Positions
The E.ON Magazine on Corporate Responsibility

COAL
Can it clean up its act?
Perspectives from coal mine to power outlet.

Copenhagen
Moving forward despite the discord.

Renewables
Harnessing the sun’s energy.

Customers’ energy awareness
Lots of small steps equal one big leap.
Some strike poses. We take positions.

At E.ON, we take positions on the issues that will shape the future of our industry. Frankly, it would be easier to strike a pose: to say only what’s popular, to do only what will get us positive media coverage. But as a leading global energy company, we have an obligation to thoroughly understand our industry, to have a clear vision of its future, and to take the positions that will enable us to get there—responsibly and in accordance with our values.

Some of our stakeholders agree with us. Others are skeptical. And still others disagree wholeheartedly. That’s the thing about taking positions: they beget opposition. Particularly when the issues are as complex—and emotionally charged—as energy security, energy prices, and climate change.

We’ve thought a lot about our industry and what we think it needs to look like in the future. But we don’t have all the answers. And we know that the environment in which we operate is continually changing. We’re open to ideas that promote positive change. That’s why we engage in ongoing dialog with our stakeholder groups: from government officials and non-governmental organizations to our customers, our investors, our employees, and the people who live near our facilities. Dialog enables us all to listen to each other and helps to build trust. And we need our stakeholders’ trust to do our job. It’s important that together we get it right. Because the positions taken today by our industry, our stakeholders, and society will determine the kind of (energy) world we live in tomorrow.

Quicklinks
The stories in this magazine contain Quicklinks which direct you to more detailed information at eon.com:

eon.com/responsibility

A | Assurance 503 B | Biodiversity 432 C | Board Commitment 102
E | Emergency Response 464 G | Gas Supply 412
F | Facts & Figures 523 H | Health & Safety 470
I | IUCN Cooperation 434

Quicklinks & dialog
To encourage your feedback, we have chosen ten charities E.ON supports in some of our key markets. Using the Ammado online fundraising site, we’ll donate €10 for each reader response form we receive up to a total of €25,000 to these charities. Ammado even allows you to determine how much should go to each charity. So tell us what you think. We’ll benefit. And so will some very worthy causes.

€10 for your thoughts.
After reading our CR Magazine, you probably have some thoughts about E.ON and our positions. You may be pleased that we talked about some issues but may wish that we’d spent more time addressing others. We’d love to know what you think and have placed a short questionnaire in the Responsibility channel of eon.com. You can access it using the Quicklink.

For more information, please contact E.ON AG, E.ON-Platz 1, 40479 Düsseldorf, Germany, T +49 211-4579-0, F +49 211-4579-501, info@eon.com Or contact our CR Team by visiting the Responsibility channel at eon.com.

Imprint
Concept and design
RTS Rieger Team, Düsseldorf

Photos
Ankioni (pages 6 left, 10, 20), Ekkehart Bußmann (pages 7, 10), DOT (page 31 left, E.ON AG (pages 13 bottom, 21, 23, 27, 29, 32 left), E.ON Bancaia (pages 14, 16, E.ON Česká republika (page 25 center), E.ON Italia (pages 5 right, 30 top), E.ON Kärntn (pages 17 top and center), E.ON Ruthgen (pages 25 right bottom), E.ON Sverige (page 28 bottom), E.ON UK (pages 11, 26 top and right bottom, 33 right), Gard George (pages 26 left bottom), Getty Images (pages 5 center, 8 bottom, 28 left, 52 right, 341, Stockphoto (pages 24, 25 left bottom and center), ESMT (pages 33 center), Kirchlerflurhand GmbH (page 25 top), Katherine L'Hommeléval (pages 4 right, 10 top), Andreas Pahlmann (page 6), shutterstock (pages 4 left, 6, 5), S4B (page 17 bottom), Hans-Peter Strauß (page 30 bottom), ver.di (page 31, Peter Wimendy (page 23)

Printing
Druckpartner, Essen

This magazine was printed on paper produced from fiber that comes from a responsibly managed forest certified by the Forest Stewardship Council.

Düsseldorf, June 2010

2009 CR Report and Quicklinks
The purpose of this magazine is to articulate our key CR positions and highlight some of our most important CR activities. Our complete 2009 CR Report along with more detailed information about our CR strategy, key figures, and a statement from our assurance provider— is online at eon.com/2009 CR Report and Quicklinks.

Each story in this magazine features a Quicklink number. If a story piques your interest, go to eon.com/responsibility and type this number into the service box. You’ll be taken to a webpage that gives you more information about the same topic.

Positions Setting the scene

For more information, please contact E.ON AG, E.ON-Platz 1, 40479 Düsseldorf, Germany, T +49 211-4579-0, F +49 211-4579-501, info@eon.com Or contact our CR Team by visiting the Responsibility channel at eon.com.
E.ON Group financial highlights

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (€ in millions)</td>
<td>81,817</td>
</tr>
<tr>
<td>Adjusted EBIT (€ in millions)</td>
<td>9,646</td>
</tr>
<tr>
<td>Electricity sales (billion kWh)</td>
<td>815.9</td>
</tr>
<tr>
<td>Gas sales (billion kWh)</td>
<td>1,217.7</td>
</tr>
<tr>
<td>Cash-effective investments (€ in millions)</td>
<td>9,200</td>
</tr>
<tr>
<td>Employees at year-end</td>
<td>88,227</td>
</tr>
</tbody>
</table>

Addressing the energy trilemma

Three things are trending higher. Energy demand, commodity prices, and temperatures. The energy industry therefore faces a huge task: meeting this rising demand while simultaneously maintaining supply security, keeping energy affordable, and dramatically reducing carbon emissions. Welcome to the energy trilemma.

To illustrate the challenges we face as we address the trilemma, this magazine will focus on the positions and actions we take in five areas that have a big impact on our business and our stakeholders.

Climate protection after Copenhagen

Though a disappointment, the UN Global Climate Conference in Copenhagen wasn’t the end of the road, just a bump in it. So we’re moving forward with our ambitious climate-protection strategy by halving our generation fleet’s carbon intensity by 2030 compared with 1990 levels. And by increasing renewables to one fifth of our fleet by 2020 and one third by 2030.

Coal isn’t the answer. It’s a bridge to the answer

Coal is abundant, cheap, reliable, and used worldwide. It’s also carbon-intensive and very controversial. That’s why we only build high-efficiency hard-coal-fired power plants and why we’re aiming to make carbon capture and storage (CCS) technologies commercially viable by 2020. While not the ultimate solution, high-efficiency coal plants and CCS will help us cut carbon intensity—while maintaining supply security and affordability—as we move towards a low-carbon, sustainable future.

Building trust, building sustainable communities

We have facilities in hundreds of communities. We strive continually to maximize our positive impact, minimize our negative impact, earn our neighbors’ trust, and engage them in open, honest dialog. We also support energy and environmental education for children and young people.

Meeting our customers’ needs

We listen carefully to what customers tell us and design energy products and services to meet their needs. We also have a wide range of offerings—from free energy audits to smart meters and distributed generation technology—to help our customers use less energy. And we’re committed to assisting our most vulnerable customers.

Smarter and cleaner

We aim to be a pacesetter in developing and deploying the smart energy technologies needed to make a low-carbon future a reality. We do it by partnering with leading equipment manufacturers, by conducting our own extensive research, development and demonstration (RD&D) programs, and by providing financial support to cutting-edge scientific work at universities.

Penny for your thoughts. Well actually €10.

As you read this magazine, you'll evaluate it and our company. You'll like some parts more than others. You'll be pleased that we talk about some issues but may wish that we'd spent more time addressing others. We don't want your response to be a monolog in your head. We want it to be part of a dialog. So to encourage you to share your thoughts with us, we’ll donate €10 to one of the charities we support for each response we receive (up to a maximum of €25,000). Tell us what you think. We’ll benefit. And so will a worthy cause (for more information, see page 35).
Contents

06 View from the top
E.ON CEO Johannes Teyssen talks about CR at E.ON and the challenges and opportunities of tomorrow’s energy world.

08 Not in Copenhagen, but maybe in Cancún
The 2009 UN Climate Change Conference in Copenhagen didn’t result in a robust treaty. Are the prospects better in Cancún in 2010?

10 Cover story: Can coal clean up its act?
Coal is controversial. But, for now at least, it’s an indispensable ingredient in a secure and affordable energy mix. E.ON states its position on new coal-fired plants and technologies, while engaging in open dialog with stakeholders.

16 Nuclear energy: can we afford to do without it?
A look at nuclear energy from several perspectives: technology, security, politics, and public opposition.

18 Selected 2009 CR key figures

20 Sunny prospects for the future
E.ON’s rapid growth in renewables has come largely from wind power. We’re now beginning to expand our solar business, where new technologies are making industrial-scale applications possible.

22 Grids get smart
The vision of a smart energy world isn’t new. But interest in smart grids is growing as technologies like smart meters and distributed generation become reality.
24  Our 30 million customers want to save energy. So do we. It may sound paradoxical, but across our markets we help our customers find ways to use less energy. Some want to shrink their carbon footprint. Others need help making ends meet.

27  Teaching kids about energy from an early age We're active in many ways to make life a little better in the communities where we operate. A notable example is "Energy for Children," our Group-wide youth education initiative.

28  Rapid response: to outages and natural disasters E.ON is responsible for ensuring a reliable energy supply to millions of people. And for restoring power quickly when there's an outage. But we also lend a hand when disaster strikes, even as far away as Haiti.

29  Fostering a strong safety culture As long as accidents happen, we need to improve our safety performance. That will only happen if safety becomes embedded in our corporate culture.

30  Initiating change, demonstrating responsibility How we enhance our performance and efficiency while living up to our responsibilities towards our employees.

32  Highs and lows in 2009

34  Outlook

35  Dialog, donations, and Quicklinks; imprint
An interview with E.ON’s CEO.

Johannes Teyssen on CR Positions.

Johannes Teyssen, 50, joined the E.ON Group in 1989 and has been on the E.ON Board of Management since 2004. He took over as Chairman and CEO on May 1, 2010.
The main challenge is to meet the world’s growing challenge ahead?
The main challenge is to meet the world’s growing energy appetite while tackling climate change and keeping energy affordable. To address this trilemma, we must think ahead about tomorrow’s energy world, invest in sustainable technologies, and earn and retain our stakeholders’ trust. Because of the scale of the challenge ahead and the mega-projects needed to meet it, it’s also apparent that it will require new ways of working together involving companies as well as governments and non-governmental organizations.

Why is it important for E.ON to do business responsibly?
If we don’t do business responsibly, we could find ourselves out of business. Responsibility has many facets. One of our primary responsibilities is to address the trilemma with the least possible adverse impact on the environment and the people in the communities we operate in. At the same time, we need to act responsibly towards future generations. That’s why we’re advocating emission caps and global carbon trading and why we’re halving our carbon intensity by 2030 from a 1990 baseline.

Why would E.ON want to help its customers save energy? Isn’t that counter-intuitive?
We’ve actually been doing it for years with our industrial customers. By helping them cut their high energy costs, we’re providing them with a valuable service. That makes us a good partner to have. Now we’re taking this same partnership-building approach to our residential customers. We can also help them shrink their energy bill and shrink their carbon footprint at the same time. And as distributed generation catches on, this partnership will become closer and more complex. For one thing, we’ll be our customers’ customer: we’ll be buying energy from them.

What would you say to opponents of E.ON’s new coal-fired generating units?
I’d tell them that our new coal-fired units are world leaders in efficiency. They emit much less CO₂ to produce the same amount of power. Almost half of the output from our new Datteln unit will provide power for Germany’s public railways: in the future every fourth high-speed and freight train in Germany will be powered by Datteln. It will also supply district heating to 100,000 households in the area. Or look at the EU and the Dutch government who are providing supporting grants as we build a sizeable 250 MW carbon-capture system at our new unit in Maasvlakte. These plants are key components of Europe’s next-generation energy supply.

But I’d also tell opponents to look at the breadth of projects we’re pursuing alongside coal: wind, solar, high-efficiency gas generation, smart grids, electric cars, and gas-powered cars. We’re not picking a single solution. We’re developing a balanced set of low-carbon options for the future.

What do you say to Germany’s plans to phase out nuclear energy?
Nuclear energy helps keep costs down for our customers without harming the climate. I can’t see how Germany can phase out nuclear energy in the near term and still keep electricity and climate protection affordable. When facts and priorities change, you have to be willing to rethink earlier decisions. This isn’t about breaking a promise but about taking responsible action. Nuclear energy enjoys public and political support in countries like Sweden, France, Italy, and the U.K. They understand that nuclear energy and renewables aren’t contradictory but rather complementary technologies.

What’s the role of the PerformtoWin efficiency-enhancement program in the context of E.ON’s strategy?
It fits in two ways. First, E.ON went through a phase of rapid expansion. So it was time for us to look closely at ourselves and make sure we’re doing things as efficiently as we can. Second, we want E.ON to have the organizational setup to succeed in our changing environment. PerformtoWin is about making these organizational adjustments. Understandably, our employees have concerns, which we take very seriously. We’ve worked with employee representatives to put together comprehensive agreements that make it possible to find socially responsible solutions for our people affected by PerformtoWin.

You just took over as CEO. But, looking ahead, what kind of company would you like to pass on to your successor?
I’ve already started by making our company’s top management more international and more diverse. This will continue. E.ON is only ten years old, but it’s already a strong company, a company with a superb position in Europe, deep expertise in all aspects of the power and gas business, and robust finances. We need to use this position, expertise, and financial strength to build an international utility of excellence that actively participates in solutions for a sustainable energy future. This means having the right assets but also the right attitudes—like forging partnerships, engaging with stakeholders, talking openly to them about our positions and listening to theirs, and ensuring that all our employees know what it means to do business responsibly. Those are the best ways to earn society’s trust which is essential for us to do our job well.
Climate accord checklist

Before the Copenhagen summit, we wrote a position paper outlining our vision for a global climate accord. We stand by it. To be effective, we believe a global climate accord must:

• set binding caps on the carbon emissions of industrialized and emerging economies and require explicit reduction commitments from developing countries
• establish a global carbon-trading scheme in which the auctioning of carbon allowances is introduced incrementally
• use auction revenues to fund climate-friendly investments, technology transfer, and efficiency initiatives
• apply to all key carbon-emitting industries (energy, transport, manufacturing, construction, and agriculture)
• retain and expand the Joint Implementation and Clean Development Mechanism
• reward companies for investing early in low-carbon technologies
• provide financial aid to developing countries to engage in climate protection.

The full text of our position paper is available online:
dn’t. Can Cancún?

The ties that bind  In the text box on the facing page, we lay out our position on a robust climate treaty, defining what we’re convinced it needs to be effective. Effective means: that it will foster the development and deployment of zero- and low-carbon technologies on the scale necessary to slow and ultimately stop climate change. A robust climate treaty—one with binding emission caps and a global emission-trading scheme—would create a functioning global carbon market in which investments would flow towards the most efficient low-carbon technologies deployed in the most suitable locations. This would make climate protection more effective, more affordable, and thus more likely to receive broad support worldwide.

But effective climate protection and resource conservation will take more than the massive deployment of cleaner technologies. It will take millions—indeed, billions—of consumers who are actively taking steps to reduce their own carbon footprint. To really stop climate change, all of us—countries, companies, and consumers—are going to have to change the way we make, move, and use energy. Let’s hope Cancún yields an accord that will foster and accelerate this change.

E.ON generation portfolio 2009–2015 and outlook for 2030

Percentages

<table>
<thead>
<tr>
<th>Year</th>
<th>Low carbon</th>
<th>Gas/Oil</th>
<th>Coal</th>
<th>Zero carbon</th>
<th>Renewables</th>
<th>Hydro</th>
<th>Nuclear</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>73 GW</td>
<td>15</td>
<td>7</td>
<td>4</td>
<td>34</td>
<td>38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>~83 GW</td>
<td>~50</td>
<td>~12</td>
<td>~31</td>
<td>~36</td>
<td>~31</td>
<td>~12</td>
<td>~31</td>
</tr>
<tr>
<td>2030</td>
<td>~50</td>
<td>~50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Figures based on attributable generating capacity.
2 Figures based on proportional ownership.
3 Refers to low-carbon and zero-carbon generation technologies.

Carbon footprint

Because we think it’s important to manage the total carbon emissions attributable to the power we produce, we calculate our carbon footprint. For 2009, this figure was 145 million metric tons of CO₂, 7 percent less than in 2008. We also measure our indirect emissions. These result from station use, activities along our supply chain (for example, to produce and transport coal and other fuels), business travel, and the end use of our products by our customers.

The gas is greener

When people think of green energy they usually think of hydro, wind, and solar. But natural gas is pretty green, too. And it can be used in a variety of applications, from power generation to space heating and vehicle fuels. Gas-fired power plants, for example, emit far less CO₂ than coal- or oil-fired plants. And because gas-fired plants can be turned on or off at a moment’s notice, they provide what’s called “wind firming”: electricity to stabilize the network when production from wind farms drops due to slackening breezes. This makes gas-fired generation a key ingredient in a climate-friendlier energy mix. Moreover, gas—in the form of biogas and biomethane—can be derived from regenerative materials and thus provide a climate-neutral, locally produced source of energy.
Energy fuels our society. However, much of it still comes from carbon-intensive coal, which contributes to global warming. And so many people think coal should be phased out. But we believe coal can be made climate-friendlier. That’s why we’re investing millions to make our coal-fired generation fleet significantly less carbon-intensive. We’re also taking action—from coal mines to the communities near our plants—to meet all our responsibilities as a coal user.
Coal is cheap, abundant, easily sourced, and used worldwide. It provides 30 percent of the world’s electricity. And because coal-fired power stations can run 24/7 for months on end, coal is a key source of baseload electricity and thus a mainstay of supply security. But coal is also responsible for over 80 percent of carbon emissions in the power industry, which itself emits 40 percent of man-made CO₂.

Open dialog These numbers are why many people and NGOs oppose coal and especially new coal-fired power stations. We share people’s concern about the earth’s climate. We take their objections to coal seriously. And we actively seek out opportunities for honest, open dialog. That’s why we hold discussion forums in the communities where we’re building (or plan to build) new power plants. Public support is essential for us to build the high-efficiency coal-fired plants that will help keep energy secure and affordable while our industry makes the transition to a low-carbon future. At E.ON, that transition is already well under way (see pages 8–9). And coal has an important role to play in it.

Coal hard facts, the challenge ahead It’s a simple fact: coal will be part of E.ON’s and the global energy mix for decades to come. There are over 2,000 coal-fired power stations worldwide. And two of the fastest-growing economies—China and India—rank among the four biggest coal producers and consumers. Coal provides them and other emerging economies with an affordable, reliable source of energy to power their transition to a higher standard of living. Forecasts predict that China and India will add 800 GW of new coal-fired generating capacity by 2015 (that’s about one new coal plant a week) and for global coal-fired production to double to 16 trillion kWh by 2030. Since coal isn’t going away any time soon, the challenge is to systematically reduce its climate impact by developing and deploying technologies that get more energy out of each kilogram of coal and that could prevent most of its carbon emissions from being released into the atmosphere.

E.ON is meeting the challenge of significantly reducing coal’s carbon emissions in three ways. First, we’re focusing our coal activities on hard coal and not on lignite. Lignite is about 25 percent more carbon-intensive than hard coal. Second, we’re only building technologically advanced hard-coal-fired plants with a thermal efficiency of more than 46 percent, well above the European (36 percent) and global (30 percent) averages. Third, we’re developing technologies to capture CO₂ from power plants and store it permanently underground. Carbon capture and storage (CCS) has the potential to dramatically reduce the carbon emissions from power generation (see page 12).

A role for coal. For now. We’ve looked at how to tackle climate change from as many angles as we can. And we believe that high-efficiency coal-fired generation and CCS have to play key roles as bridge technologies. They’re key tools for the energy industry to cut carbon emissions enough to help mitigate climate change while keeping energy secure and affordable. Coal belongs in a balanced energy mix. Maybe not forever. But until the energy industry has enough renewables capacity—along with other technologies like large-scale energy storage and smart grids—to ensure supply security without fossil fuels. But it’s important to remember that building this capacity and infrastructure in Europe will take decades.

Road to a low-carbon future We understand that many people have concerns about the continued use of coal. But we also know that everyone wants a secure and affordable energy supply. That’s why we hope that through dialog we can convince critics to join us in a consensus on what we believe is the best road to reach a low-carbon future.
### CCS: solution or illusion?

If everything goes right, renewables could—perhaps by the end of this century—meet most of our energy needs. But we have to get from here to there. And keep energy secure and affordable along the way. We believe that CCS is one of the technologies that will enable us to cut carbon emissions dramatically enough and soon enough to help mitigate climate change, while keeping the lights on as we make the transition to a low-carbon future.

We’ve invested more than €100 million in CCS and are actively developing technologies along the entire CCS value chain, from capture to underground storage. Our aim is to make CCS commercially viable by 2020. We’re focusing particularly on capture systems that can be retrofitted onto existing coal-fired power stations and thus offer greater potential for climate protection. Our extensive development effort includes a full-scale, 250 MW CCS demonstration unit—the first in the world—at Maasvlakte power station in the Netherlands (see page 14).

**Capture support before carbon** The success of CCS won’t depend on building better capture systems. It will depend on building broad public support. We know that many people—from private citizens to environmental groups—have serious concerns about CCS, particularly about whether CO₂ can be transported and stored safely. The volume of CO₂ is significant. Commercially proven CCS equipment fitted to a 1 GW generating unit could involve capturing and storing up to 5 million metric tons of CO₂ per year and up to 200 million metric tons over the unit’s 40-year lifespan.

So our industry has two big jobs ahead of it. We need to make CCS technologically and commercially viable. And we need to make it politically viable. That means presenting a convincing public case for CCS’s feasibility and safety. It means working with policymakers to design a sensible regulatory framework and investment incentives. And it means engaging with NGOs and citizen groups to find solutions that address as many of their concerns as possible.

Despite what the most vehement opponents say, CCS isn’t a devious way for us to keep burning fossil fuels because we like burning fossil fuels. We know that climate change is real and that we must dramatically lower our carbon emissions by changing the way we produce and supply energy. CCS is one of several paths—alongside renewables, nuclear energy, smart technology, distributed generation, and energy efficiency—that we’re taking towards a low-carbon future.
We know that our reputation and credibility depend in part on how we live up to our responsibilities along the entire energy value chain. And that these responsibilities extend from the earth’s climate to places like northeastern Colombia.

Audits of our fuel supply chains. E.ON Energy Trading, whose responsibilities include fuel procurement for our Group, launched a comprehensive CR program in 2009. Supply-chain audits are a key element. One of the first coal audits was at Cerrejón, a mine in northeastern Colombia operated by Cerrejón Coal. Cerrejón, one of the world’s largest open-pit mines, exports about 30 million metric tons of coal per year, of which E.ON currently purchases about 10 percent.

Independent assessments The audit was conducted in March 2010 by staff from E.ON corporate CR and E.ON Energy Trading supported by an independent auditor. The audit included interviews with randomly selected employees and managers. They were asked about the mine’s health and safety performance, its resettlement policies, working conditions, environmental management and land rehabilitation, impact on indigenous populations, and many other topics. The audit also assessed its impact on the surrounding area and its engagement with local communities. We take a collaborative approach with our suppliers, which we think is the best way to ensure responsible sourcing.

Some critics of coal focus on its climate impact. Others focus on regional issues, particularly for coal sourced outside Europe. Coal mining has negative environmental and social impacts not factored into its cost. These include air pollution, degradation of water resources, loss of agricultural land, and health and safety risks to miners. They call on governments and utilities to factor these impacts into decisions about coal sourcing and, ultimately, about the energy mix.

We know that our reputation and credibility depend in part on how we live up to our responsibilities along the entire energy value chain. And that these responsibilities extend from the earth’s climate to places like northeastern Colombia.

La Guajira, Colombia
Date: March 22, 2010
Latitude: 11°51’ N
Longitude: 72°2’ W
Elevation: 139 meters

What: Cerrejón, one of the world’s largest open-pit coal mines
Why: To audit the first link in our coal supply chain.

Responsible coal sourcing: taking the first steps.

Some critics of coal focus on its climate impact. Others focus on regional issues, particularly for coal sourced outside Europe. Coal mining has negative environmental and social impacts not factored into its cost. These include air pollution, degradation of water resources, loss of agricultural land, and health and safety risks to miners. They call on governments and utilities to factor these impacts into decisions about coal sourcing and, ultimately, about the energy mix.

We know that our reputation and credibility depend in part on how we live up to our responsibilities along the entire energy value chain. And that these responsibilities extend from the earth’s climate to places like northeastern Colombia.

E.ON CR manager talking to a mine representative.

E.ON’s responsible procurement policy also applies to coal. As part of this effort, we’ve conducted employee training and audits of our fuel supply chains. E.ON Energy Trading, whose responsibilities include fuel procurement for our Group, launched a comprehensive CR program in 2009. Supply-chain audits are a key element. One of the first coal audits was at Cerrejón, a mine in northeastern Colombia operated by Cerrejón Coal. Cerrejón, one of the world’s largest open-pit mines, exports about 30 million metric tons of coal per year, of which E.ON currently purchases about 10 percent.

Independent assessments The audit was conducted in March 2010 by staff from E.ON corporate CR and E.ON Energy Trading supported by an independent auditor. The audit included interviews with randomly selected employees and managers. They were asked about the mine’s health and safety performance, its resettlement policies, working conditions, environmental management and land rehabilitation, impact on indigenous populations, and many other topics. The audit also assessed its impact on the surrounding area and its engagement with local communities. We take a collaborative approach with our suppliers, which we think is the best way to ensure responsible sourcing.
Dialog means sharing views.

**MAASVLAKTE, THE NETHERLANDS**

**DATE:** APRIL 26, 2010  
**LATITUDE:** 51°57' N  
**LONGITUDE:** 4°27' W  
**ELEVATION:** 2 METERS

**WHAT:** New visitor center at our coal-fired power station near Rotterdam  
**WHY:** To create opportunities for dialog on coal’s role in tomorrow’s energy mix.

Local residents exploring E.ON’s vision of cleaner coal at the Maasvlakte visitor center.
We seek out opportunities to talk and work with local residents in all of the communities where we have facilities. Like at our visitor centers. We have one at our coal-fired power station at Maasvlakte in the harbor area of Rotterdam. Under construction at Maasvlakte is a high-efficiency 1.1 GW generating unit which we plan to equip with a full-scale carbon-capture system (see page 12).

**Communities ask**

In many parts of Europe, coal-fired power plants—whether existing or under construction—are an increasing source of controversy. We continually seek opportunities for objective, fact-based dialog about the role coal has to play in an affordable, secure, and climate-friendly energy mix.

Environmental organizations say things like:

- “Big corporations talk green but they’re really just trying to maximize profit at the expense of the environment and future generations.”
- “It’s simply unacceptable that a big company like E.ON can’t think of anything better than building yet another coal-fired power station.”

Our neighbors often ask us questions like these:

- “I know that the new generating unit at Maasvlakte will be 20 percent less carbon-intensive than the European average. But isn’t that still too much CO2?”
- “CCS sounds great. But it’s not a mature technology and will be very expensive. I’m afraid that once the new unit is operational, CCS will be forgotten. I even worry that CCS is smoke screen and that E.ON never intends to install it.”

People from Hellevoetsluis, a community near Maasvlakte, come to our visitor center to both commend and criticize our efforts to communicate:

- “E.ON does a good job of making its complex plans for the new generating unit comprehensible. But that’s just the first step. It doesn’t yet address the public’s concerns or the local economic impact.”
- “It’s too bad you have to make an appointment and can’t just drop in to the center. I also wish E.ON would say what percentage its sustainability investments are of its total investments.”

**E.ON replies**

We recognize that some people in the communities near our facilities disagree with us and that others oppose us. We take their views seriously and try hard to be a good neighbor. This magazine isn’t the forum for us to address every issue. Below are our responses to some of the main concerns that have been raised.

- “It’s almost impossible to convince die-hard opponents that our new coal-fired plants are a necessary step on an affordable, secure path to sustainability. But it’s possible—and essential—to provide people with comprehensive information about our plans. If people feel we’re not addressing their concerns, dialog is the only answer.”

People often like our innovative technology. They just don’t want it in their neighborhood. Our response:

- “Maasvlakte offers a number of advantages: sea water provides a ready source of cooling water, coal ships can dock right next to our main industrial customers. This is why we chose Maasvlakte as the site for a new, highly efficient coal-fired generating unit and for a full-scale CCS demonstration unit.”
- “CCS technology needs to be scaled up. It also needs the right regulatory framework. If both happen and CCS becomes commercially viable, we’re committed to using CCS as a bridge to the energy future.”

Along with criticism, we also get a lot of positive feedback at our visitor centers; for example, a visitor at Maasvlakte praised how well we explain highly complex technology and energy issues:

- “E.ON explains the complexities of power generation and the challenges of the Netherlands’ energy future as well as the Royal Dutch Institute of Engineers does.”
Nuclear energy is controversial. Some people are vehemently opposed to it, and many others have at least some concerns. Is it really safe? Is there an effective solution for dealing with nuclear waste? These concerns are understandable. And we believe we have convincing answers for them. It’s also true that most people want their energy to be reliable, affordable, and climate-friendly. And this, we believe, is where nuclear energy has an important role to play.

We operate world-class nuclear power plants (NPPs) in Germany and Sweden. Our position on nuclear energy is clear. We’re convinced that it’s an essential ingredient in a secure, affordable, and climate-friendly energy mix. Uranium is abundant for the foreseeable future and comparatively cheap. Nuclear power is a carbon-free source of energy and, alongside hydroelectric power, Europe’s mainstay of low-carbon baseload electricity. Moreover, NPPs have greater operational flexibility than most other large power plants to adjust their output to help deal with the frequent fluctuations in production from wind and solar. Nuclear energy is therefore a low-carbon complement to the rapid growth in renewables.

New nuclear capacity needed as bridge technology

The European Commission agrees. It says that nuclear energy is indispensable if the EU is to achieve its target of reducing carbon emissions by 20 percent by 2020. Many European countries are now taking action. Italy and Sweden intend to add new nuclear capacity, the U.K. has already enacted laws to attract investment in new NPPs, and France and Finland are already building more capacity.

By contrast, Germany’s current policy is to rapidly phase out nuclear energy. We think this policy is unwise and hard to reconcile with Germany’s ambitious climate-protection targets. As the biggest operator of NPPs in Germany, we’re working with policymakers, environmental organizations, and other stakeholders to build support for extending the operating lives of the country’s NPPs beyond 2020 and using nuclear energy as a bridge technology on the road to a sustainable energy future.
Uranium mining and conversion

The fuel for nuclear energy starts as uranium ore. The four biggest uranium mining countries—Canada, Kazakhstan, Australia, and Namibia—account for about two thirds of global production. Uranium ore is milled to extract uranium oxide which is then converted to uranium hexafluoride ($\text{UF}_6$). As with our coal supply chain, we run CR audits with our uranium providers.

Enrichment and fabrication

Natural $\text{UF}_6$ is then slightly enriched so that its concentration of U-235, the fissile isotope of uranium, is high enough for it to be used as fuel. Most of our natural uranium is enriched in Europe. Enriched uranium is pressed into pellets which are encased in metal fuel rods. The rods are assembled to form fuel elements for use in NPPs.

Waste management and storage

Fuel elements release energy for four to five years in a reactor. Afterwards, they are moved to a storage pond at the reactor site to cool and become less radioactive. After several years of pond storage, fuel elements can be safely moved to dry storage on site and from there to a final storage facility. Germany is exploring the use of underground salt deposits for final storage, whereas Sweden has chosen granite formations.

Stringent operational safety standards

E.ON NPPs have consistently been among the global leaders in availability and annual production, an indication of our strong operational safety performance. In 2009, there were no incidents at our NPPs corresponding to any of the seven levels of the International Nuclear Event Scale. Safety is and will remain our top priority. In fact, we aim to get even better.

As part of this effort, in 2009 we invited Det Norske Veritas, a leading risk-management consultancy, to audit the integrated management system at Unterweser, one of our NPPs in Germany, according to the standards issued by the International Organization for Standardization (ISO). Unterweser received additional certifications (OSHAS 18001 and ISO 14001) in March 2010. We intend for all our NPPs in Germany to implement certified integrated management systems by the end of 2011, making us an industry pacesetter.

Safe and secure nuclear waste management and storage

We understand that many people have profound concerns about nuclear energy. They’re worried about operational safety, nuclear-waste transport, and, above all, final storage. They wonder whether high-level radioactive waste can be safely stored underground for several millennia. While we take these concerns very seriously, we firmly believe that the final storage options under consideration in Germany and Sweden are safe, secure, and viable. They’ve been endorsed by the International Atomic Energy Agency. Dialog, however, remains important, particularly in Germany, where the debate about final storage for high-level nuclear waste continues. Under German law, the federal government is responsible for implementing, operating, and supervising final storage, whereas in Sweden NPP operators are responsible for implementation and operation under regulatory supervision.

Next-generation nuclear energy and engineers

We’re playing a key role in the development of the next generation of NPPs. We have a 50-percent stake in a joint venture called Horizon Nuclear Power whose purpose is to develop 6 GW of new nuclear capacity in the U.K.—enough to power a city the size of Greater London—by 2025. We’re also co-owner of Fennovoima, a project company that aims to build a next-generation NPP in Finland.

At the same time, we’re taking action today to train tomorrow’s nuclear specialists. We have a partnership with Chalmers University of Technology in Gothenburg, Sweden, which offers a masters degree in nuclear technology. We’ve also joined with other energy companies to found the European Nuclear Energy Leadership Academy in Munich.

Note: Terms of zero carbon emissions refer to power generation operations only, and not generating units’ life cycle.
2009 key figures: a selection.

To manage it you need to measure it. This applies to our environmental and social performance the same way it does to our financial performance. Our online CR Report offers you a comprehensive look at our CR key figures. But even the brief overview on these pages gives you insights into our company that go beyond energy production, transport, and supply. These figures give an indication of some of the main challenges we face and some of the ways we work to meet our stakeholders’ expectations.

0
The number of major environmental incidents at the entire E.ON Group in the last four years.

2
The number of wind turbines we erected each day on average in 2009.

€46,000,000
of our RD&D expenditures supported university research and technical demonstration projects to refine key technologies.

10,300,000 metric tons
The reduction in our CO₂ emissions from power production compared with 2008.
Selected 2009 CR key figures

Positions

- **8%**
  - Renewables as a percentage of our total electricity generation.

- **40,000 metric tons**
  - The annual reduction in CO₂ emissions compared to a typical gas-fired unit that will be achieved by the combined-cycle gas turbine we're building at Irsching power station in Ingolstadt, Germany.

- **€40,500,000**

- **4,000**
  - Employees across our company work on Christmas and other holidays so that our customers and stakeholders can celebrate without worries.

- **€105,000,000,000**
  - Our total 2009 investments in research, development, and demonstration (RD&D).

- **6,300**
  - Jobs have been created by the construction of our high-efficiency coal-fired generating unit in Datteln, Germany.

- **230,000**
  - Homes can be powered by our wind farm in Roscoe, Texas, the biggest in the world.

More facts and figures

This is only a selection of our CR-related figures. For a comprehensive view of our financial, environmental, and social key figures, please use the Quicklink function.
Here comes the sun.
Small start, sunny prospects for the future

Renewables are like real estate. The three most important factors are location, location, location. To maximize each euro you invest you want sites that are bright, breezy, or near abundant sources of biofuel. That’s why the money we’re investing in renewables is targeted at places like sunny southern Spain, the windy plains of Texas and coasts of Britain, and the densely wooded lowlands of Scotland.

We already have about 3 GW of renewable-source generating capacity plus 6.5 GW of hydro capacity. We plan to increase our non-hydro renewables capacity to 4 GW by 2010 and to 10 GW by 2015. By 2030, renewables will account for about one third of our capacity and be our single biggest energy source.

Small start, sunny prospects for the future

Our joint venture with Abengoa, one of Spain’s leaders in solar power, exemplifies our strategy of focusing on the best locations. The joint venture will build and operate two 50 MW concentrated solar power plants near the town of Écija, known as la sartenilla de Andalucia, the “little frying pan of Andalucia,” for its sultry climate. The plants use mirrors to concentrate sunlight to produce heat; the heat is used to generate steam to drive a turbine and generator. The plants will enter service in 2011 and 2012, respectively.

In addition, our solar portfolio encompasses a 2.5 MW photovoltaic (PV) farm in Le Lauzet and a significant development pipeline of PV projects elsewhere in southern France. We’re also part of a visionary project called Desertec, which proposes to use the sun-drenched, wind-swept deserts of North Africa to generate solar and wind power to provide up to 15 percent of Europe’s electricity by 2050, while also meeting a significant share of the host countries’ energy needs.

By land, by sea, bio

Onshore wind currently accounts for over 95 percent of our non-hydro renewables capacity. Our main onshore presence is in the U.S. (1.6 GW), Spain (0.3 GW), and Italy (0.3 GW). We also have 0.4 GW of offshore capacity in operation and 0.6 GW under construction in Europe. Our aim is to have 2 GW of offshore capacity by 2015. This will include London Array, which at 1 GW is the world’s largest offshore wind project.

In biofuels, we operate a 44 MW wood-burning power station in Scotland—one of the largest in the U.K.—and are developing 0.3 GW of biomass-fired generation projects. We’re also a leader in biomethane, with plants in Germany and Sweden that produce a renewable, local, climate-neutral supply of pipeline-quality gas.

New places, new faces, familiar challenges

Renewables take us to new places and give us new neighbors and new stakeholders. Our wind farms in Texas are spread out over the land of hundreds of cotton farmers and ranchers. Our biofuel plants have created close ties with forestry and agriculture. And our offshore wind farms have made us a member of the nautical community (we now have boats, buoys, and beacons).

By and large, these communities welcome our presence. But that doesn’t mean they don’t have concerns. Some people love wind turbines—just not where they can see them. In other words: building green assets presents many of the same social and environmental challenges as building conventional ones. We want to harness the wind and sun without harming communities or the environment. That’s why we work closely with stakeholders throughout each project in order to listen to their concerns, find viable solutions, and minimize environmental impacts.

Climate protection through carbon sourcing

Global carbon-sourcing is another part of our climate-protection strategy. It encompasses Clean Development Mechanism (CDM) and Joint Implementation (JI) projects. In CDM projects, credits are earned through emission reductions in developing countries; in JI projects, through emission reductions in industrialized countries. We’re currently developing JI projects in Ukraine and Russia and CDM projects in China, Southeast Asia, and South Africa. In 2009, we formed CDM partnerships with two companies—Dongjiang Environmental and Bionersis—to capture landfill gas and use it to generate electricity in China and countries in Southeast Asia. A joint project with Bionersis in Vietnam could displace up to 4.5 million metric tons of CO₂ over its 20-year lifespan.
Energy gets smart.

Knowledge is power. Now power is going to have knowledge. Bytes will accompany watts. Automated controls will deftly manage constantly changing, multidirectional energy flows. It’s called smart technology and it’s the energy infrastructure we need to make a low-carbon future a reality.

Wiser wires A sustainable energy world will need more than low-carbon technologies. It will also need large-scale energy storage solutions and smart grids so that we can fully utilize the intermittent inflow from wind and solar farms and integrate thousands of smaller, distributed generating units. Today’s grid, built when electricity was generated at a relatively small number of big power stations, can’t do all that. It needs sensors, data links, processing power, and automated controls. By partnering with leading manufacturers, we’re already developing and deploying key components of the smart grids needed for tomorrow’s sustainable cities.

From users to producers Power has always flowed in one direction: from central power stations to users. It’s starting to flow back. Small, in-home combined heat and power (CHP) units are becoming more economic, and photovoltaic arrays more numerous. Their surplus power will be exported to the grid, transforming thousands of energy users into energy producers. In Germany, E.ON Ruhrgas is a partner in Callux, a large field test of gas-fired fuel-cell CHP units in single-family homes. We’ve also formed an industry user group in Germany to promote field-testing of CHP technologies, while in the U.K. we’re testing Stirling engines and fuel cells.

Feedback fosters energy frugality An energy bill can only tell you how much energy you used in the past. A smart meter tells you how much you’re using right now. Studies suggest that real-time feedback can encourage people to reduce their energy usage by 5 to 10 percent. On a European scale, that’s a massive savings in energy and carbon emissions. We’ve already installed well over one million smart meters (mainly in Sweden and Spain) and are conducting field trials in Germany and the U.K. As smart meters are rolled out in our other markets, we’ll use our experience to help our customers realize the full energy-saving potential.

Electric cars as power reservoirs On a breezy night you think of the wind farm recently installed outside your town. More clean energy, you smile. Sadly, no. Energy demand is low at night. But soon, millions of climate-friendly electric cars may offer a solution. Plugged into a smart grid, they could create a huge distributed storage system. To help make this future a reality, we’re partnering with BMW and Volkswagen to test plug-in electric and hybrid cars along with their recharging infrastructure. Smart storage solutions like this will enable us to get the most from renewables.

Right climate for investment We need smart grids for a low-carbon future. But they won’t be cheap. The cost of smartening up Germany’s grids by 2020 is estimated at €20 billion. Right now, though, few countries offer sufficient incentives to invest in innovative grid technology. Going forward, we’ll need the right regulatory climate to do the most good for the earth’s climate.

In addition to our own extensive research and development, we foster technological breakthroughs with the E.ON Research Award and direct financial support to over ten universities. Our flagship program is the E.ON Energy Research Center, a public-private partnership with RWTH Aachen, a renowned science and engineering university. Integrating renewables is a key research area. We’ve committed €40 million in funding to the Center over a ten-year period.

Smart grids will use sensors and data communications to increase transmission capacity, enhance efficiency, and manage power inflows from thousands of distributed sources and the timing of power demand.
Smart meters provide real-time data on power and/or gas usage and establish a two-way data interface between consumer and grid operator.

Distributed generation can supplement large, centrally located power plants with numerous smaller plants and renewables facilities across the grid.

Micro CHP units in homes and businesses provide climate-friendly sources of power and heat with surplus power exported to the grid.

Grid control center—the nerve center of the smart grid, where the data from thousands of sensors are processed so that voltage is maintained and supply is precisely balanced against demand.

Plug-in electric cars will make mobility greener and one day could serve as a distributed energy-storage system.

Consumption management—real-time use is monitored on an in-home display or a computer, the programmed washing machine runs at off-peak times, and the high-tech refrigerator serves as an energy-storage device.

Distributed generation can supplement large, centrally located power plants with numerous smaller plants and renewables facilities across the grid.
We want our customers to buy less energy from us. Really.

Energy conservation is a global issue. But it doesn’t have the same priority in different countries. Nevertheless, it remains an important objective for us. Some people might wonder why a leading international energy company like E.ON would encourage its customers to use less power and gas. The simple answer is that it’s in everyone’s interest. We build stronger relationships with our customers, and energy saved now will be the most important energy resource of the future. Energy efficiency is a preemptive response to the realities of tomorrow’s markets and helps us, our customers, and society move towards a low-carbon, resource-conserving future.

E.ON operates in more than 30 countries and has some 30 million customers, from families to factories. It’s essential for our success that we’re familiar with their priorities and needs. That’s why we listen to them when they call us and conduct surveys to learn what they think about energy issues. This has taught us a lot. For one thing: that attitudes about energy conservation vary significantly by country.

Among Europeans, we’ve found that Scandinavians are the most likely to tell you they feel a personal duty to conserve energy and be greener. Britons (and Southern Europeans even more so) tend to be markedly less concerned about conservation or their energy’s climate-friendliness. Germans are somewhere in the middle. And in countries like the Czech Republic and Hungary, customers worry much more about energy prices and energy dependence on foreign countries.

**Saving energy saves money**  Czechs and Hungarians aren’t the only ones who like the number at the bottom of their energy bill to get smaller. That’s something customers in all countries share. We have products that provide encouragement and at the same time create opportunities to increase customer loyalty. Our retailers in Germany offer a special energy-saving tariff that pays up to a €100 rebate to customers who cut their usage by at least 10 percent over a 12-month period. E.ON Energia, our retailer in Italy, has a loyalty program that rewards customers for becoming more energy-efficient.

**Energy saving starts at home. Or at the factory.**

Energy-saving assistance needs to be effective, affordable, and, above all, easy to implement. Our offerings meet all three criteria and include free energy audits, free energy-saving devices like programmable thermostats, smart meters, free or discounted wall insulation, and distributed generation technology for residential and business customers. When our customers say, “I didn’t know it was that easy,” then we’re doing our job right.

A refrigerator is more energy-efficient if it’s not positioned too close to the wall and not left open for too long. It will use even less electricity if it’s a new energy-saving model. That’s why during 2009 E.ON Bulgaria partnered with the three biggest retail chains and—supported by the Ministry of Economics, Energy and Tourism—offered 10,000 people a 10-percent discount on the purchase of a new energy-smart refrigerator. The expected savings of the initiative will total 1.5 million kWh per year.
We also bring energy awareness to customers. Literally. Since April 2009, four Energy-Saving Mobiles have been holding roadshows across Germany, providing customers with a broad range of simple yet effective energy-saving tips. If implemented, these tips would reduce the average household’s energy bill by €150 and its carbon footprint by 375 kilograms a year. And the less energy people use, the less need there is for us to build new power stations. By the end of 2010, our Energy-Saving Mobiles will have visited 350 communities. E.ON holds similar roadshows in the U.K. and the Czech Republic.

**Something for everyone** Though we encourage our customers to conserve energy, we recognize that it isn’t everyone’s top priority. Some customers simply don’t want any surprises in their energy bills; we’ve responded by offering products that shield them from price increases for a specified period of time. Other customers prefer one-stop shopping; they can opt for our dual-fuel products which cover both power and gas. Many of our customers are concerned about the environment; they can support the growth of renewables by choosing one of our many green-energy products. E.ON Italia has designed a product for economically uncertain times that comes with insurance coverage if a customer becomes unemployed or unable to work due to a serious illness. And E.ON Sverige offers its business customers “EnergiDirigent,” a comprehensive system to optimize their energy consumption.

Some customers like to conserve energy and think green. Our retail subsidiary in Slovakia, E.ON Západoslovenská energetika, has a product for them. It ensures that their usage will be covered by renewables and will be matched with a donation to the Ekopalis Foundation’s “Living Energy Fund.” In 2009, more than €56,000 went towards programs to raise energy awareness and install solar power in schools and retirement homes.

Small and medium-sized enterprises (SMEs) are getting in on the energy-efficiency act, too. E.ON Ruhrgas is partnering with leading equipment manufacturers to offer SMEs in Germany distributed generation technology like gas-fired heat pumps, micro combined-heat-and-power units, and fuel cells. These units, which can reduce energy costs and carbon emissions by up to 30 percent, are often eligible for government subsidies.

The Energy-Efficient Home, a public-service campaign by E.ON Hungária, offers lots of tips. For example, always using a saucepan with the same circumference as the burner on your electric cooker will save you €19 a year. And each time you open the oven to check what’s inside, you ought to know that 20 percent of the heat escapes.
Meeting customer needs

We have to listen to our customers to understand their needs.

Helping families escape fuel poverty with E.ON UK’s Challenge 100 initiative.

By listening to our customers, we know that some choose an energy product because it’s green and others because it’s the cheapest. But many have no choice. For them, energy is vital but simply too expensive. That’s why in 2009 we made a Group-wide commitment to support our most vulnerable customers. We believe we’re the first energy supplier to do so.

Customers are at the center of what we do. Our products and services are carefully designed to meet their needs. And what some of them need most from us is help during difficult times. Our Group-wide vulnerable-customer policy states that all our energy retailers will offer flexible payment plans to customers having difficulty paying their bills and will provide additional tailored support to pensioners or customers with disabilities.

Helping customers help themselves In 2009, we joined forces with numerous communities in the U.K., Age Concern (a charitable organization), and Loughborough University to launch the Challenge 100 initiative. Its objective was to help 100 families escape fuel poverty in 100 days by taking advantage of all available assistance programs run by government, companies, and NGOs. Fuel poverty is when a household must spend more than 10 percent of its income to heat its living space to a temperature that maintains health and comfort. We hope the insights gained from Challenge 100 will shape future policies so that all parties trying to help can work together effectively.

Social tariffs We also offer discounted tariffs to our most vulnerable customers. In 2009, about 27,000 qualifying customers took advantage of these programs in the U.K. and about 20,000 in Germany. E.ON UK also administers a fund to assist customers in financial difficulties.

All of these programs are animated by our commitment to focusing on our customers’ needs, living up to our social responsibilities, and improving the quality of life in the communities where we do business. But we’re also aware that more cold winters are ahead and that we need to intensify our efforts to identify vulnerable customers and help them.

Many appliances are energy guzzlers, many homes inadequately insulated. That’s why E.ON Česká republika in the Czech Republic offers its customers a free energy audit, a €20 rebate on energy-saving appliances, or a 5-percent rebate on energy-saving light bulbs, cavity wall insulation, or double-glazed windows.

Vulnerable customers are in particular need of reducing their energy costs. In 2009, E.ON UK’s Caring Energy Fund dispensed a total of €460,000 to help nearly 600 vulnerable customers install better insulation and replace old heating units with energy-efficient models.
Community impact

Positions

Twenty-five teenagers gathered in Mülheim, Germany, in late January 2010 for a three-day Climate Camp. The event, part of our Energy for Children program, was put on by E.ON Ruhrgas and the Wuppertal Institute for Climate, Environment, and Energy. It gave participants the chance to immerse themselves in issues like energy technology, climate change, and sustainability.

We try hard to be a good neighbor in the hundreds of communities worldwide where we have facilities. Our success is directly linked to their well-being. In 2009, we gave over €40 million—to education, arts, sports, and charities—to make life a little better in our communities. But financial support is only part of our effort. We place a strong emphasis on building long-term partnerships to help communities address some of the challenges they face.

Energy for Children Today’s kids will play a vital role in bringing about a sustainable future. We’re helping to prepare them through Energy for Children (EfC), our award-winning international program to support energy and environmental education for children and teenagers. So far, its projects—from online learning tools to employee volunteering—have engaged over 16,000 schools in 14 countries.

An example is “Leuchtpol,” our flagship EfC project in Germany. It helps preschool teachers develop playful activities that enable their pupils to discover the world of energy. Cofounded with ANU, a non-profit environmental education group, Leuchtpol aims to train staff at 10 percent of preschools in Germany, about 4,000 institutions in all, by year-end 2012.

Fruitful as multipliers Though EfC’s main purpose is to educate tomorrow’s adults, it also has an impact right now. Kids, who often feel like they get bossed around a lot, enjoy telling grown-ups what to do. This makes them effective multipliers for energy awareness, encouraging grown-ups to adopt simple energy-saving habits.

EfC is just one of our many community involvement programs. But we think it’s a particularly important one. It gives children impressions and experiences that will shape their lives as responsible adults.

Adding energy to the curriculum.

We’re not only helping make today’s consumers more aware about energy efficiency. We’re also doing it for tomorrow’s. Our Energy for Children education project is helping create a generation that’s energy-aware, environmentally literate, and climate-conscious from a very young age.

Climate campers

Twenty-five teenagers gathered in Mülheim, Germany, in late January 2010 for a three-day Climate Camp. The event, part of our Energy for Children program, was put on by E.ON Ruhrgas and the Wuppertal Institute for Climate, Environment, and Energy. It gave participants the chance to immerse themselves in issues like energy technology, climate change, and sustainability.
When storms cause power outages in our service areas, our people work 24/7 to get the lights back on quickly. We also act promptly to provide active as well as financial assistance when natural disasters strike regions where we operate and, in the case of catastrophic events, in other parts of the world, too.

System upgrades and service restoration  We operate 1 million kilometers (km) of power distribution lines in Germany, the U.K., Sweden, Spain, and several Eastern European countries. We work hard and invest billions to maintain and upgrade these lines in order to provide our customers with outstanding service quality. In Spain, to name just one example, our power distribution business achieved best-in-class status in 2009.

Despite severe storm damage to our network, we restored power in Sweden within 24 hours.

Preventive maintenance is essential, particularly in Sweden where power lines must withstand frequent snow, ice, and high winds. That’s why E.ON Sverige is conducting a multi-year upgrade, replacing about 15,300 km of overhead lines with underground cables and weather-hardening another 1,700 km. Overall, just 1,400 total km remain to complete the project, which has already helped reduce weather-related outages by 55 to 60 percent.

Despite these efforts, severe storms will cause power outages. When that happens, we respond immediately. In 2009, our crews in Bulgaria and Sweden dealt promptly with the effects of ice and high winds to restore power to our customers, in many cases within 24 hours.

Disaster relief  Prompt assistance is also essential when a natural disaster occurs. Here are some examples—from corporate giving to active participation in relief efforts—of how our employees and we as a company responded to disasters in 2009 and 2010:

- On April 6, 2009, an earthquake hit central Italy, killing over 300 people and leaving many thousands homeless. To support its customers affected by the disaster, E.ON Italia waived their electricity bills for six months. It’s also helping rebuild a community center in Onna.

- On August 17, 2009, an accident in southern Siberia at a hydroelectric station owned by another company killed 75 people. Our employees in Russia showed their solidarity by donating about €15,000 to support the victims’ families, a figure we matched for a total donation of €30,000.

- On November 19–20, 2009, severe flooding occurred in northwest Britain in the town where the operations center for our Robin Rigg offshore wind farm is located. Some of the Robin Rigg team are members of the local lifeboat and emergency-response team and helped rescue flood victims.

- On January 12, 2010, a catastrophic earthquake struck Haiti. Our donation drive swiftly collected €580,000 to support Save the Children’s disaster-relief effort in Haiti.
Safety first.

Making and moving the energy our customers need involves high temperatures, high voltage, high pressures, and heights. That’s why safety needs to be our highest priority.

“Rule one: we don’t hurt people.” Signs with these words hang at all our facilities in the U.K.—and similar commitments apply at our facilities worldwide. They serve as a daily reminder that our employees’ safety is a top priority for our company and an integral part of our corporate culture. Our employees perceive our commitment. In an anonymous employee opinion survey conducted in 2009, 94 percent of respondents said that in their workplace everything possible was being done to prevent accidents.

High standards—from systems to culture We have to ensure that all E.ON companies around the world meet our high safety standards so that we can establish a zero accident culture. Drawing on the best Group-wide safety practices, we’ve drafted a Continuous Corporate Safety Plan, which all our market units must implement and is reviewed annually. We also established a Group Health, Safety and Environment (HSE) Governance Council to promote excellence and monitor performance in these areas. The council held its first meeting, chaired by E.ON CEO Johannes Teyssen, in April 2010.

Maintaining a robust safety culture requires heightened awareness up and down our organization, from the turbine room to the boardroom. That’s why we’ve added safety indicators to our executives’ performance evaluations. And about 150 senior managers completed intensive training in safe work practices in 2009.

Lost-time injury frequency (LTIF) lower In 2009, our safety performance improved for the sixth year in a row. We had 2.2 workplace injuries resulting in lost time per million hours of work (down from 2.4 in 2008), which makes E.ON one of the safest companies in our industry. Our objective is to continue this positive trend and to lower our LTIF to 2.0 in 2010 and to 1.0 by 2015, which would rank us among the world’s safest industrial companies.

Our contractors had an LTIF of 3.4 in 2009. Although a 30-percent improvement from 2008, it’s still too high. We expect contractors to meet our high safety standards. We include them in our safety briefings and training programs; however, we need to work harder. From 2010 on, all of our market units must have specific plans for overseeing their contractors, and some E.ON companies will require contractors to obtain independent safety certification.

Even more unacceptable was the number of workplace deaths in 2009. Two E.ON employees and eight contractor employees suffered fatal injuries while working for us. We deeply regret their loss, which emphasizes even more our need to further improve our safety culture.

Seguridad en España

All our companies comply fully with their country’s safety laws. But in some cases our safety standards are more stringent. So when we acquire a new business, a review of its safety practices is an important part of the integration process. A review of E.ON España was conducted in 2009 resulting in a targeted improvement campaign. It consists of meetings at which employees can voice their concerns, weekly briefings focusing on specific safety areas, and safety walks in which senior managers visit sites to deepen their understanding of safety in the field.

A safety inspection at one of our facilities.
Despite scaling back our hiring in the context of PerformtoWin, we remain focused on ensuring that we have the highly skilled people we'll need to stay successful in the future.

Implementing change responsibly.

For our more than 88,000 employees—from Sweden to Spain, from the United Kingdom to the Russian Federation, and in Germany—2009 was a particularly challenging year. We faced the worst financial crisis since the Great Depression and the deepest recession in decades while launching PerformtoWin, the biggest efficiency-enhancement program in our company’s history. We did it well, as our 2009 earnings amply demonstrate. But it wasn’t easy. And it put the solid social partnership between management and employees to the test.

Like nearly everyone, we didn’t foresee the developments that led to the financial crisis. But we did see our industry changing. We knew that we needed to change our organization to ensure that we can sustain our success into the future. So in May 2008—before the onset of the recession—we launched a multi-year program called PerformtoWin. Its purpose is to achieve sustained cost and performance improvements—a total of €1.5 billion by 2011—across our business. We began implementing it in 2009 and expect to deliver €1 billion of the improvements by the end of 2010.

We have a long tradition of social partnership with our employees. It was put to the test in 2009. For while PerformtoWin was already raising our productivity and lowering our costs, it was also raising concerns among our employees and lowering their trust in us. The most visible sign of this came in June 2009, when about 5,000 of our employees held a demonstration at our Corporate Center in Düsseldorf, Germany.

Listening to concerns, finding solutions

We take our employees’ concerns very seriously. For many of them, PerformtoWin will mean a change in their role or location. This kind of change isn’t easy. And early on, we probably talked too much about the desired outcomes of the reorganization and too little about helping our employees navigate the change process. But by listening to the criticism and working closely with employee representatives, we put together com-
prehensive agreements to address our employees’ needs. As a result, most of PerformtoWin’s staffing objectives will be met through internal transfers, natural attrition as well as flexible pre-retirement and early retirement arrangements. And the agreements will make it possible to find socially responsible solutions—from relocation benefits to retraining—for employees affected by restructuring.

E.ON has never been a hire-and-fire company. And as part of PerformtoWin, we’ve scaled back our external hiring significantly. This creates more opportunities for employees affected by restructuring to find new jobs within our organization. But we also know that we still need to think ahead and ensure that we have an adequate supply of potential future leaders and highly skilled technicians and engineers. That’s why Group-wide we hired about 5,000 people from outside our company in 2009. This approach ensures that we have the right team to be fit for the future.

Representing employees’ interests.
A talk with Erhard Ott.

_You’re a senior leader of one of Germany’s largest unions and the Deputy Chairman of the E.ON Supervisory Board. How does this dual role work in the context of PerformtoWin?_ I don’t see it as a dual role, either generally or in relation to PerformtoWin. Employee representatives on the Supervisory Board have a duty to promote the company’s well-being but also to make sure that employees’ interests are respected. Employees are an important part of a company’s capital. The way Germany’s Codetermination Act of 1976 defines the roles of employee representatives and management, it’s natural that they’ll sometimes come into conflict with one another.

_What do you see the agreements E.ON reached compared with those of other companies during restructuring?_ The agreements correspond to the German—and to a certain degree the European—energy industry standard and continue the approach E.ON took in previous restructuring phases. They help employees adapt to change processes. But such changes should never be made at the expense of employees, who are, as I said, an important part of the company’s capital.

_What will E.ON’s investments in tomorrow’s energy world create new jobs over the long term?_ First, we all share an interest that these investments really happen. And we work with policymakers at all levels of government to garner support for E.ON’s new-build projects, which create jobs in both the construction and operational phase. But in some technologies, take renewables for instance, many of the jobs are created at equipment manufacturers, not at E.ON. Second, the few employees needed to operate renewables facilities are often temporary workers or contractors. Nevertheless, employee representatives have long supported—and continue to support—E.ON’s effort to enlarge its renewables business and help build a more sustainable energy future.
2009

E.ON among most admired companies
E.ON is the world’s most-admired energy company, according to a survey of 4,000 executives and analysts conducted by Fortune, a U.S. business magazine. E.ON was again listed in the Dow Jones Sustainability Index for the third year and in the SAM Sustainability Yearbook 2010, where E.ON again received a “Gold Class” ranking.

Award-winning community projects
E.ON community involvement programs received awards and public recognition in the U.K., Hungary, Slovakia and Romania. Our flagship Energy for Children project in Germany was named a best-practice example for the country’s National Action Plan to implement the UN World Decade of Education for Sustainable Development.

Offshore milestones
Robin Rigg wind farm in northwest Britain begins exporting electricity to the mainland. In November, the last 12 wind turbines for Germany’s first offshore wind farm were installed. Sited 45 kilometers in the North Sea, alpha ventus is a pioneering technical achievement and an invaluable learning platform for future deepwater projects.

Highs

E.ON a top employer
The Great Place to Work© Institute named us the tenth-best workplace in Europe and the fourth-best in Germany.

Lows

Global economic crisis
The recession made life difficult, especially for our industrial customers. Manufacturers cut production, and many people lost their jobs. On average, power and gas consumption in our markets declined by 5 to 7 percent.

Demonstrations against coal-fired generation
A total of several thousand people, including representatives of prominent environmental organizations, held demonstrations at our power stations—including Kingsnorth and Ratcliffe (U.K.), Maasvlakte (Netherlands), and Staudinger (Germany)—to protest the construction of new coal-fired generating units.

COP 15
The nations of the world met in Copenhagen, Denmark, for the UN Climate Change Conference. The conference did not result in legally binding emission caps or global ground rules, although there was the promise of a fund to help developing countries decarbonize. On this basis E.ON was not able to strengthen its carbon reduction target.
**Positions**

**E.ON Chair in Corporate Responsibility**
We endowed the E.ON Chair in Corporate Responsibility at the European School of Management and Technology in Berlin. The endowment reflects our support for research into how CR can add value to businesses and for teaching the resulting insights to tomorrow’s managers.

**Fatalities**
Despite our company’s high occupational safety standards there were ten fatalities across the Group in 2009: two at E.ON and eight at our contractors. We are deeply concerned about each of these deaths, because even a single death is one too many. This emphasizes the need to drive our occupational safety culture forward with even greater determination.

**Construction interrupted in Datteln**
Since February 2007 we’ve been building a coal-fired generating unit in Datteln, Germany. In September 2009, an administrative court ruled that construction should be partly interrupted, as the municipal development plan for the unit was invalid. The Datteln City Council has set out plans to design a new development plan.

**Nord Stream started**
Construction began on Nord Stream, a new Baltic Sea gas pipeline in which we have a stake. When fully operational, Nord Stream will bring 55 billion cubic meters of natural gas directly from Russia to Germany each year. That’s enough to supply 26 million homes.

**Employee demonstration at our Corporate Center**
In June 2009, about 5,000 E.ON employees held a demonstration at our Corporate Center in Düsseldorf, Germany, to express their discontent with some of the job-related aspects of PerformtoWin, our Group-wide efficiency-enhancement project. Ultimately, negotiations with the Works Council led to satisfying results for all parties.

**Biomass**
We developed and implemented a policy for the procurement of Biomass as an update to our existing Responsible Procurement Policy. It sets criteria for the sourcing and production of biomass used at E.ON facilities.

**Irsching achieves record-setting efficiency**
We conducted successful operational tests of unit 4, a combined-cycle gas turbine in Irsching, Germany. With a record-setting electrical efficiency of over 60 percent, unit 4 will emit roughly 40,000 metric tons less CO₂ than a new-build state-of-the-art gas-fired unit. It will enter regular operations in 2011.

**Coal opponents demonstrating at E.ON UK’s Ratcliffe power station.**

**In September 2009, E.ON endowed a Chair in Corporate Responsibility at ESMT, Berlin.**

**Highs & lows in 2009**
**Alpha ventus**, the world’s first open-sea wind farm, is a pioneering technical achievement.

**In September 2009, E.ON endowed a Chair in Corporate Responsibility at ESMT, Berlin.**

**Nord Stream started**
Construction began on Nord Stream, a new Baltic Sea gas pipeline in which we have a stake. When fully operational, Nord Stream will bring 55 billion cubic meters of natural gas directly from Russia to Germany each year. That’s enough to supply 26 million homes.

**Fatalities**
Despite our company’s high occupational safety standards there were ten fatalities across the Group in 2009: two at E.ON and eight at our contractors. We are deeply concerned about each of these deaths, because even a single death is one too many. This emphasizes the need to drive our occupational safety culture forward with even greater determination.

**Construction interrupted in Datteln**
Since February 2007 we’ve been building a coal-fired generating unit in Datteln, Germany. In September 2009, an administrative court ruled that construction should be partly interrupted, as the municipal development plan for the unit was invalid. The Datteln City Council has set out plans to design a new development plan.

**E.ON Chair in Corporate Responsibility**
We endowed the E.ON Chair in Corporate Responsibility at the European School of Management and Technology in Berlin. The endowment reflects our support for research into how CR can add value to businesses and for teaching the resulting insights to tomorrow’s managers.

**Nord Stream started**
Construction began on Nord Stream, a new Baltic Sea gas pipeline in which we have a stake. When fully operational, Nord Stream will bring 55 billion cubic meters of natural gas directly from Russia to Germany each year. That’s enough to supply 26 million homes.

**Employee demonstration at our Corporate Center**
In June 2009, about 5,000 E.ON employees held a demonstration at our Corporate Center in Düsseldorf, Germany, to express their discontent with some of the job-related aspects of PerformtoWin, our Group-wide efficiency-enhancement project. Ultimately, negotiations with the Works Council led to satisfying results for all parties.

**Biomass**
We developed and implemented a policy for the procurement of Biomass as an update to our existing Responsible Procurement Policy. It sets criteria for the sourcing and production of biomass used at E.ON facilities.
The next decade, already labeled “the turbulent teens” by some, will be a time of challenges and change. Much about our industry—from distributed generation and e-mobility to smart grids—will change. But its main challenge—to achieve a reasonable balance between security of supply, climate-friendliness, and affordability—won’t. This challenge will just get a lot harder as the demand for energy increases with population growth, some fuels become scarcer, and the need to tackle climate change becomes even more pressing.

In the past decade, we systematically transformed E.ON from a German industrial conglomerate into one of the world’s leading energy providers. To continue this success in this decade and beyond, it will be essential for us to look and think ahead. We believe that four key success factors going forward will be technology, trust, teamwork, and transparency.

Technology We’re committed to being a driving force in shaping tomorrow’s energy world. This will involve developing and deploying low-carbon technologies on a huge scale. But it would be a mistake for us to be a first mover in every technology. We’ll need to choose the right moment to make big investments in selected technologies and ensure that we have viable, long-term business models for them. This will require that we remain technology-savvy. But we’ll also have to be keenly aware of political and societal dynamics and factor these into our investment decisions.

Trust Our actions as a company affect these dynamics. A key way we can affect them positively—and add value to our business—is by having good relationships with our stakeholders: shareholders, customers, employees, policymakers, neighbors, and the general public. Trust is essential to these relationships. We need to strengthen our stakeholders’ trust in our ability to understand the complexity of the challenges facing the energy world and to deliver effective solutions that minimize adverse environmental and social impacts.

Teamwork Because of the scale of these challenges, no one company—or even our entire industry—will be able to solve them by itself. It will take teamwork, across industries and borders. On a macro scale, companies, countries, and non-governmental organizations will need to form new, mutually beneficial partnerships to transform visionary projects (like Desertec, to name just one) into reality. On a micro scale, we’ll need to form close partnerships with our customers in areas like energy efficiency and distributed generation.

Transparency An old adage says do good and talk about it. We agree. But we also believe that we should also talk about the things that have a negative impact. That’s why we quantify our environmental and social performance and report transparently on our findings. Going forward, we’ll need to extend transparent reporting to new areas (like the carbon footprint of our products and services along the entire life cycle and the impacts of our business along our supply chain) and adapt it to our stakeholders’ changing expectations. Transparency will be essential for us to forge partnerships, ensure our license to operate, and have a seat at the table for discussions on the future of energy.
Some strike poses. We take positions.

At E.ON, we take positions on the issues that will shape the future of our industry. Frankly, it would be easier to strike a pose: to say only what’s popular, to do only what will get us positive media coverage. But as a leading global energy company, we have an obligation to thoroughly understand our industry, to have a clear vision of its future, and to take the positions that will enable us to get there—responsibly and in accordance with our values.

Some of our stakeholders agree with us. Others are skeptical. And still others disagree wholeheartedly. That’s the thing about taking positions: they beget opposition. Particularly when the issues are as complex—and emotionally charged—as energy security, energy prices, and climate change.

We’ve thought a lot about our industry and what we think it needs to look like in the future. But we don’t have all the answers. And we know that the environment in which we operate is continually changing. We’re open to ideas that promote positive change. That’s why we engage in ongoing dialog with our stakeholder groups: from government officials and non-governmental organizations to our customers, our investors, our employees, and the people who live near our facilities. Dialog enables us all to listen to each other and helps to build trust. And we need our stakeholders’ trust to do our job. It’s important that together we get it right. Because the positions taken today by our industry, our stakeholders, and society will determine the kind of (energy) world we live in tomorrow.

Positions Setting the scene

The purpose of this magazine is to articulate our key CR positions and highlight some of our most important CR activities. Our complete 2009 CR Report—is online at eon.com/CRReport—along with more detailed information about our CR strategy, key figures, and a statement from our assurance provider—is online at eon.com/responsibility. To encourage your feedback, we have chosen ten charities E.ON supports in some of our key markets. Using the Ammado online fundraising site, we’ll donate €10 for each reader response form we receive (up to a total of €25,000) to these charities. Ammado even allows you to determine how much should go to each charity. So tell us what you think. We’ll benefit. And so will some very worthy causes.

Quicklinks

The stories in this magazine contain Quicklinks which direct you to more detailed information at eon.com: eon.com/responsibility

A Assurance 503
B Biodiversity 432
Board Commitment 102
CCS 304
CO2 Reduction 410
Code of Conduct 104
Community Compliance 111
CR Organization 108
CR Report 501
CR Strategy 105
Customer 402
Customers in Need 405
D Diversity 520

For more information, please contact E.ON AG, E.ON-Platz 1, 40479 Düsseldorf, Germany, T +49 211-4579-0, F +49 211-4579-501, info@eon.com. Or contact our CR Team by visiting the Responsibility channel at eon.com.

Imprint

Concept and design ETO Siegel Team, Düsseldorf

Copywriting

RTS Siegel Team, Düsseldorf

Design Technical Solutions, Düsseldorf

Production Jung Produktion, Düsseldorf

Printing Druckpartner, Essen

Photos Aberg (pages 5 left, 20, Elkehart Bumann (pages 9, 10, DOT) (pages 3 left, E.ON AG (pages 13 bottom, 21, 23, 27, 29, 32 left), E.ON Banale (page 14), E.ON České republika (page 25 center), E.ON Italia (pages 5 right, 30 top), E.ON Kiew (page 17 top and center), E.ON Lituania (page 17 bottom), E.ON Sverige (page 28 bottom), E.ON UK (pages 11, 26 top and right bottom, 33 right), Gard George (page 26 left bottom), Getty Images (pages 5 center, 8 bottom, 28 top, 32 right, 34), (shutterstock (pages 24, 25 left bottom and center), ESMT (page 33 center), Fichtner&Leyens GmbH (page 25 top), Katherine L’Hommedieu (pages 4 right, 19 top), Andreas Pahlmann (page 6), shutterstock (pages 4 left, 9, 14), (shutterstock (pages 17 right, bottom), Hans-Peter Schwa (page 30 bottom), ver.de (page 31, Peter Willmont (page 22)

Imprint

This magazine was printed on paper produced from fiber that comes from a responsibly managed forest certified by the Forest Stewardship Council.

Positions 35

Quicklinks & dialogue
Positions
The E.ON Magazine on Corporate Responsibility

COAL
Can it clean up its act?
Perspectives from coal mine to power outlet.

Copenhagen
Moving forward despite the discord.

Renewables
Harnessing the sun’s energy.

Customers’ energy awareness
Lots of small steps equal one big leap.