

# Our Journey »

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“ We want to lead the way in tackling the biggest environmental and social issues facing our industry, and it’s only through the encouragement of innovation and ideas that we can do so.

**Robert Sansom** Director of Strategy & Sustainable Development

EDF Energy is working hard to ensure that sustainability is at the very heart of the way we do business. For us, it means running our business in ways that deliver improved environmental, social and financial performance.

Sustainability is about achieving the right balance, and in the energy sector this is particularly important. To tackle challenges such as climate change, long-term energy security and affordable energy for all, there's no doubt that we need to meet environmental, social and economic demands.

In 2006, we launched our Sustainable Future project as a catalyst for the development of sustainable business practices and over the past two years have made significant progress towards our objectives. We've clearly defined our sustainability strategy in Our Climate and Social Commitments – the most ambitious commitments on sustainability made by any UK energy business to date.

Over the past five years we've consistently improved our ratings in the Business in the Community Corporate Responsibility Index, achieving 'Platinum Plus' status to attain a leadership position in our sector.



We understand that sustainability is a journey rather than an end destination. We started the current stage of this journey in 2007 when we launched Our Climate Commitments on World Environment Day and moved further forward in 2008 when we published Our Social Commitments.

Our Climate Commitments focus on climate change and waste. Including targets for our power stations and transport emissions. Our Social Commitments address a number of challenges: energy affordability; security of supply; safety; supply chain; employee engagement; and community investment.

We've worked closely with our key internal and external stakeholders to define our sustainability agenda and ensure that our commitments address material issues. As a result we have established EDF Energy as a respected point of reference on energy policy and sustainability issues. The key groups we consult with include: the EDF Energy Stakeholder Advisory Panel; Forum for the Future; Fuel Poverty Advisory Group; National Energy Action; EDF Group; and our National Works Council. Our dialogue with all of these stakeholders is ongoing.

## 2008 highlights

In line with Our Climate and Social Commitments we made significant progress in 2008 on our journey to become a truly sustainable energy company:

- We launched our programme for greener schools – the Pod, which forms part of the London 2012 education programme 'Get Set', with over 2400 schools registering on the Pod website this year to access practical advice on how to improve their energy efficiency.
- We launched a joint venture company, EDF Energy Renewables, with EDF Energies Nouvelles, which will spearhead our renewables activities in the UK.
- We ran an advertising campaign acknowledging that: 'It's not easy being green' and persuaded over 330,000 people to sign up to the 2012 Carbon Challenge to save energy, save money and help save the environment.
- We donated nearly £2.5 million to the EDF Energy Trust to help customers struggling with serious household debt – exceeding the pledge in Our Social Commitments to donate at least £1.5 million annually.
- We were recognised by industry regulator Ofgem and received £350k in their discretionary reward scheme for our CSR activities.

## Looking ahead

In March 2009 we announced our two new national charity partners: Global Action Plan and the MS Society. We will work with both to encourage our employees and customers to help tackle sustainability challenges and help us meet our commitments through a wide range of volunteering and fundraising activities.



We have set stretching targets in Our Climate and Social Commitments, reaching to 2012 and beyond; but many of our customers expect more from us today. If we want to be recognised as the leading sustainability energy company we need to address their present concerns about security of supply, energy affordability and other pressing issues.

## Helping vulnerable customers

We are committed to helping all of our customers, especially fuel-poor customers and we were the first energy company to introduce a special tariff for the most vulnerable of our customers. We were also one of the first energy suppliers to establish an independent trust fund to help customers in debt and to align electricity prepayment prices to those of our standard credit tariffs. With the launch of Our Social Commitments in 2008 we've pledged to do even more for those most in need.

## Energy supply

We believe that our customers want suppliers to make it easier to buy low impact products – and as a responsible company we've introduced products and services that can help customers save energy, save money and reduce their carbon footprint. We reward customers who reduce their consumption through our 'Read. Reduce. Reward' scheme and encourage them to improve energy efficiency by signing up to the 2012 Carbon Challenge. At the start of 2009 we also launched Eco 20:20, a product providing discounted energy in the evenings and at weekends.

We're investing around £300 million in domestic energy efficiency measures over the next three years, in line with the first phase of the UK government's Carbon Emissions Reduction Target programme. We cover everything from energy saving light bulbs and loft or wall insulation to the use of heat pumps and communal heating systems.

## Generation

If we don't take action, within 10 years the UK will have insufficient power sources to meet electricity demand. To bridge this 'energy generation gap' while maintaining affordable prices and reducing carbon emissions we believe that substantial investment in new generation capacity is needed, with renewables, clean coal, gas and nuclear energy all playing an important part.

In 2008 we started building work on a new 1.3 GW gas-fired power station at West Burton, which will supply enough energy for around 1.5 million homes. We also launched a new joint venture company EDF Energy Renewables and early in 2009 acquired a nuclear energy generation capacity through the acquisition of British Energy.

## Networks

As the need for more decentralised energy technologies increases our networks will face new challenges. We will need to be flexible in our approach and will certainly need to recruit more engineers to bridge the skills gap that our industry faces. The recruitment section within this report outlines how we are addressing these challenges. We will also need to invest to maintain reliable supply and to develop the networks of the future.

How can we meet escalating global demand for secure, affordable energy? What can we do to tackle climate change? The global community must find cost effective, lasting solutions to these challenges. In the UK, we can make a difference by replacing our ageing energy infrastructure with technologies capable of delivering affordable, secure, low carbon energy.

Our industry faces significant challenges. We must bridge the energy gap in UK generation within 10 years while also meeting the European Union's (EU) renewable energy targets. The UK government has set its vision for the future of energy supply, emphasising its support for a stronger EU Emissions Trading Scheme after 2012 and for the construction of a new generation of nuclear power station. It is now taking action to ensure that new nuclear power stations can be built in the UK.

In 2008, the UK government finalised its Climate Change Act, committing the country to binding targets for carbon emissions reductions: 26-32% by 2020 and 80% by 2050, compared to 1990 levels. It also proposed planning reform to reduce delays in major projects, specifically those related to energy generation. The EU also published ambitious climate change targets, committing to cut carbon emissions, improve energy efficiency and increase renewable energy levels.

## Combined Cycle Gas Turbine generation

We reviewed our future energy generation requirements as early as 2005, taking into account our sustainability aspirations. Consequently, we committed to build a new Combined Cycle Gas Turbine generation (CCGT) power station, which will come into service by 2011. We may invest in a second CCGT station of similar size to enter service at a later date. The CCGT station at West Burton received Government consent in October 2007. It will comprise three 437MW units with a combined capacity of 1.3 GW.

## Renewables

Our joint venture company, EDF Energy Renewables, currently owns or has consent to build wind farms with an expected capacity of 218MW and with other projects currently in development we plan to increase our renewable power generation capacity to 1,000MW.

## Nuclear power

The UK government is committed to developing new nuclear generation capacity and has concluded that the electricity industry should be allowed to build and operate new stations, subject to normal planning and regulatory requirements.

We aspire to build and operate four new EPR nuclear plants in the UK, deploying the same technology that is being used at an EPR station in Northern France in order to maximise standardisation of design, construction and operation. Together with AREVA, we've submitted an application to the relevant UK authorities for certification of an EPR plant model in the UK and also ordered critical components required to build two EPR plants. Our first station is planned to enter service in 2017.

EDF Development Company Ltd, a wholly owned subsidiary of EDF International established during 2008 has acquired land on which it intends to build new nuclear stations, alongside existing nuclear facilities at Hinkley Point and at Wylfa. Following our purchase of British Energy, we also have access to eight further sites on which new stations could also be built. British Energy's four priority sites are in the south of England at Sizewell, Hinkley Point, Dungeness and Bradwell and data is already being collected in order to carry out environmental impact assessments at each location. Transmission connection and construction agreements with the National Grid for approximately 10.8GW gross capacity from 2016 at these sites are also in place.

The construction of new nuclear power stations at all EDF Energy and British Energy sites remains subject to the government's Strategic Siting Assessment and the granting of appropriate planning authorisations.

## Our Approach to Sustainability

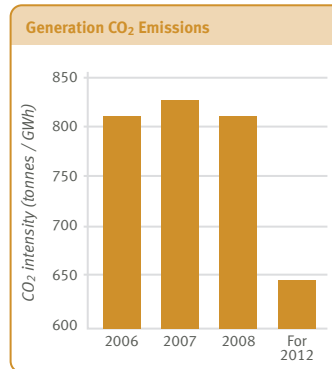
Our sustainability activities very much support the Precautionary Approach that emerged from the 1992 Rio Declaration (Principle 15). Where there are threats of serious or irreversible damage, lack of full scientific certainty shall be not used as a reason for postponing cost-effective measures to prevent environmental degradation.

We believe we have been applying the Precautionary Approach through our Climate Commitments. This has involved significant investments in eco-efficiency programmes for our generation plants and buildings and the development of our low carbon generation portfolio. We also have invested in full compliance of ISO 14001 across some areas of our business, which serves to identify and mitigate against environmental degradation and environmental risks.

## 1. We will reduce the intensity of CO2 emissions from our electricity generation production by 60% by 2020

The progress on CO2 reductions is in line with our plans. The key milestone in delivering our target is the development of new assets (1300MW CCGT plant at West Burton), but especially renewable, with currently installed capacity of 62MW wind farms, and nuclear, where the £12bn purchase of British Energy will provide the platform for new nuclear capacity.

In the interim we're also progressing in improving our fleet efficiency, and continue to invest in CHP generation.

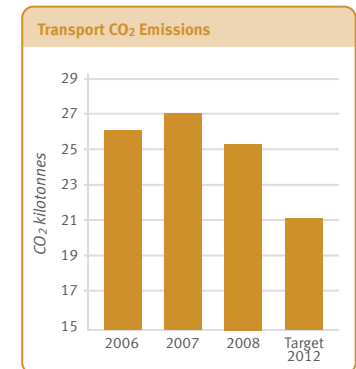


## 3. We will take action to cut CO2 emissions from our transport by 20% by 2012

In 2008 we have implemented local initiatives to encourage staff to drive less, more responsibly, and make use of more fuel-efficient vehicles across our fleet. There are also voluntary staff commitments to reduce personal mileage by 10%.

So far, the success manifests in reduced total mileage driven (down 8%), and reduced fuel consumption (down 4%). Total CO2 emissions decreased, after a 2007 increase, by 2.8%. A company-wide change initiative will help close the gap to our 2012 target, and we are confident in making further substantial progress.

**Savings:** between 2006 and 2008 EDF Energy has saved £900,000 from reduction in fuel and mileage.

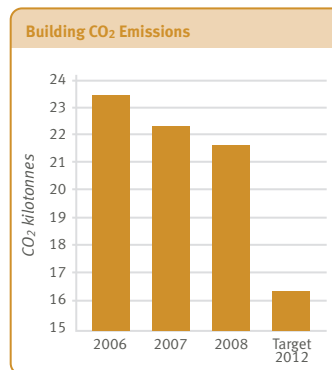


## 2. We will take action to cut CO2 emissions from our offices and depots by 30% by 2012

The initiatives under our 'Energy Mandate' project will deliver a 75% saving towards the overall target, e.g. through improving building infrastructures and insulation. We are investigating further potential to achieve the challenging target we have set ourselves.

In addition the expansion of our building portfolio, as well as essential but energyconsuming IT equipment, may put the 2012 target at risk.

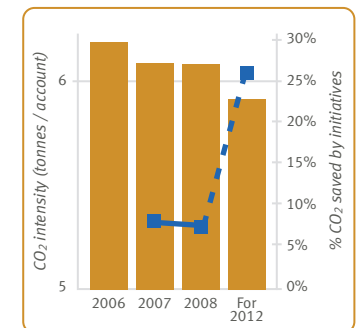
Current success in cutting emissions so far resulted in a £k263 financial saving for the Company.



## 4. We will reduce the proportion of CO2 arising from our customers' energy consumption by 15% by 2020

Progress to reduce our customers' emissions to the planned levels is in its early stages. The main area of concern is reducing the CO2 per customer via consumption reduction against ongoing strategy plans to target high consumption customers ultimately using low carbon energy. We launched the 2012 Carbon Challenge to help start consumer action. In a survey, 66% of major business customers who contacted us about their energy efficiency needs agreed we helped them to reduce their carbon footprint. The initiatives are all ongoing, with products as RRR, and CERT still being our primary achiever.

**Investment in 2008:** EDF Energy's CERT contributions amounted to almost £90m.



## 5. 100% employee involvement by 2012

In 2008 good progress was seen in our three core activities ('One Planet Ambassadors', 'Helping Hands' community engagement, and employee sign-up to our 'Carbon Challenge' campaign).

We are still working to find intelligent solutions to problems like accurate measurement, and the avoidance of double-counting of involved staff.

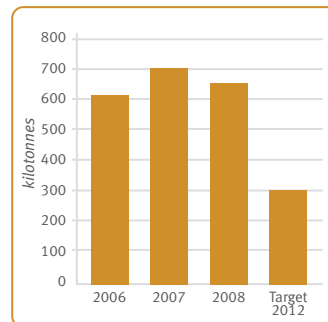


## 6. We will reduce the volume of materials from generation activities sent to landfill by 50% by 2012

Due to increased generation needs and commissioning problems with our new STI plant more ash than forecast was sent to our landfill site. Demand for ash from the cement industry is slowing due to the economic climate. We must investigate in more actions to reduce our landfilling.

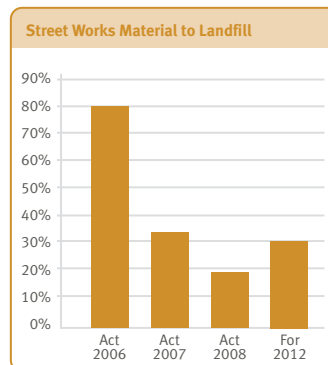
**Investment to date:** £6.2m

**Future Investments:** £2.2m



## 7. We will reduce our street works landfill waste by 30% by the end of 2007 and eliminate it completely by 2020

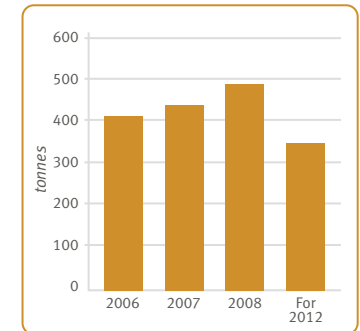
Notwithstanding the excellent recycling and re-use success over the last few months, where we intensified collaboration with recycling industry and local councils, we are applying a cautious trajectory path to 2012 (and beyond), to cater for identified influences outside our control, especially future limitations to re-using excavated materials.



## 8. We will reduce the volumes of waste we produce in our energy billing activities by 30% by 2020

Billing waste volume will dramatically reduce once EDF Energy's new CRM system goes live, leading to improved online billing facilities for our customers by 2012.

**Investment in 2008:** EDF Energy's CERT contributions amounted to almost £90m.

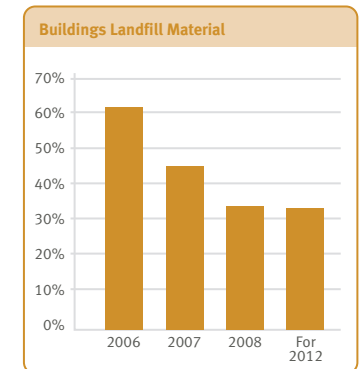


## 9. By 2020 we will send no office and depot waste to landfill

We will also increase the recycling rate to beyond the national average (minimum 65% by 2012).

We have managed to reduce our landfill rate from our buildings to below the national average, 4 years ahead of plan. We therefore plan to aim for more challenging targets in the years to come.

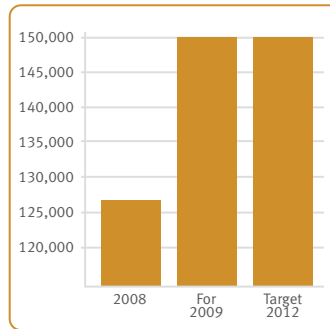
On the other hand the absolute waste volumes have increased, and may potentially increase further due to large investment projects from DPCR5, so we must increase our efforts to reduce waste.



## 1. We will commit to keeping our prices competitive and will provide enduring support for our most vulnerable supply customers until 2012

The customer numbers on our Social Tariff have continued to grow rapidly. A new Social Tariff will be introduced in 2009 that complies with the OFGEM definition and will enable us to work with DWP on data sharing to assist an even greater number of customers. EDF Energy has also continued to make £m1.6 in awards through the Trust Fund, exceeding our planned spend.

**Investment to date:** £9.2m

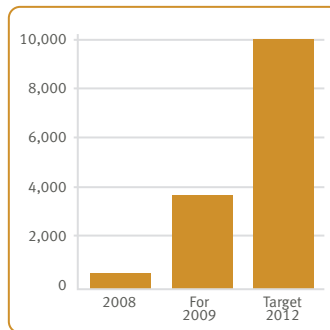


## 2. We will lead the industry in protecting vulnerable customers from the adverse effects of power cuts

The vulnerable customers of our networks operations receive different means of support in the event of a power failure. Our target for 2008 was not achieved, but we aim to make this shortfall up during 2009.

To lead the industry means, to assess our emergency / social involvement and financial investments against other industry participants, and be on top.

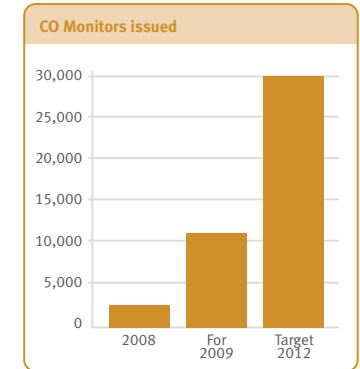
Looking ahead into 2009 we will work to improve our priority services register, and we will team up with the other DNOs to create industry wide, more efficient and effective data bases and exchange.



## 3. We will extend our health and safety activity to support children, community groups and our customers

The company has a responsibility to ensure the public remains safe and understands the dangers inherent in electricity production, distribution and use. We strive to prevent anyone being hurt by our electricity network, we educate school children about the use and dangers of electricity, and we help reduce the number of incidents of carbon monoxide poisoning from faulty gas appliances in homes.

The CO detectors issued in 2008 are the first step towards our goal, and we will massively increase handing out detectors in 2009, planning to invest £135,000.



## 4. We will work with all our suppliers to ensure they meet the ten principles of the Global Compact to guarantee an ethical supply chain

We want to ensure that our supply chain is “ethical”. By this, we mean we want our suppliers and contractors to work towards the same high levels of human rights, labour standards and environmental management that we aspire to. As part of EDF Group we are a signatory to the UN Global Compact, and we are committed to promoting responsible business practice within our sphere of influence, so we have begun with an internal improvement project to re-assess our suppliers, and to revise our contracts. Any new supplier for EDF Energy will have to be GC compliant.

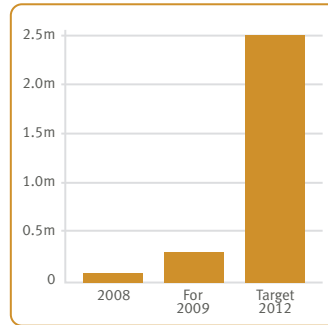
## 5. By 2012, 2.5 million young people in the UK will have participated in our Sustainable Schools Programme, learning about the sustainable use of energy

We want to increase understanding of sustainability, climate change and the efficient use of energy among young people across the country.

The Programme for Greener Schools (called 'the Pod') aims to engage with 2.5million school children by 2012, registering 11,000 schools. The Pod is designed to make real, practical and measurable change to Energy, Waste, Water and Carbon within schools, homes and communities.

After its promising start in September we have reached our 2008 target and are confident to expand our activities as planned.

**Planned total project costs:** £2.3m



## 6. By 2012, we will have attained gold standard from independent experts for our approach to diversity and inclusion

We will also have increased opportunities for our employees to develop and improve a range of skills including basic life skills.

As an inclusive company, we want to capture the value that difference brings. 'Gold standard' stands for overall top performance in fields of inclusion, diversity and non-discrimination, and we want external stakeholders to recognise EDF Energy as an inclusive organisation.

EDF Energy's Diversity & Inclusion Action Group is now established within the organisation with representatives from the main business areas. Throughout 2009 an action will be developed and rolled out over the 4 years to come.

Our efforts to promote internal personal development didn't meet the target, so renewed efforts are necessary to better communicate this opportunity to all staff.

