



## OUR RESPONSIBILITY.

Status 2008



# Foreword.



Dear Readers,

Trust and responsibility are two sides of the same coin. Whether our customers, employees and society at large trust us and accept what we do depends on how seriously we take our corporate responsibility (CR). At the same time, CR helps us to tackle the complex challenges facing us and to make our business fit for the future. We have long regarded CR as a positive factor and have therefore worked steadily to make it an integral part of all our business processes. Our CR strategy defines ten areas for action which far from being independent of each other are in fact closely interrelated – climate protection, energy efficiency and security of supply, for example. And it is here – rather than in risk or reputational management – that the constructive and forward-thinking potential of CR has most purchase. We develop Group-wide objectives and targets which are then integrated in our business operations.

The objectives for 2008 defined in our last report, "Our Responsibility. Report 2007", have since been put into practice as described in what follows. This report also constitutes a Communication on Progress for the purposes of the UN Global Compact, which we signed up to in 2003.

So what have we achieved this past year? The founding of RWE Innogy GmbH has enabled us to forge ahead with numerous projects and to greatly broaden the scope of our commitment to renewable energy

sources. Another key milestone in our climate protection strategy was the selection of a site for the world's first industrial-scale power plant with CO<sub>2</sub> capture and storage (CCS). Meanwhile, participation in RWE Companius, a now Group-wide initiative of the sales regions which supports employees who do voluntary work in their spare time has been gratifyingly high. So where do we go from here? RWE is undergoing a radical transformation which will take time to accomplish. After all, the new technologies we need cannot be pulled out of a hat, but require years of development work. We are doing everything we can to speed up this process, but are still dependent on our stakeholders' confidence and feedback. We therefore look forward to receiving your comments and suggestions as well as any constructive criticism you may have ([responsibility@rwe.com](mailto:responsibility@rwe.com)). Knowing that RWE can develop only hand in hand with the society in which it operates, we are determined to be a solid and trustworthy partner.

A handwritten signature in blue ink, appearing to read "alwin fitting".

Alwin Fitting  
Labour Director and Board member  
responsible for Corporate Responsibility

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## Our goal: More growth with lower carbon emissions.

Based in Essen, Germany, RWE AG is a leading European energy supplier with 65,908 employees which supplies 14.4 million customers with electricity and another 6.2 million with gas. RWE owns power plants with a combined capacity of 36,524 megawatts (MW) as well as transportation networks for both gas and electricity.

### **Our corporate structure**

Renewables and internal efficiency

The Essen-based RWE Innogy GmbH is crucial to our drive to make greater use of renewables. This subsidiary which commenced operations on 1 February 2008 will invest more than € 1 billion a year in renewable energy sources and has already initiated several projects (see p. 10). RWE Supply & Trading – the 1 April 2008 merger of RWE Trading and RWE Gas Midstream – brings together the Group's coal and gas procurement activities. Our service subsidiary RWE Service GmbH was established in November 2008 and takes care of all our internal services from purchasing to our fleet of vehicles.

### **Our future business**

More efficient power plants, lower carbon emissions

State-of-the-art power plants give off much less CO<sub>2</sub> than older plants. In 2006, therefore, we initiated the largest investment programme in our history, for which funds totalling € 6.5 billion p.a. have been set aside. In addition to the new plants under construction in Germany – two highly efficient lignite-fired units in Neurath (BOA 2&3), one hard-coal power plant in Hamm and one gas-fired power plant in Lingen – we are also building two new gas-fired plants in Staythorpe and Pembroke in the UK. All these power plants are designed for the highest efficiency currently possible.

Innovation leader in CO<sub>2</sub> avoidance

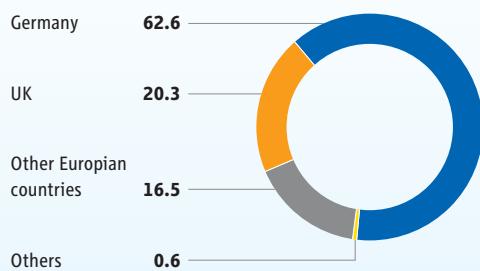
Innovative technology is poised to make coal fit for the future. In pursuit of this goal, RWE has set up a Coal Innovation Centre (see p. 9), which in the course of the next few years will invest € 90 million in R&D for reducing and converting CO<sub>2</sub>.

Greater security of supply for gas

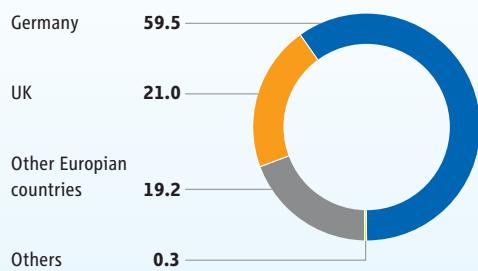
The year 2008 saw significant progress towards a more diversified gas procurement portfolio. Not only did we join the consortium building the Nabucco gas pipeline, but we also bought into the American company Excelerate Energy. Gas from the gas fields of the Caspian and the Middle East is due to start flowing through the Nabucco pipeline to Europe

**Turnover by region 2008**

in percent (€ 48.950 billion)

**Employees by region 2008**

in percent (65,908 employees)



in 2014. Once it is working to full capacity, the new pipeline should be able to transport up to 30 billion cubic metres of natural gas every year, the equivalent of nearly one third of Germany's total annual needs. As a specialist in the transportation of LNG (Liquified Natural Gas) and a pioneer in its regasification on board ship, Excelerate Energy will give us a foothold on the global LNG market.

Our Polish subsidiary recently renamed RWE Polska now supplies customers throughout Poland. While Wola (Poland) has been selected as the site of an ultra-modern 800 MW hard coal power plant, Central Europe has been named as one of the target regions of our drive to step up the use of renewables.

One important element of our growth strategy is the agreement reached in early 2009 with Essent NV, a utility based in Arnhem, Netherlands, which sets out the terms of the binding cash offer we are making to its shareholders. With 2.6 million customers and a turnover of € 9 billion in 2008, Essent is the Netherlands' leading electricity supplier. Its trading activities are to be integrated in those of RWE Supply & Trading.

As one of the first companies to do its own energy trading, RWE is now a leader in this field. RWE Supply & Trading trades in electricity, gas, coal, oil, biomass and emissions certificates. Thanks to our trading activities on important exchanges such as the EEX (European Energy Exchange) in Leipzig, we help maintain the market liquidity that is so essential to efficient and fair pricing.

The settlement of the European Union's antitrust action initiated in April 2007 requires us to sell our German gas transportation network to an independent third party within the next two years. What is not for sale is our electricity transmission grid, which we intend to continue operating, naturally in full compliance with the EU's requirements regarding the unbundling of generation and transportation.

**Our business development**

RWE increased turnover by 15.2 percent to € 48.95 billion in fiscal 2008. Net earnings fell by 4.1 percent to € 2,558 million during the same period. RWE Power and RWE Energy were crucial for growth.

RWE sold more than 63 million shares in American Water – 39.5 percent of the company's total equity – in April/May 2008. The sale has so far generated revenues of USD 1.3 billion for RWE.

Organic growth in Central Europe

Growth in the Netherlands

Driver of free and transparent energy markets

Sale of the gas transportation network

Earnings targets met

American Water IPO



More on the Internet:  
Essent: [www.essent.eu](http://www.essent.eu)

## Status report: Strategy and Management.

RWE has anchored Corporate Responsibility (CR) in its business processes under the responsibility of Alwin Fitting, Human Resources Director of RWE AG.

Our goal: to be a driver of sustainable development

Implementation by CR programme

Environmental protection and CR now a boardroom concern

RWE in the Carbon Leadership Index

Leading position in DJSI

Sustainability funds

The key task is to integrate CR in all our business processes in a way that translates into quantifiable benefits for the whole Group. Our 2007 report contained a detailed description of the CR strategy with which we intend to achieve this. Based on ten areas for action (see p. 5), this strategy aims to make us a driver of sustainable development.

How we intend to translate our goals into concrete action is explained in our CR programme (see p. 6). This process gained in dynamism in 2008 and led to visible results in the various areas for action, as outlined below.

As part of the reorganisation of the Group, Environmental Protection/CR was added to the remit of our CR Director Alwin Fitting in early 2008. Anchoring the existing reporting procedures in our organisational structures will enhance the effectiveness of CR management.

### Transparency and sustainability

In September 2008, RWE was included in the Carbon Leadership Index of the Carbon Disclosure Project (CDP) for the second time since 2006, providing independent confirmation of the transparency of our climate protection reporting. Sixty-nine of the world's largest 500 corporations are listed in this index.

The year 2008 saw us once again listed on the Dow Jones Sustainability Index (DJSI), which has included us since it was founded in 1999. The DJSI lists only companies which are global leaders in sustainability management within their own industries. Inclusion in the index rests on performance ratings in the areas of business, environment and community.

Thanks to our sustainability strategy and the transparency of our reporting, we ranked among the top ten investments of two different sustainability funds at the end of 2008.



RWE board member Alwin Fitting (right) and Klaus Milke of Germanwatch were among the pioneers of the first RWE Dialogue Forum in November 2006. The two men met for another exchange of views on 28 January 2008, when the key issues were stakeholder dialogue and climate protection.

### CR areas for action

Area for action	The challenge	The objectives
Climate protection	As Europe's largest CO <sub>2</sub> emitter, RWE has a duty to be at the forefront of efforts to protect the climate.	We will exploit to the full every economically feasible opportunity of reducing greenhouse gas emissions within our sphere of influence.
Energy efficiency	Reducing energy use contributes to both climate protection and security of supply, as well as cutting costs.	We will promote the efficient use of energy both among our customers and within the Group itself.
Security of supply	It is the responsibility of RWE to provide its industrial, commercial and domestic customers with the energy they need, when and where they need it.	We will ensure both access to primary fuels from diverse sources and an uninterrupted supply of energy for the long-term future.
Pricing	Public debate about energy prices is impacting the political framework governing our markets.	We will demonstrate that we have established a fair and transparent pricing structure and will enable our customers to exert more influence over their energy consumption rates and energy costs.
Community engagement	The RWE Group is subject to public criticism, which is increasingly having an influence on our customers' decisions, the regulatory environment and official licensing procedures.	We will build on those regional-level relations and activities that are of local benefit and so reinforce the credibility of our values.
Demographic change	The ageing and shrinking of the European population is reflected in the RWE workforce as well.	We will support the health and well-being of our employees, help them to remain productive and recruit a more diverse workforce.
Supply chain	RWE is responsible for ensuring its partners' compliance with certain minimum social and environmental standards.	We will ensure that all our suppliers and service providers work according to internationally recognised standards.
Technology	For RWE, technological innovations are crucial to greater climate and environmental protection, security of supply and profitability.	We will endeavour to play the role of technology leader both in our core businesses and in other energy-related fields.
Occupational health and safety	For RWE, maintaining the health and safety of its employees is an indispensable aspect of responsible corporate governance.	We will support the health and safety of both our own and our subcontractors' employees.
Environmental protection	As a business that has a major impact on the environment, RWE can ensure its long-term operations only by engaging in proactive environmental protection.	We will minimise the environmental impact of our operations and will continue to play a pioneering role in nature and landscape conservation.

### CR programme 2015

Our CR programme is organised according to the ten areas for action defined in our CR strategy. While the objectives have not changed since the 2007 report, the column headed "Implementation status" has been updated to reflect the progress made.

Areas for action	Due	Implementation status
<b>Climate protection</b>		
CO <sub>2</sub> emissions to be reduced by 15 million tonnes a year thanks to new, highly efficient power plants.	2015	Construction of new plants with a combined capacity of 8,155 MW commenced, 4,525 MW of them gas-based.
CO <sub>2</sub> emissions to be reduced by 2 million tonnes a year thanks to the first climate-friendly coal-fired power plant with CO <sub>2</sub> sequestration.	2014/15	2008 saw Hürth near Cologne, Germany, selected as the site of this new plant and lignite as the fuel.
CO <sub>2</sub> emissions to be reduced by 15 million tonnes a year thanks to a renewable energy portfolio and CHP that will be expanded by 4.5 Gigawatt (GW) by 2012, and 10 GW by 2020.	2012 2015 respectively	Significant increase in the use of renewables in 2008: acquisition of 150 MW wind power as well as another 1,295 MW either under construction or approved and more than 1,700 MW in planning, plus 3 biomass cogen plants with 113 MW <sub>e</sub> under construction or in planning.
RWE Group's CO <sub>2</sub> risk to be reduced by the procurement of emissions allowances in the order of 20 million tonnes a year from JI/CDM projects.	2012	By the beginning of 2009, we had contractually guaranteed emissions certificates for some 60 million tonnes of CO <sub>2</sub> equivalents.
<b>Energy efficiency</b>		
To raise awareness of potential energy savings among customers and the public at large, to point out appropriate measures, and work towards the relevant behavioural changes.	2010	Energy efficiency initiative launched in 2007.
To provide a wide range of products and services aimed at encouraging customers to use energy more sparingly.	2010	Promotion of heat pumps, energy conservation advice for all customer groups plus, in the UK, the various programmes belonging to the Energy Efficiency Commitment.
To develop and deploy innovative technologies with which to support the efficient use of energy.	2010	Large-scale project involving 100,000 smart meters in Mülheim, Germany, launched in 2008.
Energy consumption by the Group's own administrative buildings and fleet of vehicles to be reduced.	2010	Energy consumption now being measured and energy management guidelines drafted, Green Car Policy introduced.
<b>Security of supply</b>		
To diversify primary energy sources, improve access to import infrastructure and secure own raw materials base.	2015	Exploration and drilling of natural gas to be expanded, involvement in the "Nabucco" pipeline project, acquired share in Excelerate Energy permission for opencast mines being expedited.
To contribute to the functioning of the energy markets by providing transparent leadership and expanding trading activities.	2010	Internet transparency platform for market players created.
To maintain a high level of power plant, grid and storage availability.	continuous	Grid expansion initiated, technical safety management for the grids introduced.
<b>Pricing</b>		
To create transparency and credibility.	2010	Near-real-time data on generation and availability now published on the Internet.
To increase customer satisfaction with target-group-specific products.	2010	Indexing of electricity prices on the metal exchange, auctioning off of stakes in power generation, fixed-price tariff, discount brand eprimo introduced.
<b>Community engagement</b>		
To allow those regions in which we operate to share in our added value.	continuous	RWE trains more young people than the Group itself needs, cooperative agreements with schools and universities.
To support regions in a spirit of partnership going beyond our core business in order to foster strong and durable ties.	2010	Corporate volunteering and community involvement programmes introduced right across the board.

Areas for action	Due	Implementation status
<b>Demographic developments</b>		
To retain and develop employees' capacity for performance.	continuous	Analysis of demographic developments within the Group and skills management system being introduced.
To increase diversity in order to make full use of our employees' and management potential.	continuous	Implementation of "berufundfamilie" (career and family) audit, mentoring programme for women in senior positions introduced.
To promote our attractiveness as an employer.	continuous	Regular employee surveys and follow-up programmes established
<b>Supply chain</b>		
To minimise the reputational risks arising from the procurement of fuels.	2010	Rating of first-time suppliers' social and environmental standards introduced.
To minimise the legal and reputational risks arising from contracting out to, or hiring, external subcontractors.	2010	Occupational safety rules introduced, additional directives in preparation.
To minimise the reputational risks arising from standard procurement and the procurement of components.	2010	Relevant procurement volume from critical regions approximately 5 percent, supplementary procurement guidelines in preparation.
<b>Technology</b>		
To work continuously on improving the efficiency of our power plants and other plants in order to reduce costs and emissions.	continuous	Trials of a system for predrying lignite to commence in 2008, trials of high-temperature materials for higher steam temperatures already in progress.
To develop a process for CO <sub>2</sub> capture and storage for conventional coal-fired power plants.	2020	Investigation of methods of CO <sub>2</sub> capture already commenced, REAplus for improvement of flue-gas scrubbing launched, exploration of suitable CO <sub>2</sub> storage sites commenced.
To guarantee suitable processes for evaluating new technologies and the optimum use of the same.	2010	Extension of technology management to all aspects of relevance initiated, stepped up joint R&D projects with universities and other companies, investments in young technology firms in preparation.
<b>Occupational health and safety management</b>		
To uphold our focus on prevention, reduce accident rates – especially fatal accidents among our own and/or subcontractors' employees.	continuous	Ongoing development of occupational safety management to ILO guidelines (2007), involvement of subcontractors in occupational safety management.
To promote a culture of health and safety-consciousness with the aim of becoming best in class.	continuous	Occupational safety forum with numerous experts set up, programme for all senior employees with external consultants.
To promote awareness of health issues when defining jobs and to motivate employees to adopt healthier forms of behaviour.	continuous	Group-wide organisation of occupational health management introduced, preventive measures, advice on social issues and jobs suitable for the disabled already introduced.
<b>Environmental protection</b>		
To maintain and develop an environmental management system in line with the best practice in each industrial sector.	continuous	Comprehensive environmental management introduced, external certification extended.
To lower air-borne emissions and the pollution of waters and the soil to such an extent that the relevant environmental standards are complied with.	continuous	Planned start of operation of all three flue-gas desulphurisation units at the Aberthaw (UK) power plant.
To avoid waste and/or recycle as much as possible.	continuous	92 percent of ash and 99.9 percent of gypsum recycled in 2008.
To preserve biodiversity when planning, building, operating and recultivating.	continuous	Pioneer in recultivation, Environmental Impact Assessment (EIA) firmly established in all infrastructure projects.
To preserve the environmental, social and economic function of the waters used.	continuous	Continuous monitoring and improvements in water quality in place, no serious contamination in 2007/2008.

## Status report: Energy and Climate.

Climate protection, energy efficiency, security of supply, technology and environmental protection are among the key areas for action of our CR strategy.

Our goal: to slash our carbon emissions by more than 30 percent by 2015

The major influencing factor in our climate protection strategy is our generation portfolio; this is dominated by lignite and hard-coal, which together account for 50.7 percent of the total (or 55.3 percent including contracted plants). Coal has come in for fierce criticism recently on the grounds that as a high-carbon energy source, it is incompatible with climate protection. Yet we cannot close our eyes to the fact that the efficient and environment-friendly use of coal to generate electricity is set to remain a mainstay of our energy supply for many years to come. To make coal more acceptable in the long term, we intend to make it as climate-compatible as possible and by 2015 to slash our carbon emissions by more than 30 percent compared with 2008. We will do this by modernising our power plants, developing and implementing clean coal technology, participating in CDM projects, increasing our use of renewables and continuing our use of nuclear power.

### **Fossil-fired power plant renewal**

Nearly 15 gigawatts in planning or under construction

Improving the efficiency of our fossil-fired power plants will make a key contribution to climate protection. What this means in practice is that we will be able to lower the amount of coal needed per unit of electricity and so reduce our carbon emissions at the same time. By 2013, we will have invested some € 10 billion in the building of new plants and retrofitting of existing ones. Our oldest lignite plants with an efficiency of little more than 30 percent are to be replaced by the more efficient lignite-fired units currently under construction in Neurath in Germany, which have an efficiency of more than 43 percent. We are also forging ahead with plans for a dry-lignite power plant with an efficiency of more than 47 percent. Combined cycle gas turbine power plants are currently being built in Lingen, Germany, and in Staythorpe and Pembroke, UK, while a fourth plant being built in Hamm, Germany, will be fired by hard-coal with an efficiency of 46 percent. There are plans to build a comparable hard-coal power plant in Eemshaven in the Netherlands.



The Albbrück-Dogern hydroelectric plant near Waldshut on the Upper Rhine is being enlarged. RWE is investing € 70 million in this project, four million of which are going to environmental projects. The Dogern peninsula, which provides a habitat for a native species of beaver, is to be turned into an island to give the animals that live there better protection.

### Advances in clean coal technology

Another step towards making coal-fired power plants more climate-friendly is the integrated-gasification-combined-cycle plant (IGCC) with CO<sub>2</sub> capture and storage. The decision of August 2008 on where the first virtually CO<sub>2</sub>-free lignite-fired power plant is to be built therefore marked another milestone. The world's first industrial scale IGCC power plant with CO<sub>2</sub> capture and storage (CCS) is to be built in Hürth near Cologne.

Site chosen for the first IGCC plant

The separation of CO<sub>2</sub> prior to combustion, as in the case of the IGCC process, will necessitate the development of a completely new type of power plant. Yet CO<sub>2</sub> flue-gas scrubbing can also be used as a downstream process at existing power plants. Together with BASF AG and the Linde Group, we are currently constructing a pilot plant for CO<sub>2</sub> scrubbing at our Niederaußem plant, which is due to come on stream in 2009. Assuming the trials are a success, flue-gas scrubbing could be ready for retrofitting in existing power plants by 2020. In that case, we would be able to remove more than 90 percent of the CO<sub>2</sub> contained in our flue gases and sequester it underground instead. To advance the development of this technology, RWE npower is operating a pilot plant for flue-gas scrubbing at Didcot in the UK while a second one, on a larger scale, is being built at Aberthaw, likewise in the UK. We are also involved in trials of two pilot plants for CO<sub>2</sub> sequestration at hard-coal power plants in the USA.

Pilot plant for CO<sub>2</sub> flue-gas scrubbing

The success of all the work being done on CO<sub>2</sub> capture and storage will depend on the availability of suitable sites for subterranean sequestration. In March 2008, therefore, RWE Dea and the German state of Schleswig-Holstein together launched a project to explore the various options for CO<sub>2</sub> storage.

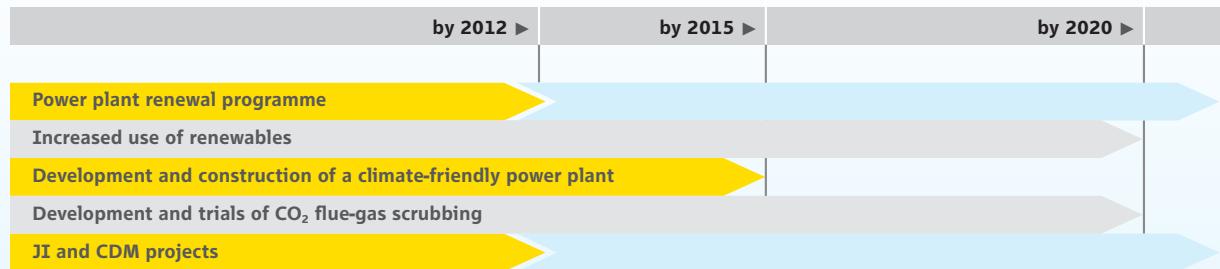
Exploration of CO<sub>2</sub> sequestration sites

### Other research and development

Thanks to a wide range of activities, our Niederaußem facility has become a Coal Innovation Centre. The world's first state-of-the-art lignite-fired power plant with optimised plant engineering has been in operation here since 2003. Four other major research projects have since then been initiated. In addition to CO<sub>2</sub> flue-gas scrubbing, we are also testing lignite predrying using the fluidised-bed method as a means of raising the efficiency of our

Coal Innovation Centre at Niederaußem

## RWE climate protection strategy



lignite-fired plant from 43 to more than 47 percent. Another RWE research project called REAplus aims to cut emissions of sulphur dioxide and dust to around one tenth of today's averages to create the preconditions for effective CO<sub>2</sub> flue-gas scrubbing. The latest addition to our research "family" is an algae-cultivation unit which went into operation in 2008. This binds the CO<sub>2</sub> in flue gases with the aid of fast-growing algae, which as biomass can themselves be used as a source of energy.

### Stepping up renewables

4,500 MW by 2012

As part of the large-scale expansion of renewables we ushered in last year, we intend to have an additional 4,500 MW of renewable generating capacity either operational or at least under construction by 2012, most of it in the form of wind turbines. Alone the offshore wind farm to be built near Juist off the coast of Germany will have an output of 960 MW. Planning permission for this project is expected in the course of 2009.

Four cogen plants for generating electricity from biomass are currently under construction or in planning. The largest of these is that planned for Stallingborough, UK, which if built will have an output of 65 MW and will run mainly on waste timber. We do not use biomass from energy crops likely to compete with food crops.

Although the scope for enlarging our land-based hydroelectric capacity is very limited, we make good use of what potential there is. Our largest project at present is the plant at Albbrück-Dogern on the Upper Rhine, whose capacity is being increased by 24 MW. A potential of a very different order is that of plants that harness wave or tidal power. RWE Innogy is planning to build such plants off the coasts of Scotland and Wales.

So-called virtual power plants permit the coordinated use and marketing of decentralised and renewable capacity. The first virtual power plant run by Siemens Energy and RWE Energy commenced operation in October 2008, when nine hydroelectric plants with a combined capacity of 8,600 kW were linked together. Selling the power from these plants on the EEX enables us to optimise our earnings.

### CDM and JI

More than 100 climate-protection projects

We are already participating in more than 100 international climate-protection projects initiated as part of the United Nations' Clean Development Mechanism (CDM) and Joint Implementation (JI). By law, we are allowed to use the emissions certificates generated by

these projects to cover up to 100 million tonnes of our own carbon emissions. By the end of 2008, we had contractually guaranteed CDM/JI certificates for some 60 million tonnes of emissions. Taking into account the project risks, we expect to obtain certificates for at least 34 million tonnes of carbon emissions.

One good example of a CDM project is the energy-efficiency project initiated in India by RWE Power and the light bulb manufacturer OSRAM in February 2008. This will replace the conventional light bulbs still in use in some 700,000 households in the Visakhapatnam region with energy-saving light bulbs, thus cutting the carbon emissions from domestic lighting by some 30,000 tonnes a year. As energy-saving light bulbs are cheaper to run, the project will also help to lower domestic electricity bills and to combat poverty.

CDM energy-efficiency project with OSRAM in India

### Nuclear power

We are basically in favour of the use of nuclear power, especially in view of its advantages in respect of climate protection and security of supply. We are therefore involved in the construction of nuclear power plants wherever this is politically desired and there is an appropriate legal framework in place. Safety standards comparable with those required of nuclear power plants in Germany are for us a must in all such ventures. In December 2008, RWE Power and Bulgaria's state-run electricity generating board, the Natsionalna Elektricheska Kompania EAD (NEK) signed an agreement creating a joint venture called the Belene Power Company AD to operate the new nuclear power plant being built in northern Bulgaria. NGOs have been very critical of this project on the grounds that the plant is being built in an earthquake zone and in a country in which the risk of corruption is considered high. We take these reservations very seriously and are therefore in dialogue with the NGOs concerned. We are also pursuing nuclear projects in Cernavodă (Romania) and in the UK, where we have initiated a joint venture with E.ON.

Commitment to nuclear power in Europe

### Investments in security of supply

Electricity also has to be transported reliably to consumers. Over the next ten years, therefore, RWE Transportnetz Strom GmbH intends to spend some € 3 billion on enlarging its transmission grid as well as an additional € 1 billion on renewing the existing grid. An application for permission to go ahead with these projects, which are due to start in 2010 and are to cost € 2.2 billion, was submitted to the Federal Network Agency in mid-2008.

€ 4 billion to be invested in the transmission grid



#### More on the Internet:

**Energy and climate:** [> Energy & Climate](http://www.rwe.com/responsibility)

**Clean coal technology:** [www.rwe.com/ccs-en](http://www.rwe.com/ccs-en)

**Renewable energies:** [www.rweinnogy.com](http://www.rweinnogy.com)

**Belene power plant project:** [> Press & News > Belene Special](http://www.rwe.com)

# Status report: Marketplace.

Pricing and energy efficiency are among the key areas for action of our CR strategy.

Our goals: to be Europe's most transparent energy supplier and to promote energy efficiency

As the ongoing debate about electricity prices shows, transparent pricing and attractive tariffs now rank among our greatest challenges. Our residential and business customers also expect us to provide security of supply and to compete fairly. Our goal is to become Europe's most transparent energy supplier and to provide all our customers with products tailored to their needs. We also intend to become a trendsetter in energy efficiency.

## **Products for residential and business customers**

Our customers can choose between various different tariffs. The three-year fixed-rate tariff of 2007 has proved especially popular. By the end of 2008, some 500,000 households had opted for RWE's special "loyalty rate". Meanwhile, our new "ProKlima Strom 2011" launched in November 2008 combines predictable prices and climate protection. Those who opt for ProKlima Strom 2011 profit from prices guaranteed until December 2011 and from electricity which is one third hydroelectric and two thirds nuclear. Some 130,000 had already opted for this tariff by year's end 2008.

The four electricity auctions held in 2008 saw the sale of 1,575 MW of electricity from hard-coal and lignite-fired power plants for delivery in 2009. At the last of these auctions in October 2008, 42 European industrial corporations joined in the bidding and eventually bought the total capacity on offer of nearly 400 MW for delivery next year. The prices fetched were only slightly lower than those being paid on the EEX, proving that the trading being done on the European Energy Exchange does indeed reflect market prices.

January 2008 saw us launching a new online information platform as part of our transparency initiative. Here, we publish real-time data on our power generation activities, broken down according to plant, primary energy source and fuel and supplemented with information on disruptions. Private customers can also use the site to obtain a breakdown of their electricity prices.

Residential tariffs combine predictable prices and climate protection

Electricity auctions for industrial customers

Transparency through online information



A new supply contract in December 2006 helped the Essen-based TRIMET ALUMINIUM AG to save this Hamburg smelter from closure. Thanks to the new deal hammered out between TRIMET CEO Heinz-Peter Schlüter and RWE, production at the smelter in Hamburg-Finkenwerder is again working at full capacity.

### Energy-efficiency campaign

In the spring of 2007, RWE set aside a sum of € 150 million for an energy-efficiency campaign. The greater part of this sum has been spent on a three-phase package of measures: providing information on efficiency, explaining the opportunities for savings and joint implementation. Energy Checks for town halls and other municipal buildings in RWE's German sales regions (for which RWE bears up to 85 percent of the costs) were added to the raft of measures in early 2008.

Free energy check for municipalities

We also intend to promote energy efficiency and help reduce costs and carbon emissions by replacing the streetlights currently used by our municipal partners. By the end of 2008, we had already replaced more than 26,000 streetlights; this translates into annual savings of more than four million kWh of electricity and 2,200 tonnes of CO<sub>2</sub>. RWE is planning to spend a total of € 4 million on energy-efficient streetlights.

Energy-saving streetlights

We began the task of fitting every household in Mülheim an der Ruhr with a smart electricity meter (116,000 of them altogether) in mid-2008. These provide customers with detailed, up-to-the-minute energy-consumption data enabling them to control their power consumption more effectively. RWE will be spending € 30 million on this project in the coming three years.

New meters for 116,000 households

### Environment-friendly mobility

Using electric vehicles, at least in towns, can lower the CO<sub>2</sub> emissions caused by road traffic while at the same time reducing our dependency on imported oil. It was this that induced RWE to team up with Daimler AG on a project called "e-mobility Berlin" launched in September 2008. While Daimler provided the 100+ electric cars, RWE undertook to develop, install and operate the 500 recharging points, complete with the necessary power supply and central control system.

e-mobility joint venture with Daimler

As part of our effort to help reduce the emissions of CO<sub>2</sub> and pollutants caused by road traffic, in December 2008 RWE became the first German company to base its vehicle procurement policy on the new "EcoTest" quality seal of the German Automobile Association, ADAC. We intend to reduce the carbon emissions from our fleet of vehicles by around 20 percent by 2012.

New vehicle procurement policy for RWE



#### More on the Internet:

**Marketplace:** [www.rwe.com/responsibility > Marketplace](http://www.rwe.com/responsibility > Marketplace)  
**Electricity auctions:** [www.rwe-stromauktion.com](http://www.rwe-stromauktion.com)  
**Transparency initiative:** [www.rwetransparent.com](http://www.rwetransparent.com)

## Status report: Workplace.

Demographic change and occupational health and safety are among the key areas for action of our CR strategy.

Our goals: to be a top employer and best in class for occupational safety

Demographic change is set to become a major challenge for RWE, especially in Germany and Central Europe. While the current age structure of our workforce in some companies has led to a disproportionately large number of employees aged 40–54, the skilled workers of tomorrow are becoming ever scarcer. As we want all those with skills to regard RWE as an attractive employer, we naturally have to be able to offer an attractive working environment and career prospects, including – and especially – for women. At the same time, our health management is being adjusted to the needs of older employees, who in future will retire later and whose experience we cannot afford to do without. We have also set ourselves the goal of improving occupational safety so that we count among the best in class by 2012.

### **The challenge of demographic change**

Our analyses show that a disproportionately large number of our employees is set to retire in about ten years time. It is therefore vital that we begin with hiring and training enough new employees to replace them. This is now a main focus of the RWE Group's strategic HR management. Aware that competition for the young and talented is becoming tougher all the time, we also attach great importance to measures which promote work-life balance.

Skilled workers are vital to the operation of our plants. Yet it is here that there could well be shortages in future. To prevent that happening, 320 of our trainees were taken on permanently in 2008, which is significantly more than in previous years. Our decision to offer traineeships to 1,018 young people, moreover, is further proof of our commitment to providing training in excess of our own needs.

In addition to career prospects, however, we are also keen to offer our employees an attractive working environment. Our efforts to optimise the work-life balance are crucial to this endeavour. What this means in practice is more time, or more flexible hours, to enable employees to look after children or, as is increasingly common these days, dependents in need of nursing care. After RWE AG and RWE Westfalen-Weser-Ems, June 2008 saw the certification of five more RWE companies to the "berufundfamilie" standard: RWE Energy, RWE Dea, RWE Rhein-Ruhr, RWE Services and enviaM.

320 trainees taken on permanently

Five new "berufundfamilie" certificates



For RWE, mixed-age teams are one way of meeting the challenge it knows it will face when it loses a large part of its workforce to retirement just a few years from now. Jörg Herter and Joachim Saar are a good example of such a team. They inspect the power lines in the Bad Kreuznach area and know that the sooner experience is passed on, the easier it is to maintain the same high standards.

To be able to draw on as broad a range of qualified trainees as possible, we also want to encourage girls to consider entering technical professions. On Girls' Day in April 2008, some 700 schoolgirls took part in events all over the country and so were able to find out about the technical and IT careers on offer at RWE.

RWE has several sponsorship programmes to ensure that we are never short of engineers: RWE Power provides financial support for students of engineering as well as paid internships in power plant construction and opencast mining. RWE Energy, meanwhile, is backing up the classical university education with the Cooperative Engineering and International Business in Practice programmes.

Developments in the UK prove that this kind of action pays off. The Times named RWE npower one of the country's top 100 graduate recruiters for the second time running in 2008. This rating is based on a survey among 16,500 students.

### Occupational health and safety management

To our great regret, the year 2008 was not without fatalities. A total of twelve people died as a result of industrial accidents. As eight of them were employees of companies working under contract to RWE, involving subcontractors in our internal processes will henceforth be a focus of our efforts to improve occupational safety.

We want to have "The energy to lead safely" in future. This is the name of the Group-wide project with which we intend to reduce the number of accidents at work and on the way to work to less than three per million working hours by 2012; that would be half what it was in 2007. The year 2008 saw another fall in the accident rate to 5.3 per million working hours as well as the adoption of a range of measures to improve occupational safety for our subcontractors' employees as well. One such measure was the introduction of a Safety Pass for the employees of subcontractors working at RWE Power.

We want to use our health management system to do more than merely providing the basic medical care required of us by law. Prevention and advice on how to lead a healthy life have a key role to play in our view. 2008 saw the launch of two major campaigns, one for skin health, the other for the early detection of colon cancer.

Girls' Day sees 700 schoolgirls at RWE

Support for students from RWE Power

Top 100 employers for graduates

Twelve fatalities

"The energy to lead safely" gets off to a good start

Group-wide health promotion campaigns



**More on the Internet:**

**Workplace:** [www.rwe.com/responsibility](http://www.rwe.com/responsibility) > Workplace

**Demographic change:** [www.rwe.com/demografiestudie](http://www.rwe.com/demografiestudie) (PDF, German only)

# Status report: Community.

Social responsibility, environmental protection and the supply chain are all key areas for action of our CR strategy.

Our goals: to expand RWE Companius and to provide training in excess of our own needs.

Contracts worth € 1.1 billion for local business

Programmes for training and professional development

Supporting socially disadvantaged households

As a utility company, we influence society in a variety of ways and are much more likely to be in the public eye than are companies in other branches of industry. We want to help prepare the regions in which we operate for the future: through our own economic performance, through charitable donations and sponsorship and through our employees' community involvement.

## Regional responsibility

Most of the wealth we create, whether from the mining of lignite, from power generation, transmission and distribution or from the drilling of gas and oil, remains within the region, which is where the jobs and training are as well. The same is true of new power plants.

We contracted out work worth a total of nearly € 1.1 billion to companies based in North Rhine-Westphalia alone for the building of the new twin-unit, lignite-fired power plant in Neurath near Cologne.

Providing solid training is rated very highly at RWE, as is proven by its decision to retain more than 1,000 of its trainees in 2008, 320 of them on permanent contracts. But not every young person is able to find a traineeship on leaving school. Move on work! e.V. has therefore developed a programme called "Training Formula 1 Grand Prix" to enable 150 school-leavers to find the right job for them. The RWE Foundation, which attaches great importance to training and to helping young people to help themselves, is supporting this innovative programme for a period of two years with funds totalling € 120,000.

Concrete help is needed above all in those countries where policymakers expect businesses to become more actively involved in their communities. RWE npower, for example, has adopted various measures with which to support the socially disadvantaged. The Spreading Warmth programme, for example, includes an advisory service aimed at helping customers to cut their fuel bills and reduce debt. Some 150,000 customers received support and advice from Spreading Warmth in 2008. And as part of its Health Through Warmth programme, RWE npower has teamed up with grassroots organisations to help heat homes for needy people. Nearly 8,000 households benefited from this programme in the year under review.



This corporate volunteering is part of a partnership with the National Trust that RWE npower entered into in September 2007. The National Trust is committed to protecting historic buildings, gardens, industrial monuments and mills with the active support of volunteers. Most RWE npower employees who take part in such corporate volunteering programmes find it a motivating experience with great team-building potential.

### Employee volunteering

RWE Companius was launched in 2007 and since October 2008 has been the Group-wide umbrella organisation for employees of RWE who do voluntary work or who are interested in community involvement. True to the slogan "People make it possible", RWE employees can apply for funding of € 500 and in special cases of as much as € 2,000 for the non-profit projects in which they are actively involved. More than 1,700 employees applied for funding for a total of 2,160 projects between the launch of RWE Companius in 2007 and the end of February 2009.

RWE Companius:  
2,160 projects to date

Employee volunteering has a long tradition in the UK. Almost twelve percent of the workforce were again involved in some form of voluntary programme in 2008 and this figure is likely to rise further. RWE npower also organised several big fund-raising campaigns, including one for Macmillan Cancer Support.

Community involvement

### Projects for youth, education and the future

Since 2005, all our sponsorship activities have focused on youth, education and the future. We spent some € 20 million on charitable donations and sponsorship in 2008.

Energy-efficiency competition for schools

In August 2008, RWE Westfalen-Weser-Ems launched an energy-efficiency competition for schools based on the slogan "Just do it – getting smarter together". Every school can submit up to three projects and receives funding for these from RWE.

Energy efficiency and energy trading professorships

RWE has set up a professorship of energy efficiency in the Department of Energy Systems and Energy Management at the Technical University of Dortmund and a chair of energy trading and financial services at the University of Essen-Duisburg; both are for a five year period.

### Supply chain management

Our Group-wide procurement policies are all based on the UN Global Compact. When purchasing fuels, for example, the relevant risks are assessed as part of our counterparty risk management. More than 95 percent of our purchases of standard products, catalogue goods and services are from OECD member states, where our environmental, health and safety standards are an integral part of the terms of delivery. In 2008, RWE npower approved additional purchasing principles based on the RWE Code of Conduct.

Risk analysis in procurement



#### More on the Internet:

**Community:** [www.rwe.com/responsibility](http://www.rwe.com/responsibility) > Community  
**RWE Companius:** [www.rwecompanius.com](http://www.rwecompanius.com) (German only)  
**RWE Foundation:** [www.rwestiftung.com](http://www.rwestiftung.com) (German only)

# Key figures

What follows is an update of the facts and figures contained in our 2007 report. We have applied the same consolidation principles as in our annual report, including all those companies in which we held a stake of more than 50 percent during the period under review. There were no major acquisitions or sales of any parts of the business in 2008. The new company RWE Innogy took over both employees and plant from other parts of the Group.

## Strategy and Management

Since 1998, RWE has developed a comprehensive environmental management system. The tried and tested structures in that system are now being applied to our developing CR management system as well.

CR management at RWE is already a complex network, which during the past few years has expanded to embrace all the relevant departments. Operational responsibility is incumbent on the operating companies and on the specialist units at the Group Centre, while coordination is the responsibility of the Group

Centre's Environmental Protection/CR Unit. For several years now, we have had an Environmental Reporting and Information System (ERIS) in place to collect all the relevant data and monitor our environmental management system.

**Certification.** The companies in the Group seek external certification of their management systems for quality, the environment, occupational safety and network operations as they require. RWE Energy has had all its network operations certified to TMS (Technical Management System).

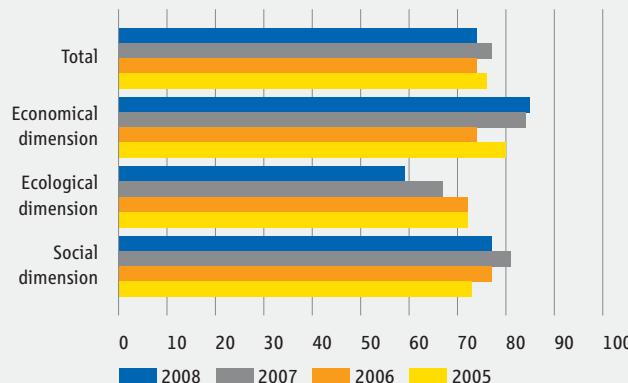
## RWE certifications (Status: 31 Dec 2008)

	Employee equivalents	Environmental management (ISO 14001/EMAS)	Quality management (ISO 9001)	Occupational health and safety management (OHSAS and others)
		Coverage by employees		
RWE Power	17,505	34 %	27 %	82 %
RWE Dea	1,144	76 %	76 %	76 %
RWE npower	12,747	100 %	16 %	0 %
RWE Energy	28,699	10 %	9 %	5 %
RWE Innogy	712	0 %	0 %	0 %
RWE Supply & Trading	781	0 %	0 %	0 %
RWE Service	1,536	0 %	0 %	0 %
RWE IT	2,181	0 %	0 %	0 %
RWE Consulting	113	0 %	0 %	0 %
RWE AG, others	490	0 %	0 %	0 %

**Sustainability indices.** RWE has been listed on the Dow Jones Sustainability Index (DJSI) since its inception in 1999. Inclusion in this index is based on extensive surveys conducted by the SAM Group.

#### Results of the evaluation by SAM 2005 – 2008

in percent (maximum score = 100)



**Compliance.** There were no serious environmental incidents during the period under review, nor are we aware of any violations of the fundamental labour standards defined in the ILO conventions. There were no instances of corruption either. A Group-wide working committee has been set up to oversee implementation of the Code of Conduct and to provide specific guidance wherever necessary.

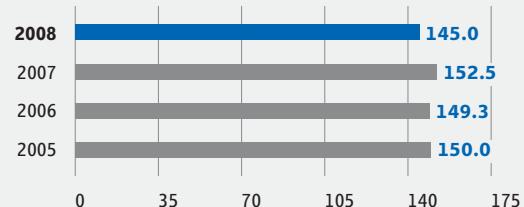
#### Energy and Climate

**CO<sub>2</sub> emissions.** RWE-owned power plants, which are subject to the European Union's emissions trading scheme, emitted 145 million tonnes of CO<sub>2</sub> in fiscal 2008. A further 27.1 million tonnes came from contractually secured generation capacity in Germany, most of it from the hard-coal power plants belonging to Evonik Steag GmbH. With nuclear power and gas-fired plant now accounting for a larger share of total output, our specific CO<sub>2</sub> emissions – including those from contractually secured capacity – fell from 0.861 kilograms per kilowatt-hour (kg/kWh) in 2007 to 0.768 kg/kWh in 2008.

With a combined CO<sub>2</sub> output of less than one million tonnes, our small power plants have only a negligible impact on our total emissions. The same can be said of the emissions from our buildings and fleet of vehicles. Emissions from our lignite mining operations, on the other hand, have been included in our emissions balance-sheet since their energy needs are met directly from our own power plants.

#### CO<sub>2</sub> emissions from RWE power plants

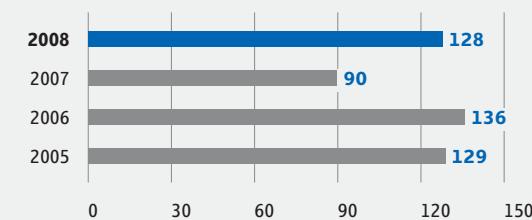
in million metric tonnes



**Fuels.** The changes in the amounts of fuel used in our own power plants reflect shifts in the relative output from the various primary sources. With both blocks of our Biblis nuclear power plant back on stream in 2008, we were able to scale back our use of lignite and hard-coal. We also continued expanding our use of biogenic fuels in both the UK and in Germany, albeit on a much smaller scale.

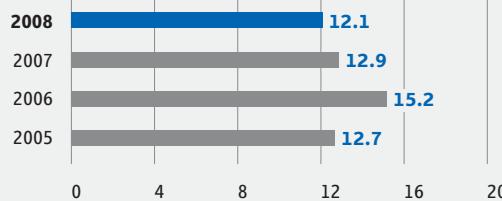
#### Use of nuclear fuels in RWE power plants

in metric tonnes



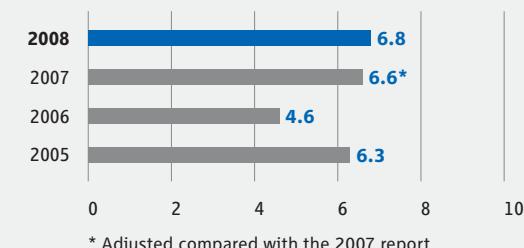
#### Use of hard-coal in RWE power plants

in million metric tonnes



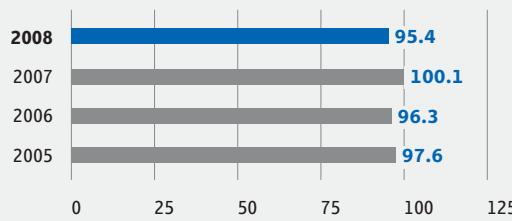
#### Use of natural gas in RWE power plants

in billion cubic metres



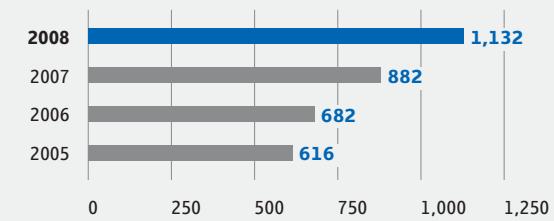
#### Use of lignite in RWE power plants

in million metric tonnes



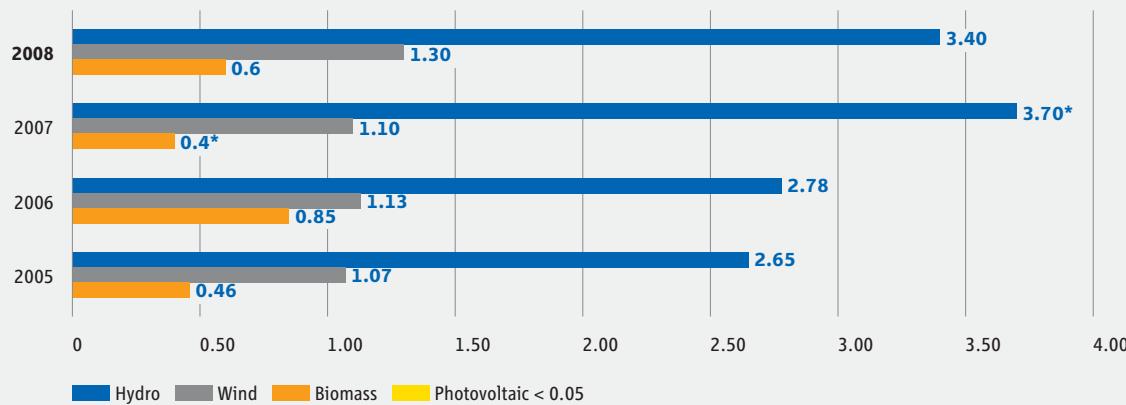
#### Use of biomass in RWE power plants

in thousand metric tonnes



### Power generation from renewables

in terawatt hours



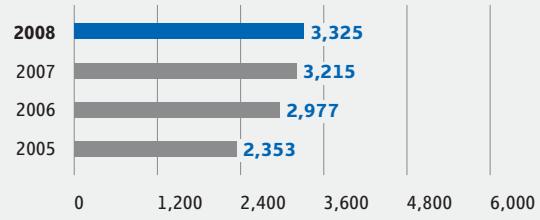
\* Adjusted compared with the 2007 report

**Renewable energies.** Hydroelectric power still counts for the lion's share of the electricity RWE generates from renewable sources. While generation capacity remains constant, however, output fluctuates depending on water levels. In wind power, the addition of extra generation capacity is beginning to have an impact. Power generation from biomass has also increased, while photovoltaic's share of total output remains marginal.

**Oil and gas exploration and production.** Our production of natural gas increased steadily, with the volumes produced up 3.4 percent over the previous year. Oil production, meanwhile, was down by 8.5 percent. In pursuit of our goal to more or less triple our production between 2008 and 2013, we continued expanding our exploration and drilling activities in the Mediterranean region and above all in Egypt and Libya.

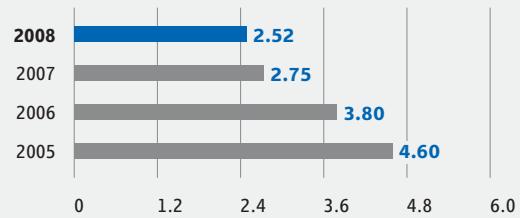
### Natural gas production

in million cubic metres



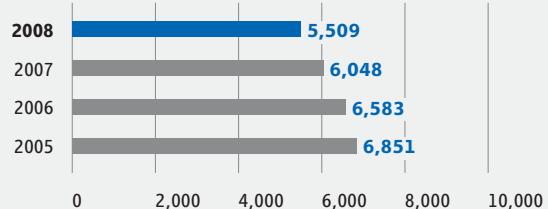
### Crude oil production

in million cubic metres

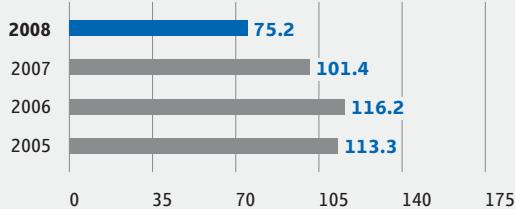


**Emissions.** Our output of sulphur dioxide (SO<sub>2</sub>) and nitrous oxide (NO<sub>x</sub>) emissions is dependent mainly on the quantity of fossil fuels used. The reduction in SO<sub>2</sub> emissions during the period under review, however, is primarily the result of the first two flue-gas desulphurisation units at our Aberthaw power plant in the UK, followed by a third in early 2009. This report details our SO<sub>2</sub> and NO<sub>x</sub> emissions according to fuel type in order to facilitate comparisons with other companies.

#### Particulate matter emissions from RWE power plants in metric tonnes



#### SO<sub>2</sub> emissions from RWE power plants in thousand metric tonnes

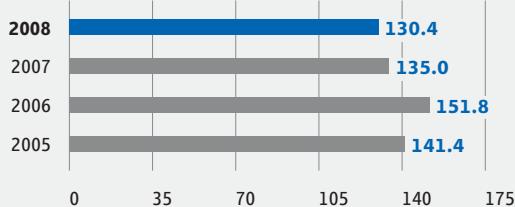


#### Specific emissions 2008

in grammes per kilowatt hour

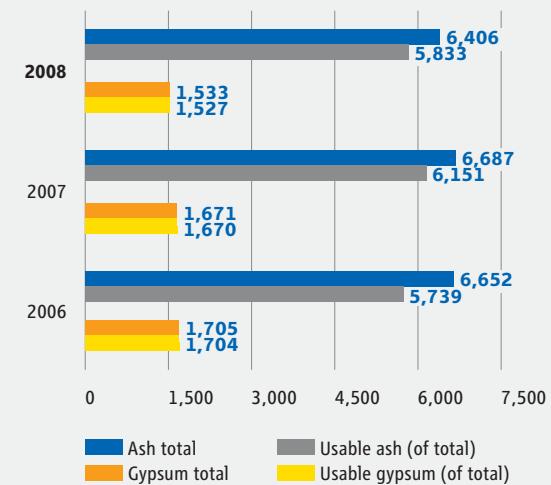
	Lignite	Hard-coal	Gas
SO <sub>2</sub>	0.32	1.35	0.07
NO <sub>x</sub>	0.80	1.62	0.39

#### NO<sub>x</sub> emissions from RWE power plants in thousand metric tonnes

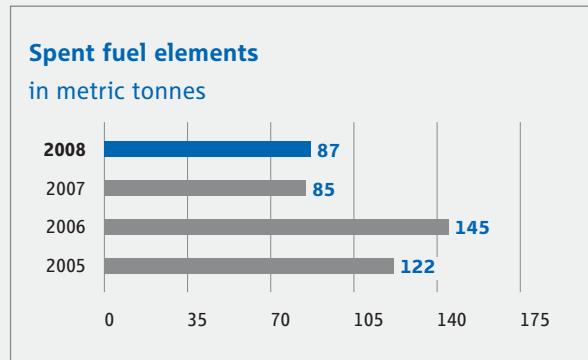
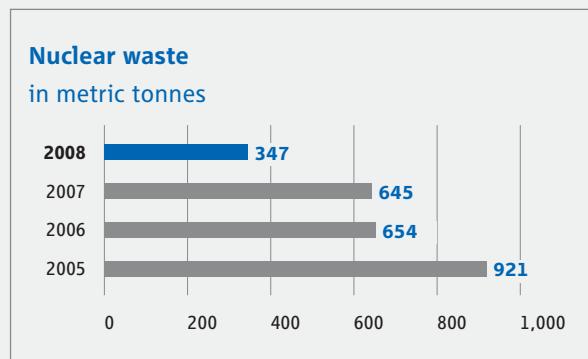


#### Ash and gypsum totals

in thousand metric tonnes



used to refill disused opencast mines. The ash from our hard-coal power plants is recycled as far as the marketing possibilities allow. Gypsum, on the other hand, which is a by-product of flue-gas desulphurisation and by law does not count as waste, is sold for the most part. The spent fuel rods are temporarily stored on the power plant premises.



**Environmental costs.** We spent € 2,115 million on the protection of the environment in 2008. Climate protection measures and above all the building of new and more efficient power plants not to increase generation capacity, but to replace older, less efficient plants, accounted for the larger part of this sum. Our efforts to reduce air pollution and above all the operation of flue-gas desulphurisation units still account for a large part of our environmental costs.

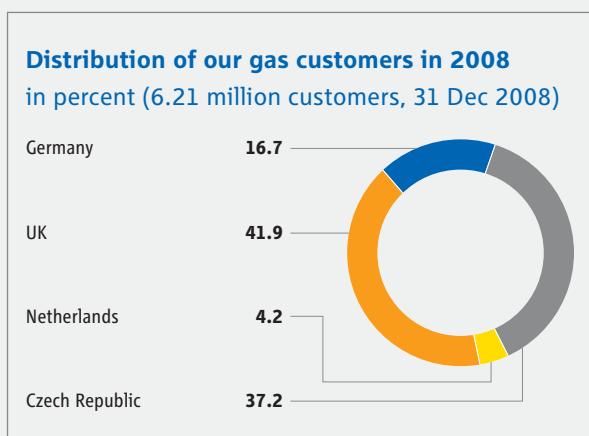
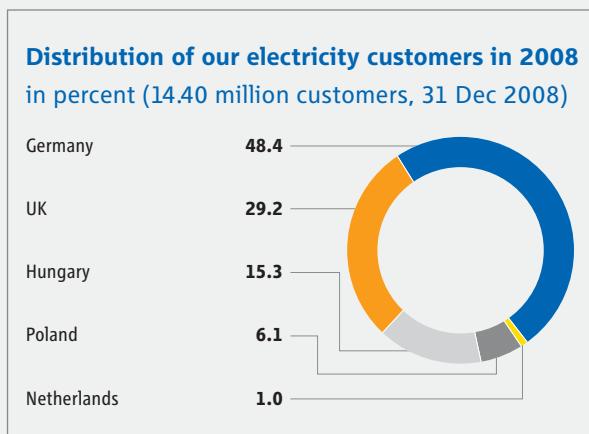
**Expenses for and investments in environmental protection by area in 2008 in € million**

	Expenses		Investments	
	2008	2007	2008	2007
Air-pollution prevention	265	239	88	90
Landscape conservation	79	76	15	3
Water conservation	192	184	15	13
Waste disposal	168	196	8	4
Noise abatement	12	10	2	2
Restoration of contaminated sites	5	6	0	1
Climate protection	98	130	1,168	817
<b>Total</b>	<b>819</b>	<b>841</b>	<b>1,296</b>	<b>930</b>

**Cooling water consumption.** Most of our power plants are equipped with wet cooling towers. Our lignite-fired power plants make use of water pumped out of the opencast mines. Most other power plants draw the cooling water they need from nearby rivers. Two of our coal-fired power plants in the UK have a cooling system that uses water straight from the sea.

## Marketplace

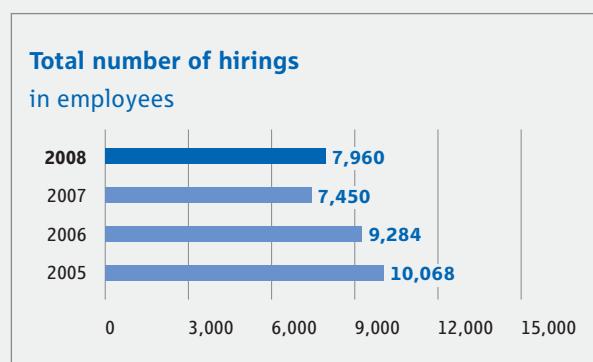
**Customer structure.** Nearly 50 percent of our electricity customers are based in Germany, which remains our most important market. Our gas division, on the other hand, has more customers in the UK, as well as a sizeable customer base in the Czech Republic. Whereas competition in the UK has been a cause of considerable fluctuation in customer numbers for several years now, this is a relatively new development in Germany. Customers these days are much more likely to switch provider than in the past and this has resulted in a net loss of 120,000 customers in Germany. New products such as ProKlima and eprimo are designed to counter this trend.



**Product responsibility.** Providing our customers and the public at large with correct information is a matter close to our heart: Since 2005, all the bills we send out to customers in the EU have contained information on our generation portfolio (fossil fuels, nuclear power, renewables) and its impact on the environment (radioactive waste, CO<sub>2</sub> emissions, etc.).

## Workplace

**New recruits.** The RWE Group had a workforce of 65,908 full-time equivalents as per 31 December 2008. This is almost four percent more than the previous year. The growth in our workforce has been almost entirely organic. Our companies in Germany and the UK each hired more than 1,000 new employees.



**Social security.** More than 99 percent of our employees are employed in European countries which guarantee certain minimum standards for their social security in old age or in the event of sickness. The level of security provided can of course vary from country to country, depending on the national legislation in place. The companies in our Group therefore provide programmes specific to the needs of the countries in which they operate, including top-up pension funds. Outside Europe, in Egypt and Libya, we have introduced a social benefits package for our employees going far beyond the statutory requirements in those countries.

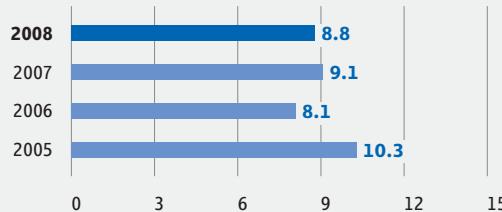
### Workforce by region in full-time equivalents

	2008*	2007*	2006*	2005
Germany	39,220	38,283	37,782	43,579
UK	13,847	12,837	11,647	16,847
Other European countries	12,662	12,148	12,152	15,495
USA and Canada	0	0	0	7,115
Other	179	171	145	2,782

\* without discontinued operations

**Fluctuation.** Our fluctuation rate in 2008 was 8.8 percent, compared with 9.1 percent in the previous year. The fact that the rate has remained more or less constant for the past three years reflects a high degree of loyalty on the part of RWE employees.

### Fluctuation rate as a percentage of full-time equivalents



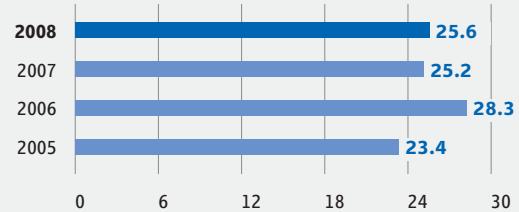
**Trainees.** RWE in Germany took on more than 1,000 trainees in the period under review. Almost 3,000 trainees were working for us altogether. We therefore provide three times as many traineeships as we need to cover our own requirements and so are helping to offer young people job prospects. As there is no comparable system of training in the other countries in which we operate, the figures here apply only to Germany.

### Trainees in Germany as a percentage of the total workforce



**Equal opportunities.** Although the proportion of women in the workforce traditionally tends to be low among energy suppliers, our efforts to get girls interested in technical professions have borne fruit in the form of a slow but steady increase in the percentage of women we employ. It will nevertheless take a while for this development to percolate through to managerial level.

### Women working at RWE as a percentage of the total workforce

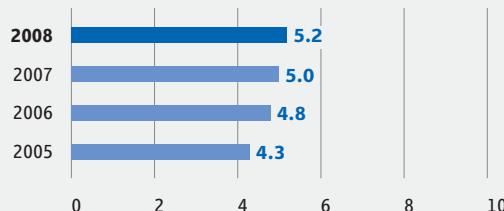


### Women in senior management as a percentage of the total



**Careers for the disabled.** RWE met the five percent disabled employment quota required under German law with a quota of 5.2 percent in 2008.

**Employees with disabilities**  
as a percentage of the total workforce



**Health and safety.** Our success at reducing accidents at work continued during the period under review. According to the common international standard, those resulting in the loss of at least one day's work are reported (Lost Time Incident, LTI<sub>F</sub>). To our great regret, twelve people died as a result of industrial accidents in 2008, eight of them employees of firms working under contract to RWE.

**Accident rate**



**Community**

**Distribution of real net output.** After deducting material costs, we were left with earnings of € 13.112 billion in fiscal 2008, from which our employees, shareholders and society at large profited. Labour costs accounted for more than a third of this sum, the additional hirings of 2008 being particularly noticeable here. Nearly 45 percent went to our creditors and shareholders, while 19 percent went to the state in the form of taxes on gas, electricity and earnings. The RWE Group always pays taxes there where its value added is generated.

**Distribution of added value**

in € million

	2008	2007 <sup>1</sup>	2006 <sup>2</sup>	2005 <sup>3</sup>
<b>Added Value</b>	<b>13,112</b>	<b>12,834</b>	<b>15,933</b>	<b>13,717</b>
<b>Distribution</b>				
To employees (wages, salaries, benefits)	4,415	3,951	4,620	4,969
To the government (taxes <sup>4</sup> and duties)	2,484	2,424	2,383	2,311
To creditors	3,337	3,568	4,796	3,982
To minority interest	318	224	166	224
Net income	2,558	2,667	3,847	2,231
thereof to shareholders	2,423	1,772	1,968	984

1 Adjusted as per the Anual Report 2008

2 Adjusted by discontinued operations (American Water)

3 Adjusted by discontinued operations (Thames Water and RWE Solutions)

4 Only the taxes actually paid are included, not the total tax expenditure

**Supply chain.** About nine percent of our net material costs in 2008 (totalling € 32.686 billion) were incurred for third-party services. Some eight percent went on merchandise and other supplies. The vast majority of these are purchased in OECD member states.

# Independent Assurance Report

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft had performed a limited assurance engagement on the German version of the CR Report and issued an independent assurance report, authoritative in German language, which has been translated by RWE AG as follows:

## **Independent Assurance Report to RWE AG, Essen**

We have been engaged to perform a limited assurance engagement on the Corporate Responsibility Report „Our Responsibility. Status 2008“ (the “CR Report”) of RWE AG, Essen.

### **Management's Responsibility**

RWE AG's Board of Managing Directors is responsible for the preparation of the CR Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the Global Reporting Initiative (GRI). This responsibility includes the selection and application of appropriate methods to prepare the CR Report and the use of assumptions and estimates for individual CR disclosures which are reasonable in the circumstances as well as designing, implementing and maintaining systems and processes relevant for the preparation of the CR Report.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the CR Report has not been prepared in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI and furthermore to report on recommendations for the further development of CR management and CR reporting.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to express our conclusion with limited assurance.

In a limited assurance engagement the evidence gathering procedures are more limited than for a reasonable assurance engagement (for example, the audit of financial statements in accordance with § (Article) 317 HGB (“Handelsgesetzbuch”: “German Commercial Code”)), and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement. Within the scope of our work we performed amongst others the following procedures:

- Inspection of the documentation of systems and processes for gathering, analysing and aggregating the CR data and their examination on a test basis on the level of the headquarter as well as for selected data on the level of the business units Power AG and Energy AG
- Inquiries of the “Environmental Protection/CR” department, responsible for preparing the CR Report, and of employees in other corporate departments
- Comparison of selected data with corresponding figures in the group's business report 2008

### **Conclusion**

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the CR Report has not been prepared, in all material respects, in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) if the GRI.

### Emphasis of matter – recommendations

Without qualifying our conclusion above, we recommend partly again the following:

- Stronger anchoring CR management on the level of the business units particularly regarding group restructuring as well as a more detailed documentation of corresponding flow of information;
- Enhancements and group wide implementation of the CR strategy as well as its anchoring in required systems and processes;
- Linking the CR programme with performance indicators and their communication to stakeholders;

- Implementation of an application system for group-wide collection, control and archiving of CR data.

Essen, 6 April 2009

PricewaterhouseCoopers Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Manfred Wiegand      By procuration  
(Certified accountant)      Juliane von Clausbruch

## Further information.

This Status Report 2008 explains all that we did last year towards achieving the objectives of our CR Strategy 2015. The necessary background information and larger context are presented in "Our Responsibility. Report 2007", which was published in April 2008. For more in-depth information, please refer to our Annual Report 2008 and the Responsibility section of our web site. Here is a brief overview to help you find the information you are looking for:

Subject		Links
<b>Business development and corporate governance</b>		
Annual Report 2008 (PDF)	Report on fiscal 2008	<a href="http://www.rwe.com/investorrelations &gt; Reports">www.rwe.com/investorrelations &gt; Reports</a>
Facts & Figures (PDF)	Strategy, regulatory framework, market data	<a href="http://www.rwe.com/investorrelations &gt; Reports">www.rwe.com/investorrelations &gt; Reports</a>
Code of Conduct (PDF)	Rules governing our dealings with others both inside and outside the company	<a href="http://www.rwe.com/coc">www.rwe.com/coc</a>
<b>Strategy, areas for action and CR management</b>		
Our Responsibility. Report 2007 (PDF)	Comprehensive presentation of CR at RWE with cross-references to the Annual Report 2007	<a href="http://www.rwe.com/responsibility &gt; Report">www.rwe.com/responsibility &gt; Report</a>
Responsibility section of the web site	Comprehensive presentation of CR at RWE, constantly updated and supplemented with news, downloads and more in-depth information	<a href="http://www.rwe.com/responsibility">www.rwe.com/responsibility</a>
Personnel Report RWE	Overview of employee-related activities	<a href="http://www.rwe.com/personnelreport">www.rwe.com/personnelreport</a>
CR reporting by RWE npower	Comprehensive presentation of CR at RWE npower	<a href="http://www.npower.com/rwenpowercr">www.npower.com/rwenpowercr</a>
<b>CR reporting according to established guidelines and voluntary undertakings</b>		
GRI	CR performance according to the Global Reporting Initiative (GRI G3) incl. the Sector Supplement Energy Utilities	<a href="http://www.rwe.com/gri-en">www.rwe.com/gri-en</a>
Communication on Progress	Progress made towards implementation of the 10 principles of the UN Global Compact	<a href="http://www.rwe.com/cop-en">www.rwe.com/cop-en</a>
Carbon Disclosure Project	Annual disclosure of climate risks and opportunities	<a href="http://www.cdproject.net/responding-companies.asp">www.cdproject.net/responding-companies.asp</a>
<b>Latest developments</b>		
CR News	Up-to-date reports on all CR-related topics	<a href="http://www.rwe.com/cr-news">www.rwe.com/cr-news</a>

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**Forward-looking statements.** This report contains statements that refer to future developments of the RWE Group and its affiliated companies, as well as to economic and political developments. These statements are assessments that we have made based on the information currently available to us. Actual outcomes may differ from those expected at present should the underlying assumptions fail to materialise or other risks surface. We cannot, therefore, accept any liability for the correctness of the said statements.

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