Responsibility
Insights into our actions

CR magazine 2008: A fair wind offshore | Saving power Swedish style | Energy awareness for young people | Safety is a matter for top management
Responsibility—Insights into our actions is E.ON’s magazine for corporate responsibility (CR). Its purpose is to look at some of the energy issues people are interested in—offshore, in classrooms, in power plants or in city halls. Our magazine is not a substitute for E.ON’s Corporate Responsibility Report; it is an invitation to start a dialogue, to rethink and reflect. That is why each article has a link to further information on the Internet. E.ON’s Corporate Responsibility Report 2008 is our first to be entirely Web-based. Internet quicklink → 203

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Dear Readers,

The global financial crisis presents industry and society with unexpected challenges. It has caused substantial economic damage and severely shaken the public’s trust in the economy and financial markets. But it also makes clear that having a corporate strategy based on a robust business model, sustainability, and social responsibility is now more valuable than ever.

For the energy industry and E.ON, the public discussions about the future energy mix and a sustainable energy supply were again top agenda items in 2008. The renewed flare-up of the natural gas crisis between Russia and Ukraine at the end of 2008 clearly demonstrated both the vulnerability of Europe’s energy supply and the importance of having strong, capable companies with a broad European presence. It was, after all, the swift action taken by large European gas suppliers like E.ON that kept the gas flowing despite the interruption of imports. Tellingly, the crisis immediately made supply security a more important issue, exemplifying how one-sided the public debate about energy often is. Sometimes prices are the top priority, sometimes climate protection, and sometimes supply security.

That’s why E.ON is working to bring about a new energy-policy debate in which climate protection, cost-effectiveness, and supply security receive equal consideration. This is the only way we’ll be able to design an energy supply that’s viable for the future and that enjoys broad public support. And it’s the only way that the energy industry can successfully undergo the transformation necessitated by the global rise in energy demand, by climate change, and by finite fossil resources.

E.ON aims to be an industry pacesetter and to play an active role in shaping the transition to a more decentralized energy system, to smart grids and other smart devices, to new environmentally friendly technologies, and to new approaches and behaviors on the consumption side. There’s no question that renewables will play an increasingly important role in the future. But the transition to a greener tomorrow can only succeed if we make intelligent use of all available energy sources today. This way, we can ensure that in the decades ahead we’ll continue to have a secure, affordable, and climate-friendly supply of energy.

This magazine serves as a supplement to our full CR reporting at eon.com. Its purpose is to highlight some of the many ways E.ON is actively and responsibly fostering the transformation of our energy world: innovative wind-power projects, energy solutions for sustainable cities, energy efficiency, support for energy and environmental education for children and young people, and occupational health and safety. We hope that by highlighting the progress we’re making, this magazine will capture your interest and serve as the starting point for a dialog about the tasks ahead.

We also hope you enjoy reading it.

Dr. Wulf H. Bernotat
Chairman of the Board of Management

Christoph Dänzer-Vanotti
Member of the Board of Management
A responsible business

Responsibility thrives on action

In the present economic crisis, with forecasts and certainties, economic concepts and business plans losing the validity that was once taken for granted, the concept of corporate responsibility (CR) is more important than ever. That may seem counterintuitive at first glance, but upon reexamination the logic proves almost inevitable: correctly understood, CR stands for a long-term, resource-efficient, socially accepted way of doing business. It helps a company to identify risks sooner and seize opportunities on a more comprehensive basis.

At E.ON, corporate responsibility is an integral part of our corporate culture. As one of the world’s largest investor-owned power and gas companies, we form an integral part of society in many countries and at very different levels. Our business extends along the entire value chain, from gas production and electricity generation, to transmission and distribution, and trading, to the supply of gas and electricity to around 30 million end customers. In 2008 alone, we invested about €26 billion in expanding this business. Between 2009 and 2011 we are going to invest up to €30 billion. Between 2007 and 2010 alone, we plan to invest about €6 billion to expand our renewables generating capacity. As a leading energy company, we are responsible for providing our customers with a reliable energy supply that is both climate-friendly and cost-efficient. That’s a major challenge. In addition, a long-term corporate strategy can only be successful if it enjoys the trust of consumers and the public. In the past year in particular, aspects such as security of supply, energy prices and climate protection were often discussed in isolation in the public domain. We are, however, convinced that a responsible energy policy must take a balanced approach to all three of these issues.

We are giving top priority to fostering dialog with our stakeholders and meeting our social responsibilities. As a strong and highly capable company, E.ON is particularly well placed to make a substantial contribution to the issues of tomorrow’s energy supply. Many parts of the E.ON Group are already working on innovative solutions to meet the economic, environmental and social challenges of our industry. We’ve also achieved significant progress in this area—as the examples in this publication show.

We are not content with words, we substantiate our commitment with action. We want to integrate corporate responsibility into our business processes and activities, in order to create lasting value for the company and its stakeholders. Our interactions with stakeholders will help enable us to recognize social trends early, identify their present and future importance to our business and take foresightful action. As a sensor for trends and challenges, corporate responsibility helps us earn and deepen the trust of consumers and the public. Trust is the foundation of our business. We want to be part of the solution, not of the problem—and to be perceived as such.

Focused strategy

This is demonstrated clearly by our revised CR strategy, which was discussed throughout the Group and approved by the Board of Management in 2008. It consists of three areas: organizing (= creating the basis for responsible action), managing (= recognizing risks and meeting expectations) and focusing (= sharpening our CR profile). The range of subjects addressed is broad and covers such diverse areas as the improvement of energy efficiency, the further development of renewable energies, community involvement, the creation of safe working conditions and the origin of our fuels. We have surveyed and assessed these topics and entered them in a systematic materiality matrix on the basis of discussions with stakeholders, experts and employees. Internet quicklink → 108

People don’t buy “green placebos” anymore. But in light of the current economic crisis they welcome companies that demonstrate responsible decision-making, a willingness to listen to stakeholders, and the delivery of sustainable solutions.

Prof. Dr. Klaus Töpfer, former Executive Director of the United Nations Environment Program and external member of E.ON’s CR Council
Ambitious standards

All these topics are framed by a number of binding standards. For example, social responsibility is one of the fundamental E.ON values that guide us on our way to becoming the world’s leading power and gas company. In addition, our corporate responsibility is defined in E.ON’s self-commitment. In 2005, we also officially pledged our commitment to the ten principles of the UN Global Compact initiative. But what are the implications of the Compact’s principles for our individual business units and market units? How are they translated into everyday action? Answers are to be found in our policies on environment and climate protection, responsible procurement, health and safety and community involvement. In 2008, we also reaffirmed the importance of human rights in our activities with our Human Rights Policy Statement.

Effective organization

To be effective, responsibility has to be embedded at all levels of our company. Line managers, with the support of CR managers, are responsible for this at an operational level. All of our market units now have their own CR manager, who is responsible for the implementation of our CR strategy in his or her specific environment. Under the leadership of CR managers, cross-regional and cross-group expert teams are formed in the market units and business units and at the Corporate Center. These teams work together on CR-related topics. At the Corporate Center, the Chief Responsibility Officer heads the Responsible Management, Marketplace & Community, Climate Protection & Environment and Health & Safety departments. The CR department at the Corporate Center manages our CR activities and supports the market and business units in the integration and implementation of CR into their core business.

Top management plays a vital role here. The CR Council presents CR-related recommendations to the E.ON Board of Management and monitors the implementation of approved CR goals. The E.ON AG Board member responsible for CR and a Board member of a market unit preside over it. Further members are representatives of Corporate Center divisions, the Works Council and the Boards of E.ON AG’s market units. In 2008 we invited selected external figures such as Prof. Dr. Klaus Töpfer (former Executive Director of the United Nations Environment Program), British round-the-world yachtswoman Dame Ellen MacArthur, who is supporting environmentalism and sustainability, and Charlotte Petri Gornitzka, Secretary General of the International Save the Children Alliance, to join this top management committee, thereby adding an external perspective. The Council has helped a great deal to embed CR within the company over the past few years. We are currently discussing the strategic expansion of its structures and duties.

The challenges we are facing in society today require a cooperative approach and partnership effort. Corporations and NGOs working together have great potential to show leadership and make a real difference.

Charlotte Petri Gornitzka,
Secretary General of Save the Children International Alliance and external member of E.ON’s CR Council

Dame Ellen MacArthur,
British world-class competitive sailor and external member of E.ON’s CR Council

A responsible business
**Transparency and traceability**—these are two crucial components of responsible action. The following list gives an overview of the most important areas for action and measures defined by E.ON for the years 2008 to 2010 and a brief assessment of the goals set for 2008. Further details of the work program and the 2008 Progress Report are to be found on the Internet.

**Corporate Responsibility Work Program**

<table>
<thead>
<tr>
<th>2008-2010 Measures</th>
<th>2008 Target achievements</th>
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</thead>
<tbody>
<tr>
<td><strong>Overall Corporate Responsibility</strong></td>
<td></td>
</tr>
<tr>
<td>Continue development of CR organization at all levels</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Identify a core set of indicators to track performance and support business decision-making</td>
<td>partly achieved and ongoing</td>
</tr>
<tr>
<td>Develop training and other measures to stimulate a culture of responsibility across the business</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop strategic CR profile in line with the CR strategy and test with stakeholders</td>
<td>partly achieved and ongoing</td>
</tr>
<tr>
<td>Implement appropriate Environmental and Social Impact Assessments in relevant parts of the business; integrate results in business decisions</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop and implement a general stakeholder management strategy</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Annual CR performance reporting</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Assess business ethics risks and prepare an action plan</td>
<td>planned for 2009/2010</td>
</tr>
<tr>
<td>Implement responsible procurement policy by risk assessments and training courses</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Assess corporate risks related to human rights and labor rights violations</td>
<td>planned for 2009/2010</td>
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<tr>
<td><strong>Marketplace &amp; Community</strong></td>
<td></td>
</tr>
<tr>
<td>Develop a responsible products and services strategy</td>
<td>partly achieved and ongoing</td>
</tr>
<tr>
<td>Provide support for vulnerable customers in our retail markets</td>
<td>partly achieved and ongoing</td>
</tr>
<tr>
<td>Embed CR elements in our groupwide sponsorship strategy</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop and roll out groupwide community involvement strategy</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop appropriate community programs to support existing E.ON assets and new-build projects</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop programs to address community energy safety issues in various E.ON countries</td>
<td>planned for 2009/2010</td>
</tr>
<tr>
<td>Implement the “Energy for Children” program</td>
<td>achieved and ongoing</td>
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</tbody>
</table>
### Climate Protection & Environment

<table>
<thead>
<tr>
<th>Task</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop a groupwide climate protection and environment policy, assess current implementation of management systems and determine groupwide application of a management system</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Assess the impact of climate change on E.ON assets</td>
<td>partly achieved</td>
</tr>
<tr>
<td>Develop a groupwide biodiversity assessment and policy</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Identify targets for advanced emission standards at new-build coal-fired power plants</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop an E.ON guideline on Lifecycle Analysis (LCA) for products, services and technologies to analyze environmental impacts</td>
<td>planned for 2009/2010</td>
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### Workplace, Health & Safety

<table>
<thead>
<tr>
<th>Task</th>
<th>Status</th>
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<tbody>
<tr>
<td>Evaluate reports on incidents in hazardous industries (e.g. Baker report) and draw conclusions for E.ON</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Conduct safety assessment on all Top Executive Group members (project Safe.TEG) and facilitate action plans for individuals and for market units</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop and implement a group safety management system</td>
<td>partly achieved and ongoing</td>
</tr>
<tr>
<td>Develop and implement harmonized, groupwide minimum safety standards</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop a responsibility policy regarding contractors’ and subcontractors’ safety performance</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop and implement a central incident reporting system (injuries, near misses and hazardous occurrences)</td>
<td>partly achieved and ongoing</td>
</tr>
<tr>
<td>Assess the current situation of health management in the group</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop a groupwide health strategy and policy</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop a health management toolkit</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Assess the current situation regarding group diversity management</td>
<td>achieved and ongoing</td>
</tr>
<tr>
<td>Develop an aging workforce action plan</td>
<td>partly achieved and ongoing</td>
</tr>
<tr>
<td>Coordinate employee volunteering activities related to CR profile projects</td>
<td>achieved and ongoing</td>
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</table>
Clean power

Intermittency

More reliable energy generation than onshore

Installation challenges

Experience for future projects

Impact on flora and fauna
Beyond the horizon

Internet quicklink → 405

E.ON, a pioneer in offshore technology, is now literally opening up new horizons for the use of renewable energy. Together with EWE and Vattenfall, the company is currently working on the construction of the first-ever offshore wind farm in the German North Sea. The challenges to developers and engineers are as extraordinary as the location itself.

As of the end of 2008, wind farms with a total capacity of 100 gigawatts were in operation worldwide. That’s a notable achievement for a sector that just turned 25. However, reaching internationally agreed climate objectives will require the installation of nine times that capacity by the year 2020—the equivalent of a new turbine every 25 minutes. This ambitious goal can only be reached with large-scale offshore projects, in which large turbines can be linked to form much more powerful wind farms than those onshore. Because the wind blows much more consistently and strongly at sea than on land, offshore power also allows for more reliable energy generation scheduling than power from onshore farms. But offshore wind farms are not just like onshore ones, only a bit more difficult. They represent a different, technically highly complex and largely unproven business model. The leading-edge Alpha Ventus project, around 60 kilometers (just over 37 miles) from the coast and in water 30 meters (almost 100 feet) deep, is a real challenge. The 60 megawatt farm presents its developers with some issues of decisive importance to the future of the technology. Along with equipment issues and construction techniques, ecological issues and operating concepts are also the focus of interest.

How do you build a skyscraper in the middle of the sea?
Mounted on its tower, a 5-megawatt turbine is about as tall as a 40-storey building. At around 150 meters (492 feet) from the water’s surface to the top of a turbine blade, it’s almost as tall as Cologne Cathedral. If you add the foundations, the tower actually measures around 180 meters (590 feet). The foundations that anchor the towers to the seabed 30 meters below the water’s surface are fixed in place with driven foundation piles, each about 40 meters (around 130 feet) high and weighing 100 metric tons. The turbine nacelle weighs more than 300 metric tons, which means that the construction team has to lift an object that weighs as much as 200 mid-size cars to a height of 100 meters (330 feet), sometimes in extremely rough weather. Unfortunately, the floating cranes required are far more susceptible to wind and waves than the type used for smaller offshore farms. The installation of an offshore wind farm is therefore a feat of logistical legerdemain requiring the coordination of special equipment, and teams, transport capacities and periods of calm weather. Though Alpha Ventus’s offshore transformer station was successfully installed in the summer of 2008, bad weather forced the installation of the first turbines to be postponed until the summer and fall of 2009.

How dangerous is it to work out there?
Working on offshore wind farms is undoubtedly dangerous—if you aren’t properly prepared and equipped. Prior to their first assignment, all offshore engineers must complete an offshore survival training program run by specialist companies that normally work for the oil and gas industry. Program participants practice getting out of helicopters, surviving at sea and getting onto life rafts, among other skills. Experienced mountaineers also teach the people who install the nacelles to abseil safely from great heights. Because a sudden change in the weather can delay a return to shore at any time, wind farms like Alpha Ventus also need to be equipped with rescue harnesses and emergency accommodations.

How will the electricity reach the grid?
E.ON Netz is laying a 66-kilometer (41-mile) subsea cable from Hagermarsh on the German coast to Alpha Ventus. The cable will cross the island of Norderney, where it will be laid in underground conduits. Data lines for remote mo-
Monitoring and control of the wind farms will also be installed. The construction teams have to factor in not only weather conditions, but also the breeding seasons of the wetland birds. That’s a challenge to the progress of this ambitious project, which is being carefully scrutinized by environmentalists.

How profitable is offshore wind energy?
One thing is clear: a pioneering project like Alpha Ventus, involving an investment of around €250 million, is a challenge in economic terms. The farm is well outside the magic 20–20 limit—20 kilometers (12 miles) from land in at most 20 meters (67 feet) of water—beyond which the costs of building and operating an offshore wind farm start to escalate. On the other hand, E.ON will benefit enormously from the experience gained in the project. And that’s important, because E.ON subsidiary E.ON Climate & Renewables’ project pipeline currently includes four other offshore projects totalling more than 1,300 MW in the German North Sea and Baltic Sea. Offshore wind power will only make a substantial contribution to energy generation if it can operate on an industrial scale, inexpensively and reliably.

-30m

How will a large project like this affect marine animals and plants?
Every construction project has an impact on flora and fauna. The potential impact was therefore analyzed in detail by the consents authorities and construction was only permitted under strict conditions. Because Alpha Ventus is the first offshore wind farm in the German North Sea, however, we have little experience with the actual ecological effects of a project like this. The accompanying ecological research supported by the Federal German Ministry for the Environment will examine the possible impact of offshore wind farms on marine mammals, seabirds, bird migration, the animals that live on the seabed and fish. In addition, E.ON has started a joint research project with the International Union for Conservation of Nature and Natural Resources (IUCN) for this purpose. Founded in 1948, the IUCN is the world’s oldest and largest environmental protection organization. In this joint project, “Making Blue Energy Green,” the research partners aim to explore the ecological effects of offshore wind farms and wave and tidal power plants with a view to minimizing them as far as possible in the future.

Secure and climate-friendly

Internet quicklink → 508

Nuclear power is experiencing a global renaissance as an efficient, cost-effective and climate-friendly source of energy

Although still controversial, nuclear energy is indispensable for the reliable supply of energy. And it will play an important role in the climate-friendly energy mix of the future. In many countries, nuclear energy already provides a reliable, cost-effective, and nearly zero-carbon source of electricity. Uranium is mined in many regions throughout the world, making dependence on individual suppliers highly unlikely. Uranium accounts for a much lower percentage (about 3 to 5 percent) of total power production costs than coal or natural gas, making nuclear energy less susceptible to fluctuations in fuel prices. Apart from coal and hydro, uranium is therefore the only energy source suitable for baseload power that will remain both secure and affordable over the long term.

In our view, an effective and affordable climate policy is impossible without nuclear energy. However, nuclear energy can only be utilized and further developed with broad public support. We therefore maintain a regular dialog with stakeholders critical of nuclear energy in order to discuss issues like final storage.

CCS, technology of the future

Internet quicklink → 507

Carbon Capture and Storage (CCS), a technology with which carbon dioxide is captured and stored underground, offers promising potential for climate protection. Independent experts estimate that CCS could prevent the emission of 9 billion metric tons of CO₂ per year. E.ON is currently engaged in strategic partnerships to research into a variety of CCS technologies that, together with renewable-source and nuclear power, could effectively reduce CO₂ emissions.
Facts and figures: Environment

100 %
Percentage of emission allowances to be allocated by auction from 2013 onwards under the EU Emissions Trading Scheme. For E.ON’s position on this, visit: Internet quicklink → 522

50 %
Percentage by which E.ON aims to reduce CO₂ emissions by the year 2030 (base year 1990). Internet quicklink → 510

265,000
The number of households that can be supplied with electricity by E.ON’s Roscoe wind farm in west-central Texas. With about 780 MW of capacity and 627 turbines, Roscoe is currently the world’s biggest wind farm. Internet quicklink → 506

115
sites groupwide participating in our “Environmental Champions” program. Internet quicklink → 516

40
bat nest boxes and three hibernation houses, five owl nest boxes and 15 for other birds were built by E.ON employees in the area around Holford Gas Storage in the U.K. in 2008. Internet quicklink → 521

2 GW
Our current total renewable-source generating capacity from wind and biomass. Internet quicklink → 505

7
CCS pilot projects are currently being developed by E.ON in order to find ways to capture the carbon dioxide from power generation and store it underground in geological formations. Internet quicklink → 507
Turning Torso is Sweden’s tallest building. It is part of Västra Hamnen, a residential area in Malmö that depends entirely on its own autonomous energy supply, delivered by systems from E.ON.
E.ON's customers in Sweden are currently discovering a new hobby: reducing their power consumption. Using a new Internet portal, they can, for the first time, monitor their energy consumption precisely and identify electricity guzzlers in their home. With E.ON’s support, some municipalities are also currently testing the possibility of making a complete switch to local, renewable energy sources. The goal is the same in every case: to increase energy efficiency and reduce expenditures on power and heat.

A clever way to save money: smart meters
There was a surprise in store for Magnus Berg recently: “We’d actually never been particularly interested in our energy consumption,” says Berg, who lives in the Swedish town of Hjärup with his family of four. “But when our electricity bill started to go up and up, we wanted to find out why. And we discovered that water heating is one of the main culprits in our household.”

E.ON’s new “Energy Dialog” Internet portal now enables the Bergs to check their power consumption and pinpoint energy guzzlers in their household for the first time ever. Since first logging on to Energy Dialog, Magnus Berg has replaced all his light bulbs with energy-saving ones and is considering buying a heat pump—measures that mean no less quality of life for his family, but a substantial lowering of energy costs. All you need to participate in the energy-saving program is Internet access and a smart meter. E.ON Nordic has installed smart electricity meters in one million households in Sweden and is gradually making Energy Dialog available across its service territory. The free consumer portal is a prime example of how energy bills can be permanently reduced with relatively simple measures. This benefits not only consumers like the Berg family, who cut their power consumption by 15 percent within a few months, but also the climate and the economy, which will need to use less resources for energy generation in the future. But energy-efficiency investments also pay off for E.ON. Using the current consumption reports from the smart-meter network, in the future the company will be able to adapt its electricity production flexibly to actual demand. “The better we can predict the demand from our customers, the more efficiently we can use our existing generating capacity,” explains Michael O’Hare, Business Development Manager at E.ON Nordic. Ideally, cutting back on energy consumption would also make it possible to avoid building expensive power plants, which are now even more difficult to finance in the current economic crisis.

Working together: E.ON Nordic helps Mora to reduce its CO₂ emissions
The imagination of E.ON’s energy-efficiency experts extends much further: to Mora, for example, a small town in Sweden where E.ON Nordic has supplied district heating for many years. Mora is a community of only 20,000 residents, but it boasts a claim to national fame: the world’s biggest cross-country skiing competition, the “Vasaloppet,” traditionally finishes in Mora. At the moment, however, it looks as though the race itself is in jeopardy. “We are getting less snow here from one year to the next,” explains Mora’s mayor Peter Helander, “so we have decided to do something about it ourselves: to combat climate change and spur our local economy.” Mora is currently rethinking its energy strategy and aims to surpass the EU’s target of reducing carbon dioxide emissions by 20 percent by the year 2020. And E.ON Nordic could help them.

Together with Mora’s town council, a local sawmill and some of the town’s residents, E.ON Nordic is now testing a whole range of ideas to make the town self-sufficient, using only locally available and renewable resources in the future. For example, a cogeneration unit fuelled by waste timber from the sawmill could supply some of its heat and power. Additional energy could be provided by a wind farm, which E.ON would install and operate. The cogeneration and waste incineration plants currently operated by E.ON in Mora could then be replaced. Another idea is to use organic household waste to produce biogas, which could be used to fuel local buses. For this reason, E.ON Nordic last year ran a series of well-attended energy-saving workshops in Mora—and throughout the country—in collaboration with
the town’s schoolchildren, citizens and political leaders. And, like everywhere else in Sweden, old electricity meters are currently being replaced in Mora by networked smart meters.

The most environmentally friendly energy is energy that’s not used

“In the future,” hopes Project Manager Michael O’Hare, “Mora will consume much less energy than it does today. And instead of oil from the Middle East, the town could be burning waste timber from the surrounding forests, have its own independent energy supply, and boost its local economy.”

Right now, all of this is still a long way off. Nevertheless, a seven-person delegation from Mora has already been able to see for itself how smoothly an autonomous energy supply can work in practice. In December 2008, the fact-finders visited Malmö in southern Sweden, about 700 kilometers away, where over the few years, E.ON Nordic has helped to transform a previously empty harbor district into a highly attractive sustainable city. Today, “Västra Hamnen” (West Harbor) supplies all its own energy from local sources. Solar cells on the rooftops and its own wind power plant supply electricity to the development on the shore of the Öresund—including the residents of the Turning Torso tower block, which is part of this district and Malmö’s new landmark. Groundwater from a reservoir 90 meters (nearly 300 feet) underground delivers cooling water in summer and heat in winter. The range of renewable energies is rounded off by hot water from solar collectors and biogas from organic waste. All the energy systems were developed and installed by E.ON, and are still operated by the company.

That means that most of the current 1,500 residents get by on an annual consumption of less than 105 kWh per square meter of living space. By comparison, the average usage for Swedish households is around 240 kWh/m².

It is already foreseeable that the consumer of the future will use energy more cost-efficiently and wisely, and that this energy will be drawn increasingly from local renewable sources. It means nothing less than a quiet revolution in energy use—a revolution that starts with a glance at the electricity meter.

Billions to insure supply security

Internet quicklink → 408

E.ON Ruhrgas invests in long-term strategies to secure the supply of gas

In the early days of 2009, European consumers’ faith in their gas supply was put to a big test: while many gas heating systems stayed cold, particularly in the Balkans, E.ON with its large capacities managed to maintain an unrestricted supply to all customers. As one of the leading gas companies in Europe, E.ON Ruhrgas was even in a position to help out countries like Hungary, Slovakia and Bosnia-Herzegovina with extra deliveries.

Up to 2011, the company will invest around €4 billion to further ensure supply security by enlarging its national and international pipeline and storage infrastructure, increasing its gas production, and developing liquid natural gas projects. A new subsidiary, E.ON Gas Storage GmbH, is responsible for managing and marketing all of E.ON’s gas storage capacity in Europe. This capacity is available on an open-access basis, which not only promotes competition but also helps ensure that Europe has a crisis-proof supply of gas for the long term.

Power plant dialog

Internet quicklink → 305

Power plant dialog with local residents, environmentalists and trade unions

Large new construction projects often raise fears—particularly when the projects are for power stations. E.ON’s answer is to invite its stakeholders to “power plant dialogs.” For example, in the German town of Staudinger E.ON meets several times a year with politicians and representatives from the community, churches, industry and environmental protection associations. Controversial subjects such as emissions, planning procedures and renewable energies are discussed. The forum is moderated by a discussion leader and the results of its work is documented on a website (www.kraftwerksforum-staudinger.de). Though the discussions may be heated and occasionally exhausting, the forum has given the public a much better understanding of the Staudinger project.
Facts and figures: Marketplace

Internet quicklink → 213

1.2 million
Smart meters have been installed at E.ON customers’ homes.
Internet quicklink → 417

12,000 MW
Size of the electricity supply gap threatening Germany in the year 2020 according to independent forecasts.
Internet quicklink → 407

18%
Planned percentage of renewables in E.ON’s power mix in 2015.
Internet quicklink → 405

33 Mio t CO₂
Amount of carbon dioxide displaced in 2008 by E.ON’s zero-carbon nuclear power generation.
Internet quicklink → 508

9.4 billion m³
Working gas capacity of E.ON Gas Storage’s underground gas storage facilities, including wholly owned, jointly owned, project-company-owned, and leased facilities.
Internet quicklink → 410

€6,000,000,000
Internet quicklink → 406

37,000
U.K. customers on the Staywarm tariff have their energy bill subsidized by E.ON.
Internet quicklink → 420
Third lesson, Városligeti English-Hungarian Bilingual Primary School, Budapest: Tamás Kovalcsik uses hands-on examples in a discussion with pupils about how they can become more energy-conscious at school and at home.
Energy for Children is E.ON’s first groupwide community involvement program. Its objective is to improve children’s education and develop their understanding of energy so they can grow up treating resources and environment with respect and responsibility. At the same time, it is also a step towards transforming society’s attitudes towards energy in general.

E.ON supports a number of projects, and its involvement varies in each country according to the societal and educational context. In Germany, E.ON has started its lighthouse project, Education for Sustainable Development in kindergartens, with ANU (Arbeitsgemeinschaft Natur und Umweltbildung, Germany’s leading sustainable education organization). The initial phase of training is now under way. By 2012, the project aims to support education in sustainability, energy and the environment in around 4,000 kindergartens and day-care centers—that’s around ten percent of such establishments in Germany.

E.ON’s community involvement also extends to Hungary: Peter Havas, educational psychologist, honorary president of “Körlac,” the Hungarian association for environmental education and an adviser for E.ON Hungária’s Energy for Children project, tells us what he and the children involved have learned.

Mr. Havas, you’ve played an important role in promoting environmental education for children and even added it to the national curriculum in Hungarian schools. Why do you think energy is important enough to become part of the curriculum?

Because lifelong knowledge and personal habits develop from the earliest age. Children have to be more sensitive to, and responsible about, energy usage. They need a more realistic view of nature and the value of energy. I think that children’s vision of their man-made environment has to include energy production, finite and renewable energy sources, energy transport, and the advantages and disadvantages of different technologies.

Are those topics really of interest to children?

Definitely. Children are curious about the past, present and future. It is a great adventure for them to explore. Energy is invisible, which makes it magical and mysterious to small children. They see it as an attribute of the heroes in stories, comics, and movies. As they grow older, they assume energy is somehow connected with fashion, tools, behaviors, or food and drinks. The school curriculum, particularly in science classes like physics, presents energy as an abstract physical phenomenon. It’s everyday experience that teaches young people that energy has something to do with electricity, gas, and heat.

What was the most pleasant surprise you’ve experienced so far when discussing energy issues with children?

The most pleasant surprise was that young children regard energy as a part of the human character. Teenagers on the other hand can explore the value of energy—and how to conserve it.

And the most unpleasant surprise?

The assumption of young children that energy is a dark, scary power that elicits anger and fear.

Why focus your work on children? It’s the adults who decide which products are bought, which politicians are elected, and which energy sources are used.

That’s true, but I see the school and classroom as real and determining places for childhood and early adulthood. They construct much of the personal knowledge, shape the moral foundation and character of pupils, develop their competencies. On top of that, children can also affect their parents’ attitudes and habits. I’ve heard from parents that their children came home from our lessons, switching off computers and lamps when they’re not needed anymore and avoiding the standby mode of electronic devices. The same is true for waste management and water consumption. They bring a new, positive attitude to their families’ households, whose introduction is not always conflict-free, but fruitful nonetheless.
As an experienced environmentalist, what made you partner with E.ON in this project?
To me, E.ON Hungária is a positive example of a company that really wants to take part in social development and lives up to its responsibility for the future. This is not typical consumer service—it represents a new generation of firms of the 21st century.

How does energy education in the project actually work?
EnergiaKaland is an effective, unique and contemporary learning and teaching tool. It’s free, available to all, and incorporates the latest ideas about effective learning and teaching using the latest technology. It offers an effective interaction between children and the local environment, adapting the most appropriate learning method for different schools, teachers and classrooms, building on the solid base of the National Core Curriculum.

Having taught children about energy issues—is there also something that you’ve learned from them?
The most important thing that I’ve learned from children is that the meaning of big things lies in their small details. I have to think in terms of small details not just in terms of abstract ideas and broad objectives.

Supporting older people in need

Internet quicklink → 419

Energy consultancy for older people is a joint project of Age Concern and E.ON UK

What’s the best way to get to the hardest-to-reach whose problems are rarely publicized? Do it together with organizations that have long been in personal contact with these people, know their problems and needs and have their trust. EnergyRight is a joint project run by Age Concern—the U.K.’s largest organization for older people’s issues—and E.ON.

EnergyRight offers energy consultancy for those who urgently need it: low-income over-60s. Age Concern volunteers are trained to carry out free home energy audits and give valuable tips on how to use energy more efficiently and reduce electricity bills. Where necessary, they can also help older people to apply for support to finance efficiency improvement measures. In 2008, over 2,000 people were supported through the program. EnergyRight will be continued and extended in 2009. Age Concern and E.ON have been working together in the U.K. for nine years now. It’s only one of many projects where E.ON has a long track record of helping vulnerable customers.

Fast assistance

Internet quicklink → 617

We believe that social responsibility is about deeds, not words. That’s why we respond when the regions where we operate are struck by natural disasters. One example was the widespread flooding in east and northeast Romania in July 2008, in which more than 21,000 people lost their homes and a large number of public institutions were destroyed. E.ON reacted swiftly: our two Romanian subsidiaries committed €500,000 in emergency aid, our Romanian employees donated an additional €25,000 and E.ON matched that amount. Altogether, we sent a total of €550,000 to the emergency aid fund for the reconstruction of schools, kindergartens and hospitals. We have since been directly involved in ensuring that this money is used effectively.
Facts and figures: Community

- British schools have participated so far in the E.ON Energy Experience. (Internet quicklink: 604)

- 85,000
  landowners took part in E.ON’s “Krafttag” electricity network weather-proofing project in Sweden. (Internet quicklink: 605)

- 73,500
  Number of hours spent by around 7,000 E.ON employees throughout the Group on voluntary work at various charitable organizations. (Internet quicklink: 610)

- 13,000
  visitors came to see the Klee and Koons exhibition in Berlin, which was sponsored by E.ON. Read more about E.ON’s support for art and culture. (Internet quicklink: 956)

- 20
  different stakeholder groups were involved in a total of four dialogs held by our Russia market unit on the subject of “Promoting Local Initiatives and Projects.” (Internet quicklink: 302)

- €45,000,000
  has been spent throughout the E.ON Group on charitable organizations and other community-related projects. (Internet quicklink: 620)

- 230,000
  visitors came to see the Klee and Koons exhibition in Berlin, which was sponsored by E.ON. Read more about E.ON’s support for art and culture. (Internet quicklink: 956)

- 14,000
  vulnerable customers received energy-saving advice through our CaringEnergy program. (Internet quicklink: 620)
Talking with experts // Our new market units are rapidly adopting and meeting our groupwide safety standards. Siegfried Michiels and Bob Taylor visit Tavazanno e Montanaso, an E.ON power station in Italy.
Making safety a personal matter

Internet quicklink → 702

Health and occupational safety are top priorities at E.ON. We have groupwide safety standards, and the E.ON Board of Management has launched an ambitious safety initiative. Siegfried Michiels, the E.ON Group’s External Safety Advisor, and Bob Taylor, Managing Director Generation at E.ON Italia, talk about their experiences in the area of safety.

Safety is considered an almost standard issue. Why is E.ON currently putting so much effort into it?

Bob: With regard to safety, there’s of course always a legislative background with some minimum standards we have to comply with. But at E.ON we aspire for much more than that, which makes sense for our staff as well as for our business: in my experience, those high performers in health and safety are also very good in their business performance.

Why is that?

Bob: When you get it right, safety can really breed further success. If we had a major breakdown at one of our plants, planning, organization, competence, communication and processes would be pivotal—in other words: good business is of the essence anyway.

Siegfried: I also believe that society is much more demanding today and simply does not accept anymore that people get hurt, let alone killed on the job. There is growing pressure on companies by stakeholders, including investors, to work on this issue. So safety is also a question of ethics.

Was E.ON’s Safe.TEG initiative from last year an answer to this growing pressure?

Siegfried: No, it was a reaction to the realization that leadership is an essential aspect in moving the company forward in the field of health and safety. The initiative focussed on the Top Executive Group (that is, E.ON’s 250 most senior executives), and how they view the safety situation, structures and measures within the Group. All of them—including the Board of Management—were first interviewed online and then met for in-depths interviews. The data obtained were analyzed and reported to the Board of Management. Many told us that they need more practical support in implementing safety management and structures. So what we’re now primarily working on is a review of E.ON’s safety infrastructure and how to bring knowledge to the field.

A site manager might argue that safety is important but also cost-intensive and time-consuming on a day-to-day basis.

Bob: Safety managers can’t be around all the time. So safety has to be part of the culture, especially in the distribution business, where we have small teams working in all corners of the world. Much proactivity can actually come from our employees themselves.

Siegfried: We all know that a site manager has many balls to juggle, with safety being just one of them. So it is important to make sure that safety is looked at as one of the major parameters. This is where safety comes in, where E.ON as a group has established certain minimum requirements for all of its subsidiaries. We know, for example, that it is very unlikely that workers will survive a fire in a confined space for more than four minutes. So all supervisors are required to have procedures in place that ensure that their people can get out of confined spaces in less than four minutes. So all supervisors are required to have procedures in place that ensure that their people can get out of confined spaces in less than four minutes. How they do it is up to them. As local professionals, they have the best knowledge about the local circumstances. But it’s crystal-clear what is expected of them and that’s where a corporation can help: by setting standards.

How do you transmit this philosophy to contractors?

Bob: As soon as our contractors walk through the gate, they will make a judgement about our safety and health values. They will do it by the way we deal with them, how we set priorities, how tidy and organized we keep the site and by the way we manage problems. They will be able to tell if we’re serious about it or not, just as our employees will.

Siegfried: Let me share an experience I had when working with typical contractors: one of the things they told me is that they are indeed very well aware that some companies are more demanding than others from a safety point of view. And what is their reaction to that? They send their
Good prospects for young people

For the past ten years, our program “Mit Energie dabei” (“Learning with Energy”) has been helping unemployed and socially disadvantaged young people to get a start on the career ladder. At present, “Mit Energie dabei” supports 550 young people at 29 locations. E.ON funds the program with €3.85 million each year. It’s an investment that benefits all. In 2007–2008, we placed an impressive 80 percent of participants in training positions or jobs. In addition, our commitment won an award in a nationwide competition on corporate social responsibility in employment. Out of 213 participating companies, E.ON took an excellent second place in the “Youth employment” category.

Advancing women

To ensure that women have the opportunity for targeted professional development, E.ON has set up a mentoring program to foster experience sharing, skill building, personal development and advanced training. The mentees—women senior managers and senior manager potentials—choose a mentor from the Top Executive Group whom they can contact at any time. The mentor/mentee tandems are to meet regularly over a period of eighteen months to two years. The aim of the program is for the mentees to gain better insights into corporate structures, make contacts and develop their own careers. Conversely, the mentors benefit from the relationship by receiving new ideas about current issues and also being able to reflect on their own work.
Facts and figures: Workplace

Internet quicklink → 216

5,700
more people employed by E.ON in 2008 than the year before. Internet quicklink → 720

25,000
items of our new protective clothing and workwear were purchased in 2008, with a probable further 65,000 to come in 2009. Internet quicklink → 702

81%
of E.ON employees are "proud of working for E.ON." Internet quicklink → 709

14
Ranking earned by E.ON out of 252 firms in the "Great Places to Work" competition. Internet quicklink → 701

7,209
employees worked part-time in 2008. E.ON offers this opportunity so that they can adapt their careers to their individual lifestyles. Internet quicklink → 756

11%
of senior management positions are held by women. Women make up about 27 percent of E.ON’s total workforce. Internet quicklink → 723
E.ON’s expectations for a Copenhagen climate agreement 2009

E.ON calls on the international community gathering for the COP15 to strengthen and intensify the process to fight climate change

As one of the world’s largest investor-owned power and gas companies, E.ON is strongly committed to protecting the environment and to actively contributing to tackling climate change. Relative to 1990, E.ON intends to halve the carbon intensity of its generation portfolio to 0.36 metric tons per megawatt-hour by 2030.

The business community needs a viable framework and a level playing field to successfully tackle climate change while adding value to business and society. For any international concerted effort to be successful, the following issues need consideration and decisive action:

- In the context of the energy industry, a discussion of ways to tackle climate change must give equal consideration to security of supply and affordability for customers.
- A functioning global carbon market with a global price-setting mechanism for carbon must be established.
- Energy efficiency must be increased through technological innovations and changes in consumption patterns, generation technology, and consumer behavior.
- Technology transfer to developing countries and effective financing mechanisms must be established.

E.ON is concerned that in the current economic environment climate-change decision-making may be driven by national economic interests. Climate change is an international issue, and we call on all governments to maintain a global perspective when discussing solutions and measures to limit global warming to 2 °C as stated by the Intergovernmental Panel on Climate Change (IPCC).

E.ON calls on all stakeholders engaged in the negotiations of the Copenhagen agreement:

- to define greenhouse-gas (GHG) emission targets for all developed countries, emerging countries and nationally appropriate mitigation actions for developing countries to prevent the transfer of carbon-intensive production to countries without carbon constraints (risk of carbon leakage),
- to tailor a single global carbon market (cap and trade, gradual auctioning) via the link of all existing emission trading mechanisms in an effective way with the dual objectives of (i) facilitating a global price-setting mechanism for carbon and (ii) stimulating the most efficient emission-reduction technologies,
to use the revenues from the auctioning of emission allowances generated in each country through the emission trading scheme to stimulate climate-friendly investments, technology transfer, efficiency measures and, if applicable, a reduction of energy taxation,

- to include all important GHG-emitting sectors, i.e. energy sector, transport, manufacturing, construction and agriculture, in the Copenhagen agreement,

- to sustain the Joint Implementation (JI) and the Clean Development Mechanism (CDM) as long as there is a difference in targets for the different developing stages of countries, i.e., developed countries, emerging countries and developing countries,

- to strengthen JI/CDM projects since they have been by far the most effective and fair mechanisms to reduce GHG emissions to date. JI/CDM have contributed to the reduction of 250 million metric tons of CO₂ through the implementation of projects in developing countries and through technology transfer. The emission-reduction impact of JI/CDM projects by the end of 2012 is estimated to grow up to 1.5 to 2 billion metric tons of CO₂,

- to extend the scope of JI/CDM to include cost-effective and efficient reduction measures without technology restriction, e.g. Carbon Capture and Storage. Rules on additionality need to be redefined and project approval and credit issuance processes need to be redesigned for much higher execution speed while maintaining compliance with high ethical and integrity standards,

- to incorporate deforestation and reforestation explicitly in the financial mechanisms as well as in JI/CDM subject to robust monitoring, reporting and verification,

- to avoid volumetric restrictions inside JI/CDM for governments and businesses to achieve their emission-reduction targets,

- to explore cooperative sectoral approaches to allow emission reductions across sectors and countries as a mechanism in a single global carbon market. Ideally, it should consist of concerted action of governments, private industry and international financial institutions in developed, emerging and developing countries to ensure the adequate, economic support for the development of new technologies and the deployment of emerging technologies over the long term,

- provide incentives for early movers by supporting and rewarding companies that invest early in GHG-reduction technologies, thereby incurring considerable investment and technology risks,

- to assist developing countries with a funding mechanism for climate change adaptation taking into account existing and planned development expenditures to those countries.
Environmental Champions

“Environmental Champions,” a staff awareness-raising program originally launched at E.ON UK, is systematically rolled out to 115 locations throughout the Group. In the participating U.K. locations, it helped to drive down electricity consumption by 12 percent and waste production by 7 percent per employee.

New wind farm

The first turbine is installed at Robin Rigg, an E.ON offshore wind farm located in the Solway Firth in the United Kingdom. When completed, the wind farm will have 60 turbines and generate enough electricity to supply up to 120,000 households. Other renewables projects will follow. Masdar, an initiative by Abu Dhabi to promote renewables development, and E.ON enter into a cooperative agreement to work on the world’s largest wind farm, London Array.

Supporting family life

E.ON helps its employees maintain a healthy work-life balance by offering them flexible work schedules and family-friendly programs. By signing the “Erfolgsfaktor Familie” (“Family is a Success Factor”) Declaration, E.ON ranks among the pacesetters in work-life balance.

Hurricane in the USA

Hurricane Ike hits Kentucky in September. The third-biggest tropical storm in U.S. history, Ike leaves 376,000 E.ON customers without power. In the days and weeks that follow, E.ON employees and contractors work tirelessly to restore power as quickly as possible. During winter time a crippling ice storm causes further damage.

Power and gas price volatility

Market factors, particularly the sharp increase in oil prices, make it necessary for us to increase our power and gas prices. After a time lag, the subsequent decline in oil prices starting in mid-year enables us to lower our energy prices. In addition, we offer assistance to vulnerable customers through lower tariffs.

Sustainably rated

E.ON is once more listed in the Dow Jones Sustainability Index, and therefore ranks among the world’s most important indexed group of sustainability-driven companies. For the first time, E.ON is also included in the Carbon Disclosure Leadership Index (CDLI), which evaluates companies’ efforts to reduce their carbon emissions.

Human rights

E.ON pledges its commitment to the protection of human rights in a Human Rights Policy Statement.
Every story in this magazine contains quicklinks which direct you to more detailed information at our Website, where you’ll also find our complete 2008 Corporate Responsibility Report.

www.eon.com/responsibility