

The end of 2007 marked an important milestone for EDF Energy. Back in 2003 we set ourselves five ambitions, each linked to clear targets to be achieved by 2007. In this report, we describe how we have performed against these ambitions – where they have been met and where further work remains to be done.

Sustainability has been central to this first set of ambitions, as indeed it is in our new cycle of ambitions that will take us from 2008 to 2012. For this reason, we have structured this report round the three fundamental building blocks of sustainability – environmental, economic and social performance. We hope this will make it more straightforward for our stakeholders to follow what we have done and, most importantly, what we are now committing to do. It is right that sustainability, which lies at the heart of our business, is also at the heart of this report.

What sustainability means for EDF Energy

For us, sustainability means doing business in a way that delivers not just economic profitability but environmental performance and social well-being. Only when all three elements are in balance is the business truly sustainable. For EDF Energy, as we invest in the future energy infrastructure, products and services that the UK urgently needs, there can be no more important driver guiding everything we do.

Safety

Sustainability is a priority for us, but safety was uppermost in our minds at the turn of the year and will always remain so. Our performance in 2007 was overshadowed by the deaths of three of our employees whilst doing their jobs for the company. My Executive team and I were devastated by these fatalities, which occurred in spite of all our efforts to ensure that the correct policies and procedures are always in place. These tragic deaths have mobilised the entire company into re-prioritising safe working for our staff, our contractors, our customers and for the

public at large. We believe that all harm is preventable and our objective is clear: to achieve Zero Harm.

Our Climate Commitments

In June 2007 we launched Our Climate Commitments which I believe to be the most significant package of environmental initiatives adopted by any major UK energy company to date. I'm determined to take a lead in combating climate change and have already taken significant steps along the journey. Through investment in a diverse range of generating sources including renewables and new nuclear power, we aim to reduce the carbon intensity of our electricity generation activities by 60% by 2020.

As a member of the newly-formed Energy Technologies Institute, we are pleased to work with other private and public sector organisations and the UK Government to accelerate the development of reliable and cost-effective low-carbon energy technologies.

Our investment in smart metering and electric vehicle recharging bays together with a range of other micro-generation products are recent examples of emerging technologies which will help our customers cut their energy-related carbon footprints in addition to more conventional measures such as loft and cavity wall insulation.

Our financial performance

Our financial performance plays a crucial part in our ability to deliver a sustainable business. Overall, our financial performance in 2007 stood up well against tough conditions including volatile gas and electricity wholesale prices, unseasonable weather and a fiercely competitive market. Our sales totalled £5,744million representing organic growth of 1.2% compared to 2006 and the plan that we put in place at the start of the year ensured that we kept our operating expenditure on track. Profitability, as represented by EBITDA, was £883 million for the year; representing organic growth of 2.1%. This financial stability will be vital over the next five years as we make significant investments in the business, with the full support of our parent company. These investments will enable us to improve our competitiveness, which will in turn drive further profitable growth

Our Social Commitments

We are building on our sustainability performance with the launch in 2008 of Our Social Commitments, a set of pledges focusing on safety, energy affordability, security of supply, employee development and community investment. We believe that, combined with Our Climate Commitments, these represent an ambitious response to all the major challenges facing our industry.

We have many existing strengths to build on in this area. For example, regarding the cost of energy we understand the impact of rising prices on our customers and will do our utmost to remain competitive, and at the same time we will continue to help our most vulnerable customers. We were gratified during 2007 to be recognised by the industry regulator Ofgem – for the second year running – as a company which does its utmost to support vulnerable customers when electricity supplies are lost.

Engaging with our stakeholders

We have taken steps in the last 12 months to increase our stakeholder engagement as part of our commitment to ensuring we have the widest possible interaction with all our stakeholders. We are determined to listen to what our stakeholders have to say and, where necessary, to expand on the commitments we have made to take our stakeholder views into account. This report is a case in point. It is informed by our stakeholders and will be assessed by our stakeholders. Their feedback – your feedback – is welcome, as we raise our game to prepare for the challenges of 2008, the year which heralds the arrival of a new era for the UK as the Government sets out new important legislation on climate change, energy policy and planning.

At EDF Energy, we are determined to play our part in building a low-carbon future for our customers and for Great Britain.



Vincent de Rivaz
Chief Executive