Unipetrol

ORLEN GROUP

JOINT REPORT ON OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION OF THE UNIPETROL GROUP FOR 2008

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INTRODUCTORY REMARKS

In 2008, the Unipetrol Group continued its restructuring. The activities of the headquarters of UNIPETROL, a.s. and of the Group's companies were further reorganised. Additional supporting activities were transferred from the Group's companies to Unipetrol Services, which thus strengthened its position. Its services, provided to Unipetrol RPA, Unipetrol Doprava, Benzina and the Unipetrol headquarters, include, among others, occupational health and safety and environmental protection.

Environmental protection activities of the Unipetrol Group focused on three key environmental areas in 2008.

The first was preparations for meeting the first set of requirements of the EU REACH Regulation, i.e. pre-registration of the chemicals manufactured and imported. The second key area was regulation of carbon dioxide emissions under the EU scheme for trading in greenhouse gas emission allowances (EU ETS), and the start of the second trading period. The third area was the implementation of the concept of applying and certifying integrated management systems under ISO 9001, ISO 14001 and OHSAS 18001.

On 1 June 2007, Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) entered into force; it constitutes Europe's new legislative basis for the chemical industry's operation in the EU single market. Simultaneously, REACH entered into the pre-registration phase, which meant that the producers were obligated to notify the European Chemicals Agency of the basic identification details of the substances and preparations subject to REACH by 1 December 2008.

Unipetrol Group represents that part of the chemical industry, which is characterised by chemicals produced in large volumes exceeding 1,000 tonnes per year. At the same time, this concerns a limited number of substances that are subject to the obligations under REACH.

Pre-registration was conducted intensively at Unipetrol RPA, Česká rafinérská, and Paramo. Česká rafinérská pre-registered 43 substances, PARAMO pre-registered 51 substances, and Unipetrol RPA 58 substance. Preparing for the observance of the REACH requirements, Unipetrol closely cooperates with PKN Orlen and, through it, with the CONCAWE association.

The direct financial costs incurred in the registration of substances under REACH have been tentatively estimated at CZK 584 million for Unipetrol RPA, CZK 72 million for Česká rafinérská, and CZK 117 million for Paramo. It is however expected that the actual cost of the registration will be significantly lower thanks to the effect of the work of the consortia that are already in existence and/or will be established following the end of the pre-registration phase for the purpose of cost sharing, thereby reducing the price of the registration obligations.

The start of the second trading period on 1 January 2008 involved stricter conditions for the monitoring and reporting of greenhouse gas emissions after the expiry of certain exemptions applicable in the first period. The new allocation plan for the 2008–2012 trading period, issued as Government Order No. 80/2008, allocates allowances also to Unipetrol Group companies. Based on the audit of the yearly report for 2008 it can be said that the allocated quantity of allowances covers the needs of the Group companies, with the exception of Česká rafinérská. Any surplus allowances for 2008 have been traded, or will be traded in the future.

Based on the concept adopted by the Board of Directors of Unipetrol, a.s., Unipetrol Group companies adopted an integrated management system covering the requirements for environmental protection under ISO 14001, quality management under ISO 9001, and occupational health and safety under OHSAS 18001, in 2007, and certified or re-certified it in 2008. As from October 2008, all Group companies, including Unipetrol's head office, have in place a certified integrated management system. Unipetrol also takes part in the Responsible Care international

programme for the chemical industry. The national version of Responsible Care is a programme entitled Odpovědné podnikání v chemii (Responsible Business in Chemistry). The entitlement to use the Responsible Care logo was repeatedly granted to all production companies of the Group on the basis of a successful public procedure in 2008. The head office of Unipetrol, a.s. defended its entitlement to use the Responsible Care logo in 2007. Paramo also won the SCHP ČR Sustainable Development Award in 2008.

In 2008, Unipetrol Group companies experienced no serious accidents, classified, within the meaning of Act No. 59/2006, as accidents of such scope that mitigation would require extraordinary deployment of labour and resources, and/or accidents resulting in an escape of harmful substances via surface or groundwater outside the production facilities or an escape of harmful substances into the atmosphere.

Unipetrol Group's key financials for 2008, consolidated

Equity (CZK '000)	38,912,840
Registered capital (CZK '000)	2,173,616
Total sales (CZK '000)	98,143,951
Profit before tax (CZK '000)	21,137
Profit for the period (CZK '000)	65,691
Dividends (CZK)	17.65 per share
Annual average number of employees (FTE)	4,424
Total capital expenditure (CZK million)	4,217

I UNIPETROL GROUP IN 2008

1.1 Brief History of the Unipetrol Group

1995

- Establishment of UNIPETROL, a.s. The following companies became the key members of the Group: CHEMOPETROL, a.s., KAUČUK, a.s., ČESKÁ RAFINÉRSKÁ, a.s., and BENZINA, a.s.

2000

- Further major acquisitions took place starting in 2000. PARAMO, a.s., SPOLANA, a.s., UNIPETROL TRADE, a.s., and UNIPETROL RAFINÉRIE, a.s. became new members of the Group.

2003

- KORAMO, a. s., and PARAMO, a.s. merged. PARAMO, a.s. became the successor company.
- Česká rafinérská was transformed into a processing [cost centre] refinery.

2004

- Agreement on the sale of a 63% interest in UNIPETROL, a.s. was signed between PKN ORLEN S.A. and the National Property Fund.

2006

- A majority interest in Unipetrol's subsidiary SPOLANA, a.s. was sold to the Polish company Zaklady Azotowe ANWIL S.A.

2007

- Unipetrol's subsidiary KAUČUK, a.s. was sold to the Polish company Firma Chemiczna Dwory S.A.

- UNIPETROL SERVICES, s.r.o., a new subsidiary of Unipetrol Group, started operating.

- UNIPETROL DOPRAVA, BENZINA and PETROTRANS changed their legal form from public limited companies to private limited companies.
- Butadien Kralupy, a.s. was established. Its shareholders are UNIPETROL, a.s. (51%) and SYNTHOS Kralupy, a.s. (49%).

- The subsidiaries CHEMOPETROL, a.s. and UNIPETROL RAFINÉRIE, a.s. merged with UNIPETROL RPA, s.r.o.

2008

- At the very beginning of the year, Unipetrol's Board of Directors adopted the investment plan to add new monomers to the product portfolio of Unipetrol RPA.

- On 26 June 2008, Unipetrol's Annual General Meeting decided that dividends totalling CZK 3,200,558,584.60, would be paid from the retained profit of previous years.

- Unipetrol purchased 49,660 shares of Paramo, thereby increasing its interest in Paramo to 91.77%. In October, Unipetrol announced its plan to buy the rest of the shares from minority shareholders.

- Unipetrol adopted a plan of implementing an integrated management system across the Group and, on this basis, a pilot project was carried out between 1 and 17 October 2008, under which five selected companies were successfully certified: Unipetrol, Unipetrol RPA, Unipetrol Doprava, Unipetrol Services, and Benzina.

1.2 Introducing the Unipetrol Group

The Unipetrol Group's lines of business is to make and sell refinery and petrochemical products in the Czech Republic and the Central European region. The Group's companies focus, in particular, on the manufacture and sale of refinery products, chemical and petrochemical products, polymers, fertilisers and special chemicals. The Group also operates its own transportation services and finances its own research and development. Unipetrol is the leading refinery and petrochemical group in the Czech Republic and a major player in Central and Eastern Europe.

The Group focuses on three strategic business segments:

- Refinery processing of crude oil and wholesaling of refinery products;
- Petrochemical production;
- Motor fuel retailing.

UNIPETROL, a.s. is a 100% owner of:

- UNIPETROL RPA, s.r.o., refinery, petrochemical and agrochemical product manufacturer and trader;
- BENZINA, s.r.o., operator of the largest network of fuel filling stations in the Czech Republic;
- UNIPETROL SERVICES, s.r.o., support centre providing services to all Group companies;
- UNIPETROL DOPRAVA, s.r.o., railway forwarder specialising in chemical and petrochemical products and also transporting other goods, including the provision of related services (99.88% of its shares are held by UNIPETROL RPA, s.r.o.);
- UNIPETROL TRADE, a.s., operator of its own network of affiliates and trade representation offices outside the Czech Republic.

Other major equity interests:

- ČESKÁ RAFINÉRSKÁ, a.s. (51.22%), owned jointly with ENI INTERNATIONAL, B.V. and Shell Overseas Investment B.V., the largest crude oil processor in the Czech Republic for a wide range of products (its total annual output is 8.8 million tonnes);
- PARAMO, a.s., the largest manufacturer of bitumen, lubricating oils and fuel oils, other fuels and other refinery products (As at 31.12.2008 91.76% shares owned by UNIPETROL, a.s. As at 4.3.2009 100% shares owned by UNIPETROL, a.s.).

The Unipetrol Group also includes two research and development companies with excellent research results and practical applications. These are:

- Výzkumný ústav anorganické chemie, a.s. (VÚAnCh, Inorganic Chemistry Research Institute),
- POLYMER INSTITUTE BRNO, spol. s r.o.

Refinery and petrochemical products make up a major part of the Group's output:

- Refinery products: automobile petrol, diesel, light fuel oil, aviation fuel, LPG, bitumen, naphtha, lubricating oils and fuel oils.
- Petrochemical products: ethylene, propylene, C_4 fraction, benzene, high-density polyethylene, polypropylene, oxo-alcohols, ammonia, urea, Chezacarb carbon black.

1.3 Business profiles of UNIPETROL a.s.'s main subsidiaries

UNIPETROL RPA, s.r.o.

Merger of Chemopetrol, Unipetrol rafinérie and Unipetrol RPA into Unipetrol RPA (refining, petrochemicals, agrochemicals) was a logical continuation of the implementation of the new model of management, which has been gradually introduced since the beginning of 2007.

The key advantages of the merger include the simplified flow of semi-finished products within a single firm and a better use of existing synergies. The increased efficiency of the internal purchase and sale of own products within the Group is another benefit. Not least, the change supports stricter control over the entire chain of production and sale, from the purchase of crude oil to customer care. A single compact entity has been formed as a result of the merger, leading to a simplified structure of organisational, personnel, administrative and logistics activities.

The company is divided into one production and three business units (BU I to BU III) based on product types.

I UNIPETROL GROUP IN 2008

THE PRODUCTION UNIT
The production unit consists of three sections, the Chemical Production section, the Energy section and the Services and Regional Affairs section.

The Chemical Production section operates production units:
- Ethylene plant;
- Polypropylene production plant;
- Polyethylene production plant;
- Alcohol and Chezacarb carbon black production plant;
- Heavy oil (Mazut) gasification plant;
- Ammonia and urea production plant;
- Gas compression and distribution plant.

The Energy section supplies the entire premises with energies (electricity and steam) and water. It is also responsible for waste water treatment in the entire complex.

The Services and Regional Affairs section is responsible for facility management in the entire Záluží premises, for fire rescue services on the premises, and for the plastics, urea and carbon black logistics services.

BU I – UNIPETROL RAFINÉRIE
BU I is a crude oil processing operation. It plans and controls crude oil processing at Česká rafinérská to the resulting products in accordance with the ownership rights of UNIPETROL, a.s., with a specific focus on the requirements of the downstream production processes in the Unipetrol Group. BU I is the leading player in the Czech wholesale market for crude oil products.

Its main business lines include:
- Comprehensive supply of feedstock for petrochemical production in the Unipetrol Group;
- Wholesale in motor fuels and other refinery products;
- Purchase of crude oil for refinery production in the Unipetrol Group;
- Optimising the alignment between refinery and petrochemical production, with emphasis on the maximum use of the synergy of technological processes;
- Optimising refinery production in the Unipetrol Group.

Key products of BU I:
Motor fuels (unleaded petrol: Normal 91, Super 95, and Super plus 98, aviation kerosene, diesel), fuel oils (extra light fuel oil, heavy fuel oil, R2 fuel oil), bitumen, road bitumen, liquefied oil products, propane, propylene, propane-butane, LPG, butane, N-butane, rafinate II, oil hydrogenates, stabilised oil hydrogenates, other refinery products, naphtha, liquid sulphur, and MTBE.

BU II – MONOMERS AND AGRO PRODUCTS
BU II operates in the field of petrochemical products, ammonia and urea. It plans and controls the production downstream from crude oil processing and provides semi-finished products for the subsequent polyolefin segment. BU II is a key supplier of ethylene, propylene, benzene, ammonia and other chemical and petrochemical feedstock for other chemical firms in the Czech Republic and Central Europe.

Its core operations are:
- Provision of feedstock for polyolefin production in the Unipetrol Group;
- Sale of petrochemical products, ammonia and urea;
- Development and strategy of petrochemical and chemical production.

Key products of BU II:
Olefins and aromatics, ethylene for polymerisation, propylene for polymerisation, crude benzene, C_4 fraction, C_5 fraction, C_9 fraction – redistilled, naphthalene concentrate, pyrolysis fuel oil, agrochemicals, ammonia, industrial ammonia water, urea, alcohols, technical grade 2-ethylhexanol (octanol), hydration refined specially denatured fermentation alcohol, synthetic technical grade isobutanol, synthetic technical grade N-butanol, antifreeze liquid, carbon black and sorbents, highly conductive carbon black.

BU III – POLYOLEFINS

BU III operates in the field of plastics - polyolefins. It plans production in the plants that produce polypropylene and high density polyethylene and is responsible for the sale of finished PP and HDPE products. In co-operation with the research and development base of the Polymer Institute in Brno, BU III is also involved in the modification of the existing polyolefin products and development of new ones. BU III is the leading supplier of polyolefins on the Czech market and a major player in Central Europe, as it controls 5% and 2% of European HDPE and PP capacities, respectively.

Its core operations are:

- Sale of PP and HDPE products;
- Co-ordination of polyolefin research and development at Polymer Institute in Brno
- Technical services and advice for current and potential customers.

Key products of BU III:

Polyolefins, high-density polyethylene (HDPE), and polypropylene.

BENZINA, s.r.o.

As at 31 December 2008, BENZINA, s.r.o. operated 319 public fuel filling stations – the largest nationwide network in the Czech Republic, offering motor fuels and other goods and services to a broad range of customers. The BENZINA brand has been on the market for 50 years. The share of BENZINA's fuel filling stations in fuel sales continued to increase in 2008. Benzina's market share increased to 13.8% in 2008 from 13.2% in 2007, despite the fact that the number of fuel filling stations on the market is steadily rising and that the proportion of fuel filling stations at hypermarkets is growing.

PARAMO, a.s.

PARAMO, a.s. processes crude oil into refinery and bitumen products and into lubricant and process oils, including related and ancillary products. Since 2003 the refinery has been purchasing and processing oil hydrogenation and hydrocrack products. The intermediate products are used for the production of base and lubricant oils with a very low sulphur content. The company primarily places its products on the domestic market.

Diesel oil is and will remain the key commercial product of the refinery. With the gradual reduction in bitumen production at Česká rafinérská, PARAMO will become the leading Czech bitumen producer. One advantage of the company is its broad range of products and the state-of-the-art Biturox base bitumen production unit, which was commissioned in the third quarter of 2006.

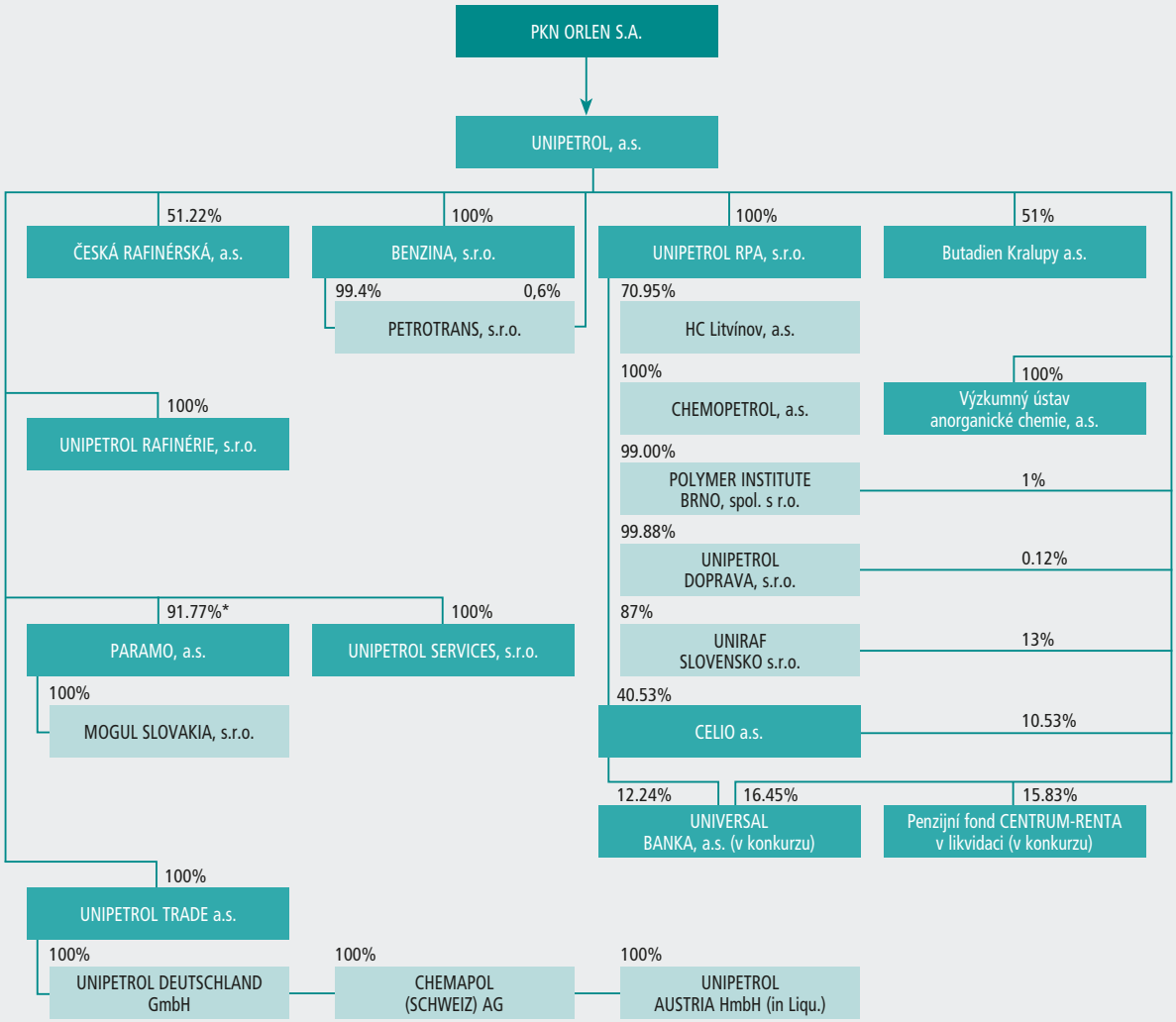
UNIPETROL SERVICES, s.r.o.

The Shared Services Centre (SSC) was opened on 1 January 2007. To create the SSC, some of the administrative and support activities were transferred to it from Unipetrol, Chemopetrol, Unipetrol Doprava, Benzina and Unipetrol Trade. Later it was demerged to form a new company, UNIPETROL SERVICES, s.r.o.

The mission of Unipetrol Services is to provide its services to other companies within and outside the Group, to improve their efficiency and to reduce their costs.

I UNIPETROL GROUP IN 2008

Fig. 1 Ownership structure of UNIPETROL, a.s. as at 31 December 2008



* 100% ownership as of 4 March 2009

II JOINT POLICY FOR RESPONSIBLE CARE AND INTEGRATED MANAGEMENT SYSTEM OF OCCUPATIONAL HEALTH AND SAFETY, ENVIRONMENTAL PROTECTION, AND QUALITY ASSURANCE

In November 2007 the Board of Directors of UNIPETROL, a.s. adopted a new "Policy for Responsible Care and Integrated Management System of Occupational Health and Safety, Environmental Protection, and Quality Assurance" as a follow up to the previous "Joint Environmental Policy of the Unipetrol Group" from 1999, which reflects the new structure of the Unipetrol Group and new challenges of the company's Corporate Social Responsibility (CSR).

Policy for Responsible Care and Integrated Management System of Occupational Health and Safety, Environmental Protection, and Quality Assurance

The Unipetrol Group is one of the leading Czech industrial corporations and a national leader in the fields of crude oil refining and petrochemistry.

The Unipetrol Group endeavours to achieve long-term profitability and competitiveness, a high quality of products and services, and a high level of safety and environmental responsibility in respect of its production, commercial and logistics operations, comprising the refining of crude oil, petrochemical and agrochemical production, distribution, railway transportation and shipping services, and the wholesale and retail sale of motor fuels, oils and other products.

As a member of the ORLEN industrial group, the Unipetrol Group adheres to the principles of the Responsible Care Global Charter, and the principles of sustainable development and corporate responsibility.

The Unipetrol Group considers it to be its priority to develop, manufacture, and distribute products with minimal risks of adverse impact on human health and the environment. To mitigate potential risks, Unipetrol is introducing the Product Stewardship programme, which consists in product testing, provision of information to customer chains about the broad range of product attributes, and risk management measures in areas where potential safety, health, and environmental risks occur.

The Unipetrol Group implements and maintains an integrated management system, comprising an occupational health and safety system, an environmental system, and a quality assurance system.

In accordance with the integrated management system, the Unipetrol Group has committed to the following obligations:

1 Product supervision and care

- Develop, manufacture, and distribute products with minimal risks of adverse impact on human health and the environment.
- Test products and provide information to customers and the public, either directly or through customer chains, about the broad range of product attributes and risk management measures in areas where potential safety, health, and environmental risks occur.

2 Compliance with legal and other requirements concerning occupational health and safety, quality assurance and environmental protection

- Meet the requirements of legal and other regulations binding on the company in the areas of occupational health and safety, environmental protection, and the quality of products and services.
- Implement the best available technology wherever appropriate and effective.

II JOINT POLICY FOR RESPONSIBLE CARE AND INTEGRATED MANAGEMENT SYSTEM OF OCCUPATIONAL HEALTH AND SAFETY, ENVIRONMENTAL PROTECTION, AND QUALITY ASSURANCE

3 Integrated management system

- Regularly check the suitability and adequacy of the integrated management system policy.
- Monitor, measure, and assess the processes and specific measures to achieve continuous improvement in the efficiency of the integrated management system.
- Record discrepancies and analyse the causes of such discrepancies in processes and take the appropriate corrective and preventive measures for their elimination.
- Continuously improve performance in the areas of occupational health and safety, environmental protection, and quality assurance for products and services.
- Engage suppliers, both juristic and natural persons, in the management system, acquaint them with the principles and procedures used by the company, and demand the application thereof.
- Secure the resources necessary for implementing and maintaining the integrated management system and for financing the activities in the relevant areas.

4 Preventive approach

- Prefer prevention in occupational health and safety, environmental protection, product and service quality assurance and property protection to elimination of the consequences of emergencies; maintain and test emergency and accident response systems.
- Operate facilities in a manner that is safe and protects the health of employees, suppliers, other companies and residents of the region and that has a minimal impact on the environment, product quality and product value.

5 Mitigating the risks to health, safety, and the environment

- Apply a system of the prevention and management of risks to health, safety, and the environment, with a view to minimising the adverse effects of such risks and accidents; and provide compensation for damage caused by such accidents to health, the environment or property.
- Inform the public about the existence of health, safety, and environmental risks and about the safety and preventive measures that have been taken.
- Continuously identify dangers, assess risks and health and environmental impacts, adopt and apply measures for their elimination or mitigation, and minimise the adverse impacts of any accidents.
- Ensure that employees are involved in efforts to prevent any adverse impacts of their activities on occupational health and safety, the environment, product quality, and property.

6 Open approach

- Apply an open approach to all stakeholders;
- Maintain contacts with all stakeholders and support an open approach to the public, especially the neighbouring communities;

7 Assessment of impacts on safety, health, and the environment

- Assess the impacts on health, safety, and the environment before starting any new operations, projects, changes, or before closing any operations, and apply the results of the assessment so as to minimise any adverse effects.

8 Logistics and transport services

- Provide logistics and transport services with due regard to a high standard of safety, quality, and environmental performance; implement and maintain the European Safety and Quality Assessment System (SQAS) for transport services and for the cleaning of transport equipment, based on the European Cleaning Document (ECD).

9 Removal of old environmental damage

- Implement a long-term programme of removing old environmental damage.

10 Customer focus

- Maintain a high quality of products and services; modify the specifications of products and services to meet customer requirements wherever possible and effective.
- Monitor information on customers' perception of how their requirements are met; meet customers' needs and expectations; meet the requirements of other stakeholders (suppliers, employees, and owners) to achieve their satisfaction and gain competitive advantages.

11 Employee training and education

- Educate, motivate and enhance employees', suppliers' and other trading partners' awareness in respect of the need to secure occupational health and safety, environmental protection, and the quality of the products and services delivered.

12 Protection of company assets

- Maintain and protect the company's assets and have them adequately insured against ineliminable risks to minimise any potential adverse impact on the company's assets.

III UNIPETROL GROUP'S ENVIRONMENTAL PROTECTION AND OCCUPATIONAL HEALTH AND SAFETY IN 2008

3.1 Environmental investment

Environmental investments are defined as capital investment projects directly caused by the requirements of legal regulations on environmental protection and closely related to the practical application of integrated pollution prevention. In 2008, the following major environmental investments were made within the Group:

ČESKÁ RAFINÉRSKÁ

The Clean Fuel programme; this extensive programme, launched in 2002 with a focus on the manufacture of products subject to stricter quality requirements, particularly in environmental terms, has been completed. All fuels produced by the company meet the quality requirements of the EU legislation in force since 2009.

The Biofuels programme; this programme, focusing on the use of renewable resources, has been implemented to provide for the logistics, receipt and storage of bio-components and their addition to fuels, and for storing and dispensing biofuels. Both refineries of the company now turn out automotive petrol and diesel with an addition of biofuels in compliance with legislative and the processors' requirements.

Česká rafinérská carried out capital investment projects worth CZK 115 million in environmental protection and occupational health and safety. They include, in particular, the following:

- Projects to reduce atmospheric emissions (VBU recontacting, modification of rich gas treatment, addition of oxygen to the combustion air for the Claus units);
- Projects to protect groundwater and soil: replacement of the sewers at the Jiřetín tank site area and at Blocks 56 and 57 at Záluží, and completion of the groundwater contamination monitoring and clean-up systems in Kralupy;
- Waste disposal project: Retrofit of the sludge system in Kralupy;
- Energy project: Improved energy efficiency of the fluid cracking system.

UNIPETROL RPA

Handling areas and intercepting traps and emergency pits, secured in water management terms, were built or refurbished on several production sites (production of polyethylene, urea, and oxygen, and *mazut* gasification). A new oil storage facility was also built at the *mazut* gasification unit. Approximately one fifth of the industrial sewers were replaced.

Preparations for firing biofuels (phase 1) and replacing the substrate in the biological wastewater treatment plant (BWWTP) continued. Independent metering of the emissions from flue gas desulphurisation was refurbished at the T 700 heat & power plant.

The investments in equipment renovation included a partial retrofit of the first stage of BWWTP II, aimed at replacing the outdated aeration system with a fine-bubble one and adding some more sections as well as modifying the final settlement tank to increase its capacity and enable new sludge collection.

Project preparations included projects focused on ferric sulphate dosage for BWWTP II and III, hypochlorite unloading on stations 0513 and 3333 (water supply), optimisation of wastewater retention capacity of the urea unit, and segregation of sewage from storm sewers on the "old" site.

PARAMO

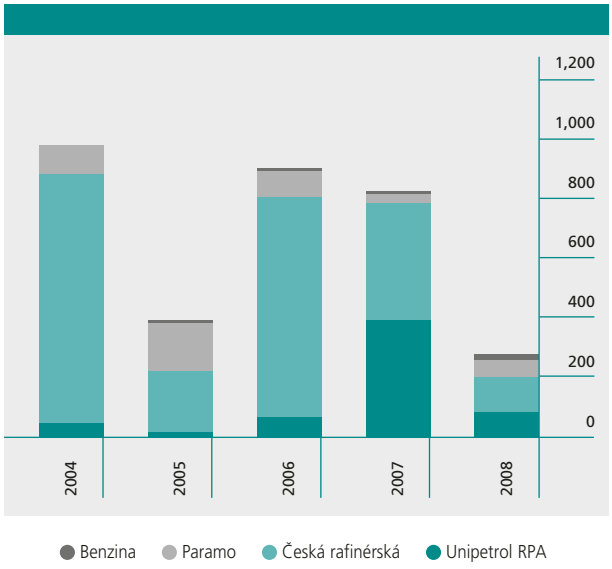
Two storage tanks were refurbished and three capital investment projects for reducing noise in the residential development adjacent to both refineries' premises were implemented.

Subsidies from the Operational Programme Enterprise and Innovation (OPEI) and Operational Programme Environment (OPE) could help to reduce the yearly capital expenditure on environmental protection at

PARAMO, a.s. In 2008, PARAMO therefore applied for an OPE subsidy under the fifth call for proposals as part of Priority Axis 5 – Limiting Industrial Pollution and Mitigating Environmental Risks, for its project entitled "Refurbishment of the VR 28 Liquid Hydrocarbon Storage Tank". In 2008, PARAMO also decided to apply for an OPEI subsidy under the EKO-ENERGIE programme for its project entitled "Increasing Energy Efficiency of the Heat & Power Plant by Installing a Turbine Generator including Accessories".

CAPITAL EXPENDITURE ON ENVIRONMENTAL PROTECTION IN THE GROUP (CZK million/year)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	46	17	65	389	85
Česká rafinérská	841	200	740	397	116
Paramo	92	168	87	26	59
Benzina	1	5	6	16	22
Unipetrol Group	**980**	**390**	**898**	**828**	**282**



III UNIPETROL GROUP'S ENVIRONMENTAL PROTECTION AND OCCUPATIONAL HEALTH AND SAFETY IN 2008

OVERVIEW OF THE GROUP'S ENVIRONMENTAL INVESTMENTS AND MEASURES IN 2008

Measure adopted	Environmental effect
Unipetrol RPA	
Impermeable handling areas built at rail 91 and at site 1424	Reduced risk to groundwater and the bedrock
Oil storage area at the mazut gasification plant	Reduced risk to groundwater and the bedrock
Modification of handling area under pipe bridge 2, including drainage	Reduced risk to groundwater and the bedrock
Biofuel preparation and firing – stage 1	Reduced need for dumping, reduced risk of surface water contamination
Replacement of substrate in the biological wastewater treatment plant	Continued BWWTP operation after closing the OXO production section; BWWTP intensification
Reduced NOx emissions from T 700 boilers (1 boiler)	Urea solution dosage tests to reduce NOx emissions
Compacted area around the three tanks on the western side of site 1522	Reduced risk to groundwater and the bedrock
Retrofit of the autonomous metering of emissions from FGD in the T 700 heat & power plant	More effective control of the boiler combustion process
POX production wastewater processing	Less pollutants in effluent
Segregation of sewage – design documentation	Less pollutants in effluent, building a separate sewage system
Česká rafinérská	
Biofuels – equipment for biofuel unloading, storage, blending and distribution	Use of renewable energy resources
Clean fuels – construction of a unit for selective hydrogenation of petrol from fluid crack	Less sulphur in motor fuels
Construction of VBU recontacting Modification of the rich gas treatment system Addition of oxygen to combustion air for Claus units Construction of a new oil-polluted water drain system at the Jiřetín tank site – part 2.	Air quality control – reduced atmospheric emissions Air quality control – reduced atmospheric emissions Air quality control – reduced atmospheric emissions Protection of surface and groundwater and the bedrock
Extension of the groundwater clean-up and monitoring system Construction of a new oil-polluted water drain system – tank site block 56/57 Refurbishment of the sludge system of the wastewater treatment plant in the Kralupy refinery Improving the energy efficiency of the fluid cracking unit	Groundwater clean-up Protection of surface and groundwater and the bedrock More efficient processing of sludge in the wastewater treatment plant More efficient use of mineral resources
Paramo	
VR 21 and VR 10 tanks	Elimination of the risk to groundwater in the case of accidental oil product leakage
Completion of the measures to reduce noise levels in Operation 03 at the Pardubice centre (air station)	Lower noise exposure at the boundary of the residential area
Implementing measures to reduce noise levels in the RP Operation at the Kolín centre (cooling tower)	Lower noise exposure at the boundary of the residential area
Starting measures to reduce noise levels in the RP Operation at the Kolín centre (scraper crystallisers)	Lower noise exposure at the boundary of the residential area
Benzina	
Adding and replacing recovery units at fuel stations	Reduced atmospheric emissions
Adding and replacing wastewater treatment plants	Reduced surface water contamination
Renovation of compacted areas	Reduced risk to groundwater and the bedrock

3.2 Environmental protection costs

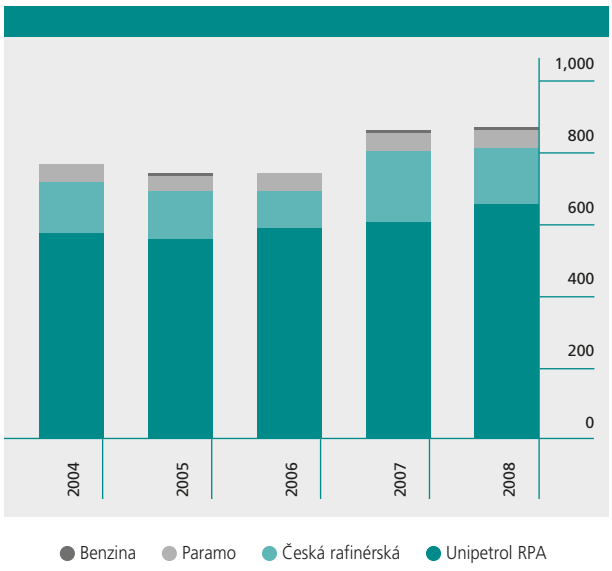
ENVIRONMENTAL OPERATING COSTS

The costs incurred in the operation of air quality control systems, wastewater treatment plants, and waste disposal, operation of environmental management systems and monitoring of substances released into the environment, environmental impact assessment (EIA process), integrated pollution prevention, and in other related environmental activities, are referred to as environmental operating costs.

The recent installation of state-of-the-art equipment, characterised by a high degree of feedstock conversion, reduced waste volumes, and high energy efficiency, has resulted in an overall reduction in environmental operating costs compared with the preceding decade. The significant increase in Česká rafinérská's environmental operating costs in 2007 compared with 2006 was related to technical modifications of the Claus units in Litvínov (about CZK 90 million, paid from the maintenance operating costs). Environmental operating costs between 2004 and 2008 are shown in the following table:

ENVIRONMENTAL PROTECTION OPERATING COSTS IN THE UNIPETROL GROUP (CZK million/year)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	575	561	590	606	654
Česká rafinérská	147	139	106	203	166
Paramo	47	38	47	48	44
Benzina	-	5	5	5	5
Unipetrol Group	**769**	**743**	**748**	**862**	**869**



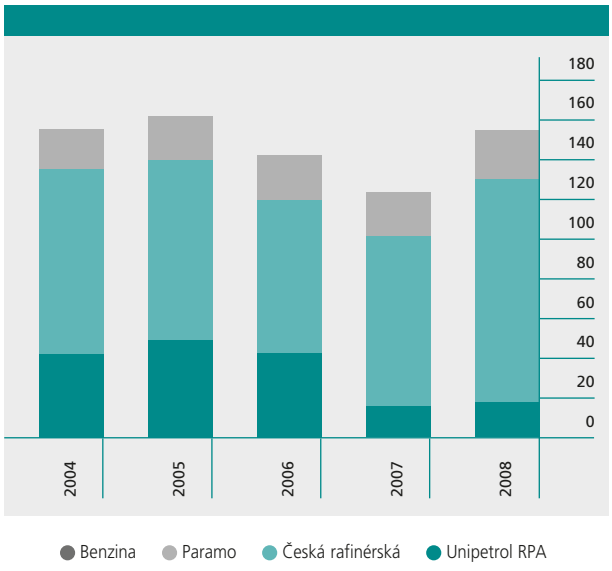
III UNIPETROL GROUP'S ENVIRONMENTAL PROTECTION AND OCCUPATIONAL HEALTH AND SAFETY IN 2008

TOTAL ENVIRONMENTAL PROTECTION COSTS

The total environmental protection costs in the Unipetrol Group include the costs of environmental investment, environmental operating costs, costs of the clean-up of old environmental damage, charges for air pollution, wastewater discharge, and waste dumping in tips, and creating provisions for landfill reclamation and for compensations for forest damage caused by ambient air pollution. An overview of environmental pollution charges and total environmental protection costs between 2004 and 2008 is shown below.

ENVIRONMENTAL POLLUTION CHARGES IN THE GROUP (CZK million/year)

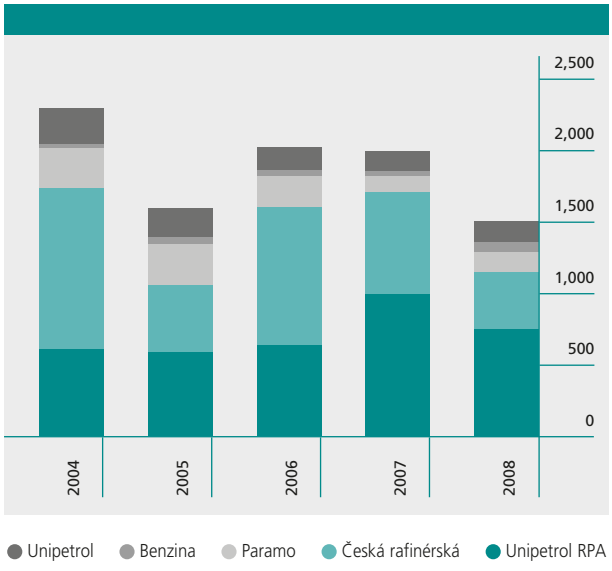
Year	2004	2005	2006	2007	2008
Unipetrol RPA	45	50	44	16	18
Česká rafinérská	89	89	75	89	113
Paramo	21	23	23	20	23
Benzina	-	0	0	0	0
Unipetrol Group	**155**	**162**	**142**	**125**	**154**



The Group's total costs of environmental protection amounted to CZK 1,509 million in 2008.

TOTAL ENVIRONMENTAL PROTECTION COSTS IN THE UNIPETROL GROUP (CZK million/year)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	666	628	699	1,011	757
Česká rafinérská	1,077	428	921	689	395
Paramo	279	312	197	104	140
Benzina	41	36	26	38	73
Unipetrol	206	202	147	148	144
Unipetrol Group	**2,269**	**1,606**	**1,990**	**1,990**	**1,509**



III UNIPETROL GROUP'S ENVIRONMENTAL PROTECTION AND OCCUPATIONAL HEALTH AND SAFETY IN 2008

3.3 Management systems

Management systems are an important part of environmental protection and occupational health and safety. To guarantee a systematic approach to environmental protection and to other issues, the following management systems have been implemented and certified in the Unipetrol Group companies: environmental management system (EMS), health and safety management system (HSMS), and quality management system (QMS).

These systems have been certified under ISO 14001:2004, OHSAS 18001:2007, and ISO 9001:2000 international standards.

In 2008, Česká rafinérská received inspection visits from Lloyd's Register Quality Assurance. The results of the inspection were positive.

In June 2008, the RW TÜV certification agency performed an annual monitoring audit in PARAMO, a.s., with no material findings.

In October 2008, a joint certification audit, comprising all the three systems (EMS, HSMS and QMS), was performed in Unipetrol, Unipetrol RPA, Unipetrol Doprava, Benzina and Unipetrol Services. Lloyd's Register Quality Assurance issued the relevant certificates to all these companies.

3.4 Responsible Care programme for corporate responsibility in chemistry

Responsible Care is a voluntary worldwide initiative in the chemical industry aimed at promoting its sustainable development through proactive improvement of the safety of facility operations, product transport, and protection of human health and the environment. The programme represents a long-term strategy coordinated by the International Council of Chemical Associations (ICCA) and the European Chemical Industry Council (CEFIC). The contribution of the Responsible Care programme to sustainable development was acknowledged by an award from the UN Environmental Programme at the world summit in Johannesburg.

At an international conference on chemical substances held under UN auspices in 2005, a Global Responsible Care Charter was adopted as a continuation of the Responsible Care programme.

The national version of Responsible Care, a programme entitled Odpovědné podnikání v chemii (Responsible Business in Chemistry), was officially launched in October 1994 by the Minister of Industry and Trade and the President of the Association of Chemical Industry of the Czech Republic (SCHP ČR). The programme has complied with the Responsible Care Global Charter since 2008.

For details of the Responsible Care programme and the conditions of compliance therewith, see the SCHP ČR information server at http://www.schp.cz.

For successfully meeting the programme conditions, the Group companies, Unipetrol RPA, Česká rafinérská, Paramo and Unipetrol, have been repeatedly awarded by the authorisation to use the programme logo (the Responsible Care protected trademark, administered in Europe by the European Chemical Industry Council).

CERTIFIED/VERIFIED MANAGEMENT SYSTEMS IN THE UNIPETROL GROUP IN 2008

Company	Verified by	Certified under standard	Certified in	Recertification outlook
Unipetrol RPA	LRQA	ISO 14001	2002, 2005, 2008	2011
Unipetrol RPA	LRQA	ISO 9001	1996, 1999, 2002, 2005, 2008	2011
Unipetrol RPA	LRQA	OHSAS 18001	2005, 2008	2011
Unipetrol RPA	SCHP ČR	Responsible Care	1996, 1998, 2000, 2002, 2004, 2008	2011
Paramo	TÜV NORD	ISO 14001	2003, 2006	2009
Paramo	TÜV NORD	ISO 9001	1996, 2000, 2003, 2006	2009
Paramo	TÜV NORD	OHSAS 18001	2007	2010
Paramo	SCHP ČR	Responsible Care	2001, 2003, 2005, 2008	2012
Paramo	SCHP ČR	Sustainable Development Award	2008	
Unipetrol Doprava	LRQA	ISO 14001	2007, 2008	2011
Unipetrol Doprava	LRQA	ISO 9001	2005, 2008	2011
Unipetrol Doprava	LRQA	OHSAS 18001	2008	2011
Benzina	LRQA	ISO 14001	2008	2011
Benzina	LRQA	ISO 9001	1996, 1999, 2002, 2005, 2008	2011
Benzina	LRQA	OHSAS 18001	2008	2011
Česká rafinérská	LRQA*	ISO 14001	2001 / 2005, 2007	2010
Česká rafinérská	LRQA*	ISO 9001	2001 / 2004, 2007	2010
Česká rafinérská	LRQA*	OHSAS 18001	2007	2010
Česká rafinérská	ČÚBP	Safe Business	2003 / 2006	2009
Česká rafinérská	SCHP ČR	Responsible Care	2000 / 2002, 2004, 2008	2012
Unipetrol	LRQA	ISO 14001	2008	2011
Unipetrol	LRQA	ISO 9001	2008	2011
Unipetrol	LRQA	OHSAS 18001	2008	2011
Unipetrol	SCHP ČR	Responsible Care	2000, 2003, 2005, 2007	2011
Unipetrol Services	LRQA	ISO 14001	2008	2011
Unipetrol Services	LRQA	ISO 9001	2008	2011
Unipetrol Services	LRQA	OHSAS 18001	2008	2011

IV COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

4.1 Integrated pollution prevention

The obligations of selected industrial companies in the area of integrated pollution prevention and control (IPPC) are governed by Act No. 76/2002 as amended. This Act covers, among other things, all production companies of the chemical and refining industry.

The integrated permits for the refineries at Záluží and Kralupy have been issued for the refineries as a whole, without any breakdown to individual operations. The integrated permits have been amended in relation to new capital investment projects that required such amendments due to their size.

The integrated permit for the Záluží refinery was issued by the Regional Authority of the Ústí nad Labem Region on 15 December 2003. The same authority granted an amendment to the integrated permit on 20 July 2006, in relation to the capital investment project for the unloading, storage and use of light-cycle oil from the Kralupy refinery, and the unloading, storage and blending of the rapeseed methyl ester (MEŘO) biofuel. By its decision of 17 October 2006, the Regional Authority of the Ústí nad Labem Region granted an amendment to the integrated permit in relation to the capital investment project for the revamp of the splitting unit of the new hydrocrack and installation of the VBU recontacting. On 12 June 2007, an amendment to the integrated permit was granted in relation to the capital investment projects for installing new low-emission burners in the furnaces of the new refinery, installing a preheating system for combustion air and replacing the old burners by low-emission burners in the gas oil hydrogenation unit, and intensifying the rich gas desulphurisation and MEA regeneration unit. On 5 May 2008, an amendment to the integrated permit was granted in connection with the capital investment project of oxygen supply to enrich combustion air in the Claus unit. The last amendment to the integrated permit was granted on 27 June 2008 in connection with the capital investment project for the construction of the light product filling facility.

The integrated permit for the Kralupy refinery was issued by the Regional Authority of the Central Bohemian Region on 9 February 2004. Due primarily to the authority's procedural errors in issuing the permit, the decision was later reversed and on 13 March 2008 the authority issued a new decision on the integrated permit, covering all facilities of the Kralupy refinery.

All the process equipment operated by PARAMO, a.s. has valid integrated permits.

No new integrated permit was issued for the installations of UNIPETROL RPA, s.r.o. in 2008. For the company's existing facilities that are subject to the integrated prevention law, the respective integrated permits were issued within the required timeframe (by 30 October 2007).

In August 2008, the company filed an application for an integrated permit in respect of the planned project of Dicyclopentadiene and Non-hydrogenated C_9 Fraction Production.

During 2008, the Regional Authority of the Ústí nad Labem Region issued five amendments to integrated permits for the company's facilities. The amendments included the following changes: an extended list of hazardous wastes from the polymer and oxo-alcohol production processes; delayed date of the completion of the impermeable handling areas at the polymer manufacturing plant; extension of the conditions for the T200 and T700 heat and power plants in relation to the construction of the new wastewater treatment plant at Litvínov; and extension of the conditions to cover the ongoing intensification of the production process (storage and distribution of overhead distillate – naphthalene concentrate) in the permit for the ethylene unit.

Applications were also filed for amendments to integrated permits for all the installations to meet the changed legislative requirements and to specify more precisely the less clearly formulated conditions.

OVERVIEW OF THE ISSUED INTEGRATED OPERATING PERMITS (IPs)

Production unit	Integrated permit (who issued it and when)
Unipetrol RPA	
Polypropylene and polyethylene production	Regional Authority of the Ústí Region, Environmental and Agricultural Department; issued on 16 December 2003 in perpetuity
Ethylene unit, including naphthalene concentrate production plant	Regional Authority of the Ústí Region, Environmental and Agricultural Department; issued on 21 February 2005 in perpetuity
Urea production	Regional Authority of the Ústí Region, Environmental and Agricultural Department; issued on 22 September 2005 with validity until 2015
Ammonia production	Regional Authority of the Ústí Region, Environmental and Agricultural Department; issued on 12 June 2006 in perpetuity
The *mazut* gasification plant	Regional Authority of the Ústí Region, Environmental and Agricultural Department; issued on 12 July 2006 in perpetuity
Oxo-alcohol production	Regional Authority of the Ústí Region, Environmental and Agricultural Department; issued on 16 July 2007 with validity until 30 June 2009
T200 and T700 plants and the wastewater & wastes plant	Regional Authority of the Ústí Region, Environmental and Agricultural Department; issued on 11 October 2007 in perpetuity
Česká rafinérská	
Litvínov Refinery	
ČESKÁ RAFINÉRSKÁ, a.s., Litvínov Refinery	Regional Authority of the Ústí Region, 15 December 2003
Capital investment projects for the storage, filling and blending of light-cycle oil and biofuel	IP amendment – Regional Authority of the Ústí Region, 20 July 2006
Capital investment projects for the revamp of the hydrocrack unit and construction of the VBU recontacting	IP amendment – Regional Authority of the Ústí Region, 17 October 2006
Capital investment projects for burner replacement in refinery furnaces, burner replacement and preheat installation in the gas oil hydrogenation plant, and modification of the MEA system in the gas desulphurisation unit	IP amendment – Regional Authority of the Ústí Region, 12 June 2007
Capital investment project of oxygen supply to enrich combustion air for Claus units	IP amendment – Regional Authority of the Ústí Region, 5 May 2008
Capital investment project to build a light-product filling station	IP amendment – Regional Authority of the Ústí Region, 27 June 2008
Kralupy nad Vltavou Refinery	
ČESKÁ RAFINÉRSKÁ, a.s., Litvínov Refinery	Regional Authority of the Central Bohemian Region, 13 March 2008
Paramo	
Heat and power plant, Pardubice Centre	IP issued on 2 February 2004 / Regional Authority of the Pardubice Region, 1st amendment issued on 22 September 2008
Bitumen operation, Pardubice Centre	IP issued on 2 October 2004 / Regional Authority of the Pardubice Region, 1st amendment issued on 22 November 2006, 2nd amendment issued on 4 April 2007, 3rd amendment issued on 14 January 2008
Fuels operation, Pardubice Centre	IP issued on 7 December 2004 / Regional Authority of the Pardubice Region, 1st amendment issued on 12 September 2006, 2nd amendment issued on 2 April 2008,
Kolín Centre	IP issued on 31 May 2005 / Regional Authority of the Central Bohemian Region, 1st amendment issued on 10 November 2006, 2nd amendment issued on 5 September 2007, 3rd amendment issued on 15 October 2008
Oil operation, Pardubice Centre	IP issued on 23 January 2006 / Regional Authority of the Pardubice Region, 1st amendment issued on 30 January 2008

IV COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

INTEGRATED POLLUTION REGISTER

The Integrated Pollution Register (IRZ) is operated in the Czech Republic under Act No. 25/2008 and in compliance with Regulation (EC) No 166/2006 of the European Parliament and of the Council concerning the establishment of a European Pollutant Release and Transfer Register (E-PRTR).

Pollution registers (IRZ and E-PRTR) contain records for each company and industry on 93 substances that are subject to notification, including information on their emissions to the air, water and soil, on their transfers in wastes and wastewater, and on the transfers of hazardous and other wastes. Data on the preceding year for both the IRZ and E-PRTR must be submitted by companies by 31 March and is subsequently published on the IRZ server by 30 September. In accordance with legislative requirements, substances the emissions of which reached or exceeded quantities set as the threshold value must be reported to the IRZ.

4.2 Air quality control, wastewater discharge, and waste management

Compliance of the companies' operations with the relevant statutory requirements for environmental protection has been maintained on a long-term basis in all Group companies. Sources of air pollution are operated in accordance with the operating rules in force. Official measurement of emissions is taken at statutory intervals. Approved water management plans are in place for all operations. Wastewater quality is monitored on a regular basis. Wastewater contamination limits are respected. Approved waste management plans are also in place for all operations. Wastes are monitored and recorded in accordance with applicable legislation.

This compliance is monitored by the management of the companies and the Group headquarters and is independently examined by administrative authorities and certification bodies; in companies involved in the Responsible Care programme, compliance is verified by the Czech Chemical Industry Association. Should any non-compliance be identified, corrective measures are adopted immediately and fines may be imposed by administrative authorities.

DEVELOPMENT OF EMISSIONS AND WASTE PRODUCTION

Over the last five years, pollutant emissions into the environment have been stabilised at a level achieved thanks to the massive environmental investments in the preceding decade.

In 2008, pollutants discharged into surface waters (the COD and BOD_5 parameters) were reduced in the Unipetrol Group, mainly as a result of the extensive refurbishment of Unipetrol RPA's biological wastewater treatment plant in 2007 and 2008. The refurbishment work on this wastewater treatment plant affected the oxygen regime in the river Bílina in July to October 2008. To address this issue, Povodí Ohře [the Ohře Basin Authority] increased the discharge in the river Bílina and Unipetrol RPA took measures to reduce the production of pollutants in each of the pollution sources.

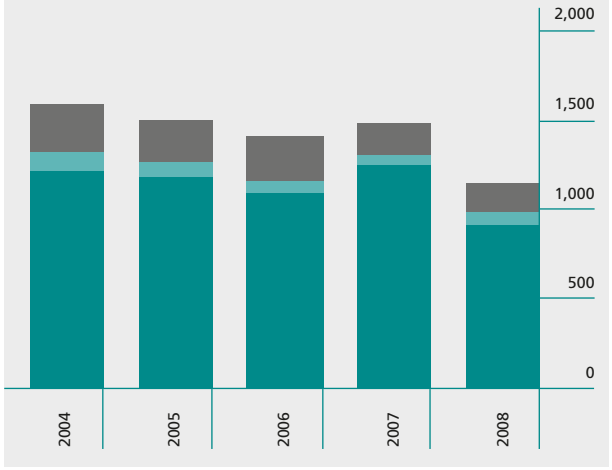
POLLUTANTS DISCHARGED IN WASTEWATER IN THE GROUP (tonnes/year)

Year	Parameter	2004	2005	2006	2007	2008
Unipetrol RPA	COD	1,239	1,197	1,107	1,261	932
	BOD_5	381	344	379	435	237
	N compounds	398	355	357	395	241
	Oil products	3	5	4	5	3
Česká rafinérská [1)]	COD	92	83	69	66	71
	BOD_5	19	16	9	11	15
	N compounds	17	40	43	45	49
	Oil products	3	1	2	3	1
Paramo	COD	269	245	248	171	163
	BOD_5	89	79	92	65	59
	N compounds	54	59	38	27	27
	Oil products	5	8	9	6	8
Unipetrol Group	COD	**1,600**	**1,525**	**1,424**	**1,498**	**1,166**
	BOD_5	**489**	**439**	**480**	**511**	**311**
	N compounds	**469**	**454**	**438**	**467**	**317**
	Oil products	**10**	**14**	**15**	**13**	**12**

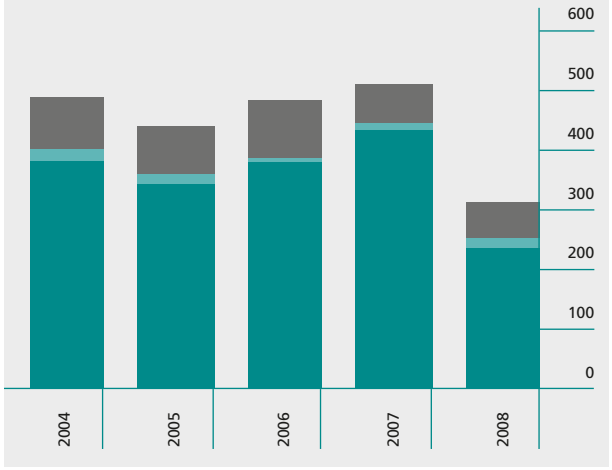
[1)] Kralupy site only

IV COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

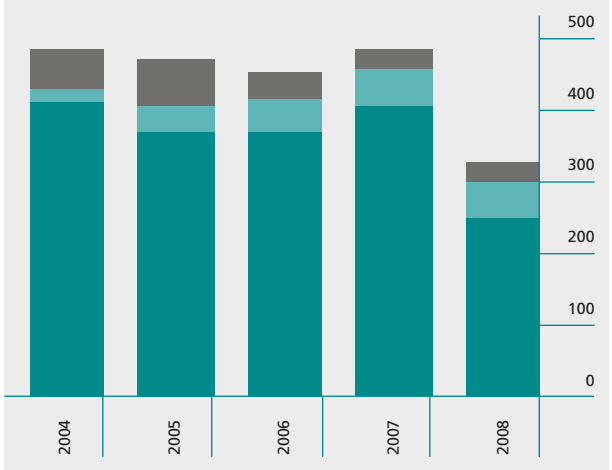
COD



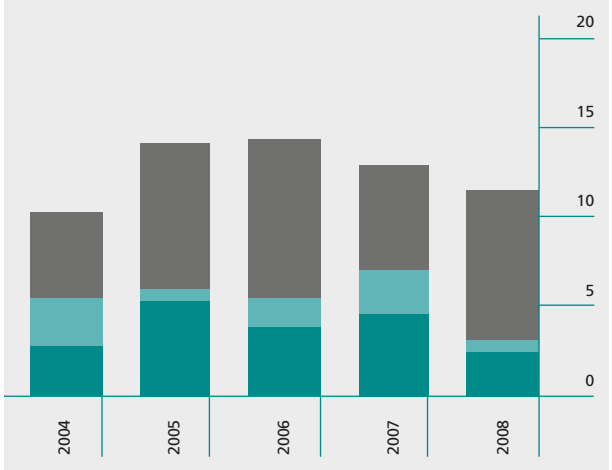
BOD_5



N compounds



Oil products



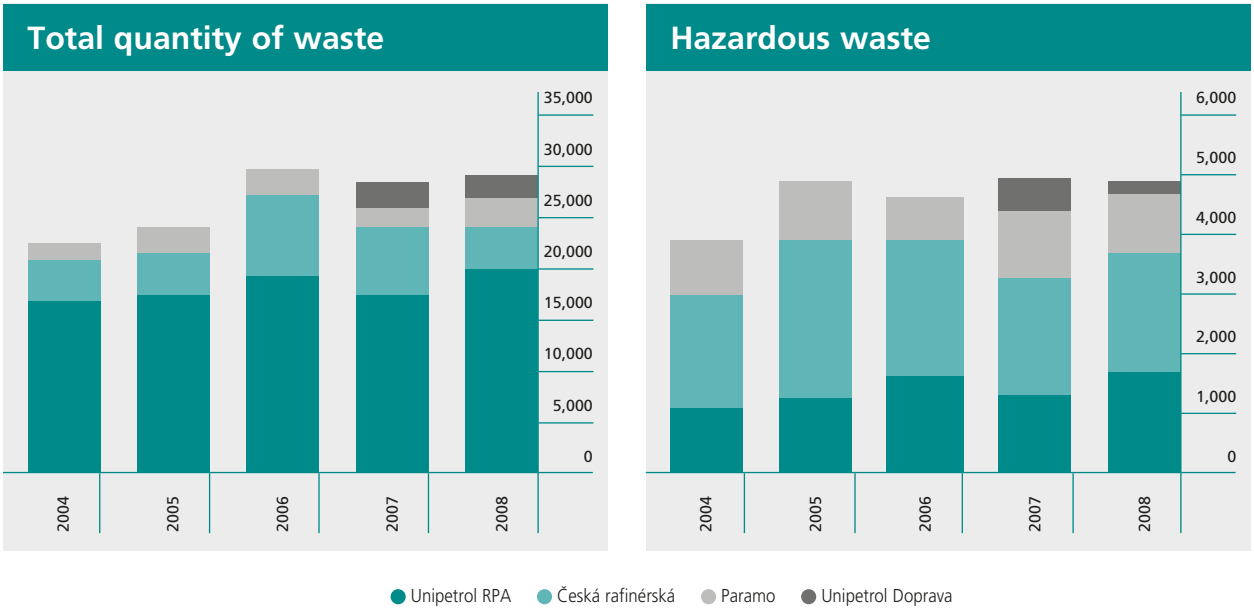
● Unipetrol RPA ● Česká rafinérská ● Paramo

The volume of both total and hazardous waste has been reduced significantly in the Unipetrol Group on a long-term basis and this trend still continues, but for some fluctuations due, for example, to work during shutdowns. The years 2007 and 2008 saw another decrease in waste production.

WASTE PRODUCTION IN THE GROUP (tones/year)

Year	Parameter	2004	2005	2006	2007	2008
Unipetrol RPA	Total,	16,411	17,061	18,963	17,065	19,818
	of this, hazardous	1,059	1,215	1,620	1,309	1,661
Česká rafinérská [1)]	Total,	4,192	4,301	8,051	6,599	3,911
	of this, hazardous	1,895	2,628	2,253	1,932	1,985
Paramo	Total,	1,718	2,507	2,310	1,983	2,821
	of this, hazardous	920	963	665	1,115	939
Unipetrol Doprava	Total,				2,419	2,094
	of this, hazardous				527	214
Unipetrol Group	Total,	**22,321**	**23,869**	**29,324**	**28,066**	**28,644**
	of this, hazardous	**3,874**	**4,806**	**4,538**	**4,883**	**4,799**

[1)] including investment activities



IV COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

A year-on-year increase (2007/2006) in total sulphur dioxide emissions was recorded in Unipetrol RPA and in the Záluží part of Česká rafinérská. This increase was due to the substitute burning of tail gases containing hydrogen sulphide from the Unipetrol RPA *mazut* gasification plant and the burning of excess tail gases from the Záluží refinery, which could not be processed in the rich gas desulphurisation units. Currently, after the implementation of the Modifications in the Rich Gas Desulphurisation Unit project, which has helped to increase the capacity of the desulphurisation unit, and the Construction of VBU Recontacting project, which enables the desulphurisation of the low-pressure gases from this unit, all the gases are being processed in the respective process units and are not burned. In 2008, no tail gas had to be burned due to lack of processing capacity.

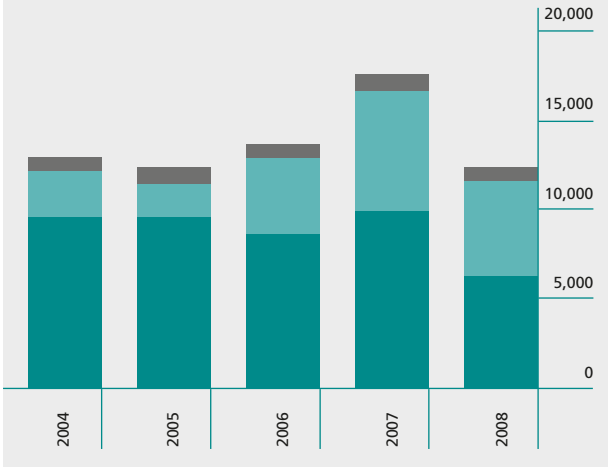
A significant year-on-year reduction in total emissions of sulphur dioxide was recorded in Unipetrol RPA in 2008, thanks to putting one boiler into the standby mode in the T200 heat and power plant and to the smaller quantity of hydrogen sulphide containing tail gas from mazut gasification, burned in the emergency flare.

POLLUTANTS EMITTED INTO THE AIR IN THE GROUP (tonnes/year)

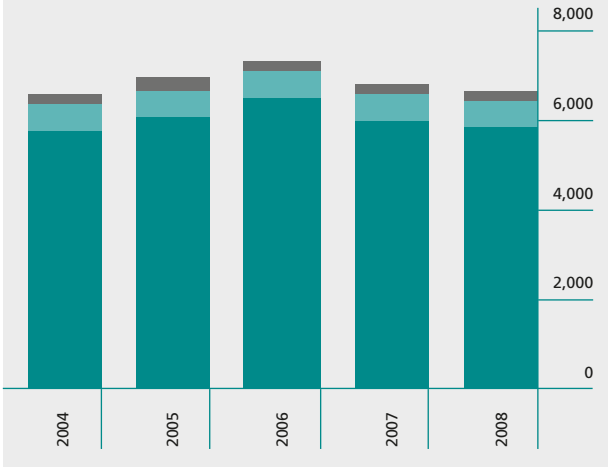
Year	Parameter	2004	2005	2006	2007	2008
Unipetrol RPA	SO_2	9,334	9,197	8,409	9,691	6,143
	NO_X	5,678	5,945	6,346	5,839	5,695
	Particulates	255	245	202	281	210
	VOCs	356	341	420	381	400
Česká rafinérská	SO_2	2,530	1,910	4,107	6,469	5,166
	NO_X	518	545	593	604	567
	Particulates	29	12	19	24	19
	VOCs	94	103	110	113	127
Paramo	SO_2	717	835	704	749	721
	NO_X	244	276	213	208	212
	Particulates	14	24	37	29	30
	VOCs[1)]	230	225	200	304	293
Unipetrol Group	SO_2	12,581	11,942	13,220	16,909	12,030
	NO_X	6,440	6,766	7,152	6,651	6,474
	Particulates	298	281	258	334	259
	VOCs	680	669	730	798	820

[1)] Ninety per cent of these volatile organics are fugitive emissions, reported only on the basis of the purchase of solvents in the respective calendar year.

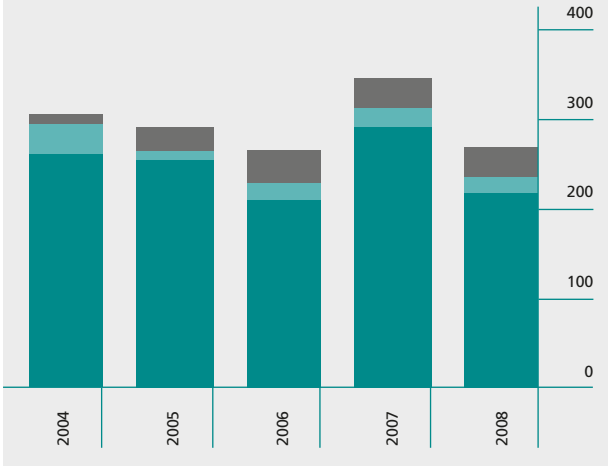
SO_2



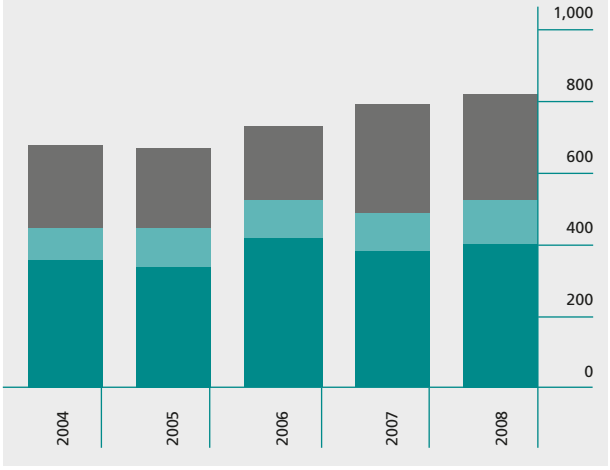
NO_x



Particulates



VOC



Unipetrol RPA Česká rafinérská Paramo

IV COMPLIANCE WITH ENVIRONMENTAL PROTECTION LAWS

4.3 Environmental impact assessment

Environmental impact assessment documentation for Unipetrol RPA's project of Dicyclopentadiene and Non-hydrogenated C_9 Fraction Production was prepared in 2008. The Ministry of the Environment issued a positive opinion in respect of this project.

In September 2008, the Regional Authority of the Ústí nad Labem Region also issued positive opinions or affirmative conclusions of preliminary proceedings in respect of the environmental impact assessment documentation on clean-up work at the Uhlodehta site, the two lime sludge storage sites, and the solid industrial waste dump.

No environmental impact assessment procedure (EIA) took place in the remaining companies of the Group in 2008.

4.4 Fines for violating environmental protection laws

Consistent efforts for compliance with environmental protection regulations are also borne out by the small number of cases of non-compliance with environmental laws, which occurred as a result of irregular operating conditions in 2004–2008. On the whole, 11 fines were imposed on the Group companies in this period and only two of them, imposed for a relatively serious breach of water protection obligations, exceeded CZK 100,000.

OVERVIEW OF FINES FOR BREACHES OF ENVIRONMENTAL PROTECTION OBLIGATIONS IN 2004–2008

Company	Year	Grounds	Amount (CZK'000)	Note
Chemopetrol	2006	Missed deadline for stopping discharge	100	Delay by about 4 months due to adverse weather and technical problems at the end of 2005
Unipetrol RPA	2007	Unauthorised wastewater discharge during wastewater treatment plant refurbishment	1,000	Paid without appeal
Benzina	2004	Violation of water use obligations	130	
Benzina	2005	Violation of water use obligations	42	
Benzina	2006	Violation of water use obligations	20	Faulty operation of the biological wastewater treatment plant at Ostrov n/O.
Benzina	2006	Violation of water use obligations	48	Unauthorised operation of the biological wastewater treatment plant at Šlovice
Benzina	2007	Unauthorised oily water discharge from the oil trap at the Libhošť fuel filling station	15	Paid without appeal
Česká rafinérská	2005	Emission limit exceeded in 2004	20	Paid without appeal
Česká rafinérská	2006	NOx emission limit exceeded in 2005	100	Paid without appeal
Paramo	2008	Failure to observe the IP conditions (technical condition of the sink at the fats plant)	41	Appeal to the Ministry of the Environment was dismissed
Paramo	2008	Failure to observe the law on records of wastes	31	

V MITIGATION OF ENVIRONMENTAL AND OPERATING RISKS AND PREVENTION OF SERIOUS ACCIDENTS

5.1 Prevention of serious accidents

The Group's companies have long paid great attention to preventing serious accidents. Reliable and fail-safe operation of the production installations is the cornerstone of accident prevention. Such equipment must be designed, operated, inspected and maintained in accordance with Czech legislation and the companies' internal rules. Some of these rules even go beyond what is required by laws and are based on the Group's best practice.

The production plants are equipped with control systems that signal any difference from standard operating parameters. Automatic shut-down systems are installed in some dangerous operations to stop the process if the required operating parameters are exceeded. Depending on the type of hazardous substances being handled, the plants are equipped with state-of-the-art detection systems (to detect flame, smoke, or hazardous substance leakage), with outputs routed to the company's control centre and fire station. The plants are equipped with fixed and semi-fixed sprinkler systems and fire monitors.

The Group's companies are subject to regular internal safety and accident risk prevention audits. In addition, there are regular external audits and inspections by the relevant specialised authorities such as the Czech Environmental Inspection Authority, Labour Inspection Authority, Czech professional organisations, insurance brokers, insurers and foreign reinsurers. The recommendations and conclusions of these audits are incorporated into the relevant implementation plans.

Regular instruction and training of employees is an important element of the efforts to prevent serious accidents. The functioning of the serious accident prevention system is tested throughout the year in exercises and drills organised in co-operation with emergency crews (both own and external) to prepare for accidents and crisis situations. Emergency training exercises, taking place at the individual production units and on the entire premises, involve all companies that manage the industrial premises or operate nearby.

Serious accident risk management also includes third-party liability insurance under Act No. 59/2006.

The safety level in the Group's companies is significantly influenced by new investments in production installations. The potential operating risks are addressed as early as the design stage, employing generally recognised methods for analysing the risks of serious accidents. New operations are always equipped with the latest safety systems available at the time and meeting the requirements of Czech and EU regulations (BAT).

Each of the production companies in the Group has a fire brigade of its own. They are perfectly trained and equipped and able to perform highly specialised interventions to control accidents that are combined with hazardous substance leakages.

The majority of the Group's production companies are classified in group B, which is subject to Act No. 59/2006 on the prevention of serious accidents in the handling of hazardous substances. The relevant safety reports were updated in 2007 in accordance with the new regulations implementing Act No. 59/2006. This Act does not apply to Benzina, in respect of which reports on the non-inclusion of its 322 fuel filling stations in groups under the Serious Accident Prevention Act were, as required by the law, redrafted and handed over to the regional authorities.

V MITIGATION OF ENVIRONMENTAL AND OPERATING RISKS AND PREVENTION OF SERIOUS ACCIDENTS

OVERVIEW OF GROUP COMPANIES' CATEGORISATION IN GROUPS UNDER ACT NO. 59/2006 AND THE STAGE OF THE CONSIDERATION OF THE SAFETY REPORT AS AT 31 DECEMBER 2008

Company	Group	Safety Report (SR)
UNIPETROL RPA, s.r.o.	B	1 March 2005 – 1st update of the SR (under Act No. 353/1999) approved by the Regional Authority of the Ústí Region 18 January 2008 – 2nd update of the SR (under Act No. 59/2006) approved by the Regional Authority
UNIPETROL DOPRAVA, s.r.o. – Operating area East, Railway Siding Unit, Pardubice	B	2 April 2008 – 1st update of the SR approved by the Regional Authority of the Pardubice Region under Ref. No. 36470-16/2007/OŽPZ/BT
UNIPETROL DOPRAVA, s.r.o. - Operating area East, Railway Siding Unit, Semtín	B	2 April 2008 – 1st update of the SR approved by the Regional Authority of the Pardubice Region under Ref. No. 36472-18/2007/OŽPZ/BT
UNIPETROL DOPRAVA, s.r.o. - Operating area West, Railway Siding Unit, Litvínov	B	23 June 2008 – SR update approved by the Regional Authority of the Ústí Region under Ref. No. 2053/ZPZ/07/H-20.2
UNIPETROL DOPRAVA, s.r.o. - Operating area West, Railway Siding Unit, Kralupy	B	11 November 2008 – SR update approved by the Regional Authority of the Central Bohemian Region under Ref. No. 120636/2007/KUSK OŽP Bo
UNIPETROL DOPRAVA, s.r.o. - Operating area West, Railway Siding Unit, Neratovice	B	5 December 2008 – SR update approved by the Regional Authority of the Central Bohemian Region under Ref. No 119423/2007/KUSK OŽP Oh
ČESKÁ RAFINÉRSKÁ, a.s. Litvínov Refinery Kralupy Refinery	B	16 February 2003 – approval by the Regional Authority of the Ústí Region 8 October 2002 – approval by the Mělník District Authority
PARAMO, a.s., Pardubice Centre	B	3 August 2004 – approval by the Regional Authority of the Pardubice Region 16 June 2005 – approval of the updated Safety Report 10 October 2008 – approval of the updated Safety Report
PARAMO, a.s., Kolín Centre	-	Act No. 59/2006 does not apply to Paramo
BENZINA, s.r.o.	-	Act No. 59/2006 does not apply to Benzina. Reports on the non-inclusion of fuel filling stations in groups under the law were updated and delivered to regional authorities.

5.2 Transport Information and Accident System (TRINS)

The Transport Information and Accident System (TRINS) is a system of providing assistance in the event of accidents associated with the transportation of hazardous substances. TRINS was founded by the Czech Chemical Industry Association (SCHP ČR) as part of the Responsible Care programme in 1996 under an agreement between SCHP ČR and the headquarters of the Czech Fire Service. It has been incorporated into the country's Integrated Rescue System as one of its supporting systems. Counterparts of TRINS in other countries include, for example, CHEMSAFE in the United Kingdom and TUIS in Germany; the latter was a model for TRINS. Similar systems also exist in Slovakia (DINS), in Hungary (VERIK) and, for many years, in a number of other EU countries.

TRINS centres work in co-operation with the Czech Fire Service to provide urgent consultations concerning chemicals and products, their safe transport and storage, and practical experience with the handling of hazardous substances and control of emergencies associated with their transport. TRINS centres also

provide practical assistance in the handling of such emergencies and in the removal of the subsequent environmental damage.

At present there are 35 regional TRINS centres, provided by 28 companies in the chemical industry.

Unipetrol Group companies are among the TRINS founding members. In addition, Unipetrol RPA plays the role of the system's national coordination centre.

UNIPETROL GROUP COMPANIES' PARTICIPATION IN TRINS

Company	Participation in the TRINS system
UNIPETROL RPA, s.r.o.	National centre, regional centre
ČESKÁ RAFINÉRSKÁ, a.s. - Litvínov Refinery - Kralupy Refinery	 regional centre regional centre
PARAMO, a.s.	regional centre
PETROTRANS, s.r.o.	regional centre
UNIPETROL SERVICES, s.r.o.	Representation of the Czech Chemical Industry Association – securing the operation of the whole system, including reporting and support for the national centre at UNIPETROL RPA, s.r.o.

Česká rafinérská has acceded to the European Road Safety Charter and undertook specific obligations for the period of 2007 to 2009, responding to the initiative of the European Commission, which has launched a campaign for improving road safety and, specifically, reducing road accident fatalities by 10,000 (i.e. to a half) by 2010.

5.3 Serious accidents in the Unipetrol Group in 2008

In 2008, Unipetrol Group companies experienced no serious accidents, classified, within the meaning of Act No. 59/2006, as accidents of such scope that mitigation would require extraordinary deployment of labour and resources, and/or accidents resulting in an escape of harmful substances via surface or groundwater outside the production facilities or an escape of harmful substances into the atmosphere.

VI OPEN APPROACH TO ENVIRONMENTAL ISSUES

6.1 Role of employees in environmental protection

Employees are considered to be the key element in environmental protection and occupational health and safety in Unipetrol Group companies. The Group's companies have therefore introduced an effective employee training system. The training and education of all employees is part of the companies' management systems and is subject to regular review, assessment and updates under the ISO 9001, ISO 14001 and OHSAS 18001 standards.

All employees are actively and continuously involved in environmental protection and planning. At regular refresher courses they are acquainted with the environmental protection and occupational health and safety policies, the environmental aspects of their activities, and the goals and programmes established for their workplaces.

The regular training is not intended only for employees of the Group's companies; it is also attended by employees of all the other companies that operate on the production premises. Environmental protection and occupational health and safety obligations are part of the agreements concluded with each of the contractors.

6.2 Public relations

Transparent and accessible information is one of the principles of Unipetrol Group's Policy for Responsible Care and Integrated Management System of Occupational Health and Safety, Environmental Protection, and Quality Assurance, a fundamental policy document of the Group. Detailed information on the environmental impacts of the Group's operations is regularly published in the Joint Report on Occupational Health, Safety and Environmental Protection of the Unipetrol Group (referred to as the Joint Environmental Report until 2006), and on the Group companies' websites.

The Group companies meet with representatives of trade union organisations and local and regional self-government authorities to discuss their reports on compliance with the Responsible Care programme. On their websites, the companies provide overviews of their activities in occupational health, safety and environmental protection.

In respect of the communities and municipalities in the vicinity of their operations, Unipetrol Group companies apply the principles of Corporate Social Responsibility (CSR). As part of public relations, members of the management teams of the Group's companies take part in open door sessions of the local governing bodies to inform the residents of the surrounding towns and villages about the environmental impacts of the companies' operations. "Open House" days are held every year for the public. The companies meet with the local mayors on a regular basis to inform them about all of their activities, including environmental protection. In the event of irregular operating situations, mayors of surrounding municipalities are immediately informed by short text messages. The companies use a "green number" for immediate communication with the public and with their employees. In addition, latest information is delivered to employees through the companies' internal communication channels (internal address system, printed materials, intranet).

The Environmental Centre in the town of Most is another example of how transparent environmental information is proactively provided to the public. This information centre, which has been in operation since 2000, is supported by Unipetrol RPA and Česká rafinérská. It plays a major role in the dialogue on environmental protection between the industrial companies and the general public. Another Environmental Centre was opened at Kralupy nad Vltavou in 2007 to provide similar services to the Kralupy area. In co-operation with the Most Environmental Centre, a project for preparing the curricula of the "Chemistry and the Environment" programme, intended for primary and secondary schools, was completed in 2007. The specific goals of the project included the popularisation of environmental protection issues related to chemical production, explanation of the benefits and dangers of chemical production, and presentation of the activities of Unipetrol RPA in the area of environmental protection. The project was well received by schools, which requested that the programme should continue in 2008.

AN OVERVIEW OF UNIPETROL GROUP COMPANIES' PERIODICALS PROVIDING INFORMATION ON ENVIRONMENTAL PROTECTION

Company	Publication	Contact person
Unipetrol	*UNI*, newspaper for employees of the Unipetrol Group	Miloslav Tuček tel. +420 225 001 437
Unipetrol	The company's website	http://www.unipetrol.cz
Unipetrol RPA	The company's website	http://www.unipetrolrpa.cz
Unipetrol RPA	Occupational safety and fire protection monthly	František Hrobský, tel. +420 476 164 883
Unipetrol Doprava	The company's website	http://www.unipetroldoprava.cz
Unipetrol Doprava	Occupational safety and fire protection monthly	František Hrobský, tel. +420 476 164 883
Česká rafinérská	*Echo*, Česká rafinérská information journal	Aleš Soukup tel. +420 315 718 579
Česká rafinérská	*Impuls*, occupational health and safety, fire protection, quality assurance, and environmental protection bulletin	Michaela Freyová tel. +420 476 164 041
Česká rafinérská	The company's website	http://www.ceskarafinerska.cz
Paramo	The company's website	http://www.paramo.cz
Paramo	*RAMOVÁK*, employee newspaper	Jana Iovlevová tel. +420 46 6810 348

VII MITIGATING THE IMPACT OF OLD ENVIRONMENTAL DAMAGE

7.1 Programme for eliminating old environmental damage

On the basis of a Czech government decision, in connection with the privatisation Unipetrol Group companies have concluded the following agreements with the Ministry of Finance of the Czech Republic to address the pre-privatisation environmental obligations (Environmental Agreements):

1) Environmental Agreement No. 14/94, as amended by Amendment No. 3 of 25 January 2005 – for UNIPETROL, a.s.
2) Environmental Agreement No. 32/94, as amended by Amendment No. 1 of 4 July 2001– for UNIPETROL, a.s.
3) Environmental Agreement No. 39/94, as amended by Amendment No. 2 of 4 July 2001– for PARAMO, a.s.
4) Environmental Agreement No. 58/94, as amended by Amendment No. 3 of 26 September 2008 – for PARAMO, a.s.
5) Environmental Agreement No. 184/97, as amended by Amendment No. 7 of 18 January 2007 – for BENZINA a.s.

7.2 Overview of old environmental damage in the Unipetrol Group

The extent of old environmental damage did not change in 2008 compared with the previous periods. An overview of old environmental damage in Unipetrol Group companies is shown below:

UNIPETROL, LITVÍNOV – INDUSTRIAL PREMISES AND OTHER SITES

Clean-up work was done by UNIPETROL SERVICES, s.r.o.

Ethylbenzene pipeline from Záluží to Kralupy nad Vltavou – at Miletice near Velvary

- groundwater and soil contamination with ethylbenzene
- clean-up work has been completed; risk analysis is being updated

Fuel filling stations (former Torol)

- groundwater and soil contamination with oil products
- clean-up work has been completed

Industrial premises at Záluží and the dumping sites in their vicinity

- Liquid sludge disposal sites at Růžodol:
  contamination with residual tar and with petroleum refining waste
- Treatment plant sludge disposal site:
  clean-up work has been completed
- Fly ash dumps K1-K4:
  clean-up work has been completed at the K1 and K2 ash disposal sites
- Protection of the river Bílina in the area of the treatment plant sludge disposal site:
  clean-up work has been completed
- Entrapment and separating drain:
  clean-up work has been completed
- Solid industrial waste disposal site; lime sludge disposal site; lime sludge disposal site at a railway siding:
  contamination with solid waste, petroleum products and lime sludge with phenols
- UHLODEHTA disposal site:
  contamination with coal dust, ash, fly ash, lime sludge and brown coal tar
- Area adjacent to ash disposal sites on the south:
  contamination with fly ash and petroleum sludge
- Clean-up of the soil on the bank of the river Bílina by in situ biodegradation:
  clean-up work has been completed
- Groundwater clean-up in "contamination clouds" on the premises:
  groundwater contamination with oil hydrocarbons and phenols
- Groundwater monitoring
- Soil clean-up:
  soil contaminated with oil hydrocarbons and phenols

UNIPETROL, KRALUPY – INDUSTRIAL PREMISES AND OTHER SITES

Clean-up work was done by UNIPETROL SERVICES, s.r.o.

Block 19 (acidic by-products)
- residues from motor fuel refining

Nelahozeves disposal site
- styrene scrap in steel barrels

Kralupy industrial premises
- contamination with products of refining and petrochemical processes

Fuel filling stations (former K Petrol)
- groundwater and soil contamination with petroleum products
- clean-up work has been completed

BENZINA

Clean-up work was done by UNIPETROL SERVICES, s.r.o.

Clean-up of 76 contaminated fuel filling station areas
- contamination with motor fuels

Clean-up of 15 contaminated former fuel distribution stores
- contamination with motor fuels

PARAMO, PARDUBICE

Clean-up of the Časy disposal site

Clean-up of the Hlavečník, Blato, and Zdechovice, Nová Ves disposal sites

Clean-up of Paramo's main plant

Clean-up of the acid resin disposal site (LIDL and ČSAD BUS sites)

PARAMO, KOLÍN (FORMER KORAMO)

Clean-up of soil and groundwater

Closedown of the acid resin disposal site (old and new sludge lagoon)

7.3 Progress of clean-up work in 2008

THE FOLLOWING CLEAN-UP WORK WAS PERFORMED IN 2008 TO MITIGATE OLD ENVIRONMENTAL DAMAGE:

- Ground water clean-up in the area of six "contamination clouds" and underground drain pumping from four "contamination clouds" (Unipetrol, Litvínov-Záluží); a new project was prepared to extend the clean-up period until the end of 2016, including additional financing
- Environmental service – soil monitoring and biodegradation under eight capital investment projects (Unipetrol, Litvínov-Záluží)
- Ground and surface water monitoring (Unipetrol, Litvínov-Záluží)
- Extraction of wastes from the Růžodol lagoons (Unipetrol, Litvínov-Záluží); a new project was prepared to extend the clean-up period by two years, including additional financing
- The period of clean-up work on the premises and in the Růžodol lagoons was extended until the end of 2016
- Post-remediation groundwater monitoring (Unipetrol, Litvínov-Miletice – long-distance pipeline)
- Waste extraction and reprocessing was restarted at Časy (Paramo, Pardubice)
- Maintenance clean-up work (protective pumping) at the fuel filling stations at Přelouč and Vysoké Mýto and in the distribution stores at Nový Bohumín, Šumperk and Točník; clean-up work at the Králíky fuel filling station (Benzina)

VII MITIGATING THE IMPACT OF OLD ENVIRONMENTAL DAMAGE

OTHER CLEAN-UP WORK IN 2008:

- Groundwater pumping and treatment, financed by Česká rafinérská, on the Litvínov-Záluží premises (two pollution hot spots) and at Kralupy (hydraulic barrier operation)
- Underground drain pumping at the petrochemical plant on the Litvínov-Záluží premises, financed by Unipetrol RPA
- Limited groundwater monitoring (Paramo, Kolín)

NEW AGREEMENTS CONCLUDED BETWEEN CONTRACTORS AND THE CZECH MINISTRY OF FINANCE IN 2008:

- Updated risk analysis for the Miletice site – contractor 4G consite s.r.o.
- Closedown of the monitoring wells at Milovice near Velvary – contractor GEOMON, s.r.o.
- Hydro-geological follow-up survey on the Kralupy premises – contractor WASTECH, a.s., second stage
- Risk analyses for dozens of the remaining BENZINA fuel filling stations

7.4 Fund spending in 2008

On the basis of the environmental agreements entered into with the Czech Ministry of Finance, Unipetrol Group spent CZK 204 million in total for clean-up work in 2008. The total amount that has been provided by the Ministry of Finance to finance the elimination of old environmental damage since the beginning of the clean-up work is CZK 3,371 million. Another CZK 8,302 million is expected to be spent on the elimination of old environmental damage in the future.

OVERVIEW OF FINANCIAL GUARANTEES PROVIDED BY THE CZECH MINISTRY OF FINANCE AND THE DRAWDOWN OF FUNDS IN THE UNIPETROL GROUP

	Unipetrol Litvínov	Unipetrol Kralupy	Paramo Kolín	Paramo Pardubice	Benzina	Group total
Financial guarantees by Ministry of Finance	6,012	4,244	1,907	1,242	1,349	14,753
Costs paid by the by Ministry of Finance in 2008	144	0.4	0.6	13	46	204
Costs paid by the by Ministry of Finance since the start of work	1,992	10 [1)]	932	107	330 [2)]	3,371
Expected costs of future work	2,755	1,500	912	2,135	1,000	8,302
Total (estimated) clean-up costs	**4,747**	**1,510**	**1,844**	**2,242**	**1,330**	**11,673**
Balance of financial guarantees by Ministry of Finance	1,265	2,733	62	-1,000 [3)]	19	3,080

[1)] **Kralupy**: not including the costs of the already completed clean-up of the fuel filling station network of former K Petrol, 1995-1999 – about CZK 40 million;
[2)] **Benzina**: Not including the costs incurred by BENZINA, a.s. in clean-up work until 1997 – about CZK 500 million;
[3)] **Paramo**: the rules of the public licence contract for the complete removal of old environmental damage (a tendering process) are to reflect the discrepancy between the guarantee amounts and the expected clean-up costs.

FINANCIAL COSTS OF CLEAN-UP WORK IN UNIPETROL GROUP (CZK million/year)

Year	2004	2005	2006	2007	2008
Unipetrol, Litvínov	206	199	147	146	144
Unipetrol, Kralupy	0	3	0	2	0.4
Benzina	40	26	15	17	46
Paramo, Kolín	104	65	37	1	0.6
Paramo, Pardubice	15	18	3	9	13
Unipetrol Group	**365**	**311**	**202**	**175**	**204**

VIII SUSTAINABLE DEVELOPMENT

8.1 Global aspects of environmental protection

CARBON DIOXIDE EMISSIONS CONTROL UNDER THE EU EMISSION TRADING SCHEME (EU ETS).

Under Act No. 695/2004 on the Conditions of Trading in Greenhouse Gas Emission Allowances and under the related Directive 2003/87/EC of the European Parliament and of the Council, the Czech government issued, for selected companies, carbon dioxide emission allowances through Government Order No. 315/2005 of 20 July 2005 on the National Allocation Plan for 2005-2007.

For the 2008-2012 trading period, the government issued allowances through Government Order No. 80/2008 of 25 February 2008 on the National Allocation Plan for 2008-2012.

Emission allowances allocated to Unipetrol Group companies met the companies' needs and covered the actual emission levels in the first trading period 2005-2007 and in 2008 (the second trading period), with the exception of Česká rafinérská. Surplus allowances have been sold or will be sold in the future.

The Group companies met all the requirements of Act No. 695/2004 and the relevant implementing regulations. They prepared emission monitoring plans and performed their obligation to have the reported emission levels audited by an independent professionally competent auditing body.

PROTECTION OF THE EARTH'S OZONE LAYER

All Group companies operate their production facilities in accordance with the requirements for the protection of the Earth's ozone layer and in accordance with applicable international agreements. As early as 1999, Česká rafinérská replaced halons as fire extinguishing agents by environmentally friendlier substances. Chemopetrol (Unipetrol RPA at present) already replaced refrigerants used in its low-temperature petrochemical operations with environmentally friendlier ones in previous years.

8.2 Chemical safety

All Group companies handle chemical substances and chemical preparations in full compliance with the applicable legislation on chemical substances and chemical preparations. A system of employee training in the handling of chemical substances and chemical preparations is part of the environmental management systems implemented in the Group.
The Group companies' databases contain basic information on the characteristics of products, intermediate products, ancillary substances and

ALLOCATION OF ALLOWANCES TO UNIPETROL GROUP COMPANIES IN THE NATIONAL ALLOCATION PLAN FOR THE 2005–2007 AND 2008–2012 PERIODS AND THE ACTUAL CO_2 EMISSIONS BETWEEN 2005 AND 2008

Allocation of allowances (units/year) Actual emissions (kt/year)	Unipetrol RPA	Česká rafinérská	Paramo	Unipetrol Group
Allocation under the NAP 2005-2007	3,495	1,100	270	4,865
2005: actual CO_2 emissions	3,071	803	194	4,068
2006: actual CO_2 emissions	3,092	910	196	4,198
2007: actual CO_2 emissions	2,889	904	191	3,984
Allocation under NAP 2008–2012	3,121	867	199	4,187
2008: actual CO_2 emissions	2,762	910	176	3,848

purchased and imported feedstock used in the production processes. They also contain complete safety data sheets for the products. All of this information is available on the companies' websites. All safety data sheets (SDS) have been updated to comply with the new legislation effective as of the date of the Czech Republic's accession to the European Union. All of the companies continuously monitor the handling of chemical substances and preparations, ranging from feedstock to finished products, and obtain product safety certificates for selected products. The companies have a customer service group that provides information on the products and their safe handling.

The Group companies are monitored by the UN international inspection authority (UN-OPCW), which monitors the observance of the Chemical Weapons Convention. All international inspections that have taken place until now have confirmed our strict compliance with the obligations of the Convention.

COMPLIANCE WITH REGULATION (EC) NO 1907/2006 (REACH)

Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) entered into force on 1 June 2007; it constitutes a new European legislative basis for the operation of the chemical industry in the EU single market.

Unipetrol Group is among the members of the chemical industry producing chemicals in large volumes exceeding 1,000 tonnes per year. At the same time, this concerns a limited number of substances that are subject to the obligations under REACH.

REACH entered the pre-registration phase in June 2008, which meant that producers were obligated to notify the European Chemicals Agency of the basic identification details of the substances and preparations subject to REACH by 1 December 2008.

Extensive pre-registration was conducted at Unipetrol RPA, Česká rafinérská, and Paramo. Česká rafinérská pre-registered 43 substances, PARAMO pre-registered 51 substances, and Unipetrol RPA provided for 58 valid substance pre-registrations. In its preparation for the observance of the REACH requirements, Unipetrol closely cooperates with PKN Orlen and, through it, with the CONCAWE association.

The direct financial costs incurred in the registration of substances under REACH have been tentatively estimated at CZK 584 million for Unipetrol RPA, CZK 72 million for Česká rafinérská, and CZK 117 million for Paramo. It is however expected that the actual cost of registration will be significantly lower thanks to the effect of the work of consortia that are already in existence or will be established following the end of the pre-registration phase for the purpose of cost sharing, thereby reducing the price of the registration obligations.

8.3 Working with primary resources of raw materials and energy

In conserving primary resources of raw materials and energy, the UNIPETROL Group acts in accordance with the principles of sustainable development, pursuing the strategic objective of using innovative approaches to minimise energy and material inputs and applying a policy of continuously improving its environmental performance. Energy audits have been carried out in the Group's companies to achieve further energy savings.

Major savings have been achieved through a better utilisation of primary raw materials. For example, Česká rafinérská has carried out an extensive upgrade programme focused on a more thorough processing of crude oil to increase the output of 'light' products, particularly motor fuels.

VIII SUSTAINABLE DEVELOPMENT

In 2006, Česká rafinérská launched a series of projects that are jointly referred to as Biofuel, initiating a programme aimed at more efficient use of non-renewable resources by adding selected agricultural products, which are categorised as renewable resources, to motor fuels. The specific objective of the Biofuel programme was to provide for bio-component logistics, reception, storage and blending and biofuel storage and distribution. Both refineries currently turn out automobile petrol and diesel containing biofuels, as required by legislation and processors.

Continuous attention has been paid to water savings in the Unipetrol Group. Paramo has achieved particularly significant results in this area by installing closed cooling loop systems. The newly installed chemical water treatment facility at Paramo reduces the amount of leach water, which effectively reduces the consumption of make-up water.

Water consumption in the Group (million cubic metres/year)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	24.2	22.5	23.7	22.2	24.5
Česká rafinérská	1.4	0.8	2.0	1.7	1.8
Paramo	1.6	1.0	1.0	1.0	1.0
Unipetrol Group	**27.2**	**24.3**	**26.7**	**24.9**	**27.3**

The Group's ability not to increase its consumption of energy has been accompanied by a remarkable growth in production volumes. The enhancement of the energy efficiency of the Group's production processes is therefore more apparent from the following table of specific energy consumption, expressed as an energy consumption coefficient in tonnes of oil equivalent (toe) related to tonnes of production per year:

Energy consumption in the Group (thousand TJ/year)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	6.0	5.1	5.6	5.3	4.8
Česká rafinérská	12.0	13.8	15.1	13.6	16.8
Paramo	0.8	1.0	2.8	2.7	2.7
Unipetrol Group	**18.8**	**19.9**	**23.5**	**21.6**	**24.3**

Note: the 2004 and 2005 data for Paramo does not include former Koramo

Specific energy consumption in the Group (toe/tonne of production/year)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	0.171	0.166	0.173	0.163	0.154
Česká rafinérská, Litvínov	0.038	0.037	0.038	0.035	0.032
Česká rafinérská, Kralupy	0.051	0.053	0.056	0.056	0.057
Paramo, Pardubice	0.079	0.093	0.096	0.087	0.086
Paramo, Kolín	0.384	0.227	0.303	0.297	0.221

IX OCCUPATIONAL HEALTH AND SAFETY

Unipetrol considers occupational health and safety to be one of the highest values of its corporate policy. Companies of the Unipetrol Group

- improve the quality of working conditions and the measures to protect the health and safety at work in accordance with the applicable regulations and standards;
- improve methods of risk assessment and prevention of occupational injuries and illnesses;
- introduce measures to improve productivity;
- develop the skills of their employees and introduce measures intended to improve the working environment;
- inform their employees and the public about the applicable internal standards to ensure occupational health and safety, and about their impacts.

ACCIDENT RATE

The total number of registered work accidents continued to decline in 2008. A substantial decrease, compared with 2007, was recorded in the number of work injuries resulting in incapacity to work for more than three days. There were no fatalities in 2008.

Data testifying to the high level of occupational safety, maintained for many years in the Unipetrol Group, is shown in the following table:

Incidence of injuries in the Unipetrol Group (number of injuries per 100 employees)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	0.27	0.24	0.17	0.27	0
Česká rafinérská	0.4	0.3	0	0.3	0.14
Paramo	0.11	0	0.7	0.49	0.39
Benzina	0.52	0.61	0	0	0
Unipetrol Doprava	1.34	2.33	0.58	0.81	0.41

Frequency of occupational injuries in the Unipetrol Group (number of injuries per million of hours worked)

Year	2004	2005	2006	2007	2008
Unipetrol RPA	1.62	1.46	1.02	1.71	0
Česká rafinérská	2.4	1.7	0	1.7	0.8
Paramo	0.63	0.68	4.21	2.94	2.31
Benzina	3.15	3.55	0	0	0
Unipetrol Doprava	7.67	13.01	3.28	4.54	2.25

IX OCCUPATIONAL HEALTH AND SAFETY

Number of fatalities

Year	2004	2005	2006	2007	2008
Unipetrol RPA	0	0	0	0	0
Česká rafinérská	0	0	0	0	0
Paramo	0	0	0	1	0
Benzina	0	0	0	0	0
Unipetrol Doprava	0	1	0	0	0
Unipetrol Group	**0**	**1**	**0**	**1**	**0**

Number of occupational injuries registered

Year	2004	2005	2006	2007	2008
Unipetrol RPA	28	14	11	13	10
Česká rafinérská	7	9	9	10	3
Paramo	12	8	20	14	8
Benzina	1	1	0	0	0
Unipetrol Doprava	25	22	10	11	9
Unipetrol Group	**73**	**54**	**50**	**48**	**33**

Number of occupational injuries resulting in incapacity to work for more than 3 days

Year	2004	2005	2006	2007	2008
Unipetrol RPA	7	6	4	6	0
Česká rafinérská	3	2	0	2	1
Paramo	1	1	6	4	3
Benzina	1	1	0	0	0
Unipetrol Doprava	7	11	3	4	2
Unipetrol Group	**19**	**21**	**13**	**16**	**6**

OCCUPATIONAL ILLNESSES

Number of new cases of occupational illness

Year	2004	2005	2006	2007	2008
Unipetrol RPA	0	0	0	1 [1)]	1 [1)]
Česká rafinérská	0	0	0	0	0
Paramo	0	0	0	0	0
Benzina	0	0	0	0	0
Unipetrol Doprava	0	0	0	0	0
Unipetrol Group	**0**	**0**	**0**	**1**	**1**

[1]) Illness caused by exposure to polycyclic condensed hydrocarbons

One new case of occupational illness due to occupational exposure to polycyclic condensed hydrocarbons was diagnosed in Unipetrol RPA in 2008. In the remaining companies of the Group, there was no case of occupational illness in 2008, as in previous years.

PREVENTION, PERSONAL PROTECTIVE EQUIPMENT AND AIDS

Employees professionally qualified in risk assessment are responsible for prevention in the area of safety at work, including inspections at individual workplaces. Personal protective gear is issued to company employees based upon its own risk assessment.

QUALITY OF THE WORK ENVIRONMENT

Quality of the work environment is regularly checked in Unipetrol Group companies by measuring work environment factors, especially occupational exposure to noise, chemicals, and dust on the basis of a categorisation of types of work. Measurements taken in 2008 have confirmed the declining number of cases where the admissible exposure limits and highest permissible concentrations are exceeded.

HEALTH CARE AND PREVENTION

Unipetrol Group companies have entered into agreements with physicians for the provision of preventive medical examinations, as required by legal regulations and by the decisions of the Public Health Inspection Service authorities.
A number of health programmes with emphasis on prevention are running in the Unipetrol Group companies. As an example, we can look at the activities of Česká rafinérská.

In 2007, Česká rafinérská achieved a sickness rate of 1.5%. Such a low level of short-term illness can be attributed to the long-term implementation of health support programmes. The main pillar of the health support programme in 2007 was the "Záda – žádná zrada" [Back on Track] project. Sixty employees participated in six mini-courses of the preventive fitness programme under the guidance of experienced physical therapists, mastering the principles of prevention and treatment of physical problems caused by unbalanced work loads, reduced variability of movement, hypokinesis, and mental stress. The campaign to encourage employees to engage in physical exercise included 12 company-wide athletic tournaments and other events, which were attended by over 250 employees and their family members. In 2007 Česká rafinérská was also one of the first companies in the Czech Republic to sign up for the "Move Europe" project. The organiser, "National Contact Centre of the European Network to Promote Health in the Workplace," declared Česká rafinérská the company of the month for May.

IX IMPORTANT MILESTONES OF THE UNIPETROL GROUP IN 2008

UNIPETROL

- Completion of the concept for implementing the Integrated Management System for the entire Unipetrol Group
- QMS, EMS and HSMS certifications under ISO 9001, ISO 14001 and OHSAS 18001

UNIPETROL RPA

- Successful defence of the right to use the Responsible Care logo of the Czech Chemical Industry Association
- QMS, EMS and HSMS re-certifications under ISO 9001, ISO 14001 and OHSAS 18001
- Emergency training exercise to test the effectiveness of the internal emergency plan in UNIPETROL RPA, s.r.o.

UNIPETROL DOPRAVA

- QMS, EMS and HSMS certification under ISO 9001, ISO 14001 and OHSAS 18001

BENZINA

- QMS, EMS and HSMS certification under ISO 9001, ISO 14001 and OHSAS 18001
- Supervision and upkeep of water protection schemes by partners at filling stations
- Stepwise implementation of the Benzina Plus programme
- Transfer of responsibility for selected maintenance clean-up work to the Czech Ministry of Finance

ČESKÁ RAFINÉRSKÁ

- Completion of the "Clean Fuels" programme
- Completion of the "Biofuels" programme
- Recertification under OHSAS 18001:2007
- Accreditation of the laboratories at Litvínov and Kralupy under ISO 17 025

PARAMO

- Successful defence of the right to use the Responsible Care logo and winning the "Sustainable Development Award" from the Czech Chemical Industry Association
- Paramo applied for subsidy from the funds of Operational Programme Environment (fifth call, Priority Axis 5 – Limiting Industrial Pollution and Mitigating Environmental Risks) for the project of "Refurbishment of the VR 28 Liquid Hydrocarbon Storage Tank" (area of support: 5.1).
- Paramo also decided to apply for subsidy under Operational Programme Enterprise and Innovation (the EKO-ENERGIE Programme) for the project of "Increasing the Energy Efficiency of a Heat and Power Plant through the Installation of TBG, Including Accessories".

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