

2.5 SUSTAINABILITY

There is no alternative to sustainable business development, especially for power utilities such as RWE. Our business model has been designed for the long term. When we invest in power plants and networks, our plans cover decades. We depend on public acceptance to ensure that these projects are successful. Listening to the issues and expectations of the public and, wherever possible, aligning our goals with their views is a core element of our business model.

Ten fields of action oriented towards sustainability. Our corporate responsibility (CR) strategy focuses on ten fields of action, including such topics as climate protection, energy efficiency, security of supply and demographic change (see below). These areas contain the major challenges to managing a company reliably and with a long-term orientation. We set up a comprehensive CR management system in order to implement our strategy. The departments of the Group companies executing our CR strategy are responsible for these activities. Co-ordination is handled by corporate headquarters. We intend to make CR a fixture in all business processes. As illustrated by the following commentary, we made good progress towards this goal. More detailed information is provided in our sustainability report, which will be released in April 2010. The publication is called "Our Responsibility. Report 2009" and can be accessed online at www.rwe.com/responsibility. This internet page contains further information on our goals and measures in the field of sustainability.

(1) Climate protection. By investing billions of euros in modernising our power plant portfolio and expanding our renewable energy base, we are making an important contribution to conserving natural resources and protecting the climate. We aim to substantially reduce the CO₂ intensity of our power plant portfolio. By taking physical and financial measures, we aim to reduce our CO₂ exposure to that of the average competitor in our markets by no later than 2020. We assume that the emission factor in the markets in which we are active will generally be 0.45 metric tons of CO₂ per MWh of electricity generated by 2020. Last year, RWE emitted 0.80 metric tons per MWh.

(2) Energy efficiency. We associate goals such as climate protection and resource conservation not only with the production of energy, but also with its use. Efficiency is crucial here as well. We have pooled the work we do to help our customers save energy in RWE Effizienz GmbH, which was established on July 1, 2009. These activities range from LPG for cars (Liquefied Petroleum Gas) and smart meters to the "house of the future." Furthermore, the company set up a German internet portal at www.energiewelt.de, which includes a number of pointers and informs readers of subsidy programmes and manufacturer offerings. Another of RWE Effizienz GmbH's mainstays is the promotion of electric vehicles. Even today, with the current energy mix, electric cars are already more gentle on the climate than cars powered by conventional internal combustion engines. They enable travel using completely CO₂-free energy. In September of 2008, we launched a joint-venture project to promote electric vehicles in co-operation with Daimler. We plan to put 100 electric Smart cars on the roads of Berlin, with RWE setting up the necessary infrastructure. We are rolling out similar projects in other major German cities and in Warsaw, Poland. In order to build a nationwide network of public

and private charging stations, we joined forces with the German automobile assistance club ADAC, car park operator APCOA, car rental company SIXT and Siemens. By the end of 2009, we had already commissioned over 100 charging stations in Germany. We also aim to reduce the emissions of our own vehicle fleet. Our plan is to lower its CO₂ emissions by 20% by 2012. To this end, we introduced a "Green Company Car Policy" in 2009, for which we received the environmental "Green Fleet Award."

(3) Security of supply. Our customers rely on the energy they need being available around the clock now and in the future. An important lever for improving security of supply is the increase of cross-border transmission capacity. We have already reported on the Nabucco gas pipeline project that we participate in (see page 52). Furthermore, we plan to build a new German/Dutch high-voltage connection in co-operation with TenneT TSO. The interconnector is to increase transmission capacity between the two countries from 3,800 MW at present to a maximum of 5,800 MW. Last year, we completed our preparations for the approval procedure.

(4) Pricing. More and more, public debate deals with energy costs. Our customers expect us to have fair prices and are increasingly willing to switch providers. By offering innovative products tailored to the needs of homes and commercial operations, we succeeded in 2009 in defending our position in the market, despite an increase in competition. Our "ProKlima" product is very popular, guaranteeing a fixed tariff over three years. Residential customers are thus given planning security and flexibility as they can cancel the agreement on an annual basis. What also sets ProKlima apart is that all the electricity sold through it is generated by hydroelectric and nuclear power plants and is therefore nearly CO₂-free. By the end of 2009, more than 400,000 customers had already opted for this product.

(5) Social responsibility. As we are an energy utility, we have strong links with the communities at our sites, some of which have been in existence for many years. It is therefore a matter of course for us to champion social issues around our sites. For example, RWE is a main sponsor of the "European Capital of Culture RUHR.2010." At the beginning of 2009, the RWE Foundation began work, which pools our charitable activities and, among other things, continues the work done by the former RWE Youth Foundation. It is endowed with a capital stock of €56 million and mainly promotes the education, culture, and social integration of young people. Through our "RWE Companius" initiative, we support the strong effort put in by RWE employees for social causes. Since 2009, RWE Companius has been set up throughout the Group. Last year, we spent €2.3 million to promote 2,289 projects.

(6) Demographic development. In most of the European markets in which RWE is active, low birth rates are causing the population's average age to rise. This poses a variety of challenges for companies such as RWE. Given the Group's current age structure, the number of employees leaving the company due to attrition can be expected to rise considerably after 2015. For us, this translates into a loss of both knowledge and experience. In addition, the number of suitable up-and-coming staff will decline steadily: Recruitment has already become much more competitive than it was several years ago. With this in mind, we develop programmes to systematically identify future personnel needs. The results form the basis for planning staff deployment according to our needs and ensuring the continued availability of qualified employees. We already take advantage of many ways to win young talent for RWE and create a working environment that meets their expectations. This includes striking a healthy work-life balance. The fact that a rising number of RWE companies receive certification from the German "berufundfamilie" ("workandfamily") audit proves that we are charting the right course in this respect. In the last few years, the audit has become a recognised seal of high-quality family-conscious personnel policy, under the patronage of the German family and economics ministries.

(7) Supply chain. Safeguarding human rights, humane working conditions and the fight against corruption may be a matter of course for us, but does the same hold true for our suppliers? Our sense of responsibility is not limited to the confines of our plant premises. By implementing a supply chain management system, we want to ensure that our business relationships with external partners adhere to our groupwide code of conduct. According to the code, we are forbidden from maintaining business relationships with suppliers who are publicly known to infringe the fundamental ethical principles set forth by the UN "Global Compact" initiative. We use groupwide database systems to manage our suppliers within the scope of standard purchasing. We have been systematically reviewing the procurement of fuel, especially hard coal, since 2007. The risk that suppliers may neglect fundamental environmental and social standards is usually much lower in the procurement of plants and complex components, because they almost exclusively come from OECD member states.

(8) Innovation. We can only achieve our goals in the fields of climate protection, energy efficiency and security of supply if we have access to cutting-edge technology. This is why research and development (R&D) is so important to us. Last year, our R&D costs amounted to €110 million. The chapter called "Innovation" on pages 92 et seqq. provides detailed information on our activities in this field.

(9) Occupational health and safety. We also aim to accomplish a lot in this area: Our aim is to reduce the number of work-related lost time incidents to 3.0 for every million work hours by 2012. In 2009, the accident rate was 4.3, recording a drop for the eighth year in a row. We have reported on our targets and measures for improving occupational safety and health on page 132.

(10) Environmental protection. Environmentally friendly behaviour is a fundamental precondition for achieving public acceptance and for obtaining operating permits for our plants and networks. In 2009, once again, RWE companies did not commit any material regulatory violations. In addition, we earmarked substantial funds for environmental protection. More than half of this was spent on climate protection. These funds were primarily used to modernise our power plants and expand our renewable electricity generation base. A substantial share of our environmental expenditure was dedicated to clean air and above all the operation of flue gas desulphurisation units. Action we take to protect nature and conserve landscapes mainly encompass the recultivation of lignite mining sites.

Environmental expenditure € million	Cost		Capital expenditure		Total	
	2009	2008	2009	2008	2009	2008
Clean air	242	265	103	88	345	353
Nature and landscape protection	75	79	12	15	87	94
Water protection	105	192	22	15	127	207
Waste disposal	172	168	-	8	172	176
Noise abatement	5	12	5	2	10	14
Brownfield sites, soil contamination	5	5	1	-	6	5
Climate protection	162	98	1,320	1,168	1,482	1,266
Total	766	819	1,463	1,296	2,229	2,115

RWE again qualifies for two acclaimed sustainability indices. Last year, RWE received two major awards in the field of sustainable business management and climate protection. We were included in the "Carbon Disclosure Leadership Index" for the third time, having been included in 2006 and 2008. This honour is in recognition of our comprehensive reporting on our CO₂ emissions and climate-protection strategy. The index is put together by the "Carbon Disclosure Project" (CDP) investor group. Furthermore, RWE was included in the Dow Jones Sustainability Index (DJSI) for a further year. We are the only German utility to have been included in the DJSI without interruption since its inception in 1999. The Dow Jones Sustainability indices are established and published by SAM in co-operation with Dow Jones Indexes and STOXX Limited. They are widely recognised as the world's prime index group for corporate performance in the field of sustainability.

Sustainability indicators. Any strategy is only as good as its implementation, and this is evidenced by figures. The following is an overview of performance indicators, the development of which we ascribe significant importance. They are divided into categories, i.e. environment, society and corporate governance. The selection of indicators is in line with the recommendations of the Society of Investment Professionals in Germany (DVFA).

Field	Performance indicator		2009	2008	2007
Environment	RWE power plant portfolio¹				
	NO _x emissions ²	g/kWh	0.67	0.67	0.76
	SO ₂ emissions ²	g/kWh	0.32	0.39	0.57
	Particulate emissions ²	g/kWh	0.023	0.028	0.034
	Ash ²	thousand mt	5,637	6,406	6,687
	Gypsum ²	thousand mt	1,322	1,533	1,671
	Primary energy consumption	billion kWh	358.8	396.0	411.7
	Water consumption ^{2,3}	m ³ /MWh	1.74	1.49	1.69
	Scope 1 CO ₂ emissions ⁴	million mt	133.7	145.0	152.5
	Specific CO ₂ emissions	mt/MWh	0.795	0.749	0.861
	Total power plant portfolio⁵				
	Scope 1 CO ₂ emissions ⁴	million mt	149.1	172.1	187.1
	Specific CO ₂ emissions	mt/MWh	0.796	0.768	0.866
	Scope 3 CO ₂ emissions ⁶	million mt	138.5	135.4	134.9
	Capital expenditure of the renewables division	€ million	733	1,102	- ⁷
	Share of the Group's electricity generation accounted for by renewables	%	3.5 ⁸	2.4	2.4
	Society	Employees ⁹		70,726	65,908
Share of women in the company		%	26.1	25.6	25.2
Share of women in executive positions ¹⁰		%	9.0	8.9	8.9
Fluctuation rate		%	8.7	8.8	9.1
Training days per employee (Germany)			4.8	4.6	4.2
Health ratio		%	95.4	95.4	95.6
Lost-time incident frequency		LTIF ¹¹	4.3	5.3	6.1
Fatal work-related accidents ¹²			5	12	9
Corporate governance	Share of the RWE Group's revenue earned in countries with a high or very high risk of corruption ¹³	%	12.7	12.9	11.8
	R&D costs	€ million	110	105	74

1 Power plants under RWE ownership.

2 Figures for 2009 exclude the Netherlands/Belgium and Hungary.

3 Difference between power plant water withdrawals and returns to rivers and other surface waters; excluding power plants with sea water cooling.

4 Scope 1: direct emissions from in-house sources.

5 Including power stations not under RWE ownership, but that we can deploy at our discretion on the basis of long-term agreements.

6 Scope 3: CO₂ emissions of electricity purchases (net) and of gas sales.

7 RWE Innogy was established in February 2008.

8 Electricity generation based on wind (2.2 TWh), hydro (3.4 TWh) and biomass (0.9 TWh).

9 Converted to full-time positions.

10 Figures for 2009 exclude Essent.

11 Sum of all accidents for every million hours worked. Excluding employees of third-party companies.

12 Including employees of third-party companies.

13 Countries rated lower than six on a scale of zero to ten in the Corruption Perceptions Index by the anti-corruption organisation Transparency International, with ten corresponding to the lowest risk of corruption.