All together

Strengthening relationships, building trust

Our full corporate responsibility report
2012
We’ve commissioned PricewaterhouseCoopers LLP to provide independent assurance under ISAE3000 on selected E.ON UK 2012 corporate responsibility data as shown by the (v) symbols. Where data for the previous year has a (v) symbol next to the figure, this means the data was assured by PricewaterhouseCoopers LLP in the prior years. The Assurance Statement, data table and the full Reporting Guidance, including the assessment criteria, can be found online at www.eonenergy.com/assurance.

The Directors are responsible for the content of this report and the preparation of the selected information in accordance with the criteria set out in the Reporting Guidance. E.ON UK management is also responsible for the maintenance and integrity of the online report.
Summary and an overview of our business

We're one of the world's leading energy companies, sourcing, storing, generating, selling and saving energy for five-and-a-half million customers across the UK, both at home and at work.

Summary

• Building trust is critical to all our activities in the UK, from sourcing to saving energy.
• If our customers can rely on us to provide great service and simple products at fair prices, as well as helping them to manage their energy use, then they'll stay with us.
• That's why our vision is to be our customers' trusted energy partner.
• We've already made some major changes to help our customers and to make sure we can provide cleaner and better energy solutions for future generations.
• And in February 2013, we published 21 commitments that will keep us on track towards our vision of becoming our customers' trusted energy partner.

E.ON's activities in the UK

Sourcing
We have interests in 12 oil and gas fields in the UK

Storing
1 operational gas storage site

Generating
6 coal and gas power stations, 11 combined heat and power plants, 23 onshore and offshore wind farms and 2 biomass stations

Selling
Winner of uSwitch.com's Overall Customer Satisfaction award and Consumer Moneyfacts Energy Provider of the year 2013

Growing sustainable earnings
£826 million operating profit (EBITDA)
£9,963 million revenues

Saving
160,000 homes insulated in 2012

Genuinely helpful people
1,200 colleagues contributing to our online MySay panel
200 new apprentices

1 This figure includes Regional Unit UK, E.ON Climate and Renewables, Generation, Gas Storage and Exploration and Production.
Welcome from our Chief Executive Officer

Our customers’ trust is our number one priority. It needs to be. So last year we ripped up our multiple strategies and replaced them with a single, clear vision of being our customers’ trusted energy partner. That’s no mean feat, and our journey will involve continuing to respond to our customers, admitting when we’re wrong and learning from our mistakes.

Engaging with customers

Our first task was simple – to listen to what our customers thought and how they felt. We now hold monthly complaints forums – most of which I attend – so we can meet with customers who have complained and get to the bottom of the problems they’ve raised. And, through our YourSay panel, we sought the views of more than 28,000 of our customers. The results were clear. Dissatisfied customers were feeling angry about our perceived profits, and issues with their bills. The truth is that the rise in costs we don’t control, such as the costs of transporting energy to our customers’ homes and businesses and Government social and environmental requirements, is a challenge we’ve faced in 2012 and are likely to face in the future.

Talking to our customers has also helped us make important practical changes in 2012. We now have simpler bills and a more straightforward tariff choice. Our Reset approach has also been rolled out to our business customers. For example, we have set up dedicated teams for our more complex small and medium business customers, and made system improvements to help us better serve our corporate customers who choose flexible contracts.

Acting responsibly

We are significantly affected by what is reported in the media and changes in the energy industry generally. Ofgem fines, price rises, profits, moving to a low carbon economy, job losses, and health and safety. All these issues have an impact on the way we’re perceived and on how we do business.

Whilst recognising our shortfalls, we’ve seen an improvement in our customers’ trust and satisfaction – something that we’re continually working on. In 2012, uSwitch.com named us winner of their overall customer satisfaction award, offering the best value for money and the best reward scheme.

Also in 2012, we invested £1.3 billion. We will continue to invest in renewables, smart meters and the infrastructure the UK needs to grow and develop sustainably. That’s something we’re really proud of.

Preparing for the future

We know many of our customers have been worried about their rising energy bills. While we’ve absorbed cost increases wherever possible, we had to make the difficult decision to increase our prices again in January 2013. But I am confident that through our new, clearer and simpler strategy – which puts our customers right at the heart of things – we will continue to protect customers from cost increases where we can and help them become more energy efficient.

We’re already well on our way. So far, we’ve installed around 220,000 smart meters in homes and businesses, and last year we helped over 160,000 households to insulate their homes. We were the first to announce we had delivered against our energy efficiency obligations by introducing efficiency measures to more than 1.3 million homes across the UK. But again, we’re not stopping there. Our goal is to install one million smart meters in homes during the Foundation Period and ensure that all our customers have them by 2020. We’re also continuing to invest in low carbon projects like the London Array, currently the world’s largest offshore wind farm, which was formally inaugurated by the Prime Minister, David Cameron, on the 4th of July.

A clear vision

Our vision is simple: to be our customers’ trusted energy partner. But what does that mean exactly? To me it means we must continue to improve our relationship with our customers, so it’s always fair, open and based on trust. We want to continue to make things simple, to stretch ourselves as much as possible, and strive to do what is expected – and more. I truly believe that with a lot of hard work – and the continuing support of each and every one of our 11,500 colleagues – we can achieve our vision.

Tony Cocker
Chief Executive, E.ON UK
You might not think of E.ON as a people business. In fact, that’s exactly what we are, because without the millions of customers we supply or the thousands of people who work across our sites, we wouldn’t get very far at all.

That’s why we want to gain the trust of each and every one of our home and business customers, while making sure our people are engaged.

We know it won’t be easy. But with the progress we’ve already made and the plans we have for the future, we’re set to meet the challenge.

At the end of 2012 we launched a new strategy for our retail business. It sets out a single, clear vision for the future – to become our customers’ trusted energy partner.

What does this mean? It’s about gaining the trust and confidence of our customers through being genuinely helpful, by acting fairly, making things simple, knowing our stuff, doing what is expected… and more.

We’re on a journey, and there are some milestones which we’ll need to meet along the way. They include helping our customers manage their energy use and our customers being the most satisfied.

But if we can become the sector’s trusted energy partner then our current customers – and many more – will always be comfortable turning to us for their energy needs.
Building our customers’ trust

Balancing our responsibilities

We believe it’s our responsibility to give our customers simple products, fair prices, excellent service and to help them to reduce their consumption, both now and in the future.

We also need to balance this with our need to invest for the future and earn a fair rate of return for our business. But our focus is clear: we always ask ourselves “is this right for our customers?”

Our customers have told us that the following things matter most to them:

- Trust, service and providing value for money
- Help in managing energy costs and use, and understanding where their money goes
- Supporting those most in need

“I don’t trust them as far as I could throw them”

Energy companies can be seen as faceless, bureaucratic and only bothered about profit; hardly the ideal starting point.

A 2013 survey found that only 37% of the general public trust the energy industry to do what is right1. But energy is not a luxury; it’s one of life’s essentials, so it’s important that people can trust their energy supplier. We want our home and business customers to be the most satisfied in the energy industry.

Building closer relationships – back to basics

It’s all well and good having a goal, but how will we get there? As an established company with over 5.5 million customers, it will certainly be a challenge. We got the ball rolling in 2012 with the launch of our Reset Review. By making some important changes – like helping customers find the best deal for them and offering fewer, simpler tariffs – we wanted to take our relationship with our customers back to basics.

Our focus is clear: is this right for our customers? Some decisions haven’t been easy to make, directly impacting some of our colleagues and costing us money. But we knew they were the right choices to make for our customers. In July 2012, for example, we stopped selling door to door. Many of our customers told us they didn’t like this way of selling so, despite the impact this change would have on our colleagues, we made the decision to stop.

The changes are making a difference already, with uSwitch.com naming us the UK’s number one energy supplier for customer satisfaction in December 2012 (as voted for by home customers in comparison with the other main energy suppliers). But we’re on a journey, and we’ll continue to engage and work with our home and business customers to simplify and improve our service even more.

Building closer relationships – back to business

Purchasing energy for a business can be much more complex than it is for a home, with a wider range of energy needs, more products on offer and different regulatory requirements. Some businesses have told us they want a simpler energy service, while others say they want a more bespoke offering. We’ll continue to make buying energy simpler when that’s what our customers need. We’ll also offer a more personal approach when it’s what our customers want. Our business customers have told us that trust is strongly associated with good service and the ability to handle any problems well, and we continue to listen to our customers about how we can improve.

1 Annual survey by PR agency Edelman.
“I would like it if they could help me see ways I could save money and use less”

We know that prices have been on the rise, and it’s our job to work alongside our customers to help them manage their energy use.

That’s why in 2013 we’ll be training 5,500 employees to give effective energy-saving advice to our home customers. And through the Green Deal and Energy Company Obligation, we’ll provide expertise and financial support to help our home customers make practical changes that create warmer, more efficient homes, while reducing their energy use.

Despite having a team of meter readers and asking customers to send in meter readings, around 40% of the bills we sent out to our home customers in 2012 were estimated. But things are changing as we install smart meters, which give up to date meter readings, significantly reducing the number of estimated bills for our customers with a smart meter. Smart meters will also help our customers understand how much it costs to run household appliances, and let you set budgets. It’s great that we’re already ahead of the game, having installed almost 220,000 smart meters. To offer this technology to all of our 5.5 million customers it will take several years. In the meantime, we’re on course to achieve our goal of installing one million smart meters by the end of 2014.

On top of this, prices have been rising without customers really understanding why, so we’ll continue to be more open about what makes up a customer bill.

“In relation to vulnerable customers, they could actually show they care”

Our Reset Review reinforced the importance of supporting those who need help the most, including older people or those who struggle to pay their bills. All our customers have different needs, and this complexity means we can’t offer a one size fits all approach.

Government requirements for us to support customers in need, for example the Warm Home Discount scheme, provide a great opportunity to make a real difference. As an energy company, we also have a responsibility to identify and support those most in need, but it’s not possible to offer everyone additional support and we need to target our resources. We’re determined to help make our customers aware of the support we can offer them, and that this support is readily available, clear and easy to digest.
What we’ve done for our home customers in 2012

Resetting our relationships

In January 2012 we started our Reset Review – a major initiative to help us rebuild our relationship with our customers.

April 2012  
Making things fair  
All our products are now available through all our sales channels, offering all customers the same deals

May 2012  
Providing peace of mind  
We promised not to increase our prices during 2012, giving all of our customers peace of mind about their bills

July 2012  
Encouraging customers to get in touch  
We launched 0345 numbers and guaranteed that all calls will continue to be answered in the UK

July 2012  
Single page bill  
We launched a single page bill, a first for our industry

July 2012  
Stopping doorstep selling  
Following feedback from customers we took the decision to end our door to door selling

October 2012  
Back on the high street  
We opened our ‘Open House’ store in Nottingham, putting us back on the high street

Recommend to a family or friend test (Net Promoter Score)*

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<th></th>
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<td>Home customers</td>
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*E.ON’s score equates to market average, calculated using the same methodology, however this figure is not assured.

Average Speed of Answer (seconds)

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<tr>
<td>NA</td>
<td>104(v)</td>
<td>109(v)</td>
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“...We all need to understand what we’re paying for and the changes made by E.ON will make that a lot easier for its customers.”

Allan Leighton, Chair of our independent Customer Council

Has our Reset Review made a difference?

It’s still early days, but the Reset Review has already helped us improve our relationship with our customers. Our hard work has been recognised, with uSwitch.com naming us the UK’s number one energy supplier for customer satisfaction in December 2012, after we boosted satisfaction levels among our customers by 10% during 2012 (as voted for by home customers in comparison with the other main energy suppliers). And in January 2013 we were ranked joint leader of the larger energy companies in a Which? customer satisfaction survey.

1 This figure represents the Top Down Net Promoter Score and is a rolling average for the last three months of 2012.
2 The assured figure for 2011 was 5.7. This figure has been restated due to a change in methodology and to show a comparative figure for 2011.
Resolving complaints

We don’t want our customers to feel the need to complain¹ - that goes without saying. But when customers do tell us we’ve done something wrong it’s essential that we sort out the problem as soon as possible and make sure the same thing doesn’t happen again. This will help us towards our goal of being the best in our industry at dealing with complaints by 2014.

Getting things sorted

We aim to respond to all complaints within 24 hours and resolve as many of them as possible straight away, keeping customers fully informed. In 2012 we resolved 94% of complaints before the end of the next working day.

Giving our customers a voice

In May 2012 we held our first Customer Complaints event - another first for our industry. The event gave customers who had complained to us the chance to speak to our senior colleagues about these issues in more detail, so we can prevent them from happening again. We have used what our customers told us to inform and improve our transformation plans, and we’ll continue to hold regular sessions in the future to keep us on top of our game.

Being open and transparent

Our customers have a right to know how we deal with complaints, so we’ve made a commitment to continue publishing key complaints data on our website every three months. This includes how many complaints we have received and how we’ve resolved them. We hope this will give our customers confidence in our process, from start to finish, helping them make informed decisions about which supplier they choose.

Simplifying bills, payments and charges

Nobody likes receiving a bill. But by producing clearer bills and spreading our customers’ costs evenly, we can make the payment process as smooth as possible for everyone. This is one of our top priorities.

Making things clearer

In July we launched a single page bill to help our customers understand our charges - a first for the industry. We removed all unnecessary information, helping to reduce the bill by five pages. For new or switching customers we also introduced a standing charge and single, rather than dual, rate for most of our non-standard products, making our charges easier to understand. We’ll do the same for all our standard products in 2013 for our new or switching customers.

No shock tactics

We revised our direct debit system in February after some of our customers told us that our previous policy had been causing problems. The new system will balance payments throughout the year so that customers don’t get a shock when they open their bill. We also encouraged customers to carry out meter readings themselves to make their bills more accurate.

A smarter approach

By 2019 the Government wants smart meters - devices that help users manage and reduce their energy consumption - installed in each of the UK’s 27 million homes and businesses. This is one of the biggest projects ever undertaken by the energy industry, and to get things moving we’ve already installed almost 220,000 smart meters in our customers’ homes and businesses. Recent research that we have conducted has shown that 78% of these customers have already changed their energy behaviour as a result.

To support the delivery of smart metering, in 2012 we also opened our second dedicated call centre in Bolton, designed to service the specific needs of our smart meter customers, and we’ll continue to open more of these dedicated centres in the future.

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Embracing digital developments

Our work in 2012 focused on two key digital challenges - developing skills and increasing access for people who aren't currently online, and improving the digital experience for those who are.

A site for more eyes
We re-launched eonenergy.com last year to make it clearer and easier to use so even more of our customers visit. Based on feedback from our customers we re-branded the site with a fresher look and feel, improved the navigation, and simplified the Your Account section to help customers understand their bills and energy usage.

Practising what we tweet
In 2012 we trained a group of our colleagues to engage with customers through Twitter, Facebook and other online forums on a full time basis. Since then, we’ve answered more than 4,300 customer queries on topics such as tariffs and bills, payment and energy efficiency through our Twitter feed and Facebook page. With over 5 million customers, we know this is just the start for these channels. We also regularly update eonenergy.com to help even more people contact our specialist Customer Service team.

Helping those who need it most

We have a responsibility to be there for all of our customers - including those who need us most, such as older people and customers who struggle to pay for their energy costs.

Energy efficiency first
We believe we were the first major energy company to meet all the aspects of the Government’s energy efficiency targets. This involved insulating tens of thousands of homes and providing energy efficiency advice to some of the country's most vulnerable households and communities. Through the multi-million-pound Carbon Emissions Reduction Target (CERT) and the Community Energy Savings Programme (CESP), we’ve installed more than 880,000 insulation measures and provided ‘whole-house’ energy efficiency solutions to over 14,000 social and privately owned homes across the UK.

Warm Home Discount
In 2012, we offered financial help to customers who struggle to pay their winter energy bills through the Government’s compulsory Warm Home Discount scheme. During April 2012 to March 2013 we helped around 283,000 of our customers through offering rebates, spending a total of around £37 million. As part of this scheme, our Caring Energy Fund provided energy efficient home appliances to just under 500 low income customers, and we’ve spent around £165,000 helping these customers. Linked to this scheme, we’ve also spent over £200,000 on the co-supplier funded industry initiatives of Energy Best Deal (run by the Citizens Advice Bureau) and the Home Heat Helpline. Both of these services provide free advice to consumers on energy related topics.

Promoting digital inclusion
In April 2012 we became a founding partner of Go ON UK, which aims to make the UK the most digitally capable nation in the world. Over 10 million people in the UK don’t currently have the skills they need, and the charity aims to increase investment in digital skills and build a national programme to help those who aren’t yet online. By partnering with Go ON UK, we want to help our customers deal with their accounts online, access energy efficiency advice and product information so they can better manage their energy use and reduce their bills.

Helping our customers to get the best deal for them is part of our DNA and making sure that customers can access our online services is part of that.”
Tony Cocker, Chief Executive E.ON UK

4,300 customer queries answered through social media channels

Working with Age UK, and funded through the Warm Home Discount, we’ve provided 7,900 checks to ensure those supported by the charity receive all of the income and benefits they are entitled to. As part of this, we’ve also arranged more than 2,300 ‘home energy checks’ through Age UK handyperson services, to help older people on low incomes become more energy efficient.

Getting the best for our customers
Our Caring Energy Team focuses on supporting all our customers on our Age UK and StayWarm tariffs. Last year, our Caring Energy advisors checked that customers were on the best tariff for their needs, helped them claim any benefits they were entitled to and provided free energy efficiency advice.

Credit where it’s due
In 2012 our Vulnerable Credit Management team continued to support those in debt on the phone and with over 2,400 home visits during the year. The team helped identify debt repayment plans for customers struggling to pay their energy bills and identified other agencies which may be able to help.

| Age UK customer who received a ‘home energy check’ through Age UK handyperson services |
| "I am amazed that this service exists and is free of charge. I am so happy that I could trust the person who came to do this work. Thank you, it has made me feel much more comfortable and cosy in my lounge. I am really grateful for your help.” |
| Age UK customer who received a ‘home energy check’ through Age UK handyperson services |
What we’ve done for our business customers in 2012

Small and medium businesses

Being easy to do business with
Following our Reset Review we decided to set up dedicated teams for our more complex and high consuming customers and became the first major energy supplier to put contract end dates on our bills. We’ve also introduced reminder letters to let them know when their contract is coming to an end, and we aim to call them should they go onto out of contract rates at the end of their fixed price term.

Listening to our business customers
Last year we set up a panel to seek feedback on potential initiatives and find out our customers’ views on business energy topics. The panel already has 200 members and we plan to increase membership to 1,000 by the end of 2013.

Setting the bar for energy brokers
Over half of all small and medium businesses use a broker to switch energy supplier. Last year we launched a new Code of Practice for brokers, which sets out the high standards we expect from them when selling to our customers. Since then we have stopped dealing with brokers that don’t comply with our stringent Code of Practice. In addition, our own sales teams work to these same standards, with call recording and coaching taking place across all call centres to ensure we sell in a compliant, transparent way.

Corporate businesses

Back to business
From October 2012 we rolled out our Reset approach across our business, which serves 14,000 corporate business customers as well. Feedback has identified key areas of focus that will help us improve the experience for all of these customers.

Measuring satisfaction
In our first Corporates Net Promoter Score (NPS) survey in 2012, which indicates how likely our corporate customers are to recommend us, we picked up a score of -8. This is a relatively strong score for our sector and puts us second in the industry, but it also shows there is more we can do to improve the service for our corporate customers.

Call coaching
We want our customers to get a consistent and high quality experience every time they give us a call. So we’ve introduced call recording and coaching to ensure our employees are confident and well equipped enough to deal with any situation in a friendly and professional way.

Fairer payment policies
Historically there has been no limit to the time period over which suppliers can back-bill a business. Industry voluntary standards now limit back-billing to three years where the supplier is at fault, but we now limit back-billing to one year and have extended protection to all our customers – not just those defined as micro businesses by our industry regulator. We’ve also introduced prompt payment rewards across all of our products.

Making our prices simple
All of our fixed price contracts mean just that. Our unit rates are fixed for the term of the contract, and include the cost of distribution and Government requirements. We will only pass through a new tax or change in taxation.

Recommend to a family or friend test (Net Promoter Score)1
Small and medium business customers

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<tr>
<td>Score</td>
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<td>-25(v)</td>
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Bill to actual read Small and medium business customers (%)  

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<td>Read</td>
<td>59.0</td>
<td>60.6</td>
<td>53.3(v)</td>
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Getting set for success
We have started to improve the efficiency of our sales and registration processes so that the experience of customers who tender to, and join, E.ON is smooth, professional and completed in a way that causes the customer minimum disruption.

Transparent charging
Trust is the key for building strong relationships. Our transparent charging approach will provide clearer sales quotes and bills for our customers – particularly third party costs – keeping the process clear and simple for our business customers.

Being flexible
We understand that our corporate customers may not want to fix their energy costs upfront, so in 2012 we made system improvements to the way we service our customers on flexible contracts. This means more customers can benefit from the option to purchase energy on a more flexible basis and manage their contract prices to make the most of market conditions and have a smoother ride along the way.

With E.ON it felt more like a partnership. The service was personal, tailored to meet our needs.”

Neil Arlett, Bywaters (Leyton) Limited

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1 This figure represents the Top Down Net Promoter Score and is a rolling average for the last six months of 2012.
2 The assured figure for 2011 was -30. This figure has been restated due to a change in methodology and to show a more representative figure for 2011.
3 E.ON’s score is 10 points above market average, calculated using the same methodology, however this figure is not assured.
As you’ve heard, our vision for the future is to be our customers’ trusted energy partner by acting fairly, making things simple, knowing our stuff, doing what is expected... and more.

However, we’ll only achieve this vision if the people who work for us are engaged and genuinely believe in the direction we’re heading in. We’ve faced some challenges over the last few years, and there will be more in the future too as the energy industry continues to change. But we are aware of – and ready for – these challenges and we believe this will give us the best chance of meeting our long term vision.

Our 2012 employee engagement score was 62%, which is significantly above both the UK and industry average; this is a great start.

However, as part of this survey, our colleagues also told us there are three key areas we need to focus on:

- 85% of colleagues feel their line manager treats individuals fairly
- 77% of colleagues feel their health, safety and wellbeing is a key priority for their line manager
- 89% of colleagues understand the need for change within the company
- 39% of colleagues feel valued and recognised
- 32% of colleagues perceived that we retain the best people
- 58% of colleagues are optimistic about the future of E.ON
A perception that we are losing the best people

Our employee turnover rate is 11%1, or 16.7%1 if you include redundancies and changes to the business. We’re proud of this figure, which is low considering our workforce includes colleagues from engineers to call centre staff.

Our employee turnover increased in 2012 (by 2.5%) due to changes to the business. Yes, this means we’ve lost some experienced people through necessary voluntary redundancy programmes. And as hard as these programmes are, we knew it was the right thing to do. We also believe that, to some degree, employee turnover is healthy for succession and progression. And so, we recognise that we need to invest in our people to build their capacity and their skills. We’re really committed to this, so we’ve been working closely with our colleagues to better understand their concerns and if there are any other actions we need to take.

Making employees feel valued

We are committed to treating all of our colleagues in a fair and consistent way, whilst at the same time recognising the needs of our individual business areas and the different sectors in which they operate.

Each area of the business has a heritage of which they are rightly proud. Trade Unions, employees and company aspirations have determined how and why there are differences across our business areas, for example variations in terms and conditions. It is understandable that when different business areas, in the same country, are owned by the same parent, everyone will look at the differences and want the best of each. This is true for both the company and for colleagues.

Our principle is that we will operate to common minimum standards for how we treat and employ people, but this doesn’t necessarily mean that everything has to be exactly the same across the whole business. To maintain competitiveness, pay and benefits need to reflect the work that individual businesses perform. Over the past year we’ve taken great steps to ensure a more harmonised approach towards terms and conditions for all of our colleagues in our retail business, to ensure a fair approach. As we continue to introduce new policies and procedures in the future, we will strive to ensure that they are consistent across the whole business where possible, so that over time we will achieve convergence and our employees will feel equally valued across all parts of the business.

Preparing for the future, together

We recognise that the energy industry is changing at an unprecedented pace, and we need to continue to adapt to achieve our vision of becoming our customers’ trusted energy partner.

Our goal to deliver a more efficient, effective and agile business means that some of our activities are already, or will be in the future, managed globally rather than directly from the UK. As a result of business and wider energy industry changes, the number, structure and skill sets of our colleagues will continue to change.

As part of this we will provide colleagues with the necessary skills and competencies so that they have the best opportunity to develop and progress both inside and outside of our business. We believe in employability for life, rather than employment for life.

I very much like working for E.ON, however we are currently in a very difficult market. It’s obvious the company has to make some major changes.”

E.ON colleague, as part of the employee opinion survey

1 This figure also covers our UK exploration and production activity for the first time.
What we’ve done for our people in 2012

Engaging our colleagues

We want each and every one of our colleagues to be engaged with what we do as a company.

This will result in a motivated workforce that gives great levels of service to our customers. Over the past year, colleagues have played a key role in helping to shape our business activities and successes. In addition to the initiatives below, our engagement activity in 2012 included Board member blogs, quarterly CEO ‘Big Chat’ calls and face-to-face colleague debates, supported by regular communication through posters, magazines and our intranet. We also organised a series of meetings for all our people managers in our retail business to introduce them to our new strategy and understand what it means for them and their teams.

**Updating the employee survey**

In 2012, following feedback from our colleagues, we changed our employee survey from a quarterly sample survey to a bi-annual full census questionnaire. We also made the survey shorter and included more questions about employee engagement. While 62% of colleagues think we engage well with our workforce, only 39% feel valued and 32% believe we’re retaining the best people. These are areas where we’ll be looking to improve in the future.

Following the survey, all our Board members went through their business area’s results in detail and we’ve further improved the process through a ‘lessons learned’ session with our Insight and Communications teams. We recognise that there will be a lot of change in the business in the coming year, and our goal is to match – or beat – our 62% engagement score in our 2013 survey.

**Getting our colleagues’ views**

In January 2012 we launched MySay, an online panel that gives colleagues the chance to express their views about the way we do business for the benefit of our customers. More than 1,200 colleagues signed up, answering questions on several different topics facing the company. The feedback has been invaluable and we’ve already used it to improve the business for the benefit of our customers and help us move closer towards our goal of becoming our customers’ trusted energy partner. Last year we also included seven questions relating to our Reset Review, and 89% of colleagues said they were aware of, and understood, the initiative.

**Energetic debates**

Last year more than 700 colleagues from all over the business took part in 21 debates at 10 of our sites across the UK. The debates, which covered our business and the energy industry as a whole, gave colleagues the chance to question a panel that included UK Board members, our Reset programme team and a representative from our independent Customer Council.

The colleague debates were a fantastic way to share ideas and the panel have enjoyed talking with colleagues who genuinely care about our customers and our business. We’ve seen a lot of passion in the debates and the ideas they generated will help us become our customers’ trusted energy partner.”

Vijay Tank, Reset Programme Director

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1 This figure includes all Inpats currently working in the UK and Expats currently on international assignments. The figure includes head count as at year end and also covers our UK exploration and production activity for the first time.

2 This figure includes redundancies and colleagues leaving due to changes in the business and also covers our UK exploration and production activity for the first time.
Diversity

We want to provide a diverse and inclusive working environment where colleagues can be themselves at work.

We aim to attract a diverse range of people who want to work in our business and we strive to ensure our colleagues are representative of the communities in which we operate. In 2012 our activity within this area was driven by our colleagues, and what they had told us mattered to them when they responded to our diversity survey.

Diversity is also very much led from the top, with our Board members driving the diversity agenda through sponsorship, role model leadership and personal responsibility. Our HR Director is actively involved with Working Families, a work-life balance charity, our Corporate Affairs Director is a trustee of Working Families, our Sales and Marketing Director sponsors our gender diversity activity, and our Strategy and Regulation Director sponsors our activity around ethnicity.

Looking after carers

In our diversity survey over 1,000 colleagues told us that they’re a carer for someone in their family. As a result, we’ve amended our special leave guidance to provide better support for carers and their managers, established a carers’ network, with clear guidance to support the network and become a member of Carers UK.

Our new leave policy allows carers to take time off when they need to, work extra hours when it’s more convenient for them and bank this time for use when and if their caring responsibilities increase. We also hold focus groups with our carers so that we can better understand their needs and address them in our carers’ policy.

We have also launched a carer’s passport for those colleagues who have caring responsibilities. This passport will travel with them if they move roles so they don’t have to repeat conversations about working arrangements.

Dyslexia support

Our diversity survey identified that a significant proportion of our colleagues have dyslexia, and told us that there was inconsistent support in the workplace. Since then we have worked with the British Dyslexia Association and developed a minimum standard of workplace support, training and line manager guidelines.

Proud sponsors

We sponsored the 2012 Nottinghamshire Pride parade as part of our continued support for the charity. Darren Cornish, Head of Residential Customer Operations at E.ON, led the parade from central Nottingham to the Forest Recreation Ground in July. He said: “At E.ON we’re extremely proud of our LGBT+ network and are committed to investing in the communities in which we live and work. Pride is such a wonderful celebration and we’re delighted to be a part of it for the second year running.” In 2012 we were also proud to have made it onto Stonewall’s list of the UK’s most gay-friendly workplaces.

14% of women in leadership roles in 2012

40% of our UK Board represented by women in 2012

Named on Stonewall’s 2012 list of the UK’s most gay-friendly workplaces

11.3% of employees were from ethnic minorities in 2012, reflecting the communities we operate in

1,000 line managers attended dignity at work workshops

Female employees as a proportion of whole employee base (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>32(v)</td>
<td>36(v)</td>
<td>37(v)</td>
</tr>
</tbody>
</table>

2 The figure covers our UK exploration and production activity for the first time.

Anthony Ainsworth and his team have shown real initiative and taken a very important proactive step towards introducing job-sharing at E.ON. I think it is wonderful that E.ON is finally talking seriously about job-sharing as it is undoubtedly an important tool for keeping good people in the workforce when their situation changes, for whatever reason.”

Alice Delahunty, E.ON colleague

1 Lesbian, Gay, Bisexual and Transgender
Supporting applications
We strongly believe in equal opportunities for everyone, and in 2012 we set up a dedicated phone number for disabled candidates applying for a job online. As well as helping them apply in alternative ways, our resourcing team also talks to disabled candidates about any adjustments or support they may need during the recruitment process. We have an area on our careers website dedicated to diversity and now post job adverts on Diversity and EvenBreak, a job board specifically supporting people with disabilities. We have also introduced diversity measures that our resourcing providers are required to comply with. These activities have led to us being awarded the Two Ticks accreditation in 2012 and maintaining our Clear Assured status for another year.

Responsible management
In response to feedback from our diversity survey, in which some employees said they had felt bullied at work, we rolled out a dignity at work programme to all managers in 2012. To develop the highly interactive training course we listened to feedback from focus groups, colleagues and line managers – all of which told us that colleagues wanted better clarity about the role of line managers and the responsibilities they have. This is a fundamental part of changing our culture and we believe that we can only gain the trust of our customers if our colleagues trust us first.

Being flexible
We want to create a more dynamic culture by promoting flexible ways of working and ensuring we’re always consistent when dealing with flexible work requests. This will increase employee satisfaction and help us attract and retain the best people. Last year we held a flexible working trial in one area of our business. We changed a few things – like giving people more flexibility on the timing and length of their breaks and making it easier to claim time back and swap shifts around.

Developing our people
We’re focused on supporting and developing our colleagues in every part of the business. This will help us attract talent, increase job satisfaction and create a skilled workforce.

Building industry skills
We keep our colleagues up to speed with the changing needs of the industry by providing in-depth training and taking a lead role in developing industry standards and qualifications through activities with the National Skills Academy for Power. Our apprenticeship programme also ensures that new recruits are able to provide high levels of customer service and help operate our Power Plants and deliver new technology, such as smart meters. Since 2011, we’ve taken around 200 new apprentices in areas such as customer service, insulation, energy assessment and engineering.

Engineering Academy
Through the E.ON Engineering Academy we want to shape and develop our engineering leaders of the future. The Academy, which aims to enhance employee skills and competence, offers over 30 courses covering engineering, power stations and apprenticeships. Last year our Engineering Academy helped create a Level 4 Higher Apprenticeship – the first of its kind for the energy industry as part of its role in embedding career paths for our young engineers from craft through to professional engineer.

In 2012, the Engineering Academy was part of the Tomorrow’s Engineers pilot, a programme led by Engineering UK and the Royal Academy of Engineering. By engaging with pupils from every state-funded secondary school in the UK, the pilot aims to raise awareness about engineering, make young people aware of the opportunities available and encourage them to make subject choices that will allow them to follow a career in engineering.

STEM Engagement
In 2012, our E.ON Climate and Renewables division helped Newhaven University Technical College in East Sussex engage with local students on STEM (science, technology, engineering and maths) subjects. The goal is to increase interest in these topics to help create a strong supply of scientists, engineers and technologists in the future.

And in March 2013 we supported the Big Bang fair, a four-day event designed to inspire youngsters to become the scientists and engineers of tomorrow. Arranged by Engineering UK, the fair included a range of shows, stalls and hands-on activities to demonstrate how science and engineering have a positive impact in everyday life.

Attracting the next generation of talent
Last year we launched our biggest ever recruitment drive to help us towards our goal of taking on nearly 50 graduates and undergraduates in 2013. The campaign kicked off with a Career Advisers’ Open Day in September, when we met with representatives from leading UK universities to share our strategy and discuss how their students can help us meet the challenges of the future. We also continue to sponsor the ‘Engineering Undergraduate of the Year’ award, and we selected a shortlist of the top 10 entries and presented our prize to the overall winner in April.

I came into the power industry sector from other industries, and E.ON has a strong people focus and invests heavily in their training and development, providing wide opportunities.”

E.ON colleague

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1 Clear Assured status is given to companies who commit to removing barriers from recruitment policy, process and practice which may exclude disabled people.
Health and safety

We want to ensure that everyone who works for us leaves safe and well at the end of the day without causing harm to the environment. That’s why we’ve embedded health, safety and environment into every aspect of our culture and values.

Making a statement

In July 2012 we introduced the E.ON Safety, Health and Environmental (SHE) statement of intent – a single SHE vision for everyone working for E.ON in the UK. It is designed to encourage colleagues to think about and discuss how we can achieve a zero harm workplace by focusing on three key areas:

• Putting safety first
• Looking out for ourselves and each other
• Taking care of our customers and neighbours and the environment in which we all live and work.

The statement is signed by our senior leaders in the UK on behalf of all colleagues in their business, committing them to work together to deliver these goals.

Driving change

While there can be many hazards in a power station, driving is actually the most dangerous thing that the majority of our colleagues do on a day to day basis. Last year we continued to raise awareness of the dangers of the road, with a particular focus on distracted driving. We held impact awareness sessions to show our employees how dangerous it can be if you’re distracted while driving, and introduced road risk assessment tools to identify and minimise any potential dangers.

In February 2012 we provided a car safety kit, including high visibility jackets, a warning triangle and a first aid kit, for every vehicle operating on company business. In the previous year we reduced road accident rates by 31% following a targeted safe driving campaign. And we’re also implementing stricter rules for our colleagues regarding mobile phone use whilst driving.

Keeping our people active

For a number of years we have held proactive health assessments, including seminars, workshops and state-of-the-art health assessments, under the name Active Energy. Through this programme we have carried out a total of 12,229 lifestyle assessments, and from April this year we will work with a new programme provider to build on this approach and encourage healthy behavioural changes for our colleagues. Last year we implemented ‘Keep the beat’, a targeted campaign to reduce cardiovascular health risk in high risk groups of colleagues, and this has already shown positive results.
Our approach

Let’s rebuild

In our ‘For you’ report, launched in April, we outlined how important it is for us to rebuild the trust of each and every one of our home and business customers. And as part of our retail business strategy, we set out a single, clear vision for the future – to become our customers’ trusted energy partner.

But rebuilding trust is not just about our retail business – trust underpins all our activities in the UK. It’s our job to provide customers with the best service we can, at an affordable price, while securing investment to make energy more environmentally friendly in the future.

This will include encouraging investors to support new infrastructure that will help the Government meet its commitments for a low carbon economy. We will also need to engage and build trust with local communities. This will help us build low carbon forms of generation, such as wind farms and biomass stations, with as little impact as possible.
Trust, time and targets

It all starts with trust – not engineering solutions. Because without the trust of customers, communities and stakeholders, we can’t play our part in delivering a low carbon economy.

The UK Government aims to source 15% of the country’s energy from renewable sources by 2020, and meeting this target will require the support of all our stakeholders. But 2020 isn’t far off, and we know that building your trust will take time.

Moving to a low carbon economy

All change

Our energy system in the UK is transforming. Whether it’s generating energy or distributing it, this will mean change for everyone. But one thing will stay the same. In cities and rural communities, at home and at work, our customers rely on us to supply their energy and use it more efficiently.

Change isn’t new, but it can be unsettling. Especially when on top of all these changes there’s the issue of trust between energy providers and customers. If customers see their energy bills rise without being told why – or where their money goes – it’s no surprise when they lose trust.

Working together

Low carbon industries and projects are starting to take shape across the country – from large-scale schemes to smaller community-based projects and even in single homes. Having the trust of communities is essential when we want to build a wind farm or generate power from biomass, for example. We’ll achieve this by being open and transparent and consulting with communities at every stage.

Renewable energy is as much about low carbon energy in our cities as it is about wind farms in the countryside and the District Heating Schemes we are creating across the country. If we’re going to encourage people to install their own renewable technologies – like solar panels or heat pumps – then we really need to engage with them. For us, this is just as important as building our large renewable energy or gas projects.

And we need people to trust us when we give them advice and help to make their homes more energy efficient. We’re leading the way. We’ve provided energy efficiency advice to some of the country’s most vulnerable communities and we’ve installed more than 880,000 insulation measures across the UK, providing carbon and cost savings for these customers. As part of this we’ve provided ‘whole-house’ energy efficiency solutions to more than 14,000 social and privately owned homes across the UK. Measures included solid wall insulation for hard-to-treat homes, new energy efficient boilers and even solar panels and heat pumps, in many cases helping individual families to cut hundreds of pounds from their fuel bills.

As we move on to the new Energy Company Obligation (ECO) scheme this year, we’ll continue to build partnerships with local authorities. But we’ll also call on the Government to encourage people to understand and make the most of the schemes that are available to help people become more energy efficient. We are also playing a role in supporting the Green Deal – a Government initiative that provides long-term loans to help people purchase energy saving improvements such as insulation and new boilers. The scheme, introduced in February 2013, avoids large upfront costs and allows users to pay back the loan through their electricity bill for a period of up to 25 years.

Encouraging investment and effective policies and planning

By 2020, the Government wants 15% of the UK’s energy to come from renewable sources. This is a big challenge. Predominantly, the UK has relied on fossil fuels to produce its energy. So we’re completely transforming the way we work to meet the renewable challenge. Launching new renewable energy projects can be expensive. We need to develop a renewable energy sector that can increasingly stand on its own two feet without support from customers, and this means driving down the cost of technology over time. It’s also important that we have the right financial support in place to give investors the confidence to build renewable energy projects. And we want the Government to help people understand why moving to a low carbon economy may increase their bills.

We’re committed to a low carbon future, but we know this will only work if it’s done in the right way. That’s why we have welcomed the Government’s Energy Bill, which will provide long term support for low carbon energy. The Government’s Electricity Market Reform initiative focuses on ensuring reliable, low carbon and affordable energy for the future, and we’re helping develop clear, straightforward policies to achieve this. Unexpected changes and a lack of clarity only serve to delay projects and damage relationships with communities. The Government’s sudden change of heart on the solar feed-in tariff, for example, left many projects stranded, and we want people to be confident that this won’t happen again.

The Government has also committed to limiting the planning application process to a year, and it’s important they stay true to this promise.
Keeping the lights on with affordable, low carbon energy

Energy is essential to all of us, but generating and supplying it comes at a cost to the environment. It’s our job to minimise that cost while providing secure, high quality gas and electricity supplies to our customers at affordable prices.

It’s important to generate energy in a range of different ways, as this will help us ensure a secure supply of gas and electricity in the future. Between now and 2030, gas will continue to be a significant part of the UK’s energy mix as it plays an important role in helping us keep the lights on, is relatively cheap and is lower carbon than coal.

Our current generation portfolio (May 2013)

**Fossil fuels**

1 coal-fired power station
In 2012 we sourced our coal from: UK, Colombia, Russia, Venezuela and USA
5 gas sites
11 combined heat and power sites

**Renewables**

19 onshore
4 offshore
Including being a partner in London Array, the world’s largest offshore wind farm, powering around 470,000 UK homes
2 biomass stations
Including one of the UK’s largest dedicated biomass power stations at Lockerbie
Due to open third site in 2014 in Sheffield (Blackburn Meadows)

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**THE MIX OF FUEL USED TO SUPPLY POWER TO ALL OF OUR HOME AND BUSINESS CUSTOMERS**
(1 APRIL 2011–31 MARCH 2012)

**FUEL MIX**
30.2% (coal)
49.0% (gas)
11.0% (renewable)
5.8% (nuclear)
4.0% (other)
What we’ve done for the environment in 2012

Cleaning up our act

We’re making changes to the way we generate power. It’s a big challenge and we’re tackling it head on – updating and reducing the carbon intensity of our fleet so that our existing power stations produce energy in the most environmentally friendly way.

Over the last five years we’ve invested approximately £6.1 billion in large-scale energy projects. We will continue to invest in renewables, smart meters and the infrastructure the UK needs to grow and develop sustainably. That’s something we’re really proud of.

Moving with the times

We believe it’s important to take a leading role by closing our older plants and investing in newer, more efficient facilities for the future. In December 2012, after 33 years of operation, we closed the doors of our oil-fired power station in Grain, Kent. The station had acted as a back up for when energy demand was high, but we hadn’t used it since 2010.

We also closed our Kingsnorth coal-fired power station in March 2013. The station had generated power for 20,000 hours since January 2008 and, according to the EU’s Large Combustion Plant Directive legislation (LCPD), it had come to the end of its life. Kingsnorth’s plant manager, Alan Sanderson, was awarded an MBE in the 2013 New Year’s honours for services to the energy industry. Alan, who joined the plant in 1989, saw the site through to its closure this year.

We’ve converted our Ironbridge coal-fired power station to run on biomass until it closes in 2015. Using wood pellets as fuel is a great alternative to fossil fuels because they are carbon neutral. This means that the carbon released when the pellets are burned is equivalent to the amount absorbed by the plant during its growth.

At our Ratcliffe-on-Soar power station in Nottinghamshire, we’ve retrofitted selective catalytic reduction (SCR) technology to further reduce nitrogen oxide levels – the first company to do this at a coal-fired power station. SCR technology can cut nitrogen oxide emissions by up to 85% and will allow Ratcliffe to comply with more stringent environmental emissions limits that are due to come into force in 2016.

The team has done a fantastic job delivering a modern facility that is vital for balancing the UK daily gas market. We look forward to providing valuable storage services for many years to come.”

Jo Vizor, Managing Director, E.ON Gas Storage UK

1 Offshore wind farms includes London Array in which we have a 30% stake.

Our new Holford gas storage facility became fully functional in February 2012. This site replaces the back up function previously provided by the Grain power station, and will therefore play a vital role in the UK’s energy infrastructure and security of supply.

Moving forward on renewable energy

Onshore wind is one of the most affordable renewable energy technologies available today, and will play a significant role in helping the UK meet its targets for producing renewable energy and reducing carbon emissions. In the UK, we currently have a total operating capacity of 493MW which includes 19 onshore and 41 offshore wind farms, including our most recent onshore wind farm – Tween Bridge in Doncaster. We have also recently completed Rosehall, a 25MW onshore wind farm in the Highlands, and in 2013 we’ll open Camster, a 50MW wind farm in Caithness, Scotland.

We have received planning consent for four new onshore wind farms – Corriemoillie in the Highlands, Winwick in Northamptonshire, Chiplow in Norfolk and Ovenden Moor near Halifax. And we’re engaging with local communities about 13 further potential wind farm sites across the UK.

Offshore wind is an incredibly powerful source of renewable energy generating more energy than onshore sites because offshore winds are faster and stronger. However, as the sea is a hostile environment it’s currently more expensive and challenging to develop and build offshore wind projects. With the help of our partners Masdar and Dong Energy, we’ve finished the first phase of the London Array – the world’s largest offshore wind farm. When it officially opens in July 2013, its 175 turbines will power around 470,000 UK homes.

We have also started construction on our fifth offshore wind farm, the Humber Gateway, which will produce electricity for 170,000 homes when it opens in 2015. And in 2012 we undertook our largest ever consultation programme for the proposed 700MW Rampion wind farm off the coast of Sussex. We have distributed information to 390,000 households and 2,500 stakeholder organisations, and more than 4,500 people have attended our 12 public exhibitions.

Our new combined heat and power plant on the Isle of Grain officially opened at the end of 2012. The hot water from the power station is sent to the neighbouring National Grid Liquefied Natural Gas (LNG) plant, where it is used to heat the gas and turn it into a useable form for customers.

Looking ahead to 2014, we plan to generate power for 40,000 homes in Sheffield by converting recycled wood into electricity. Our new biomass renewable energy plant is being built on the site of an old coal-fired power station at Blackburn Meadows. And new funding for Citigen, our London-based combined heat and power plant, will increase the site’s production efficiency, transforming it from a loss-making asset into a profitable business.

More than £6 billion invested in large-scale energy projects since 2008
Managing our carbon emissions

In 2012 our Scope 1 emissions – all the emissions arising directly from our own sites – increased by about 10%. This was mainly due to commercial reasons. Last year, for example, we increased production at our coal-powered facility in Kingsnorth to use up all of the site’s remaining hours before it stopped generating power in December 2012, and was formally closed in March 2013.

Thanks to a reduction in company vehicles, from 2011 to 2012 our CO₂ emissions from company cars and commercial vehicles fell by over 2,600 tonnes CO₂ (15%). At the same time, due to changes in the business there has been a shift towards using larger vehicles that carry more equipment and require fewer journeys.

Scope 1 Greenhouse Gas emissions (tonnes CO₂e)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon dioxide (CO₂) emissions from generating electricity</td>
<td>21.1m(v)</td>
<td>19.0m(v)</td>
<td>21.2m(v)</td>
</tr>
<tr>
<td>CO₂e emissions from company cars</td>
<td>-</td>
<td>6,123</td>
<td>4,913(v)</td>
</tr>
<tr>
<td>CO₂e emissions from gas consumption in buildings</td>
<td>-</td>
<td>1,292</td>
<td>1,402(v)</td>
</tr>
<tr>
<td>CO₂e emissions from commercial vehicles</td>
<td>-</td>
<td>11,407</td>
<td>9,946(v)</td>
</tr>
<tr>
<td>Carbon dioxide (CO₂) intensity from generating electricity (ktCO₂/TWh)</td>
<td>557(v)</td>
<td>571(v)</td>
<td>631(v)</td>
</tr>
</tbody>
</table>

Our Scope 2 emissions fell again in 2012, from 284k to 277k tonnes CO₂e (2%). There was a more than 90% increase in tonnes CO₂e from electricity consumption in our buildings from 2011 to 2012. This was because our Holford gas storage facility, which requires a lot of electricity to power the caverns for storage, became operational at the end of 2011.

Creating a better place to work

Outside of our generation activity, we continue to take steps to reduce our environmental impact, for example:

- We’ve cut our energy use by installing LED lighting at some of our major offices – creating a brighter and more efficient place to work.
- Our new office in Nottingham is the most energy efficient building the city centre has ever seen, with sustainable technology such as high performance glazing, fresh air ventilation and zero carbon waste heat helping the building secure the BREEAM excellent rating and an ‘A’ standard Energy Performance Certificate.
- The average CO₂ output of our cars in 2012 was 118g/km, and we’ve reduced the CO₂ limit for company cars from 150g/km to 130g/km.

Scope 2 Greenhouse Gas emissions (tonnes CO₂e)

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<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂e emissions from electricity consumption in buildings</td>
<td>-</td>
<td>15,602</td>
<td>29,886(v)</td>
</tr>
<tr>
<td>CO₂e emissions from electricity consumption in power stations</td>
<td>-</td>
<td>268,470</td>
<td>247,014(v)</td>
</tr>
</tbody>
</table>

1 Total emissions from E.ON in the UK generation assets as defined in the Reporting Guidance and are calculated in accordance with the European Commission’s revised Monitoring and Reporting Guidelines. This figure is the verified figure reported as part of the EU Emission Trading System (EU ETS). The CO₂ figure reported in the E.ON Group CR report was an estimate, as the figure was published before the end of the EU ETS verification process.

2 This figure is the verified figure reported as part of the EU Emission Trading System (EU ETS). The CO₂ figure reported in the E.ON Group CR report was an estimate, as the figure was published before the end of the EU ETS verification process.
Getting rid of waste

Our goal is to prevent waste. The first major target is to achieve zero waste to landfill. Along with other improvements to our waste management processes, we have been working to map out our waste streams, identify how we can minimise waste, increase resource efficiency and seek opportunities for closed loop recycling.

Due to an increase in production at our coal fired stations, last year we sold 54.5% more gypsum, a mineral that forms as part of a process to reduce our environmental impact, to our customer British Gypsum. Over the same period, our nitrogen oxide and sulphur dioxide emissions increased by 19.9% and 84.8% respectively. These increases can be explained by higher production at our coal powered facility in Kingsnorth in 2012 to use up the site’s remaining hours. We also burned more coal, using less gas due to the increasing cost of gas.

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<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td>Proportion of Pulverised Fuel Ash (PFA) sold (%)</td>
<td>79</td>
<td>75(v)</td>
<td>68(v)</td>
</tr>
<tr>
<td>Proportion of Furnace Bottom Ash (FBA) sold (%)</td>
<td>98</td>
<td>97(v)</td>
<td>98</td>
</tr>
<tr>
<td>Total weight of gypsum sold (tonnes)</td>
<td>265,061</td>
<td>248,043(v)</td>
<td>383,309(v)</td>
</tr>
</tbody>
</table>

24% decrease in methane emissions from electricity generation in 2012 compared with 2011

82% of non-hazardous waste recovered or recycled in 2012
Saving precious water
Generating power requires a lot of water. We monitor water use at all our sites to the Environment Agency’s MCERTS standard. Where sites don’t meet the standard, we identify concrete actions to improve things.

In 2012, the amount of water we consumed solely for generation increased by 30% (1,751 million m$^3$ of water, up from 907 million m$^3$ in 2011). The main proportion of that water consumption is in fact of sea water (estuary water from the River Medway) from Kingsnorth and Grain, which is used for cooling. The increase in water usage was mainly because we operated our Kingsnorth power station more in 2012 to use up all its remaining hours. Also, as 2012 was the first year Grain power station was in full operation, we used significantly more seawater for cooling.

We’re also taking action to cut water use in our offices – for example within Trinity House, our new building in Nottingham, water saving technologies, including waterless urinals, have been installed to help make the building the ‘greenest’ in the City Centre.

Protecting biodiversity
We’re doing lots to protect biodiversity at our sites around the UK – from planting fruit trees and controlling weeds to creating pools for frogs and toads. Where we disturb the local environment through building work, we do our best to restore the habitat for wildlife. At our Blackburn Meadows biomass plant, for example, we will build a green roof to attract birds.

We hold events for local communities. Our Energy Education Centre at our Ironbridge site is a popular venue and local people have joined us for conservation days, bird and bat walks, butterfly spotting and bumblebee training days. Internal communications such as ‘Springwatch’ help our employees get the latest biodiversity news from across our sites.

Environmental incidents
Our work caused 10 reportable environmental incidents in 2012, up from eight in 2011. None of these caused any major harm to the environment. Two of these were due to our retail business activities – one in London when our drilling in a car park caused silty water to run into a brook, and one when a non-hazardous paint-like substance ran out of a waste contractor’s truck onto the road in Nottinghamshire. We took immediate action to clean up both incidents and neither of them damaged the environment. All of our other eight incidents, relating to electricity generating activity, were classified by the Environment Agency or Scottish Environment Protection Agency as minor or having no potential to have an environmental impact.

As we increase the amount of field work we do, we increase the risk of environmental incidents. We’re looking at ways to reduce the risks, and we issued a new environmental incident procedure in 2012 to improve our management and reporting of incidents.
Our nationally accredited energy saving training is being rolled out to our entire 5,500-strong front line team, giving them the knowledge and confidence they need to help our customers save energy.

"We're committed to getting homes energy fit - reducing energy use and cutting bills - and this is a great example of councils, communities and companies getting together to help people save money and reduce our effect on the planet. By tackling whole communities in such a way we can really start to make a difference and build energy efficiency into our everyday lives."

Jon Kirby, CERT Manager, E.ON UK

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**Helping our customers to reduce their energy usage**

In December 2012, we met all our government-set home insulation and energy efficiency targets. We believe we were the first major UK energy company to do so.

As part of the Government's Carbon Emissions Reduction Target (CERT) and the Community Energy Savings Programme (CESP), we've installed over 880,000 insulation measures and provided whole house energy efficiency solutions to more than 14,000 social and privately owned homes across the UK. As a result, things like solid-wall insulation, energy-efficient boilers, solar panels and heat pumps are helping families reduce their energy consumption and cut their bills by hundreds of pounds a year.

Since the introduction of CESP we've had hundreds of ‘thank yous’ from satisfied customers across the UK. But probably the most memorable was from Patricia Martin Del Burgo, from Northampton, who said that the changes introduced by the CESP team have had a positive effect in her local community. In fact, Patricia was so delighted that she wrote to the Carlsberg Brewery, also based in Northampton, to ask if they could provide a token of her appreciation to the people who carried out the work. The CESP team were then presented with a personalised bottle of beer as a thank you from Patricia and the residents of Spring Borough estate for insulating their homes and completing the work before Christmas.

We've also started working on projects as part of the new Energy Company Obligation (ECO), which aims to improve the energy efficiency of the UK's housing stock. At Camp Hill in Nuneaton, for example, we have installed external wall insulation and draught proofing measures in 44 social housing properties, which will enable tenants to heat their homes more affordably.

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**Working with our suppliers**

We know we'll make a bigger difference by working as a team. That's why helping our suppliers improve their resource use, cut emissions and reduce waste is a top priority.

**Checking non-fuel supplier performance**

It's vital that our suppliers take their environmental responsibilities as seriously as we do. We collect lots of data on how they work to help us spot and tackle issues. It's especially important for our international suppliers, who all behave differently, so we can understand the risks or opportunities that this might introduce and manage these appropriately. All this is part of our plan to make our supply chain more sustainable.

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**Partnering to reduce emissions**

Now is the time for collaboration. With suppliers on board, we can take much bigger steps to improve our environmental performance. In 2012, we ran workshops to help our suppliers reduce their emissions and to help our own team of buyers support them. We're aiming for ongoing communication and support with our suppliers as we work together to reduce emissions.

**Challenging the status quo**

We're constantly striving to push new boundaries. In 2012, we started using Recylaboxes, which are made from 100% recycled cardboard, for deliveries to our sites. We avoided using 5,000 recycled cardboard boxes in three months. We also reduced the carbon footprint of our Smart Energy Displays by 73% by cutting the packaging we used.

By engaging positively with suppliers, we're also recycling and reclaiming oil and transporting fewer chemicals to our site at Connah's Quay. This saves money and cuts carbon emissions.
Working with communities

Our engagement with communities never stops. We believe it is essential to be honest and clear about what we’re doing, why it’s important and how it will impact on people’s lives. Working closely with people living near our wind farms and power stations, and in the cities where we’re very active, is key. We also help communities with local district heating schemes understand how they work and how people can benefit from this type of heating.

Charities

- Worked with National Energy Action to deliver Community Energy Fit in 5 different localities
- Action for Children
- Age UK

In Birmingham, we’re partnering with Age UK and Action for Children to run the Family Warmth scheme, helping more than 100 vulnerable families with practical tips and advice since the project launched in May 2012.

Schools

- School projects across 10 UK cities
- ‘Town of Total Darkness’ tour visited 30 schools, over 3,500 schoolchildren viewed the play

Developers and their customers

- Signed a contract to build, install and maintain the district heating network at Cranbrook, Exeter.
- The project will supply renewable heat and hot water to up to 3,500 homes, and fuel over 1.4 million sq. ft. of office and industrial space at the Skypark

Communities living near our generation sites

- Wind farms
  - Over £60,000 in 2012 given as grants to local communities around our onshore wind farm development sites
- Biomass sites
  - Committed to put in place a community benefits fund worth up to £25,000 a year to support local projects
- Fossil fuel sites
  - £5,300 awarded to local community groups around Connah's Quay station (gas-fired power station)

Local authorities

- CERT/CESP
  - Just over 160,000 households helped with better insulation
- Sustainable cities
  - Partnership with 10 UK cities

1 Community Energy Fit offers energy training and volunteering opportunities.

CERT: Carbon Emissions Reduction Target
CESP: Community Energy Saving Programme
In our back yard

People living near wind farm development sites are, understandably, often concerned about how the wind farms may affect their lives. It’s important we reassure them by providing the information they need to make informed, balanced decisions about proposed wind farms. If changes are being made near their homes, we need to be clear about why they are happening, and what the benefits will be for the community and the environment. This will help to increase people’s understanding of renewable energy, get them on board and dispel the myths about wind farms that cause them greatest concern.

Community engagement is at the heart of what we do. We aim to consult people as early as possible in the planning process. We want to work with communities to get a better dialogue going – so they don’t rally against an idea as soon as a developer starts asking questions about a site. But we realise that everyone is different. Some people won’t want to come along to an event or read a newsletter. We’re looking for new ways to engage with people to understand what is important to them and build trusting relationships.

Helping communities manage their energy use

Communities have told us they want us – as energy experts – to help them understand how they can save energy. We think it’s important they get useful advice on how to stay warm and save money, especially to reduce fuel poverty.

We work closely with charities such as Action for Children, Age UK and National Energy Action to help people get the information they need in a way that works for them. Helping children learn about energy issues when they’re young gives them the knowledge they’ll need to save energy and cut carbon emissions in the future. Interactive learning works well by engaging children on complicated issues in a simple and interesting way. Providing education on energy efficiency also helps schools to meet their own green targets.

Helping communities learn new skills

Finding work in today’s economic climate can be tough. Local people need support and training to develop skills to get jobs. Schemes like E.ON’s Community Energy Fit and Community Energy Assessors teach people about energy efficiency and why it’s important – helping them get qualified, become community volunteers and find work, either with us or another company.

Local heating schemes

Heating accounts for 46% of the UK’s energy use, so finding more efficient ways to heat people’s homes will save a lot of energy. District heating involves taking heat that’s generated in one place and sharing it with local homes, shops and offices. It’s based on technology that produces a substantially reduced amount of carbon emissions and there’s no need for individual boilers in each building. The Government has set a target to make all new homes in the UK zero carbon from 2016 and this type of technology will help to meet this target.

The EU wants 12% of energy to be provided by district heating by 2030, but the UK is lagging behind, at just 2% so far. Historically, fossil fuels have been chosen as the cheaper option in the UK. In Sweden, Denmark and Finland, district heating already meets 50% of their demand. We believe district heating presents opportunities for local councils to meet their renewable energy targets while building new homes for the community. Building district heating schemes could be a big step forward on our journey to a low carbon economy.

Local communities need help to understand the benefits. District heating offers big efficiencies over transporting energy from coal-fired power stations. People can manage their heating via smartphones, and have more flexibility to control their usage. But customers often question the operating and maintenance charge they need to pay, even though the overall cost compares favourably with other heating systems. They need help to understand that the charge covers the cost of keeping the system in good working order, in the same way that they need to pay for maintaining a gas boiler.

So to help create greater understanding, we spread the word about district heating benefits through displays in development sales offices, videos and welcome packs. We’re serious about the future of distributed energy and, in 2012, we set up a new team to build our future distributed energy business at E.ON Group level. We have already set up 18 district heating projects in the UK, which benefit more than 5,000 of our customers.
What we’ve done for communities in 2012

Working in partnership with cities

In 2012, we launched a new partnership project with 10 UK cities to help them become more sustainable. The Community Energy Fit programme involved 780 people and brought us closer to communities by helping people understand the importance of reducing carbon emissions, and how they can be more energy efficient and reduce fuel poverty.

Saving energy in the North
We worked with the Leeds Energy Forum to develop sustainable energy projects across the city. We’re working with Leeds City Council on the RE:FIT project, a scheme that provides funding and advice to help public organisations make energy saving changes to their buildings.

In Liverpool, as part of our Community Energy programme, we’re working to develop a district heating network that will supply low carbon heat and power and create new jobs in the city.

We’re building a biomass power station in Sheffield and we’re working with the local community to look at setting up a heating network. We’ve translated information about the project into two different languages to meet the needs of the local community.

Supporting renewable energy in the Midlands
In August, we installed Birmingham’s largest ever set of solar panels at Asian food company East End Foods. The 612 panels will generate up to 150KW of electricity - enough to run 37 average-sized homes. They will provide 100% of the building’s daytime energy.

We’re training 167 volunteer energy champions’ in Coventry, and we’re taking on 15 unemployed people to be apprentice energy assessors. We’re also helping 406 people living in fuel poverty to get grants and learn how to save energy.

In Milton Keynes, we’ve installed a biomass boiler at the Sir Herbert Leon Academy. The new boiler will reduce the school’s reliance on fossil fuels and save them £10,800 a year. We involved parents and pupils in a Climate Change Day to explain how the new technology works and how they can save energy at home and at school.

In Nottingham, we’re involved in another RE:FIT project. This will save 25% of the energy being used in eight of the city council’s buildings - including the Theatre Royal, tennis centre, four leisure centres and two care homes. And through the Government’s Carbon Emissions Reduction Target (CERT) scheme, we have worked with councils in Lincolnshire to provide free and reduced cost loft and cavity wall insulation to up to 2,000 households. These changes could help households reduce their energy costs by around £400 each year.

In Stoke-on-Trent, we’re working with the North Staffordshire Energy and Environment Group to secure £150,000 of funding for low carbon energy plans.

Cutting carbon emissions in the South
We’re building a new heating network in Cranbrook, Exeter. It will supply sustainable heat and hot water to 3,500 homes and will power more than 1.4 million square feet of office and industrial space at the Skypark business park. The project will reduce carbon emissions by 13,000 tonnes each year and is due to be completed in July 2013.

In London, we’re looking at supplying efficient energy and hot water for the Greenwich Peninsula, which is earmarked for low carbon development and expected to include 10,000 eco homes and 3.5 million square feet of eco offices, shops and restaurants.
Using our energy expertise in local communities

Tackling fuel poverty
Working with communities to save energy helps us gain people’s trust. Our Community Energy Fit programme – run jointly with National Energy Action – is reducing fuel poverty for communities in five locations across England. Our Community Relations teams have brought community members and public sector groups together to make sure the projects succeed.

Helping people get back into work
We’ve given 641 unemployed people the opportunity to attend training on energy efficiency. 93 of them have gone on to become qualified community volunteers. We recruited and trained 75 apprentices through our Community Energy Assessors scheme, with 21 going on to get jobs with us. We’ve also recruited 10 insulation apprentices in the West Midlands and 79 apprentices to our customer services team.

Raising awareness
We’re active in schools too. Our school projects cover 10 UK cities and include our ‘Insulation Challenge’ and the interactive play ‘Town of Total Darkness’. Children in eight cities saw two famous detectives arrive in a Tardis to teach them about the importance of saving energy and protecting the environment. Our partnership with The Scout Association is educating young people on how to save energy at home.

10 UK cities covered by our schools projects

Funding projects that support energy efficiency continues to be a priority. We gave out £40,000 through our Sustainable Energy Fund to eco projects in Birmingham and Nottingham in 2012. The fund aims to support local projects and help more people understand the benefits of renewable energy and energy saving. We’ve also given £25,000 to Aston University as part of a partnership to develop a new Engineering Academy, which gives 14–19 year olds the chance to become the next generation of scientists, engineers and entrepreneurs by studying a bespoke, technology-focused curriculum.

£40,000 donated through our Sustainable Energy Fund in 2012 to eco projects in Birmingham and Nottingham

The support I’ve had from Knowsley Housing Trust and the qualification I achieved through the E.ON Community Energy Fit project helped me gain employment. The qualification looked really impressive on my CV.”

Carl Grant, Community Energy Fit participant

The initial hard work of Community Energy Fit has paved the way to supporting the residents of Knowsley with energy efficiency information, as well as encouraging sustainable volunteering opportunities and the development of employable skills within the green economy. With a legacy fund and strong steering group in place, I’m confident that the impact of Knowsley Community Energy Fit can continue throughout 2013 and beyond.”

Rupert Casey, Head of Environmental Services Knowsley Borough Council

Our support of the Engineering Academy is a further development of our longstanding relationship with Aston University. Through the academy, we’ll help attract, inspire and develop the next generation of engineers and scientists, by offering GCSE and A Level studies alongside our established apprenticeship and degree programmes.”

Martin Carter, Director of Safety, Health and Environment at E.ON and member of the Academy’s Board
Focusing on the most vulnerable

Helping people stay warm
We give practical energy saving advice to help vulnerable people stay warm, and we provide straightforward insulation techniques in people’s homes. In Birmingham, we’re partnering with Age UK and Action for Children to run the Family Warmth scheme. We’ve already helped more than 100 vulnerable families with practical tips and advice since the project launched in May.

Looking out for older people
Many older people suffer from the cold every winter. We want to help them stay warm. We’ve given cold weather alarms to 200 people in Liverpool to monitor the temperature indoors and to help stop them getting ill. Working with Age UK in Nottingham, we’ve set up an emergency fund for older people who need help with emergency winter repairs. We’ve also joined forces with Age UK in Milton Keynes to fund an energy case worker who visits older people to see if they need insulation or home repairs.

Working with communities close to our renewable sites
Engaging with people where we want to develop a wind farm or other energy scheme is critical for gaining their trust and involvement. We communicate with communities in lots of ways – from letters to individual homes to website updates, community newsletters and public exhibitions, meetings and workshops. For our Humber offshore wind farm project, we held a ‘Meet The Buyer’ event to help local businesses understand how they could get involved in the supply chain for the project.

Our community fund supports community projects in the areas around our operational sites and it is the communities who decide how the money is spent for the benefit of their community.

At Rosehall we’ve committed £61,750 a year for the lifetime of the wind farm. In 2012, Kyle of Sutherland Youth Development Group received £24,840 for a new youth centre and Lairg Angling club was given £5,800 towards replacing two of its boats.

At Tween Bridge wind farm we provide £55,000 a year. Grants have included £3,700 for Thorne United football club for sports facilities for young people and £1,112 for Autism Plus, which supports people with autism.

We’ve set up another three funds which are managed by the County Durham Community Foundation for Haswell Moor (£20,600), Butterwick Moor (£37,600) and Great Appleton (£16,400) wind farms.

Provided
200 cold weather alarms

Helped more than
100 vulnerable families

Committed
£61,750
a year to the community at Rosehall for the lifetime of the wind farm

“We are delighted to be working with E.ON which, like many businesses in Cumbria, is committed to helping our community. The Robin Rigg community fund is helping local charities at a time when they need more support than ever.”

Andy Beeforth, Cumbria Community Fund director

“Having solar panels will help us save around 80% on our energy bills, so we’re very grateful for the support of the Robin Rigg community fund. We don’t have a lot of money to run the centre, and before the panels were put up around a third of the money was spent on energy. So having solar panels will make a big difference to our finances.”

Dorren Murray, chair of directors at Northside community centre, Workington
Money and management matters

Everyone who gets an energy bill wants to be certain they’re being charged a fair, honest price. We want that too.

But as energy prices have continued to go up, so has a lot of people’s blood pressure. There have been fingers pointed at energy companies and some serious accusations have been made. Making unfair profits. Keeping customers in the dark on pricing and tariffs.

That’s not the case at E.ON or any other responsible company. But where we’ve fallen short, we’ve held up our hands and taken action, as we’ve shown in other parts of this report. As part of restoring lost trust and improving the relationship with our customers, we need to continue to explain the elements of our customers’ bill as clearly and as honestly as we can.

Show us what you stand for

Charging a fair price is probably the most important thing for our customers, but other things concern them too:

- Is enough money being ploughed back into better service for customers and communities?
- Who’s in charge at the company and what are they doing for customers?

Some of the worries centre on how energy companies, and large businesses in general, manage their affairs. People want to understand how the funds that flow into big companies are being used, and they need to know that there are responsible, competent leaders setting the direction.

In this section we’ve set out some clear answers in an open and honest way – because they’re essential to us realising our vision of being our customers’ trusted energy partner.
Finance and governance performance

Pounds, pence, pricing and profit

On page 6, we’ve broken down an average home customer dual fuel bill in 2012. It shows that 52% of the bill is for the actual energy, Government social and environmental requirements and other essential costs. After those and other costs are accounted for, it left 2.3% in 2012 of profit from the average dual fuel bill.

We reduced and held prices for our home customers in 2012. Electricity was cut by an average 6% in February 2012. And in May 2012 we promised not to raise prices for existing customers before the end of 2012. Only customers who were on a fixed term deal that ended during that time may have seen an increase.

So what’s driving energy prices up, if it’s not E.ON creaming off huge profits? It’s mainly the parts of the energy bill that we don’t control, such as wholesale energy, which has increased significantly in the last year, and the money we have to pay other companies so we can use their wires and pipes. And in the last 12 months, there has also been an increase in the cost of both renewable energy schemes and government energy efficiency obligations.

Paying out and paying back

We’re committed to being a trusted UK business and as part of this we continue to invest huge sums on an annual basis. In 2012 we made payments of £296 million\(^1\) to Government and £487 million\(^2\) in employee costs. We are also:

- One of the largest employers in Nottinghamshire, with over 3,000 colleagues across multiple sites.
- Operators of customer service centres in Nottinghamshire, Bolton, Bedford, Leicestershire, Warwickshire and Yorkshire.
- Owners of power stations in Kent, Greater London, Nottinghamshire and Flintshire.
- Developers of wind farms across the country from Cambridgeshire to Kintyre, including being a partner in the world’s largest offshore wind farm, London Array, off the coast of Kent.
- A market leader in UK combined heat and power (CHP), with 11 sites across the country, including hospital locations.
- Two biomass stations, including one of the UK’s largest dedicated biomass power stations at Lockerbie in Dumfries and Galloway and another in Shropshire.

Investing for tomorrow

In our other businesses in the UK – such as power stations, on and offshore wind farms, gas storage, North Sea exploration and production – we invested over £6 billion in total since 2008. This investment will continue to benefit Britain for years to come, both economically and in terms of keeping the lights on and our homes warm.

£1.3 billion invested in 2012

Who’s in charge and what are they up to?

Good governance is extremely important as it ensures that key decisions across the business are always taken in a considered and transparent way.

Creating a clearer framework

By being clear and simplifying things for ourselves internally, we will be able to provide a better service for our customers and become their trusted energy partner. That’s why in 2013 we established a Governance Framework to support our UK strategy and help us become a more effective and agile business.

Other key bodies: Customer and Country Councils

To help drive our Reset Review, we also established an independent Customer Council to challenge our approach and performance which met for the last time in July 2013. Through the group we examined every aspect of our relationship with our customers, including tariffs and bills, products and customer support. The Council included our Chief Executive Tony Cocker, and was chaired by businessman Allan Leighton.

While our UK Board is responsible for our retail activities in the UK, many other global E.ON business units also operate in this country. Representatives from all of these businesses meet every month as part of our Country Council\(^3\) to ensure alignment across all our activities in the UK.

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1. This figure includes Corporation Tax, Value Added Tax, Climate Change Levy, Wage Tax and National Insurance and Business Rates for the E.ON UK Holding and E.ON Exploration and Production tax groups.
2. Defined as personnel costs contained in operating profit (EBITDA).
3. The Country Council is formed of representatives from the following businesses: Retail, Generation, E.ON Climate and Renewables, E.ON Global Commodities, E.ON IT UK, E.ON New Build and Technology, E.ON Gas Storage and Ruhrgas Exploration and Production.
A summary of our progress in 2012

Here we look back on the good things we have achieved in 2012 – and the challenges we’ve faced – on our journey towards becoming our customers’ trusted energy partner. We’ve also drawn out some of our commitments.

Genuinely helpful people

- 1,200 colleagues contributing to our online MySay panel
- 200 new apprentices

Growing sustainable earnings

- 2.3% profit from supplying our customers’ homes with energy (less than £27 per household)
- £826 million\(^1\) operating profit (EBITDA)

Our retail business goals

Providing great service and simple products at fair prices

- 1st uSwitch.com’s Overall Customer Satisfaction Award and Consumer Moneyfacts’ Energy Provider of the Year 2013
- “5” “5” 94% of complaints resolved by end of the next working day

Helping customers manage their energy use

- 160,000 homes insulated
- 220,000 smart meters already installed in our customers’ homes and businesses

We will train 5,500 colleagues to give effective energy-saving advice in 2013, and through our Energy Company Obligation (ECO) provide expertise and financial support to help make homes more efficient. We will install one million smart meters in our customers’ homes and businesses by the end of 2014 – ahead of Government requirements.

Being agile

- Founding partner of Go ON UK, which aims to make the UK the most digitally capable nation in the world
- 4,300 customer queries answered through social media channels

We will continue to work with Go ON UK and Age UK to help more people get online.

Our other activities in the UK

More than £6 billion invested in large-scale energy projects since 2008

- 10% increase in our Scope 1 Greenhouse Gas emissions (emissions arising directly from our own sites). For example, before closing of one of our coal-fired plants, we used all the remaining operating hours, increasing production and emissions

We will continue to contribute to the E.ON Group carbon dioxide reduction target.

\(^1\) This figure includes Regional Unit UK, E.ON Climate and Renewables, Generation, Gas Storage and Exploration and Production.
## Data summary

### Customers

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Promoter Score (NPS) (Top down) – Home customers</td>
<td>-17</td>
<td>-25(v)</td>
<td>-21(v)</td>
<td></td>
</tr>
<tr>
<td>Net Promoter Score (NPS) (Top down) – Small and medium business customers (6 month rolling)</td>
<td>-39</td>
<td>-29</td>
<td>-25(v)</td>
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<tr>
<td>Net Promoter Score (NPS) (Bottom Up) – Corporates</td>
<td>n/a</td>
<td>n/a</td>
<td>8</td>
<td></td>
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<tr>
<td>Average speed of answer (ASA) (seconds)</td>
<td>-</td>
<td>104</td>
<td>109(v)</td>
<td></td>
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<tr>
<td>First call resolution – contact centres (%)</td>
<td>-</td>
<td>64(v)</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Bill to actual read – Home customers (%)</td>
<td>57.8(v)</td>
<td>60.5</td>
<td>59.9(v)</td>
<td></td>
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<tr>
<td>Bill to actual read – Small and medium business customers (%)</td>
<td>59.0(v)</td>
<td>60.6</td>
<td>53.3(v)</td>
<td></td>
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<tr>
<td>% of bills sent out on time – Home customers</td>
<td>96.70</td>
<td>97.32</td>
<td>96.74</td>
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<tr>
<td>% of bills sent out on time – Small and medium business customers</td>
<td>86.44</td>
<td>94.97</td>
<td>94.58</td>
<td></td>
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<tr>
<td>Total number of customers disconnected for debt (gas and electricity)</td>
<td>n/a</td>
<td>1</td>
<td>197</td>
<td></td>
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<tr>
<td>Average length of disconnection – electricity customers (days)</td>
<td>n/a</td>
<td>-</td>
<td>3</td>
<td></td>
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<tr>
<td>Average length of disconnection – gas customers (days)</td>
<td>n/a</td>
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### Putting things right

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>Number of complaints per 100,000 customers (Home contact centres and field operations)</td>
<td>9,741</td>
<td>11,103</td>
<td>11,946</td>
<td></td>
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<tr>
<td>% complaints resolved before the end of the next working day</td>
<td>-</td>
<td>93</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>% complaints resolved within 8 weeks</td>
<td>-</td>
<td>99</td>
<td>96</td>
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</table>

### Helping customers manage their energy use

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential lifetime carbon saved by our customers through energy efficiency schemes (tonnes CO₂) CERT/CESP</td>
<td>10.2m</td>
<td>5.6m</td>
<td>6.4m</td>
<td></td>
</tr>
<tr>
<td>Number of customers supported through energy efficiency schemes (CERT/CESP)</td>
<td>n/a</td>
<td>-</td>
<td>191,590</td>
<td></td>
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</tbody>
</table>

### Communities

### Helping communities where we operate and our customers who need our help the most

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total spend through Warm Home Discount obligations</td>
<td>-</td>
<td>41.7m</td>
<td>59.3m</td>
<td></td>
</tr>
<tr>
<td>Customers supported through social spend</td>
<td>0.49m</td>
<td>0.28m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer supported through industry initiatives</td>
<td>37,791</td>
<td>55,513</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community investment (£)</td>
<td>10.9m</td>
<td>13.3m</td>
<td>11.1m</td>
<td></td>
</tr>
</tbody>
</table>

### Our people

### Genuinely helpful people

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headcount (number) – this includes all Inputs into the UK and Expats currently on international assignment</td>
<td>16,637</td>
<td>12,173</td>
<td>11,628</td>
<td></td>
</tr>
<tr>
<td>Employee attendance (%)</td>
<td>96.7(v)</td>
<td>96.7(v)</td>
<td>96.0(v)</td>
<td></td>
</tr>
<tr>
<td>Employee turnover (%)</td>
<td>14.6</td>
<td>14.2</td>
<td>16.7(v)</td>
<td></td>
</tr>
</tbody>
</table>

### Health and safety

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost Time Injury Frequency (LTIF)</td>
<td>3.09(v)</td>
<td>2.44(v)</td>
<td>2.87(v)</td>
<td></td>
</tr>
<tr>
<td>Total Recordable Injury Frequency (TRIF)</td>
<td>6.35(v)</td>
<td>5.27(v)</td>
<td>4.95(v)</td>
<td></td>
</tr>
</tbody>
</table>

### Diversity

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic minority employees as a proportion of whole employee base (%)</td>
<td>9.2(v)</td>
<td>11.2</td>
<td>11.3</td>
<td></td>
</tr>
<tr>
<td>Female employees as a proportion of whole employee base (%)</td>
<td>32(v)</td>
<td>36(v)</td>
<td>37(v)</td>
<td></td>
</tr>
<tr>
<td>% of women in leadership roles</td>
<td>14</td>
<td>11</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>
### Environment

#### Managing our own carbon emissions (Scope 1 Greenhouse Gas emissions)

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 GHG emissions (tonnes CO₂e)</td>
<td>○</td>
<td>21.199m(v)</td>
<td>19.267m(v)</td>
<td>21.306m(v)</td>
</tr>
<tr>
<td>Carbon dioxide (CO₂) emissions from generating electricity (tonnes CO₂)</td>
<td>○</td>
<td>21.1m(v)</td>
<td>19.0m(v)</td>
<td>21.2m(v)</td>
</tr>
<tr>
<td>Methane (CH₄) emissions from generating electricity (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>12,414</td>
<td>9,463</td>
</tr>
<tr>
<td>Nitrous oxide (N₂O) emissions from generating electricity (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>71,526</td>
<td>75,000</td>
</tr>
<tr>
<td>CO₂ emissions from burning waste (tonnes CO₂)</td>
<td>●</td>
<td>-</td>
<td>150,818</td>
<td>31,992</td>
</tr>
<tr>
<td>CO₂e emissions from gas consumption in buildings (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>1,292</td>
<td>1,492(v)</td>
</tr>
<tr>
<td>CO₂e emissions from company cars (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>6,123</td>
<td>4,913(v)</td>
</tr>
<tr>
<td>CO₂e emissions from commercial vehicles (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>11,407</td>
<td>9,946(v)</td>
</tr>
<tr>
<td>CO₂e emissions from refrigerant losses (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>572</td>
<td>678</td>
</tr>
<tr>
<td>Carbon dioxide (CO₂) intensity from generating electricity (ktCO₂/TWh)</td>
<td>○</td>
<td>557(v)</td>
<td>571(v)</td>
<td>631(v)</td>
</tr>
</tbody>
</table>

#### Managing our indirect carbon emissions from consumption of purchased electricity, heat or steam (Scope 2 Greenhouse Gas emissions)

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 2 GHG emissions (tonnes CO₂e)</td>
<td>●</td>
<td>317k(v)</td>
<td>284k(v)</td>
<td>277k(v)</td>
</tr>
<tr>
<td>CO₂e emissions from electricity consumption in buildings (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>15,602</td>
<td>29,886(v)</td>
</tr>
<tr>
<td>CO₂e emissions from electricity consumption in power stations (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>268,470</td>
<td>247,014(v)</td>
</tr>
<tr>
<td>Electricity generated by renewable sources (TWh) - Consolidated renewables</td>
<td>●</td>
<td>1.032</td>
<td>1.318</td>
<td>1.457</td>
</tr>
</tbody>
</table>

#### Managing our other indirect carbon emissions (Scope 3 Greenhouse Gas emissions)

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 3 GHG emissions (tonnes CO₂e)</td>
<td>●</td>
<td>47.739m</td>
<td>48.487m</td>
<td>42.912m</td>
</tr>
<tr>
<td>Purchased goods (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>367,983</td>
<td>136,729</td>
</tr>
<tr>
<td>Capital goods (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>285,679</td>
<td>259,402</td>
</tr>
<tr>
<td>Fuel and energy related activities (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>34,464,808</td>
<td>52,271,197</td>
</tr>
<tr>
<td>Upstream transport and distribution (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>2,841</td>
<td>15,636</td>
</tr>
<tr>
<td>Waste generated (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>483,029</td>
<td>2,808(v)</td>
</tr>
<tr>
<td>Business travel in third party transport (tonnes CO₂e)</td>
<td>●</td>
<td>-</td>
<td>4,194</td>
<td>4,199</td>
</tr>
<tr>
<td>Employee commuting (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>14,108</td>
<td>12,431</td>
</tr>
<tr>
<td>Use of sold products (tonnes CO₂e)</td>
<td>○</td>
<td>-</td>
<td>12,864,477</td>
<td>12,996,944</td>
</tr>
</tbody>
</table>

#### Managing resources, pollution and waste

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total weight of Gypsum sold to customer (tonnes)</td>
<td>●</td>
<td>265,061</td>
<td>248,043(v)</td>
<td>383,309(v)</td>
</tr>
<tr>
<td>Proportion of Furnace Bottom Ash (FBA) sold (%)</td>
<td>○</td>
<td>98</td>
<td>97(v)</td>
<td>98(v)</td>
</tr>
<tr>
<td>Proportion of Pulverised Fuel Ash (PFA) sold (%)</td>
<td>●</td>
<td>79</td>
<td>75(v)</td>
<td>68(v)</td>
</tr>
<tr>
<td>Nitrogen oxide (NOx) emissions (kt)</td>
<td>○</td>
<td>27.7(v)</td>
<td>24.1(v)</td>
<td>29.2(v)</td>
</tr>
<tr>
<td>Nitrogen oxide (NOx) intensity (ktNOx/TWh) (Generation only)</td>
<td>○</td>
<td>0.73(v)</td>
<td>0.73(v)</td>
<td>0.87(v)</td>
</tr>
<tr>
<td>Sulphur dioxide (SO₂) emissions (kt)</td>
<td>○</td>
<td>21.5(v)</td>
<td>21.0(v)</td>
<td>38.9(v)</td>
</tr>
<tr>
<td>Sulphur dioxide (SO₂) intensity (ktSO₂/TWh) (Generation only)</td>
<td>○</td>
<td>0.57(v)</td>
<td>0.63(v)</td>
<td>1.16(v)</td>
</tr>
<tr>
<td>Reportable environmental incidents (number)</td>
<td>●</td>
<td>24(v)</td>
<td>8(v)</td>
<td>10(v)</td>
</tr>
<tr>
<td>Water use (cubic metre) (Generation only)</td>
<td>○</td>
<td>139m</td>
<td>907m</td>
<td>1,751m</td>
</tr>
<tr>
<td>Total hazardous waste (kt)</td>
<td>●</td>
<td>8</td>
<td>14</td>
<td>3(v)</td>
</tr>
<tr>
<td>% hazardous waste recovered/recycled (kt)</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>56</td>
</tr>
<tr>
<td>Total non-hazardous waste (kt)</td>
<td>○</td>
<td>161</td>
<td>701</td>
<td>54(v)</td>
</tr>
<tr>
<td>% non-hazardous waste recovered/recycled (kt)</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>82.6</td>
</tr>
<tr>
<td>Non-operational office waste (tonnes)</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>982</td>
</tr>
<tr>
<td>% non-operational office waste recovered/recycled</td>
<td>n/a</td>
<td>-</td>
<td>-</td>
<td>59.0</td>
</tr>
</tbody>
</table>
### KPI Trend 2010 2011 2012

#### Governance

**Acting responsibly**

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of supply chain spend in high risk countries</td>
<td>-</td>
<td>0.01</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>Number of cases reported through our whistle blowing channels</td>
<td>-</td>
<td>20</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Number of breaches of our code of conduct</td>
<td>0</td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>Number of fines for non-compliance</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Finance

**Growing sustainable earnings**

<table>
<thead>
<tr>
<th>KPI</th>
<th>Trend</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (£m)</td>
<td>n/a</td>
<td>500</td>
<td>550</td>
<td>600</td>
</tr>
<tr>
<td>Operating profit (EBITDA) (£m)</td>
<td>n/a</td>
<td>1,414</td>
<td>1,361</td>
<td>1,260</td>
</tr>
<tr>
<td>Investments (£m)</td>
<td>1,977</td>
<td>1,118</td>
<td>1,258</td>
<td></td>
</tr>
<tr>
<td>Payment to Government (£m)</td>
<td>663</td>
<td>461</td>
<td>296</td>
<td></td>
</tr>
<tr>
<td>Payment to employees (£m)</td>
<td>n/a</td>
<td>8.0</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>Customer accounts (m)</td>
<td>n/a</td>
<td>48.3</td>
<td>50.8</td>
<td>49.5</td>
</tr>
<tr>
<td>Electricity sold (billion kWh)</td>
<td>n/a</td>
<td>74.4</td>
<td>60.0</td>
<td>67.6</td>
</tr>
<tr>
<td>Gas sold (billion kWh)</td>
<td>n/a</td>
<td>304</td>
<td>276</td>
<td>28.7</td>
</tr>
<tr>
<td>Electricity generated (billion kWh)</td>
<td>n/a</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 This figure represents the Top Down Net Promoter Score and is a rolling average for the last three months of 2012. To get a top down score customers and non-customers are asked if they would recommend E.ON based on their overall perceptions and any experiences.

2 This figure represents the Top Down Net Promoter Score and is a rolling average for the last six months of 2012. The assured figure for 2011 was -30. This figure has been restated due to a change in methodology and to show a more representative figure for 2011. To get a top down score customers and non-customers are asked if they would recommend E.ON based on their overall perceptions and any experiences.

3 Based on customer feedback following a specific interaction. To get a bottom up score customers are asked if they would recommend E.ON based on a specific experience.

4 The assured figure for 2011 was 17. Thisfigure has been restated due to a change in methodology and to show a more representative figure for 2011.

5 First call resolution was a new KPI that was developed in the first quarter of 2011 to track our performance against customer service. Therefore, this figure covers the period from April to December 2011.

6 The figure represents the month of December only as it was actual was not measured in this way for all of 2011.

7 A change in policy led to the business carrying out more disconnections in 2012.

8 2011 and 2012 calculations include CERT and CESP based on Ofgem methodology. The CERT (5.5m tonnes CO2), CESP (0.143m ‘real’ tonnes CO2) are the two major emissions reductions schemes we are involved in. The figures for 2010 includes CERT only.

9 Carbon Efficiency Reduction Target/Community Energy Savings Programme.

10 This figure covers our Warm Home Discount and social spend for the period from 1 April 2011 to 31 March 2012 as per Ofgem reporting period. This figure is different to what has been reported to Ofgem. This is due to the fact that we made the decision to keep our broader group scheme open for as long as possible in order to help as many of our vulnerable customers as we could, resulting in an overspend on our obligations.

11 This figure covers our Warm Home Discount and social spend for the period from 1 April 2012 to 31 March 2013 as per Ofgem reporting period. This figure is different to what has been reported to Ofgem. This is due to the fact that we made the decision to keep our broader group scheme open for as long as possible in order to help as many of our vulnerable customers as we could, resulting in an overspend on our obligations.

12 These figures include customers supported through our industry initiatives as part of our social obligations and include work with Age UK, our Caring Energy Fund and co-funded initiatives Home Heat helpline and Energy Best Deal.

13 We broadly define community investment in line with the London Benchmarking Group (LBG) model. The figure does not include any employee time or management costs of running our community programmes. The figure does include some of our voluntary social spend for 2010/2011/2012 prior to the introduction of Warm Home Discount.

14 This figure includes all inputs currently working in the UK and Exports currently on international assignments. The figure includes head count as at year end.

15 Includes our UK Exploration and Production business for the first time.

16 Fall in headcount from 2010 mainly due to sale of Central Networks business.

17 This figure includes redundancies and colleagues leaving due to changes in the business.

18 TRIF is calculated using the total number of lost time injuries divided by the number of working hours in a 12 month period x 1,000,000, while LTIF is calculated using the total number of injuries divided by the number of working hours in a 12 month period x 1,000,000.

19 Includes Central Networks which was sold in 2011.

20 The total number of employees includes 12% whose ethnicity is not known and have not been counted as ethnic minorities. In 2010, E.ON took active measures to contact all employees with unknown ethnic background, significantly reducing the percentage of unknown. We did not receive a response from 12% of those employees, who are under no legal requirement to provide the information. E.ON is confident in the accuracy of the figure provided that has been derived from the underlying data system.

21 Total emissions from E.ON in the UK generation assets as defined in the Reporting Guidance and calculated in accordance with the European Commission’s revised Monitoring and Reporting Guidelines. This figure is the verified figure reported as part of the EU Emission Trading System (EU ETS). The CO2 figure reported in the E.ON Group CR report was an estimate, as the figure was published before the end of the EU ETS verification process.

22 This figure is the verified figure reported as part of the EU Emission Trading System (EU ETS). The CO2 figure reported in the E.ON Group CR report was an estimate, as the figure was published before the end of the EU ETS verification process.

23 These data exclude generation from renewable jointly owned plants to remain consistent with the reporting in E.ON UK’s financial statements.

24 Improved measurement and including additional data from our Retail business.

25 This result is also included in the Total non-hazardous waste figure.

26 The high risk countries list is currently defined using external sources e.g. Grand Corruption Watch list and EIRIS Human Rights Countries of Concern: www.unepfi.org/humanrightstoassets/EIRIS_hum_right_countries_of_concern.pdf Location of the supplier is currently based on the registered address of the head office or billing address of that vendor record in SAP Procurement System, unless the procurement category manager has affirmative information that the goods or services procured were delivered in a different country to that of the SAP Vendor record. The scope of procurement spend currently excludes: Climate and Renewables, EON IT, Fuel procurement and any other E.ON in the UK CRU data.

27 During the annual sign-off of compliance with the company’s policies a breach of the code of conduct was identified and this was subsequently rectified. Also during audits and investigations during the year a number of other potential breaches were identified.

28 In November 2012 we said sorry for overcharging 94,000 former customers following price rises and incorrectly imposing exit fees when they decided to leave. We refunded £1.4 million to these customers and donated £0.3 million to the Age UK Engage Fund which provides services to older vulnerable customers.

29 In July 2013 it was announced that an investigation by Ofgem has found an error in reporting and shortcomings in our systems and processes relating to the distribution of free light bulbs in 2010 under the government’s Carbon Emissions Reduction Target (CERT) scheme. As a result Ofgem have imposed a £500,000 penalty on us and agreed that we make extra payments worth £2.5 million to customers eligible for our Warm Home Discount scheme. The findings by Ofgem have no impact on our completion of the CERT scheme.

30 Financial figures include Regional Unit UK, E.ON Climate and Renewables, Generation, Gas Storage and Exploration and Production unless otherwise stated to align with our reporting approach for public information e.g. our press releases. Figures for 2010 and 2011 have been restated to reflect this.

31 This figure includes Corporation Tax, Value Added Tax, Climate Change Levy, Wage Tax and National Insurance and Business Rates for the E.ON UK Holding and E.ON Exploration and Production tax groups.

32 Defined as Personnel Costs contained in Operational Profit (EBITDA).
Our commitments to you – your feedback

Following the launch of For action in February 2013, when we set out a number of commitments across the business, we organised a series of workshops to help us engage with our home and business customers. The aim was to get their views not only on our commitments, but also the key messages we were communicating and the visual approach we were planning to take in subsequent reports. We also posted information about our corporate responsibility activity on our Facebook page, and closely monitored the reaction we got.

Learning from our workshops

Overall our customers liked the new commitments, saying they were positive and easy to understand. But they also told us that we could improve the commitments by making them more specific and more challenging.

“ It feels like you’re passing the buck to the consumer.”
E.ON perceived to pass the responsibility for achieving its commitments around energy saving to customers.

“There should be more of a longer term perspective.”
Customers felt the commitments are too short term.

“The bite sized facts are easier to remember and helped me during a customer call yesterday.”
Colleague feedback

Friends on Facebook?

Commenting on our status
Our post about environmental commitments generated the most comments. These were mainly about how we will continue to supply energy, and the effect this will have on prices. Our commitment on complaints – and particularly our goal of responding to all complaints within 24 hours – also generated quite a bit of debate.

Getting engaged
We received a number of comments asking whether or not our contact centre colleagues will have a good knowledge of the new commitments. To be successful, it’s important that we promote internal engagement around both our commitments and our corporate responsibility approach in general.

Posting an increase
We saw a higher than average number of clicks, comments and likes for our Facebook activity in February. And our posts about the launch of For action reached an average of 1,455 people – more than double that of last year’s report.

We also carried out research with our online customer and colleague panels. We were really pleased to hear that after finding out more about how we are helping our customers and colleagues, more agreed that E.ON is listening to its customers and are more likely to stay with E.ON compared to our report in 2011. We will continue to use your feedback to help us shape our activity and improve our reporting.

<table>
<thead>
<tr>
<th></th>
<th>Customers ‘For you’ 2012 report</th>
<th>Customers 2011 report</th>
<th>Colleagues ‘For you’ 2012 report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of report</td>
<td>47%</td>
<td>31%</td>
<td>67%</td>
</tr>
<tr>
<td>Agree E.ON is listening to its customers</td>
<td>62%</td>
<td>57%</td>
<td>84%</td>
</tr>
<tr>
<td>More likely to stay with E.ON</td>
<td>52%</td>
<td>48%</td>
<td>64%</td>
</tr>
</tbody>
</table>
In February 2013 we set out our commitments for action for the first time, showing how we plan to regain the trust of our customers. The publication of our commitments gives our stakeholders the opportunity to hold us to account, as well as the chance to shape our future sustainability activity. We’ve already made some good progress, and the tables below show what we’ve achieved so far.

### Commitments to you – how we’re doing

<table>
<thead>
<tr>
<th>COMMITMENT</th>
<th>STATUS</th>
<th>UPDATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continually improve to ensure our customers are the most satisfied in the sector</td>
<td>🔄</td>
<td>We have topped several categories - including best value for money and best reward scheme – to be voted first for Overall Customer Satisfaction in the uSwitch.com Customer Satisfaction Awards 2012. We were named the UK’s joint leading major energy supplier in the annual Which? survey of energy companies. We’ve been chosen by Consumer Moneyfacts, one of the UK’s leading consumer organisations, as the Energy Provider of the Year for 2013.</td>
</tr>
<tr>
<td>Work with customers to control their energy use</td>
<td>🔄</td>
<td>So far we have trained over 450 colleagues to deliver effective energy-saving advice to our home customers. We were the first to announce that we had delivered against our CERT1 and CESP2 energy efficiency obligations by introducing energy efficiency measures to more than 1.3 million homes across the UK. We have made an early start to our ECO3 delivery and are currently ahead of our anticipated targets at this stage of the project.</td>
</tr>
<tr>
<td>Install one million smart meters in homes and businesses by the end of 2014</td>
<td>🔄</td>
<td>To date we’ve installed over 200,000 smart meters, benefitting over 120,000 of our home and business customers. We’re ahead of the Government’s requirements, although we have had to overcome technical difficulties with our next generation of smart meters to remain on track.</td>
</tr>
<tr>
<td>Support our vulnerable customers</td>
<td>🔄</td>
<td>The Warm Home Discount scheme for 2013 is now open and we have begun delivering on our ECO3 obligation to support home owners to make their homes more energy efficient. For further information about how to apply for the Warm Home Discount visit <a href="http://www.eonenergy.com/for-your-home/saving-energy/need-little-extra-help/warm-home-discount">www.eonenergy.com/for-your-home/saving-energy/need-little-extra-help/warm-home-discount</a>.</td>
</tr>
<tr>
<td>Deal with complaints quickly and thoroughly</td>
<td>🔄</td>
<td>We have begun a pilot to independently assure our complaint process to ensure we are providing a quality service to our customers. To learn and prevent issues affecting other customers, we have now adopted a more structured way to detect and fix root causes. We have also met with consumer advocacy group Which? to discuss our changing approach to handling and resolving complaints, following a comprehensive internal review. A complaints committee has also been established, which includes four Board members, highlighting our commitment to getting things right for our customers.</td>
</tr>
<tr>
<td>Measure how well we are doing with our business customers</td>
<td>🔄</td>
<td>We have maintained our position amongst competitors in terms of the recommend to a family or friend test (Net Promoter Score). We have also grown our customer panel for our business customers, with over 600 of customers involved, which means we are on target to reach our aim of 1,000 business customers on the panel by the end of 2013.</td>
</tr>
</tbody>
</table>

### Our people

<table>
<thead>
<tr>
<th>COMMITMENT</th>
<th>STATUS</th>
<th>UPDATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keep supporting diversity</td>
<td>🔄</td>
<td>We continue to support our diversity agenda and our main priority is to ensure that everyone can be themselves at work – it makes for a happier and more productive workforce, which in turn gives great service to our customers. The actions we are taking include: Advertising roles as open to flexible working – rather than the default of full time Refreshing our mentoring programme, with additional support for what works for women Working towards the launch of two new colleague networks – a disabled employees and an ethnic minorities network. These groups could make a really positive contribution to our business, can help support our diversity agenda and raise awareness and understanding of any issues and barriers affecting colleagues.</td>
</tr>
<tr>
<td>Continue to engage with our employees</td>
<td>🔄</td>
<td>In April we conducted an employee opinion survey ‘dip check’ with colleagues, which showed an employee engagement score of 65% (62% for 2012). In May we launched ‘Buzz’, our internal peer to peer recognition scheme. ‘Buzz’ was created because our colleagues told us, through our employee opinion survey and MySay panel, that they wanted more recognition and thanks for the great work they do. ‘Buzz’ lets our colleagues thank people for all the excellent work they do to make a difference.</td>
</tr>
</tbody>
</table>

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1. Carbon Emissions Reduction Target.
4. Office of Gas and Electricity Markets which regulates the electricity and gas markets in Great Britain.
Our people

We have committed to keeping our 'Open House' shop in Nottingham open at least until the end of March 2014, and in July opened an ‘Open House’ shop in Leicester too. We are reviewing how to continue to bring energy to our communities.

Environment

As a major UK business, we have a responsibility to maintain high standards in the way we run our business. We've overhauled our learning and development intranet pages to make it much easier and more straightforward for colleagues to find the learning resources that they need. We've structured the site so our people managers and colleagues have their own clear development paths supported with an online catalogue of courses and other learning resources. To support colleagues’ understanding and awareness of learning we've also revised the tools available to help managers develop their teams.

Find out what our colleagues think of E.ON’s new strategy

In February we did some field work with our MySay panel to get colleagues’ first reactions to our strategy – what excites them and what they want to know more about. 84% of respondents knew about the strategy and 77% of respondents believe in the strategy. This level of support for our strategy was also backed up by our employee opinion survey ‘dip check’ in April (77% support our strategy and direction). We will continue to review this throughout the year. The number of colleagues engaged in our MySay panel has increased by 200, to 1,400. Almost three quarters of our people managers have engaged in our ‘Strategy in a box’ programme, designed to support them when talking to their teams about the new strategy.

Committed in 2012 to keep our “Open House” shop in Nottingham open until the end of March 2014.

Continue to contribute to the E.ON Group carbon dioxide reduction target

Our carbon dioxide emissions rose in 2012 by 10%. This was mainly due to economic reasons, for example last year we increased production at our coal powered facility in Kingsnorth to use up all of the site’s remaining hours before it stopped generating power in December 2012, and was formally closed in March 2013. This also meant our nitrogen oxide and sulphur dioxide emissions increased in 2012.

Close another fossil fuel power station which will reduce our emissions

We officially closed our Kingsnorth Power station on 31 March 2013.

Start to use biomass instead of coal

We have started generating at our Ironbridge station using biomass, but it is not yet generating at full capacity. We are currently finishing testing on one of the units, and are on track to complete this by the end of 2013.

Generate clean energy through wind farms

Full capacity has now been reached on the first phase of the world’s largest offshore wind farm, London Array. The 175th and final turbine was commissioned in April and London Array was officially opened by the Prime Minister David Cameron on the 4th of July. In March, Caroline Flint MP, Shadow Secretary of State for Energy and Climate Change, officially opened E.ON’s Tween Bridge onshore wind farm. Located in Thorne, Doncaster, the 22 turbine, 44MW wind farm is capable of providing the electricity needs of around 27,000 homes.

Launch a new renewable energy plant

We remain on track to open our Blackburn Meadows station in 2014 which will provide energy to 40,000 homes.

Finance and governance

Unpack our energy bills

As part of our 2012 results published in March 2013 we showed our customers where their money was spent in 2012 and we will continue to do this as we release more results throughout the year. Ofgem has increased the cap for free light bulbs to £2.5 million extra payments to customers eligible for our Warm Home Discount scheme.

Maintain our high standards

As a major UK business, we have a responsibility to maintain high standards in the way we run our business. On two recent occasions we are sorry that we didn’t do the right thing for our customers. In 2012 we refunded £1.4 million to former customers who we had overcharged, and donated £0.3 million to Age UK’s Engage Fund which provides services for older vulnerable customers. And in July 2013 Ofgem imposed a £0.5 million penalty due to our shortcomings in the distribution of free light bulbs in 2010. Ofgem also agreed that we make £2.5 million extra payments to customers eligible for our Warm Home Discount scheme.

Our people

Commitments summary
Let us know what you think

So, how are we doing? We’d love to hear your feedback – good or bad. So why not join in the discussion on Facebook or Twitter?

You can find out more at:
> eonenergy.com/corporateresponsibility

2012 awards
Here are a selection of awards we picked up in 2012:

- **Institute of Internal Communications National Awards**
  - Best operational communication,
  - Best strategic communication,
  - Best in-house team

- **uSwitch.com**
  - 2012 Winner Overall Customer Satisfaction

- **Simplyhealth**
  - Healthy Workplace Award

- **National Association of Pension Funds**
  - Pension Mark Plus

- **Chartered Institute of Personnel and Development**
  - Corporate Responsibility finalists in conjunction with The Clear Company

- **Business in the Community**
  - Employee Volunteer of the Year, Big Tick Award

- **National Skills Academy Power Awards**
  - Power Graduate of the Year Award

For more information about awards we have received, please visit
> www.eonenergy.com/ourawards