergraduates—CEZ Group ranked among the best in several polls and surveys. As an example, we can mention the Obvious Choice 2012 title won in a survey conducted by the Czech Students’ Union, which ČEZ defended in 2013, two second places in The Most Desired Company poll (part of the Employer of the Year competition) and first place among economics students and second place among technology students in the 2012 and 2013 surveys organized regularly by Trendence Institut GmbH Berlin. Our recruitment and popularization activities were also acknowledged by the expert public, e.g. with first place in the Nutcracker 2013 competition, second place at the White Square 2013 international advertising festival and third place in the HR Project of the Year 2013 category for our interactive project named Cool Summer Job.

ČEZ organizes a network of partner schools that consists of thirteen faculties at seven universities and 50 high schools (www.kdejinde.cz/cs/spolupracujujici-skoly.html). CEZ Group supported a number of expert activities and awarded scholarships to selected students. Already traditional programs for students, besides standard excursions, included for example Nuclear School-Leaving Exam (three-day study visit for high-school students) and Summer University (two-week study visit for undergraduates) at the two nuclear power plants—Temelin and Dukovany. There were also the 3rd annual Energy School-Leaving Exams with focus on electricity generation at coal-fired power plants in Prunéřov and Tušínice, and the 4th annual Energy School-Leaving Exams in electricity distribution, organized at various locations throughout the Czech Republic.

ČEZ also decided to support young people’s interest in technical study programs with activities that aim to popularize power engineering. One of them was Cool Summer Job, which followed immediately after the successful music contest Electricity Is Cool from the previous period. The application combined entertaining and educational functions. The entertaining part involved participants virtually going to work and performing operations on facility equipment. The educational function was performed by a set of sixty expert questions. Those who finished in first through third place were allowed real summer jobs at facilities they chose. Contestants in fourth to tenth places went on individual excursions of their choice.
Another contest held in the school year 2013/2014, this time for middle-school and high-school students, was named I Know Why and motivated young people to shoot videos of physical experiments. Teachers were allowed to help. The best experiments were chosen by the public in an online vote, while an expert jury gave its own award. The winners selected by the jury received tablets and the authors of experiments that won with the general public chose an excursion to one of the CEZ Group facilities and were awarded tickets for their class to one of the technology world centers such as Techmania in Plzeň or IQ Park in Liberec.

However, support for technical education is not limited to pupils, students, and graduates. In 2012 CEZ Group launched a project for teachers’ study visits to CEZ Group’s facilities in northern Moravia. Under this unique project, electrical engineering teachers became familiar with the details of electricity distribution in practice and hot topics in the energy sector. The visitors were ten teachers from the Secondary Technical School of Electrical Engineering in Ostrava (Na Jízdárně 30), CEZ Group’s partner school. The teachers’ program consisted of lectures, debates, and excursions to selected workplaces at ČEZ’s two subsidiaries, namely ČEZ Distribuční služby and ČEZ Distribuce. The mission of the two companies is to make sure electricity is distributed to customers without a hitch.
4.3.3 Talent Scouting
CEZ Group has long been involved in the education of children and youth as it is very much aware of the need to bring up a new generation of specialists in technical fields. The aim is to get gifted graduates with focus on power engineering to take up specialized, prestigious, and well paid positions at its facilities after graduation. It offers them scholarship programs that are a first step toward a career in the energy sector.

The “Undergraduate” scholarship program is intended for technical majors as well as for anyone interested in technology. Admission to the program is conditional on getting through any of the programs for high-school students and undergraduates (Nuclear/Energy School-Leaving Exam or Summer University). Over fifty students underwent the program in its five years, with a great number of them now working for ČEZ. You can find more information at www.kdejinde.cz/cs/studenti.html.

Students that have visited CEZ Group’s websites know very well that they can find a lot of other interesting information there. For example, the site at www.kdejinde.cz offers study materials, information about the Nuclear/Energy School-Leaving Exam, Summer University, Mathematics and Physics Olympiads (whose general partner we have been since 2011), CEZ Group’s quarterly Kde jinde (Where Else), the Třípól (Threepole) popular science magazine for students (www.tretipol.cz), and a range of other useful materials. For active communication we created a Facebook profile named Práce v ČEZ (Working at ČEZ) www.facebook.com/#!/PracevCEZu, which has over 7,000 fans and is used to communicate hot topics.

CEZ Group does not forget about elementary school students in its activities. Since 2012, it has been a main partner of a project named ŠiK, which aims to reach as many young people as possible through videos of an educational, cultural, and informative nature. The videos are shown on large screens installed at schools and allow a new method of communication with young people. The ŠiK project strives to help prevent risky behavior at primary schools and high schools in cooperation with other government and non-government organizations.

Environmental education, information about power and electrical engineering, promotion of electrical engineering schools and study programs—those are the contents of the Electricity Is Cool project. ČEZ won first place in a contest of the Association of PR Agencies for it in 2012. The Electricity Is Cool portal was visited by 52,559 users, of which 13,275 took an active part in the competition. Contact information was filled in by 4,953 students. This fulfilled one of the main objectives—getting students’ contact information and establishing further communication with them. The project showed that technical study programs are considered attractive and ČEZ is considered an attractive place to work. CEZ Group managed to improve students’ negative notions about engineering and to show that they are capable and creative.

Through its activities (trade shows, debates, excursions, study visits, etc.), CEZ Group’s reach is almost 100,000 people in a single calendar year.
4.4 Donorship and Partnership Programs

4.4.1 ČEZ Foundation

ČEZ Foundation (formerly Rainbow Energy Foundation):
- Established on July 25, 2002 pursuant to Act No. 227/1997 Coll., on foundations and endowment funds
- Registered in the Foundation Register, section N, file No. 462 by the Municipal Court in Prague on August 28, 2002
- The Foundation was given identification number 26 72 15 11.

The Foundation’s most important donor is ČEZ and some other CEZ Group companies. When making contributions to the Foundation, they follow these laws and regulations:
- Act No. 227/1997 Coll., on foundations and endowment funds
- ČEZ Foundation Charter
- ČEZ Foundation Statutes
- ČEZ Foundation’s grant rules
- Decision of the founder, i.e. ČEZ, within the scope set down in the ČEZ Foundation Charter and ČEZ Foundation Statutes as contained in minutes from the company governance bodies’ meetings.

When making charitable contributions from funds received from CEZ Group companies, the Foundation respects rules set down in:
- Resolution of the Government of the Czech Republic No. 334/1999 on the proposal for an approval process for causes to which sponsorship donations can be made by state-owned enterprises and trading companies with the state’s majority in a given year
- Resolution of the Government of the Czech Republic No. 534/2000, on an amendment to Government Resolution No. 334/1999
- Communication of the Ministry of Finance of the Czech Republic 155/35 592/1999, on rules for the procedure for sponsorship donations by state-owned enterprises and trading companies with the state’s majority pursuant to Government Resolution No. 334 and its amendments.

The ČEZ Foundation’s support goes primarily into: support for children and youth activities (construction of Orange Playgrounds), support for the disadvantaged (traveling Orange Bike), active cooperation with regions (Support for Regions grant program), support for projects focusing on education and barrier removal (Orange Classroom and Orange Stairs projects). Renewal of greenery in municipalities is supported by the Trees grant program launched in 2011 and 2013. In 2013, the ČEZ Foundation supported crosswalk renewal in regions under the corporate Your Choice project. In 2014, the ČEZ Foundation launched a new grant program named Orange Crosswalk, which supports lighting at crosswalks.

Great importance is attached to cooperation with CEZ Group employees. Since 2009, the Foundation has co-created CEZ Group employees’ charitable project called Granting Wishes, Thinking About Others. In the 1st annual Employee Grants in 2013, 107 employees received contributions to activities for nonprofit organizations they are engaged in.

ČEZ Group, through the ČEZ Foundation, supported a total of 388 projects worth CZK 140.5 million in total in the Czech Republic in 2012, making it one of the most generous foundations in the Czech Republic. The 2013 number of projects was 646 and the amount was CZK 159.2 million, which went to programs reacting to current needs.
Orange Playgrounds
The program helps municipalities finance the construction and reconstruction of children’s playgrounds and sports grounds.

Panská louka, Nižbor
A multifunction Orange Playground was built at Panská louka in 2013. Such a modern sports ground for children from the adjacent kindergarten and elementary school was lacking in Nižbor until then. The children used a small playing field at the local gym but it became obsolete and unsuitable for its purpose. Now the kids can train accuracy of aiming by basket shoots and coordination on a balance bench or play on a spring swing. The rules allow children up to 12 years only when accompanied by an adult, so the sports ground will also serve as a meeting point for their parents. While the kids play around, the parents can take a rest and oversee their offspring from the comfort of new benches. The ČEZ Foundation’s contribution was CZK 220,000.

Sports Ground, Bílá
The new sports ground was built in 2013 in place of the original one that had an unsatisfactory concrete and plastic surface. The multipurpose sports field can be easily prepared for various sports. There is also a secondary vocational school nearby, which uses the sports field throughout the school year. The ground does not have to be closed down for winter. An ice rink can be created on the ground in frost days. The ČEZ Foundation contributed CZK 1 million to the sports ground construction.
Playground, Budišov nad Budišovkou
The playground, built in 2013, is the first playing facility of its kind in the town. It can be found in a quiet, safe downtown neighborhood. The fenced-in playground is accessible to preschoolers and schoolchildren from Budišov and its vicinity throughout the day and is locked for the night. Its biggest attraction is a Budišov play set with four towers, a slide, climbing wall, net tunnel, and rope bridge. It is complemented by spring swings, a double seesaw, and a roofed sandbox. Moms and dads can keep an eye on their kids from the surrounding benches. The ČEZ Foundation contributed CZK 495,000 to the playground.

Sports Facility—Sports Club, Kamenný Újezd u Českých Budějovic
Since 2012, sports Club’s sports facility in Kamenný Újezd u Českých Budějovic has been offering additional leisure activities. Parents with kids will appreciate a new playground with a merry-go-round, a seesaw, spring swings, a drawing board, and a toss. There is also a play structure with a climber and a slide. When choosing the equipment, town representatives did not forget about children with mobility difficulties, for whom they ordered a safe swing called a “nest”. The playground is right next to a multipurpose playing field. This serves for futnet, volleyball, or beach volleyball. Visitors can make use of the local sports club’s facilities. The amount provided by the ČEZ Foundation was CZK 900,000.
Orange Bike
From spring to fall the Foundation visits various cultural, social, and sports events with its two specially adapted exercise bikes and allows visitors to pedal on the Orange Bike for a minute to support nonprofit organizations.

Après Ski, Prague
Prague’s riverside at Rašínovo nábřeží hosted an unusual event, Après Ski, on the second weekend in October 2013. The festival full of snow and winter pleasures was enjoyed by children and adults alike. They could watch professionals compete in snowboarding and freestyle skiing. The smallest children could try carving their first arc on skis or a snowboard on a short artificial track. On Saturday, every visitor was able to have a go at the Orange Bike. Visitors helped single mothers in a difficult situation living in the Kolping House in Prague 8 and the Kvadru nonprofit organization, which works with disabled people with spinal cord injuries. Overall, the ČEZ Foundation distributed CZK 100,448.

Sázavafest, Světlá nad Sázavou
Světlá nad Sázavou hosted the 13th annual multicultural Sázavafest festival in 2013. The varied three-day program attracted 20,000 people. A number of visitors combined listening to music with an act of charity and rode the Orange Bikes to help two nonprofit organizations get more than CZK 100,000. The program included a ceremony at which eight orange bikes were presented to foster homes. When taking over the gifts on the main stage, the children had an opportunity to experience feeling like celebrities in front of a large crowd.
Colorful Planet Festival, Ústí nad Labem
The Colorful Planet multi-ethnic festival attracted fans of music as well as theater, dance, and cinema to Ústí nad Labem in 2012. Visitors did not overlook the Orange Bike charity project in the varied program, riding an exercise bike to help kids from children’s homes. Thanks to their participation, children growing up without a family got a chance to live in training apartments and become more self-reliant. For the duration of the festival, people managed to “pedal up” a total of CZK 100,384, which were divided between the Střekov Children’s Home (CZK 49,967) and Severní Terasa Children’s Home (CZK 50,417).

Folk Holidays, Náměšť nad Oslavou
Visitors to the 2012 Folk Holidays festival had a good time, enjoying good music and visiting dozens of workshops, but also helped a good cause. They rode tens of kilometers on the ČEZ Foundation’s Orange Bike, obtaining money for the repair of a Baroque parsonage in Náměšť and a new assistant for the Dorea early care counseling center in Brno. Festival guests dueled in a one-minute contest on the specially adapted exercise bike, collecting CZK 202,018 for the two selected nonprofit organizations. The Roman Catholic parish in Náměšť obtained CZK 101,868 for its Baroque parsonage repair project, the Slezská Diakonie Brno—Dorea Early Care Counseling Center got CZK 100,150.
**Orange Classroom**
Elementary schools, high schools, and higher technical colleges can get a contribution to equip their specialized classrooms, modernize their lessons, and make them more attractive for students.

**Interactive Elementary School, Varnsdorf**
A new computer room and interactive whiteboards in all classrooms have been a reality at the Interactive Elementary School in Varnsdorf since January 30, 2013. Teaching with the use of the latest teaching aids was allowed by a CZK 500,000 contribution from the ČEZ Foundation. Its award was aided by the students’ parents and other fans of the school voting in CEZ Group’s poll named Your Choice. The Varnsdorf project was supported by 1,154 votes out of the 5,100 votes received from the whole of northern Bohemia. The computer room is used by all grades. Every child works on their own computer, which allows an individual approach to teaching and better practicing. The interconnection between the computers and an interactive whiteboard and Internet connectivity made classes much more attractive and efficient for all. The new equipment facilitates the teaching of science, history, national history and geography, as well as foreign languages.

**Elementary School, Cerekvice nad Loučnou**
New equipment in a specialized classroom has helped make lessons more vivid and understandable since 2013. The school equipped the classroom with an interactive whiteboard, a projector, four laptops, and a set of measuring sensors that can be connected via USB and include for example temperature, pressure, and force meters. It is then easy to record and plot measured variables in simple charts and clearly show the students the course of a measurement or the interdependence of observed phenomena.
Zikmund Winter Grammar School, Rakovník
For a long time the school lacked equipment for good instruction in physics and related fields to allow students to experiment and verify their knowledge in practice. For CZK 200,000 the grammar school’s students got mechanics teaching sets and other aids for physics classes in 2012.

Elementary School, Telč
Telč Elementary School students can enjoy watching and performing a range of experiments in their physics classes. The school fitted the obsolete and unsuitable physics lab with new water, electricity, and gas lines. Thanks to eight new, advanced lab benches, students can look forward to interesting and entertaining physics, science, and technology classes. The school purchased the aids with the help of CZK 200,000 from the ČEZ Foundation under the Orange Classroom grant program.
Orange Stairs
The program’s objective is to eliminate architectural barriers at elementary and high schools.

Elementary School and Kindergarten, Křižanov
Thanks to the ČEZ Foundation’s contribution of CZK 120,000, the elementary school in Křižanov got a stair climber in 2012. Its student Míša, who uses a wheelchair, clients from the local home for people with mental disabilities, with whom the school closely cooperates and who visit the school, and students with injuries can get to the upper levels of the building much more easily.

Elementary School, Kadaň
Since 2012, a platform lift has allowed entry to the first level of Building A, providing trouble-free access to the after-school center. Today the equipment is used by two students. The Na Podlesí Elementary School has been making its premises accessible to wheelchair users since 2002, when the first disabled girl enrolled at the school. The school purchased one platform lift to allow the student to get to her classroom. Over time, the typical 1970s school building was fitted with access ramps to the parking lot entrance, modified entrances to restrooms, and platform lifts at stairs. The ČEZ Foundation contributed CZK 375,600 to the adjustments.
Business High School, České Budějovice
The Business High School in České Budějovice offers a one-branch information science study program. The stair climber that the school purchased with the ČEZ Foundation’s contribution of CZK 125,390 in 2012 will allow accepting IT students with physical disabilities. The first person to use the Orange Stairs was Štěpánka, a wheelchair user who has been the school bookkeeper and treasurer for nine years.

Rebcova Elementary School, Přeštice
The Josef Hlávka Elementary School in Přeštice got a new stair climber in 2012. It will be used for example by David, a student whose disease prevents him from climbing to the upper levels of the building. With the stair climber, the school will be able to accept other disabled students. The Josef Hlávka Elementary School has multiple buildings—the first grades, for which the new stair climber was installed, are located in a building that is 125 years old. Until recently, its computer room and music room on the third floor were inaccessible to physically challenged students without aid. The ČEZ Foundation’s contribution of CZK 123,690 made it possible.
Support for Regions
This long-term grant program focuses on supporting activities that help improve the quality of life in a village, town, or region.

SKI Club Telnice
SKI Club Telnice trains prospective downhill champions. To that end, it ceremonially opened another children’s ski playground next to the Mountain Rescue building in the Zadní Telnice resort on Saturday, December 15, 2012. The construction of a modern site with a low rope tow, including fencing to prevent children’s injuries, was supported by CZK 200,000 from the ČEZ Foundation.

Děčín Municipal Theater
After almost twenty years, the neo-Baroque main hall of the Děčín Municipal Theater had the light instruments replaced to meet today’s professional requirements. The first stage of the light equipment reconstruction took place in the summer of 2012 and the second, final stage was finished in October. The ČEZ Foundation contributed CZK 450,000 to the project.
Stráž pod Ralskem Outpatient Clinic

Almost exactly thirty years after it was opened, the local outpatient clinic in Stráž pod Ralskem got a new X-ray facility. Its construction was greatly helped by the CZK 350,000 received from the ČEZ Foundation in 2012.

Safari Trail, Dvůr Králové Zoo

A safari walk along the summer exhibits up to the lion house can be taken on a new footbridge called Twigaduct. It connects the upper and lower rhino exhibits and goes through the largest exhibit at the Dvůr Králové Zoo. In there, visitors can freely watch giraffes, zebras, gnus, and antelopes from the immediate vicinity. The ČEZ Foundation contributed CZK 400,000 to the project.
**Trees**
Under the Trees 2013 project, the ČEZ Foundation provided support totaling CZK 3,355,830 to 24 towns and villages. This allowed planting new avenues of trees, green wind barriers, and refreshing greenery in urban areas.

**Planting Fruit Trees Along a Dirt Road, Číměř**
Every inhabitant of Číměř was able to plant their own fruit tree not far from the village, along the Jírkašova dirt road. Helping with the event were the Číměř chapter of the Czech Red Cross and Číměř Volunteer Fire Department. Every family planted a couple of saplings—cherry, apple, and plum trees. The trees are enclosed with poles, protected against browsing by wild animals, and labeled with the name of the person who planted them. A total of 43 trees were planted to enliven the old, dusty dirt road and restore the former tree belt along it. The ČEZ Foundation supported the project with CZK 180,000.

**Green Wind Barrier, Zbraslav**
A green wind barrier was planted at the border of the site of a newly built municipal composting plant. Deposited compost was often scattered around by wind. The planted barrier will keep the neighborhood clean and improve the esthetic qualities of the place. The trees, planted by students from the local elementary school, were European hornbeams. The ČEZ Foundation’s contribution was CZK 34,000.
Greenery in the Community of Pozďátky, Slavičky
The site for 25 trees in the community of Pozďátky in the municipality of Slavičky was originally a gully with a neglected orchard, which the municipality bought and turned into grassland. They wanted to improve the local scenery, increase the amount of retained water, and provide shade for a local playground. Volunteers planted 30 maple trees, 25 in the middle of the village under a rest place for tourists with a bell tower at a road and cycle path, and five at the playground next to the community center. The ČEZ Foundation’s contribution was CZK 121,380.

For Greener Háj, Háj u Duchcova
The For Greener Háj project aims to plant new greenery in vacant spaces between residential buildings in the village, public areas in Ke Knížáku Street, and on the square of the community of Domaslavice. After consultation with an expert, it was decided that the newly planted greenery in the village should consist of original and traditional trees of the Czech thermophyticum, to which the Most Basin belongs, planting e.g. the European yew, European cornel, wild service tree, true service tree, pubescent oak, and other trees. The ČEZ Foundation’s contribution of CZK 196,700 was used for the plantation.
4.4.2 Regional Partnerships
Support for and development of local enterprises, infrastructure, support for social programs and community life, and cooperation with umbrella organizations are the contents of CEZ Group’s regional partnership.

To fulfill its mission, CEZ Group keeps a large fleet consisting of various vehicles, from cars to aerial platforms to fire trucks located at its power plants. During regular maintenance, CEZ Group discards used vehicles and, after appropriate appraisal and approval, gives some of them as a gift to nonprofit, public, or charitable organizations.

In 2013, CEZ Group donated a discarded fire truck to the Fire Rescue Force of the South Bohemian Region, the Fire Rescue Force of the Vysočina Region, and the Volunteer Fire Department of the municipality of Polepy. CEZ Group also donated a discarded car to the Municipal Police in Duchcov, the municipalities of Čičenice and Horní Kněžeklady, the Parochial Charity of Týn nad Vltavou, and the Jordán Domestic Hospice in Tábor.

Severočeské doly’s activities considerably influence the lives of people in the region, zoning, the stability of employment opportunities, the environment, and tax yields. To make the region’s inhabitants perceive the Group as an entity with a positive effect, the Group implements a project named We Help and strives to build the positive image of A Region with Better Prospects for the current and future generations of inhabitants of the Ústí nad Labem Region. The We Help project, which focuses on donation and sponsorship activities, includes an activity named We Help Children. It is a set of events intended for preschoolers and elementary school students (e.g. trips to nature, excursions to the Chomutov Zoo Park, Old Bohemian Christmas).

A Region with Better Prospects is a project aimed to familiarize people living around mines with the quality of reclamation and environmental care. The project involves active cooperation with municipalities in the preparation of cultural events such as Pilgrimage in Mariánské Radčice, Kermis in Braňany, or cultural events in Březno. The project also focuses on improving the environment in Ledvice, development of infrastructure in Březno u Chomutova, etc. The project includes an activity named STOP DUST—a joint effort of municipalities under the Bořeň mountain and Severočeské doly. The activity aims to improve the quality of air (including seeking and presenting proposals for solutions). It associates municipalities in the vicinity of the Bíliny mine, Severočeské doly, and a team of experts on air protection.

Stability in Dynamics is a publication about Severočeské doly’s corporate culture and vision, emphasizing the irreplaceable role of coal in the history, development, and future of the Ústí nad Labem Region.
**Řež Nuclear Research Institute**

Regular meetings, exchange of information, and informal gatherings organized by both parties play an important role in the cooperation between the Nuclear Research Institute in Řež and representatives of the municipality. The local bulletin and quarterly, Naše vesnice (Our Village), is published with financial support from the Institute. However, crucial financial aid is divided into two categories:

- Financial support for important investments or small construction and reconstruction projects
- Contribution to cultural, sports, and social life in the village.

In the past years, support was aimed mostly at the close vicinity of the Institute. For example, the company supported the reconstruction of changing rooms at the soccer field (2011), reconstruction of stairs to the upper part of the village (2011), repair and painting of the bus stop in front of the site (2012). The Institute also made contributions to minor reconstruction work on the footbridge connecting the right and left banks of the Vltava (painting the rails and replacing planks).

**Floods 2013**

The floods had a major impact on the Institute’s activities. They hit the company’s premises directly but thanks to experience from the 2002 floods and the measures taken, damage to the company’s property was not as terrible. They hit the municipality of Husinec-Řež with much higher intensity. That was one of the reasons why the Řež Nuclear Research Institute and the Řež Research Center organized an auction of art prints by František Gross (1909–1985) at the Summer Gathering of their employees on June 20, 2013. The auction generated CZK 125,500 in profit thanks to the activities of the directors of four subsidiaries.

These were the Řež Research Center, EGP INVEST from Uherský Brod, Brno Institute of Applied Mechanics, and Plzeň Research and Testing Institute. Together with a check from company management and charity collection among employees, the aid totaled CZK 231,800, which was received by Ivana Zrzavá, the Mayor of Husinec-Řež.

**4.4.2.1 CEZ Group’s CSR in Bulgaria**

**“For Children and Energy” Campaign**

For Children and Energy is an educational campaign of CEZ Group promoting the rational and safe use of electricity among elementary school students in western Bulgaria. It will be held annually in two modules—discussions with students on Energy Efficiency and Reasonable Use of Electricity and lessons on Safe Use of Electricity. The initiative is supported by the Bulgarian Ministry of Education and Science.
ČEZ Turns Streets into “Outdoor Theater”
ČEZ Group took the initiative in a project that turns Sofia’s main streets into an outdoor exhibition. Twenty-six artists painted more than 100 electrical boards in the city center; the project contributes to its modern look. The new boards not only adorn the street, but “tell” their “urban legends” and reflect the outlook of modern artists.

ČEZ for the Third Time Helps Ice Hockey for Children Under 10—CROSS ICE
The company aims to assist in development of physical activities and competitive spirit in the youngest generation, contributing to the promotion of sport among children. Besides the competition itself, the company supported the Hockey Club National Sports Academy team.

ČEZ Supports Traditional Children’s Cycling Competition for the Second Year
The cycling competition, organized by Az-deteto.bg with the assistance of the Sofia Municipality, was held on September 29, 2013 in the “Zaimov” Park in Sofia. The contestants were children of up to 12 years old, divided into five separate age groups.
ČEZ Secures Birds’ Nests
ČEZ Group installed 106 new metal platforms to safeguard storks’ nests on electric poles near the village of Dolno Ozirovo in western Bulgaria in 2013. The platforms help avoid potential fires in the distribution network caused by the ignition of stork nests and preserve biological diversity and the lives of the white stork and the griffon vulture. The company received the ČEZ—Investor in Environment Protection and Biodiversity award of the Bulgarian Business Leaders Forum for the project.

ČEZ Supports Vitosha National Park
ČEZ Group provided financial support for the replacement of 191 directional signs in the most visited mountain range in Bulgaria—Vitosha. Vitosha is suitable for hiking on designated trails throughout the year. The replacement of signs helps minimize accidents in the mountains in winter due to losing one’s way.

Award for Investment in Employees
ČEZ Bulgaria EAD won the Bulgarian Forum of Business Leaders’ award in the Investor in Human Capital and Working Conditions category for the third time. The company is recognized for providing a safe and healthy working environment for its more than 3,800 employees. In 2013 the company was awarded for its internship and scholarship programs that support the career path and professional realization of more than 350 students from technical universities and vocational schools. Every year, 1,500 employees improve their knowledge and skills in the corporate training center. The employer helps protect the health of its employees through sports and tourism programs and places emphasis on disease prevention. Around 300 employees also participated in the traditional corporate competitions in 12 sports disciplines.

ČEZ in a Campaign to Save Trees
As part of a tree-saving campaign, the employees and partners of 12 large companies switched from paper bills to electronic bills. Under the project, ČEZ Group symbolically “dressed” 12 trees in Sofia in natural fabric for two weeks. The wrapping of the trees in colored cotton material is a symbol of protecting trees against timber harvesting and caring for natural resources.

Become a ČEZ Scholar
In 2012, ČEZ launched a competition called Become a ČEZ Scholar in support of Bulgarian secondary education and talented young people. After each year, ČEZ will grant scholarships to 10 students from 12 grades of vocational and economic secondary schools.
ČEZ Bulgaria Internship Program
Fulfill your dreams! Become part of the ČEZ team! This is the motto of the annual internship program that is underway at ČEZ Bulgaria. It aims to provide opportunities for professional and personal development for young people. The program is open to students and graduates of master’s and bachelor’s programs at Bulgarian and foreign universities.

CEZ Group’s CSR Activities in Bulgaria (CZK)

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4.4.2.2 CEZ Group’s CSR in Poland

30 Days Throughout Europe with ČEZ—Supporting a Project for a Young Girl Injured in an Accident
The goal of the participants in the campaign, organized by Project Europe, is to raise money to buy a prosthesis for a girl who lost her leg when she fell under a train. Eight students from the Cracow University of Economics, Cracow Mining University, and Silesian University of Technology traveled more than 6,500 kilometers and visited thirteen European countries with support from their sponsors to raise money for their friend. It was a very interesting project that combined youth enthusiasm, willingness to help an unlucky colleague, and innovative social initiative. ČEZ Group was among the project’s supporters.

Cultural Education with MOCAK
(Museum of Contemporary Art in Krakow)
The Skawina Power Plant partners up with MOCAK (Museum of Contemporary Art in Krakow) in cultural education. Thanks to CEZ Group’s support, the museum organized five workshops for children and youth in December 2012 and January 2013. The workshops related to the exhibition of the Czech artist Jiří Kolář.

ELCHO Power Plant Supports AKS Wyzwolenie Chorzów Soccer Team
ČEZ is committed to helping in the physical education of the youngest generation, contributing to the promotion of sports, especially among children. AKS Wyzwolenie puts a lot of effort into working with young people who often come from excluded communities, socially deprived homes, and dysfunctional families. ČEZ Group appreciates such efforts and gives the club regular financial support for its activities.
CEZ Group Power Plants Promote Children’s Safety on Roads

“If You Want to Walk Safely on the Road, You Must Wear a Reflective Element.” The campaign’s title addresses children’s safety on roads. The campaign was executed in cooperation with the police at two schools located near the ELCHO and Skawina Power Plants in January 2013.

ELCHO Power Plant for Youth

ELCHO power plant employees in cooperation with firefighters passed safety guidelines and experience at a school in Chorzów. The training program was broadcast by local TV.

Heat Education Program for Schools

Partners in the Heat for Cracow program—the Skawina power plant, EDF power plant, and heat distributor MPEC—organized a contest concerning heat generation and distribution for schools in Cracow. Young people learnt how heat is generated and how it is distributed. They also learnt how to use heat rationally. All schools participating in the program received free packages of educational materials and were invited to an excursion to the power plants. The last part of the program was the Energy Olympics.

Skawina Power Plant Supports Reconstruction of Ramp for Disabled

The reconstruction of a ramp for the disabled at the rehabilitation hospital in Radziszów was completed at the end of 2013. The Skawina Power Plant contributed to the project through the Daj Nadzieję Foundation.

Energy for Children in Hospitals

The Skawina Power Plant financed the purchase of eyeglasses for children inpatients in Radziszów and Cracow hospitals. The I’ll Tell a Fairy Tale program was supported by a rehabilitation educator and psychologist. The parents of the sick children also received materials with instructions on how to properly care for a sick child.

CEZ Group’s CSR Activities in Poland (CZK)

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Note: Amounts converted using these exchange rates: CZK 6.172 for PLN 1 in 2012 and CZK 6.603 for PLN 1 in 2013.
4.4.2.3 CEZ Group’s CSR in Romania

Starting with August 2012, CSR activity was centralized for all the CEZ Group companies in Romania and a strategy was set for the following years with a focus on:

Education—the future rests on the next generation’s shoulders, so education and a sense of responsibility are very important aspects that CEZ Group decided to support.

Health—in a country where the health system has a lot of issues and needs to be improved, CEZ Group will continue to invest in this area.

Infrastructure—improvement of the standard of living that can be translated in economic growth in the long run is another area of CEZ Group’s support.

CEZ Group’s objective is to remain a reliable partner for the communities where it is operating.

2012

EcoChampions
This is a volunteer, environmental education project dedicated to children, which has started in November 2010. The purpose of the project is to nurture the spirit in young volunteers who will take care of the environment. The project consists in various training courses that will help children develop their skills for identifying needs, raising funds, and implementing environmental protection projects. Two hundred children participated in the project; they were organized in ten clubs. They implemented 25 projects in various areas such as:

- Raising funds for the search for new colleagues
- Waste management systems in schools
- Charity events and selling handmade products
- Cleaning and arranging the greenery on the campus of the Ovidius University of Constanta
- Organizing bicycle rides under the motto Stop Polluting! Start Moving!

Cogealac Medical Center
CEZ Group continued to support the medical center in Cogealac by acquiring new medical equipment (lymphatic massage device, automatic laser system, gynecological equipment), training doctors, and getting a new ambulance for medical personnel to be able to get to patients. It also covered a portion of the monthly costs of medical treatment in the center’s day-to-day activities.

Summer Camps for Children
Children from three communities in the Constanta county—Cogealac, Grădina and Fântânele—were selected for a summer camp in recognition of their good results in school. Another criterion for the selection was the economic situation of their families.

Construction Materials for Cogealac Town Hall
CEZ Group contributed to the purchase of construction material for the renovation of the facade of the Town Hall in Cogealac, which was considerably dilapidated.

Infrastructure
CEZ Group supported the preparation of feasibility studies and technical projects for a sewerage system in Grădina and natural gas system in Fântânele in order to help the local authorities to develop the communities. Together with the local authorities, it contributes to a sewerage extension project in Văliug.

Cogealac High School Renovation
The largest of the three buildings of the Cogealac high school was renovated completely. Furniture in the classrooms, offices and teachers’ rooms was replaced with new furniture: 190 desks, around 250 student chairs, 10 whiteboards, and 40 chairs for professors. CEZ Group also bought furniture for schools and kindergartens in Râmnicu, which is a part of Cogealac. It donated 160 school desks, 160 chairs, whiteboards, racks, etc.
Local Police Station in CogeaLa
The police station building was completely renovated. Until then, the local police rented an office because their official building was in bad condition. Now the police conduct their activities in a completely renovated building, which was also equipped with new furniture and IT equipment.

Christmas Gifts for Children
Santa Claus brought sweets and winter clothes to underprivileged children in Ramnic and Grădina. Santa came with 277 winter jackets and 127 sets of sportswear for children in Grădina and 150 winter jackets for children in Ramnic.

Gărâna Jazz Festival
Every year, CEZ Group supports an international festival devoted to jazz. The Gărâna Jazz Festival has already become a tradition and is very well known all over the country.

International Poetry Festival in Reşiţa
In cooperation with the local authorities, CEZ Group was the only private sponsor of the second annual International Poetry Festival. The event was visited by more than 15 poets from all over the world. The festival was a real success and will probably become a regular event.

Washi Karate Club
The Washi Karate Club was also a beneficiary of support from CEZ Group. Club members achieved great results in national and international competitions.

Caravan of Stories
Caravan cu poveşti (Caravan of Stories) is an education project under which a caravan travels through the remote rural areas of the Dolj county. It stayed at five localities in a year—one month in each community (Lipovu, Sâlcuţa, Grecuşti, Argetoia, and Amărăştii de Jos). The volunteers met with 20 children in each community and discussed various topics, read books, watched movies, and organized team games. The children had an opportunity to learn what teamwork means and could acquire new knowledge and get an opportunity to realize the importance of education for their future. Every school library in each of the five communities received new books.

Partnership in Events
During the year CEZ Group companies in Romania were partners in various events in cooperation with local authorities (Regional Oltenia Forum, International Conference on Metrology, Dolj Chamber of Commerce and Industry, National Top organized by the Romanian Chamber of Commerce and Industry).

Balestra Fencing Club
The Balestra sports club was one of the beneficiaries of support from CEZ Group.

ISU (Emergency Inspectorate)
The ISU together with the County School Inspectorate organize activities with educational focus every year to improve various children’s skills by means of an event named “Firefighters’ Friends.” It is a drawing contest on the occasion of the Firefighters’ Day.
2013
A new platform, “Energy for Good Things,” was created in 2013. Its objective is to gather all projects for communities “under the same roof.” Another important objective is to develop and enhance the spirit of volunteerism among CEZ Group’s employees. Unification of employee behavior under a CSR philosophy can make the company more credible and trusted by the public.

Children’s Hospital in Craiova
The old and damaged premises were inadequate for the provision of medical care. Therefore a new partnership was formed between the local authorities and CEZ Group with the result that the building was renovated, including new furniture for the ward and doctor’s office.

Emergency Hospital in Craiova
The emergency hospital was given new medical equipment (syringes, electric ramp to transport fluids) for various hospital wards: cardiology, children’s department, etc.

County Hospital in Reşiţa
The Department of Urology of the county hospital received new, modern medical equipment for endoscopy.

Grădina Kindergarten
The kindergarten premises were inadequate for the needs of preschoolers. The construction of a new kindergarten in Grădina was started in May 2013 and finished and fully equipped in September before the start of a new school year. A playground for small children was built in the kindergarten’s garden.

Maratonul Olteniei—Sports and Charity Event
The mountain bike race held in Râmnicu Vâlcea was intended primarily for amateurs and included two route options. It was open to riders of all ages. The 230 participants arrived from all over Romania and abroad. All riders’ registration fees were used to purchase sports equipment for the school gym in Râmnicu Vâlcea.

Karel Liman
The life and work of Czech architect Karel Zdeněk Liman was presented by means of a monographic album and an exhibition. Karel Liman worked for the Romanian royal court for 30 years and contributed to some of the most important and visited destinations in Romania: Peleș Castle, Peleş Castle, Bran Castle, Cotroceni Palace. The exhibition was opened in the presence of HRH Margareta, Crown Princess of Romania, Jiří Šitler, Ambassador of the Czech Republic, the authors of the book, diplomatic corps, the cultural public, and the press. The exhibition was open at the National Museum of Art of Romania until January 12, 2014.
ViaSport
Bucharest’s center was adapted for outdoor sports: table tennis, badminton, basketball, etc. The event took place from Friday to Sunday and was intended for all families and family members that came by. The event pilot project took place in two cities. ViaSport resulted in many visitors achieving great results, a family spirit of the whole event, as well as fun and physical activity.

Luna pădurii (Month of Forests)
Every year, CEZ Group employees take part in tree planting. Desertification started in the Oltenia area, so it was necessary to plant new trees. In 2013, CEZ Group employees planted more than 5,000 trees to once again manifest their care for the environment and volunteerism.

National Dance Championship
CEZ Group is the main partner of the National Dance Championship held in Reșița, which attracted more than 1,000 participants of various age categories between 6 and 35.

Cultural Cooperation with the Czech Embassy and Czech Center
There were many cultural events organized in cooperation with the Czech Embassy in 2013, e.g. the Czech-Romanian Stories in Cartoons, a Bucharest exhibition of Josef Koudelka’s photographs from Prague in 1968, or a documentary festival dedicated to Václav Havel. Such activities increase awareness of Czech-Romanian values and the two countries’ culture.

Infrastructure
- The installation of a gas system in Fântânele was started in 2013 and will be completed in 2014. Very few communities in Romania have gas systems, so this is a very important, long-term investment that means a lot for the community’s development.
- Many communities in rural Romania lack sewerage. European funds were obtained in cooperation with the local authorities; construction started in 2013 and should be finished already in 2014.
- Waste management system in Grădina—pursuant to EU legislation, every community in Romania should have a waste management system in the near future. Fourteen garbage containers were put in place in Grădina and Cheia to make the local population change their behavior, recycle waste, and protect the environment.

Reșița Movie Theater
Going to the movies is one of very few leisure opportunities in Reșița. However, the local movie theater was closed for quite some time due to its age. CEZ Group in cooperation with the local authorities helped open it again by purchasing a screen and a sound system.
Traditional Projects

Some projects were started in 2012 and continued in 2013 as proof of cooperation and good results in the past. These include, for example:

- Balestra fencing club and Washi Karate Club
- Caravan of Stories in Dolj county
- The third annual International Poetry Festival in Reşiţa, which brought together well-known authors from over twenty countries: France, England, Spain, Italy, Sweden, Germany, Austria, Switzerland, Hungary, Greece, Cyprus, Bulgaria, or Russia
- Gărâna Jazz Festival became an important event of its kind, visited by a number of cultural personalities
- Cogegalac medical center
- Support for education—CEZ Group bought furniture and IT equipment for a kindergarten in Văliug
- Projects under the ISU continue to enjoy support for education activities such as Firefighters’ Friends focusing on prevention; I Protect Life with My Life focusing on the topic of civil protection; Learning to Save Ourselves, a drawing competition as part of the international natural disaster risk reduction day.

CEZ Group’s CSR Activities in Romania (CZK)

<table>
<thead>
<tr>
<th>Company</th>
<th>As at Dec 31, 2012</th>
<th>As at Dec 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEZ Distributie S.A.</td>
<td>406,295</td>
<td>1,606,253</td>
</tr>
<tr>
<td>CEZ Vanzare S.A.</td>
<td>148,121</td>
<td>298,284</td>
</tr>
<tr>
<td>CEZ Romania S.A.</td>
<td>549,595</td>
<td>1,479,946</td>
</tr>
<tr>
<td>TMK Hydroenergy Power S.R.L.</td>
<td>39,606</td>
<td>110,430</td>
</tr>
<tr>
<td>Tomis Team S.R.L.; Ovidiu</td>
<td>19,189,865</td>
<td>28,773,119</td>
</tr>
<tr>
<td>Development S.R.L. and M.W. Team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest S.R.L.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20,333,482</td>
<td>32,268,032</td>
</tr>
</tbody>
</table>

Note: Amounts converted using these exchange rates: CZK 5.658 for RON 1 in 2012 and CZK 6.135 for RON 1 in 2013.

4.4.2.4 CEZ Group’s CSR in Turkey

2012

Our Approach

Akenerji Elektrik Üretim A.S. is aware that responsibility for improving living conditions and maintaining sustainable development of society lies not only with individuals but also businesses. Therefore it has undertaken to contribute to society’s social, cultural, and economic wealth in all its activities. It supports Turkey’s economy by creating jobs, striving to have a positive effect on social development in all its operations. With this approach, it undertakes corporate social responsibility projects in the fields of education, the environment, culture, and arts throughout Turkey. It inspires its subsidiaries in social responsibility.

CSR Projects

Electricity Market Overview and Elektrik Piyasası ve Ticaretine Genel Bakış Sertifika Programı

Employment is as important as providing high-quality services in the quickly developing power industry. Therefore Akenerji Elektrik Üretim A.S. strives to contribute to the employment in industry in Turkey. The objective of the certified electricity market program that the company created in cooperation with the Istanbul Bilgi University Career Center is to acquaint university students with the power industry as a popular sector and give them basic information about the electricity market. The program prepared by Akenerji provided basic information about electricity generation, electricity market participants, market development, recent events, and the current situation in the market in Turkey.
Akenerji Supports Social Life in Areas Around Hydro Plants

Akenerji Elektrik Üretim A.S. is committed to fulfilling the varying needs and resolving the problems of regions wherever it operates in order to help improve local social life. For example, when constructing the Gokkaya and Himmetli hydroelectric power plants in 2011, it helped rebuild roads, construct accommodation facilities, build houses, and improve water mains in the villages of Yardibi, Kapakli, and Himmetli. It renovated the elementary school in Cumhurlu, and obtained a projector for the Atatürk Elementary School in Saimbeyli and lights for the Saimbeyli prison. Akkur Enerji Üretim Ticaret ve Sanayi A.Ş., an Akenerji subsidiary, built a residence hall for high school students next to the Lutfiye Ayse Baytok elementary school in Adana. Based on a framework agreement signed on July 29, 2011 between Akkur, the Adana Governorship, Provincial Directorate of National Education, Feke County Administration, and Feke Directorate for Education, construction work on the hall of residence started in September 2011 and the building was handed over to the Feke Directorate for Education in mid-February 2012.

Relations with Local Communities

Employment in Local Communities

When building new power plants, Akenerji Elektrik Üretim A.S. cares to hire new employees from local communities at the places it operates in. In this way it helps local people get a job and contributes to regional development. It employs around 100 to 150 local people at each construction site. Even after it puts a power plant into operation, the company makes sure that local people continue to work in various positions such as cleaning and security. It employs a large number of people under this system at its power plants in Feke, Himmetli, and Gokkaya. According to estimates, up to 1,000 people will be employed during the construction of its Erzin power plant and 60 people will be accepted after commissioning. During the construction work, the Gama – GE Consortium visited the public education center in Erzin to get information about the workforce potential in the region and offer job opportunities to the local community. In the first year of construction, around a half of the 470 employees were chosen from local people. In addition, Akenerji Elektrik Üretim A.S. made sure to support local economy by buying the necessary material in the region.

Excursions to Power Plants

A video training project designed for guests, contractors, visitors, and interns that come to visit the Akenerji Group’s power plants was launched in 2011 and finished in 2012. It allowed visitors to hydroelectric and gas power plants and wind farms to get information about electricity generation, OSH and environmental legislation, and environmental and OSH procedures in Akenerji Elektrik Üretim A.S.

Sponsorship and Donations

In cooperation with the Turkish Educational Foundation (TEV—Türk Eğitim Vakfı), Akenerji Elektrik Üretim A.S. awarded scholarships to 10 university students from the town of Arakli in Trabzon, where the Akocak hydro power plant is located. The scholarship support continued for the same number of students in 2012. Akenerji Elektrik Üretim A.S. built prefabricated halls of residence and a three-story building for the Directorate of National Education in Feke. In 2011, it made a financial contribution through the Mem and Akkur power plants to an elementary school to be built in Adıyaman under the Build Your Own School campaign.

2013

Akenerji Elektrik Üretim A.S. contributes to Turkey’s economy by developing regional employment, supporting education, the environment, culture, and arts.

Our Approach

Akenerji Elektrik Üretim A.S. directs its investments into social solidarity, education, the environment, sports, and the cultural needs of people in cities and towns where its power plants operate. It supports various institutions and organizations.
Community Investment and Donations

Education is the fundamental prerequisite for a better and safer future. In accordance with this principle, the Erzin Power Plant built a technical high school in order to help improve the opportunities in education in the region. The school was finished and put into operation in the school year 2013/2014. Since 2011, the Akocak Hydroelectric Power Plant has been awarding scholarships to 10 university students from the town of Araklı in Trabzon in collaboration with the Turkish Educational Foundation (TEV). The scholarship support continued in 2013.

In cities and towns where its power plants operate, Akenerji Elektrik Üretim A.S. strived to support social solidarity, educational, environmental, sports, and cultural needs of the local people in 2013. For example, it made donations to the stadium and Karacaoglan festival organized by the Feke Municipality in Adana, a festival in Saimbeyli, the construction of pergolas in parks in Bozüyük, school aids for students in Edincik, public services for municipalities, the Municipal Sports Club in the Kemalpaşa province, and an art competition organized by the council of Kozan.

Relations with Local Communities

Building Awareness in Local Communities

In locations where it operates its power plants, Akenerji strives to build awareness in and provide information to the local population about its operations. With its video training, it informs contractors, visitors, and interns that come to visit its power plants about electricity generation and environmental and OSH legislation. The video training initiative won the third prize in the Corporate Social Responsibility category in a contest organized by the Aegean Region Chamber of Industry (Ege Bölgesi Sanayi Odası) in 2013.

CEZ Group’s CSR Activities in Turkey (CZK)

<table>
<thead>
<tr>
<th></th>
<th>As at Dec 31, 2012</th>
<th>As at Dec 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,802,005</td>
<td>2,423,502</td>
</tr>
</tbody>
</table>


4.4.3 Help in Emergencies and the “Granting Wishes, Thinking About Others” Charitable Project

Help in Emergencies

In 2013, the Czech Republic was once again hit by floods that had a disastrous impact on a number of people, businesses, and other entities. CEZ Group lent them a helping hand, like it did during devastating floods in the past. ČEZ customers (households and small businesses) could have their advance payments for energies and gas waived for one to three months; additionally, ČEZ employees helped according to their financial capacities, many of them also directly as volunteers in the worst hit areas, in cooperation with the humanitarian organization ADRA. A respectable amount of CZK 1,405,050 was contributed by a total of 1,278 employees. The ČEZ Foundation increased the total sum by 100%. At the same time CEZ Group donated CZK 350,000 to People in Need’s flood collection. Eighty-two volunteers went to help in hit areas.
Cleaning Up Drinking Water Sources
Many households lost their source of drinking water during the 2013 summer floods. According to a report by the Ministry of Health, the natural disaster impacted on more than 900 wells, most of them being the only source of drinking water for flooded households. Seriously damaged areas included the Nymburk and Kolín regions, where communities often lack public water supply systems and the local population depends solely on a well. CEZ Group employees helped get many such sources cleaned up. An expert clean-up of one well costs over CZK 3,500. The Ministry of Health pledged that the government would pay for one water source sampling and analysis for citizens after the flood. However, they would have to get their well cleaned up on their own. ADRA, which has experience with the restoration of drinking water sources from previous years, helped people with the organizational and, thanks to experts, technical and administrative aspects of this problem that posed a risk to their health. The wells were cleaned repeatedly—if groundwater is contaminated, this is always a lengthy procedure.

Volunteer Help in Flooded Areas
As in previous years, CEZ Group was ready to directly help people in locations that did not receive much media coverage during the 2013 floods. Examples of such less covered areas were the Sedlčany and Kolín regions. For them, this was the first flood in 150 years. Since nobody was prepared, its destructive effect was so much worse. A number of buildings were seriously damaged and the repairs were costly, especially with older houses. People worriedly awaited structural engineers’ verdicts and in the end had to watch eight family houses be demolished. Individual help was distributed on the basis of monitoring, which covered the social situation as well. It was decisive for the amount of aid. It was necessary to take account of the situation of lone seniors who did not have the strength to rebuild their homes. They had to hire contractors and tradesmen for a great part of any major repairs. The situation was also difficult for some young families with children, who were burdened by previous home repair loans and usually lacked the necessary financial stability.
Granting Wishes, Thinking About Others
Granting Wishes, Thinking About Others is a charitable project of CEZ Group employees and the ČEZ Foundation.

The year 2012 was the European Year for Active Ageing and Solidarity Between Generations. Therefore, the goal of the Granting Wishes, Thinking About Others project was to help active seniors. More than CZK 525,000 was collected by 697 employees, the ČEZ Foundation added another CZK 500,000. Through the project’s partner, Foundation Charter 77—BARRIERS ACCOUNT, the money went to 28 seniors’ associations and individuals whose active lifestyle enriches people around them. For example, the money allowed buying aids for seniors’ active lifestyle, rehabilitation, or volunteering. Granted wishes included special wishes by a team of former handball players and other sporty seniors—some will take some exercise or a trip to the mountains, go hiking or to a spa.

In 2013, the charity collection was succeeded by support for a new voluntary employee activity, Granting Wishes to Lonely Seniors. Employees in the roles of 23 volunteers prepared pleasant experiences for seniors and the company supported them with up to CZK 3,000. The campaign’s motto was You Take a Senior for an Adventure, We Pay for It! It was designed exclusively for lone senior citizens, i.e. those who live without the support of their family and close friends.

Visit to Sister in Karlovy Vary
“On Saturday, March 2, I fulfilled the wish of Karel Hejplík, an 80-year-old lone retiree from Třemešná,” says Jana Svobodová of ČEZ Prodej. Because she did not know anybody from her neighborhood, she asked a social worker in her community for advice. His wish was to visit his sister living in Karlovy Vary. She was born in 1921 and is 92 now. “They had not seen each other for many years because Mr. Hejplík lives alone and does not drive. His sister is hard of hearing, and has trouble getting around, but as I got to know her, I found she’s still full of optimism and joy. As she says, she only wishes to be around until 103,” Jana Svobodová said, describing the old lady. The siblings were together until late evening. “I listened to their stories and memories. Both of them were very funny and amusing. It was obvious that they enjoyed life and were interested in what’s happening around them in spite of their old age,” summarizes our colleague from Plzeň.

The tradition of sheltered workshops bazaars continued in 2012 and 2013 as they were held before Easter and Christmas at CEZ Group’s power plants and offices. They were already very popular with employees in the previous years. Employees bought the products of physically disabled people and contributed to the development of their activities.

To the Žižkov Tower
Antonín Zoubek from ČEZ Distribuce fulfilled the wish of Mrs. Holmanová, taking her to the Žižkov Tower. She had lived in Žižkov for many years and, looking down from the tower, she remembered her youth. “Her wish was to visit the famous Café Imperial; we were lucky to meet the restaurant boss there and have a picture taken with him,” adds Antonín Zoubek remembering the trip to Prague.

Ice Hockey Extraliga Match
“| was fulfilling the wish of Josef Novák. Originally we planned a lunch at a hunter’s tavern in Kladská but there was too much snow to get there so we chose the Steak Bar in Sokolov. We finished the evening with an Extraliga game in the Karlovy Vary ice hockey arena,” Petr Habart, a technician from the Tisová Power Plant, told us after the event.
Social Responsibility

Shelter Workshop Christmas Bazaar 2013
From November 27 to December 12, 2013, around thirty sheltered workshops presented their products at eighteen CEZ Group sites. They offered products that had been handmade by physically disabled people. The earnings from the booths at all sites were a respectable CZK 424,479. The bazaar took place for the fifth time under the Granting Wishes project.

There were also many other events that took place under the Granting Wishes, Thinking About Others project.

Dog Super-Day
In 2013, the Dog Super-Day was organized by Helpes, an organization that helps people with various kinds of disabilities on their way toward integration, self-reliance, and independence with the aid of specially trained dogs. During the all-day super-program, assistance dogs were handed over to their new masters. Visitors took part in the Dog University; the Faculty of Assistance Dogs prepared a graduation ceremony for the dog students. CEZ Group and the ČEZ Foundation handed over a check with a pledge to make a contribution to the training of eight assistance dogs, one in each region of the Czech Republic. The cost of one assistance dog’s training is around CZK 200,000. Employees could make a contribution to this cause during October 2013. The ČEZ Foundation’s account was credited with CZK 579,665 from 589 colleagues; the Foundation doubled the amount. The total contribution to assistance dog training thus was CZK 1,159,330.

4.4.4 Corporate Volunteering
Corporate volunteering in CEZ Group is based on the voluntariness of all stakeholders—the employer, employees, and public benefit organizations:

- The company has embedded support for volunteering in the collective agreement and makes financial, material, and personnel contributions to project organization.
- Employees actively propose beneficiaries from their neighborhood. They can directly ask for aid to an organization or clients. Execution depends on employees’ interest.
- The third body entering the project annually is the Business for Society platform—a cooperating expert nonprofit organization whose representative verifies and proposes organizations that need help. Business for Society runs a corporate volunteer portal at www.zapojimse.cz, on which details and participants’ events, records, and insurance are published. Companies have their employee page on the portal. CEZ Group interconnected information from its intranet with the portal and configured appropriate environments for employees, HR officers and supervisors that approve participation online. The portal’s advantage for the nonprofit sector is the possibility to combine aid from multiple companies.

There are seven regional stages and two international volunteering days organized at CEZ Group every year.

Teams and individuals choose whom they wish to help via physical or expert work. At the beginning of every calendar year, dates for group events, on two consecutive days, are announced in regions so that the organizations and volunteers can make preparations. Event announcements, including a description of the work and aids needed and information about the organization, are available online on the external corporate volunteer portal interconnected with the corporate intranet. This gives all employees a uniform environment.
Any employee can be a corporate volunteer subject to their boss’s approval. A corporate volunteer gets one day off, paid at the average pay, to devote to a nonprofit organization, has personal injury insurance as well as third-party insurance coverage, and can borrow a company vehicle (fleet usage for this purpose drops every year). The nonprofit organization chosen by employees gets CZK 150 for refreshments and CZK 100 for aids or materials (work gloves, paint, etc.) for each employee. Participation is registered in the attendance system and the payslip shows “philanthropy”. During the June 2013 emergency, company management allowed corporate volunteers to help for several days in the flooded areas.

The intent is to forecast, think procedures through, and make the sent people informed so that they respect the nonprofit organization’s procedures and environment and do not burden its staff. Great emphasis is put on this principle of independent, systematic, and disciplined help during emergencies.

CEZ Group is a member of the Business for Society expert platform, which brings together large and small companies advocating responsible business. With its activities, it strives to develop the values of corporate social responsibility.

### Time For a Good Cause—CEZ Group’s Corporate Volunteering Project

<table>
<thead>
<tr>
<th>Breakdown of regional stages</th>
<th>2013 Number of volunteers in stage only</th>
<th>2012 Number of volunteers in regions (stage + individual &amp; independent team volunteering)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prague &amp; Central Bohemia</td>
<td>29</td>
<td>83</td>
</tr>
<tr>
<td>Prague &amp; Central Bohemia—Floods</td>
<td>49</td>
<td>102</td>
</tr>
<tr>
<td>Pardubice &amp; Hradec Králové Regions</td>
<td>38</td>
<td>36</td>
</tr>
<tr>
<td>Plzeň &amp; Karlovy Vary Regions</td>
<td>29</td>
<td>44</td>
</tr>
<tr>
<td>South Bohemia Region</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>Vysočina &amp; South Moravia Regions</td>
<td>43</td>
<td>22</td>
</tr>
<tr>
<td>Moravian-Silesian, Olomouc, &amp; Zlín Regions</td>
<td>41</td>
<td>35</td>
</tr>
<tr>
<td>Ústí nad Labem &amp; Liberec Regions</td>
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<td>42</td>
</tr>
<tr>
<td>Ústí nad Labem &amp; Liberec Regions—Floods</td>
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<td>33</td>
</tr>
<tr>
<td>Engage international volunteering days</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>Give &amp; Gain international volunteering days</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Sum of volunteer “man-days” per year</td>
<td>233</td>
<td>395</td>
</tr>
<tr>
<td></td>
<td>82</td>
<td>310</td>
</tr>
<tr>
<td></td>
<td>405</td>
<td>405</td>
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</tbody>
</table>
Time For a Good Cause
Since 2008, CEZ Group has supported the Time For a Good Cause corporate volunteering project, so-called time donation, which is characterized by the employer’s support consisting in paying employees the wage for a workday they spend working for a selected public benefit organization. Employees donate their time as personal, manual, social, and sometimes also expert help, to which CEZ Group adds logistical and financial support. CEZ Group teams up with the Business for Society platform to organize volunteer work in all regions of the Czech Republic every year, and complies with the fundamental standards of corporate volunteering.

Time for a Good Cause enables employees to spend one workday working for a non-profit organization. It is focused primarily on social work, caring for seniors, disabled citizens, children, and the environment. Since 2010, employees interested in participation in the program can register at the web portal at www.zapojimse.cz, which they can access from home as well.

The objective is to support employee solidarity as well as standard, personal, long-term volunteering and community involvement, and to raise awareness of the nonprofit sector’s wide range of activities in the social sphere and environmental care.

A total of 394 employees took part in the Time for a Good Cause project in 2013, helping at 75 public benefit organizations.

Flood Relief
CEZ Group developed the Time for a Good Cause project in 2011, preparing an offering of group instructions on relief in emergencies. The events took place in Hradec Králové and Prague in 2012 and in Ostrava in 2013.

Employees get acquainted with the humanitarian aid system in a workshop led by a flood relief coordinator in their free time in the afternoon and evening. They learnt about the link between nongovernmental humanitarian organizations and the activity of the Integrated Rescue System forces, basic rules for psychosocial support, and the necessary monitoring. They discussed with the lecturer the appropriate ways of communicating with the local population in emergency situations.

The company once again announced relief in the form of waiving three monthly advance payments for energy from households and small businesses that suffered flood damage in rooms where the water level exceeded 50 centimeters in 2013. Customers that had more than ten centimeters of water in their homes got free energy or gas for one month. People thus saved almost CZK 30 million in electricity and gas costs.
As part of immediate relief, the Group organized extra corporate volunteering days. Since the affected area was large, operations were organized in multiple locations as needed. A total of 82 informed volunteers helped in six group operations (Terezín, Ústí nad Labem, Velké Březno, Křešice, Hořín) and two individual operations (Černošice, Hněvice u Štětí). The financial contribution of 1,247 employees was almost CZK 1,400,000. The money helped people in the Kolín and Sedlčany regions have their wells with drinking water cleaned, and some of it went to affected families. The ČEZ Foundation administered the collection and donated the same amount to the worst hit municipalities around its power plants. People in Need received a corporate donation of CZK 350,000 for humanitarian purposes in 2014. The ČEZ Foundation prepared and provided to 11 municipalities immediate, flexible, small grants of up to CZK 50,000 that it newly introduced for such occasions.

Volunteers also helped restore drinking water sources that many households lost during the floods of the summer of 2013. According to a report by the Ministry of Health, the natural disaster impacted on more than 900 wells, most of them being the only source of drinking water for flooded households. Seriously damaged areas included the Nymburk and Kolín regions, where communities often lack public water supply systems and the local population depends solely on a well. ČEZ Group employees helped get many such sources cleaned up. An expert clean-up of one well costs over CZK 3,500. The Ministry of Health pledged that the government would pay for one water source sampling and analysis for citizens after the flood. However, they would have to get their well cleaned up on their own. ADRA, which has experience with the restoration of drinking water sources from previous years, helped people with the organizational and, thanks to experts, technical and administrative aspects of this problem that posed a risk to their health. The wells were cleaned repeatedly—if groundwater is contaminated, this is always a lengthy procedure.

GIVE & GAIN and Engage International Volunteering Days 2012 and 2013
Sixty ČEZ Group employees donated their workday to a nonprofit organization. They did so as part of the Give & Gain International Corporate Volunteering Day 2013, in which ČEZ takes part regularly, and simultaneously under their own Time for a Good Cause project. This was the sixth time power company personnel hit the road and helped eight nonprofit organizations in western Bohemia as well as Prague, Ostrava, and the Ústí nad Labem Region.

Almost forty ČEZ Group employees donated their workday to a nonprofit organization in the fall of 2013. They did so as part of the Engage International Volunteering Day, in which ČEZ takes part regularly, and simultaneously under their own Time for a Good Cause project. For the sixth time the power company staff involved provided help with all that was necessary to seven nonprofit organizations in Prague and Central Bohemia as well as the Plzeň and Karlovy Vary Regions.

Dukovany Nuclear Power Plant
During May 2013, 44 employees from the Dukovany Nuclear Power Plant and Hodonín Power Plant donated their workday to five nonprofit organizations in the South Moravia and Vysočina Regions. They took up a number of jobs—from bricklaying to gardening to care for seniors. As is traditional, the biggest number of volunteers cleaned the reachable edges of the Dalešice Reservoir and the spreading woods surrounding it.
Northern Bohemia
Ten CEZ Group employees supported a good cause in the Chomutov Region on June 20, 2013. As part of volunteering days, they helped in the Raduška day-care center and kindergarten run by the civic association RADKA in Kadaň and, as is traditional, in the Children’s Home in Mašťov.

Eastern Bohemia
Twenty-nine CEZ Group employees donated their workday to a nonprofit organization during a week of April 2013. Despite the cold and rainy weather, they helped five nonprofit organizations in the Hradec Králové and Pardubice Regions.

Northern Moravia
Twenty employees took the opportunity of a volunteering day in 2013 to help at the Salvation Army, Children’s Home, Charitas, or the Society for the Support of Mentally Handicapped People (Pomněnka).

4.5 Contractors and Customers

4.5.1 Customer Code
CEZ Group is committed to improving its client services. That is why it published its Customer Code in 2013, which summarizes the level of services provided to households and SMBs.

The 15-page document presents the three cornerstones of CEZ Group’s approach to customers. These are the mottos:
- Understandability and Simplicity
- Welcoming and Humane Attitude
- We Listen and Improve.

CEZ Group is thus saying that it strives to allow its customers to have their requests dealt with as easily as possible and to make their every contact with CEZ Group as pleasant as possible.

The Customer Code clearly defines standards for communication with customers and offers clients a comprehensive, easy-to-understand summary of options for communication with CEZ Group:
- The Customer and Emergency Lines are available 24/7; an overwhelming majority of customers wait for an operator for no more than 30 seconds.
- Visitors to a customer center are served within 20 minutes, apart from exceptional cases.
- The ČEZ ON-LINE service offers contact with CEZ Group personnel over the Internet on a 24/7 basis. In addition, the Customer Code gives tips on how to use the online service efficiently in practice.
- Emergency teams are on standby 24/7.
- Customers only need to contact CEZ Group once to resolve most requests.

The Customer Code is available to clients in printed form at customer centers and on the ČEZ website.

Maintaining and improving customer care standards, as promised by the Code, would not be possible without specific action. To that end, a list of more than twenty innovations was prepared under the Customer Orientation strategic program to further improve customer experience. They are the result of several months of analysis, which included quantitative and qualitative surveys among customers and within the company. The surveys showed that customers regarded CEZ Group as a reliable and stable partner but they would appreciate more simplicity and clarity in communication when their requests are handled.
CEZ Group is therefore preparing several simplifications in communication with customers. For example, it wants to offer a wider range of options for online communication or modern payment methods in the future, including card payments at customer centers. ČEZ Zákaznické služby tested and is now evaluating a major simplification or even complete removal of the interactive voice response on the customer line. ČEZ Prodej is also preparing several innovations in its service offering for 2014.

**Trade Secret Confidentiality**

1) The Contractor undertakes to keep confidential all the business and technical information, including specifications, plans, drawings, patterns, samples etc., as well as other information and materials entrusted to the Contractor by the Client and identified by the Client as a trade secret or received by the Contractor from the Client during Contract performance and identified as a trade secret, not to use them for its financial or other benefit or the benefit of a third person, not to disclose them to a third person without the previous written consent of the Client, and not to use the information and materials for any purpose other than the performance of this Contract.

2) The obligation of confidentiality shall also apply to third parties to whom the Contractor provides the information specified in Article 1 with the Client’s consent in connection with the performance of this Contract and under the terms and conditions stipulated herein. The Contractor is responsible for ensuring that such persons will be contractually bound to this obligation of confidentiality to at least the same extent as the Contractor itself.

3) The Client shall keep confidential and, except the cases specified in Article 14.4, shall not disclose to any third party any information or data identified as a trade secret by the Contractor, except when using such information or data for purposes stipulated herein, especially for the operation, maintenance, and reconstruction of the Work, training and preparation of its operators, even if provided by a third party.

**4.5.2 Contracting Principles**

When entering into contracts, CEZ Group places emphasis on the protection of trade secrets. It makes an anti-corruption agreement with its contractors. Its wording is as follows:
4) The Client shall be entitled to disclose, in the necessary extent and without the Contractor's consent, any information identified as a trade secret by the Contractor that is, for the purposes of this Contract:
   a) requested by public authorities, offices, and institutions, including tax and other authorities, making an assessment of the Work pursuant to public law provided that they are authorized to request such information;
   b) requested by a Consultant(s) or other third parties participating in the Contract provided that the Client ensures that such third parties are familiarized with obligations concerning trade secrets under this provision and are bound to fulfill them.

5) The obligation to keep a trade secret confidential shall last for the time specified by the Party that identified such information as a trade secret. If the Party did not specify such time, the obligation to protect confidential information shall survive for the whole time the matters representing the trade secret exist. If either Party violates this obligation, such Party shall be obliged to compensate the damage incurred by the other Party for each breach of the obligation to protect confidential information and trade secrets.

6) The information specified below shall be excluded from the obligation to keep trade secrets confidential by both Parties:
   a) information that is or has already become publicly known through no fault of the receiving Party;
   b) information that was in the possession of the receiving Party before it was received from the other Party;
   c) information that the receiving Party legally received from a third party.

7) After the business transaction is completed, each Party may request the other Party to return all provided materials that were necessary for the performance of the Work and contain a trade secret, and the other Party shall be obliged to immediately return such materials, including any copies made of them.

8) The provisions of Articles 1 to 7 hereof do not and shall not affect or limit in any way the intellectual property rights of any of the Parties, especially rights to inventions, industrial designs, trademarks, licenses, etc.

If in performing the Contract the Contractor applies its corporate inventions, utility designs, or industrial designs developed prior to the conclusion of the Contract, the Client shall acquire the right to use them on the day the Work is completed and accepted. The acquisition of the right to use these industrial property items for the purpose ensuing from the Contract is included in the contractual price of the Work as agreed in the Contract. The Contractor shall be held liable for any infringement of a third party's industrial or other intellectual property rights resulting from the utilization or usage of the Work should such infringement occur pursuant to the law of the Czech Republic or the law of the state where the Work is to be used.

4.5.3 Consumer Protection, Sales Personnel Training

CEZ Group makes sure its personnel are trained in a pro-customer approach and pro-customer behavior. The customer comes first. The training concerns chiefly employees that are in contact with customers, either directly (e.g. in customer centers, field personnel—technicians) or by phone (e.g. in a call center). Communication, selling, and negotiation skills, including self-motivation, are in the focus of development. In addition, the training involves the prevention of conflicts and the handling of such situations if they ever occur.
4.5.3.1 Ombudsman

Petitions and Suggestions in 2013

In 2013 the ČEZ Ombudsman dealt with a total of 803 submissions, 761 petitions and 42 suggestions. 210 petitions were irrelevant because they did not meet the condition that the matter must first be dealt with as a claim or complaint using the standard processes of the relevant ČEZ Group company; 123 petitions were irrelevant for other reasons.

Submissions to the ČEZ Ombudsman in 2013

<table>
<thead>
<tr>
<th>Submissions dealt with</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petitions</td>
<td>761</td>
<td></td>
</tr>
<tr>
<td>Suggestions</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Irrelevant—1st instance</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td>Irrelevant—other</td>
<td>123</td>
<td></td>
</tr>
</tbody>
</table>

Of the total number of 746 petitions closed in 2013, 673 petitions were found unjustified, in 49 cases the ČEZ Ombudsman recommended to grant the customer their request, although none of the ČEZ Group companies was found to be in error, and in 24 cases the petition was evaluated as justified due to an error made by ČEZ Group companies.

Closed Petitions by Justification in 2013

<table>
<thead>
<tr>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unjustified</td>
<td>673 90</td>
</tr>
<tr>
<td>Justified—specific treatment</td>
<td>49 7</td>
</tr>
<tr>
<td>Justified—error on ČEZ Group’s part</td>
<td>24 3</td>
</tr>
<tr>
<td>Total</td>
<td>746 100</td>
</tr>
</tbody>
</table>

The limit of 30 calendar days for handling a petition was complied with for 722 petitions, i.e. 97% of the total 746 petitions closed in 2013.

Petition Handling Rate in 2013

<table>
<thead>
<tr>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 30 days</td>
<td>722 97</td>
</tr>
<tr>
<td>Over 30 days</td>
<td>24 3</td>
</tr>
<tr>
<td>Total</td>
<td>746 100</td>
</tr>
</tbody>
</table>
As for the communication channels used to submit petitions, the most frequently used, over 50%, was the website form at [www.cez.cz/ombudsman](http://www.cez.cz/ombudsman), and written correspondence. The least used channel was fax. E-mail was used increasingly, mostly in response to the ČEZ Ombudsman’s opinion sent to the customer via e-mail.

### Petitions Received by Method of Delivery in 2013

<table>
<thead>
<tr>
<th>Method</th>
<th>0</th>
<th>100</th>
<th>200</th>
<th>300</th>
<th>400</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>423</td>
</tr>
<tr>
<td>Correspondence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>195</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>164</td>
</tr>
<tr>
<td>Fax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21</td>
</tr>
</tbody>
</table>

The number of petitions concerning consumption in others’ distribution areas kept growing in 2013. In comparison with 2012, the share of such petitions grew from 18% to 20%. This concerns areas where commodity distribution is taken care of by a distributor outside ČEZ Group. The data indicates monitoring of the care and needs of newly acquired customers.

### Petitions Received by Region in 2013

<table>
<thead>
<tr>
<th>Region</th>
<th>0</th>
<th>50</th>
<th>100</th>
<th>150</th>
<th>200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Bohemia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>238</td>
</tr>
<tr>
<td>Eastern Bohemia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Northern Bohemia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>96</td>
</tr>
<tr>
<td>Northern Moravia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>85</td>
</tr>
<tr>
<td>Western Bohemia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52</td>
</tr>
<tr>
<td>Other distributors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>158</td>
</tr>
<tr>
<td>Unspecified</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>74</td>
</tr>
</tbody>
</table>
Main Petition Categories
The most petitions concerned Measurement and Unauthorized Consumption, i.e. especially customers’ objecting to the amount of measured and billed electricity (80%); other petitions concerned identified unauthorized consumption.

In the Contractual Matters and Payments category, 59% of cases concerned the conclusion, termination, and terms of a contract, 33% of cases concerned advance payments or overpayment refund, and 8% concerned the suspension of electricity supplies due to customers’ non-payment.

In the category of Other, 71% were customer requests for a debt payment plan or penalty waiver, 26% were petitions that could not be classified in any other category, and 3% were complaints about the behavior of employees from CEZ Group companies.

In the Electricity Distribution category, 59% of petitions concerned property disputes, 13% concerned damaged appliances, 12% concerned connection terms, 10% concerned the quality of delivered electricity, and 6% concerned planned power outages.

Main Categories of Petitions Investigated in 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement and Unauthorized Consumption</td>
<td>29</td>
</tr>
<tr>
<td>Contractual Matters and Payments</td>
<td>28</td>
</tr>
<tr>
<td>Other</td>
<td>28</td>
</tr>
<tr>
<td>Electricity Distribution</td>
<td>24</td>
</tr>
</tbody>
</table>

Total 100

Numbers of Submissions Received in 2010–2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Submissions investigated</th>
<th>Petitions</th>
<th>Suggestions</th>
<th>Irrelevant—1st instance</th>
<th>Irrelevant—other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>307</td>
<td>288</td>
<td>19</td>
<td>73</td>
<td>58</td>
</tr>
<tr>
<td>2011</td>
<td>518</td>
<td>482</td>
<td>36</td>
<td>116</td>
<td>79</td>
</tr>
<tr>
<td>2012</td>
<td>775</td>
<td>733</td>
<td>42</td>
<td>186</td>
<td>133</td>
</tr>
<tr>
<td>2013</td>
<td>803</td>
<td>761</td>
<td>42</td>
<td>210</td>
<td>123</td>
</tr>
</tbody>
</table>
### Numbers of Petitions Received by Main Category in 2010–2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Measurement and Unauthorized Consumption</th>
<th>Contractual Matters and Payments</th>
<th>Other</th>
<th>Electricity Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>35</td>
<td>42</td>
<td>38</td>
<td>40</td>
</tr>
<tr>
<td>2011</td>
<td>81</td>
<td>82</td>
<td>54</td>
<td>70</td>
</tr>
<tr>
<td>2012</td>
<td>118</td>
<td>139</td>
<td>92</td>
<td>65</td>
</tr>
<tr>
<td>2013</td>
<td>125</td>
<td>121</td>
<td>104</td>
<td>78</td>
</tr>
</tbody>
</table>

### Percentages of Petitions Received by Main Category in 2010–2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Measurement and Unauthorized Consumption</th>
<th>Contractual Matters and Payments</th>
<th>Other</th>
<th>Electricity Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>23</td>
<td>27</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>2011</td>
<td>28</td>
<td>29</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>2012</td>
<td>29</td>
<td>29</td>
<td>22</td>
<td>24</td>
</tr>
<tr>
<td>2013</td>
<td>29</td>
<td>34</td>
<td>28</td>
<td>26</td>
</tr>
</tbody>
</table>
4.5.3.2 Customer Services, Complaint Handling System

The quality of customer service is one of CEZ Group’s priorities. Customers can choose how they want to communicate with CEZ Group. They can use the services of:

- Customer centers
- Contractual partners
- Call center
- ČEZ ON-LINE (web-based sales office).

CEZ Group has 24 of its own customer centers throughout the Czech Republic. They offer customers contact with professionally trained staff that can help them with all matters related to the delivery of electricity, gas, and telecommunication services, as well as other products offered by CEZ Group. Customers can book a specific date and time for their visit to a customer center on the Internet. By doing so, they can avoid waiting in annoying lines and save time for other activities. If they want to make an appointment, all they have to do is go to www.cez.cz/cs/kontakty/sjednani-schuzky.html and book a time slot they find convenient. The service is also provided by 54 contractual partners.

There are two call centers—in Plzeň and Zábřeh na Moravě. They work as mutual backup to make sure all CEZ Group customer lines are available all the time. Experienced and professional operators handle 4,500 phone calls on average every day. Customer center officers together with operators attend to their own agenda as well as customer requests delivered by other means (fax messages, e-mails, letters, replies from ČEZ ON-LINE, etc.), taking care of around three million customers in the Czech Republic and Slovakia. Clients can reach the call center by dialing 840 840 840 for the Customer Line or 840 850 860 for the Emergency Line.

The ČEZ ON-LINE Internet application provides a comfortable way of gathering personal information and handling requests related to the delivery of electricity, gas, and the services of a mobile virtual network operator. Thanks to constant access, ČEZ ON-LINE saves time and allows permanent control. Customers’ personal data is always protected by a password. The ČEZ ON-LINE service allows getting information about bills and all connection points, as well as handling requests online. ČEZ ON-LINE allows communicating free of charge, continuously, without going to a branch office, and without waiting.
CEZ Group offers its customers “electronic billing.” This means that the customer does not get an advance or final invoice in printed, paper form but instead it is sent to their e-mail address in the PDF format or directly to their accounting system. This makes it very simple to view, pay, and archive invoices. They fully replace conventional paper invoices, so they are standard tax documents. They are provided with a qualified certificate for enhanced customer data security. Electronic invoicing saves time, energy, and natural resources.

Contact Center World—Top Ranking Performers in the Contact Center Industry (EMEA)
- 1st place in the Best Contact Centers—Big category
- 1st place in the Best Agent Program category.

The award was won based on the vote of an international jury of the Global Association For Contact Center Best Practices & Networking in cooperation with ContactCenterWorld on the occasion of the 2013 conference Top Ranking Performers in ContactCenterWorld.
5. Environment

5.1 Environmental Protection, Pollution Prevention and Reduction

CEZ Group’s strategic decisions in the area of environmental protection are based on the conviction that the environment represents irreplaceable wealth that every responsible steward wishes to pass down to future generations in a condition better than that in which they inherited it. Environmental protection is a key social topic at the pan-European level as well.

Company management in CEZ Group involves a responsible approach to environmental protection and its implementation by means of an Environmental Management System (EMS). It is a tool that the company uses to actively monitor, manage, and evaluate its activities in relation to the environment.

The EMS aims to integrate environmental requirements into CEZ Group’s overall strategy as well as its standard activities that are the basis for its support for environmental protection and pollution prevention in balance with social and economic needs. By means of the EMS, it declares that it pays attention to environmental impacts during its activities and takes them into account in its production operations.

Implementation of the EMS pursuant to the requirements of the international ISO 14001:2004 standard was started in 1997. The EMS was certified for the first time in 2002 for the conventional power plants and in 2001 and 2004 for the nuclear power plants. ČEZ was then issued an international certificate for its conventional power plants (coal-fired and hydroelectric power plants together) and two separate certificates for its nuclear power plants in Temelin and Dukovany.
The fundamental document for the EMS is the Safety and Environmental Protection Policy, containing a commitment to continually improve and prevent pollution pursuant to legal requirements. The document is publicly available on the ČEZ website at www.cez.cz/cs/odpovedna-firma/zivotni-prostredi/politika-bezpecnosti-a-ochrany-zivotniho-prostredi.html. All ČEZ employees, the employees of selected CEZ Group subsidiaries, and—during induction training—the employees of contractors operating on the individual sites are acquainted with the document.

The EMS includes internal and external audits to continually verify compliance with the requirements of ISO 14001, with ČEZ’s control and working documentation, and with the law in the individual areas of environmental protection:

- Air
- Water protection
- Waste management
- Handling of chemical substances and compounds
- Integrated prevention
- Integrated pollution register.

Internal EMS audits are conducted by ČEZ staff, external EMS audits by certification organizations.

External EMS audits take place every year in both conventional and nuclear power plants. The 2012 and 2013 audits in conventional power plants were conducted by the certification body of Bureau Veritas Czech Republic, which proved compliance with the standard’s requirements. The auditors therefore recommended that the organization proceed with certification. ČEZ’s conventional power plants are undergoing EMS re-certification in 2014.

Regular external audits are also conducted in the Temelín and Dukovany nuclear power plants, which underwent an EMS re-certification audit by DET NORSKE VERITAS CZ in 2013. The Temelín and Dukovany power plants were audited successfully, proving that they fulfill the environmental requirements of the international ISO 14001:2004 standard. Based on this finding, the certification body issued an EMS certificate for the next three-year period for the nuclear power plants in 2013.

5.1.1 Air Protection
When operating its coal-fired power plants and heating plants, CEZ Group monitors their effect on air pollution on a long-term and systematic basis using its own air pollution measurement network. It currently consists of eleven air pollution monitoring stations located near coal-fired power plants and heating plants that measure gaseous pollutants (SO₂, NOₓ), with five of the monitoring stations also measuring released dust particles (PM₁₀, PM₂.₅). The public is kept informed about the results of the emission and pollution monitoring conducted in connection with the operation of combustion plants on a website that can be found at www.cez.cz/cs/odpovedna-firma/zivotni-prostredi/sledovani-parametru-pro-ochranu-ovzdusi.html and contains emission and pollution measurements and the plants’ calculated contribution to air pollution in their vicinity.
5.1.1.1 Voluntary Agreements

In 2010, the Minister of the Environment and ČEZ representatives signed a Declaration of Strategic Cooperation between ČEZ and the Ministry of the Environment in Air and Climate Protection. In the Declaration, which has no set expiration date, the two partners agreed on a reduction in air pollutant emissions beyond what is required by existing legislation, which will simultaneously result in a significant reduction in carbon dioxide emissions. The reduction is achieved directly in ČEZ-operated power plants in the Czech Republic.

The document defines cooperation in education and training for sustainable development, the two entities’ collaboration in the area of renewable energy sources and energy savings, and cooperation in the creation of a biomass co-firing strategy. By signing the Declaration, both parties undertook to implement 21 measures that will significantly reduce environmental burden and lead to sustainable development of the energy sector.

An implementation report is drawn up every year and made available to the public on the websites of the Ministry of the Environment (www.mzp.cz) and ČEZ (www.cez.cz).

ČEZ reached the Declaration’s main goal—reducing pollutant emissions beyond what is required by law—in 2012 and 2013 again. Thanks to continued investment in plant refurbishment and environmental upgrades, ČEZ radically decreased emissions even beyond its commitments in the Declaration.

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Dust</th>
<th>SO₂</th>
<th>NOₓ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual 2012 emissions in t/year</td>
<td>1,877</td>
<td>40,289</td>
<td>37,468</td>
</tr>
<tr>
<td>Maximum 2012 emissions in t/year acc. to Appendix 1 to Declaration</td>
<td>2,592</td>
<td>48,894</td>
<td>51,138</td>
</tr>
<tr>
<td>Percentage of actual emissions compared with maximum emissions acc. to Appendix 1 to Declaration</td>
<td>72.4%</td>
<td>82.4%</td>
<td>73.3%</td>
</tr>
<tr>
<td>Actual 2013 emissions in t/year</td>
<td>1,251</td>
<td>29,903</td>
<td>18,779</td>
</tr>
<tr>
<td>Maximum 2013 emissions in t/year acc. to Appendix 1 to Declaration</td>
<td>2,465</td>
<td>44,791</td>
<td>46,887</td>
</tr>
<tr>
<td>Percentage of actual emissions compared with maximum emissions acc. to Appendix 1 to Declaration</td>
<td>50.8%</td>
<td>66.8%</td>
<td>40.3%</td>
</tr>
</tbody>
</table>

ČEZ has entered into additional voluntary agreements with the Association of Regions and the Ústí nad Labem Region—and fulfills its obligations arising therefrom.
5.1.2 Climate Protection

CEZ Group continued to reduce greenhouse gas emissions from its facilities in 2012 and 2013. Since 2007, when CEZ Group’s as well as the Czech Republic’s emissions culminated, CEZ Group has reduced its CO₂ emissions by more than 38%. This is the result of not only ongoing upgrades and restructuring of its portfolio but also a change in its plant usage—using more plants with established, environmentally cleaner technology.

When determining greenhouse gas emissions, CEZ Group uses state-of-the-art approaches that are rarely as yet used in Europe and that provide the most accurate results. All data is then verified by an independent auditor.

5.1.2.1 Action Plan for ČEZ Investments

Czech enterprises can get emission allowances in exchange for investments in upgrades and clean technologies under the emission trading scheme (EU ETS). Pursuant to EU and Czech legislation, the investments must match the value of the emission allowances obtained.

<table>
<thead>
<tr>
<th>Value of emission allowances obtained by CEZ Group</th>
<th>CZK bn</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments made</td>
<td>CZK bn</td>
<td>22.3*</td>
<td>4.5</td>
</tr>
</tbody>
</table>

* The 2012 total includes eligible investments made since June 25, 2009.

Thus in 2012 and 2013 CEZ Group made investments 5.5-times higher than what the legislation required. The reduction in the amount of greenhouse gas emissions is accompanied by a reduction in the emission of pollutants and heat losses, increased use of local renewable energy sources, etc.

5.1.3 Water Protection

As far as water management is concerned, CEZ Group operates its plant with a focus on economical water management, water pollution prevention and reduction, and compliance with all measures aimed to protect surface water and groundwater.

Water take-off and wastewater discharge are subject to conditions set down in integrated permits issued by competent authorities or in the decisions of water authorities. In the period in question, all of CEZ Group’s generation facilities met the technical conditions for their operation related to water protection as laid down in their operating licenses issued by competent administrative bodies.

CEZ Group power plants use surface water, which serves for once-through cooling and for feeding power plant boilers and auxiliary systems. They also use drinking water and sometimes even groundwater, which is treated and then used for drinking. Regular monitoring of surface water and groundwater is conducted at conventional power plants. The goal is to monitor their quality and react to any risk of quality deterioration in a timely manner. The total consumption of water taken off by conventional and nuclear power plants can be found in Chapter 5.9 Economical Consumption.

Cooperation with the Morava River Authority, Pöyry, the Water Research Institute, the Soil Reclamation and Protection Research Institute, and the Vysočina Regional Authority gave rise to a detailed model of pollution in the Jihlava River. The unique model, highly appraised by experts from the Ministry of Agriculture and the Ministry of the Environment, was handed over by ČEZ to the Vysočina Regional Authority, Morava River Authority, and Czech Environmental Inspectorate. It can propose the most effective measures to improve the quality of water in the Jihlava River. The Vysočina Regional Authority established an initiative named For a Clean Jihlava River, which aims to motivate polluters to improve the current conditions. Initial get-acquainted seminars were held and met with positive feedback.
5.1.4 Waste Management

In its operations, CEZ Group honors all legal obligations in waste management and takes a prevention-based approach, especially in the reduction of the quantity of generated waste and its hazardous properties that could have an adverse environmental impact. It strives to use as much generated waste as possible, sort materials, and contribute to their re-use and recycling. Waste is separated at all CEZ Group sites, sorted by its constituents:

- Glass
- Paper
- Plastic
- Mixed municipal waste
- Waste electrical and electronic equipment.

CEZ Group uses the take-back scheme to hand over batteries and accumulators, fluorescent and discharge lamps, some electrical and electronic equipment, and used oils. Batteries and accumulators contain many recyclable metals such as:

- Zinc
- Iron
- Manganese
- Nickel
- Cadmium
- Lead.

Iron recycling saves more than 70% of energy in comparison with extraction from ore. In addition, the above-mentioned metals are environmentally hazardous substances, so the environmentally friendliest method is depositing them in special containers for take-back to prevent their disposal together with municipal waste. Waste oils can be used for energy recovery or reprocessed by regeneration and re-used for their original purpose.

To prevent waste generation, CEZ Group makes use of the take-back scheme, which is based on the principle of the producer’s individual responsibility for making arrangements for product disposal at the end of its life. The purpose of product take-back is to encourage producers to manufacture products with as little dangerous substances as possible to make their subsequent end-of-life use or disposal as cheap and as simple as possible. From this point of view, it is desirable that products should be reusable and recyclable to minimize waste.

Significant volumes of ferrous and nonferrous metals as well as biodegradable waste are handed over for re-use.
5.1.5 Protection of Flora and Fauna

CEZ Group is committed to protecting fauna found on and around its power plant sites. CEZ Group’s care allowed saving some animal species such as:
- Eurasian beaver, highly endangered
- Sand martin, specially protected
- Grayling
- Peregrine falcon.

The peregrine falcon was found to be present and nesting at some coal-fired power plant sites in northern Bohemia. This critically endangered bird of prey was the subject of regular monitoring in 2012 and 2013. Nest boxes were installed at selected locations in 2011 to 2013 to enable successful nesting and allowed several young to be reared. Four pairs of the peregrine falcon were registered at sites owned by CEZ Group in 2013. All the pairs nested but one pair did so outside of the power plant site. The three pairs nesting at CEZ Group sites were all successful. However, one pair’s young died shortly after they left the nest. Both successful pairs had at least two young each.

In the vicinity of the Dukovany Nuclear Power Plant, CEZ Group supports on a long-term basis the National Natural Monument in Miroslav and the Mohelno Serpentinite Steppe natural reserve, which is the home of critically endangered species such as the praying mantis, ascalaphid owlfly, and European green lizard. It treats live creatures in the wild with the same respect. This applies, for instance, to bats that decide to spend the winter in the close vicinity of the power plant.

Municipalities in the region around the Dukovany Nuclear Power Plant were supported in planting new greenery in 2013. A total of 1,700 trees were planted along roads, on squares, and in small parks. The most frequently planted species were linden, oak, maple, birch, and various fruit trees. A silver linden tree was planted in front of the power plant as a symbol of the Memorandum of Cooperation signed with the Vysočina and South Moravia Regions.

CEZ Group focuses on protecting birds against electrical accidents. The bird protection activities are carried out by ČEZ Distribuce, which takes action to map the overall safety of high voltage lines in the light of its statutory obligation to secure all such lines against bird injuries by 2024. Continuous monitoring of flying birds hitting high-voltage overhead power lines was conducted at a section crossing the Elbe River throughout 2013. The monitoring has been performed since 2011 and no bird has been observed colliding with the lines and getting mechanically injured.

CEZ Group cooperates with selected rescue centers whose main activity is taking care of injured wild animals and protecting nature in practice. One of such centers is e.g. the Pátek Rescue Center, whose main goal is treating animals and returning cured animals back to the wild.

As part of its sponsoring activities, CEZ Group also supports zoos and natural reserves.
5.2 Generation, Mining, Construction

5.2.1 Generation
As of December 31, 2013, CEZ Group owned generation units with a total installed electrical capacity of 12,631.4 MW in the Czech Republic.

The installed capacity decreased by 536.7 MW (-4%) year-on-year:
- The sale of the Chvaletice Power Plant to Severní energetická from the Czech Coal group decreased the total installed capacity by 800 MW.
- The installed capacity grew to a total of 2,250 MW at both units in the Temelín Nuclear Power Plant and as a result of newly installed CHP units at ČEZ Energo.
- Over time, some ČEZ power plants were separated to form independent legal entities and, by contrast, some other legal entities were integrated with ČEZ. The Chvaletice Power Plant was separated on September 1, 2010, followed by the already operated Počerady Power Plant on October 1, 2012, while the Počerady unit under construction remained ČEZ’s property. The Dětmarovice Power Plant was separated on February 1, 2013. ČEZ Group sold the Chvaletice Power Plant on September 2, 2013 and the company Teplárna Trmice, operating the Trmice heating plant, was merged with ČEZ on October 1, 2013.

5.2.2 Mining
Severočeské doly
Severočeské doly approved a new vision in 2012, expressed by the motto “Efficient and Safe Mining.” In involves creating stronger and larger subsidiaries to be primary providers of services and supporting activities for Severočeské doly.

Mining activities and coal extraction constitute the core business of Severočeské doly. The company maintains its stable position as the largest Czech brown coal company in terms of coal production. As a major part of its production is used as in-house consumption within CEZ Group, Severočeské doly is the smallest player in the free coal market. Coal is extracted in the working districts of the Nástup Tušímice Mines and Bílina Mines.

Bílina Mines extract coal with a high calorific value and low content of harmful substances in the Teplice–Bílina area. They supply power coal primarily to the Ledvice and Mělník III power plants and other large heating plants. They extracted 10 million tons of coal in 2013. This required removing 53.7 million cubic meters of overburden. An important item in the company’s portfolio is the Bílina sorted coal, of which it supplied 2.2 million tons. The mining permit for the Bílina mine was issued on the basis of the Opening, Preparation, and Extraction Plan (OPEP) for 2010–2030 by the Most District Mining Authority and entered into legal force on January 26, 2011. The Bílina mine is the deepest surface mine in the entire Czech Republic.
**Nástup Tušimice Mines** extract brown coal in the westernmost part of the Ústí nad Labem Region between the communities of Černovice, Spořice, Droužkovice, and Březno. Nástup Tušimice Mines extracted 13.8 million tons of coal in 2013. All production went to the local power plants in Tušimice and Prunéřov, with some deliveries to the Chvaletice, Mělník, and Počerady power plants and the Komořany heating plant. The amount of overburden removed has reached 17.4 million cubic meters. Mining operations take place in the working district of Tušimice, as specified by the decision of the Most District Mining Authority (ref. 2207/94, dated August 9, 1994). The mining in the Tušimice working district is based on the Opening, Preparation, and Extraction Plan (OPEP). The new Mining Permit—decision of the Most District Mining Authority dated December 27, 2012—entered into force on May 16, 2013. The decision will expire when the boundaries of stripping and mining activities specified in the OPEP from September 2012 are reached.

Brown coal mining is closely associated with the energy sector. In northwestern Bohemia, these industries have a rich tradition, have affected and affect each other, and to a large extent determine the characteristics of the whole region. There are long-term, strong, positive personal relations between both employees and managers in the two fields. The elements of ČEZ’s corporate culture that the brown-coal mining industry has been adopting are, in particular, high dynamics, open communication, growth strategy, strong orientation toward growing company value for the owner, and a broader interpretation of responsibility to society.

The Group’s corporate culture is based on the centuries-old legacy of mining while fully embracing the latest scientific knowledge and advanced technology. Coal mining respects natural forces and the laws of physics, chemistry, and biology. In their everyday risky work, miners must rely on their knowledge, courage, responsibility, and the help of their colleagues. Miners have strong interpersonal relations and feelings of solidarity, both in small, local teams and in the whole miner community. This is also manifested in the municipalities where miners live with their families.

**LOMY MOŘINA**

ČEZ owns a 51.05% stake in LOMY MOŘINA. The company’s core business is the quarrying and processing of construction aggregate and high-percentage limestones utilized in flue-gas desulfurization (FGD) systems. The company is a major supplier of limestone for use in the FGD systems of ČEZ Group coal-fired power plants, to which it supplies approximately 500,000–700,000 tons of limestone per year, covering around a half of their annual consumption. In 2013, supplies to ČEZ power plants totaled around 590,000 tons of limestone. The 2014 supplies are expected to be around 570,000 tons. The other important commodity produced by the company is construction aggregate. The customers are entities outside ČEZ Group, to which the company delivers 250,000 to 300,000 tons of aggregate per year, with a slightly decreasing tendency year-on-year. Positive limestone reserves provide good prospects for long-term extraction.
5.2.3 Construction

Temelín Nuclear Power Plant

ČEZ published notification of a public contract for the Completion of the Temelín Nuclear Power Plant on August 3, 2009; bidders could qualify until the spring of 2010. The following bidders qualified: a consortium of Westinghouse Electric Company LLC and Westinghouse Electric Czech Republic s.r.o.; a consortium of ŠKODA JS a.s., Atomstroyexport JSC, and JSC OKB Gidropress; AREVANP SAS. From the spring of 2010 to October 2011, pre-bidding discussions were held with the qualified bidders pursuant to Section 33 of Act No. 137/2006 Coll., on public procurement, with the objective of finding one or more solutions meeting the needs and requirements of ČEZ.

ČEZ opened the bids for the completion of the Temelín Nuclear Power Plant on July 3, 2012 in the presence of the bidders—AREVA; the consortium of Westinghouse Electric Company LLC and Westinghouse Electric Czech Republic; and the consortium of ŠKODA JS, Atomstroyexport, and Gidropress. The first stage of assessment involved a check of the “exclusion” criteria, which are necessary for further bid evaluation and bid negotiation. These criteria were not met by Areva, which resulted in the exclusion of Areva from further bid evaluation and negotiation pursuant to Act No. 137/2006 Coll., on public procurement. Since the bids were received, a team of experts has been assessing and evaluating the bids in detail and negotiating with the bidders to improve the terms of the bids in order to select the best bid. It was expected that the contract with the selected bidder would be signed in June 2015.

On October 31, 2011, ČEZ delivered calls to submit bids, including Request for Proposal (RFP) documentation, to the bidders that qualified for the RFP proceedings. In the documentation, ČEZ precisely specified its needs and requirements for the subject matter of the public contract, i.e. turn-key delivery of two complete nuclear power plant generating units, including fuel assemblies for nine years of operation. The RFP documentation also contained commercial and technical conditions to be met in project implementation, assessment criteria, and a description of how the bids would be evaluated.

On April 9, 2014, the Czech government adopted a resolution saying that, with respect to the ongoing discussion on the future of the energy sector in the EU, it was not planning to provide any guarantee or stabilization mechanism for the construction of low-carbon facilities at the moment. It also declared interest in further development of nuclear energy in the Czech Republic, promising to prepare a comprehensive plan for the field by the end of 2014. Following that, ČEZ canceled the award procedure for the construction of two new units in the Temelín Nuclear Power Plant on April 10, 2014, while confirming that the preparation of the project as such continued.
Dukovany Nuclear Power Plant
Preparatory work for the construction of a new nuclear unit in Dukovany was started in 2009. Since that time, a number of studies and surveys have been conducted and summarized in the Feasibility Study. Crucial research concerned the amount and quality of water in the Jihlava River with a long-term outlook for the lifetime of the new unit. At the end of last year, we managed to prove to water authorities that the addition of one unit to the Dukovany Nuclear Power Plant is acceptable in terms of water management. Activities are now focused on the preparation of input for the EIA process, which should start in 2016; work on the future tender specification started in parallel.

Comprehensive Renewal of Tušimice II Power Plant
The comprehensive renewal of the Tušimice II Power Plant is the first project completed under the coal-fired plant renewal program. The upgrade of the Tušimice II Power Plant increased the plant’s net efficiency from 34% to 39%, resulting in savings of approximately 14% of primary fuels, i.e. coal. At the same time, the emissions of nitrogen oxides could be decreased by 70%, sulfur dioxide by 79% and dust by 87%.

Comprehensive Renewal of Prunéřov II Power Plant
The comprehensive renewal started on September 1, 2012. Work on the pressure assembly of steam generator 23 was completed in 2013; installation at other units is underway. Work on the internal equipment of absorbers continues in the rear part of the fuel cycle, the FGD plant is installed, and cooling tower No. 22 is reconstructed.

Installation work is underway on the turbine unit and turbine building equipment. Construction work on switchgear rooms was finished, including the installation of equipment and cables. The reconstruction of coaling line A was finished and the line is now commissioned; the reconstruction of coaling line B is in the preparatory stage. All permits necessary for construction were issued during the project’s legal process. Complaints against the permits were lodged with an administrative court. In spite of the above complication, the comprehensive renewal should be completed as scheduled in February 2015.

Construction of CCGT Facility at Počerady Power Plant
The whole project is almost completed and ready for the second part of comprehensive testing. Turbine stabilization work was carried out, roads were completed, individual equipment tests were performed, and flood control measures were officially approved in 2013.

Construction of New 660 MW Unit at Ledvice Power Plant
Installation was finished and functional tests were performed on selected power plant assemblies, such as the air and flue gas fans, feeders and condensate pumps, FGD absorber circulating pumps, transport lines, and limestone crushing equipment. A functional test was conducted at the cooling tower and cooling water pumping station. The flame stabilizing gas burners of the boiler were also briefly ignited for the first time with success. Chemical cleaning of the condensate system in the turbine building was performed during November and December 2013; the boiler and main steam pipes were then cleaned and boiler preparation for the next commissioning phases—brickwork drying and venting—was initiated. The construction of the power plant is expected to be finished in November 2014.
5.3 Distribution and Transportation

Generated electricity must be transported to the place of consumption in a safe and environmentally friendly manner. In addition to the transmission system, a number of fixtures are used to that end at ČEZ Distribuce, which can be collectively referred to as a distribution system or distribution grid.

The process of safety and environmental protection management at ČEZ Distribuce is an active and integral part of the main process of electricity distribution. Conditions for OHSAS 18 001 certification and Safe Enterprise certification were fulfilled in the field of occupational safety. In the field of environmental protection, the company recertified its EMS to ISO 14 001 and the results of a control audit conducted by CQS Prague proved that the company is ready to respond to legal requirements in environmental protection as well as to emergencies in the form of environmental disasters.

Environmental protection is one of CEZ Group’s top priorities. In connection with the operation of distribution facilities, especially transformer stations, CEZ Group pays particular attention to the protection of birds, which use the wires and supporting structures of overhead power lines as resting or nesting places. Birds often injured themselves in contact with wires, so CEZ Group focused on modifying the cross arms to make them safe for birds. Older types of supporting structures are fitted with “supplementary” protection devices to limit the effects of electric current.

Distribution Equipment and the Environment

In compliance with applicable legislation, CEZ Group creates the conditions for environmental protection in connection with the operation of distribution facilities and equipment, too. There are a number of fields it focuses on, e.g.:
- Water management
- Polychlorinated biphenyls
- Old environmental burdens
- Waste
- Noise.

ČEZ Distribuce has successfully implemented effective environmental protection for many years. At the end of 2011, it obtained a certificate documenting that its EMS system is in conformity with ČSN EN ISO 14001:2005. An independent certification body verified the correct setup of its management process and its implementation in practice by control audits in 2012 as well as in 2013.

Water Management

Some distribution equipment contains insulating, heat-carrying oils that could pose a certain risk to the environment in case of leakage. Most of the equipment has safety features that prevent oil filling leaks; the rest is fitted with a system of drip trays that can intercept even the smallest amounts of leaked oil.
Polychlorinated Biphenyls (PCBs)
Since 2002, ČEZ Distribuce has been systematically checking the quality of oil fillings in distribution equipment to find out whether they contain polychlorinated biphenyls. It has checked several tens of thousands of fillings so far. Since the results of oil sample analyses to date identified only a few samples with excessive amounts of PCBs, the equipment managed by ČEZ Distribuce that has not yet been checked can be deemed uncontaminated. The Waste Act allows checking the presence of PCBs in such equipment at the end of its service life.

Old Environmental Burdens
Within the ČEZ Distribuce service area, 78 sites with old environmental burdens were identified. Of this number, 47 have been settled to date.

Waste
Large amounts of various waste are generated in the operation of a distribution grid. In accordance with its prevention-based approach, the objective of CEZ Group is to minimize or prevent the production of waste. This is achieved by controlled waste management. Generated waste is preferably handed over for re-use. Waste from cables, wire ropes, iron structures, and transformers, including nonferrous metal windings, is handed over for recycling, as is more complex waste consisting of different materials. For example, discarded electricity meters are not landfill but dismantled and separated into reusable components that are reprocessed. CEZ Group work areas are equipped with recycling containers.

Noise
In most cases, equipment noise is dealt with by locating the equipment at a sufficient distance from residential areas. Where that is not the case, noise from the stations is suppressed with noise reducing structures or by planting a vegetation belt. Since 2010, the Group has been doing noise checks on its distribution equipment in places where housing developments have moved closer to transformer stations.

Fauna Protection and Support
In 2012 and 2013, ČEZ Distribuce continued with measures to protect birds from electrical accidents and with the preparation of plans for further activities in this area.

Act No. 114/1992 Coll., on the protection of nature and the landscape, has required ČEZ Distribuce to fit all new and refurbished high-voltage lines with elements protecting birds against electrical accidents since 2004. Feeling environmental responsibility, ČEZ Distribuce decided in 2007 to go beyond what was required by law and install protective devices on the most dangerous high-voltage lines identified in collaboration with ornithologists. This meant securing older power lines even if the law did not require it. A 2009 amendment to the Energy Act introduced the obligation to secure all high-voltage lines within fifteen years, i.e. by June 2024.
Preference is still given to protective measures on power lines that are critical for bird injuries, as recommended by ornithologists. Around 280 kilometers of such power lines were secured in 2012 and 2013, with an investment of CZK 21 million. Priority is given to solutions using safe power line supporting structures with a design that will prevent bird injuries.

There are roughly 750,000 electricity poles and towers in the Czech Republic that can be dangerous to birds at the moment. Around 14% of power lines are fitted with effective protective devices. Most problems occur at 22 kV and 35 kV power lines.

ČEZ Distribuce also cares for the safety of the strictly protected population of the white stork. It is estimated that around a tenth of stork nests are located on electricity poles or towers. That is why special metal safety platforms are installed on them. Some stork nests are moved in collaboration with conservationists for the safety of the birds as well as the power equipment. A stork nest can weigh up to half a ton.

Because there was a lack of data on bird injuries caused by collision with high-voltage and extra-high-voltage lines due to poor visibility, a monitoring system was installed after consultations with ornithologists in July 2011 to register impacts on a selected power line across the Elbe River in the Elbe Canyon in northern Bohemia. No collision with the line has been registered yet.

5.4 Land Clean-up and Reclamation

CEZ Group looks for the most appropriate ways to bring life back to places where it was suppressed in the past due to power industry operations. This is done by land reclamation, which means transforming the landscape into a condition that enables flora and fauna to return, and ecological stability to be assured.

CEZ Group uses coal combustion by-products (CCBs) for reclamation, with their environmental and mechanical properties verified by state supervision bodies as part of certification processes. The use and application of CCBs is the “technical” reclamation stage during which a new landscape is modeled. The landscaping is followed by a biological stage, which involves planting appropriate woody species and then taking care of the planted vegetation.

Coal combustion by-products are not only used for landscape and mine reclamation but they are also secondary raw materials that can be used for other purposes when pre-processed and meeting relevant technical and legal requirements: FGD gypsum is used in the building industry to make plasterboards, dry fly ash is used as an additive to concrete and aggregate and to make sintered fly ash and stabilized fly ash. Stabilized fly ash is a mixture of products of power coal combustion and flue-gas desulfurization with water in various ratios. It is suitable for mine dump reclamation and landscape revitalization. Some types of fly ash can also be used as a filter medium for cleaning wastewater.
In 2012 and 2013, reclamation continued in the vicinity of CEZ Group’s conventional power plants (dumps, sludge lagoons, disposal sites, etc.). More than 7.5 million tons of coal combustion by-products certified for this purpose were used for land reclamation in 2013.

CEZ Group produced a total of almost 9 million tons of CCBs from electricity and heat generation in 2013. Out of this total, more than 99% of the CCBs were used as certified products (92% for reclamation and landscaping) and only a fractional amount of CCBs was disposed of as waste in compliance with the Waste Act.

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5.5 Environmental Program

5.5.1 Generation Facility Renewal Program
Environmentally friendly operation of its coal-fired power plants became CEZ Group’s priority. The first round of environmental upgrades involved an approx. CZK 50 billion flue-gas desulfurization program implemented at coal-fired power plants in 1992–1998. Round 2—the Comprehensive Renewal and New Construction Program—was launched in 2007. The main goal of the program is to:
- Renew existing and construct new facilities
- Optimize our portfolio of generation facilities
- Support the Czech economy and industry
- Implement the projects in a safe, environmentally friendly, and economical manner.

Worth over CZK 100 billion, the program is the largest capital project in the company’s modern history and will ensure continued energy competitiveness. The implementation of the full comprehensive renewal program brings about a significant reduction in emissions.

The comprehensive power plant renewal program includes:
- Comprehensive renewal of the Tušimice II Power Plant
- Construction of a CCGT facility in Počerady
- Construction of a new facility in Ledvice
- Comprehensive renewal of the Prunéřov II Power Plant.

The Comprehensive Renewal and New Construction Program not only benefits the environment but also helps Czech industry overcome a period of economic stagnation. This makes it all the more valuable, offering work to the employees of Czech companies that executed the program in this difficult period.

The comprehensive renewal of power plants will also extend their operating period and preserve existing jobs at CEZ Group and its contractors, which would otherwise be lost if the plants ceased to operate.
Comprehensive Renewal of Tušimice II Power Plant
This is the first project completed under the program. The results show that it managed to achieve greater than planned efficiency of generating units. This results in decreased consumption of brown coal per output unit, which naturally has the positive effect of lower emissions per MWh generated.

The Tušimice II power plant renewed four units with a unit capacity of 200 MWₑ and increased net efficiency from 34% to 39%, which means 14% savings in brown coal as a result. At the same time, the emissions of nitrogen oxides could be decreased by 64%, sulfur dioxide by 84% and dust by 29%. The refurbished Tušimice power plant has in advance met the new strict EU standards applicable to new generation facilities after 2016. The upgrade has extended its service life by approximately 25 years.

Construction of CCGT Facility in Počerady
The construction of the CCGT unit started on March 25, 2011 and pilot operation commenced in early 2014. The 838 MWₑ CCGT facility is exceptional in its high operational availability, capacity, and environmental friendliness. It is a modern, globally used, well-proven power generation facility concept. With its configuration—using waste heat from the gas turbines in the steam cycle—this generation facility achieves high net efficiency in comparison with coal-fired units, here 57.4%.

CEZ Group’s power generation portfolio lacked a CCGT facility until now; in addition, the facility in Počerady is the first CCGT plant of its kind in the Czech Republic. This method of electricity generation is quite uncommon in the Czech Republic; until now, just around 1.5% of electricity was generated from natural gas in the Czech Republic.

Another advantage of CCGT plants is their high flexibility, which allows stabilizing the electricity grid. The power plant’s service life is approximately 30 years.

Construction of New Unit at Ledvice Power Plant
A new unit should be put into pilot operation at the Ledvice Power Plant in late 2014. It is a state-of-the-art, brown coal-fired power unit with supercritical steam parameters and a capacity of 660 MWₑ, meeting the strictest statutory requirements. The implementation of this project ranks the Czech Republic and ČEZ among the countries and companies following the latest trends in electricity generation.

When the unit is put into permanent operation, units 2 and 3 will be decommissioned.

The power plant is planned to operate for at least 40 years, until the neighboring Bilina brown coal surface mine is decoaled.
Comprehensive Renewal of Pruněřov II Power Plant

The last project in the portfolio renewal program is the comprehensive renewal of the Pruněřov II Power Plant. With its scope, it is similar to the comprehensive renewal of the Tušimice II Power Plant and positive results can be expected, both increasing the efficiency to more than 39% and further reducing emissions. The comprehensive renewal of the Pruněřov II Power Plant should involve the refurbishment of three units with a unit capacity of 250 MWₑ. The project should be completed in 2015; it is planned for the power plant to operate for at least 25 years.

Current Situation Compared with the Situation Before the Beginning of Environmental Upgrade Programs (%)

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Comparison of Emissions Recalculated to Thermal Energy (g/GJ) Produced at Tušimice II Power Plant Before the Beginning of Environmental Upgrade Programs (1993), Before Comprehensive Renewal (2005), and After Comprehensive Renewal (2012)

Decrease in Emissions as Exemplified by the Tušimice II Power Plant Best Illustrates the Recalculation of Emissions to Thermal Energy Produced (g/GJ)

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5.5.2 Upgrading and Improving the Efficiency of Hydroelectric Power Plants and Small Hydropower Plants

CEZ Group has 35 hydroelectric power plants in total. They generated around 2.7 TWh out of the total of 87.1 TWh of electricity produced in the Czech Republic in 2013. Thus their share in the total quantity of electricity generated in the Czech Republic was almost 3%.

Large hydropower plants contribute significantly to power grid stabilization—they can optimize the operation of thermal power plants, reducing the amount of fossil fuels needed and the ensuing greenhouse gas emissions. Small hydropower plants are a renewable energy source with rather predictable production. Their main advantage is unlimited service life and very short start-up times of 90–150 seconds.

In spite of these advantages, they need regular maintenance and investments in upgrades. This means, in particular, successive replacement of runners and an overhaul of most assemblies in CEZ Group’s hydropower plants. Doing the overhauls will allow increasing production by 60,000 MWh, covering the consumption of more than 17,000 households, and reducing CO₂ emissions by around 60,000 tons. An indisputable advantage of the upgrades is no need for land appropriation and the preservation of landscape character.

2012 saw the completion of the reconstruction of a small hydro plant in Pardubice, where the entire original TG was replaced and a production increase of 1,500 MWh is planned. Additional reconstructions started in 2012–2013 in the Czech Republic concern CEZ Group’s hydroelectric power plants at Lipno (TG2 set) and Kamýk (TG1 set).

5.6 Renewal of Generation Facilities

Renewal of Coal-Fired Units

In 2007, CEZ Group started another round of environmental upgrades to its coal-fired power plants. It is a follow-up to the environmental program implemented in 1992–1998, in which CEZ Group invested around CZK 50 billion. The main objective of the comprehensive renewal program is to:

- Renew existing and construct new facilities
- Optimize our portfolio of generation facilities
- Support the Czech economy and industry
- Implement the projects in a safe, environmentally friendly, and economical manner.

Worth over CZK 100 billion, the program is the largest capital project in the company’s modern history and will help the company ensure its continued energy competitiveness. If the whole comprehensive renewal program is implemented, there will be a significant reduction in emissions.

An example is the comprehensive renewal of the Tušimice Power Plant, where we managed to achieve greater than planned efficiency of generating units, reducing the amount of fuel (brown coal) combusted per unit of output. This has the positive effect of lower emissions per MWh generated. The renewal of the Tušimice II Power Plant increased the plant’s net efficiency from 34% to 39%, resulting in savings of approximately 14% of primary fuels, i.e. coal. At the same time, the emissions of nitrogen oxides could be decreased by 70%, sulfur dioxide by 79% and dust by 87%. In comparison with 1993, the emissions of nitrogen oxides decreased by 73%, sulfur dioxide emissions by 98% and dust emissions by 97%.
5.7 Renewable Sources

In the field of renewable energy sources, our short-term goal was narrowed down to the construction of the most efficient portion of the portfolio and optimization by divesting selected assets or shares from the existing portfolio.

The flagship of our domestic portfolio of clean electricity sources is the program of refurbishment and environmental upgrades to our hydroelectric power plants, making use of the latest scientific and technological knowledge to achieve higher efficiency in the utilization of hydropower potential. This means that the hydropower plants will generate more electricity for end users from the same amount of water running through the turbines.

Overall, the increase in production achieved by this should be over 60 million kWh per year. This will mean electricity for an additional 17,000 households and CO₂ emissions reduction of about 60,000 tons. Previously upgraded turbo-generators ensure better use of hydropower potential e.g. in the Slapy, Mohelno, and Vrané nad Vltavou power plants and the Dalešice and Štěchovice pumped-storage power plants. The overhauls of turbo-generators TG2 at the Lipno I power plant and TG1 at the Kamýk power plant are to be completed this year.

However, CEZ Group also reconstructs less efficient, historic facilities, such as an Art Nouveau small hydropower plant in Hradec Králové called Hučák. The power plant’s building underwent an extensive roof and facade reconstruction, which was finished in October/November 2012. The attractiveness of the building is evidenced by a great number of visitors as well as the attention of filmmakers. In September, an international co-production movie named Sarajevo, a film about the assassination of Franz Ferdinand d’Este, heir to the Habsburg throne, was shot in the vicinity of the small hydro plant.

CEZ Group plans to triple its production of electricity from renewable sources by 2020.
5.8 Science, Research, New Technologies

The FUTUR/E/MOTION Initiative
Four years ago, CEZ Group came up with a new strategic initiative, designed to develop innovative topics and technologies. The initiative was ČEZ’s response to trends in the power industry and related technologies that represent potential future growth opportunities, but could also be a threat, given the long-term lifespans of power industry assets. Observing trends thus becomes a necessity for power industry players. There are several common denominators in the background of these changes:

- Protecting the environment and climate
- Reducing energy intensity
- Increasing energy self-sufficiency by making use of local energy sources
- Development and related integration of IT.

The objective is the practical use of technologies in the creation of long-term value rather than technologies as such. The initiative should play the role of an incubator of topics, where initial identification and analysis is followed by elaboration into pilot projects, at which point the topic can be handed over to standard line management. This approach reflects the process by which new technologies and trends arrive and are gradually integrated into our everyday lives.

When the initiative was launched, it was conceived as consisting of four interrelated pillars:

- Support for science, research, and introduction of new technologies into practice
- Support for local power sources to supplement traditional, large power plants
- Introduction of smart solutions for distribution and grid control (Smart Grids)
- Development of the electromobility concept.

Additional new topics may emerge in the future.

Research and Development
Research and development form the logical basis for the innovation agenda at CEZ Group. They are specific in that they interweave not only with the other FUTUR/E/MOTION components but also with nuclear and conventional power, renewable sources, or heating. We are interested in applied and industrial research and development rather than pure research. There are eight thematic areas encompassing the entire power industry, with such priorities as nuclear energy, increasing plant efficiency, and energy storage.

In the field of nuclear research, we are seeing the first tangible results of our membership in the Electric Power Research Institute (EPRI), an international community of electric utilities for shared research, with 450 member organizations from 40 countries. Within the EPRI, CEZ Group covers all nuclear technology areas that are important for optimizing the operation of existing nuclear power plants, such as:

- Degradation of materials
- Reliability of equipment and nuclear fuel
- Nondestructive testing
- Safety
- Radioactive waste
- New nuclear technologies.

Other significant areas include research into the behavior of key materials and joints (e.g. heterogeneous welds) and safety (e.g. the issue of beyond design basis accidents, which is a hot topic after the events at Fukushima).
In conventional power, we completed research into ways to reduce the moisture content in fuel coal—which is one possible way to increase the efficiency of conventional coal-fired generation units. At the same time, there are ongoing projects for reducing emissions based on better knowledge of the combustion process (and temperature field) and our ability to control it—with pilot projects undertaken on a fluidized-bed boiler in Poříčí and a dry-bottom boiler in Tisová.

Research into renewable sources is not neglected, either. We are developing a “vortex” turbine that could be used in low-head conditions in cooperation with the Brno University of Technology. To step up the utilization of biomass, an automatic biomass sampler was developed for the Hodonín Power Plant.

Another important area involves research support for the introduction of Smart Grids under the Vrchlabí Smart Region project. Projects in this category include designing automated grid components or developing a dynamic model of distribution grid behavior in cooperation with the Ostrava Technical University.

Great importance is also attached to research into energy storage technologies. In the future, they will become more and more necessary as more power is generated from some difficult-to-manage renewable sources and decentralized generation facilities become more widespread. We prepared a basic study of the practical usability of today’s energy storage technologies in the energy sector and completed preparatory work for a pilot installation of batteries in a distribution grid.

Cogeneration
Small cogeneration plants are an example of a project that has gone all the way from the initial idea to successful commercial application. The task of small cogeneration plants (up to 5 MW_θ) is local combined heat and power (CHP) generation off the backbone grid of large generation facilities. The installation and operation of CHP plants is undertaken by ČEZ Energo, which currently owns 82 units in more than 30 towns and villages in the Czech Republic with a total installed capacity of almost 46 MW_θ. The company’s long-term goal is to operate CHP plants with a total installed capacity of 200 MW.

Smart Grids
Smart grids is a term that is used more and more in connection with the power sector in recent years. Smart grids are often mentioned in connection with the challenges the energy sector faces especially in relation to the development of power generation from renewable sources, its decentralization, and the introduction of advanced technologies in general.

The term smart grids is rather difficult to define as it is understood differently by different stakeholders. Often, the result is a notion that any problems that the energy sector will face in the next couple of years will be easily resolved by smart grids, which often results in distorted or otherwise unrealistic expectations.
The definition that is perhaps the closest to CEZ Group’s perception says that smart grids are electricity systems that can efficiently incorporate the behavior and actions of all users connected to them—producers, consumers, and prosumers (i.e. actors that are producers and consumers at the same time)—to provide a cost-effective, sustainable power system with low losses and high quality, reliability, and safety of supplies.

We therefore see the development of smart grids as an evolutionary process that is shaped by three major influences—the developing regulatory environment, progress in the field of innovations and the commercial use of innovative technologies, and changes in consumer behavior. These factors—either separately or in synergy—contribute to gradual changes in the energy business environment and our strategy in the field needs to accommodate those changes. Moreover, it turns out that the dynamism of changes is getting faster even in an environment as stable as the power sector and timely identification and mitigation of risks or, by contrast, proactive use of emerging opportunities are more and more important.

However, the smart grid strategy does not mean that introducing “smart” elements or technologies automatically resolves any problem. The standard solution will remain to be the optimum answer to a number of situations. CEZ Group believes that it is necessary to proceed systematically, analyze key trends in the context of technological development, and propose solutions and further steps recognizing that the surrounding environment develops and boundary conditions change in time, which applies even to regulatory rules and the regulatory framework in general.

CEZ Group is implementing two pilot projects in the field of smart grids: Vrchlabí Smart Region and AMM Smart Meters.

The Vrchlabí Smart Region pilot project is designed to verify smart grid functionalities—high-voltage automation, low-voltage automation, active source and consumption management, and the integration of local CHP plants and hard-to-control renewable sources.

The AMM WPP pilot project is designed to test smart electric meters that allow bidirectional communication. Smart meters offer new possibilities in active customer involvement in the change of consumer behavior and the development of a Demand Side Response system.
Smart Region Project

The Vrchlabí Smart Region project is designed to verify smart grid concepts in practice for low-voltage automation, high-voltage automation, and the island operation of a portion of distribution grid.

The project continued with its implementation phase in 2013, including primarily distribution grid modification (continued replacement of high-voltage cables, replacement of technology in transformer stations) and installation of new technologies (e.g. protection terminals) that passed tests in a communication technology lab.

One of the CHP units that have been in operation since 2012 is now equipped with an automatic island operation system and ready for functional tests of island operation. We also verified the functional extension of island operation to heat supplies in the district heating system in Vrchlabí.

The low-voltage automation concept is ready for functional tests, as protection panels fitted with remote-controlled protective devices were installed in a delimited section. In connection with the automation tasks, a control panel was installed at the control center in Hradec Králové.

Also, a wireless WiMAX communication system was installed in 2013 and is now tested in pilot operation.

An important part was successful fulfillment of requirements under the international Grid4EU project by which the Smart Region is co-funded. ČEZ Group now also leads a Grid4EU working group focusing on island operations.

ČEZ Electromobility Pilot Project

The year 2013 was the last year of the first stage of the Electromobility pilot project. Under it, 35 public charging stations were put into operation, including one fast-charging station. There are 40 electric vehicles bearing the project’s colors. Project partners include a number of companies as well as municipalities, regions, public bodies, and five major automobile manufacturers.

Electromobility has made considerable progress since the beginning of the project—supply on the electric car market has grown significantly and more makes across the segments are available in an electric version. More than 50 customers used the services of public charging stations at the end of 2013; data from individual sites show that the utilization of stations, especially in prominent locations, has a growing tendency, which is clearly noticeable with the fast-charging station.

Based on the experience gathered during the first stage, ČEZ Group decided to continue with the pilot project and prepared the second pilot stage for 2014 and 2015. It will focus on further development of the charging infrastructure with the aim of building the nucleus of a backbone network of charging stations across the Czech Republic. Special emphasis will be put on fast charging. Cooperation with automobile manufacturers will continue to identify opportunities for deploying electric cars in a manner as close to commercial operation as possible. Cooperation with regions, regional capitals, and major municipalities will also continue because electromobility still has a distinctive regional element and potential to help improve the adverse emission conditions especially in cities.

Electromobility has become a standard element of ČEZ Group’s communication activities aimed at promoting this type of alternative fuel, familiarizing the public with the advantages of electromobility, and putting the general and expert public in direct contact with new technologies.
5.9 Economical Consumption

The consumption of drinking water at ČEZ’s nuclear and conventional power plants has been decreasing steadily since 2001. It dropped by 64% at nuclear power plants and 38% at conventional plants. Overall, ČEZ’s power plants now consume almost 50% less drinking water than thirteen years ago. This is shown by ČEZ’s water management data.

The consumption of surface (service) water in conventional power plants dropped from 99.4 million m³ to 79.6 million m³ over the same period, which means 19.7% savings. The consumption of groundwater dropped by 43%, from 390,100 m³ to 112,600 m³. ČEZ’s conventional power plants produced a total of 28 billion kWh of electricity and 263 million GJ of heat in 2013.

The consumption of surface (service) water at nuclear power plants grew by 57% to 85.2 million m³, but the production of electricity and heat at the Dukovany and Temelín nuclear power plants has more than doubled since 2001. The nuclear power plants generated 30.7 billion kWh of electricity and 326 million GJ of heat last year.

The average consumption of drinkable, surface (service), and once-through cooling water at conventional power plants was 15.543 m³/MWh last year. For heat production, the value was 1.662 m³/GJ. Once-through cooling is only used at the Hodonín and Mělník power plants and the Dvůr Králové heating plant due to the nature of their operations and technology used. They used a total of 356 million m³ of once-through cooling water in 2013.

The average consumption of drinking and surface (service) water in nuclear power plants was at the level of 2.773 m³/MWh last year. For heat production, the value was 0.261 m³/GJ.

More information on water management at ČEZ in 2013 as well as information on the overall environmental footprint of ČEZ Group’s activities can be found at www.cez.cz/cs/odpovedna-firma/zivotni-prostredi.html.

ČEZ is a member of the Businesses and Water thematic group operating on the Business for Society platform www.byznysprospolecnost.cz/.

Water Consumption at ČEZ Group’s Conventional Power Plants (in m³)

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<td>Drinking water</td>
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<td>Surface (service) water</td>
<td>92,685,591</td>
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<td>Once-through cooling water</td>
<td>431,644,565</td>
<td>356,274,313</td>
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<td>Groundwater</td>
<td>167,908</td>
<td>112,629</td>
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Water Consumption at ČEZ Group’s Nuclear Power Plants (in m³)

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<tr>
<td>Drinking water</td>
<td>182,051</td>
<td>192,790</td>
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<tr>
<td>Surface (service) water</td>
<td>93,083,037</td>
<td>85,242,922</td>
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Social issues have long been a focus of CEZ Group’s attention. Every year it devotes a lot of effort, its employees’ solid work, and a considerable amount of money to resolving situations and events that concern everybody that is affected by its business activities.

6.1 Membership in Professional Associations and Organizations

Business for Society
CEZ Group is an active founding member of Business for Society, a platform of over 40 large and small Czech companies that promote the principles of sustainable business in their activities and strive to behave in a socially responsible and ethical manner.

Besides other activities, CEZ Group continued working in thematic expert groups (TEGs) focusing on better understanding of selected CSR topics in 2012 and 2013. Its managers and experts participated in the Businesses and the Environment TEG, Businesses and Water TEG, Age Management TEG, Know-How for a Better World TEG, and Disability Employment TEG. The outcome of the joint work included specialist brochures with practical examples and thematic conferences. Representatives of the Women’s Leadership team made a long-term public commitment and call to other legal entities in November 2013, publishing the Diversity 2013+ Memorandum.
Quality Council of the Czech Republic and Its Professional Section for Quality in the Energy Sector

ČEZ signed and actively promotes the principles of and obligations arising from the Quality Charter of the Czech Republic.

The Quality Charter of the Czech Republic builds on the European Quality Charter, in which the European Union declared its belief that quality is the decisive factor for a successful business in the world’s globalized economy. Quality is an undisputable indicator of business efficiency, determining companies’ competitiveness as well as national economies’ position in the world and people’s living standards. The Charter aims to generally support the private and public sectors’ approach to quality defined in the adopted National Quality Policy of the Czech Republic.

Implementing the Policy in the energy sector is the task of the Quality Council’s professional section named Quality in the Energy Sector; ČEZ is the sponsor, a founding member, and the coordinator of activities of this professional section.

The Energy section is a platform for interdepartmental cooperation in current issues such as quality and safety in the electricity grid or the quality of human resources for the nuclear industry.

The professional section for Quality in the Energy Sector has over twenty members today, including representatives of the Ministry of Industry and Trade, the State Office for Nuclear Safety, ŠKODA JS, I & C Energo, distribution companies, design firms, etc.

Foreign Membership

EURELECTRIC (www.eurelectric.org)
During the ongoing discussion about the pan-European energy market, useful suggestions and insights have been provided by the Union of the Electricity Industry (EURELECTRIC), a sector association which represents the electricity industry before the public, especially the European Union’s institutions and other international organizations, protects its members’ interest at political level, and informs (not only) the expert public about energy-related concepts.

This sector association was established in 1999 by the merger of two related electricity associations: UNIPEDE (International Union of Producers and Distributors of Electrical Energy, founded in 1925) and EURELECTRIC (Union of the Electricity Industry, founded in 1900). EURELECTRIC prepares and publishes opinions, political views, and reports that are drawn up based on the work of electricity sector experts in working groups. This ensures a high quality of the expert opinions issued and a constantly updated flow of information. The reports are then delivered to European Union institutions to serve as an important information source. EURELECTRIC is regarded as the European Commission’s partner in electricity issues, so it is crucial to define the exact position on the European Commission’s proposals.

The Czech Association of Employers in the Energy Sector is a regular member of EURELECTRIC, and through it also ČEZ. ČEZ representatives actively participate in EURELECTRIC’s activities in all its committees and relevant working groups. The main goal of ČEZ representatives is advocating further opening of the electricity market, integration of EU member states into a single pan-European market, and support for the position of nuclear energy in the European Union’s portfolio of generation facilities.
EFET (European Federation of Energy Traders, www.efet.org)
EFET is a sector association representing more than 100 energy companies from the 28 member states of the European Union. EFET’s goal is to improve the conditions of energy trading in Europe and to promote the development of a sustainable and liquid European wholesale market.

CEZ Group is a regular member of EFET, actively participating in its working groups focusing on proposed legislation with impact on energy trading that is currently under discussion.

EPC (European Policy Center, www.epc.eu)
The EPC is an independent think tank committed to European integration. It provides its members and the wider public with rapid, high-quality information and analysis on the EU and global policy agenda. Members of the EPC comprise companies, professional and business federations, trade unions, diplomatic missions, regional and local bodies, as well as NGOs.

EEF (European Energy Forum, www.europeanenergyforum.eu)
The EEF organizes events where key energy players can meet with representatives of EU institutions and discuss important, hot, energy-related topics.

6.2 Social Dialog

Awards
CEZ Group wins a number of awards for its commitment to social responsibility every year.

In 2012 CEZ Group continued to fulfill one of the pillars of its social responsibility by active donorship. It won two independent national awards for responsible and sustainable business.

■ It defended its first place in the TOP Responsible Corporation competition as the Most Generous Corporate Donor 2012 in terms of the amount of money.
■ It won first place in the Most Committed Employees 2012 project category for the joint charity projects of CEZ Group, its employees, and the ČEZ Foundation.

It also won:
■ 2nd place in the Senior-Friendly Company category.
■ 2nd place in the Socially Beneficial Project category.
■ 1st place in the Association of PR Agencies’ contest for its Electricity Is Cool project.
■ 2nd place in the Employer of the Year competition in The Most Desired Company category, organized jointly by AIESEC and the Employers’ Club.
■ 3rd place in the Employer of the Decade competition in The Most Desired Company category, organized jointly by AIESEC and the Employers’ Club.
■ Graduates rated ČEZ as the Most Attractive Employer in the Czech Republic in the TOP 10 of the European edition of Trendence Graduate Barometer.
Also in 2013 CEZ Group ranked high in the TOP Responsible Company competition with prestigious awards for sustainable and responsible businesses, organized and presented by the Business for Society platform. It won the following awards:

- 1st place—Most Generous Corporate Donor.
- 1st place—Senior-Friendly Company. The main goal of the ČEZ Close to Seniors project was intergenerational contact and exchange of information between current and former ČEZ Group employees, who had often worked in the energy sector for decades. ČEZ Group helped Pensioners’ Clubs, the ČEZ Group Seniors Endowment Fund, as well as a number of organizations caring for seniors among the public. As part of the European Year for Active Ageing and Solidarity Between Generations, it directed attention, together with its employees, to the issue of the Czech population’s ageing and undertook a project to encourage active seniors.
- In the poll for the most responsible company organized by the server iHNED.cz, ČEZ Group won thanks to the public’s votes and received the Public’s Award.

ČEZ Group also won the following awards:

- 2nd place in the Employer of the Year competition in The Most Desired Company category, organized jointly by AIESEC and the Employers’ Club.
- 1st place in the Nutcracker competition for its Cool Summer Job interactive project.
- 2nd place at the White Square international advertising festival for its Cool Summer Job interactive project.
- 3rd place overall in the HR Awards 2013 for its Cool Summer Job interactive project.
- One of the TOP 3 employers in the Czech Republic in a survey organized by Universum and Studenta Media.
- Obvious Choice 2012 award in a survey conducted by the Czech Students’ Union.
- Letter of thanks from the Pardubice Region together with the Coalition of Pardubice NGOs for activities for the benefit of society.

- 1st place in the Best Contact Centers—Big category (Top Ranking Performers in the Contact Center Industry—EMEA).
- 1st place in the Best Agent Program category (Top Ranking Performers in the Contact Center Industry—EMEA).
- 3rd place in the Corporate Social Responsibility category in a contest organized by the Aegean Region Chamber of Industry (Ege Bölgesi Sanayi Odası) for the video training initiative designed for contractors, visitors, and interns that come to visit power plants.

With its long-term proactive approach to donorship, ČEZ Group ranks among leading proactive corporate donors in the Czech Republic.
6.3 Public Activities

January 1, 2014 was a major milestone in terms of changes to civil and business law in the Czech Republic. The new Civil Code and Business Corporations Act made a number of changes to the regulation of businesses which needed to be reviewed, harmonizing their impacts on the operations of CEZ Group’s companies, the wording of foundation deeds and by-laws and related internal documentation, as well as the impacts on related internal and external corporate governance processes.

A dedicated legal project team, consisting of representatives from CEZ Group companies, engaged in the above-mentioned harmonization with the provisions of the new Civil Code and Business Corporations Act in advance during 2013.

Simultaneously with this initiative, a legal and corporate compliance team began to prepare CEZ Group’s Code of Ethics in 2013. The ordinary general meeting of ČEZ (and then the general meetings of other CEZ Group companies) in 2014 will be presented with a draft amendment to the by-laws to make the company conform to the Business Corporations Act as a whole.
Photos: CEZ Group archives. They capture company employees volunteering to help wherever it is needed.

Design and production: © B.I.G. Prague, 2014