

# E.ON CR Report 2010

May 2011



## Preliminary note

In May 2011, E.ON AG published its seventh Corporate Responsibility (CR) Report. With this report we offer a wide range of information that meets the various requirements of our stakeholders. Beginning 2008, our annual reporting has taken place in the Internet and are located at the first navigation level at [www.eon.com/responsibility](http://www.eon.com/responsibility). The E.ON AG CR Report 2010 consists of the channels "CR Approach" and "CR Performance." Essential portions of the CR Report 2010 have been independently verified by the auditing firm Pricewaterhouse-Coopers (PwC). This includes all web pages within the channels "CR Approach," as well as portions of "Performance" and key figures. Verified content is marked with the logo "Reviewed 2010." All web pages that make up the CR Report 2010 are summarized in this PDF. This offers the reader an overview of our activities for the year 2010. The creation date was May 3, 2011.

# Information folder

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## Taking responsibility and shaping the future

As one of the world's largest investor-owned power and gas companies, we have a special responsibility to society. Johannes Teysen, CEO of E.ON AG:

"Our responsibility to society lies in ensuring a safe, sustainable and affordable energy supply. In light of the terrible natural disaster in Japan and the resulting accidents at the Fukushima nuclear power plant, we once again need to engage in a candid and transparent discussion about the safety of our nuclear power plants and the transformation of our energy system. This discussion is more than just technical- it also involves society.

At E.ON, safety and security has always been about much more than just secure energy supply- even before the events in Fukushima. Safe operation of our sites, employee safety, and the safety of our nuclear power plants in particular remain our top priorities. Our business conduct as an international company is based on more than just safety issues: It is governed by our corporate values and our commitment to the principles of the 'United Nations Global Compact'. This includes our commitment to uphold human rights and binding international labor and environmental standards, as well as our commitment to the fight against corruption.

As an energy company, we have a special responsibility to help protect the climate. So we have set ourselves particularly ambitious goals in this area. To us, sustainability means working on energy concepts and helping to develop tomorrow's technologies today. Individual projects such as marine energy tests are just as important as new concepts for sustainable electricity generation, increasing the use of efficient technologies in households, and using electric vehicles in cities that will take shape in the decades to come.

How are we going to accomplish these tasks? And reach all the goals we've set? As ever, we rely on conversation and partnership with our stakeholders wherever we do business. When it comes to deploying forward-looking solutions for sustainable energy supply, acceptance in communities is just as important to us as political dialog on a national level."

### **In its 2006 Commitment, the E.ON AG Board affirmed the importance of our company's social responsibility:**

We behave responsibly towards our colleagues, customers, suppliers, the environment, and the communities where we live and work. We seek to improve lives everywhere we operate, aiming for a healthy, safe and sustainable environment. We consider the needs of the present generation and also anticipate the needs of future generations. Corporate

Responsibility (CR) is a fundamental part of the way we do business.

More specifically, at E.ON we:

- Are responsible for providing our markets with a secure, economic and climate-friendly supply of energy.
- Uphold the ten principles of the UN Global Compact on human rights, labor standards, environmental protection, and fighting corruption.
- Are committed to successful long-term development of the communities where we live and work.
- Report our achievements openly, reliably and self-critically. This includes making an appropriate and balanced presentation of our economic, environmental and social activities and achievements in line with the Global Reporting Initiative's current recommendations for sustainability reporting.
- Seek to engage in objective dialog about our activities and about the challenges our industry will face in the future.

Board of Management of E.ON AG, Düsseldorf, June 2006



✓ Reviewed 2010

## Committed to Ethical Principles

In the course of their activities, all employees at every level of the E.ON Group must comply with the clear rules laid down in our Code of Conduct. Derived from our core values, the Code of Conduct defines key principles and rules for legitimate and responsible conduct, especially when dealing with business partners and public officials.

### High Standards Underpin our Conduct

Every single one of our employees, especially those with managerial responsibility, is called upon to fully comply with our Code of Conduct in all processes, decisions and everyday work activities at all times. This also applies to meeting the extended Compliance requirements and the governing policies and standards. This obligation applies to E.ON AG in Düsseldorf and to all company units on both a global and regional level.

### Continually Reviewing and Improving our Code of Conduct

The implementation of and adherence to the Code is one of the major responsibilities of the Group's Compliance organization. In 2009, the Compliance organization thoroughly revised the Code of Conduct to produce an updated version, which has been in force since January 2010. The Code is supplemented by guidelines containing detailed provisions and instructions on how to deal with specific situations. Our employees can refer to these at any time. Our Code of Conduct covers the following areas:

1. Dealing with Business Partners, Third Parties and Government/Public Bodies
2. Avoiding Conflicts of Interest
3. Handling Information
4. Dealing with the Property and Resources of the Company
5. Environment, Occupational Health and Safety

### Our Code of Conduct as Part of Education and Training

Since 2007, our Code of Conduct has been included in introductory events for new employees and in management training modules conducted by the E.ON Academy. In 2010, we developed a special e-learning program for the revised 2009 Code of Conduct.

This will be implemented across the Group starting in 2011 to help raise awareness among our employees. In addition to this e-learning tool, we will also provide printed brochures so that employees without Internet access can conduct training in this area.

Information on this page has received a limited assurance engagement.

## Coordinated Initiatives for Sustainable Development

Sustainable development can only be achieved through the coordinated efforts of multiple actors in business, government and society. As one of the world's leading power and gas companies, E.ON is engaged in numerous initiatives. We are involved in an intensive, cross-sector dialog on corporate responsibility (CR), which also helps us to improve our own sustainability performance. In 2010 the Board of Management underscored our commitment by signing the "Code of Responsible Conduct for Business".

In this section we outline our involvement in the most important international and German sustainability initiatives.

### UN Global Compact

In 2005 E.ON joined the "Global Compact", a voluntary corporate citizenship initiative led by the United Nations (UN). Our membership represents a commitment to the UN to comply with ten defined principles in the areas of human rights, labor standards, environmental protection and anti-corruption. With the goal of advancing these standards, we participate in a variety of initiatives and working groups such as the "German Global Compact Network".

### World Business Council for Sustainable Development

The "World Business Council for Sustainable Development" (WBCSD) is a CEO-led international business initiative that focuses on energy and climate protection, ecosystem protection and fostering sustainable development. E.ON joined the WBCSD in 2007 and is involved in working groups such as the "Sector Project on Electricity Utilities". In 2010 the WBCSD published a study entitled "Vision 2050: The new agenda for business," to which E.ON and 28 other global corporations contributed.

### Enterprise for Health

"Enterprise for Health" is a network of international companies that are dedicated to developing a corporate culture based on partnership as well as modern corporate health management policies. The group meets twice a year to share best practices and discuss lessons learned.

### Econsense- Forum for Sustainable Development of German Business

"Econsense - Forum for Sustainable Development of German Business" is an association of leading, globally active corporations and organizations. This network was founded in 2000 as a think tank and dialog platform for sustainable development. Since that time E.ON has been involved in working groups focusing on topics such as transparency along the supply chain and assessing sustainability performance. Within the working groups, members discuss their experiences and develop joint approaches to achieving sustainability. In addition, our dialog makes an active contribution to shaping political and social decision-making processes.

## **Wirtschaft.Initiative.Engagement.**

In the "Business.Initiative.Engagement." (WIE- "Wirtschaft.Initiative.Engagement.") action group, companies work with state and civil society actors to develop solutions to the urgent challenges facing society. The initiative, which E.ON joined in 2007, aims to make the corporate citizenship of its members more effective, improve cooperation between the various stakeholders and sharpen its strategic impact.

## **Commitment to the "Code of Responsible Conduct for Business"**

In November 2010, E.ON and 20 other major German corporations signed a voluntary pledge to follow responsible business practices. This is an expression of our commitment to sustainable business conduct which has human welfare at its core. The code's declared aim is to rebuild the trust in the social market economy and business leaders that was lost as a result of the financial crisis. E.ON was involved in drafting these principles and is dedicated to applying the values and standards expressed by the code.

E.ON is also involved in national and international energy initiatives such as the World Energy Council and is a member of the World Economic Forum. Our global and regional units take an active role in local projects and networks.

Information on this page has received a limited assurance engagement.



WE SUPPORT

✓ Reviewed 2010

## Full Support for the UN Global Compact

In 2005 E.ON made a commitment to the ten principles of the "United Nations Global Compact". This means we fully uphold the observance of human rights, labor and environmental protection standards and are solidly engaged in the fight against corruption.

### **Stronger Global Structures**

Now into its tenth year, the Global Compact's vision of helping global business to advance in ways that benefit society and the environment has lost none of its relevance. This was reaffirmed by the "UN Global Compact Leaders Summit" in 2010. Far-reaching international and cross-industry cooperation is the only option if current and future crises are to be overcome. With this in mind, we are active in national and international Global Compact networks, for instance in Germany and Sweden, strengthening the structures that will help to master these challenges.

### **Platform for Dialog and Exchanging Ideas**

The Global Compact was launched in 2000 by then UN Secretary-General Kofi Annan to promote corporate social involvement and to help ensure that business makes a contribution to solving the growing challenges of globalization, in particular by meeting the UN Millennium Development Goals. The Global Compact is the largest corporate citizenship and sustainability initiative worldwide, with over 8,000 members, including 5,300 companies from 130 countries. It is also a global network that provides a platform for international dialog and the exchange of ideas.

### **The Basis for Group Policies and Standards**

We continue to strive to anchor responsible corporate actions permanently in our daily business activities. We are in the process of establishing and regularly updating a series of policies and standards based on the principles of the Global Compact. They include policies for environmental and climate protection, responsible procurement, occupational safety and community involvement, as well as our commitment to observing human rights. Thus in 2010 we signed off a number of new standards to tighten up our Health and Safety Management Policy. These minimum standards govern specific safety risks and include measures designed to prevent falls and dealing with electrical safety. Our policy for the responsible procurement of biomass, introduced in 2009, helps us prevent the negative impact of biomass production on the environment, land use, groundwater and biodiversity, as well as on local communities

and the food market.

### **Reporting on the Global Compact Principles**

When we became a signatory to the Global Compact, we undertook to publish an annual












Communication on Progress. Consequently, in our 2010 CR reporting, we also report on our progress in implementing the ten principles of the Global Compact. The table below provides links to our reporting on the respective Global Compact principles.

**Link:**

CoR [Company Report](#) (page)

AR [Annual Report 2010](#) (page)









### Principle 1: Support and respect the protection of international human rights

-  [E.ON - Human Rights Policy Statement of the E.ON Group \(PDF, 76 KB\)](#)
-  [E.ON - E.ON Responsible Procurement Policy \(PDF, 36 KB\)](#)
-  [Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards](#)
-  [Responsibility > CR Approach > Commitments > Code of Conduct](#)
-  [Responsibility > CR Approach > Commitments > UN Global Compact](#)
-  [Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement](#)
-  [Responsibility > CR Performance > Performance Report 2010 > Diversity](#)
-  [Responsibility > CR Performance > Performance Report 2010 > Safety](#)
-  [Responsibility > CR in Practice > Health and Safety](#)
-  [Responsibility > CR in Practice > Health and Safety > Occupational Health](#)
-  [Responsibility > CR Approach > CR Reporting > GRI Index > Social Indicators](#)

CoR (22-24)

AR (37 f.,165 f.)

### Principle 2: Make sure not to be complicit in human rights abuses

-  [E.ON - Human Rights Policy Statement of the E.ON Group \(PDF, 76 KB\)](#)
-  [E.ON - E.ON Responsible Procurement Policy \(PDF, 36 KB\)](#)
-  [Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement](#)
-  [Responsibility > CR in Practice > Responsibility Procurement](#)
-  [Responsibility > CR Performance > Performance Report 2010 > Diversity](#)
-  [Responsibility > CR Performance > Performance Report 2010 > Safety](#)
-  [Responsibility > CR in Practice > Health and Safety](#)
-  [Responsibility > CR Approach > CR Reporting > GRI Index > Social Indicators](#)

### Principle 3: Freedom of association and the effective recognition of the right to collective bargaining

-  [E.ON - Human Rights Policy Statement of the E.ON Group \(PDF, 76 KB\)](#)



- E.ON - E.ON Responsible Procurement Policy (PDF, 36 KB)
- Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards
- Responsibility > CR Performance > Performance Report 2010 > Responsible Reorganization
- Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement
- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > CR in Practice > Workplace
- Responsibility > CR Approach > CR Reporting > GRI Index > Social Indicators

#### Principle 4: Elimination of all forms of forced and compulsory labor

- ⚡ E.ON - Human Rights Policy Statement of the E.ON Group (PDF, 76 KB)
- ⚡ E.ON - E.ON Responsible Procurement Policy (PDF, 36 KB)
- Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards
- Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement
- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > CR Approach > Commitments > UN Global Compact
- Responsibility > CR Approach > CR Reporting > GRI Index > Social Indicators

#### Principle 5: Effective abolition of child labor

- ⚡ E.ON - Human Rights Policy Statement of the E.ON Group (PDF, 76 KB)
- ⚡ E.ON - E.ON Responsible Procurement Policy (PDF, 36 KB)
- Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards
- Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement
- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > CR Approach > Commitments > UN Global Compact
- Responsibility > CR Approach > CR Reporting > GRI Index > Social Indicators

#### Principle 6: Elimination of discrimination in respect of employment and occupation

- ⚡ E.ON - Human Rights Policy Statement of the E.ON Group (PDF, 76 KB)
- Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards
- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment
- Responsibility > CR Performance > Performance Report 2010 > Diversity
- Responsibility > CR Approach > Commitments > Code of Conduct
- Responsibility > CR Approach > CR Reporting > GRI Index > Social Indicators

CoR (22-24)  
AR (37 f., 165 f.)

## Principle 7: Support a precautionary approach to environmental challenges

- ⚡ E.ON - E.ON Global Climate Change and Environment Policy (PDF, 67 KB)
- Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR in Practice > Environmental Protection
- Responsibility > CR in Practice > Environmental Protection > Biodiversity
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Renewable Energy
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > International Climate Protection and Emissions Trading
- Responsibility > CR Performance > Performance Report 2010 > Technology Development
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement
- Responsibility > CR in Practice > Customer Orientation > Energy Efficiency for Customers
- Responsibility > Focus Topics > Carbon Footprint
- Responsibility > Dialog > Stakeholder Dialogs at E.ON
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > Power Forums at Staudinger
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > IUCN Cooperation

CoR (3-4, 10-11)  
AR (2-4, 43 f., 115-117)

## Principle 8: Undertake initiatives to promote greater environmental responsibility

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR in Practice > Environmental Protection
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > IUCN Cooperation
- Responsibility > Dialog > Stakeholder Dialog at E.ON > Arbeitsgemeinschaft Natur und Umweltbildung
- Responsibility > CR in Practice > Environmental Protection > Environmental Champions Initiative
- Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement

- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > CR in Practice > Customer Orientation > Energy Efficiency for Customers
- Responsibility > CR in Practice > Energy for Children
- Responsibility > CR Performance > Performance Report 2010 > Community Involvement

#### Principle 9: Encourage the development and diffusion of environmentally friendly technologies

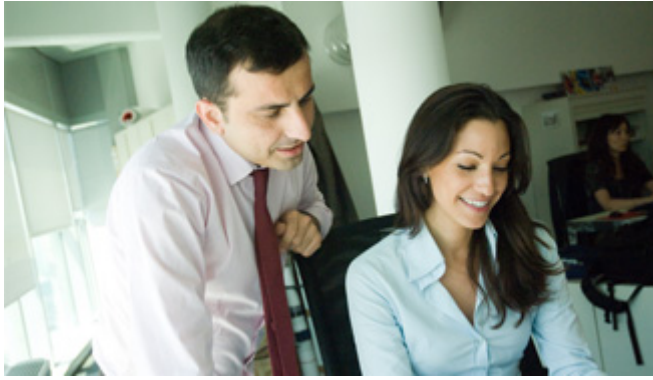
- Responsibility > CR Performance > Performance Report 2010 > Technology Development
- Responsibility > CR in Practice > Technology Development
- Responsibility > CR in Practice > Technology Development > E-Mobility
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Cutting Carbon Efficiently
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Natural Gas
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Nuclear Power
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Renewable Energy
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > International Climate Protection and Emissions Trading
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > CR in Practice > Customer Orientation > Energy Efficiency for Customers
- Responsibility > CR in Practice > Customer Orientation > Rewarded Energy Saving

AR (2-8, 14-15, 115-117)  
CoR (10-17)

#### Principle 10: Work against corruption in all its forms, including extortion and bribery

- Responsibility > CR Approach > Commitments > Code of Conduct
- Responsibility > CR Approach > Managing Our Responsibility > Monitoring and Compliance
- Responsibility > CR Approach > Managing Our Responsibility > Responsible lobbying
- Investors > Corporate Governance > 2010 Corporate Governance Report

Information on this page has received a limited assurance engagement.



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## Our Strategic Approach to Corporate Responsibility

At E.ON, Corporate Responsibility (CR) is fundamental to the way we do business. It is one of the pillars of our new cleaner & better energy corporate strategy and is defined by our Board Commitment- our binding undertaking to behave responsibly towards all stakeholders in our business, including future generations. Our goal is to be leading in CR -in the energy sector and beyond. The E.ON CR Strategy is the cornerstone of our commitment to CR. It provides the framework for all CR activities throughout the Group.

We implement our CR Strategy across the Group and ensure it is integrated on a global and regional level. In addition to our policies, standards and systems for Monitoring and Compliance, our five-stage CR Work Process also acts as a central tool to manage the different aspects of establishing responsible conduct.

Information on this page has received a limited assurance engagement.



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## Keeping our CR Strategy Up To Date

The E.ON Corporate Responsibility (CR) Strategy forms the basis and framework for responsible corporate action to be coordinated throughout the E.ON Group. It also provides the foundation for our management approach and complements our overall corporate strategy. The introduction of the Strategy has helped to raise awareness of CR and establish it as an important organizational area in all parts of the Group.

In fall 2010, we decided to fundamentally rework our existing CR Strategy. The following factors, each of which presents new opportunities and challenges in the area of CR, had an impact on this strategic realignment:

- Definition of cleaner & better energy as a new strategic focus at E.ON in November 2010.
- New approach as reflected by the realigned corporate structure of the E.ON Group.
- More consistent awareness of our various commitments (such as the UN Global Compact and those that form part of Managing our Responsibilities) and developments (such as ISO 26000).
- Meeting stakeholders' expectations (such as by providing feedback from SRI roadshows or publishing our Materiality Matrix).
- Development of a clear picture of our future tasks and goals upon conclusion of the CR Work Program 2008-2010.

Our aim is to adopt the new CR strategy by mid-2011.

Information on this page has received a limited assurance engagement.

## The E.ON CR Strategy until 2010

We developed our "old" CR Strategy - valid throughout the 2010 reporting period - in 2007, in a structured process and based on the objectives we formulated in 2006. We continued to update the Strategy over time. When developing the Strategy, we took into consideration both CR-relevant topics in our business environment and our annual materiality analysis. This process resulted in our three strategic work areas.

- **Organize:** building the framework for an effective CR approach  
Our CR experts find practical solutions and our employees support them in implementing our CR Strategy. Our CR organization establishes the structures required to make this possible.
- **Manage:** managing opportunities, risks and meeting expectations  
Tasks in this work area include the identification of CR-relevant risks and opportunities at an early stage and the introduction of mitigating or harnessing measures as appropriate. Our commitment to environmental protection, our employees' rights, our Code of Conduct, occupational safety and the struggle against corruption are all key elements in this area. We continue to place particular value on our employees' awareness and observance of our Code of Conduct.
- **Focus:** defining E.ON's CR profile more clearly  
We aim to be an industry leader and benchmark-setter in our key CR areas. This requires focusing on a selected number of topics where we feel we can - and need to - achieve positive results and benefit all involved parties.

### Five-stage CR Work Process

Furthermore, our five-stage CR Work Process serves as a central tool for implementing the strategy and work program.



- **Assess & Analyze:** In the first stage, we identify societal and sector trends, establish benchmarks, and assess risks and opportunities.

- **Plan & Prioritize:** We set priorities and develop strategies and work plans. To these, we then assign concrete goals, targets, and key performance indicators (KPIs).
- **Develop & Implement:** During this stage, E.ON harmonizes existing policies and standards, and creates new ones. Initiated by the Corporate Center, the rules and guidelines are implemented across our various market and business units.
- **Monitor & Control:** On the basis of KPIs, we check the implementation status and quality of our policies and standards. We also conduct regular audits.
- **Review & Report:** We continuously report on our activities in CR reporting and on our inclusion in CR indices, both internally and externally. With the help of best-practice examples, we also discuss the current status of our work.

### Three Core CR Principles

Our CR Strategy and CR activities are guided by three core principles: Stakeholder orientation, Integration and Leadership. They are designed to help secure E.ON's long-term business success by balancing our economic interests with societal expectations, environmental constraints and our stakeholder relationships.

- **Stakeholder orientation:** the basis for truly effective implementation of our CR Strategy and thus for long-term business prosperity. An open approach towards stakeholder expectations and concerns, twinned with transparency regarding our corporate performance, are essential ingredients of successful stakeholder relations.
- **Integration:** establishing responsible behavior as a vital part of all E.ON activities is a prerequisite for our long-term business success. The [CR Organization](#) accompanies and supports this integration. This work depends on efforts made by experts and on the commitment of all employees.
- **Leadership:** all of our stakeholders rightly expect this from E.ON. It is our ambition to take a leading role in responsible business conduct in the power and gas industry. With this in mind, we focus particularly on CR activities that set an example for our sector and create additional value for our stakeholders.

Information on this page has received a limited assurance engagement.

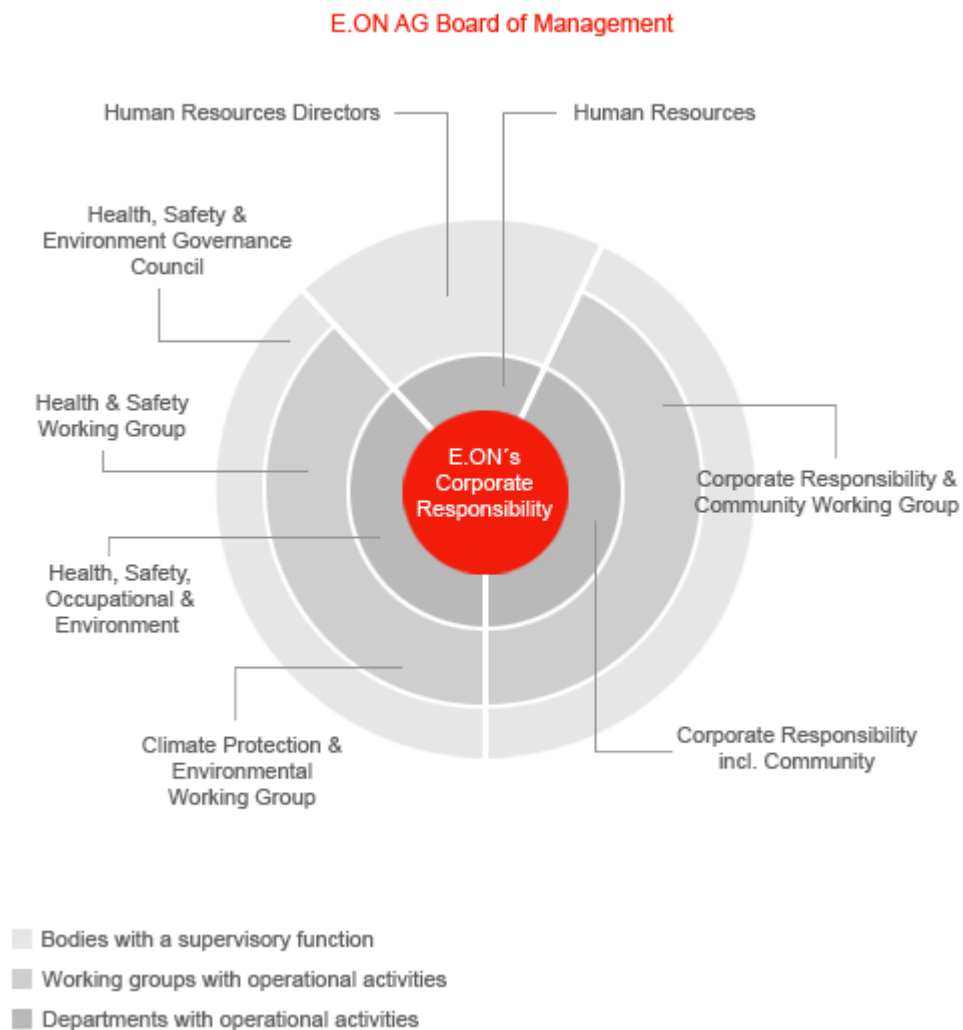


✓ Reviewed 2010

## Building a Robust Organization

In order to fully meet the complex social challenges that a global corporation such as E.ON faces, we have established clear responsibilities and structures. The aim of our Corporate Responsibility (CR) organization is to embed responsible conduct in the minds of our employees, making it a part of our everyday business and clearly defining responsibilities within the Group.

In order to root this in the Group across all levels and units, we continued to develop our CR organization in 2010. The following diagram gives an overview of this development, followed by additional explanations.



## **Integrating the Board of Management and Supervisory Board**

The Board of Management and the Supervisory Board are central decision-making authorities, have overarching responsibility for all CR activities and strategic guidelines, and are kept informed of CR activity at regular intervals. The head of the Corporate Responsibility department and the Board Member responsible for CR activity exchange ideas through regular reports and meetings. At least once a year, all Members of the Board of Management meet to discuss Corporate Responsibility, Climate & Environmental Protection, Health & Safety and Human Resources topics. Figures on safety, environmental protection and diversity are then incorporated into the Quarterly Board Report, which is delivered to the Board of Management.

## **Health, Safety & Environment Governance Council and Human Resources Directors**

The Health, Safety & Environment (HSE) Governance Council and the Human Resources Directors comprise members of upper management from E.ON AG in Düsseldorf and the market units. They are responsible for strategic decisions and general Group-wide guidance. These bodies make recommendations to the Board of Management and monitor the implementation of targets.

## **CR Organization at E.ON AG in Düsseldorf**

Within the E.ON AG organizational structure, corporate responsibility falls under the portfolio of Technology at the Board level. The Corporate Responsibility and Health, Safety & Environment departments are in charge of managing CR Strategy across the Group and organizing the implementation of the various programs on an operational level. These departments pool their expertise and, in partnership with the CR managers worldwide, drive forward the implementation of CR measures on all levels of the company. The Human Resources area manages our Group-wide HR activities.

## **CR Managers, Coordinators and Teams**

In order to implement our CR Strategy in the communities where we are based, each of our market units employed at least one CR and one HSE Manager in 2010. In addition to this, CR and HSE Coordinators have been nominated at a regional level in specific business units, especially in E.ON Energie.

In 2010, our many expert teams continued their successful work with our Market and business units to further integrate CR within the Group. These teams are chosen and headed by a CR or HSE manager, and comprise employees from a variety of divisions.

As of the start of 2011, the E.ON Group units have a new organizational structure. Instead of market and business units, there are now five global units which are responsible for the following five business areas: Conventional Generation, Renewables Generation, New Build & Technology, Global Gas, and Trading. There are also twelve regional units in charge of operational business in Europe. We are working on bringing CR responsibilities into line with this reorganization on a global and regional level.

Information on this page has received a limited assurance engagement.



✓ Reviewed 2010

## Finding a Way Forward Together

To provide an effective CR Strategy for a company of our size, we need to ensure it is comprehensively and uniformly implemented throughout the Group. So our goal is to align the actions of our units with the Group-wide CR Strategy by supporting both new and existing units to act in socially responsible ways.

### In summary, the process seeks to:

- demonstrate the importance of responsible business behavior to our long-term business success;
- highlight to our employees Group-wide the importance of E.ON's CR Strategy and their stake in it. It is therefore crucial that the CR Strategy and its relevance is understood, accepted and supported by decision makers at the management level and by the departments entrusted with implementing it;
- promote a willingness among all employees to implement the Strategy, to live by its principles and to communicate them both inside and outside the workplace;
- provide a framework for measurable progress in CR Strategy implementation and performance monitoring;
- challenge employees to adapt the framework to regional and local conditions in a manner consistent with the CR Strategy.

### Integration in Three Steps

In recent years, E.ON has acquired new companies in different countries and integrated them into the Group. In cases like this, levels of awareness regarding CR-relevant issues vary greatly depending on both the company and the specific issues at hand. Our CR management team places great value on successively involving these new firms in our CR Strategy and its implementation.

To this end, E.ON is focusing on three major action steps to make the alignment and implementation of the CR Strategy across different companies in the Group as effective as possible.

- **Facilitating:** In the first step, the CR team of E.ON AG in Düsseldorf, Germany, helps support companies on a global or regional level by facilitating the transfer of CR expertise. This is done in close coordination with local CR managers. The goal is

to give our employees a greater understanding of the importance of CR for E.ON's business by explaining the overall CR Strategy, its core principles, and its strategic work areas.

- **Supporting:** Building on the first step, the CR team supports companies on a global and regional level in achieving the best possible practical implementation of the Group-wide CR Strategy in national and local CR initiatives.
- **Monitoring:** In the third and final step, the implementation of CR in the respective companies is reviewed. During this process, discussions with local CR and business management take place. Adjustments are made as necessary.

Information on this page has received a limited assurance engagement.



✓ Reviewed 2010

## Our CR Program: The Framework for Our Actions

To successfully integrate corporate responsibility (CR) into our business activities, it is essential for us to have a clear, long-term objective for the whole Group, to address major CR-relevant issues, and to have a CR Strategy that reflects this approach. CR plays a vital role in the long-term implementation of the new E.ON cleaner & better energy strategy. This also includes promoting awareness of CR-relevant issues and their significance in all units of the Group.

To us, being socially responsible is a continuous process characterized by transparency and traceability. Since 2005, we have regularly announced binding, Group-wide CR Work Programs. These give a clear overview of our goals and the measures we intend to use to achieve them.

### **Goals achieved in 2010: Strategic profiling and integration into business processes**

We completed our CR Program 2008-2010 at the end of 2010, having established the processes and structures that it called for. In consolidating the results, we have displayed these separately for each subject area for 2010. For a summary of our achievements, please see the PDF file "CR Work Program 2008-2010", which can be found in the "Downloads" area in the right-hand margin of this page.

### **New CR Program 2011-2015: Approach based on updated CR Strategy**

At the start of 2011, we began developing a new CR Work Program for the next five years. There are certain measures from the Program 2008-2010 that we want to continue with. In addition, we will define new goals, issues to focus on, and measures for implementation, and adapt these to the guidelines in the new CR Strategy.

Information on this page has received a limited assurance engagement.

## 2008 – 2010 Measures

## Review

### Overall CR Management

Continue development of CR organization at all levels

The CR and HSE organization is established at Group level and will be adapted to the new E.ON organizational structure from 2011 on.

Develop a set of core indicators to track CR performance and support business decision-making

A set of indicators for internal control and external reporting has been developed.

Develop training and other measures to stimulate a culture of responsibility across the Group

A set of dedicated CR training activities has been developed and implemented. Examples include the Safety Academy, the Group-wide E.ON Environmental Champions program and the Code of Conduct e-learning program.

Develop a strategic CR profile in line with the CR Strategy and test with stakeholder groups

The CR profile topics „Next Generation“, „Climate Change“ and „Access to Energy“ were developed in line with the CR Strategy 2008-2010.

Implement appropriate Environmental and Social Impact Assessments in relevant parts of the business and integrate results in business decisions

A comprehensive analysis of our business activities (Sustainable Impact Assessments - SIA), including social and environmental aspects, is applied in project management processes for the construction of new power plants.

Develop and implement an overall stakeholder management strategy

There are ongoing dialogs on CR topics lead by the relevant departments. An NGO Engagement Workbook has been developed and contacts with selected NGOs are ongoing, including a cooperation agreement with the International Union for Conservation of Nature (IUCN) for the protection of marine ecosystems.

Annual CR performance reporting

E.ON has published CR Reports since 2005. Since 2008, these CR Reports are internet-based and are audited in selected areas.

Assess business ethics risks and prepare an action plan

Corruption and bribery risks have been incorporated into procurement processes and included in CR audits. The area of ethics has been included in the E.ON Code of Conduct and incorporated into regular corporate audit activities.

## 2008 – 2010 Measures

## Review

### Overall CR Management

Implement Responsible Procurement Policy through risk assessments and training courses

A policy for coal, uranium and biomass procurement has been implemented. The area of ethics has been included in the E.ON Code of Conduct. Supplier audits and events are carried out in addition to the usual quality standards. There are regular training sessions for purchasers, CR managers, auditors and traders.

Assess corporate risks related to human rights and labor rights violations

The E.ON Human Rights Policy Statement has been developed. Human rights issues have been incorporated into procurement processes and included in CR audits.

### Marketplace & Community

Develop a responsible products and services strategy

E.ON offers different responsible products and services Group-wide. These are developed both centrally at E.ON AG in Düsseldorf and in regional units, with the aim of meeting the needs of the respective customer as best possible.

Support for vulnerable customers in our retail markets

A Group-wide unilateral commitment to supporting vulnerable customers has been agreed and its demands implemented on a regional level.

Embed CR elements in our Group-wide sponsorship strategy

CR has been integrated into E.ON sponsorship activities. The new sponsorship handbook covers community involvement on a regional level.

Develop and roll out Group community involvement strategy

A Group-wide regional community involvement strategy has been developed. There are well-established programs and initiatives in place in this area in all countries where E.ON operates.

Develop appropriate community programs to support existing E.ON assets and new-build projects

There are visitors centers for all new build projects, as well as dialogs with the general public and increasingly so for the immediate neighborhoods of our sites.

Develop programs to address community energy safety issues in various countries

A Group-wide Public Energy Safety Standard has been agreed as part of our Safety Policy.

## 2008 – 2010 Measures

## Review

### Marketplace & Community

Implement the “Energy for Children” program

The „Energy for Children“ program has been introduced Group-wide. Staff from over 1,700 day care centers have been trained as part of this flagship project in Germany.

NEW: Coordinate employee volunteering activities

A guideline has been developed to promote employee commitment on a regional level. Volunteering programs have been implemented in various countries.

### Climate Protection & Environment

Develop a Group-wide climate protection and environment policy, assess current implementation of management systems and determine Group-wide application of a management system

A Group-wide policy for climate and environmental protection (E.ON Global Climate Change and Environment Policy Statement) has been developed, and appropriate management systems implemented in all operational units.

Assess the impact of climate change on E.ON assets

Risks resulting from climate change or adaptation to climate change have been included in E.ON's risk mapping.

Develop a Group-wide biodiversity assessment and policy

Biodiversity has been integrated into the E.ON Global Climate Change and Environment Policy Statement. Biodiversity is also part of the comprehensive analysis of our business activities (Sustainable Impact Assessment, SIA) undertaken for new infrastructure projects.

Identify targets for advanced emission standards at newbuild coal-fired power plants

Targets for advanced emission standards have been developed. All new coal-fired power plants and those under construction in 2010 meet these targets.

Develop an E.ON guideline on Lifecycle Analysis (LCA) for products, services and technologies to analyze environmental impacts

A guideline for analyzing the environmental impact of new processes, products, services and technologies has been developed.

Develop Carbon Accounting Processes for E.ON

A new accounting process for Scope 1, 2 and 3 greenhouse gases has been implemented.

## 2008 – 2010 Measures

## Review

### Health & Safety

Evaluate reports on incidents in hazardous industries (e. g. Baker report) and draw conclusions for E.ON

The relevant reports have been analyzed, critical points identified, and safety trainings revised accordingly. As a follow-up project, E.ON is developing a guideline to address process/plant safety issues Group-wide.

Conduct safety assessment on all Top Executive Group members (Safe.TEG project) and facilitate action plans for individuals and for market units

As an outcome of the Safe.TEG project, training sessions have been held for executives and senior management. Senior management pays great attention to overarching health and safety issues, and also acknowledges this to employees and the public. Observation of healthy and safety issues is promoted by including executive and senior management in executive incentive schemes, among other measures.

Develop and implement a Group safety management system

Group management adheres strictly to the Occupational Health & Safety Management guidelines. Continuous improvement is the system's guiding principle. Almost 80 percent of our sites have already attained OHSAS 18001 certification or are on track to do so.

Develop and implement harmonized, Group-wide minimum safety standards

A set of eight corporate H&S Standards has been developed and approved by the E.ON HSE Governance Council.

Develop a policy regarding contractors' and subcontractors' safety performance

A corporate H&S standard on „Contractor and business partner management“ has been developed and approved. Implementation and dedicated trainings are ongoing.

Develop and implement a central incident reporting system (injuries, near misses and hazardous occurrences)

An HSE incident notification and reporting module has been developed. Group-wide implementation is ongoing.

Assess the current situation of health management in the Group

The assessment has been completed. Its results form the basis for further steps and will also influence the Group-wide health strategy.

Develop a Group-wide health strategy and policy

Health management is in development, as it will form a major part of our revised Group-wide Health & Safety policy.

## 2008 – 2010 Measures

## Review

### Health & Safety

Develop a health management toolkit

The health management toolkit has been developed. General health issues will be addressed annually Group-wide.

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Assess the current situation regarding Group diversity management

Promoting and supporting diversity is important to E.ON as an international company. In particular, defining specific targets and establishing support programs has significantly promoted the advancement of women.

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Develop an aging workforce action plan

The „aging workforce“ issue has been integrated into various parts of the HR strategy, such as health management, work-life balance, and employability.

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The CR Work Program comprises the objectives and measures of the Corporate Responsibility, Climate Protection & Environment and Health & Safety departments at E.ON's Group Management.

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✓ Reviewed 2010

## Focus on Themes Through Materiality Analysis

Our stakeholders have many requirements, which give us important points of reference for our CR practice and reporting. As part of our CR Strategy, we therefore regularly analyze in a systematic process those issues most important to our stakeholders. Since 2006 we have published the results annually in a Materiality Matrix, which we also use to develop our strategic CR approach.

### **Evaluating Internal and External Sources**

As a first step we collect issues from individual groups through stakeholder dialogs, opinion polls and feedback from our topic requests, as well as researching external sources. Simultaneously, we survey experts in various of our departments as representatives of stakeholder groups about topics of interest to them in 2010. This also allows us to feed our stakeholders' concerns into the Group and integrate them in our management processes.

### **Systematic Weighting**

We assess the topics during the information-gathering stage according to their urgency for specific stakeholder groups and all stakeholders collectively. In this we take individual evaluations into account, for example exactly when specific issues are highly important to a particular stakeholder group. We subsequently enter each topic into the Materiality Matrix according to our assessment of its relevance; the Matrix shows the relationship between a topic's relevance to stakeholders (on the y-axis) and to E.ON (on the x-axis). Weve also added a selection of links to the Matrix with supplementary information. Additionally, this year we've chosen to present topics in bullet-point form: this presents information more precisely compared to allocating them into the four fields of the Matrix as we previously did.

For a larger interactive view please click the link in the right-hand column.



For an interactive enlarged view, please click on the link in the right column.

### Changes in Materiality since 2009

Compared to 2009 there are some changes in the Materiality Matrix which are due to changing stakeholder priorities and a refined analysis methodology. New issues have come to the fore, existing ones have been expanded and sub-topics have been divided or removed from the Matrix. At the same time, we've created a better focus for the topics through the creation of new groupings, reducing their number and giving them a sharper profile. For example, we have combined Effects of Climate Change, Greenhouse Gas Emissions and International Climate Protection into Climate Protection in this year's Matrix, making it one of the three most important topics. You can find further information about the topic groups through the links in the interactive Matrix. Top of the agenda are also Energy Efficiency, Pricing and Balanced Energy Mix. Other highly-rated issues are Renewables, Innovation as well as Corruption & Bribery, whereas Attractive Employer, Supply Reliability and Customer and Product Safety lost relevance compared to the previous year.

In our choice of Focus Topics in the current CR Report 2010 we considered the assessments from the Materiality Matrix in an internal workshop.

Information on this page has received a limited assurance engagement.



✓ Reviewed 2010

## Core Policies and Standards

We recognize our global and societal responsibility as one of the core values of E.ON's corporate culture and have established clearly defined policies to embed this. These policies apply Group-wide, to individual companies in which we are majority shareholders as well as to processes and shareholdings for which E.ON bears operative responsibility. Contractors and suppliers are required to meet our minimum standards when working on our behalf.

Our policies and standards are an integral part of our overall CR Strategy and define a binding operational framework that supports us in achieving our objectives. As we are faced with ever-changing challenges, our policies continually evolve to meet these challenges consistently across the Group.

Our policies and standards govern the following five areas:

- Environmental Management
- Human Rights
- Responsible Procurement and Biomass Purchasing
- Health and Safety
- Community

More detailed information on the individual policies can be downloaded from the links in the right-hand margin of this page.

### **Environmental Management**

We recognize that the energy we produce and supply has a significant impact on the environment- globally from our greenhouse gases, regionally and locally. We work continually to mitigate and reduce this impact. We are also committed to providing our customers with energy efficiency advice in line with our commitment in the E.ON Global Climate Change and Environment Policy Statement, which came into effect in October 2008. As part of this, our Environmental Management Group Policy details the ambitious minimum climate change and environmental protection targets we have set ourselves, which often go beyond legal requirements. In detail, the Group Policy:

- Describes how our environmental and climate protection activities are organized,
- Sets out the minimum requirement we apply, and
- Defines the basic framework for environmental management at E.ON.

All of our subsidiaries that have a significant environmental impact are required to have a certified Environmental Management System (EMS) that fulfils the criteria of the EN ISO 14001 (or European EMAS II) standards. E.ON operational units using any other EMS must adapt their processes accordingly.

### **Human Rights**

It is E.ON's responsibility to raise awareness of human rights issues among our employees and to encourage them to safeguard these rights. This is why we work together with our suppliers, contractors, employees and managers to increase their ability to protect human rights. In brief, as laid down in the Human Rights Policy Statement of the E.ON Group which came into force in November 2008, we ensure:

- diversity and equality in the workplace;
- the provision of a good and safe working environment;
- freedom of association and collective bargaining;
- the exclusion of child and forced labor;
- the protection of local communities and indigenous peoples.

### **Responsible Procurement**

Price and performance are important factors when it comes to making procurement decisions- but E.ON also takes its suppliers' environmental and social standards into careful consideration. We therefore carry out audits at our suppliers' facilities to monitor their CR standards. Not only that, we create risk profiles for our suppliers as part of the E.ON Responsible Procurement Policy, valid since March 2007.

The Policy provides overarching guidance for procurement and is augmented by specific guidelines such as the new responsible biomass policy. The Responsible Procurement Policy's principal objectives for our contractual partners, as suppliers of goods and services, are to:

- ensure human rights are respected and ensure appropriate working conditions for employees;
- minimize the environmental impact of our business;
- maintain high standards of ethics and business integrity.

### **Biomass Purchasing**

E.ON increasingly uses biomass for energy generation, thereby offsetting the use of coal or other non-renewable resources. Biomass as a fuel provides business opportunities. However, biomass purchasing and trading also carries societal, environmental and reputational risks. E.ON addresses these risks through the Biomass Purchasing Amendment to the E.ON Responsible Procurement Policy. The Amendment has been in force since November 2009 and establishes:

- what types of biomass may be used for energy and biogas generation, and under which conditions;
- a ban on the use of human food as biomass for the above purposes;
- that the use of animal feed and renewable crops grown as energy sources and agricultural residue for fuel is only permitted within the corresponding national or EU legal boundaries- and only insofar as it does not distort local or global price stability and security of supply;

- that timber and other forestry products may only be used for energy and biogas generation insofar as they are certified to meet corresponding international standards such as FSC and PEFC.

### **Health and Safety**

Our goal is to make E.ON the safest company in the energy sector wherever we operate. The health and safety of our employees is of paramount importance to us. The E.ON Health & Safety Policy Statement, in force since October 2008, establishes a comprehensive process for monitoring safety performance and describes E.ON's organization of occupational health and safety. E.ON's subordinate Safety and Occupational Health Management Group Policy sets out the minimum standards that we require Group-wide and from our contractors.

In 2010, E.ON defined mental health as a special Group-wide focus. E.ON examines issues relating to mental health both from a purely psychological perspective and in combination with physical health problems. We aim to reduce illness and absenteeism rates, thereby increasing our productivity.

### **Community**

The community framework has been in place since 2007. We recognize that our success as a company is directly tied to the well-being of the communities where we operate. Our objective here is to be leaders in Corporate Community Involvement- with a strategic focus on supporting local programs related to our electricity and gas business. Those programs address energy needs, energy education and climate change issues of global concern. Key Community initiatives running globally cover areas such as: Energy for Children, Employee Involvement and Vulnerable Customers.

Information on this page has received a limited assurance engagement.



## With Arguments for Better Parameters

It is part of our responsibility as a company to evaluate the consequences of the economic, energy and environmental policy decisions that affect our corporate strategy and to communicate the results of our analyses to policy makers. One motivating factor for political dialog is achieving more certainty for planning investments. We continuously develop and test new technologies to respond effectively to the challenges of a sustainable, eco-friendly society. To accomplish this efficiently and on a large scale, we need official support.

Lobbying is part of the democratic process. It is legitimate and necessary for companies, scientific institutions and other interest groups to seek dialog with policy makers to advocate for their interests. For this reason, most countries and the European Union have laws that clearly define its place in the legislative process. But that is not all- pursued responsibly, political dialog can make a contribution to the development of society. Companies often provide government officials and administrators with expertise from their scientists or research divisions that form the basis for important decisions. At the same time, it is essential that lobbying is carried out in a responsible manner. This is why we have developed the following parameters, which we adhere to scrupulously:

### **Transparent Processes**

Our corporate communication guidelines define standards for information conveyed by E.ON and regulate responsibilities, processes and instruments. This includes management systems for information and political dialog, which guide the company's representatives in structuring their lobbying work in a transparent and aboveboard manner.

### **Truthfulness**

In addition, our guidelines define how we disseminate information. We neither release nor distribute selective information or misleading publications containing inaccurate or incomplete facts. If this should happen unintentionally, we issue a correction immediately.

### **Laws and Regulations**

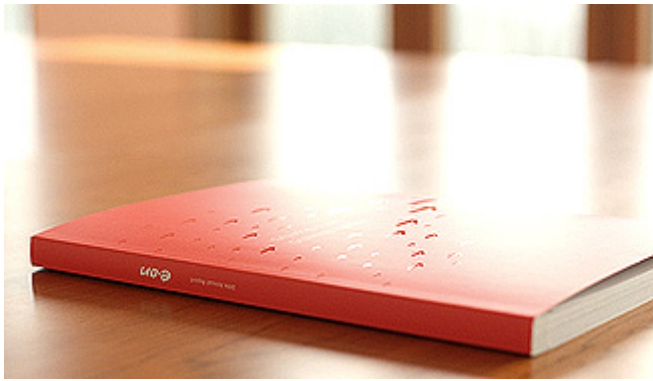
E.ON respects the provisions of European law and national legislation. We follow the applicable regulations when participating in committees and political working groups. Furthermore, E.ON is an active member of numerous associations and initiatives and abides by their rules. We use the European Parliament's accreditation procedure for lobbyists to register our representatives to the EU. At present E.ON and other companies are lending our support to an initiative to introduce a similar accreditation process in Germany.

## **Self-imposed Commitments**

In all of our activities, E.ON adheres to our principles of ethical behavior. One example of this self-imposed commitment is the E.ON Code of Conduct. The standards for responsible conduct laid out in this code underpin and guide the behavior of every employee.

## **No Unfair Influence**

Our Guidelines on Benefits state that we will give no gifts or grant other benefits to government officials that could convey even the slightest impression of trying to influence the decision-making process or arrange a quid pro quo. Targeting policy makers with gifts or contributions in anticipation of pending official decisions is categorically forbidden. We respect the dignity of the individual and their right to form an opinion independently.



✓ Reviewed 2010

## Continuing to Develop Responsible Business Practices

All of E.ON's business activities are founded on our solid commitment to business ethics and Corporate Responsibility (CR). These represent an integral part of our corporate culture. A token of this commitment is our decision to uphold the aims of the United Nations Global Compact, which we signed in 2005. By setting standards for responsible business actions, the Global Compact also establishes important criteria with which we can shape the direction of our company's CR activities. This also includes our internal systems for Monitoring and Compliance, which provide us with the necessary orientation to achieve responsible business practices.

### **General Governance Approach**

E.ON sees corporate governance as the basis for responsible and value-oriented company management. Excellent corporate governance is essential to the sustainability of our operations and our continued business success. This encompasses our business principles, our organizational, management and supervision practices, and our internal and external control mechanisms.

### **Risk Management Monitoring**

Forward thinking and effective risk management are prerequisites for a company's success. Our risk management system thus aims to identify potential risks early on and systematically guide our decision-making. We have incorporated appropriate measures into E.ON's overall organizational structure, including Group-wide guidelines, a standardized strategy, planning and controlling processes, producing separate risk reports and establishing a Risk Committee. The effectiveness of our Early Risk Warning system is reviewed regularly by our Internal Audit Department- and, as required by law, also by our statutory auditors.

### **Reporting Compliance Violations**

Every employee in every part of the Group can report suspected breaches of compliance- anonymously, if desired- to the Chief Compliance Officer (CCO) of E.ON AG. To facilitate this, we set up a whistleblowing system in 2010, run by a law firm on behalf of E.ON. Employees can report violations by e-mail to a dedicated global address, or by calling the whistleblowers' hotline, available in 16 countries in the national language. External lawyers receive these reports, and can then pass them on anonymously to the CCO

where appropriate. Using an external law firm as a neutral body gives whistleblowers extra security to report suspected violations without fearing negative consequences or reprisals. This also makes it possible for whistleblowers to communicate anonymously with the CCO and respond to further inquiries by using the external lawyers as a third-party conduit.

### **Compliance Organization: Ensuring Rapid Action through Local Compliance Officers**

Every E.ON business unit, on both a global and regional level, has a Compliance Officer who reports directly to the Chief Compliance Officer at E.ON Group headquarters. The unit in which a Code of Conduct or Compliance rule is breached is immediately responsible for investigation, cessation and sanction of the breach. Compliance Officers at units then immediately file reports about alleged breaches, inform the CCO, and agree on the results of the investigation and necessary follow-up measures together with the CCO. Corporate Audit has an obligatory involvement in all of these investigations.

### **The Areas of Activity of the Chief Compliance Officer**

The CCO reports to the E.ON Board of Management and the Audit Committee of the Supervisory Board on compliance-related issues. These issues are antitrust law, capital market law and insider rules, fraud, corruption and the Code of Conduct. The CCO is also responsible for updating the Code of Conduct and the compliance regulations on a regular basis. The Compliance Committee advises the CCO in this regard. Decisions regarding amendments to the Code of Conduct and other compliance regulations are made by the Board of Management.

The CCO also determines the structure of the compliance organization applied in individual units and prioritizes corresponding compliance goals together with the units. The ongoing implementation of compliance standards is then monitored by Corporate Audit worldwide.

### **E.ON Supports Fair Competition**

Since the deregulation of energy markets at the end of the 20th century, E.ON has established itself as a successful performer in a competitive market environment. Competition compliance means adhering to national and international competition rules on issues such as collusion with competitors on price, customers or capacity, and the division of regional markets.

### **An Expert Team for Corruption Monitoring and Fraud Detection**

We strive to operate our business in a way that avoids all forms of corruption. As part of our compliance framework, we have created an expert Fraud Detection and Investigation team within the area of Corporate Audit. This team is a key element in E.ON's efforts to fight corruption and fraud. As part of our commitment to the UN Global Compact, we have pledged to combat all forms of corruption worldwide, and have embedded this in our CR Strategy and our Code of Conduct.

Information on this page has received a limited assurance engagement.

## Our Reporting Approach - Overview

Since 2008 E.ON AG's annual Corporate Responsibility (CR) reporting has mainly appeared online. You can access all content on the first navigation level at [www.eon.com](http://www.eon.com) under "Responsibility". Old reports are available in the [Archive](#).

We strive to ensure balanced reporting of the environmental, social and commercial aspects of our business activities. As we do so, we feel it is important to present a transparent and comprehensive overview of our strengths and weaknesses. In selecting the topics for our CR reporting we are guided by the key CR topics in our [Materiality Matrix](#).

### General Structure of our Online Reporting

The web pages under the headings of [CR Management](#), including Reporting and [CR Performance](#) are the core of E.ON AGs CR Report 2010. Other headings, [Dialog](#), [Focus Topics](#) and [CR in Practice](#) are intended to provide additional information that complements the CR Report 2010.

Several web pages in the Responsibility channel contain links to other Group pages with information on CR topics. The Responsibility channel provides a platform on which we present our commitment in depth. This explains why our online reporting is more detailed than the publications available for download, such as the E.ON CR Reporting 2010 PDF file.

In 2011 our print publications also include a [CR Magazine](#) which will appear in June. It supplements our in-depth reporting online and picks up on the [Focus Topics](#) presented there.

We also present information on how E.ON meets its social responsibilities in a number of other publications, such as the Annual Report and our Strategy & Key Figures brochure.

### CR Report 2010: Progress in the Reporting Period

Our reporting is aligned with the guidelines of the [Global Reporting Initiative](#)(GRI), in which we have included the Electric Utilities Sector Supplement. At the same time, our CR reporting is also our progress report with reference to the United Nations [Global Compact](#). In 2010 we added to our CR reporting other key figures in line with the German Association for Financial Analysis and Asset Management (DVFA) and the European Federation of Financial Analysts Societies (EFFAS) standards. This is intended to increase our reports comparability and to make access to information easier for financial communities interested in CR issues. We are one of the first companies in Germany to offer standardized [ESG key figures](#).

### CR Report Audit

As in previous years, key aspects of the CR Report 2010 were [verified](#) by auditors PricewaterhouseCoopers (PwC). This includes most of the web pages under the headings of [CR Management](#) as well as parts of the [CR Performance](#) section with key indicators. Verified content is marked with "Reviewed 2010"; it is valid until publication of the next CR Report and will not be updated during the course of the year.

### Continuous Updates for Web-based Reporting

For a more flexible response to developments in the reporting period we use the capabilities of the Internet and update our online content under the headings of Dialog, Focus Topics and CR in Practice. This supports our aims of establishing the Internet as a central information platform for our stakeholders and offering better dialog opportunities.

### **Reporting Approach**

The CR Report published by E.ON AG in May 2011 is the Group's seventh successive report. It covers the period from January 1 to December 31, 2010, and is available in German and English. The copy deadline for the established content for the CR Management and Reporting pages of the report was March 31, 2011. The next CR Report will be published in the second quarter of 2012.

Target groups for our CR reporting are our investors, rating and ranking agencies, CR opinion leaders, such as decision makers in the fields of politics, civil society and science, and our employees. Feedback from the different user groups, such as that which we received in response to our 2009 reporting, is continuously evaluated and the findings are fed into the creation process for our various publications.

The E.ON CR Report is a Group report. Its object is E.ON AG, including any shareholdings it holds directly. At year-end 2009 the Group structure was renewed. Existing market and business units were transferred to global and regional units, although for the 2010 reporting period and earlier, the previous names are valid. As we sold the U.S. Midwest market unit during the course of 2010, we have adjusted our consolidation basis for Group-wide CR key figures and deducted the unit retroactively to 2008 (as in the Annual Report). Through this, we intend to achieve better comparability of our CR performance on the Group level. As part of our E.ON cleaner & better energy strategy, we have deliberately strengthened the Group level and only take into account CR issues from our regional and global units where they have relevance for Group reporting.

Any exceptions to this are marked accordingly. The information in the report invariably relates to all subsidiaries and power plants in which E.ON has a majority holding and which are fully consolidated in the financial statements.

To improve legibility, we avoid using double-gender pronouns.

Information on this page has received a limited assurance engagement.

# Independent Assurance Report<sup>1</sup>

To E.ON AG, Düsseldorf

We have performed a limited assurance engagement on selected areas of the Corporate Responsibility Reporting 2010 of E.ON AG, Düsseldorf. The CR Reporting is released as an online version on [www.eon.com/responsibility](http://www.eon.com/responsibility)<sup>2</sup>

Based on our assignment, our assurance engagement has been applied to the websites under the heading of CR Approach (the "CR Approach websites") as well as selected performance indicators on the Performance Report 2010 sections ("the CR Performance websites"). For better traceability content reviewed by PwC is marked with a "Reviewed 2010" sign.

## Management's Responsibility

E.ON AG's Board of Managing Directors is responsible for the preparation of the CR Reporting in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the Global Reporting Initiative (GRI)

- Materiality,
- Stakeholder Inclusiveness,
- Sustainability Context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability, and
- Reliability.

This responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the CR Reporting and the selection and application of appropriate methods to prepare the CR Reporting.

## Practitioner's Responsibility

Our responsibility is to express a conclusion based on the work we performed as to whether any matters have come to our attention that cause us to believe that the "CR Approach websites" and selected pages and performance indicators on the "CR Reporting websites" have not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI. We have also been engaged to report on recommendations for the further development of CR Management and CR Reporting on the basis of the results of this engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement such that we are able to express our conclusion with limited assurance.

In a limited assurance engagement the procedures for gathering evidence are less

comprehensive than in a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

The procedures selected depend upon the practitioner's judgment. Within the scope of our work we performed amongst others the following procedures:

- Interviews with representatives of the Corporate Responsibility department in charge of the preparation of the CR Reporting on the process of establishing the group-wide CR Reporting 2010 and internal controls supporting this process.
- Interviews with management of specialist departments in charge of Corporate Responsibility, Health, Safety, Security & Environment, Community Involvement, Technology and Innovation und Human Resources Controlling.
- Inspection of documents describing the CR Management approach and the CR Work Program.
- Review of E.ON's materiality process to determine relevant topics for the CR Reporting 2010.
- Examination of definitions on selected CR Indicators and review of documentation of requirements on the group-wide processes for collecting, analysing, and aggregating CR Data.
- Site visits at Group Management in Düsseldorf as well as the Regional Units Germany, Sweden, Russia, Italy and the Global Units Global Gas and Trading as part of our sample assessments of relevant systems and processes.
- Evaluation of the consistency of the statements provided on the "CR Approach websites" with the findings obtained during our engagement.
- Coordination with the statutory auditors at E.ON AG with regard to audit procedures performed as part of the 2010 statutory audit of the annual financial statements and the consolidated financial statements on indicators adopted for the CR Reporting and use of this relevant work.

## **Conclusion**

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the "CR Approach websites" and selected pages and performance indicators on the "CR Performance websites", have not been prepared, in all material respects, in accordance with the above-mentioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI.

## **Additional Recommendations**

Without qualifying our conclusion above, we express the following recommendations for the further development of CR Management and CR Reporting:

- We recommend to E.ON continuing the development of a Group CR Strategy and a Group CR Program including ambitious qualitative and quantitative medium and long-term targets. The CR and HSE organisation should support and monitor the roll-out to the Global and Regional Units.
- We recommend establishing a group-wide steering body to amend the CR organisation with regard to the new Group Structure and to support the implementation of CR into day to day business.

- E.ON should further clarify and document group-wide definitions of key CR performance indicators. We further recommend the optimisation and documentation of data collection processes from data source to group management.

Düsseldorf, April 28,2011

**PricewaterhouseCoopers**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

<sup>1</sup> Translation of the independent assurance report, authoritative in German language.

<sup>2</sup> Our engagement applies to the German Version of the CR Reporting on [www.eon.com/verantwortung](http://www.eon.com/verantwortung). Data referred to and links on the CR Reporting websites were not included in the scope of our assurance engagement.



## GRI Index

We base our CR reporting on the current G3 guidelines of the Global Reporting Initiative (GRI), including the final version of the Electric Utility Sector Supplement (EUSS) dated April 2009. According to our self assessment, E.ON's 2010 CR reporting complies with application level B+ of the GRI guidelines.

### **About the Global Reporting Initiative**

The GRI was established in 1997 with the goal of developing an internationally recognized guideline for voluntary reporting of the economic, ecological and social performance of organizations. The GRI guidelines comprise indicators for all sectors and all types of organization that aim to achieve transparent, comparable and stakeholder-oriented CR reporting. The current G3 standard was introduced in 2006. There are also sector supplements with industry-specific indicators. The EUSS applies to companies in the electric utility sector.

### **Our 2010 CR Reporting**

We see a clear trend towards a need for more specific information among our stakeholders. In 2009 we revised the indicators on which we report to comply with the requirements of the final version of the EUSS and, along with the general indicators of the GRI guidelines, adapted them to meet the changing information needs of our stakeholders. We do not consider some indicators to be material and/or significant. In these cases, we have added an appropriate comment in the GRI Content Index.

### **GRI Content Index**

The GRI Content Index shows at a glance how E.ON's reporting meets the requirements of the GRI. The Index lists:

- Which indicators we report on and to what extent.
- Where they can be found on our website, in our Company Report, Annual Report, and Strategy & Key Figures publication.
- Which indicators we are unable to include due to certain circumstances.

In addition, the GRI Content Index includes comments and additional information on selected indicators.

## Profile

The table below lists the individual reporting elements. The profile consists of four elements: "Strategy and Analysis", "Organization Profile", "Reporting Parameters" as well as "Governance, Commitments and Engagement".

### Reference:

CoR [Company Report](#) (page)

AR [Annual Report 2010](#) (page)

### Status:

● fully covered    ◐ partly covered    ○ not covered    ◆ not material

## 1. Strategy and Analysis

### ● 1.1 Statement from the Most Senior Decision Maker

→ Responsibility > CR Approach > Commitments

CoR (3)

### ● 1.2 Key Impacts, Risks and Opportunities

→ Responsibility > CR Approach > Managing Our Responsibility > CR Strategy

→ Responsibility > CR Approach > Managing our Responsibility > Monitoring and Compliance

→ Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards

→ Responsibility > CR Approach > CR Program

→ Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis

→ Responsibility > CR Approach > Commitments > UN Global Compact

→ Responsibility > Focus Topics > Responsible energy consumption

→ Responsibility > Focus Topics > Sustainable Innovation

→ Responsibility > Focus Topics > Carbon Footprint

→ Responsibility > Focus Topics > Nuclear Value Chain

→ Responsibility > Focus Topics > Responsible Fuel Procurement

AR (40-47, 48-55)

CoR (4, 9, 10ff., 27)

## 2. Organizational Profile

### ● 2.1 Name of the Organization

E.ON AG

## ● 2.2 Brands, Products and/or Services

- Business Areas
- Business Areas > Sales
- Customers
- <http://www.eon-energy-sales.com> (German)
- E-ON Sales Germany (German)

CoR (9, 44f.)  
AR (2-4)

## ● 2.3 Operational Structure

- About us > Structure
- About us > Structure > Group Management
- About us > Structure > Global Units
- About us > Structure > Regional Units
- About us > Structure > Support Units
- About us > Structure > Company Finder
- Responsibility > CR Approach > CR Reporting > Reporting Approach

AR (2-8, 48ff.)  
CoR (9, 44ff.)

## ● 2.4 Headquarter Location

Düsseldorf (Germany)

## ● 2.5 Countries in Operation

- About us > Structure > Global Units
- About us > Structure > Regional Units
- About us > Structure > Company Finder

CoR (64ff.)  
AR (2-8)

## ● 2.6 Nature of Ownership

CoR (30)  
AR (2-3, 107)

## ● 2.7 Markets Served

- About us > Structure > Global Units
-

- About us > Structure > Regional Units
- About us > Structure > Company Finder

CoR (64ff.)  
AR (2-4, 48ff.)

## ● 2.8 Scale of the Organization

- About us > Profile

CoR (8-9)  
AR (2-4)

## ● 2.9 Significant Changes Regarding Size, Structure, or Ownership

- About us > Strategy > Strategic Priorities
- About us > Strategy > Transformation of E.ON
- About us > Structure
- Responsibility > CR Performance > Performance Report 2010 > Responsible Reorganization
- Responsibility > CR Performance > Performance Report 2010 > Responsible Reorganization

CoR (16-17, 38ff., 44-64)  
AR (2-4, 18, 48ff., 80)

## ● 2.10 Awards Received

- Responsibility > CR Performance > External Recognition
- Careers > Work Environment > Awards
- Investors > Dialog > Investor Relations > Social Responsible Investment
- Responsibility > CR Performance > Performance Report 2010 > Community Involvement

CoR (70f.)

## ● EU1 Installed Capacity

- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR Performance > DVFA/EFFAS KPIs

CoR (9,16,50-53)  
AR (13)

## ● EU2 Net Energy Output Broken Down by Primary Energy Source and by Region

-

Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction

→ Responsibility > CR Performance > DVFA/EFFAS KPIs

CoR (54ff.)

AR (14)

#### ● EU3 Number of Residential, Industrial and Commercial Customer Accounts

CoR (64-71)

AR (16-17)

#### ● EU4 Length of Transmission and Distribution Lines by Region

CoR (65, 67)

We regularly report our online activities. The latest data is available in our [Strategy & Key Figures](#) publication, which is updated annually. The 2011 edition with key figures from 2010 will be published in the second quarter of 2011.

#### ● EU5 Allocation of CO<sub>2</sub> Emissions Permits

→ Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction

AR (36)

### 3. Report Parameters

#### ● 3.1 Reporting Period

The 2010 CR Report covers the period from January 1 to December 31, 2010.

#### ● 3.2 Date of Most Recent Previous Report

The most recent CR Report was published in May 2010.

#### ● 3.3 Reporting Cycle

E.ON reports on its CR activities annually. The next report is due to appear in the second quarter of 2012.

#### ● 3.4 Contact Point for Questions

→ Responsibility > Dialog > Contact us > CR Team

### ● 3.5 Process for Defining Report Content

- Responsibility > CR Approach > CR Reporting > Reporting Approach
- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > Dialog > Stakeholder Dialogs at E.ON

E.ON defines the content of the report on the basis of its objectives and experience as well as the expectations and interests of stakeholders. For example, relevant topics are identified by the E.ON materiality process.

### ● 3.6 Boundary of the Report

- Responsibility > CR Approach > CR Reporting > Reporting Approach

### ● 3.7 Limitations on the Scope or Boundary of the Report

- Responsibility > CR Approach > CR Reporting > Reporting Approach

### ● 3.8 Joint Ventures, Subsidiaries, and Outsourced Operations

AR (2-4, 48-51)

### ● 3.9 Data Collection Methods and Basis of Calculation

- Responsibility > CR Approach > CR Reporting > Reporting Approach

The regulations of our financial market oriented reporting are applied. Where specific measurement methods were used or special explanations of indicator calculations are required, they are noted in the respective diagrams and graphics. E.ON bases its reporting on the GRI indicator protocols, but also reserves the right to deviate from these protocols. Data and content is double-checked for correctness, as is customary in management accounting.

Following the completion of negotiations for the sale of our U.S. Midwest unit, it has been carried as a discontinued operation since the second quarter of 2010. The figures for 2010 and retroactively for 2008 and 2009 have therefore been adjusted to exclude U.S. Midwest.

E.ON AG was restructured during the year under review.

Market and business units were dissolved in favor of Global and Regional Units.

### ● 3.10 Effects of Re-Statement of Information Provided in Earlier Reports

- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > CR Approach > CR Reporting > Reporting Approach

Following the completion of negotiations for the sale of our U.S. Midwest market unit, it has been carried as a discontinued operation since the second quarter of 2010. The figures for 2010 and retroactively for 2008 and 2009 have therefore been adjusted to exclude U.S. Midwest.

### ● 3.11 Significant Changes in the Scope, Boundary, or Measurement Methods

- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > CR Approach > CR Reporting > Reporting Approach

No significant changes.

### ● 3.12 GRI Content Index

- Responsibility > CR Approach > CR Reporting > GRI Index

### ● 3.13 External Assurance

- Responsibility > CR Approach > CR Reporting > Assurance

## 4. Governance, Commitments, and Engagement

### ● 4.1 Governance Structure

- About us > Management

CoR (20-22)  
AR (162ff.)

E.ON's governance is based on a dual system comprising the Supervisory Board and the Board of Management at the executive level. E.ON complies with the German Corporate Governance Code. This safeguards the corporation's and shareholders' interests, the transparency of decisions by the Board of Management and the independence of the Supervisory Board.

### ● 4.2 Indication Whether Chairperson is also Executive Officer

- Investors > Corporate Governance > Board of Management

The Chairman of the Board of Management of E.ON AG is also the company's chief executive officer.

### ◆ 4.3 Independent Members at the Board

According to the G3 definition, this element is only applicable to organizations without a Supervisory Board. As E.ON has a Supervisory Board, this indicator is not applicable.

### ● 4.4 Mechanisms for Shareholders and Employees to Provide Recommendations to the Board

AR (162ff.)

Shareholders and employees have the following opportunities to make recommendations or provide information to the Supervisory Board and Board of Management:

- Shareholders: According to the "Aktiengesetz" (German Joint Stock Corporation Act), shareholders
- Employees: Fifty percent of E.ON Supervisory Board members are employee representatives. These representatives can submit recommendations to the Board of Management. Recommendations to the Board of Management/Supervisory Board may also be made through the Works Council. In addition, employees may also submit proposals for decisions to the Board of Management.

#### ● 4.5 Linkage Between Executive Compensation and Organization's Performance

- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment
- Responsibility > CR Performance > Performance Report 2010 > Safety
- Investors > Corporate Governance > 2010 Corporate Governance Report > Compensation Report
- Responsibility > CR Approach > Commitments > Membership
- Responsibility > CR Performance > DVFA/EFFAS KPIs

AR (39, 168ff.)

The variable annual salary (short-term incentive) of E.ON managers is dependent on the performance of the individual and the company as a whole. The assessment of personal performance of the responsible E.ON managers also includes criteria such as environmental protection and health and safety.

In 2010, we adopted our Code of Responsible Conduct for Business. In this mission statement, we speak in favor of a clear relationship between services rendered and services received; financial losses must be reflected in executives earnings.

#### ● 4.6 Processes to Avoid Conflicts of Interest at the Board

- Investors > Corporate Governance > 2010 Corporate Governance Report > Integrity
- Responsibility > CR Approach > Commitments > Membership

AR (162ff.)

The requirements of the German Corporate Governance Code are met. Our Code of Responsible Conduct for Business, which we adopted in 2010, demonstrates our clear commitment to the social market economy and to fair trading in global competition.

#### ● 4.7 Process for Determining the Qualifications of the Members of the Highest Governance Body in Sustainability

- Responsibility > CR Approach > Managing Our Responsibility > CR Organization
- Responsibility > CR Approach > Managing Our Responsibility > CR Strategy

AR (163-165)

The performance of the highest governance body is assessed by the Supervisory Board,

which includes environmental, occupational health and safety and social criteria in its assessments (see answer to 4.5). The highest governance body is the Board of Management.

#### ● 4.8 Statements of Mission, Codes of Conduct, and Principles

- About us > Corporate Culture
- Investors > Corporate Governance
- Responsibility > CR Approach > CR Program
- Responsibility > CR Approach > Managing our Responsibility > Policies and Standards
- Responsibility > CR Approach > Commitments
- Responsibility > CR Approach > Commitments > Code of Conduct
- Responsibility > CR Approach > Managing our Responsibility > Monitoring and Compliance

#### ● 4.9 Procedures of the Highest Governance Body for Overseeing Sustainability Performance

- Responsibility > CR Approach > Managing our Responsibility > Monitoring and Compliance
- Responsibility > CR Approach > Managing Our Responsibility > CR Organization
- Investors > Corporate Governance

Important events relating to the environment and occupational safety are always promptly reported to the Board of Management. Key figures are also regularly reported to the Board of Management.

#### ● 4.10 Processes for Evaluating the Highest Governance Body's Sustainability

- Responsibility > CR Approach > Managing Our Responsibility > CR Organization

#### ● 4.11 Precautionary Approach

- Responsibility > CR Approach > Managing Our Responsibility > CR Strategy
- Responsibility > CR Approach > Managing our Responsibility > Monitoring and Compliance
- Responsibility > Dialog > Stakeholder Dialogs at E.ON

AR (40ff.)

As a general principle, all E.ON operations are governed by a long-term perspective. This applies to all units of the Group and all areas of activity. The precautionary principle is applied in the field of environmental protection in everyday business, investment projects and impact assessments. The E.ON risk management system already takes ecological and social risks into account, in some cases beyond legal requirements. In future, these aspects will be integrated even more effectively into the operations of all

market units. We carry out holistic analyses of our business operations (Sustainability Impact Assessments). In doing so, as well as assessing the environmental impact, we also examine the project as a whole with regard to sustainability.

#### ● 4.12 External Charters, Principles, or Other Initiatives

- Responsibility > CR Approach > Commitments > Membership
- Responsibility > CR Approach > Commitments > UN Global Compact
- Responsibility > Dialog > Stakeholder Dialogs at E.ON
- Responsibility > CR Performance > Performance Report 2010 > Diversity
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement

At the level of the Group and individual Market and Business Units, E.ON is active in a variety of initiative. At the Group level, these include:

- Global Compact
- WBCSD
- Econsense

#### ● 4.13 Memberships in Associations and Advocacy Organizations

- Responsibility > CR Approach > Commitments > Membership
- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying
- Responsibility > Dialog > Stakeholder Dialogs at E.ON

#### ● 4.14 Stakeholder Groups

- Responsibility > Dialog > Stakeholder Dialogs at E.ON
- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > CR Approach > CR Reporting > Reporting Approach
- Investors > Dialog
- Media > Dialog
- Customers

As an international company, E.ON engages in constant dialog with a large number of stakeholders.

#### ● 4.15 Stakeholder Identification and Selection

- Responsibility > Dialog > Stakeholder Dialogs at E.ON
- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis

AR (36,47)

As an international company, E.ON engages in constant dialog with a large number of stakeholders. The stakeholders addressed in each case depend on the specific topic.

#### ● 4.16 Approaches to Stakeholder Engagement

- Responsibility > Dialog > Stakeholder Dialogs at E.ON
- Responsibility > Dialog > Contact us
- Responsibility > CR Approach > Managing Our Responsibility > CR Strategy
- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > Power Forums at Staudinger
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > Arbeitsgemeinschaft Natur- und Umweltbildung
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > IUCN Cooperation
- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying
- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Investors > Dialog
- Media > Dialog
- Careers > Work Environment > Employee Participation
- Customers

CoR (11, 34f.)

AR (47)

#### ● 4.17 Key Topics and Concerns Raised by Stakeholders

- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > Dialog > Stakeholder Dialogs at E.ON
- Responsibility > Dialog > Contact us
- Responsibility > Dialog > Contact us > CR Team
- Investors > Dialog
- Investors > Bonds > FAQ Retail Investors
- Media > Dialog

## Economic Indicators

Economic indicators are divided into the three categories "Economic performance", "Market presence" and "Indirect economic impacts". The indicators provide information on the economic success of E.ON as well as the impact that this has on various stakeholder groups. Further information can also be found in the Annual Report and Company Report.

### Reference:

CoR [Company Report](#) (page)

AR [Annual Report 2010](#) (page)

### Status:

● fully covered    ◐ partly covered    ○ not covered    ◆ not material

#### ● Disclosure on Management Approach (including EU6, 7, 8 and 9)

- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > CR in Practice > Customer Orientation
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Nuclear Power
- Responsibility > Focus Topics > Nuclear Value Chain
- Responsibility > CR Performance > Performance Report 2010 > Technology Development
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- About us > Strategy > Strategic Priorities
- About us > Innovation
- Investors > Corporate Governance

CoR (10-12, 40, 47, 49, 51, 57, 67f.)

AR (36, 39, 68, 73, 101, 115-117, 162ff.)

#### ● EC1 Direct Economic Value Generated and Distributed

- Responsibility > CR Performance > Summary data table (overview)

CoR (9)

AR (188)

#### ◐ EC2 Financial Implications Due to Climate Change

- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > International Climate Protection and Emissions Trading

AR (5ff., 11, 43ff.)

E.ON regularly investigates what impacts climate change- e.g. gradual temperature increase or extreme weather- has on the business. In this context we evaluate potential physical risks for our employees as well as material risks to our buildings and network systems. In addition we analyze financial risks like accidents. The probability of occurrence and potential impact of these risks are determined every year. These risk analyses are intended to identify focus areas for precautionary measures.

#### ● EC3 Coverage of the Organizations Defined Benefit Plan

- Careers > Work Environment > Terms of Employment > Performance-related Compensation
- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment
- Responsibility > CR Performance > Summary data table (overview)

AR (38, 59, 73, 90, 109, 113f., 174)

We offer our employees at many locations comprehensive possibilities of providing for their retirement, in addition to the statutory requirements. In Germany, company pension plan benefits are a component firmly integrated in the overall remuneration system. In addition to an attractive pension scheme financed by the Group, E.ON offers its German employees the possibility of earning additional benefits by paying contributions. Depending on their individual needs and possibilities, employees can choose between a number of different models (such as direct life assurance schemes, supplementary pensions in accordance with the statutory provisions and/or the conversion of remuneration) and also combine these possibilities.

#### ● EC4 Financial Government Assistance

AR (69)

#### ◆ EC5 Entry Level Wage Compared to Local Minimum Wage (Add)

#### ● EC6 Locally-based Suppliers

- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement

When selecting suppliers, we attempt to ensure appropriate economic relationships between the shares of individual suppliers to our market units. Services are often sourced in the immediate vicinity of our locations. In this way, we demonstrate our responsibility for the regions where we are active.

#### ● EC7 Local Hiring

- Responsibility > CR Performance > Performance Report 2010 > Diversity

We select employees on the basis of our human resources strategy. The main criteria

are qualifications and motivation. Preferential treatment for certain groups of people would run counter to the principle of non-discrimination.

#### ● EC8 Infrastructure Investment and Services for Public Benefit

- Responsibility > CR Performance > Performance Report 2010 > Community Involvement
- Responsibility > CR in Practice > Environmental Protection > Biodiversity

CoR (14f., 56f., 64ff.)  
AR (30)

#### ◆ EC9 Indirect Economic Impacts (Add)

We do not collect detailed data on this area at present.

#### ● EU10 Planned Capacity Against Projected Electricity Demand Over the Long Term

- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction

AR (8ff., 50ff.)

#### ● EU11 Average Generation Efficiency of Thermal Plants by Energy Source and Region

- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Business Areas > Power Generation > Owned Generation

CoR (7, 48f., 72)

#### ○ EU12 Transmission and Distribution Losses as a Percentage of Total Energy

AR (14)

## Ecological Indicators

The information requirements of ecological indicators range from consumption of materials to greenhouse gas emissions.

### Reference:

CoR [Company Report](#) (page)

AR [Annual Report 2010](#) (page)

### Status:

● fully covered    ◐ partly covered    ○ not covered    ◆ not material

#### ● Disclosure on Management Approach (including EU6, 7, 8 and 9)

- Responsibility > CR in Practice > Environmental Protection
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR in Practice > Environmental Protection > Biodiversity
- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > International Climate Protection and Emissions Trading
- Responsibility > CR Approach > Managing Our Responsibility > Materiality Analysis
- Responsibility > CR Approach > Managing Our Responsibility > CR Strategy
- Responsibility > CR Approach > Managing Our Responsibility > CR Organization
- Responsibility > CR Approach > CR Program
- Responsibility > CR Approach > Managing Our Responsibility > Policies and Standards

CoR (12)

#### ◐ EN1 Materials Used by Weight or Volume

- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement
- Responsibility > Focus Topics > Responsible Fuel Procurement
- Responsibility > CR Performance > Summary data table (overview)
- Responsibility > CR Performance > DVFA/EFFAS KPIs

The main materials used by E.ON are fuels.

## EN2 Percentage of Materials used that are Recycled Input Materials

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR Performance > Summary data table (overview)
- Responsibility > CR Performance > DVFA/EFFAS KPIs

## EN3 Direct Primary Energy Consumption

- Responsibility > CR Performance > Summary data table (overview)
- Responsibility > CR Performance > DVFA/EFFAS KPIs

AR (14-15)

The use of primary energy sources for electric power generation accounts for the greater part of direct primary energy consumption.

## EN4 Indirect Primary Energy Consumption

AR (14-15)

It is not possible to break down quantities of consumed electricity according to which primary energy source they came from.

## EN5 Energy Conservation (Add)

- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Natural Gas
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Nuclear Power
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection

Group-wide data is not available, individual examples are provided.

## EN6 Initiatives for Energy Efficiency and Renewable Energy (Add)

- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR Performance > Performance Report 2010 > Technology Development
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Natural Gas
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Renewable Energy

#### ● EN7 Initiatives for Reducing Indirect Energy Consumption (Add)

- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > International Climate Protection and Emissions Trading
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection

#### ● EN8 Total Water Withdrawal by Source

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR Performance > Summary data table (overview)
- Responsibility > CR Performance > DVFA/EFFAS KPIs

E.ON uses water mainly as cooling and process water. This is taken from all available sources. We use water from the sea, from rivers and lakes, and from the public water supply. The balancing of cooling water withdrawal and return does not give any indication of the environmental impact of withdrawal and return. We therefore do not consider this indicator to be meaningful. We withdraw and return cooling water in accordance with the applicable legislation and environmental requirements. The detailed data presented includes process water.

#### ● EN9 Water Sources Significantly Affected by Withdrawal of Water (Add)

E.ON uses water mainly as cooling and process water. This is taken from all available sources. We use water from the sea, from rivers and lakes, and from the public water supply. The balancing of cooling water withdrawal and return does not give any indication of the environmental impact of withdrawal and return. We therefore do not consider this indicator to be meaningful. We withdraw and return cooling water in accordance with the applicable legislation and environmental requirements. The detailed data presented includes process water.

#### ● EN10 Water Recycled and Reused (Add)

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR Performance > Summary data table (overview)

We withdraw and return cooling water in accordance with the applicable legislation and environmental requirements. Apart from cooling, we use water for steam raising. Between 95 and 99 percent of the water used for steam raising is condensed and reused.

## ◆ EN11 Location and Size of Land Assets in or Adjacent to Protected Areas

In our opinion, this is not a material indicator with regard to statements on biodiversity. E.ON owns a large number of land assets in many countries, which means that a list would not be meaningful for the reader. Information on biodiversity can be found under [biodiversity](#).

## ● EN12 Impacts of Activities on Biodiversity

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR in Practice > Environmental Protection > Biodiversity
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > IUCN Cooperation

## ○ EU13 Biodiversity of offset habitats compared to biodiversity of the affected areas

In our opinion, this is not a meaningful indicator on issues of biodiversity management or the impact of corporate activities on biodiversity. Detailed information on this topic is given under [biodiversity](#).

## ● EN13 Habitats Protected or Restored (Add)

- Responsibility > CR in Practice > Environmental Protection > Biodiversity
- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection

## ● EN14 Strategies for Biodiversity (Add)

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR in Practice > Environmental Protection > Biodiversity
- Responsibility > Dialog > Stakeholder Dialogs at E.ON > IUCN Cooperation
- Responsibility > CR Approach > CR Program
- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement

## ○ EN15 Endangered Species (Add)

In our opinion, this is not a meaningful indicator on issues of biodiversity management or the impact of corporate activities on biodiversity. Detailed information on this topic is given under [biodiversity](#).

## ● EN16 Greenhouse Gas Emissions

- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction

- Responsibility > CR Performance > Summary data table (overview)
- Responsibility > Focus Topics > Carbon Footprint
- Responsibility > CR Performance > DVFA/EFFAS KPIs

CoR (10ff.)  
AR (36)

We report on CO<sub>2</sub> as the most important greenhouse gas for energy utilities. SF<sub>6</sub> and CH<sub>4</sub> are lower priorities.

#### ◆ EN17 Other Greenhouse Gas Emissions

For E.ON, other indirect greenhouse gas emissions are not relevant compared with direct emissions.

#### ● EN18 Initiatives to Reduce Greenhouse Gas Emissions (Add)

- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > International Climate Protection and Emissions Trading
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > Focus Topics > Carbon Footprint

CoR (10ff.)  
AR (36)

#### ◆ EN19 Emissions of Ozone-depleting Substances

No significant emissions due to business activities.

#### ● EN20 NO<sub>x</sub>, SO<sub>x</sub>, and Other Air Emissions

- Responsibility > CR in Practice > Environmental Protection
- Responsibility > CR Performance > Summary data table (overview)
- Responsibility > CR Performance > DVFA/EFFAS KPIs

The most important other air emissions are NO<sub>x</sub>, SO<sub>2</sub>, CO and particulate matter.

#### ◆ EN21 Water Discharge

We do not collect detailed data on this area at present.

#### ● EN22 Waste by Type and Disposal Method

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > CR Performance > Summary data table (overview)
-

### ● EN23 Total Number and Volume of Significant Spills

→ Responsibility > CR Performance > Performance Report 2010 > Environmental Protection

### ◆ EN24 Waste Deemed Hazardous Under the Terms of the Basel Convention (Add)

### ◆ EN25 Impacts of Discharges and Runoff on Biodiversity (Add)

We do not collect detailed data on this area at present.

### ● EN26 Initiatives to Mitigate Environmental Impacts

- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR Performance > Performance Report 2010 > Technology Development
- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement
- Responsibility > Focus Topics > Responsible energy consumption
- Responsibility > CR in Practice > Customer Orientation > Energy Efficiency for Customers
- Responsibility > CR in Practice > Customer Orientation > Rewarded Energy Savings

### ◆ EN27 Percentage of Products Sold and their Packaging Materials that are Reclaimed

### ● EN28 Sanctions for Non-Compliance with Environmental Regulations

This data is regularly requested from units but is not reported Group-wide in consolidated form.

### ○ EN29 Environmental Impacts of Transport (Add)

We do not collect detailed data on this area at present.

### ● EN30 Environmental Protection Expenditures (Add)

AR (115 - 117)

## Social Indicators

The social indicators provided by the Global Reporting Initiative measure labor practices, social performance, adherence to human rights as well as product responsibility.

### Reference:

CoR [Company Report](#) (page)

AR [Annual Report 2010](#) (page)

### Status:

● fully covered    ● partly covered    ○ not covered    ◆ not material

#### ● Disclosure on Management Approach (including DMA EU14, 15 and 16)

- Responsibility > CR in Practice > Workplace
- Responsibility > CR in Practice > Health and Safety
- Responsibility > CR in Practice > Health and Safety > Safety Rules
- Responsibility > CR in Practice > Health and Safety > Occupational Safety Training for Senior Manager
- Responsibility > CR in Practice > Health and Safety > Safety Culture in Eastern Europe
- Responsibility > CR in Practice > Health and Safety > Safety Day at E.ON Espana
- Responsibility > CR Performance > Performance Report 2010 > Safety
- Responsibility > CR Performance > Performance Report 2010 > Diversity
- Responsibility > CR Approach > Managing our Responsibility > Policies and Standards
- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment
- Responsibility > CR Performance > Performance Report 2010 > Life Balance
- Careers > Work Environment

CoR (23-25)

AR (38)

#### ● LA1 Total Workforce by Employment Type, Employment Contract, and Region

- Responsibility > CR Performance > Performance Report 2010 > Life Balance
- Responsibility > CR Performance > Performance Report 2010 > Responsible Reorganization
- Responsibility > CR Performance > Summary data table (overview)

CoR (25, 29)

AR (37, 39, 51)

#### ● LA2 Employee Turnover

- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment
- Responsibility > CR Performance > DVFA/EFFAS KPIs

#### ◆ EU17 Days Worked by Contractor and Subcontractor Employees

E.ON has services performed by a large number of contractors and subcontractors. In our opinion, central recording and reporting of days worked would not be material with respect to statements concerning working practices.

#### 🕒 EU18 Percentage of Contractor and Subcontractor Employees that Have Undergone Relevant Health and Safety Training

- Responsibility > CR Performance > Performance Report 2010 > Safety

Safety training is a binding requirement for all our contractors and subcontractors. E.ON also offers contractors additional safety training and intends to extend its certification scheme for contractors, which requires such training, to the entire Group.

#### 🕒 LA3 Benefits to Full-Time Employees (Add)

- Responsibility > CR in Practice > Health and Safety > Occupational Health
- Responsibility > CR Performance > Performance Report 2010 > Life Balance
- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment

AR (38,73)

see also EC3

#### 🕒 LA4 Employees with Collective Bargaining Agreements

83 percent of our employees are employed under collective bargaining agreements.

#### 🕒 LA5 Minimum Notice Period(s) Regarding Operational Changes

- Responsibility > CR Performance > Performance Report 2010 > Responsible Reorganization
- Responsibility > CR Performance > Performance Report 2010 > Responsible Reorganization

The principle of co-determination applies in Germany. Locations in other countries are included via the European Works Council. The minimum notice periods fulfill or exceed the legal requirements.

#### 🕒 LA6 Workforce Represented in Joint Health and Safety Committees (Add)

- Responsibility > CR in Practice > Health and Safety

In Germany, all employees are represented in occupational safety committees by the industrial council. Under the German Occupational Safety Act (Arbeitssicherheitsgesetz, ASiG), companies with 20 or more employees are legally required to have an occupational safety committee. Similar legal requirements apply in almost all countries in which we operate.

#### 🔍 LA7 Occupational Diseases, Lost Days, and Number of Fatalities

- ➔ Responsibility > CR Performance > Performance Report 2010 > Safety
- ➔ Responsibility > CR Performance > Summary data table (overview)

#### 🔍 LA8 Training on Serious Diseases

- ➔ Responsibility > CR in Practice > Health and Safety > Occupational Health

#### 🔍 LA9 Trade Union Agreements on Health and Safety (Add)

In countries in which unions represent employees directly, occupational safety issues are included in agreements.

#### 🔍 LA10 Training per Employee

- ➔ Careers > Work Environment > Learning and Development > Further Education
- ➔ Responsibility > CR Performance > Performance Report 2010 > Terms of Employment
- ➔ Responsibility > CR Performance > Performance Report 2010 > Diversity
- ➔ Responsibility > CR Performance > Performance Report 2010 > Safety
- ➔ Responsibility > CR Performance > DVFA/EFFAS KPIs

CoR (24)  
AR (38, 43f.)

The average expenses on training per employee amount to EUR860 per year.

#### 🔍 LA11 Programs for Lifelong Learning (Add)

- ➔ Careers > Work Environment > Learning and Development > Further Education
- ➔ Responsibility > CR Performance > Performance Report 2010 > Terms of Employment

CoR (24f.)  
AR (38)

#### 🔍 LA12 Regular Performance and Career Development Reviews (Add)

- ➔ Careers > Work Environment > Terms of Employment > Performance-related Compensation

- Careers > Work Environment > Learning and Development > Further Education
- Responsibility > CR Performance > Performance Report 2010 > Terms of Employment

## ● LA13 Composition of Governance Bodies

- Responsibility > CR Performance > Performance Report 2010 > Diversity
- Responsibility > CR Performance > Summary data table (overview)

CoR (22,24)  
AR (37f., 165)

## ○ LA14 Gender Pay Disparity

In accordance with our anti-discrimination guidelines, we do not differentiate by gender.

## Human Rights

### ● Disclosure on Management Approach

- Responsibility > CR Approach > Managing our Responsibility > Policies and Standards
- Responsibility > CR Approach > Commitments > UN Global Compact
- Responsibility > CR Approach > Commitments > Membership
- Responsibility > CR Performance > Performance Report 2010 > Diversity
- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement
- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > CR in Practice > Health and Safety
- Responsibility > Focus Topics > Responsible Fuel Procurement

### ● HR1 Significant investment Agreements that Include Human Rights Clauses

Human rights compliance is a key concern for E.ON. In 2008, we issued a Human Rights Policy which applies throughout the Group. Human rights aspects are considered as part of risk management.

### ● HR2 Supplier Screening on Human Rights

- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement
- Responsibility > Focus Topics > Responsible Fuel Procurement

E.ON's Responsible Procurement Policy places suppliers and contractors under an obligation to observe human rights. E.ON carries out regular checks to verify compliance with the policy. In our opinion, the indication of the percentage of major suppliers and contractors subject to human rights screening would not be material with respect to

human rights issues.

We believe that integrating these aspects into day-to-day business is the best way of ensuring that human rights are observed.

### ● HR3 Training on Human Rights (Add)

→ Responsibility > Reporting > Performance Report 2010 > Responsible Procurement

### ● HR4 Incidents of Discrimination and Actions Taken

→ Responsibility > CR Approach > Commitments > Code of Conduct

→ Responsibility > CR Performance > Performance Report 2010 > Diversity

→ Responsibility > Focus Topics > Responsible Fuel Procurement

E.ON complies with all statutory non-discrimination requirements and has also introduced systems to uphold this behavior. All incidents are handled using a Group-wide reporting system. An immediate response is required for any incident that is reported.

### ● HR5 Freedom of Association and Collective Bargaining

→ Responsibility > CR Approach > Managing our Responsibility > Policies and Standards

See management approach.

No business activities were identified in which infringements of freedom of association and collective bargaining rights were registered. This is backed up by the [Human Rights Policy Statement of the E.ON Group](#). In purchasing, freedom of association and collective bargaining rights are covered by the [E.ON Responsible Procurement Policy](#).

### ● HR6 Child Labor

→ Responsibility > CR Approach > Commitments > UN Global Compact

→ Responsibility > CR Approach > Managing our Responsibility > Policies and Standards

→ Responsibility > CR in Practice > Responsible Procurement

→ Responsibility > Reporting > Performance Report 2010 > Responsible Procurement

See management approach. No business activities were identified in which the ban on child labor was infringed. This is backed up by the [Human Rights Policy Statement of the E.ON Group](#). In purchasing, compliance with the ban on child labor is covered by the [E.ON Responsible Procurement Policy](#).

### ● HR7 Forced Labor

→ Responsibility > CR Approach > Commitments > UN Global Compact

→ Responsibility > CR Approach > Managing our Responsibility > Policies and Standards

→ Responsibility > CR in Practice > Responsible Procurement

→

- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement
- Responsibility > Focus Topics > Responsible Fuel Procurement

See management approach. No business activities were identified in which the ban on forced labor was infringed. In purchasing, the ban on forced labor is covered by the E.ON Responsible Procurement Policy. In purchasing, compliance with the ban on forced labor is covered by the E.ON Responsible Procurement Policy.

#### ◆ HR8 Training for Security Personnel (Add)

#### ● HR9 Violations of Rights of Indigenous People (Add)

- Responsibility > CR Approach > Managing our Responsibility > Policies and Standards
- Responsibility > CR in Practice > Responsible Procurement
- Responsibility > CR Performance > Performance Report 2010 > Responsible Procurement
- Responsibility > Focus Topics > Responsible Fuel Procurement

As part of our materiality process, we have classified the topic as non-priority. E.ON complies with all legal and regulatory requirements in the markets in which it operates. This is backed up by the Human Rights Policy Statement of the E.ON Group. No business activities were identified that violated the rights of indigenous populations.

### Society

#### ● Disclosure on Management Approach (including DMA EU19, 20 and 21)

- Responsibility > CR Approach > Managing Our Responsibility > CR Strategy
- Responsibility > CR Approach > Managing our Responsibility > Policies and Standards
- Responsibility > CR Approach > Managing Our Responsibility > Monitoring and Compliance
- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying
- Responsibility > CR Approach > Commitments > Code of Conduct
- Responsibility > Dialog > Stakeholder Dialogs at E.ON
- Responsibility > CR in Practice > Energy for Children
- Responsibility > CR in Practice > Social Engagement
- Responsibility > CR in Practice > Social Engagement > Emergency Response
- Responsibility > CR Performance > Performance Report 2010 > Responsible Reorganization
- Responsibility > CR Performance > DVFA/EFFAS KPIs

CoR (26)

AR (4ff., 41ff., 162ff.)

#### ● SO1 Impacts on Communities

- Responsibility > CR in Practice > Energy for Children
- Responsibility > CR in Practice > Social Engagement
- Responsibility > CR Performance > Performance Report 2010 > Community Involvement

Social and ecological issues are investigated by the Sustainability Impact Assessment (SIA) for major projects. Ecological and social risks resulting from company activities are already analyzed and managed by the risk management system. In addition to mandatory involvement of stakeholders in areas such as environmental compatibility tests, we also engage our stakeholders in wide-ranging dialog.

## ● EU22 Number of People Displaced (by New or Expansion Projects)

No displacements were identified.

## ● SO2 Corruption Risks

- Responsibility > CR Approach > Managing Our Responsibility > CR Strategy
- Responsibility > CR Approach > Managing our Responsibility > Monitoring and Compliance
- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying
- Responsibility > CR Approach > Commitments > Code of Conduct

AR (40ff.)

We are aware that we do business in countries where corruption presents a real threat. According to Transparency Internationals Corruption Perceptions Index (CPI), E.ON does business in 16 countries which score below the threshold value of five points. We have established a company-wide whistleblowing system accessible to all employees. See SO 3.

## ● SO3 Anti-corruption Training

- Responsibility > CR Approach > Managing our Responsibility > Monitoring and Compliance
- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying
- Responsibility > CR Approach > Commitments > Code of Conduct

AR (40ff.)

In the past, we held regular training sessions on our Code of Conduct. Starting in 2011, we will launch compulsory Group-wide training for all employees. This will cover all salient points of our Code of Conduct: behavior in the spirit of the law, how to work with business partners, third parties and government offices; avoiding conflicts of interest; how to manage information; how to manage company property and resources. See SO 2.

## ● SO4 Actions Taken in Response to Incidents of Corruption

- Responsibility > CR Approach > Commitments > Code of Conduct
- Responsibility > CR Approach > Managing our Responsibility > Monitoring and Compliance

#### ● SO5 Public Policy Positions and Participation in Public Policy Development and Lobbying

- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > International Climate Protection and Emissions Trading
- Responsibility > CR in Practice > Energy Mix and CO<sub>2</sub> Reduction > Nuclear Power
- Responsibility > CR Performance > Performance Report 2010 > Energy Mix and CO<sub>2</sub> Reduction
- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying
- Responsibility > CR Approach > Commitments > Membership

AR (5-9)

#### ○ SO6 Donations to Political Parties and Politicians (Add)

- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying

#### ● SO7 Legal Actions for Anticompetitive Behavior (Add)

- Responsibility > CR Approach > Managing Our Responsibility > Responsible Lobbying

AR (41, 44, 124-125)

#### ● SO8 Sanctions for Non-Compliance with Laws and Regulations

AR (44-46, 124-125)

### Product Responsibility

#### ● Disclosure on Management Approach (including EU23 and 24)

- Responsibility > CR in Practice > Customer Orientation
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > CR in Practice > Customer Orientation > Pricing Debate
- Responsibility > CR in Practice > Customer Orientation > Customers in Need
- Responsibility > CR in Practice > Customer Orientation > Energy Efficiency for Customers

- Responsibility > CR in Practice > Customer Orientation > Rewarded Energy Savings
- Responsibility > CR Performance > DVFA/EFFAS KPIs

#### ● PR1 Health and Safety Impacts along Product Life Cycle

- Responsibility > CR Performance > Performance Report 2010 > Environmental Protection
- Responsibility > Reporting > Performance Report 2010 > Responsible Procurement
- Responsibility > Focus Topics > Nuclear Value Chain

Safe use of gas and electricity is part of E.ON's activities in energy, safety and environmental education as well as our information campaigns.

#### ○ PR2 Non-Compliance with Health and Safety Standards (Add)

E.ON complies with all legal and regulatory requirements in the markets in which it operates.

#### ● EU25 Number of Injuries and Fatalities to the Public Involving the Company's Operations

E.ON distributes products which pose a risk that is not immediately identifiable. These products are distributed across an incredibly large and publicly accessible infrastructure (high-voltage lines, substations and pipelines). In 2010, we began Group-wide internal reporting and launched a reporting tool that records information on injuries and deaths among the general public that are related to our facilities and infrastructure. Regardless of who is at fault, our goal is to learn from these incidents and, where possible, to better inform and educate the public with regard to dangers. Starting in the 2011 reporting year, we can provide a reliable overview of these kinds of incidents.

#### ● PR3 Products and Service Labeling

- Responsibility > CR in Practice > Customer Orientation
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation
- Responsibility > Focus Topics > Responsible energy consumption

#### ◆ PR4 Non-Compliance with Product Information Standards (Add)

#### ● PR5 Customer Satisfaction (Add)

- Responsibility > CR in Practice > Customer Orientation
- Responsibility > CR Performance > Performance Report 2010 > Customer Orientation

#### ● PR6 Marketing Communication Standards

E.ON complies with all legal and regulatory requirements in the markets in which it operates.

#### ◆ PR7 Non-Compliance with Marketing Communication Standards (Add)

See also PR6

#### ◆ PR8 Complaints Regarding Customer Privacy (Add)

E.ON complies with all legal and regulatory requirements in the markets in which it operates.

#### ● PR9 Sanctions for Non-Compliance with Product and Service Related Regulations

No sanctions were reported to the Group Management as part of the existing Group-wide risk management system.

#### ● EU 26 Percentage of Population Unserved in Licensed Distribution Areas

Wherever E.ON operates as a licensed energy company, the portion of the population served in the distribution areas is generally 100 percent.

#### ● EU27 Number of Residential Disconnections for Non-Payment

→ Responsibility > CR in Practice > Customer Orientation > Customers in Need

E.ON takes its responsibility towards customers very seriously. E.ON has adopted a voluntary commitment as regards needy customers. Nevertheless, E.ON also disconnects electricity customers in some cases.

#### ○ EU28 Power Outage Frequency

#### ○ EU29 Average Power Outage Duration

#### ● EU30 Average Plant Availability Factor



→ Responsibility > CR in Practice > Customer Orientation > Pricing Debate

→ [www.eon-schafft-transparenz.de](http://www.eon-schafft-transparenz.de)



## CR Report 2010



E.ON reports on its corporate responsibility in a range of different publications. As in previous years, we use primarily the Internet for Group-wide CR reporting on events in 2010. Our CR Report 2010 plays a central role here, in which we present the results of our activities towards our corporate responsibility for the reporting period. The core components of the CR Report are the chapters on CR Management and CR Performance, the contents of which we offer for download here. Other Internet pages on Dialog, Focus Topics and CR in Practice should be regarded as supplementary information to the CR Report 2010 and can also be saved as PDF (see PDF link at the end of each page).

-  [CR Report 2009 \(PDF, 1.6 MB\)](#)
-  [CR Report 2008 \(PDF, 1.4 MB\)](#)
-  [CR Report 2007 \(PDF, 1.7 MB\)](#)
-  [CR Report 2006 \(PDF, 1.1 MB\)](#)
-  [CR Report 2005 \(PDF, 1020 KB\)](#)
-  [CR Report 2004 \(PDF, 7.9 MB\)](#)



## CR Magazine

In addition to our online CR reporting we publish our CR Magazine annually and provide this on our website. In this Magazine we highlight the most important E.ON-related issues from different points of view. The next edition will be available from June 2011, and can be downloaded here.

-  [CR Magazine 2009 \(PDF, 4.5 MB\)](#)
-  [CR Magazine 2008 \(PDF, 1.2 MB\)](#)



## Other Publications

Apart from our CR reporting we publish all relevant key figures and information on the E.ON Groups environment and direction in our Annual Report 2010. In addition, our Strategy & Key Figures publication offers essential information for evaluating the Group. Further, our E.ON representation to the German Parliament in Berlin publishes the e-magazine- Policy Brief several times a year to answer the many questions that this office regularly receives. For current publications, please see the links in the right-hand margin.

### **Additional and Complementary Documents Regarding our Corporate Responsibility**

- [E.ON - Code of Conduct \(PDF, 116 KB\)](#)
- [Code of Conduct Annex 1: Compliance Checklist \(PDF, 12 KB\)](#)
- [Code of Conduct Annex 2: Anti-Trust Law Guidelines \(PDF, 24 KB\)](#)
- [Code of Conduct Annex 3: Guidelines on Benefits \(PDF, 31 KB\)](#)
- [E.ON - Global Climate Change and Environment Policy \(PDF, 67 KB\)](#)
- [E.ON - Health & Safety Policy Statement \(PDF, 43 KB\)](#)
- [E.ON - Guideline on Equality and Promoting Diversity within the E.ON Group \(PDF, 29 KB\)](#)
- [E.ON - Responsible Procurement Principles \(PDF, 36 KB\)](#)
- [E.ON - Biomass Purchasing Amendment to the E.ON Responsible Procurement Policy \(PDF, 51 KB\)](#)
- [E.ON - Human Rights Policy \(PDF, 76 KB\)](#)

## Steps towards more Customer Orientation

We have developed a strategic approach for improving our customer orientation and being more responsive to our customers' needs, which applies to all markets. You can find further information under [CR in Practice](#). In 2010 we achieved important progress in this area:

- We expanded successful customer relations management based on [Net Promoter Score](#)<sup>®</sup> (NPS) to more regional units.
- We introduced individual product solutions, from energy-saving, through fixed-price to green offers in several markets.
- We gave customers the possibility to manage their own energy use with smart meters and online portals, such as E.ON EnergieNavi.
- We introduced various educational initiatives on saving energy, e.g. in kindergartens and schools.

### NPS: Improving Customer Loyalty

Since 2009 we have used NPS as the key indicator to measure our progress in improving customer satisfaction:

- We introduced NPS, which had previously only been measured in the UK, to Germany, Sweden, Italy, the Netherlands and the Czech Republic during 2010. In 2011 we also intend to implement the program in Spain.
- To test implementation all business units received a set of ambitious targets. All regional units exceeded their targets. We also assessed the engagement of our employees here, and used the results to set new targets.
- More than half of the frontline employees in the units involved were included in the NPS process during 2010. In total they gathered individual feedback from more than 100,000 customers. Each regional unit was asked to explain how it had evaluated the feedback and how this had been used to improve its customer interaction.

To measure our NPS we ask our customers to state on a scale of 0-10 how likely they would be to recommend us to a friend or colleague. We also ask them for reasons for this rating, and then we use this customer feedback to introduce improvement measures. Examples:

- Some customers of E.ON UK said, for example, that they didn't like the process for entering meter readings online. We therefore simplified the system and the process, made it quicker and more user-friendly. The changes led to more customers using the system and improvements in NPS results.
- Customers of E.ON Vertrieb Deutschland (E.ON Sales Germany) told us that some of our letters were unclear and hard to understand, while other letters had been received several times. We subsequently identified possibilities for improvement in the presentation of content and preparation of letters. This, too, led to less criticism from our customers and an improved NPS score.

Some of our regional units received awards for their successes: E.ON Italia was

recognized for customer satisfaction in gas distribution (Premio Speciale CAI Energia 2009) and E.ON Nordic achieved the highest customer satisfaction ratings among Swedish energy suppliers in the 2010 Svensk Kvalitetsindex survey.

## Tailored Products

Around 27 million customers received services and product solutions from E.ON in 2010. As a key aspect of our customer orientation we continuously widen our product range and adjust it to the needs of our customers. Although product development is managed regionally to suit the specific market and customer preferences, during 2010 some of the following examples prevailed in several markets:

- Our energy-saving products give customers, for instance in Germany, the Czech Republic and Italy, incentives to lower their energy consumption. They receive bonus points for every kWh saved compared to the previous year, which they can spend on particular services.
- Thanks to special products with fixed prices or price ceilings, customers in Germany, Sweden and the Czech Republic amongst others have more security in times of fluctuating energy prices.
- Customers in Germany and the UK preferring green electricity have an option consisting entirely of renewable energy. In Sweden, we even offer green electricity for all products.

## Increasing Energy Efficiency

We support our customers through a wide range of efficiency solutions and encourage them to save energy. In 2010 they were able to use the following opportunities, amongst others:

- Our online portals, such as E.ON EnergieNavi in Germany or EnergiDirigent<sup>®</sup> in Sweden, enable our customers to use interactive tools to regulate their consumption. Smart meters enable customers to check their energy consumption around the clock: this helps to control their own consumption and identify tangible savings. Across the Group we have already supplied more than a million households with smart meters, mostly in Sweden and Spain.
- Customers in Germany and Italy who saved more than ten per cent of energy compared to the previous year received a credit note of EUR 50.
- Those who switch to combined gas and solar heating, gas-driven heat pumps or micro-cogeneration systems, or buy a new natural gas car, receive energy credits for this in Germany.
- We also offer our business customers, including those in the housing industry, energy audits and tailored energy-management concepts.
- From April 2009 to the end of 2010 we visited 150 German cities and communities with our EnergieSpar-Mobil trucks to promote energy efficiency. In 2011 another 200 such events are set to follow.
- Through Smart Homes in Sweden, the UK and Germany we're participating in an international project on the research, communication and eventual market launch of new energy-efficiency technologies.
- We approach schools and kindergartens in various countries to raise even very young children's awareness of energy saving. In 2009 E.ON and the

Natur- und Umweltbildung Bundesverband e.V. (ANU) environmental working group initiated the Leuchtpol project. By 2012 we will have delivered learning modules with energy-experience days and educators at 4,000 nursery schools across the country.

- We have continued our efforts towards the marketability of decentralized generation and heating solutions with gas-driven heat pumps, micro-cogeneration systems and fuel cells. In Germany we support the Callux Project, a practical trial of fuel-cell heating appliances for one-family homes. We also created the Micro-CHP User Group in Germany to expand the field testing of CHP technologies.

## Commitment to Vulnerable Customers

We want to help ensure in all our markets that vulnerable customers retain access to the energy supply. Our range of products includes different social tariffs, depending on the country: in Germany we waived the standing charge for some 21,000 vulnerable customers during 2010, while in the same year at E.ON UK almost 25,000 customers received one of our WarmAssist social products. In Spain, as one of the suppliers of last resort E.ON España supplies low-income households with electricity they can afford. In Romania too, low-income households received credits for their energy supply. E.ON UK made EUR 430,000 available for the Caring Energy fund between April 2009 and March 2010, helping customers to replace old heating systems and appliances. During this time we supported 373 customers through the fund.

## Secure, Affordable and with Decreasing CO<sub>2</sub> Emissions

We continue to develop all power generation types in our portfolio to ensure a reliable and affordable supply, and at the same time systematically reduce our CO<sub>2</sub> emissions further. You can find more information about our strategic approach under [CR in Practice](#). In 2010, as part of our new E.ON cleaner & better energy strategy we pledged to reduce the specific CO<sub>2</sub> emissions from our power plants in Europe by 50 percent by 2020 (compared with a 1990 baseline) - ten years earlier than originally planned. We intend to achieve this goal both by using more efficient fossil fuel generation technologies and by continuing to expand our use of renewable energy sources. Nuclear power also plays an important role here. The life-time extension of nuclear power plants, as agreed by the German government in 2010, is an essential condition to achieve our goal. Outside Europe, we strive to be one of the best power companies in each of the regions in which we operate. In 2010, we made good progress, as we:

- increased installed renewable energy capacity by 600 MW to 3.6 GW;
- put into operation the first offshore wind park in deep water, alpha ventus;
- built a new combined-cycle plant in Shatura, which is the first in Russia to be recognized as a UN Climate Protection Project (Joint Implementation), and which saves over a million tons of CO<sub>2</sub> compared to conventional power plants;
- were included in the Carbon Disclosure Performance Index, the world's most important index of companies with the best climate protection reporting.

### CO<sub>2</sub> Intensity in the E.ON Group

✓ Reviewed 2010

Compared to the previous year, in 2010 we improved the CO<sub>2</sub> intensity of our energy production only marginally, by 0.5 percent. Rounded to two decimal places, the values of 0.42 t of CO<sub>2</sub> per MWh for the entire Group, and 0.39 t per MWh for Europe (excluding Russia) are equivalent to the previous year. The increased use of renewables was offset by the higher use of coal in the UK.

#### Carbon Intensity<sup>1</sup> E.ON Group<sup>2</sup>

in t/MWh	1990	2008	2009	2010
Central Europe	0.45	0.39	0.39	0.39
U.K. <sup>3</sup>	0.94	0.58	0.53	0.66
Nordic	0.02	0.01	0.03	0.05
New Markets	Climate & Renewables	0.00	0.00	0.00
	Russia	0.62	0.59	0.56
	Italy	0.62	0.51	0.45
	Spain	0.85	0.54	0.52
<b>E.ON Group</b>	<b>0.66</b>	<b>0.42</b>	<b>0.42</b>	<b>0.42</b>
<b>Europe</b>	<b>0.63</b>	<b>0.39</b>	<b>0.39</b>	<b>0.39</b>

<sup>1</sup>Specific CO<sub>2</sub> emissions: emitted metric tons of CO<sub>2</sub> per MWh electricity generated.

<sup>2</sup>For the carbon intensity values listed above Climate and renewables generation volumes are allocated to geographical market units.

<sup>3</sup>Including the carbon emissions of our CHP units in the United Kingdom which are not included in the own generation figures due to accounting standards.

This information has received a limited assurance engagement.

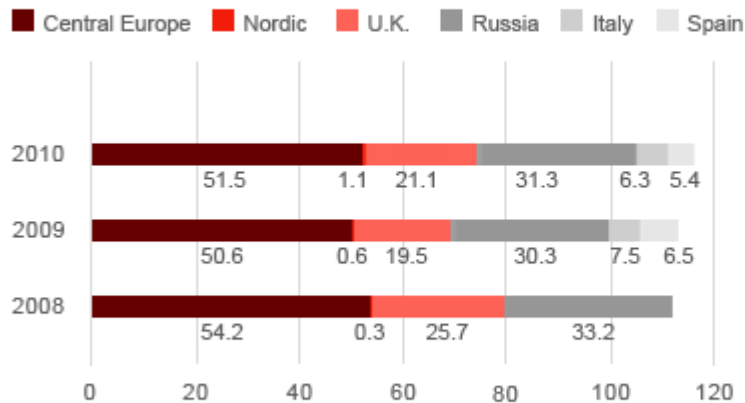
## CO<sub>2</sub> Emissions from Electricity Generation

✓ Reviewed 2010

In 2010, the amount of CO<sub>2</sub> emitted in our electricity generation, including CO<sub>2</sub> emissions attributable to CHP plants in the UK, increased by 1.7 million to a total of 116.7 million tons. This is mainly due to slight increases in production compared to the previous year, related to the economic recovery. The CO<sub>2</sub> emissions at Pan European Gas came to 512,000 tons.

### CO<sub>2</sub> Emissions from Electricity Generation<sup>1</sup>

in million tons



<sup>1</sup>Including the carbon emissions of our CHP units in the United Kingdom which are not included in the own generation figures due to accounting standards. Climate & Renewables generates CO<sub>2</sub>-neutral electricity. Data rounded.

This information has received a limited assurance engagement.

## Energy Mix of Electricity Generated

✓ Reviewed 2010

In 2010, the amount of electricity generated in E.ON's own power plants was 275.5 billion kWh, two percent above the previous years' level of 270 billion kWh. We obtained ten percent of our generated electricity from renewables. Fossil fuels such as coal, gas and oil continue to play a large role in our energy generation. As in 2009, their share was again 63 percent in 2010. Another important element in our energy mix is nuclear power, with a 26 percent share of our generated electricity.

### Energy mix of Electricity Generated

Percentages	2010	2009	2008
Coal	28	29	32
Nuclear	26	27	27
Gas/Oil	35	34	30
Hydro	6	6	8
Wind	3	2	1
Waste	1	1	1
Others	1	1	1
Total	100	100	100

This information has received a limited assurance engagement.

### Progress in Expansion of Renewables

**Wind power:** By the end of 2010 we had generation capacity of 3.6 GW (about ten times the amount we had three years ago). The major share comes from onshore wind power. In 2010 we commissioned over 350 MW of onshore wind power, including the wind parks Papalotte Creek 2 in the USA with 200 MW, Wielkopolska in Poland with 52.5 MW and Barao Sao Joao in Portugal with 50 MW. In the area of offshore wind power, we have a capacity of 467 MW. In 2010, E.ON installed around 40 percent of all offshore wind power generating capacity installed in Europe. We completed wind farms at Robin Rigg (180 MW) off the UK's northwest coast, Rødsand II (207 MW) in the Baltic sea off Denmark and alpha ventus (60 MW) in the German North Sea. Further wind farms with a total capacity of 3 GW are under development or construction; these include London Array, a cooperation project with Dong Energy and Masdar. The first construction phase with a capacity of 630 MW will be connected to the grid in 2012. After completion of the second phase, London Array will have a capacity of 1 GW.

**Hydroelectricity:** We have over 4.8 GW of hydroelectric capacity from river and pumped-storage power plants. In 2010, E.ON worked mainly on the construction and expansion of pumped-storage plants, for instance in Waldeck and in south-east Bavaria, which help amongst other things to balance out fluctuating generation from renewables.

**Biomass:** Since 2008, we have run a 44 MW wood-fired power station at the Steven's Croft site in Lockerbie, Scotland. The plant is one of the largest pure-biomass power stations in the UK and represents a saving of 140,000 tons of CO<sub>2</sub> every year compared to conventional generation. Other biomass projects with a total capacity of 400 MW are in various stages of development.

### Progress in our Conventional Generation Portfolio

**Natural gas:** Power plants with combined cycle gas turbine technology (CCGT) achieve high thermal efficiencies and therefore only emit comparatively small amounts of CO<sub>2</sub>. Through combining heat and power generation (CHP) even higher efficiency levels can be achieved. In 2010, we brought one of the most efficient and powerful CCGT plants in the world onstream in Irsching, upper Bavaria, with an

efficiency factor of nearly 60 percent. With the highly efficient gas-fired generating unit Irsching 4 planned for 2011, we will have achieved a total efficiency factor of over 60 percent for the first time ever. Further CCGT power plants have been brought onstream in Émile Huchet, France; Scandale, Italy; Malenice, Slovak Republic and Shatura near Moscow. The plant in Malenice with an efficiency factor of 58 percent is the most environmentally friendly power station in Slovakia. Shatura was recently recognized by the UN as E.ON's first Russian [Joint Implementation Project](#) as part of the Kyoto mechanism (see below).

**Nuclear Power:** [Nuclear Power](#) plays an important role to achieve our CO<sub>2</sub> target. Besides our role as operators of such plants we are also cooperating with construction companies such as Siemens and Areva (since 2008). We're also Member of the European Sustainable Nuclear Energy Technology Platform (SNETP).

**Coal:** Our latest coal-fired power plants currently under construction achieve thermal efficiencies of more than 45 percent and by replacing older plants they save large amounts of CO<sub>2</sub>. For example, the power plant unit under construction at Datteln 4 (1,100 MW), Germany, achieves over 45 percent efficiency. It will supply district heat to about 100,000 households in the central Ruhr region. The combined coal power plant Maasvlakte 3 in the Netherlands cogenerates heat that is piped to local industrial enterprises and residential areas; it will also be fitted to co-fire biomass. What's more, both power plants are designed for retrofitting with a large-scale carbon capture and storage (CCS) unit. In Maasvlakte we are also building the first large [CCS demonstration plant](#) with EU support.

## CO<sub>2</sub> Allowances from Emissions Trading

### ✓ Reviewed 2010

In 2010 we were awarded emission allowances for 75.1 million tons of CO<sub>2</sub> as part of the national allocation plans through the EU Emissions Trading Scheme (ETS). The CO<sub>2</sub> emissions of our power plants included in emissions trading from electricity and heat generation as well as those emitted by E.ON Ruhrgas amounted to 90.4 million tons of CO<sub>2</sub>, 15.3 more than the allocated emission allowances.

#### CO<sub>2</sub> Allowances Allocated to E.ON Group<sup>1</sup>

in million tons	2010	2009	2008
Central Europe	46.7	46.7	51.7
Pan-European Gas	0.5	0.3	0.3
U.K.	15.1	14.7	14.6
Nordic	1.3	1.1	0.2
Spain/Italy	11.5	14.8	11.7
<b>E.ON Group</b>	<b>75.1</b>	<b>77.6</b>	<b>78.5</b>

<sup>1</sup>The market unit Russia is not included in European emissions trading.

This information has received a limited assurance engagement.

## International Climate Protection Projects

E.ON is involved in climate protection projects in South-East Asia, North Africa and Russia under the CO<sub>2</sub> compensation methods defined in the Kyoto Protocol:

- The Clean Development Mechanism (CDM) regulates the allocation of emissions credits for climate-protection projects in developing countries. We have been working on such projects with Bionersis in South-East Asia since 2009. There, we capture climate-damaging methane gas from landfill sites to generate electricity. Over the project duration of 20 years this will avoid 4.5 million tons of CO<sub>2</sub> emissions.
- As part of Joint Implementation (JI) we receive certificates for emission reductions in industrialized countries. In 2010, our CCGT Shatur power plant near Moscow was recognized by the UN as E.ON's first Russian JI Project.

## CO<sub>2</sub> Accounting

E.ON was included in the Carbon Disclosure Leadership Index (CDLI) for the first time in 2008. The CDLI is published by a group of 551 institutional investors, representing a joint investment volume of around EUR 51 trillion (USD 71 trillion). In 2010, we also extended the calculation basis for our carbon footprint and we were included in the newly compiled Carbon Disclosure Performance Index (CPLI). This index assesses the reports of 500 of the largest companies in the world in their efforts to reduce CO<sub>2</sub> emissions. 48 of these companies were included in the Index.

## Developing Tomorrow's Technologies Today

Developing new energy technologies plays a key role in delivering energy for the future. Our activities in Research and Development (R&D) must be measured against this requirement. In 2010 E.ON created a Board of Management function for technologies. This underscores the importance we place on innovative energy technologies. See [CR in Practice](#) to find out more about our aims and organizational structure. In 2010 our R&D expenditure amounted to EUR 93 million and we further strengthened our Group-wide R&D activities:

- With the completion of alpha ventus, Rödsand and Robin Rigg in 2010, E.ON continues to maintain a leading position in the development, construction and operation of offshore wind farms.
- We invested more in energy efficiency applications, new energy efficiency projects for our customers, in micro CHP, Smart Homes and E-Mobility.
- We started several projects to test smart grid applications in our distribution network areas.
- In addition to the development of products for electrical car owners we worked with auto manufacturers to develop charging and billing for electric cars and their integration into the energy system.
- We increased our activities in research and testing of energy from the sea, such as the use of wave energy.
- We awarded some EUR 5 million in prize money to research teams for their innovative research proposals on heat storage and concentrating solar power (CSP).

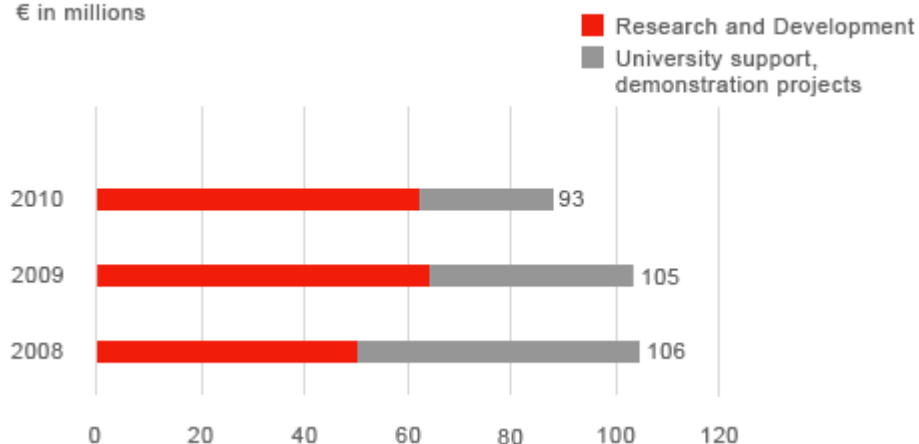
### Development of E.ON's R&D Expenditure

#### ✓ Reviewed 2010

In 2010 E.ON invested a total of EUR 93 million in research, development and demonstration projects; expenditure was EUR 12 million lower than the year before. The main reason for this reduction is that we completed the alpha ventus offshore wind farm. We invested EUR 61 million in our Group-wide R&D activities and a further EUR 32 million in university funding and demonstration projects. Here, the further development of promising key technologies to achieve market readiness is particularly important to us.

#### Development of E.ON's Spending on New Technologies

€ in millions



This information has received a limited assurance engagement.

We'll be investing a total of EUR 40 million over the period 2006 to 2015 to fund the E.ON Energy Research Center at RWTH Aachen. This renowned university's existing activities will be complemented with new research activities which we supported with EUR 5.5 million of funding in 2010. These are in the areas of electricity generation and storage systems, applied geophysics and geothermal energy, as well as the automation of power supply networks. We're also providing EUR 60 million in funding over several years for the E.ON Research Initiative, which we award for research projects on a range of topics. Here too, the focus lies on researching new technologies that are not yet market-ready. In 2010 we awarded some EUR 5 million for research projects to five research teams from Europe and the US for their innovative research proposals on "Heat Storage and Concentrating Solar Power (CSP)".

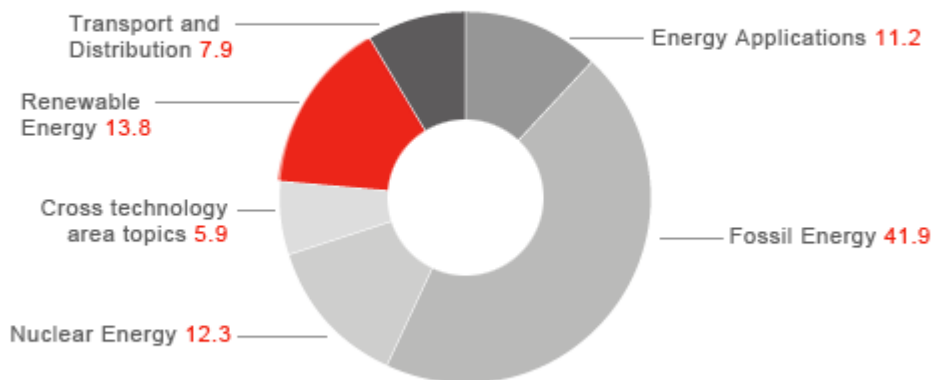
## R&D Budget by Project Type

✓ Reviewed 2010

When we break down our R&D expenditure by project type, it's clear that we cover a broad spectrum - from generation, through transport and distribution to sales. Our focus is primarily on renewable energies, but also on developing fossil fuel technologies further.

### R&D Budget by Project Type<sup>1</sup> (2010)

€ in millions (Total: 93)



<sup>1</sup>R&D Budget: Budget for research and development as well as demonstration projects.

This information has received a limited assurance engagement.

- **Renewables:** At EUR 13.8 million we reduced our expenditure by EUR 20 million in 2010; the main reason for this reduction is that we completed the alpha ventus offshore wind farm. Alongside established onshore and offshore wind power we aim to develop other technologies such as solar and marine power on a large industrial scale.
- **Fossil Energy:** We invested a total of EUR 41.9 million in this area, an increase of almost EUR 8 million compared to last year. The increase in expenditure is due to trial and development work on Carbon Capture and Storage (CCS) technologies, which requires extensive testing. We also

focused on raising the efficiency of CCGT power plants as well as coal-fired power plants.

- **Nuclear:** Nuclear power will continue to play a role in our energy mix. We're involved in developing new, safer materials and improved safety systems. Our investment in nuclear innovations slightly decreased by EUR 1 million to EUR 12.3 million.
- **Transport and Distribution:** We slightly decreased our investment in this area in 2010 by EUR 1 million to EUR 7.9 million. Our focus was on energy-storage systems and smart grids. On the road to an energy future with a growing number of renewable energies, we need smart grids and smart meters. These technologies save energy, help with load management and therefore optimize the use of power plants; they also organize the use of small, point-of-use power generation units and energy storage systems.
- **Energy Applications:** Here we invested EUR 11.2 million in 2010, representing an increase of almost EUR 1 million compared to the year before. Energy applications, new projects in energy end-use, micro CHP, smart home systems and e-mobility technologies all gained in importance.

## Example Projects in 2010

### Renewables:

- The majority of our renewables investment goes into wind energy where we're working on new, efficient technologies. One example is a vertical-axis wind turbine we're currently demonstrating in the Swedish city of Falkenberg. It works without a mechanism to align the rotor blades with the wind and operates in conjunction with a generator at ground level, making it very maintenance-friendly.
- A considerable share went into offshore wind power research work. By the close of 2010, turbines with a capacity of 467 MW came onstream in the UK, Denmark and Germany - with further wind farms with a combined power output of 3 GW currently under construction or in the planning phase. We're also working together with industry-leading companies such as Masdar, a major investment company based in Abu Dhabi, on large projects including the world's largest offshore wind farm in the outer Thames Estuary: the London Array.
- Alongside wind power, as a second mainstay we're currently developing concentrating solar power (CSP) technology, which uses large concave mirrors to bundle the energy used to run steam turbines. In 2010 we made very positive progress in establishing two 50 MW concentrated solar thermal power plants, which we're currently constructing in a joint venture with Abengoa, the Spanish market leader in solar power plants. One of the plants is due to go onstream as soon as 2011. Furthermore, we're also involved in the Desertec Industrial Initiative - a project with the goal of generating electricity using solar and wind farms in the deserts of North Africa and transporting it to Europe.
- In addition we're helping to develop new solutions to utilize biomass and marine power. Here we're involved in the Pelamis project to generate renewable electricity from ocean waves. For this purpose, a floating steel sea snake comprising moving, tubular sections was developed. A 180 meter prototype capable of generating a maximum of 750 kW is due to be launched off the coast of Scotland's Orkney Islands in 2011.

## **Fossil Energy:**

- The increase of expenditure on fossil energy is due to the testing and development of Carbon Capture and Storage (CCS) technology for flue gas from fossil-fueled power plants. We plan to be able to build all new coal-fired power plants with CCS technology by 2020. We're currently conducting some 100 research projects looking at the commercial application of this technology and in total we're spending EUR 15 to 20 million per year on CCS. We plan to construct an initial large-scale demonstration plant (250 MW) at Maasvlakte near Rotterdam in the Netherlands.
- With efficiencies of almost 60 percent, the latest natural gas-fired power plants with combined-cycle gas turbine (CCGT) technology already achieve the highest thermal efficiency levels in E.ON's generation fleet. In May 2010, we put into operation one of the world's most efficient and powerful CCGT power plants in Irsching, Germany, following a construction period of roughly two years. With an efficiency of 59.7 percent the plant sets new benchmarks in terms of energy efficiency and minimized environmental impact.
- Our latest generation of coal-fired power plants currently under construction achieve thermal efficiency levels of over 46 percent. Additionally in 2010 we tested new materials for highly energy-efficient, ultra-high temperature operations up to 700°C.

## **Nuclear:**

- Besides our role as operators of such plants we are also cooperate with construction companies such as Siemens and Areva (since 2008).

## **Energy Applications:**

- We installed about a million smart meters in Sweden by the close of 2010, as required by national law. In Spain we will have installed approx. 750,000 smart meters by 2014. By the end of 2010 we fitted 10,000 appliances for end users during field trials in Germany. By 2022, 80 percent of German households are to be supplied with a smart meter.
- In Sweden, the UK and Germany we launched our international Smart Homes project to bring households up to tomorrow's efficiency level.
- To support the development of small, in-home micro CHP units we are a partner in the German government-backed Callux project, a large field test of gas-fired fuel cell CHP units in single-family homes. We also founded an industry user group in Germany. In the UK too, we tested fuel cells and Stirling engines. The main research topics are the connection of decentralized units to large data and power networks, and the integration of domestic electronic appliances. On the latter we have been cooperating with BSH Bosch and Siemens Appliances since the end of 2010.
- Electric cars, as appliances that both consume and store energy, are an important part of tomorrow's intelligent energy world. We concluded our first large-scale e-mobility pilot projects in 2010, including a fleet test with VW and the MINI E project. Additional projects were initiated, such as a study with the German TÜV Süd (technical inspection institute) and a research partnership with the Spanish city of Santander. See [E-Mobility](#) or the links in the right-hand margin for further information.



## Systematically Reducing our Environmental Impact

We cannot entirely avoid having an impact on the environment, but we are working to keep this to a minimum wherever possible and to reduce it further. We are committed to protecting the environment and we are pursuing a systematic approach to manage our environmental issues more effectively across the Group. See [CR in Practice](#) to find out more. Even though we have not yet achieved our ambitious aims in many areas, such as in biodiversity or water management, we made significant progress in 2010:

- Implementing environmental management systems at all locations that have a significant environmental impact.
- Developing industry standards on biodiversity for offshore wind power, in cooperation with the International Union for Conservation of Nature (IUCN).
- Implementing new catalyst technologies for the first time in 2010 to reduce flue gas emissions of nitrogen oxides and mercury.
- Starting with the development of a comprehensive water footprint reporting system, as part of the Carbon Disclosure Project (CDP) Water Disclosure.

### Group-wide Environmental Management

In 2009 we set ourselves the aim of implementing environmental management systems (that meet EN ISO 14001 or EMAS II) at all our significant subsidiaries - and to have these systems certified by independent auditors. Since 2010, all relevant sites have environmental management systems in place. Several of them have already certified management systems. However, the construction and operation of plants that generate renewable energies can also have an environmental impact, for instance wind power; land use, shadow flicker and noise emissions are key impacts, which is why E.ON Italy had its wind farms specially certified to the stricter EMAS II standard.

### Active Prevention Prevents Environment-related Incidents

Thanks to our systematic environmental and safety management system, environment-related incidents are a very rare occurrence at E.ON. Nevertheless, we remain alert to identify even small risks and reduce the probability of accidents. Across the Group there were no environment-related incidents between 2005 and 2009 that, according to our strict criteria, would have caused us to respond within 24 hours. This said, in the reporting period there was unfortunately one incident in Sweden where the dam of a hydropower plant broke. Thankfully, this did not result in any injuries or serious environmental damage. In addition, there were environment-related incidents that did not attain this category, such as improper management of areas around power lines in a Swedish environmental protection area. Furthermore, national authorities imposed fines due to the unpermitted discharge of cooling water into the river Weser in Germany and an oil leak at an external transformer in the Czech Republic. We analyze the cause of such incidents, derive preventative measures then incorporate these into our environmental management system. At our [nuclear power plants](#) there were no Category 1 to 7 incidents in 2010. These seven categories refer to the seven-level International Nuclear Event Scale (INES).

### Conserving Biodiversity

Conserving biodiversity is an important consideration to E.ON when selecting locations. There is no doubt that constructing and operating power plants has an impact on natural habitats. Wherever possible we look for solutions to reduce the threat to biodiversity and we support nature restoration projects. At the peripheries of different habitats, such as beneath power lines, we even actively encourage biodiversity by managing these areas in harmony with nature. With the aim of making a systematic approach possible, we've integrated the conservation of biodiversity into our environmental management. To obtain reliable findings for the first time on offshore wind power's impact on biodiversity, we have been working together with the International Union for Conservation of Nature and Natural Resources (IUCN) since 2009. Their independent Greening Blue Energy study published in June 2010 delivered robust findings on this little-researched field. Through our involvement we're contributing towards establishing internationally binding environmental standards and standardizing the approval processes for the entire industry. In addition, each of our regional units is subject to the relevant national requirements for environmental impact assessments that also cover the impact on biodiversity.

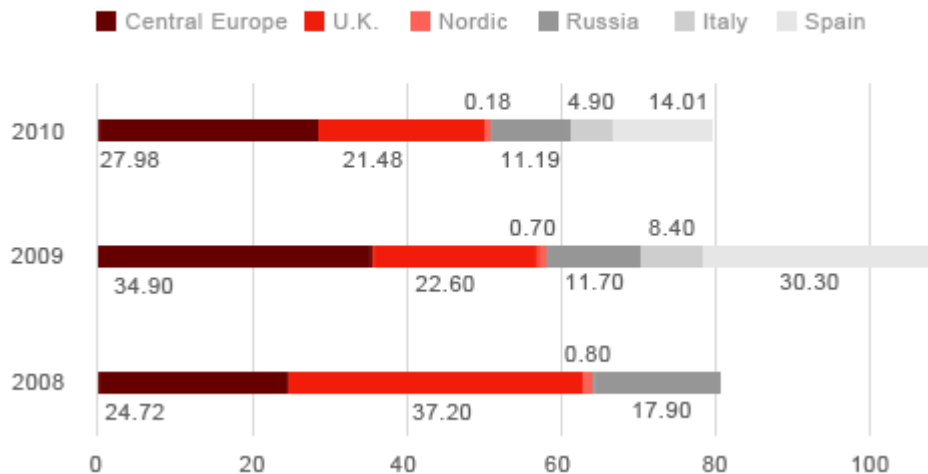
## SO<sub>2</sub> Emissions

✓ Reviewed 2010

Sulfur dioxide (SO<sub>2</sub>) is released into the atmosphere primarily through the combustion of coal containing sulfur. We were able to significantly reduce our emissions last year by using additional filters and increasing the proportion of gas we use in our energy mix. Consequently, between 2009 and 2010 we further reduced our SO<sub>2</sub> emissions by almost 28 percent to some 80 kilotons. Among other factors, this significant Group-wide decline is caused by the halving of emissions in Italy and Spain. It results from our use of improved desulfurization plants in Spain and lower-sulfur coal in Italy.

### SO<sub>2</sub> Emissions

in kilotons



This information has received a limited assurance engagement.

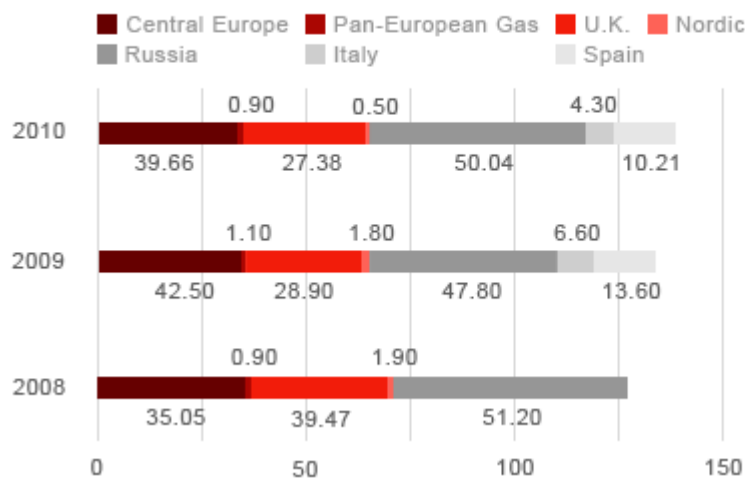
## NO<sub>x</sub> Emissions

✓ Reviewed 2010

With gas-fired power plants, nitrogen oxides (NO<sub>x</sub>) are released into the atmosphere as high combustion temperatures cause the nitrogen in our air to combine with oxygen. But NO<sub>x</sub> emissions are also associated with the combustion of coal, which is why we have a special responsibility in both cases to reduce these harmful emissions further. To do this we equipped our new power plants commissioned in 2010 as well as plants added to our portfolio in 2009 with modern filter technology; this enabled us to reduce our NO<sub>x</sub> emissions in 2010 from 142 kilotons to 133 kilotons (previous year's figure excludes our E.ON US market unit sold in 2010). We have been testing a new type of catalyst since May 2010 at a flue gas denitrification plant at our coal-fired power plant in Staudinger, Germany. What's more, this catalyst is also intended to contribute towards capturing more mercury contained in the flue gas than before.

### NO<sub>x</sub> Emissions

in kilotons



This information has received a limited assurance engagement.

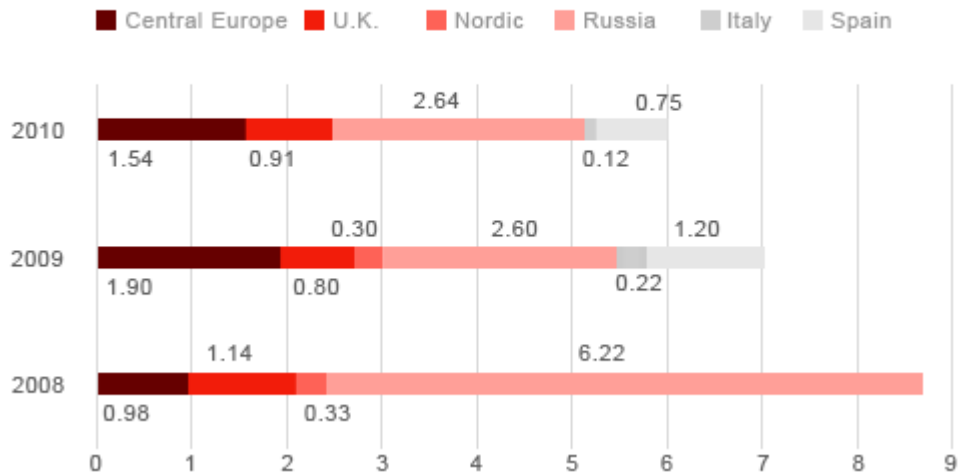
### Dust Emissions

✓ Reviewed 2010

Coal-fired power plants also emit dust. In 2010 our dust emissions totaled some 6 kilotons, around 15 percent less than the year before. Along with improved filter technology, for instance, this reduction is thanks to the use of other fuels for our power plants in Italy.

## Dust Emissions

in kilotons



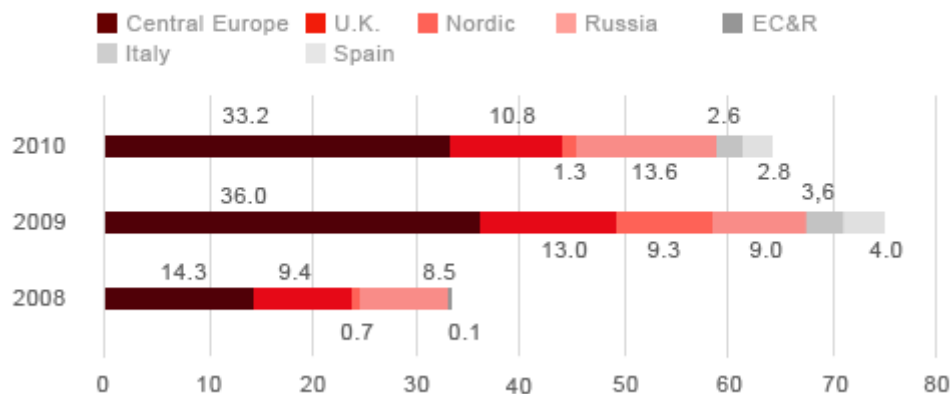
This information has received a limited assurance engagement.

## Process Water Consumption

After the considerable rise in our process water consumption last year as a result of Italy and Spain being included in our figures for the first time, the figure for 2010 has fallen slightly to 64 million m<sup>3</sup>. One of the reasons for this was the fact that we disposed of generating capacity in Italy such as our Monfalcone power plant. On the whole, data quality has improved as we have been placing increased focus on the topic of water since 2010, and E.ON will report water consumption as part of the CDP Water Disclosure.

## Process Water Consumption

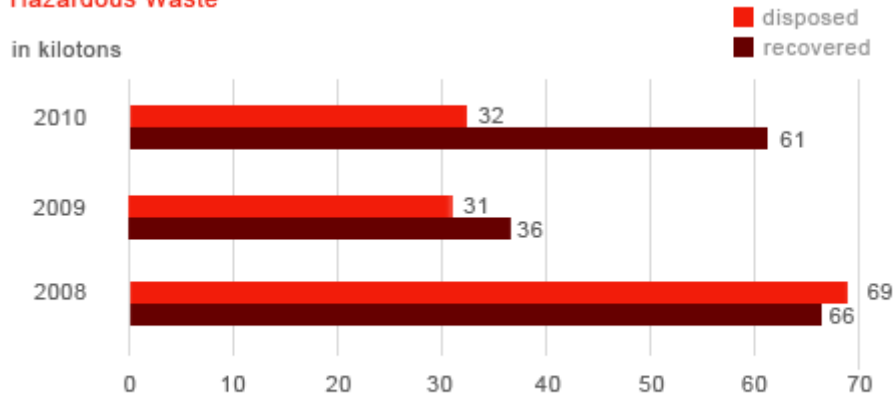
in million m<sup>3</sup>



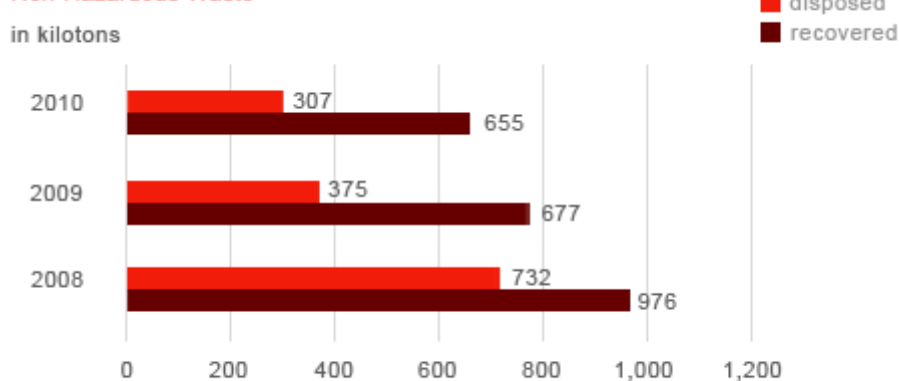
## Non-hazardous and Hazardous Waste

E.ON gives waste prevention priority over recycling and waste disposal. Our total volume of hazardous waste has decreased by 55 kilotons to 93 kilotons in comparison to the previous year. In total we recycled 61 kilotons and disposed of 32 kilotons in accordance with regional regulations. The main reason for the decrease is that less hazardous waste was generated from construction activities compared to 2009. In terms of non-hazardous waste, the overall volume decreased slightly by 3 percent to 2,576 kilotons, with 654 kilotons of this being recycled.

## Hazardous Waste



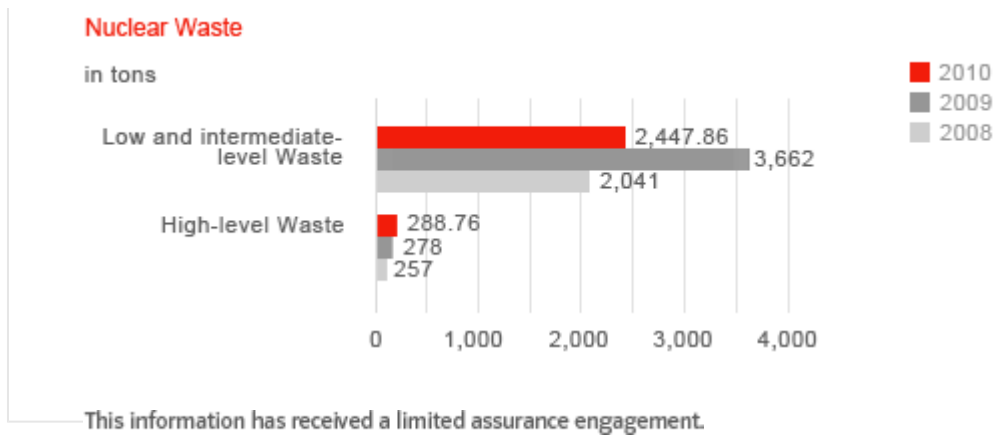
## Non-Hazardous Waste



## Radioactive Waste

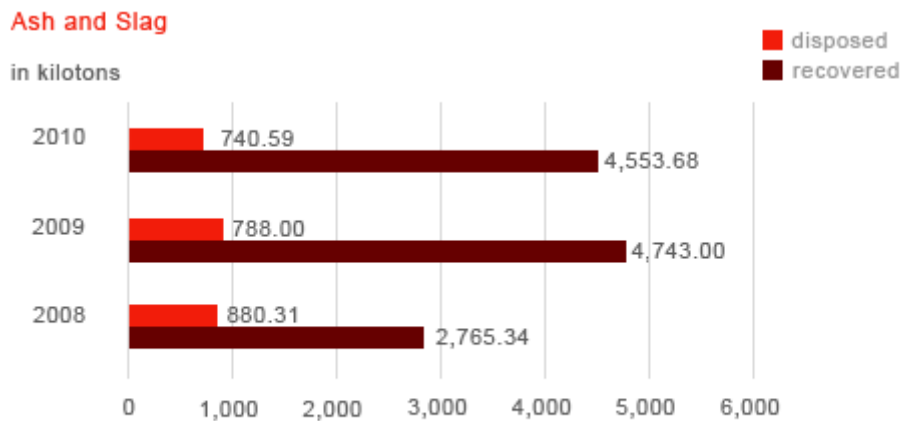
### ✓ Reviewed 2010

In 2009 we generated more low- and intermediate-level radioactive waste than normal due to substantial technical and structural measures in Sweden. We finished these measures in 2010. All in all we produced a total of 2,448 tons of low and intermediate-level radioactive waste at our German and Swedish nuclear power plants. This is around one third less than in the year before. Added to this, 313 tons of high-level radioactive waste was produced in our generating operations as well as from the dismantling of decommissioned nuclear plants. In Sweden and Finland we pushed forward the development of final storage facilities for radioactive waste: in Sweden the choice of location was Forsmark. Swedish Nuclear Fuel and Waste Management Company (SKB), partly owned by E.ON Sverige, tendered for the construction and operational management of final storage facilities in 2010.



## Ash and Slag

Burning coal produces considerable amounts of ash and slag. In 2010 the volume of ash and slag we recycled decreased slightly from 4,743 to 4,554 kilotons, with the volume we disposed of also falling from 788 to 741 kilotons. The total volume compared to 2009 thus decreased by 4 percent to 5,294 kilotons.

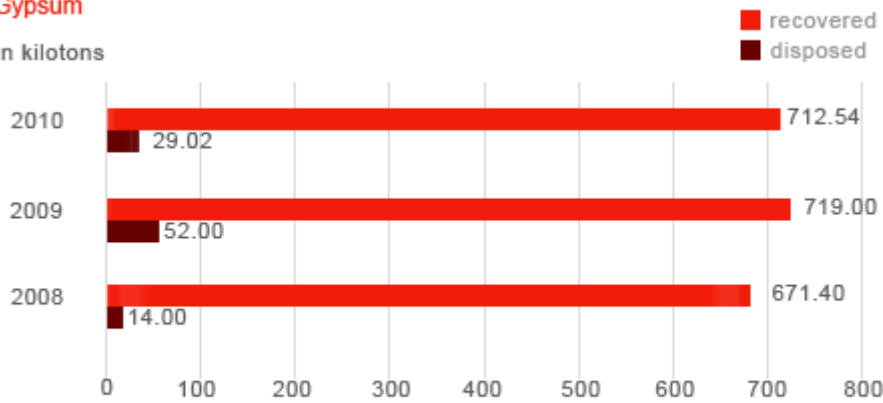


## Gypsum

At our power plants we produce significant quantities of gypsum, as a by-product of flue gas desulphurization. In principle gypsum is non-hazardous, as it can be reused as a construction material, which also helps indirectly to avoid environmental damage through gypsum mining. The amount of gypsum produced in 2010 fell slightly by 4 percent compared to 2009. Consequently, the volume of gypsum we recycled fell from 52 to 29 kilotons, with the volume disposed of also decreasing from 719 to 713 kilotons.

## Gypsum

in kilotons



## Employee Involvement in Environmental Protection

Resources can be saved and the environment protected by making a conscious effort in the workplace and at home. That's why we are supporting our employees' involvement in environmental protection with training and volunteering programs:

- Our Environmental Champions program was originally launched in 2007 in the UK market unit. In 2008 we started to roll the program out across the Group. Environmental Champions are E.ON employees who motivate their colleagues to reduce their consumption of resources and to separate waste. The program has now become established across the Group. In addition, with Environmental Champions we are supporting the community involvement of our employees, for instance through volunteering programs for schools.
- With our Environmental Champions at School program, we're focusing on raising awareness among young people and enabling schools to achieve measurable success in environmental and climate protection. In the participating countries of Spain, Italy and Hungary some 60 employees have already held events at around 30 schools. Participants communicate with each other using web conferencing tools and online platforms. Launched in March 2010, we plan to continue this campaign until June 2011.
- Through our new Policy for company cars for our executives and board members in Germany, we're also working to create incentives to reduce CO<sub>2</sub> emissions: if they use cars that exceed the emissions threshold of 150g/km, they have to pay additional charges; however, if emissions fall below this threshold, cost reductions are offered.

## Progress Towards Responsible Procurement

Our business activities do not begin with the generation and distribution of energy; the true starting points are the planning and construction of power plants and the procurement of products, services and fuels for our operations. While procurement is an essential part of our business, it can be associated with effects on people and the environment. Our aim is to minimize the negative impacts. You can find further information about our strategic approach under CR in Practice. In the course of integrating sustainable procurement criteria and processes, we were able to make progress in 2010 e.g.:

- Two audits conducted in coal mines.
- Cooperation with other power utilities as part of the Better Coal Initiative. Its goal is the continuing improvement of the coal supply chain, focusing on coal mines in particular.
- A Group-wide IT solution was launched to improve transparency and the flow of information in the non-fuels sector.

### Supplier Qualification and Audits

Our supplier qualification program is an important instrument for initiating improvements in the social and ecological standards along our supply chain - not only of those of our suppliers, but of the mines and processing sites as well. Since 2009 CR compliance has been included alongside economic criteria as a mandatory component of our supplier audits. To this end, we work with an international auditing firm to train our auditors:

- In the non-fuels sector, our sustainable procurement processes are supported by a standardized, Group-wide IT solution. Known as the Master Data Hub, this system allows us to create greater transparency and helps to increase supplier awareness of the importance of our responsible procurement principles. In addition, in 2010 E.ON employees conducted a total of 46 CR audits among our non-fuel suppliers, in some cases with the involvement of external auditing firms.
- In the field of coal procurement, we audited a Columbian and a South African coal mine in 2010. Independent external auditors conducted the local CR audits. After the audits, we worked with the mining companies to develop action plans that outlined corrective measures and areas for improvement. Two further audits of coal mines are planned for 2011.
- In 2010 we worked with an external auditing firm to conduct a CR audit of a uranium processing and enrichment plant in Russia. The on-site inspections examined aspects such as human rights, occupational safety, environmental protection, integrity of business practices and radiation protection. The audit included the examination of documentation before and during the on-site inspections, interviews with relevant department managers and meetings with representatives of the union and neighboring municipalities, as well as visits to different facilities.

As part of the audit process, we work with our suppliers to identify concrete areas of improvement and establish timeframes for implementing measures with our support. Should a supplier in some way demonstrate their unwillingness to cooperate or show no potential for improvement, we decide whether to terminate the business relationship on a case-by-case basis.

## Gas Supply by Source Country

✓ Reviewed 2010

Due to our long-term contracts, there were only minor changes in our natural gas sources from 2009 to 2010. The total volume of gas purchased by E.ON Ruhrgas in 2010 was approximately 684.5 billion kWh. This year-on-year increase of almost 10 percent can be attributed in part to the economic recovery and in part to below-average low temperatures in some regions. The most important source countries for natural gas were Russia at 27 percent and Norway at 25 percent, followed by Germany (23 percent) and the Netherlands (17 percent).

### Gas supply by country<sup>1</sup>

in billion kWh	2010	% <sup>2</sup>	2009	2008
Russia	184.9	27	164.3	177.3
Norway	174.2	25	166.8	176.9
Germany	159.7	23	134.4	121.4
Netherlands	118.2	17	93.1	114.8
Denmark	16.8	3	17.7	25.4
Others	30.7	5	47.8	63.7

<sup>1</sup>Gas purchases of E.ON Ruhrgas AG; total 684,5 billion kWh.

<sup>2</sup>Numbers rounded.

This information has received a limited assurance engagement.

We also intend to cover up to 20 percent of gas supplies from our own sources in the long term. Here we are focusing on the North Sea off Great Britain and Norway, as well as North Africa and Russia. Since August 2010 we have been operating an initial gas production platform located off the coast of Great Britain. It is set to produce more than 5 billion cubic meters of natural gas in the next 20 years. Our activities in the dynamic market for liquefied natural gas (LNG) form the third pillar of our natural gas procurement strategy. LNG has developed into an important international commodity; transported to the consumers of Europe from numerous source countries by ship, in the future LNG will represent a favorably priced alternative to pipeline gas.

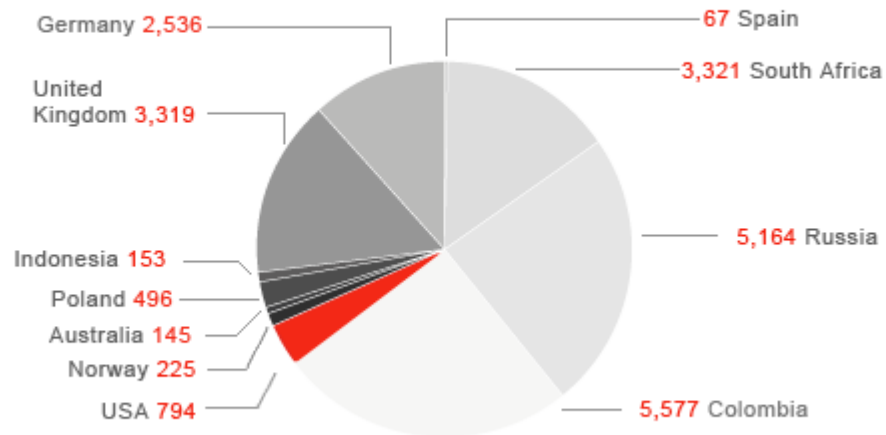
## Hard Coal Procured for E.ON Power Stations by Source Country

✓ Reviewed 2010

In 2010 E.ON purchased a total of 21,800 kilotons of coal for coal-based power generation, approximately 50 percent less than in the previous year. This can be traced back to our sale of E.ON US on the one hand, and on the other to the divestment of power plants in Germany that was carried out as part of the compromise with the antitrust authorities. These effects were partially offset by increased output at the power plants in Germany and the first-time inclusion of the power plant in Belgium. All other units also processed larger amounts of coal than in 2009. In the U.K., the decrease in the amount of coal purchased is due to the large stocks at hand at the beginning of 2010, which

were drawn on over the course of the year. Representing 50 percent of all coal purchased, Russia and Columbia are by far our most important source countries for hard coal.

### Hard Coal Procured for E.ON Power Stations by Source Country (2010)



This information has received a limited assurance engagement.

It is our firm belief that we must work with other stakeholders to identify shared approaches to sustainable procurement. This is why we have sought to cooperate with competitors and NGOs in improving social and ecological standards along the supply chain. We have joined forces with seven leading European energy suppliers who also want to see improvements in the coal supply chain, to develop the Better Coal Initiative. This initiative aims to ensure the continuous improvement of sustainability aspects along the coal supply chain, especially at the mining stage. The plan is to define social, ecological and ethical standards, integrate them into business practices, and involve other stakeholders more deeply in this process.

### Uranium Supply for E.ON Power Plants by Source Country

The world's largest deposits of uranium are found in stable export countries such as Canada and Australia. Furthermore, natural uranium is suitable for storage in large quantities. In 2010, E.ON met the majority of its uranium requirements with natural uranium from Canada, Kazakhstan and Russia, which was then enriched in Europe. In addition, we have our own stocks of natural uranium that originated in Canada, Namibia, Australia and Russia. On average we need approximately 1,600 tons of natural uranium each year to fuel our nuclear power plants in Germany and Sweden.

### Biomass Purchasing

Biomass is gaining in importance within our growing renewable energy portfolio. In 2009, our Executive Board drafted and approved a biomass procurement policy to ensure that the effects of our biomass activities are managed responsibly and in accordance with a set of clear and comprehensive principles. These address impacts on the environment, biodiversity and water supplies as well as consequences for global food markets and the regions in which we work. The policy is included in the

terms of the purchasing agreements signed by our suppliers and covers all of E.ON's activities from the production of our fuels to the generation of heat and electricity for our customers.

In 2010 we undertook a full supply chain carbon balance audit of our largest biomass plant, the 44 MW Steven's Croft facility in Scotland. During 2011 we will undertake similar audits for four plants currently at the development stage. This will allow us to optimize sustainability along the supply chain from the outset. We are also planning to extend the scope of our sustainability audits to include the activities of a number of biomass suppliers.

# Community Involvement as Part of Corporate Responsibility

Since 2007 our Community Involvement (CI) has taken a clear strategic direction. You will find more details under [CR in Practice](#). Our aim is to share our expertise as one of the world's leading energy companies with the society in which we live and work, making an active contribution to solving the challenges it faces. In 2010 we made important progress in these areas:

- Expansion and consolidation of our "Energy for Children" projects
- Outstanding community involvement by our units' employees
- Expansion of strategic community activities

After rolling out our Community Involvement (CI) strategy across the Group, we continue to focus on dialog between units. At the same time, we plan to further expand our CI initiatives in keeping with each unit's needs and opportunities and to move ahead with our Energy for Children program. We are aware that we can achieve more by working in cross-sector partnerships, and intend to make greater use of these in the future. In 2011 we also plan to identify appropriate measurement tools and performance indicators to better monitor our progress in meeting our goals.

## Energy and Environmental Education: Tremendous Reach and Powerful Effects

- By 2010 our flagship project "[Leuchtpol](#)", which is part of our CI program Energy for Children, had reached teachers in more than 1,700 preschools. In 2010 the fourth external interim report reconfirmed the especially high multiplier effect of the project in the field of sustainability education.
- The [Environmental Champions in Schools](#) initiative was rolled out in Spain, Italy and Hungary. Fifty of our employees in these countries volunteered to bring the project to 27 schools. They were supported by Global Action Plan, an international NGO.
- [Energy for Children's](#) first Energy Day was held in January 2010 at E.ON AG. 190 children of employees enjoyed hands-on activities designed to teach them about renewable energy.
- After garnering success for several years in England and Hungary, "[The Energy Experience](#)" e-learning project was also rolled out in elementary and secondary schools in Slovakia.

## Award-winning Community Projects

2010 again saw a number of our established CI programs gain external recognition:

- "[Leuchtpol](#)", the German lighthouse project that is part of E.ON's Energy for Children program, was one of the first recipients of the "Werkstatt N" quality seal awarded by the "German Council for Sustainable Development". In 2009 it was already included in UNESCO's "National Action Plan" for Germany.
- In 2010 the ZSE Group received the "European Employee Volunteering Award" in Slovakia. The award-winning project, "Best Idea", offers students in technical schools the opportunity to develop their own business ideas in the field of renewable energy or energy efficiency as part of their preparation

for their future careers. The students are supported by business experts as well as employees of the ZSE Group.

- The community involvement of E.ON Hungária was honored with the "National Prize for Corporate Volunteering", the only prize awarded in this field in Hungary.

## Social Investment in 2010

In 2010 we spent a total of EUR 40.8 million Group-wide on initiatives that addressed a range of societal issues. Compared to the previous year, this represents a slight increase in our financial commitment to our communities - despite the continuing subdued business environment and our "PerformtoWin" efficiency program.

## Social Investment by Strategic Focus and Purpose

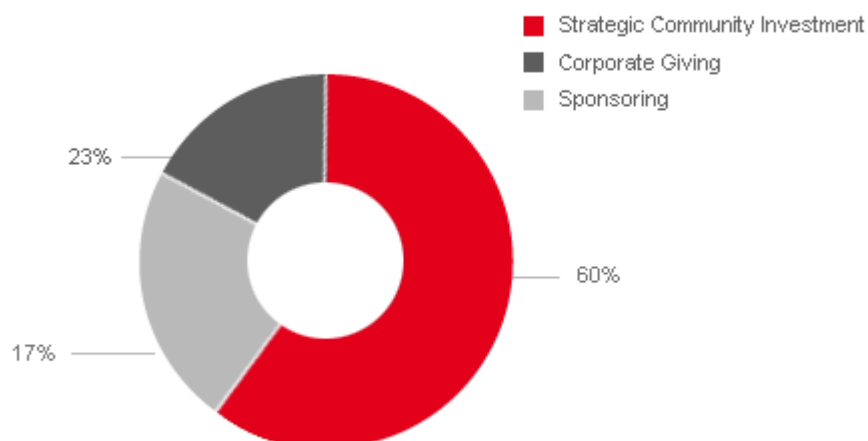
✓ Reviewed 2010

Our social investment can be broken down into three focus areas:

- Strategic community involvement;
- Sponsorships that benefit the community, e.g. sponsoring sports and the arts;
- Financial corporate giving, including disaster relief.

In 2010 almost 60 percent of E.ON's social investment was dedicated to strategic community involvement. This represents progress towards our objective of moving from donations and sponsorships to providing more targeted support to strategic community initiatives.

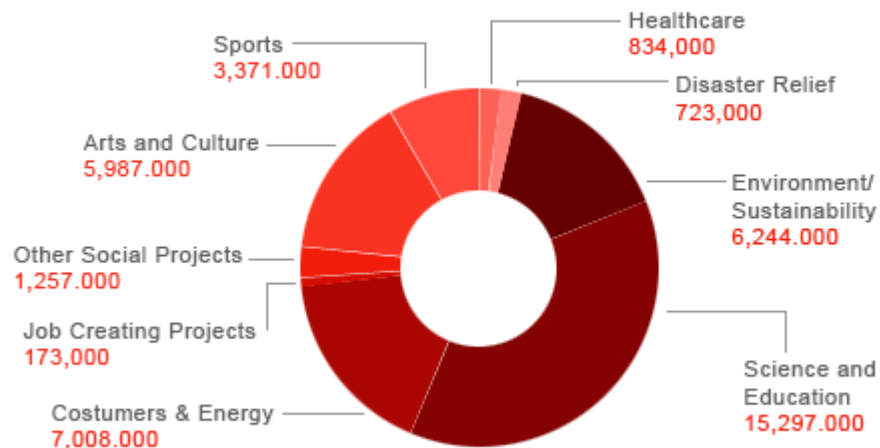
### Not-for-profit Investments in the Communities, by strategic focus 2010



Broken down by purpose, our community expenditure targeted several different areas, with the most support going to science and education. Seventeen percent went into local projects, such as teaching about the safe

use of energy and providing assistance to vulnerable customers.  
Approximately 15 percent was invested in cultural and art projects.

**Total Community Investements 2010**  
in €



This information has received a limited assurance engagement.

The total sum reported for social investment does not include regulatory compliance activities. It also excludes investments in R&D and all customer marketing expenditures. Including these elements would increase the investment figure reported here many times over.

## Employee Volunteer Work

We are proud of our employees' volunteer work. In 2010 around 4,400 employees volunteered over 21,800 hours of their time as part of our Corporate Volunteering program. In monetary terms, this would be the equivalent of over EUR 500,000.

## Occupational Safety - Our Top Priority

The workplace safety of our employees and contractors has top priority for E.ON. You will find more information on our strategic approach and our targets under CR in Practice. In comparison with other companies in the industry, E.ON is currently among the top performers based on our Group-wide accident rate. In the period under review, we also made progress in the following areas:

- We extended our Health&Safety (H&S) training program.
- We established a new performance assessment system that includes targets with H&S prevention components and finalized Group-wide standards.
- The accident rate among our contractors was significantly lower than the target set by the Group.
- Eighty percent of our units have certified or certification-ready occupational safety systems that meet international standards such as OHSAS 18001.

As a whole, the Group-wide occupational safety culture made further advances in this reporting period. However, we are aware that it will take time to make it an integral part of our daily work. The continued harmonization of our international units' H&S activities is also an ongoing process that is far from complete, although the combined TRIF and our newly introduced H&S standards are important building blocks. The recording of less serious accidents improves our understanding of sources of danger, which will in turn help to further reduce our accident figures.

### H&S Training Program: Successful throughout the Group

We offered workshops to around 650 managers both on-site and at the E.ON Academy as part of the Group-wide H&S training initiative. It is the most comprehensive program in the Group and received above-average ratings from participants. In 2011 we plan to carry out coaching at the tier-one management level and launch a new workshop on risk analysis.

### Widespread Awareness of Occupational Safety Standards

Our employees are aware that occupational safety is a top priority for E.ON. In the Employee Opinion Survey 2009, 94 percent of employees surveyed were certain that everything possible was being done to prevent accidents in their workplace.

### Establishing a Culture of Occupational Safety by Setting Targets and Standards

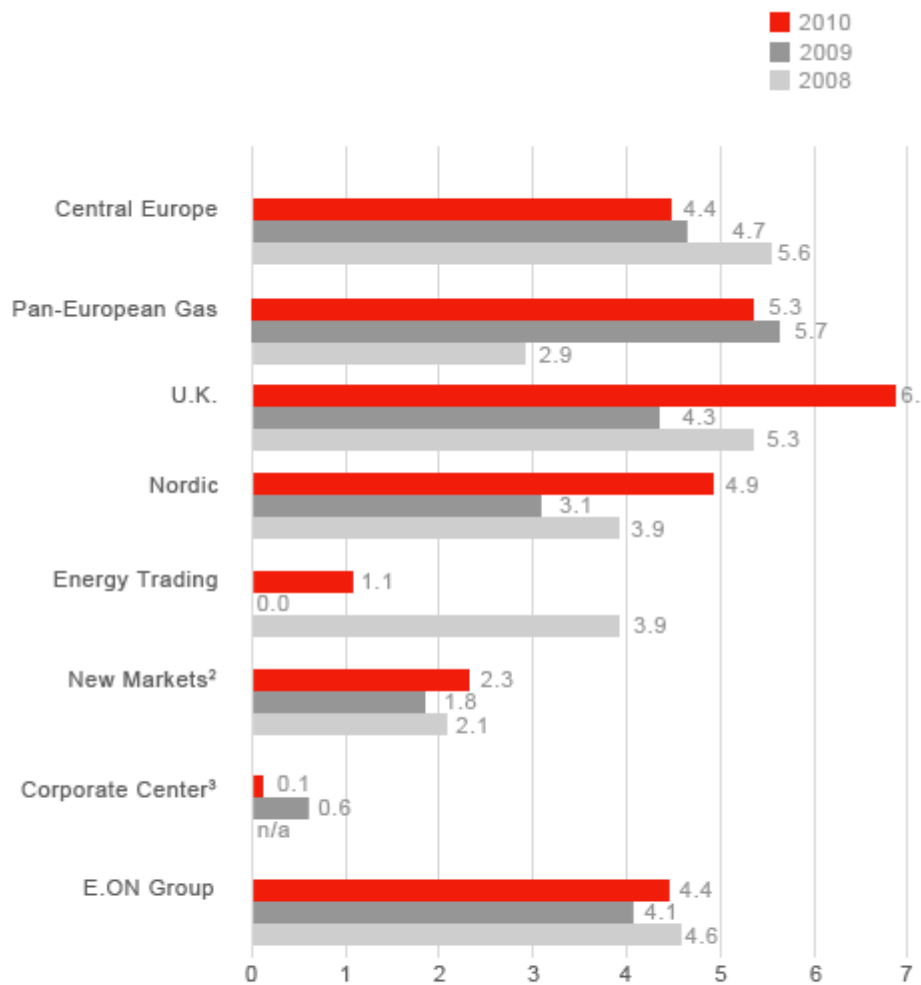
In our new performance assessment system for upper-tier management, more preventive components have been included in the H&S objectives. In addition to quantitative targets, in 2010 we weighted the implementation of the "Safety Improvement Plan" (SIP) at 50 percent for the first time. In 2011 the ratio of preventative components will be further increased. In December 2010 we also finalized standards to underpin the Group's occupational health and safety guidelines. These minimum requirements apply to our global and regional units and partners and cover issues such as risk management, recording near-misses and measures to prevent falls.

✓ Reviewed 2010

To better understand potential safety risks in the workplace, we have been compiling the "Total Recordable Injury Frequency Index" (TRIF) since 2008. The TRIF not only records the number of injuries that lead to lost working hours, but also accidents that result in a limited ability to work, or where employees have needed medical attention, but no working hours were lost. In 2010 the Group average was 4.4. Compared to 2009 (4.1) and 2008 (4.6), this shows that our performance has remained constant, despite the small increase from 2009 to 2010.

Our goal is to reach a TRIF score of 3.0 for E.ON employees and our partners' employees by 2015.

TRIF<sup>1,4</sup>



<sup>1</sup>Total Recordable Injury Frequency - number of work-related accidents per million hours worked that result in fatalities, lost workdays cases, restricted workday cases or where employees have received medical attention.

<sup>2</sup>Market Units in the new markets segment (Climate & Renewables, Russia, Italy and Spain) are not reported before 2009, due to current inconsistencies in data-logging systems.

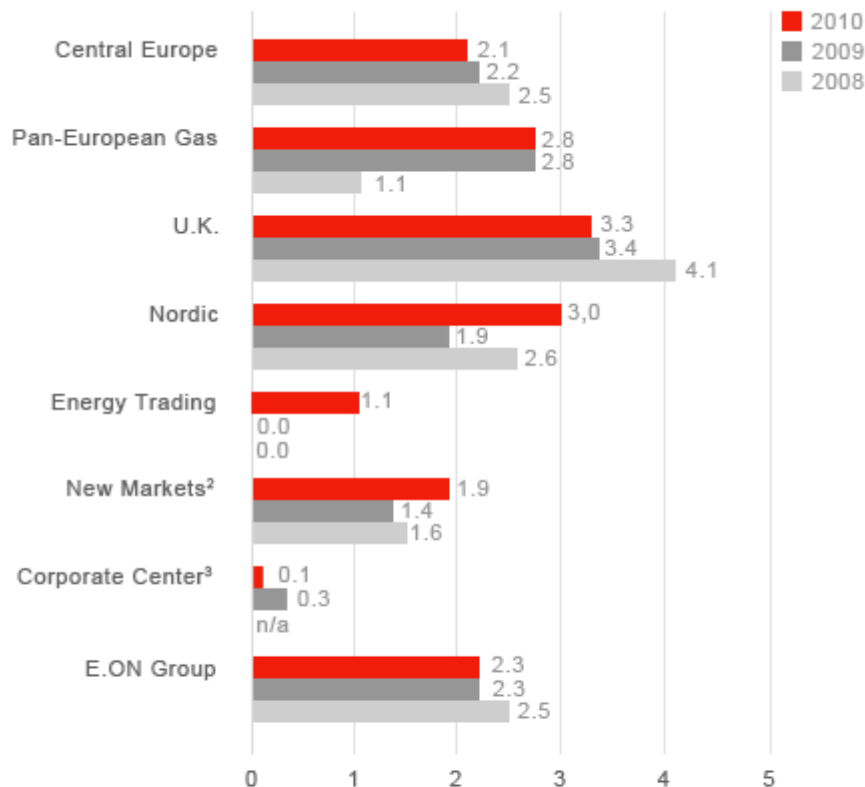
<sup>3</sup>Reported separately for the first time in 2009. Figures include E.ON IS.

<sup>4</sup>Unlike the report as a whole, the occupational safety figures cover all companies over which E.ON has operational control.

This information has received a limited assurance engagement.

In 2010 E.ON's annual accident rate, calculated using the "Lost Time Injury Frequency Index" (LTIF), remained unchanged from 2009 at 2.3. LTIF reflects the frequency of work-related accidents per million hours worked. We failed to meet the Group-wide LTIF target of 2.0. However, the LTIF rates of the majority of our units are significantly lower than those of our regional competitors. We intend to lower our LTIF in the coming years by expanding safety training and continuing to implement our culture of safety, as well as other measures.

LTIF<sup>1,4</sup>



<sup>1</sup>Lost Time Injury Frequency - work-related accidents with lost time per million working hours.

<sup>2</sup>New Markets includes the Market Units Climate & Renewables, Russia, Italy and Spain

<sup>3</sup>Reported separately for the first time in 2009. Figures include E.ON IT.

<sup>4</sup>Unlike the report as a whole, the occupational safety figures cover all companies over which E.ON has operational control.

This information has received a limited assurance engagement.

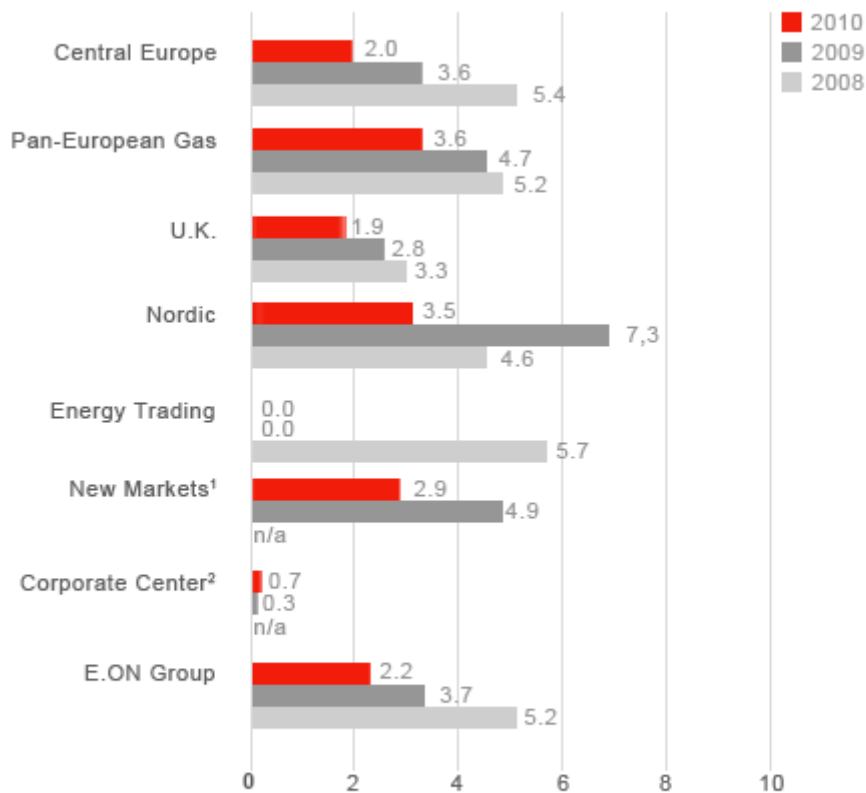
### Lost Time Injury Frequency Index at Affiliated Companies

E.ON's high safety standards apply equally to our suppliers and contractors. The LTIF figures for our affiliated companies show that our commitment has borne fruit: Since the initial collection of LTIF data in 2006, this figure has improved across all units, in some cases substantially. In 2010 it sank to 2.2, an almost 35-percent improvement compared to the previous year. It was also significantly better than 3.0, the figure we set as our first-time LTIF target for affiliated companies.

In 2010, for the first time some E.ON units required external firms to have a

certified management system in place or a similar qualification such as the international "Safety Certificate Contractors" standard before awarding them contracts. We also included our contractors in occupational safety education and training programs and safety briefings.

### LTIF by Contractors working for E.ON<sup>3</sup>



<sup>1</sup>Market Units in the new markets segment are not reported before 2009 due to current inconsistencies in data-logging systems.

<sup>2</sup>Reported separately for the first time in 2009. Figures include E.ON IT.

<sup>3</sup>Unlike the report as a whole, the occupational safety figures cover all companies over which E.ON has operational control.

## Fatal Accidents

Despite our high occupational safety standards, there were five fatal accidents across the Group in 2010: one at E.ON and four at our contractors. We deeply regret each of these fatalities - every single death is one too many. We plan to move ahead with an even stronger culture of occupational safety, for example by involving the top management more closely as safety role models. In 2009 we launched a Group-wide H&S training program and introduced additional financial incentives.

## Successful Change

E.ON is a dynamic corporation. We have transformed ourselves from a German conglomerate to an international investor-owned power and gas company. Following on from our expansion, particularly within Europe, and the integration of our new units, we have turned our attention to a new goal for the coming years: to become a global provider of specialized energy solutions. With this objective in mind, we have set new strategic priorities and created global functional units in addition to regional ones. We made significant progress in 2010, especially in the following areas:

- Our "PerformtoWin" efficiency program, which was launched in 2008, has been almost completely implemented.
- Our commitment to the EU Commission has been fulfilled.

You will find more information by selecting Work Environment from the Careers menu.

### Performance as Part of our Corporate Culture

Improving our performance is one of E.ON's priorities - the stronger our performance, the more competitive we are in the marketplace. Against this backdrop, in 2010 we continued to implement our PerformtoWin efficiency program through which we aim to realize EUR 1.5 billion in annual cost savings by the end of 2011. The program delivered more than EUR 1.1 billion in permanent savings by the end of 2010. In the future, E.ON will no longer make improving efficiency the focus of special programs or projects, but instead seek to firmly embed it in the company's performance culture.

### Generation Capacity Divested

With the sale of the E.ON ultra-high voltage transmission system in the spring of 2010, we met the last of our obligations concerning reorganization under our commitment to the EU. Two years earlier, in the context of measures designed to promote competition, we had given an undertaking to the European Commission to sell off our ultra-high voltage transmission system as well about 5,000 MW of generation capacity.

### Participation at all Levels

As we implemented the PerformtoWin program, the relevant trade-union and works-council bodies were intensively involved in a structured communication and advisory process. In 2010 numerous agreements were again reached with employee representatives in Germany and other countries to ensure socially responsible solutions for the workforce.

The sale of the E.ON ultra-high voltage transmission system and the associated transfer of the transpower employees to their new employer, TenneT, also took place with the intensive involvement of the relevant employee representatives.

### Working with Employee Representatives in other Countries

In E.ON units outside of Germany, employee representatives are also included in the reorganization processes. For example, Group Management reports regularly to the European Works Council on transnational measures carried out as part of the PerformtoWin program. Local employee representatives are also involved in accordance with the laws of the respective country and in keeping with customary practice.

## The Group-wide Workforce

### ✓ Reviewed 2010

At present, the E.ON Group has over 85,000 employees worldwide. This figure does not include our 2,501 vocational trainees and 301 board members and directors.

Following the completion of negotiations for the sale of our U.S. Midwest unit, it has been carried as a discontinued operation since the second quarter of 2010. The figures for 2010 and retroactively for 2008 and 2009 have therefore been adjusted to exclude U.S. Midwest.

### Group employees<sup>1</sup>

	December 31			
	2010	+/-%	2009	2008
Central Europe	48,525	0.8	48,126	44,142
Pan-European Gas	3,189	1.5	3,143	9,827
U.K.	14,831	-7.9	16,098	17,480
Nordic	5,253	-5.7	5,570	5,826
Energy Trading	1,062	-1.2	1,075	885
New markets	8,496	6.5	7,976	9,214
Corporate Center <sup>2</sup>	3,749	20.2	3,120	3,054
<b>Total<sup>3</sup></b>	<b>85,105</b>	<b>0.0</b>	<b>85,108</b>	<b>90,428</b>

<sup>1</sup> Excluding Board Members/Managing Directors (2010: 301) and apprentices (2010: 2,501).

<sup>2</sup> Figures include E.ON IT.

<sup>3</sup> Retroactively adjusted to exclude U.S. Midwest.

This information has received a limited assurance engagement.

In the Central Europe unit, countervailing trends resulted in a slight overall gain in employees. On the one hand, the inclusion of a series of new subsidiaries led to a significant increase in the headcount of the Central Europe East reporting unit. On the other, the workforce in Germany shrank due to the sale of the ultra-high voltage transmission system and the transfer of staff to our new unit, E.ON IT.

E.ON UK's headcount declined by eight percent as a result of efficiency measures in the end-customer business and the transfer of employees to E.ON IT. Decreases in E.ON Nordic's workforce can also be traced to restructuring measures and the relocation of IT activities to E.ON IT.

In the New Markets segment, the number of employees grew by almost seven percent. The increase is mainly attributable to the integration of a new gas company in the Spain unit and the creation of a centralized maintenance entity in the Russia unit.

The new functional organization of IT activities under E.ON IT led to a more than 20

percent increase in Group Management's headcount. The creation of a central management team for fleet management also resulted in employee transfers to Group Management.

✓ Reviewed 2010

Workforce by region 2010<sup>1</sup>

	2010	2009
Germany	35,116	35,636
United Kingdom	16,343	17,179
Romania	6,535	6,772
Hungary	5,431	4,913
Sweden	5,064	5,317
Russia	4,828	4,702
Czech Republic	3,454	2,735
Bulgaria	2,038	2,108
Other <sup>2</sup>	6,296	5,746

<sup>1</sup>Excluding Board Members/Managing Directors (2010: 301) and apprentices (2010: 2,501).

<sup>2</sup>Including Italy, Spain, France, the Netherlands, Poland and several other countries.

The number of employees working outside Germany remained nearly unchanged from the end of 2009. At the end of the fourth quarter of 2010 almost 50,000 employees, or around 60 percent of our workforce, were employed outside Germany.

This information has received a limited assurance engagement.

## Creating the Ideal Working Environment

The dedication and performance of our employees are vital to E.ON's success as a company. We want to provide our over 85,000 employees with a working environment in which they can make the most of their personal talents, develop to their full potential, feel motivated and enjoy their work. Fair and performance-related compensation and comprehensive training opportunities are core topics for us in this respect.

The overarching goal is to ensure we retain our employees in the long term by providing good working conditions and attractive development prospects within the Group. How we also meet the challenges of demographic change is explained on the Careers page of this site in the Work Environment section. In 2010 we were able to make great progress here.

- In the 2010 and 2011 rankings of the Great Place to Work<sup>®</sup> Institute, in recognition of its attractive working conditions E.ON was again ranked among the top 5 employers.
- The "Learning@E.ON" (LEON) process brings together Group-wide continuing professional development opportunities within an SAP-based system.
- More than 50 percent of the workforce constantly participates in our employee stock programs.

### Long Service and Low Turnover Rate

#### ✓ Reviewed 2010

The high satisfaction level among our workforce is reflected in long periods of service with the Group and a low turnover rate. Across the Group, the average period of employment with E.ON is 15 years and the employee turnover rate fell year-on-year to 4.5 percent.

#### Average Length of Service (Total Workforce)<sup>1</sup>

in years	2010	+/- %	2009	2008
Central Europe	16.6	9.2	15.2	16.5
Pan-European Gas	13.6	5.4	12.9	13.8
U.K.	10.6	11.6	9.5	8.0
Nordic	14.4	2.1	14.1	13.7
Energy Trading	5.7	0.0	5.7	6.7
New markets	14.5	-3.3	15.0	14.7
Corporate Center <sup>2</sup>	9.6	4.3	9.2	7.0
<b>E.ON Group<sup>3</sup></b>	<b>14.7</b>	<b>6.5</b>	<b>13.8</b>	<b>14.4</b>

<sup>1</sup>Including Board Members/Managing Directors and apprentices.

<sup>2</sup>Figures include E.ON IT.

<sup>3</sup>Retroactively adjusted to exclude U.S. Midwest.

### Turnover Rate (Total Workforce)<sup>1</sup>

in %	2010	2009	2008
Central Europe	4.2	5.2	3.7
Pan-European Gas	1.7	1.2	1.9
U.K.	6.5	7.4	11.3
Nordic	4.0	4.5	6.8
Energy Trading	5.3	7.7	11.4
New Markets	4.7	3.9	2.5
Corporate Center <sup>2</sup>	2.4	1.2	4.8
E.ON Group <sup>3</sup>	4.5	5.1	5.3

<sup>1</sup>Including Board Members/Managing Directors and apprentices.

<sup>2</sup>Including EON IT.

<sup>3</sup>Retroactively adjusted to exclude U.S. Midwest.

This information has received a limited assurance engagement.

## Fostering Performance and Lifelong Learning

As we strive to provide our employees with a safe working environment that also meets their needs, we assign high priority to the topics of occupational health, occupational safety and life balance.

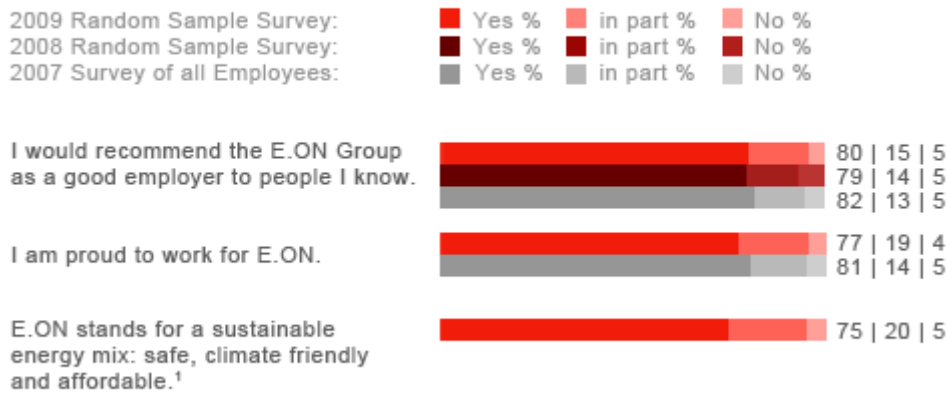
Professional development opportunities at the E.ON Academy and in our units as well as self-tuition options enable lifelong learning. Group-wide HR development costs amounted to around EUR 73 million in 2010. Along with the programs offered by the E.ON Academy, every E.ON employee can also utilize the shared E.ON-wide learning platform "Academy Online" comprising the entire vocational training and professional development offering of more than 70 internal E.ON training suppliers.

With the Learning@E.ON (LEON) process, Academy Online can be seamlessly integrated into the Group-wide intranet and progressively rolled out. In the course of 2011, every employee worldwide will be able to access this offering. Keeping the process centrally organized makes cross-Group cooperation easier for HR departments and will trigger improvements by promoting the exchange of best practices.

## Employee Opinion Survey Part of Corporate Culture

Regular employee opinion surveys such as E.ON has been conducting since 2004 form an important part of our corporate culture. As an effective management tool, these surveys enjoy high acceptance and recognition among management and employees alike, and achieve participation rates of between 75 and 80 percent. The most recent random sample survey was conducted in the fall of 2009.

## Results of the 2009 Employee Survey



<sup>1</sup>Was included in the survey for the first time in 2009.

### Targeted Implementation of Improvements

The findings of the 2009 employee survey show a continuing high level of dedication on the part of our employees - a result which also compares well with other companies. A clear majority of respondents say they put our core values and behaviors into practice in the workplace and are happy with their personal work environment and the cooperation within their team. 77 percent are proud to work for E.ON and 80 percent would recommend E.ON as a good employer. There was criticism for the way we deal with change and our internal communication of the company's objectives. We take this feedback seriously, analyze its causes intensively - not least in conjunction with members of the Board of Management - and implement targeted improvement measures at all levels and in all units. The next employee survey is planned for mid 2011.

### Direct Participation in the Company's Success

Fair and performance-related compensation forms part of any good working environment. Along with various retirement plans and other benefits, a large proportion of the workforce participates directly in the company's success through employee stock programs and variable compensation systems. In 2010 a total of 20,470 employees in Germany acquired 980,897 E.ON shares. This represents a participation rate, which is constantly above 50 percent.

In some cases, the variable compensation of tier-one and tier-two management also takes account of environmental protection and occupational safety targets - with reference to indicators such as the "Total Recordable Injury Frequency Index" (TRIF).

## Diversity Embedded in Corporate Culture

E.ON employs people from over 100 nations. Group-wide, our workforce includes around 400 expatriates. We are committed to providing a positive working environment to all our employees in all locations. You will find more detailed information under Work Environment on the Careers menu. We actively cultivate the diversity of our workforce as a source of creativity and innovation and thus of our success as a company. The more our people reflect the diversity of society as a whole, the better we can understand the needs of our customers. In 2010 we succeeded in further advancing diversity across the Group:

- E.ON is a founding member of the "Charta der Vielfalt" (Charter of Diversity) Association.
- "Total E-Quality Germany" recognized E.ON's equal opportunity excellence.
- E.ON became one of the first DAX-listed corporations to set a clear goal for increasing the percentage of women in management positions.

In the future E.ON will continue to promote the spread of diversity internally and externally, focusing on three priority areas: gender, internationalism and employability.

### Guidelines for Equal Opportunity and Promoting Diversity

Our binding guidelines for equal opportunity and the promotion of diversity clearly define our goals and norms in this area:

- A zero-tolerance approach to discrimination, prejudice and harassment
- Active promotion and targeted expansion of diversity within the workforce
- Equality, not homogeneity; respecting individuality
- Fostering an intensive internal dialog to boost mutual understanding

### Networks for Equal Opportunity

- In 2010 E.ON joined with twelve other companies to found the Charter of Diversity Association, which provides funding for the Charter of Diversity, a joint initiative of the German federal government and the private sector. It is also committed to shaping the content of Charter activities and embedding its principles more strongly in the business world. E.ON signed the Charter in 2008, committing itself to respecting the principles of promoting diversity as formulated therein.
- As a partner in the "Synergie durch Vielfalt" (Synergy through Diversity) corporate network, in 2010 E.ON organized a synergy workshop on the promotion of women. The network's purpose is to supplement the Charter of Diversity and serve as a platform for dialog and benchmarking for its members.

### External Recognition for Diversity

- In 2010 E.ON received the "TOTAL E-QUALITY Award" for equal opportunity in HR policies. The jury gave special praise to our measures for promoting women and achieving a better balance between families and careers.
- In the 2010 "Best Workplace in Germany" competition held by the Great Place to Work<sup>®</sup> Institute, E.ON received particularly high marks in the field of diversity. 98 percent of our employees stated that they are treated fairly regardless of their nationality and ethnic background; 93 percent said the same regarding gender.

## E.ON Empowers Women

### ✓ Reviewed 2010

Offering women better opportunities for professional growth within the Group has high priority at E.ON.

- In 2010, as in previous years, women made up around 27 percent of our overall workforce.
- A total of twelve percent of all managers in the E.ON Group were women.
- Our goal is to more than double the proportion of women in management positions Group-wide through tailored development and mentoring programs for female managers and management trainees.
- Today, 28 percent of all junior managers in the Group are women.

### Number of Woman among Total Workforce and Management<sup>1</sup>

in %	Total Workforce			Managers		
	2010	2009	2008	2010	2009	2008
Central Europe	26	25	24	10	10	8
Pan-European Gas	26	26	25	7	8	8
U.K.	32	34	34	14	14	14
Nordic	26	26	25	25	19	15
Energy Trading	33	34	31	20	13	10
New Markets <sup>2</sup>	28	27	29	12	12	–
Corporate Center <sup>3</sup>	29	31	31	12	10	11
<b>E.ON Group<sup>4</sup></b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>12</b>	<b>11</b>	<b>10</b>

<sup>1</sup>Including Board Members/Managing Directors and apprentices.

<sup>2</sup>E.ON Russia not considered in the Senior Management Category.

<sup>3</sup>Figures include E.ON IT.

<sup>4</sup>Retroactively adjusted to exclude U.S. Midwest.

This information has received a limited assurance engagement.

## Creating a Support System for Women in Senior Management Positions

In 2010 we launched a Group-wide gender-diversity project that sets challenging yet realistic goals for increasing the percentage of women in management positions and defines underpinning measures. It was supported by the E.ON AG Executive Board, and top managers from the Group were involved in its drafting. This allowed us to develop a realistic concept that we will begin to execute in 2011.

Through the setting of specific goals, our units were given a clear stake in this

process. They share responsibility for reaching our overall target. In addition, we intend to adjust our Group-wide Placement Policy accordingly, giving greater weight to promoting equal opportunity for women in our placement processes in the future. We will also continue with related measures such as mentoring programs, and top managers will provide career development advice to women with high potential.

After more than 50 mentor-mentee teams participated in the successful pilot phase of our mentoring program for women managers in 2009 and 2010, we launched a full-scale mentoring program for women junior managers at the end of 2010. Participants in the 18-month program will also take part in our "Ready to Move" professional development program, which will further assist their career advancement.

We help our employees to achieve a better life balance by offering flexible working hours and support for families with children. This also contributes to better career opportunities for women.

## Zero Tolerance for Workplace Discrimination

Our zero-tolerance approach means that we do not accept any discrimination or harassment whatsoever in the workplace. We explain the applicable standards to our employees and provide various instruments for reporting inappropriate behavior, such as whistle-blowing systems. Should these standards be violated, we take appropriate measures to rectify the situation. Since 2008, all employees have been offered online training on the German "Allgemeines Gleichbehandlungsgesetz" (General Anti-Discrimination Act).

## Intercultural Training

Since mid-2008 E.ON has made e-learning tools on diversity available. In 2010 more than 300 online training sessions were recorded on the IT system. In addition, the E.ON Academy offers training in intercultural management. Several hundred employees participated in this course in 2010 alone.

## Disability Need not be a Handicap: Higher Percentage of Disabled Workers in our Workforce

### ✓ Reviewed 2010

We at E.ON believe that disability must not be allowed to handicap a career.

- In 2010, the Group's units in Germany employed approximately 2,100 severely disabled people or people with a similar impairment. This represents around six percent of the total workforce, meaning that we were able to increase the ratio by another 0.4 percentage points year-on-year (2009: 5.6 percent).
- Every year we offer vocational training for severely disabled young people as part of our "Equal Opportunity for All" initiative. We currently employ 37 apprentices with disabilities.

All apprentices who completed their training programs in 2010 did so successfully and were offered fixed-term or permanent contracts.

**Number of Employees (Total Workforce)<sup>1</sup> with a Severe Disability of Group Companies located in Germany (2010)**

	Number of employees with severe disabilities		Of which the number of apprentices with severe disabilities		Proportion of employees with severe disability	
	2010	2009	2010	2009	2010	2009
Central Europe	1,890	1,823	33	44	6,6	6,3
Pan-European Gas	100	82	0	3	3,3	3,0
Energy Trading	5	3	0	0	0,5	0,2
New Markets <sup>2</sup>	1	1	0	0	1,2	0,6
Corporate Center	96	78	4	3	3,7	2,5
<b>E.ON Group</b>	<b>2,092</b>	<b>1,987</b>	<b>37</b>	<b>50</b>	<b>6,0</b>	<b>5,6<sup>3</sup></b>

<sup>1</sup>Including Board Members/Managing Directors and apprentices.

<sup>2</sup>Market Unit Climate & Renewables.

<sup>3</sup>Figure for 2009 subsequently corrected

This information has received a limited assurance engagement.

The interests of disabled employees in our units are advocated by our representatives for disabled persons, who perform this role on a voluntary basis. In Germany, the Group's Representative Body for Disabled Persons works closely with the company to create appropriate conditions for the employment of severely disabled persons or employees with a similar impairment. The members of the Representative Body also advise our colleagues on specific issues.

### A Second Chance for Young People to Receive Vocational Training

Throughout Germany, E.ON's "Learning with Energy" initiative assists young people who have not been able to enroll in vocational training because their qualifications are insufficient. The project was again highly successful in 2010, with a placement rate of approximately 78 percent. Each year 550 young people participate in the initiative in 30 locations. After a three-month orientation phase to prepare them for working life, the participants receive seven months of vocational training in local companies. E.ON covers the cost of instruction as well as stipends and ongoing social support for the trainees.

## Harmonizing Work and Private Life

Our employees are among our most important stakeholders. Together we are working to establish a sustainable performance culture throughout the Group, continuously improving our efficiency. We aim to empower our employees to develop to their full potential and strike a balance between their careers and private lives. You can learn more about the programs that make us an even more attractive employer on our Careers pages under Work Environment. In 2010 we took further organizational steps to support our employees in achieving a positive life balance:

- E.ON supports the "Familienbewusste Arbeitszeiten" (Family-friendly Working Hours) initiative of the German Federal Ministry for Families.
- We have expanded our spectrum of flexible time models as well as other measures to support families with children.
- Most of our units in Germany have signed cooperation agreements with external family services consultants and started setting up employee assistance program (EAP) hotlines.

The majority of our units offer their employees individual solutions for achieving a better life balance. It is our goal to continue expanding and harmonizing these initiatives in the future. This works to the advantage of both E.ON and our employees, improving and maintaining motivation and performance in the long term.

### Certified Commitment to Families

Our commitment has demonstrated measurable success. Nine of our Group companies, including Group Management, have been certified in the "berufundfamilie" (work and family) audit conducted by the Hertie Foundation. The audit examines the development of management instruments for sustaining a family-friendly HR policy. We also underscored our dedication to these principles by joining the "Erfolgsfaktor Familie" (Success Factor Family) corporate network in 2008. The mission statement of this organization was hailed as ground-breaking by Ursula von der Leyen, then German Minister for Family Affairs.

### Different Models Help Employees Achieve a Positive Life Balance

#### ✓ Reviewed 2010

The aim of the Family-friendly Working Hours initiative is to give businesses and their employees suggestions for flexible time models that are more compatible with family life. This initiative was launched by the German Minister for Family Affairs in 2010 as part of the Success Factor Family corporate network. E.ON supports the initiative and offers numerous time and organizational models that allow our employees to achieve a better life balance. The most common are arrangements such as part-time jobs. In 2010, more than 7,900 employees throughout the Group had part-time contracts, of which 55 percent were women. These numbers have remained largely unchanged since 2009.

**Proportion of E.ON Employees (Total Workforce)<sup>1</sup> with full-time or permanent Employment Contracts**

in %	2010		2009		2008	
	Full-time	Permanent	Full-time	Permanent	Full-time	Permanent
Central Europe	90	95	89	95	91	94
Pan-European Gas	90	99	93	98	96	99
U.K.	88	97	88	97	88	97
Nordic	95	98	95	98	98	98
Energy Trading	98	87	98	97	97	94
New markets	99	97	99	98	99	97
Corporate Center <sup>2</sup>	92	98	92	98	91	95
<b>E.ON Group<sup>3</sup></b>	<b>91</b>	<b>96</b>	<b>90</b>	<b>96</b>	<b>92</b>	<b>96</b>

<sup>1</sup>Including Board Members, Managing Directors and apprentices.

<sup>2</sup>Figures include EON IT.

<sup>3</sup>Retroactively adjusted to exclude U.S. Midwest.

This information has received a limited assurance engagement.

Each unit offers different flexible time models in accordance with its needs and capacity:

- Part-time: E.ON Bayern allows job-sharing and gives part-time employees full access to all training and HR development programs.
- Flextime: At E.ON Sverige and E.ON IT, for example, employees can use flexible working-time accounts. Group Management employs a model of trust-based working hours.
- Home office: Numerous units make it possible for their employees to work a certain number of hours from home.
- Sabbaticals: In almost all of our units, in line with specific rules employees can also take a longer break in the form of a sabbatical.

As part of the 2010 "German Corporate Health Awards", E.ON Energie received a special award as a "Family-friendly Corporation" in recognition of its effective use of these flexible models. In addition, E.ON Energie's new Group works agreement on family and career has harmonized existing regulations and established uniform standards for its family-friendly corporate culture.

## Organizing Career and Family Life

In addition to part-time models, E.ON offers numerous other programs that provide direct support to families with children and employees who act as caregivers for relatives. Each individual unit is responsible for introducing these programs and entering into support contracts where applicable.

- In the context of the "work and family" audit, we committed to a comprehensive expansion of our support for families by 2011. The amount of subsidized daycare available has been increased to a total of 550 hours per week in the Group Management headquarters alone.
- We also cooperate with external family services providers which offer country-wide assistance and help quickly organize care for children or other family members.
- A structured return-to-work program makes it easier for employees to reintegrate after parental leave. In dialog with HR managers, individual

expectations and requirements are clarified in as much detail as possible. As part of a special partner program, colleagues maintain contact to employees on parental leave and keep them up to date on events within the company as well as developments in their field.

- The E.ON Academy also offers seminars on topics such as time management, a further example of E.ON supporting its employees in better organizing their daily lives.
- We continue to set up EAP hotlines - free, anonymous, external hotlines staffed by experts - to assist employees and their family members in difficult situations.
- Employees with relatives who require special care can take advantage of internal and external advice and counseling. In addition, we organize information evenings on the topic of home-based and eldercare.

## Indicator Guideline for the Financial Market

The German Association for Financial Analysis and Asset Management (DVFA) and the European Federation of Financial Analysts Societies (EFFAS) have developed a guideline for business to measure and compare environmental, social and governance indicators (ESG) more effectively.

E.ON reports their ESG indicators according to the DVFA/EFFAS guideline category "Conventional Electricity". We are increasingly aware of the importance of ESG criteria for the financial market. Therefore we actively disclose the respective data to improve transparency and increase our report's comparability for our stakeholders. The relevant link is provided on this site below.

 [Indicators ESG DVFA/EFFAS \(PDF, 149 KB\)](#)

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E01-01 (Scope I)	Energy efficiency	Total energy consumption: primary and secondary sources (in MWh)		no information	
ESG: E02-01 (Scope I und II)	GHG emissions	Total GHG emissions (in million tonnen CO <sub>2</sub> ), Scope 1	126	160	155
ESG: S01-01 (Scope I)	Staff turnover	Staff Turnover (in %)	4.5	5.1	5.3
ESG: S02-02 (Scope I)	Training and qualification	Average expenses on training per FTE p.a. (in €)	860	916	940
ESG: S03-01 (Scope I)	Maturity of workforce	Age structure: FTEs per age group in 10-year steps	<30: 28% 30-40:29% 40-50%:28% >50:16%	<30:21% 30-40:30% 40-50:30% >50:19%	<30: 20,3% 30-40:24,3% 40-50:31,8% >50:23,5%
ESG: S08-01 (Scope I)	Remuneration	Total amount of bonuses, incentives and stock options paid out (in m €)		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: S08-02 (Scope I)	Remuneration	Total number of FTEs who receive 90 % of total amount of bonuses, incentives and stock options		no information	
ESG: S08-03 (Scope I)	Remuneration	Key Performance Narrative / Consideration of the ESG performance in the target agreements	The variable annual salary (short-term incentive) of E.ON managers depends on their performance as an individual and the company's performance as a whole. The personal performance assessment for E.ON managers also includes criteria such as environmental protection and health and safety. Depending on their portfolio, the target agreements of individual board members and managers contain specific goals relating to areas such as occupational safety, and bonuses are tied to these goals. In 2010, we adopted our Code of Responsible Conduct for Business. In this mission statement, we speak in favor of a clear relationship between services rendered and services received; financial losses must be reflected in executives' earnings.		
ESG: V01-01 (Scope I)	Litigation risks	Expenses and fines on fillings, law suits related to anti-competitive behavior, anti-trust and monopoly practices		no information	
ESG: V02-01 (Scope I)	Corruption	Percentage of revenues in regions with Transparency International corruption index below 6,0		no information	



## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: V03-02 (Scope I)	Revenues from new products	Percentage of new products or modified products introduced less than 12 months ago		not material	
ESG: V04-01 (Scope I)	Innovation	Total R&D expenses (in m€)	Total: 93 Transport & Distributions:7.9 Energy Applications:11.2 Fossil Energy:41.9 Nuclear Energy:12.3 Cross technology area topics:5.9 Renewable Energies:13.8	Total: 105 Transport & Distributions:9.0 Energy Applications:9.3 Fossil Energy:33.4 Nuclear Energy:13.3 Cross technology area topics:7.2 Renewable Energies:33.0	Total: 106 Transport & Distributions:9.0 Energy Applications:10 Fossil Energy:21 Nuclear Energy:14 Cross technology area topics:11 Renewable Energies: 41
ESG: V04-03 (Scope I)	Innovation	Total R&D expenses or funding of research to external partners, suppliers or academic research in monetary terms i.e. currency	32	46	53

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: V04-12 (Scope I)	Innovation	Total investment in research on ESG relevant aspects of business as defined by company [Comment E.ON: The total amount of R&D expenses are ESG relevant]	100	100	100
		<u>Percentage</u> of products of services for: increasing eco-efficiency of client applications or operations	12	9	9
		<u>Percentage</u> of products or services for: developing and using clean technologies	28	44	52

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: V04-13 (Scope I)	Innovation	Percentage of products or services for: offsetting climate change, carbon emissions, resource depletion		no information	
		Percentage of products or services for: increasing fuel-efficiency	45	32	2
		Percentage of products or services for making ESG-relevant products operable		no information	
		Percentage of products or services for financing of ESG-relevant products or services		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E03-01 (Scope II)	Emissions to Air	Total CO <sub>2</sub> emissions in million tonnes	116.7	115	113.4
		Total NOx emissions in million tonnes	133.2	167	174.3
		Total SOx emissions in million tonnes	79.7	191.7	215.3
		Total VOC emissions in million tonnes		not material	
ESG: E03-02 (Scope II)	Emissions to Air	Total CO <sub>2</sub> emissions in million tonnes by generation portfolio		no information	
		Total NOx emissions in million tonnes by generation portfolio		no information	
		Total SOx emissions in million tonnes by generation portfolio		no information	
		Total VOC emissions in million tonnes by generation portfolio		not material	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E04-01 (Scope II)	Waste Scope I	Total waste in kilo tons	1,055	1,119	1,843
ESG: E05-01 (Scope II)	Waste Scope II	Percentage of total waste which is recycled	68	64	57
ESG: E08-01(Scope II)	Radioactive Waste	Low Level Waste produced in tonnes	241	2,058	3,041
ESG: E08-02 (Scope II)	Radioactive Waste	Intermediate Level Waste produced in tonnes p.a.	2,206	1,604	3,041
ESG: E08-03 (Scope II)	Radioactive Waste	High Level Waste produced in kg p.a.	289	278	257
ESG: E08-04(Scope II)	Radioactive Waste	Transuranic Waste		no information	
ESG: E08-05 (Scope II)	Radioactive Waste	Radioactive waste subjected to reprocessing by Waste Level (LLW,ILW,HLW,TRUW) in tonnes		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E08-06 (Scope II)	Radioactive Waste	Radioactive waste stored at company property by Waste Level (LLW,ILW,HLW,TRUW) in tonnes		no information	
ESG: E11-01 (Scope II)	Emission Rights	Total number of EUA (European Union Allowance Unit) on hand at end of reported period	75.2	77.6	78.5
ESG: E12-01 (Scope II)	Remediation	Expenditure for remediation, reclamation and decommissioning total in monetary terms in €		no information	
ESG: E12-03 (Scope II)	Remediation	Environmental spending for R&D, site rehabilitation and environmental monitoring total in €		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E26-01 (Scope II)	Generation Portfolio	Percentage of total energy produced	Coal:28 Nuclear:26 Gas/Oil:35 Hydro:6 Wind:3 Waste:1 Others:1	Coal:29 Nuclear:27 Gas/Oil:34 Hydro:6 Wind:2 Waste:1 Others:1	Coal:32 Nuclear:27 Gas/Oil:30 Hydro:8 Wind:1 Waste:1 Others:1
ESG: E28-01 (Scope II)	Water consumption	Total water (in m3) [Comment E.ON: total amount of process water]	68	75	33
ESG: G01-01 (Scope II)	Contributions to political parties	Contributions to political parties as a percentage of total revenues (in €)		no information	
ESG: G02-01 (Scope II)	Dimensions of pending legal proceedings	Amount in monetary terms i.e. currency in controversy, dispute from legal proceedings		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: V06-01 (Scope II)	Customer Satisfaction	Percentage of total customers surveyed comprising satisfied customers		no information	
ESG: V10-01 (Scope II)	Impact of Subsidies	Percentage of total revenue generated in subsidised markets		no information	
ESG: V10-02 (Scope II)	Impact of Subsidies	Energy production cost per kWh as a percentage of average wholesale price per kWh		no information	
ESG: V10-03 (Scope II)	Impact of Subsidies	Percentage of business in markets with feed-in tariffs or regulated pricing structure		no information	
ESG: V11-02 (Scope II)	Smart Metering	Percentage of customer equipped with smart metering applications		Over a million customers have been fitted with smart metering devices.	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: V12-02 (Scope II)	Environmental CapEx	CapEx allocation to investments on ESG relevant aspects of business as defined by the company		no information	
ESG: V13-01 (Scope II)	Utilization	Capacity utilization as a percentage of total available facilities (in %)		no information	
ESG: V27-02 (Scope II)	Critical Incidents	Total costs due to critical incidents as a percentage of revenue		no information	
ESG: V28-01 (Scope II)	Supple chain	Total number of suppliers		no information	
ESG: V28-02 (Scope II)	Supply chain	Percentage of sourcing from 3 biggest external suppliers		no information	
ESG: V28-03 (Scope II)	Supply chain	Turnover of suppliers in percent		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E03-03 (Scope III)	Emissions to Air	Total CO <sub>2</sub> emissions in kilogram per megawatt hour produced	420	420	420
		Total NOx emissions in kilogram per megawatt hour produced	0.48	0.52	
		Total SOx emissions in kilogram per megawatt hour produced	0.29	0.4	
		Total VOC emissions / total kWh produced		not material	
ESG: E03-04 (Scope III)	Emissions to Air	TOP 2 components of emissions to air by environmental importance Rank 1		no information	
ESG: E03-05 (Scope III)	Emissions to Air	TOP 2 components of emissions to air by environmental importance Rank 2		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E06-01 (Scope III)	Waste	Hazardous waste total (in kilotons)	92	67	135
ESG: E07-01 (Scope III)	Waste	TOP 2 components of waste incl. emissions to soil by environmental importance Rank 1		no information	
ESG: E12-05 (Scope III)	Remediation	Total amount of reserves for future environmental remediation, emissions, accident costs in monetary terms i.e. currency	873	591	602
ESG: E28-03 (Scope III)	Water consumption	Ground water consumption (in m3)		no information	
ESG: E28-04 (Scope III)	Water consumption	Waste effluent water in cubic meters		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: E33-01 (Scope III)	Environmental compatibility	Number of sites with ISO 14001 certification/ number of total sites	All of our sites with an environmental impact have an environmental management system with EN ISO 14001 or EMAS certification. We aim to certify all of our sites, and we have almost achieved this.		
ESG: V05-03 (Scope III)	Average age of Material	Average age of power stations, production or distribution sites including pipelines in years by type		no information	
ESG: V26-01 (Scope III)	Operational Availability of Services	Operational availability of services to clients contractually warranted in percent		no information	
ESG: V27-01 (Scope III)	Critical Incidents	Total number of critical incidents in relation to the total number of clients		no information	
ESG: V27-03 (Scope III)	Critical Incidents	Lost kWh due to system faults in relation to total amount of kWh produced		no information	

## Indicators ESG DVFA/EFFAS

Indicator	Name	Description	2010	2009	2008
ESG: V28-04 (Scope III)	Supply chain	Key Performance Narrative	<p>We subject all of our core suppliers and those above a certain order volume to a prequalification process in order to determine their suitability as a supplier and limit any risks. This includes specific sustainability criteria relating to occupational safety, health and environment, as well as legal criteria. All non-fuel suppliers are regularly audited with regard to sustainability criteria. External auditors carry out regular audits in the area of fuel procurement. Audits of coal mines include sustainability criteria which go beyond the criteria used for regular audits of other suppliers. These criteria cover situations such as the relocation of people in coal mining areas. Special criteria also apply to the procurement of other fuels such as biomass.</p>		
ESG: V28-05 (Scope III)	Supply chain	Key Performance Narrative	no information		

## Awards, Ratings and Rankings

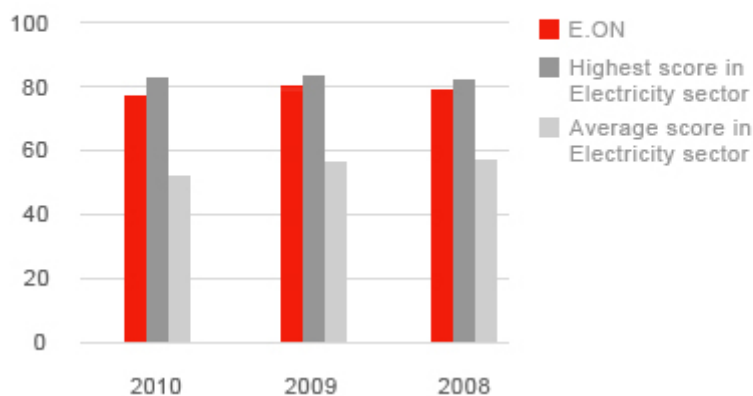
E.ON is engaged in the ongoing development of its commitment to corporate responsibility (CR). Over the past several years E.ON has scored well in numerous CR ratings and rankings. We also regularly receive external recognition for our CR activities.

### **Dow Jones Sustainability Index (DJSI) and SAM Sustainability Yearbook**

The investment boutique SAM conducts an annual assessment of the economic, environmental and social performance of more than 2,000 publicly traded companies. The globally recognized "Dow Jones Sustainability Index" (DJSI) and the "SAM Sustainability Yearbook" are both based on the findings of this evaluation. In 2010 E.ON qualified for a listing in the DJSI for the fourth year in succession; in 2011 we were ranked in the Silver Class of the SAM Sustainability Yearbook.

### **SAM assessment 2008 to 2010**

Percentage of maximum points obtained



### **Carbon Disclosure Project and Carbon Performance Leadership Index**

The "Carbon Disclosure Project" (CDP) calls upon the world's 500 largest companies to measure and disclose their CO<sub>2</sub> emissions each year. E.ON has participated in the CDP since 2004. Our efforts to reduce our carbon footprint have been recognized: In 2010 E.ON was one of 48 companies listed in the "Carbon Disclosure Performance Index" (CPLI).

### **Tomorrow's Value Rating**

The "Tomorrow's Value Rating", published by sustainability consultants "Two Tomorrows", evaluates the sustainability commitment of the world's ten largest power and gas companies. When this assessment was performed for the first time in 2009, E.ON was ranked third. The rating measures how well the company aligns its economic, environmental and social responsibilities.

### **ASPI Eurozone®**

E.ON has been listed in the "Advanced Sustainable Performance Indices" (ASPI Eurozone®) since September 2007. The share index features the 120 eurozone companies with the best CR ratings as assessed by the French rating agency Vigeo Group.

### **Storebrand**

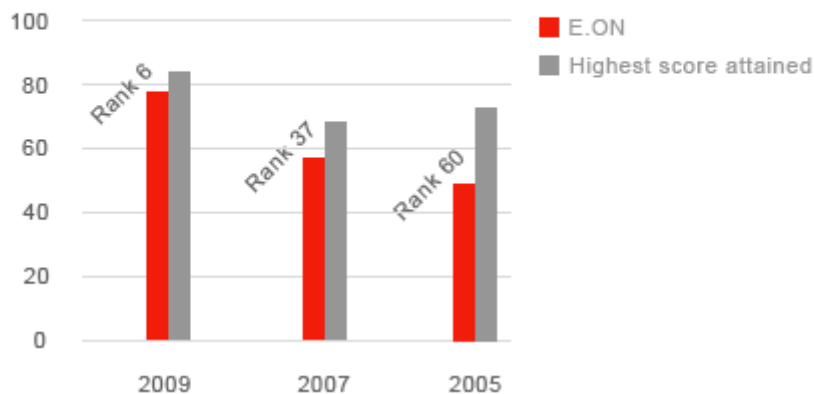
The Norwegian financial services provider "Storebrand" awarded E.ON a best-in-class rating for its sustainability performance. E.ON has met this quality standard every year since 2007.

### **IÖW/future Ranking for Quality of Sustainability Reporting**

Starting in 2005, the "IÖW/future Ranking" has assessed the content and quality of the CR information published by the 150 largest German companies. In addition to economic and social aspects, it focuses on the companies' documentation of their efforts to combat climate change. E.ON was not listed in 2005 for reasons related to the assessment methodology. In 2009 E.ON was ranked fourteenth.

### **E.ON's performance in the "Good Company Ranking" at a glance**

Percentage of maximum points obtained



### **Online CR Reporting Commended**

In 2010 E.ON again received high marks in a comparison of online CR reporting by all DAX 30 companies, conducted by the "Lundquist" communications agency in Milan. In the Top Ten Germany 2010 category we improved our ranking from fifth to fourth, while in the international Global Leaders 2010 category we moved up from 13th to 12th place. Another annual review of the scope and quality of companies' web-based CR reporting is performed by "KWD Webranking", formerly "Hallvarsson & Halvarsson". As in the previous year, in 2010 E.ON was rated as one of the best companies in Europe, ranking fourth in Germany and 31st in Europe.

### **Fortune Ranking - E.ON Is the Worlds Most Admired Energy Company**

In a marked improvement in performance, E.ON was awarded top marks in the list of the world's most admired companies published by Fortune, the US business magazine. In 2010 E.ON was ranked number one in both the worldwide energy category as well as among all listed German companies. This compares with fifth and twelfth place respectively in 2009.

### **Best Workplace - E.ON Ranked in the Top 5**

E.ON is regularly recognized as an attractive employer. In the prestigious "Best Workplace in Germany" competition held by the Great Place to Work<sup>®</sup> Institute, E.ON has been among the top-ranked companies for several years, placing fourth in 2010 and fifth in 2011. In a national competition, E.ON España was also named one of the country's top 34 employers in 2010.

### **TOTAL E-QUALITY Award for Equal Opportunity**

In 2010 E.ON received its first ever "TOTAL E-QUALITY Award". Awarded for a three-year period by "TOTAL E-QUALITY Deutschland e. V. ", this prize recognizes equal opportunity excellence in HR policies and is sponsored by the German Federal Ministry of Family Affairs, Senior Citizens, Women and Youth.

### **German Corporate Health Award for E.ON Energie**

As part of the "German Corporate Health Awards", presented for the fourth time in 2010, E.ON Energie received a special award as a Family-friendly Corporation. In the previous year the company had received a special award in the Mental Health category for its campaign "Energize Your Life: Coping with Stress and Mental Strain".

### **RoSPA Recommends E.ON UK Health Management Program**

In 2010 the E.ON UK occupational health program was once again included in the recommendation list of the "Royal Society for the Prevention of Accidents" (RoSPA), which issues two annual recommendations and one prize. E.ON UK received the RoSPA's Astor Trophy in 2009. The national "Occupational Health Award" also recognized E.ON UK in the Mental Health and Stress Management category in 2010.

### **Successful Health and Safety Work at E.ON Bulgaria**

"Safety without compromise" is the name of the project that brought E.ON Bulgaria an award from the 2009 "Bulgarian Business Leader Forum". E.ON Bulgaria was ranked third in the Investment in Human Capital and Working Conditions category.

### **Satisfied Customers at E.ON Italia**

Customers are highly satisfied with the products and services, value for money and customer service provided by E.ON Italia. Proof was provided by the national customer satisfaction survey for the power and gas industry, which awarded E.ON Italia the "Premio Speciale CAI Energia 2009" at the beginning of 2010.

### **Effective Use of Social Media in CR Communication at E.ON UK**

The British magazine Communicate presented E.ON UK with a "Gold Digital Impact Award" in the Social Media category for best use of existing social media tools in CR communications. The award recognized the use of social media for issue tracking on the E.ON UK online CR platform, "Talking Energy". The issue tracker shows users which energy topics are the focus of discussion on the web. The platform itself received the 2010 "IVCA Clarion Award" for its effective CR communication work.

### **Energy for Children Lighthouse Project**

The success of the Group-wide Energy for Children program has been reaffirmed by a number of awards since 2009. Our German lighthouse project "Leuchtpol" was selected as an example of best practice for the "National Action Plan" of the UN Decade of Education for Sustainable Development in Germany. In 2010 Leuchtpol became one of the first ever projects to be awarded the new "Werkstatt N Projekt" (Workshop N Project) seal of quality by the "German Council for Sustainable Development" (RNE). And in 2011 Leuchtpol and the E.ON Ruhrgas "Climate Camp" project were recognized in the "365 Landmarks in the Land of Ideas" competition sponsored by the German government and business sector.

## All CR Key Figures at a Glance

In order to evaluate how successful we have been in implementing our projects, processes and strategies, we need measurable indicators that are economically and socially relevant. These figures help us discover where we can do better and allow a comparison with other companies.

There follows we present an overview of all CR key figures for the economic, social and ecological sphere. Selected figures from our CR Reporting 2010 were verified by external auditors in the course of our assurance engagement. Further details can be found in the Independent Assurance Report. All key figures refer to the period until year-end 2010 and therefore don't represent the new company structure as of January 1, 2011.

Further information about the basis for indicators can be found in our GRI Content Index.

### E.ON Group Financial Highlights

#### E.ON Group Financial Highlights<sup>1</sup>

	2010	+/-%	2009	2008
Sales (€ in millions)	92,863	16.0	79,974	84,873
Adjusted EBIT (€ in millions)	9,454	2.0	9,291	9,483
Electricity sales (billion kWh)	1,030.4	31.0	785.5	561.0
Gas sales (billion kWh)	1,342.4	11.0	1,206.5	1,194.7
Cash-effective investments (€ in millions)	8,286	-4.0	8,655	17,756
Employees at year end	85,105	0.0	85,108	90,428

<sup>1</sup>Retroactively adjusted to exclude U.S. Midwest

### Net Value Added

#### Net Value Added

€ in millions	Use	2010	2009	2008
Value added <sup>1</sup>		16,787	18,196	12,228
Employees	Wages, salaries and benefits	5,281	5,158	4,951
Government	Current income taxes, other taxes <sup>2</sup>	2,064	2,290	2,056
Lenders	Interest expense <sup>3</sup>	2,325	2,109	2,169
Other shareholders	Minority interests share of income/ loss (-) from continuing operations	428	246	333
<b>Net value added</b>		<b>6,689</b>	<b>8,393</b>	<b>2,719</b>
Shareholders	Dividends <sup>4</sup>	2,858	2,858	2,857

<sup>1</sup>From continuing operations.

<sup>2</sup>Adjusted for deferred taxes, excludes other federal, state and local fees and levies (such as concession fees of € 473 million in 2010).

<sup>3</sup>Excludes the accretion expense on long-term provisions; plus capitalized interest expense.

<sup>4</sup>Income from continuing operations (attributable to shareholders of E.ON AG): 2008 values adjusted due to the finalization of the purchase-price allocation Endesa Europa/Viesgo in 2010.

### Energy Mix of Electricity Generated

## Energy mix of Electricity Generated

Percentages	2010	2009	2008
Coal	28	29	32
Nuclear	26	27	27
Gas/Oil	35	34	30
Hydro	6	6	8
Wind	3	2	1
Waste	1	1	1
Others	1	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Gas Supply by Country

### Gas supply by country<sup>1</sup>

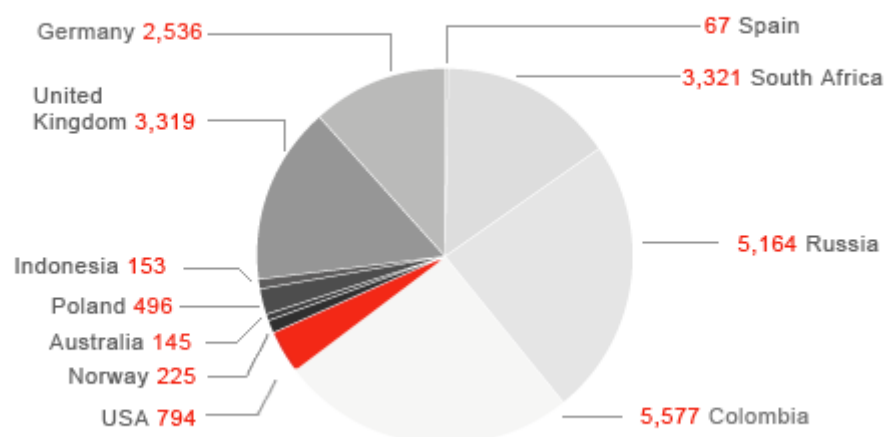
in billion kWh	2010	% <sup>2</sup>	2009	2008
Russia	184.9	27	164.3	177.3
Norway	174.2	25	166.8	176.9
Germany	159.7	23	134.4	121.4
Netherlands	118.2	17	93.1	114.8
Denmark	16.8	3	17.7	25.4
Others	30.7	5	47.8	63.7

<sup>1</sup>Gas purchases of E.ON Ruhrgas AG; total 684,5 billion kWh.

<sup>2</sup>Numbers rounded.

## Hard Coal Procured for E.ON Power Stations by Source Country

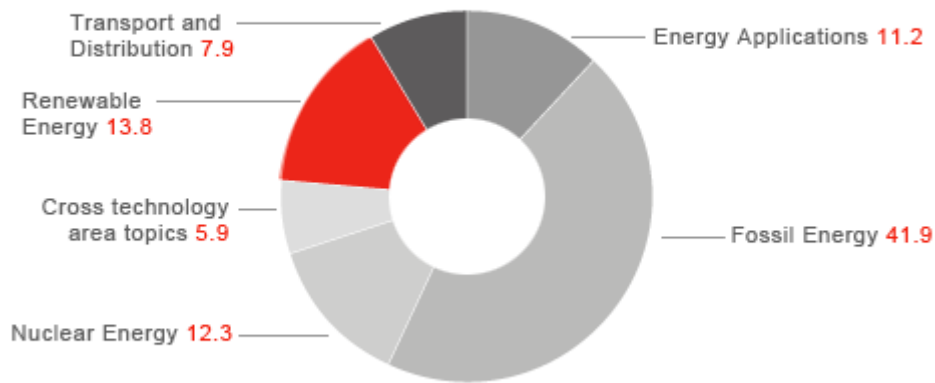
### Hard Coal Procured for E.ON Power Stations by Source Country (2010)



## R&D Budget by Project Type

### R&D Budget by Project Type<sup>1</sup> (2010)

€ in millions (Total: 93)

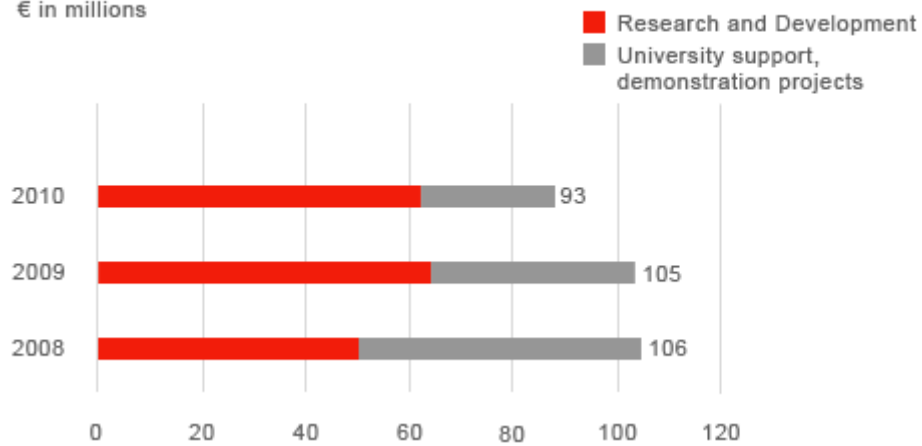


<sup>1</sup>R&D Budget: Budget for research and development as well as demonstration projects.

### Development of E.ON's R&D Expenditure

#### Development of E.ON's Spending on New Technologies

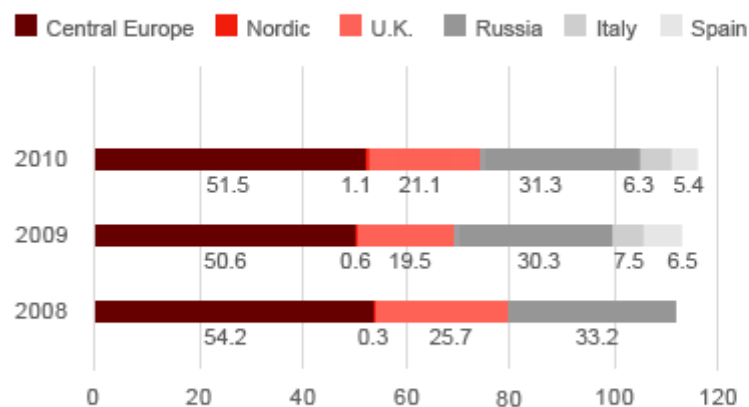
€ in millions



### CO<sub>2</sub> Emissions from Electricity Generation

## CO<sub>2</sub> Emissions from Electricity Generation<sup>1</sup>

in million tons



<sup>1</sup>Including the carbon emissions of our CHP units in the United Kingdom which are not included in the own generation figures due to accounting standards. Climate & Renewables generates CO<sub>2</sub>-neutral electricity. Data rounded.

## CO<sub>2</sub> Intensity E.ON Group

### Carbon Intensity<sup>1</sup> E.ON Group<sup>2</sup>

in t/MWh	1990	2008	2009	2010
Central Europe	0.45	0.39	0.39	0.39
U.K. <sup>3</sup>	0.94	0.58	0.53	0.66
Nordic	0.02	0.01	0.03	0.05
New Markets	Climate & Renewables	0.00	0.00	0.00
	Russia	0.62	0.59	0.56
	Italy	0.62	0.51	0.45
	Spain	0.85	0.54	0.52
<b>E.ON Group</b>	<b>0.66</b>	<b>0.42</b>	<b>0.42</b>	<b>0.42</b>
<b>Europe</b>	<b>0.63</b>	<b>0.39</b>	<b>0.39</b>	<b>0.39</b>

<sup>1</sup>Specific CO<sub>2</sub> emissions: emitted metric tons of CO<sub>2</sub> per MWh electricity generated.

<sup>2</sup>For the carbon intensity values listed above Climate and renewables generation volumes are allocated to geographical market units.

<sup>3</sup>Including the carbon emissions of our CHP units in the United Kingdom which are not included in the own generation figures due to accounting standards.

## CO<sub>2</sub> Allowances from Emissions Trading

### CO<sub>2</sub> Allowances Allocated to E.ON Group<sup>1</sup>

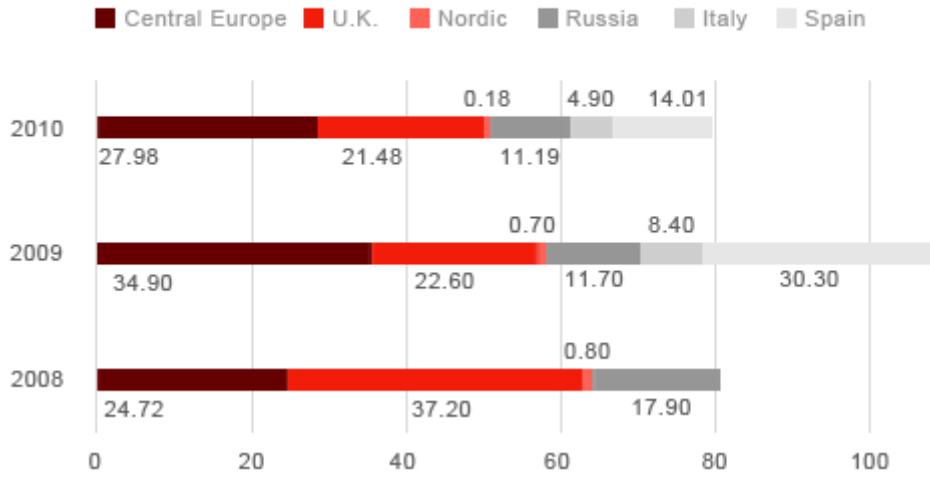
in million tons	2010	2009	2008
Central Europe	46.7	46.7	51.7
Pan-European Gas	0.5	0.3	0.3
U.K.	15.1	14.7	14.6
Nordic	1.3	1.1	0.2
Spain/Italy	11.5	14.8	11.7
<b>E.ON Group</b>	<b>75.1</b>	<b>77.6</b>	<b>78.5</b>

<sup>1</sup>The market unit Russia is not included in European emissions trading.

## SO<sub>2</sub> Emissions

## SO<sub>2</sub> Emissions

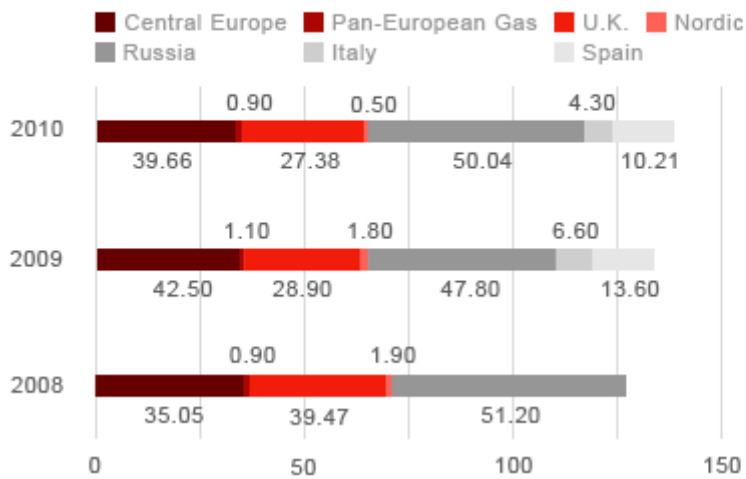
in kilotons



## NO<sub>x</sub> Emissions

### NO<sub>x</sub> Emissions

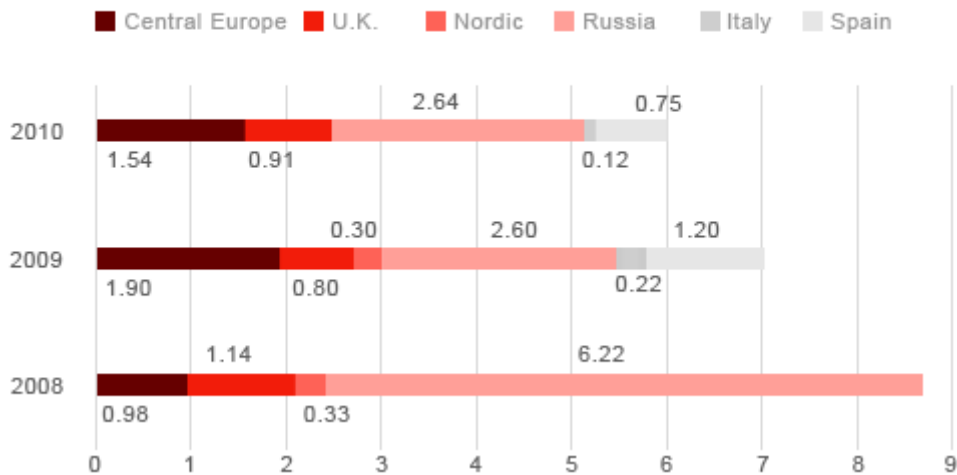
in kilotons



## Dust Emissions

### Dust Emissions

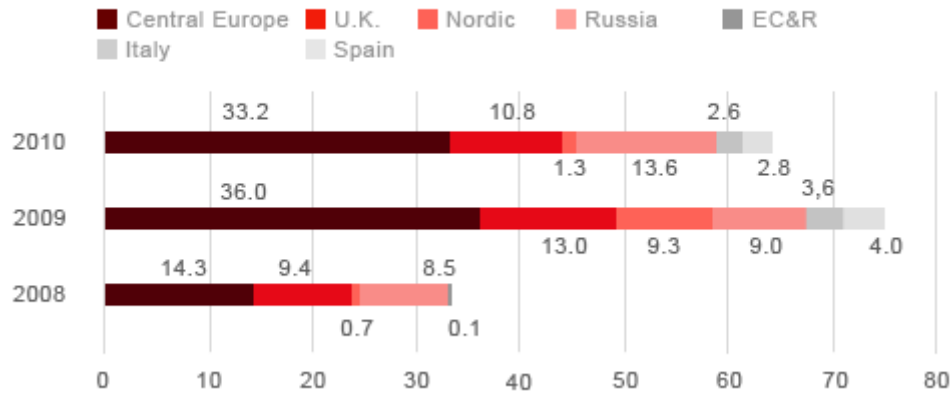
in kilotons



## Process Water Consumption

### Process Water Consumption

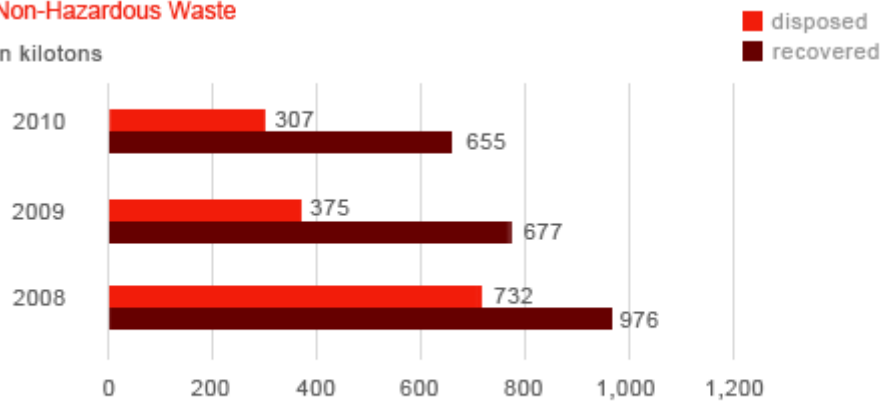
in million m<sup>3</sup>



## Non-hazardous Waste

### Non-Hazardous Waste

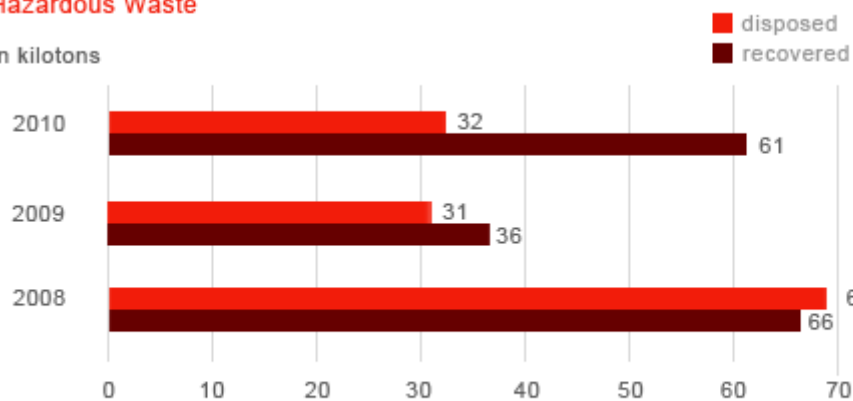
in kilotons



## Hazardous Waste

### Hazardous Waste

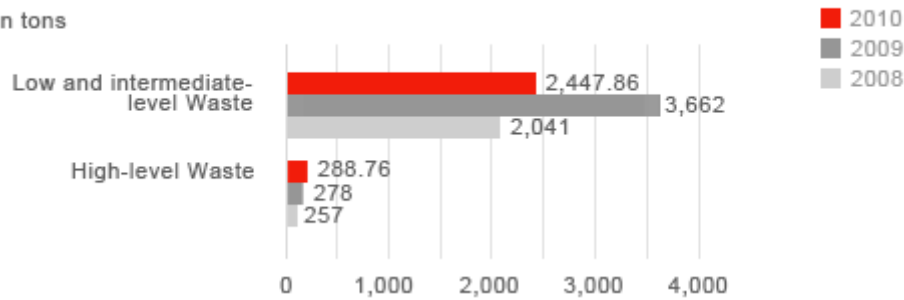
in kilotons



## Nuclear Waste

## Nuclear Waste

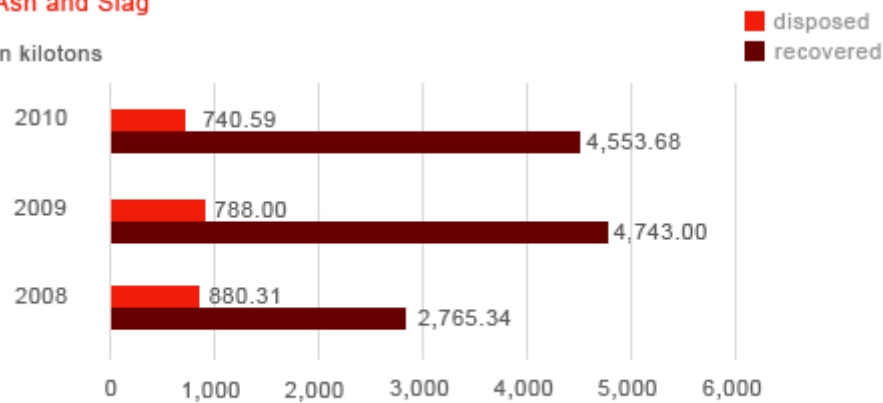
in tons



## Ash and Slag

### Ash and Slag

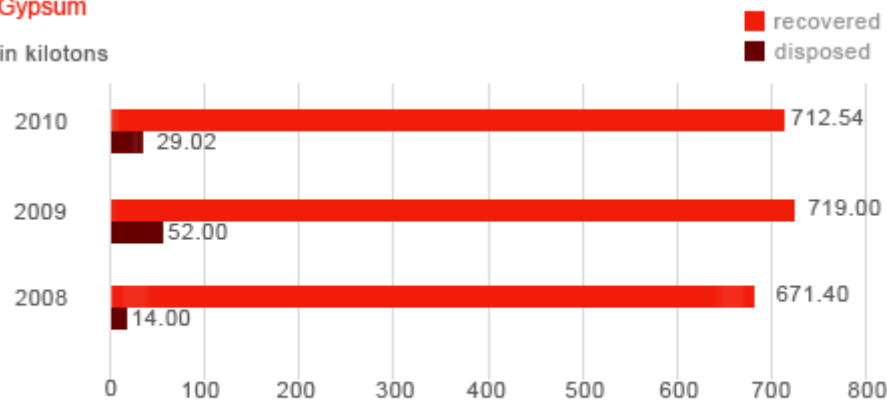
in kilotons



## Gypsum

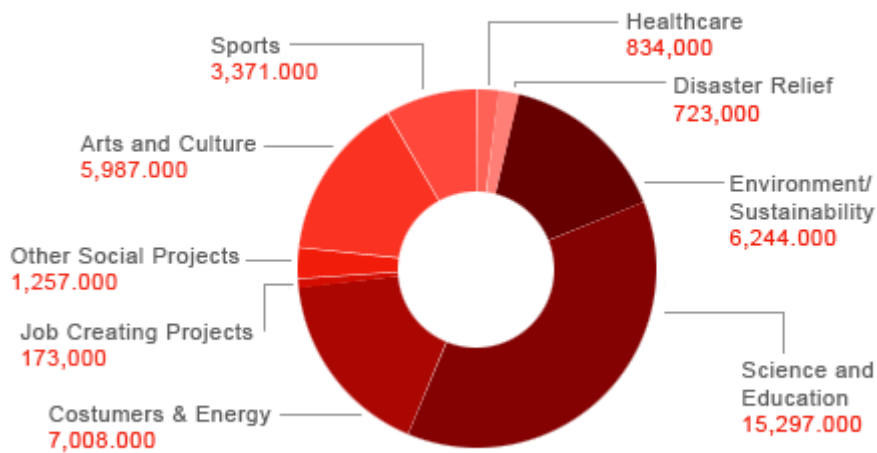
### Gypsum

in kilotons



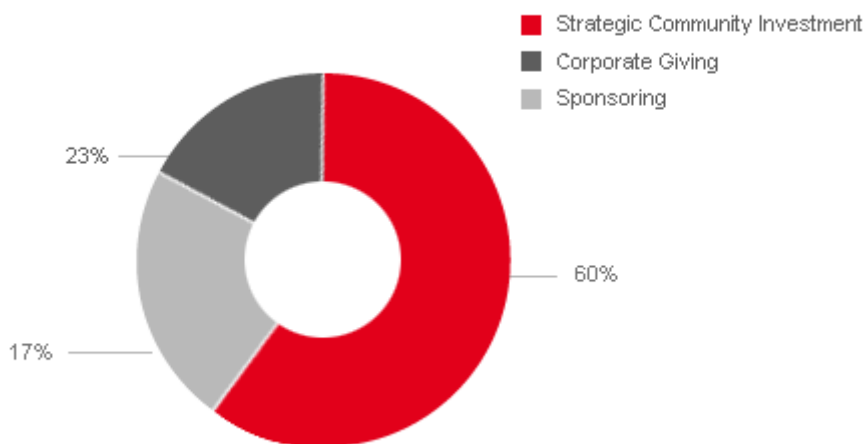
## Community Investments of E.ON Market Units and the Corporate Center by Subject Area

**Total Community Investements 2010**  
in €



**E.ON Market Units' not-for-profit Investments in Communities by Strategic Focus**

**Not- for- profit Investments in the Communities, by strategic focus 2010**



**Number of Employees by E.ON Market Units**

## Group employees<sup>1</sup>

December 31

	2010	+/- %	2009	2008
Central Europe	48,525	0.8	48,126	44,142
Pan-European Gas	3,189	1.5	3,143	9,827
U.K.	14,831	-7.9	16,098	17,480
Nordic	5,253	-5.7	5,570	5,826
Energy Trading	1,062	-1.2	1,075	885
New markets	8,496	6.5	7,976	9,214
Corporate Center <sup>2</sup>	3,749	20.2	3,120	3,054
<b>Total<sup>3</sup></b>	<b>85,105</b>	<b>0.0</b>	<b>85,108</b>	<b>90,428</b>

<sup>1</sup> Excluding Board Members/Managing Directors (2010: 301) and apprentices (2010: 2.501).

<sup>2</sup> Figures include E.ON IT.

<sup>3</sup> Retroactively adjusted to exclude U.S. Midwest.

## Employees by Region

### Workforce by region 2010<sup>1</sup>

	2010	2009
Germany	35,116	35,636
United Kingdom	16,343	17,179
Romania	6,535	6,772
Hungary	5,431	4,913
Sweden	5,064	5,317
Russia	4,828	4,702
Czech Republic	3,454	2,735
Bulgaria	2,038	2,108
Other <sup>2</sup>	6,296	5,746

<sup>1</sup> Excluding Board Members/Managing Directors (2010: 301) and apprentices (2010: 2.501).

<sup>2</sup> Including Italy, Spain, France, the Netherlands, Poland and several other countries.

## Average Length of Service

### Average Length of Service (Total Workforce)<sup>1</sup>

in years	2010	+/- %	2009	2008
Central Europe	16.6	9.2	15.2	16.5
Pan-European Gas	13.6	5.4	12.9	13.8
U.K.	10.6	11.6	9.5	8.0
Nordic	14.4	2.1	14.1	13.7
Energy Trading	5.7	0.0	5.7	6.7
New markets	14.5	-3.3	15.0	14.7
Corporate Center <sup>2</sup>	9.6	4.3	9.2	7.0
<b>E.ON Group<sup>3</sup></b>	<b>14.7</b>	<b>6.5</b>	<b>13.8</b>	<b>14.4</b>

<sup>1</sup> Including Board Members/Managing Directors and apprentices.

<sup>2</sup> Figures include E.ON IT.

<sup>3</sup> Retroactively adjusted to exclude U.S. Midwest.

## Turnover Rate

### Turnover Rate (Total Workforce)<sup>1</sup>

in %	2010	2009	2008
Central Europe	4.2	5.2	3.7
Pan-European Gas	1.7	1.2	1.9
U.K.	6.5	7.4	11.3
Nordic	4.0	4.5	6.8
Energy Trading	5.3	7.7	11.4
New Markets	4.7	3.9	2.5
Corporate Center <sup>2</sup>	2.4	1.2	4.8
<b>E.ON Group<sup>3</sup></b>	<b>4.5</b>	<b>5.1</b>	<b>5.3</b>

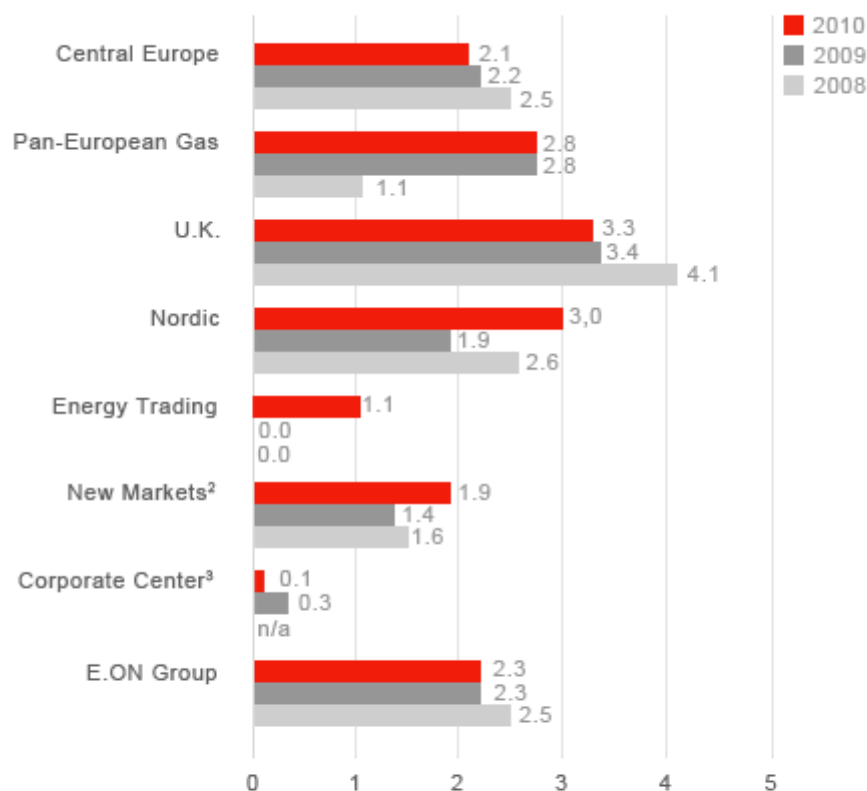
<sup>1</sup>Including Board Members/Managing Directors and apprentices.

<sup>2</sup>Including EON IT.

<sup>3</sup>Retroactively adjusted to exclude U.S. Midwest.

### Lost Time Injury Frequency Index (LTIF)

#### LTIF<sup>1,4</sup>



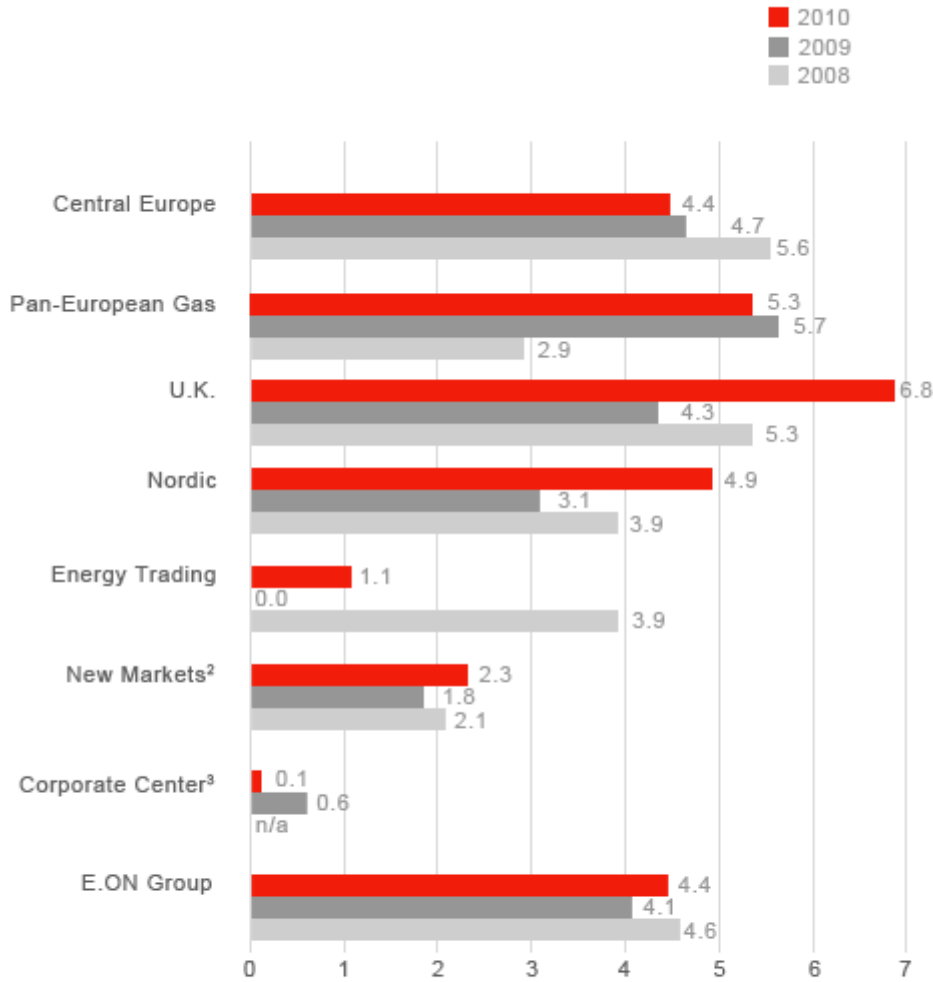
<sup>1</sup>Lost Time Injury Frequency - work-related accidents with lost time per million working hours.

<sup>2</sup>New Markets includes the Market Units Climate & Renewables, Russia, Italy and Spain

<sup>3</sup>Reported separately for the first time in 2009. Figures include E.ON IT.

<sup>4</sup>Unlike the report as a whole, the occupational safety figures cover all companies over which E.ON has operational control.

### Total Recordable Injury Frequency Index (TRIF)



<sup>1</sup>Total Recordable Injury Frequency - number of work-related accidents per million hours worked that result in fatalities, lost workdays cases, restricted workday cases or where employees have received medical attention.

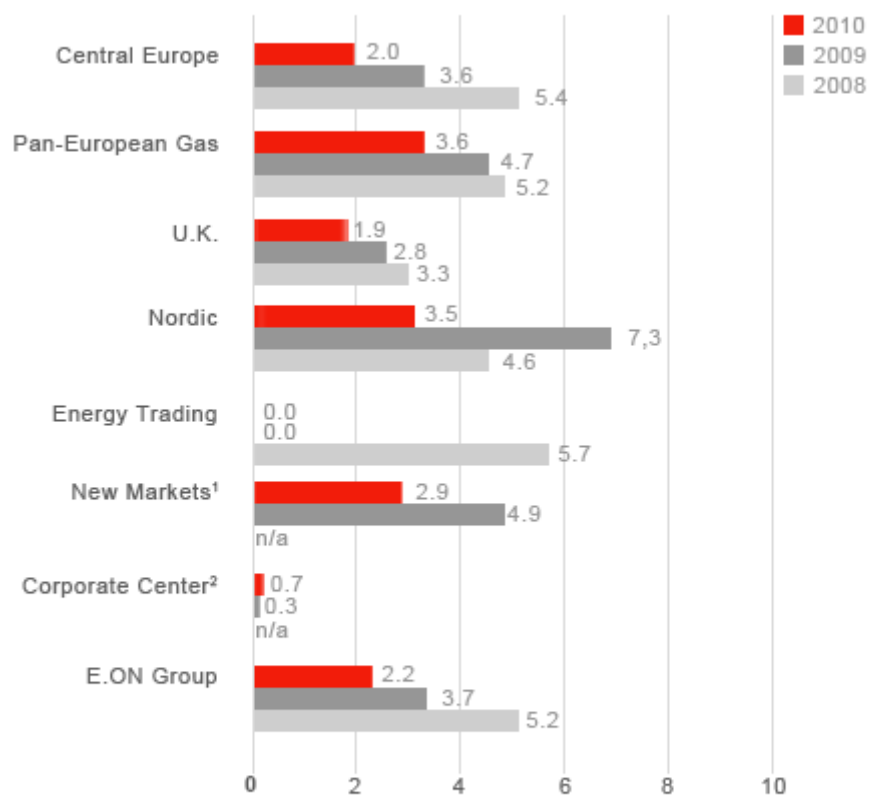
<sup>2</sup>Market Units in the new markets segment (Climate & Renewables, Russia, Italy and Spain) are not reported before 2009, due to current inconsistencies in data-logging systems.

<sup>3</sup>Reported separately for the first time in 2009. Figures include E.ON IS.

<sup>4</sup>Unlike the report as a whole, the occupational safety figures cover all companies over which E.ON has operational control.

Number of Lost Time Injuries (LTIF) by Contractors Working for E.ON

## LTIF by Contractors working for E.ON<sup>3</sup>



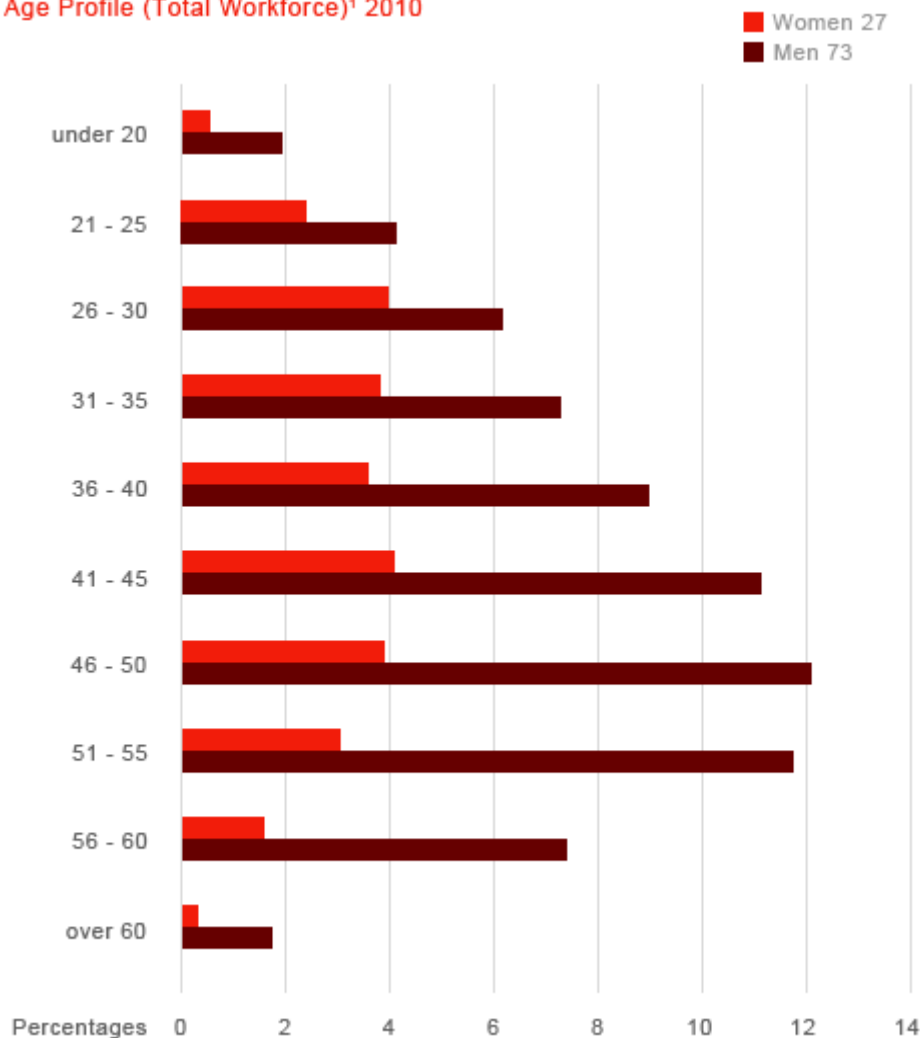
<sup>1</sup>Market Units in the new markets segment are not reported before 2009 due to current inconsistencies in data-logging systems.

<sup>2</sup>Reported separately for the first time in 2009. Figures include E.ON IT.

<sup>3</sup>Unlike the report as a whole, the occupational safety figures cover all companies over which E.ON has operational control.

## Ages Profile

## Age Profile (Total Workforce)<sup>1</sup> 2010



<sup>1</sup>Including Board Members/Managing Directors and apprentices.

## Number of Women among Total Workforce and Management

### Number of Woman among Total Workforce and Management<sup>1</sup>

in %	Total Workforce			Managers		
	2010	2009	2008	2010	2009	2008
Central Europe	26	25	24	10	10	8
Pan-European Gas	26	26	25	7	8	8
U.K.	32	34	34	14	14	14
Nordic	26	26	25	25	19	15
Energy Trading	33	34	31	20	13	10
New Markets <sup>2</sup>	28	27	29	12	12	–
Corporate Center <sup>3</sup>	29	31	31	12	10	11
<b>E.ON Group<sup>4</sup></b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>12</b>	<b>11</b>	<b>10</b>

<sup>1</sup>Including Board Members/Managing Directors and apprentices.

<sup>2</sup>E.ON Russia not considered in the Senior Management Category.

<sup>3</sup>Figures include E.ON IT.

<sup>4</sup>Retroactively adjusted to exclude U.S. Midwest.

## Number of Employees with a Severe Disability at Group Companies located in Germany

Number of Employees (Total Workforce)<sup>1</sup> with a Severe Disability of Group Companies located in Germany (2010)

	Number of employees with severe disabilities			Of which the number of apprentices with severe disabilities			Proportion of employees with severe disability		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Central Europe	1,890	1,823	1,737	33	44	45	6.6	6.3	6.1
Pan-European Gas	100	82	98	0	3	1	3.3	3.0	3.1
Energy Trading	5	3	3	0	0	0	0.5	0.2	0.6
New markets <sup>2</sup>	1	1	1	0	0	0	1.2	0.6	0.8
Corporate Center	96	78	66	4	3	4	3.7	2.5	2.3
<b>E.ON Group</b>	<b>2,092</b>	<b>1,987</b>	<b>1,905</b>	<b>37</b>	<b>50</b>	<b>50</b>	<b>6.0</b>	<b>5.6<sup>3</sup></b>	<b>5.4</b>

<sup>1</sup>Including Board Members/Managing Directors and apprentices.

<sup>2</sup>Market Unit Climate & Renewables.

<sup>3</sup>Figure for 2009 subsequently corrected

Proportion of E.ON Employees with full-time or Permanent Employment Contracts

Proportion of E.ON Employees (Total Workforce)<sup>1</sup> with full-time or permanent Employment Contracts

in %	2010		2009		2008	
	Full-time	Permanent	Full-time	Permanent	Full-time	Permanent
Central Europe	90	95	89	95	91	94
Pan-European Gas	90	99	93	98	96	99
U.K.	88	97	88	97	88	97
Nordic	95	98	95	98	98	98
Energy Trading	98	87	98	97	97	94
New markets	99	97	99	98	99	97
Corporate Center <sup>2</sup>	92	98	92	98	91	95
<b>E.ON Group<sup>3</sup></b>	<b>91</b>	<b>96</b>	<b>90</b>	<b>96</b>	<b>92</b>	<b>96</b>

<sup>1</sup>Including Board Members, Managing Directors and apprentices.

<sup>2</sup>Figures include E.ON IT.

<sup>3</sup>Retroactively adjusted to exclude U.S. Midwest.

Number of Apprentices in Germany

Apprentices in Germany

	December 31		
	2010	2009	2008
Central Europe	2,148	2,220	2,317
Pan-European Gas	212	221	298
E.ON AG/Others <sup>1</sup>	141	115	90
<b>E.ON Group</b>	<b>2,501</b>	<b>2,556</b>	<b>2,705</b>

<sup>1</sup>Figures include E.ON IT.