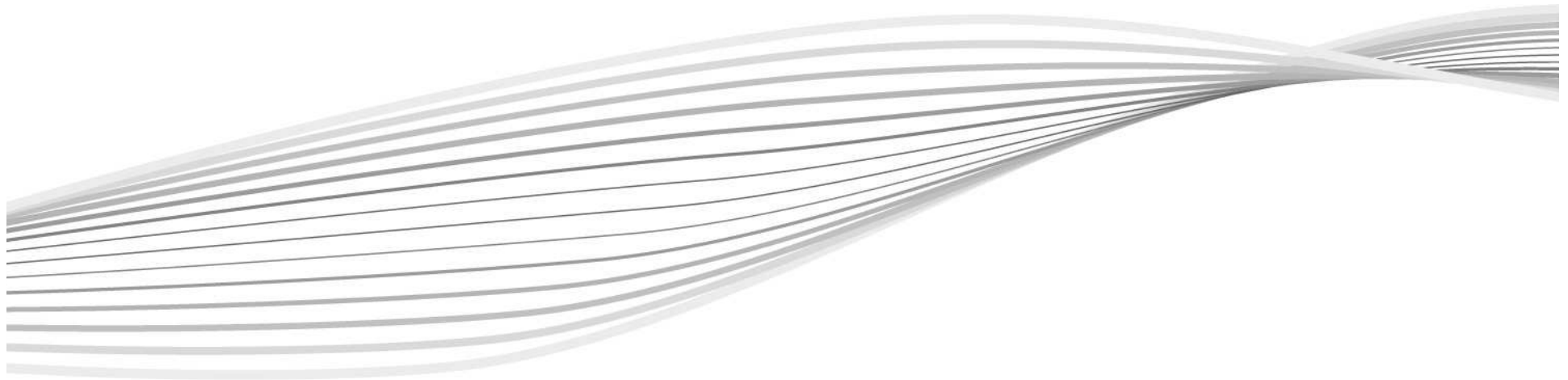


SiB Business Week 2010, Hochschule Bremen

Sustainability and Corporate Social Responsibility in Multy Utilities



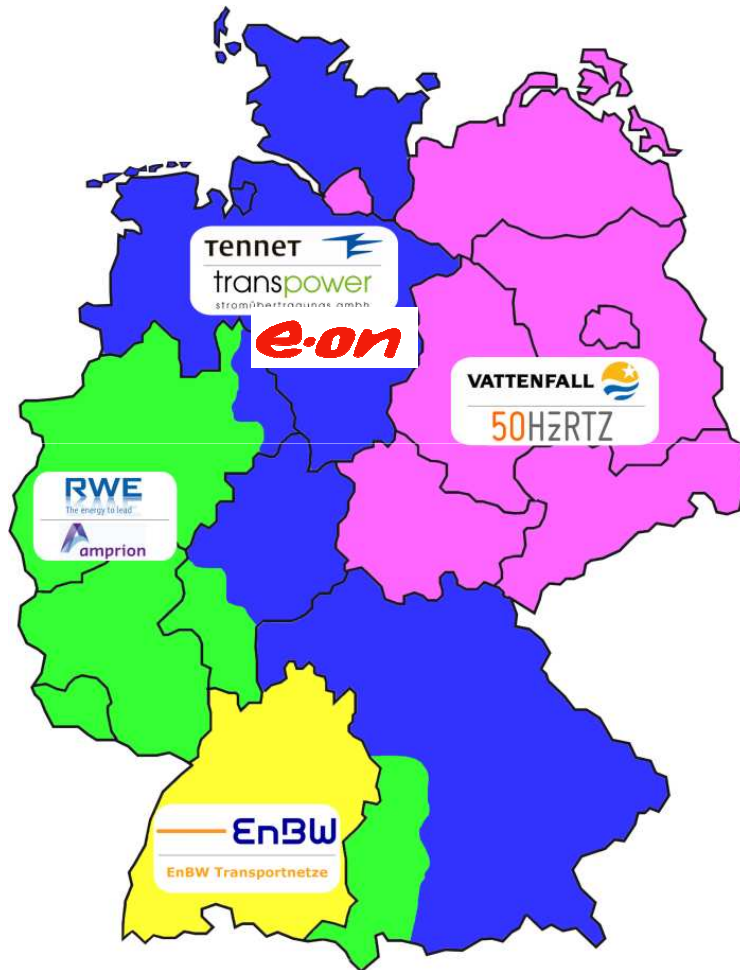
Alexandra Wendorff, Head of Business Development
20 May, 2010

swb

- Structure of Germany's Energy Industry
- Social Purpose of the Energy Industry
- Expectations and Perceptions
- Strategic Relevance
- Sustainability and CSR - swb's Targets and Actions



Structure of Germany's Energy Industry



- "Big 4" - transmission provider
- 957 multy utilities ("Stadtwerke")
- New entrants, alternatives with clear profiles, e.g.
 - eco-... (Lichtblick, Greenpeace energy)
 - low price (Yello, E-wie-einfach)

Scope of Business:

- Energy and water supply
- Waste water treatment (51% share in hanseWasser)
- Waste treatment
- Technical services

Shareholders: 100 % EWE AG, Oldenburg
1 company share City of Bremen (BVG)

Region: Bremen and Northern Germany

Turnover 2009: 1,148 Mio. Euro

Employees 2009: 2.470

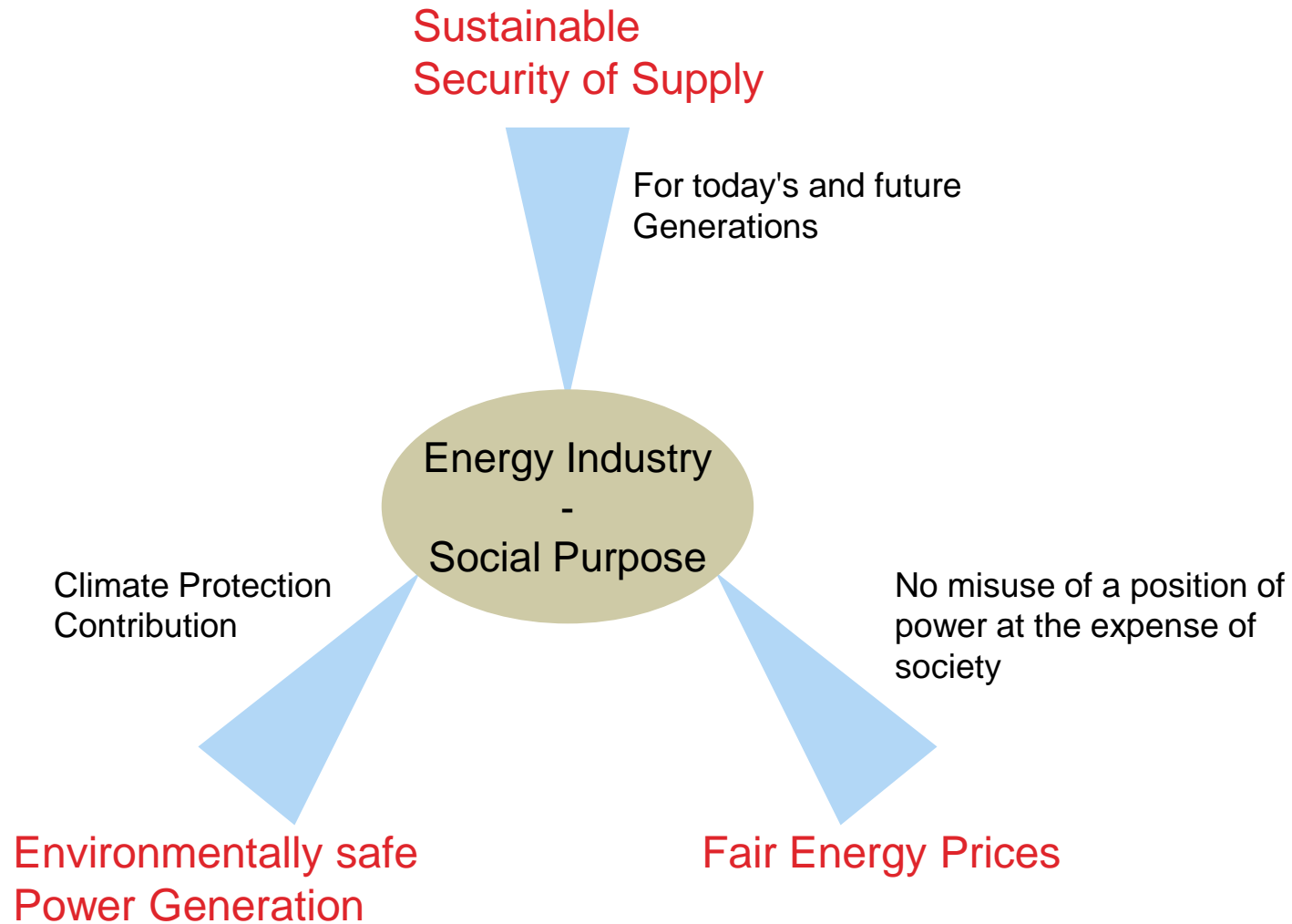


Social Purpose of Energy Industry – Experts' Statements

Organisation	Name	Perspective
BDI / econsense	Dr. Klaus Mittelbach	"Attractiveness of Germany as a location for industry and business."
Greenpeace	Jörg Feddern	"Climate change is the biggest global challenge."
B.A.U.M.	Martin Oldeland	"It must not only be green washing."
Cap Gemini	Bernd Wöllner	"See energy sector in a global context."
Globeleq	Torbjorn Ceasar	"Shareholder value and sustainability are not contradictory."
SustainAbility, London	Dr. Vernon Jennings	"Corporate citizenship creates shareholder value."



Three central Issues determine the Social Purpose of the Energy Industry





Perceptions of Corporate Citizenship of Energy Industry are below Public Expectations

Expectations

Push on and support energy turnaround

Investments into renewables

Development of innovations

Transparency in pricing

Ease switching suppliers

Offer excellent service

Offer flexible price models

Reduction of CO₂-emissions

Development of energy efficiency activities - set good examples

Sustainable
Security of Supply

Fair Energy Prices

Environmentally safe
Power Generation

Perceptions

Blockade of renewable energy development

Many small initiatives ("green washing"?)

Lack of focussing on the future

Increase in prices

Hamper switching

Unavailable and complicated

Maximise shareholder value

No clear climate protection vision

Lack of practise of efficiency in own internal processes



The Definition of Social Purpose is a strategic Question of Principle

First thing, a company have to do, is to define the social purpose.

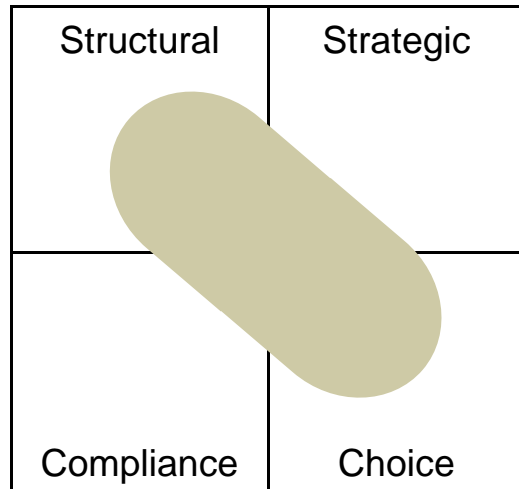
(H. Igor Ansoff, "Corporate Strategy", 1976)

Big companies should integrate social issues into their strategy in a way that they reflect the importance for the business.

(Ian Davis, Worldwide Managing Director, McKinsey & Company, 2005)

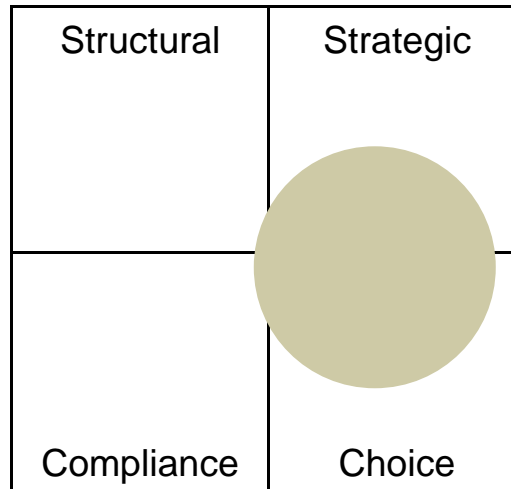
| > | Different Positions of different Types of Energy Companies...

Big 4



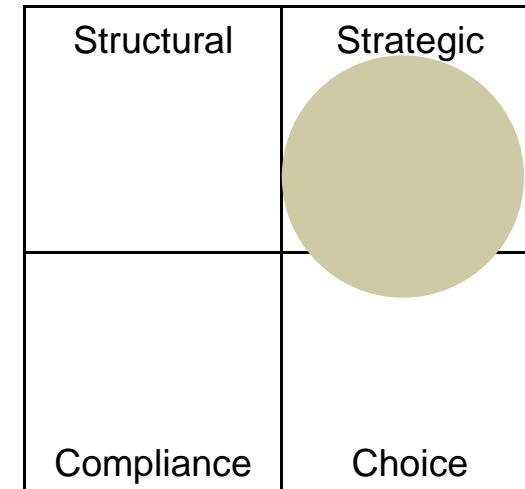
- Professional CSR management and reporting
- Hardly integrated in vision and strategy
- Dilatory development of renewables

Multy Utilities ("Stadtwerke")



- Some show clear strategic commitment (e.g. SWM Munich)
- Heterogeneous customer and service orientations
- Take opportunities to create profile

Alternatives (eco-...)

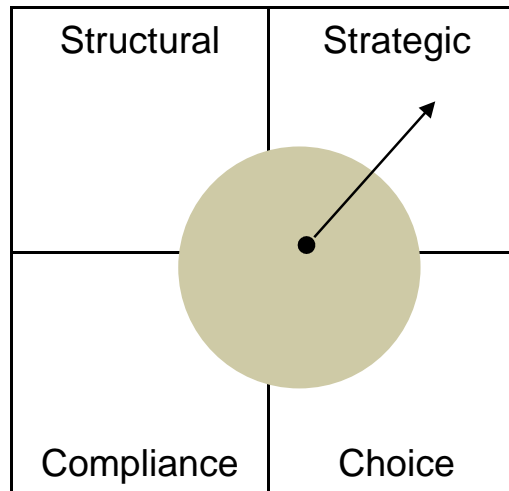


- Social purpose is root of the business model
- Clear profile and differentiation
- "Eco-..." is not necessarily expensive



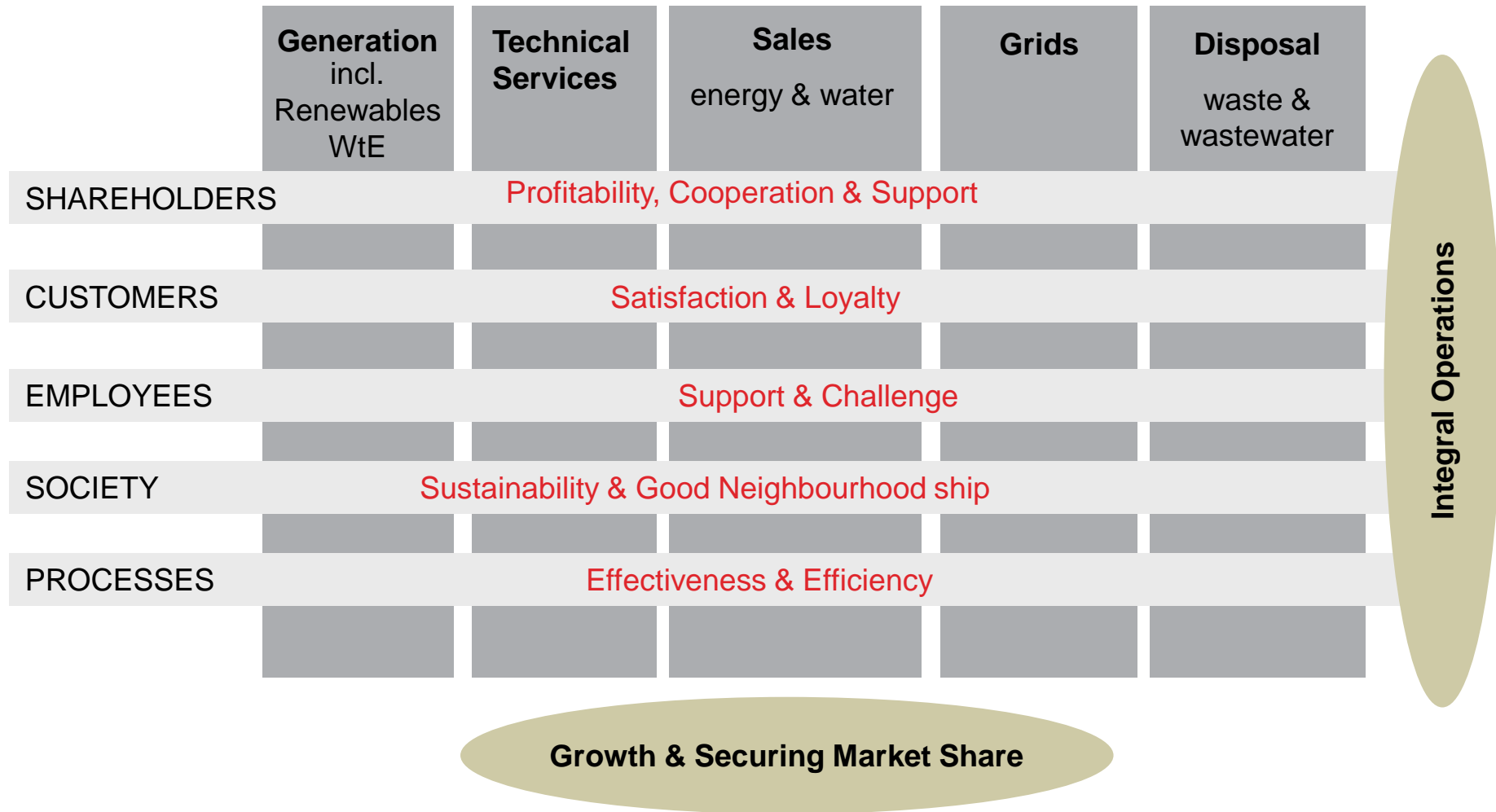
... and swb

swb



- Corporate citizenship, sustainability and climate protection were not part of swb's strategy
- Many activities, but non-focussed
- Only little communication about swb's activities

| > | Revised Strategy – holistic and balanced





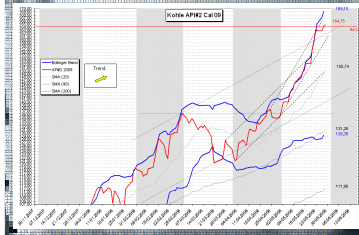
Paradigm Change in Generation and Energy Supply – our Responsibility, our Focus

- > “Think Green!”
- > “Coal, no thank you!”
- > “Nuclear, no thank you!”
- > Nuclear plants to be built anywhere else in Europe

Public Opinion and Pressure



Price Development



- > CAPEX rather high
- > Oil price high
- > Coal price average
- > CO₂ price high
- > Power price average
- > Prices are extremely volatile

- > Climate change happens
- > Climate protection targets '20/20/20'
- > Political support of renewables in Germany
- > Renewables as risk hedging component?

Global Warming



CO₂-Risks



- > CO₂ price effect with coal fired plants especially strong
- > Increasing pressure on margins
- > Competitive position of coal power is weakened
- > 2013: CO₂ certificates fully auctioned

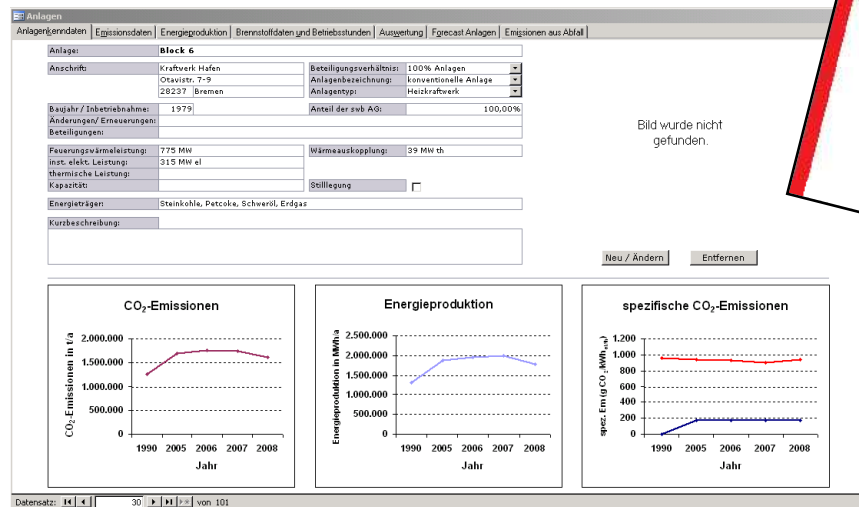
| > | swb's Targets and Activities in Generation and sustainable Supply

Strategic Targets	Areas of Activity	Measures / Projects
> Secure sustainable energy supply	Hydro power	> 'Weserkraftwerk' > More hydropower plants if possible
> Secure long term position in generation	Wind	> On shore: 250 MW until 2020 > Off shore: 100 MW until 2020
> Modern park of power plants	Waste to Energy	> Optimisation energy efficiency of "MHKW" > "MKK" implementation
> Diversify fuel provided	Biogas/-mass	> 20 MW until 2020
> 20% CO ₂ -reduction	Continuing existing plants (~ 2025)	> Retrofit and efficiency increasing – optimisation of existing plants
> Energy efficiency +20%	Power plant solutions	> Gas plant in co-operation with DBE > New/Retrofit blast furnace gas plant
> 20% Renewables	Products and Services	> Energy efficiency advisory services
> Reduce CO ₂ -risks	Innovation management	> E-mobility, low exergy solutions, smart metering, smart grids, electricity storages
> Support customers in saving energy through expert advice and economic development schemes		
> Early Adopter of Innovations		

| > | Monitoring

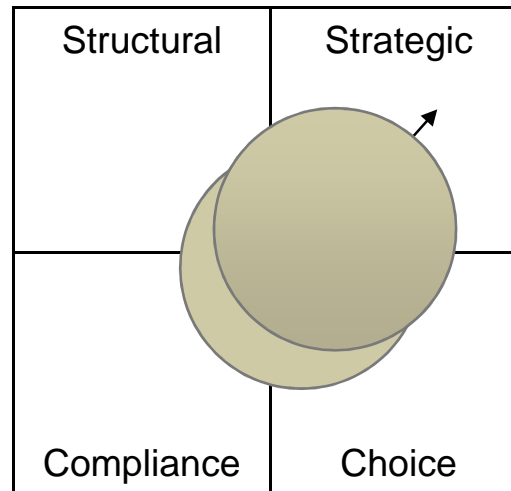
- **Renewables:** % per MWh applied to all generation plants of swb
- **Energy efficiency increase:** % per MWh applied to the process of generation up to customer supply
- **CO2 reduction:** specific CO₂ value (g per kWh) applied to all generation plants of swb (power and heat)

Transparency, trustworthiness and reliability are made priority. Since 2008 swb yearly publish the CO₂ balance of their plants by means of clear criteria and agreed determination base.



| > | swb's current Position

swb



- Sustainability and climate protection became central part of swb's strategy

- Clear communication on that

Still To Dos:

- Define and focus on essential activities around corporate citizenship