



Community

Relationships are important for all businesses, whether with customers, shareholders, or local communities, to name but three. Being known as a good corporate citizen helps sustain these relationships and we undertake a wide range of community activities that we hope demonstrates our commitment to acting with social responsibility.

Social initiatives

We strive to give something back to the communities where we operate and where our employees live and work. This may be through initiatives we undertake on our own or in partnership with other organisations. Our activities are wide-ranging and we hope they make a difference to the communities we serve.

In the UK

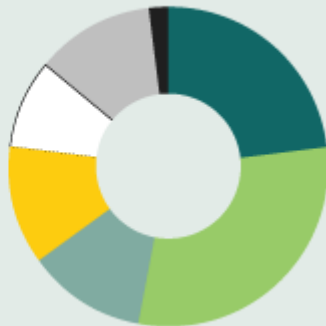
In the UK, we target our community activities on areas relevant to our business and where we can bring maximum benefit. Our community programme particularly focuses on support for education – mainly at primary and secondary level – but also on skills' development and further / higher education.

We also undertake environmental action in partnership with voluntary and community groups. The community programme operates predominantly in the areas in which we have a major presence, e.g. the East Midlands region and around our offices, call centres and power station sites.

We also support charities through our Charity of the Year scheme and employee-matched funding and run an arts-educational programme.

These various initiatives are detailed within the Community Section. However, further information about [fuel poverty](#) initiatives and [energy efficiency](#) can be found in the Marketplace Section.

UK community affairs budget 2001



In the US

At LG&E Energy (LG&E), our commitment to the communities we serve is longstanding. The philosophy began nearly two centuries ago when a predecessor company lit the small town of Louisville with one of America's first natural gas streetlights. Today, that commitment touches hundreds of communities throughout Kentucky.

We contribute resources, talent and ideas that support community heritage and economic growth. The LG&E Energy Foundation – a non-profit arm of LG&E – provides critical funding that nurtures educational, socio-economic and cultural growth.

We also have thousands of employees who live and play in the same communities where they work. Many freely give their time and talents, volunteering to make their communities better places in which to live.

LG&E Energy Foundation

The LG&E Energy Foundation is a self-sufficient, non-profit business organisation. It is established to support education, health and human services, civic projects and arts in the communities served by LG&E Energy and its subsidiaries. It was founded in 1994 and since then has awarded more than \$11.3 million dollars in grants. The Foundation provides funding to non-profit agencies that fit our mission.

During 2001, the Foundation awarded a total of nearly \$2.4 million to 82 different organisations. Awards ranged from \$1,000 to \$500,000. The two largest benefactors were education with 44% of the donations and health and welfare with 37%.

LG&E Energy Corporation

In addition to the LG&E Energy Foundation support, LG&E Energy and its employees contributed a further \$1.4 million in charitable giving in 2001. Donations to social and welfare initiatives accounted for approaching two-thirds of distribution with most of the rest going to community and civic projects.

LG&E Energy Foundation - areas of giving 2001

- Education 44%
- Health & Welfare 37%
- Civic 12%
- Arts 7%



Education

The skills and abilities of young people are key to the future prosperity of our communities. As a Group, we have invested in initiatives that complement and support education of the young.

In the UK

Changing Climates programme

In 1997 we launched the Powergen Weather Reports project which supplied primary schools with practical learning materials and a project based on understanding the weather. During three years, more than 900 schools and some 27,000 children took part from communities near our operational sites.

In 2001 we re-launched the programme as 'Changing Climates'. This supports the National Curriculum and also provides a professional development programme for teachers. Over 150 schools are taking part – 41 from Education Action Zones, which aim to raise educational standards through partnerships with leading businesses, parents and the community www.dfes.co.uk.

Young Enterprise

Young Enterprise is a national education charity founded in 1963 to forge links between schools and industry. It aims to inspire young people to learn and succeed through enterprise with challenges that include running a real company. For the second year running, Powergen sponsored the Powergen Award for Outstanding Achievement at events throughout the East and West Midlands. This award primarily recognises the achievements of students aged 15 –19+ with learning difficulties and / or disabilities.

Powergen Information Skills Training Room, Nottingham Trent University

The Powergen Information Skills Training Room at Nottingham Trent University has been upgraded through sponsorship by Powergen, following long-standing support by East Midlands Electricity. Improvements have been made to the IT equipment which provides interactive training facilities for students.

Environmental Study Centres

Powergen has invested heavily in environmental education centres at all of its major operational power stations, plus one former power station site. The centres provide outstanding resources for learning tied in to the National Curriculum. During 2001 some 20,000 youngsters benefited from free, day-long visits

to the centres.

In the US

LG&E undertakes a vast array of educational initiatives:

Summer Reading Programme

The LG&E Energy Foundation helps keep youngsters reading even during their summer breaks as a sponsor of the Louisville Free Public Libraries' Summer Reading Programme. Nearly 40,000 youngsters participated in the programme last year.

Educational funding

The LG&E Energy Foundation provides substantial financial support to colleges, universities, technical schools and other learning institutions in Kentucky and a small portion of Virginia. Last year, the Foundation committed \$1 million to educational funding.

Newspapers in Education

Through the Newspapers in Education programme, the LG&E Energy Foundation helps fund newspapers and other resource materials for hundreds of Kentucky schools and students. The aim is to help improve literacy levels.

Student mentoring

Many LG&E Energy employees share their skills and knowledge through student mentoring programmes. Western Kentucky Energy employees volunteer through ASPIRE (Aspiring Students Pursue Independence, Responsibility and Excellence.) A Henderson-based project successfully matches elementary students with mentors having similar interests.

Alliances

Our support for a community can often be most effective in alliance with another organisation or service provider. Combining skills and financial support can deliver more than either party could individually. Some of our alliances are long-standing, others have been formed in the past year. A selection is reviewed below.

In the UK

Business in the Community

Powergen is a national member of Business in the Community (BiTC) – a unique movement of companies across the UK committed to continually improving their positive impact on society. BiTC, through its membership, works to raise awareness of social issues, share information and expertise and promote the power of collaborative action.

We have been involved in various projects in partnership with BiTC including:

- Sponsoring BiTC's Neighbourhood Renewal Award for Excellence that rewards creative initiatives, which help rebuild communities and self-sustaining neighbourhoods

- Participating in the Canley and Tile Hill Business Forum which is made up of a number of companies near Powergen's Headquarters in Coventry. The Forum supports the social, economic and environmental regeneration of the area and also provides grants to local community groups and schools via a 'Community Chest'

- Supporting the Let's Get Reading project, which was primarily aimed at Coventry's Education Action Zone (EAZ) schools. It encouraged Year 2 children's interest in reading through visits to local libraries and providing them with book vouchers

Powergen Environment Fund

The Powergen Environment Fund provides £50,000 a year to environmental projects in local communities. In 2001 / 2002, 16 projects received support, including hedge planting, nature trail improvements and composting schemes. The fund was launched in 1999 and is managed by the Royal Society for Nature Conservation (RSNC). It builds on a five-year partnership developed between East Midlands Electricity and the RSNC.

CONKERS

Powergen is supporting CONKERS, an interactive discovery centre located at the Heart of the National Forest, Leicestershire. The centre offers imaginative displays including four indoor discovery zones where

visitors can learn about forest activity. Powergen has pledged £300,000 over five years to sponsor the Power for Life discovery zone. Over 23,000 people have visited CONKERS since it opened in April 2001. Find out more at www.visitconkers.com

Age Concern Electric Blanket Testing

Each year, more than 5,000 fires are caused in the UK as a direct result of unsafe electric blankets. Many victims are older people – those aged 65 and over are six times more likely than anyone else to die from an electric blanket fire. We have teamed up with Age Concern to research the problem, test blankets used by older people and offer free replacements for faulty blankets.

In autumn 2001, during our fourth Electric Blanket Testing campaign, over 50 local Age Concern centres tested blankets across the East Midlands region and around our major sites. Around two-thirds of the 2,750 blankets tested were found to be faulty and were replaced free of charge, potentially saving lives. The scheme has received the support of the Department of Trade and Industry.

In the US

Peregrine falcons

High points at power plants are a natural attraction for falcons. For nearly a decade, LG&E, in a partnership with the Kentucky Department of Fish and Wildlife, has been placing nesting boxes in the stacks at its plants to attract peregrine falcons, which were once on the endangered species list.

Ohio River Sweep

Employees remove rubbish during the Ohio River Sweep, a project that LG&E has supported since 1995. Volunteers have removed tons of litter and debris from the banks of the Ohio River.

The Arts

Arts and culture can enrich our lives and be educational experiences as well. For these reasons we have supported arts projects – often with educational links.

In the UK

Walton Trust

Since 1995, Powergen has supported the William Walton Trust, a charity promoting education projects through the music of composer William Walton. The collaboration enables schools with little music provision to indulge in creative music-making. We have supported projects involving thousands of schoolchildren in London, Liverpool, Coventry, Deeside and Nottingham. Schools have worked with renowned orchestras on a range of activities, including concerts, drama workshops and teacher training.

Birmingham Royal Ballet

We have worked with the Birmingham Royal Ballet (BRB) since 1990 to help broaden access to top-quality performing arts among local communities in the West Midlands area and on national tours. We have sponsored numerous major productions, including *The Nutcracker* in 1990, *Sylvia* in 1993, *Giselle* in 1999 and *Arthur II* in 2001.

In the US

Speed Museum

LG&E Energy and the LG&E Energy Foundation have been long-time supporters of the JB Speed Art Museum, Kentucky's oldest and largest art museum. With over 12,000 permanent pieces, ranging from ancient Egyptian to contemporary art, the museum offers something for all ages, including the kids' Art Sparks interactive gallery.

Kentucky Christmas Chorus

The Kentucky Christmas Chorus desperately needed a last-minute sponsor to save its presentation in Lexington last year. Kentucky Utilities and the LG&E Energy Foundation came to the rescue with funding for this very popular, long-time community event.

Charitable support

Like all major companies, the Powergen Group receives a huge number of charitable requests. Inevitably, only some can gain our support. In both the UK and the US we give support to particular areas of need.

Our employees across the world also help make a difference to local communities. This may be by using their skills and expertise at local events and projects or giving their time to help raise money for countless charities. We know their efforts are greatly valued.

In the UK

Powergen supports charitable organisations through employee matched funding and our Charity of the Year scheme. As we receive so many requests for support, we have introduced the Charity of the Year scheme, which allows employees to be involved in choosing the charities Powergen supports.

Throughout October and November each year, employees are given the opportunity to vote for one national and local charity. They choose from a list of charities that have written in requesting support from Powergen or a charity nominated by them. We donate £15,000 to the winning national charity plus further donations during the year from company-wide fundraising activities. Three local charities receive £5,000 each.

Powergen Charity of the Year 2001 and 2002

In 2001, Powergen employees chose Macmillan Cancer Relief as Charity of the Year. Macmillan supports people with cancer and their families through specialist information, treatment and care and during the year Powergen and its employees raised over £44,000. For 2002, employees have chosen the Imperial Cancer Research Fund (now Cancer Research UK) as the Charity of the Year.

The three selected local charities in 2001 were LOROS Hospice in Leicester, The Rotherham Hospice and ChildLine Midlands, Nottingham. In 2002, the chosen local charities are The Samaritans (Nottingham branch), children's charity NCH (Birmingham) and The Haven Housing Trust (Nottingham).

In the US

LG&E Energy (LG&E) provides community support via the LG&E Energy Foundation which focuses on four areas – education, health and human services, civic support and the arts. It funds programmes that directly impact on people in communities where LG&E provides service, rather than large capital campaigns. Requests are reviewed quarterly by the Foundation Board.

In addition, LG&E and its subsidiaries provide general funding for a variety of community events, programmes and services throughout Kentucky and parts of Virginia. Every month, a Community Investment Team reviews requests.

Further information about LG&E's community support can be found on its website – www.lgeenergy.com

Employee matched funding

In the UK, we support our employees in their individual fundraising efforts by matching the amount they raise when undertaking a sponsored activity for charity (up to a limit of £1,000 per employee per year). In 2001, we forwarded over £21,000 to a number of charities in support of such activities.

In the US, the LG&E Energy Foundation, LG&E Energy and employees donate time and money to United Way chapters across the state. Last year, employees volunteered countless hours for United Way agencies and contributed more than \$483,000. The Foundation's dollar-for-dollar match and additional giving raised the grand total contributed to more than \$1 million.

Staff at Powergen's Westwood Headquarters in Coventry raised money for the Charity of the Year scheme by dressing up for a 'Beach Day' and taking part in competitions such as beach volleyball.

Raffle prizes and ad-hoc funding

Powergen offers in-kind support to a variety of local community groups and schools through donations of raffle prizes and ad-hoc funding. In 2001, we donated over £36,500 in ad-hoc funding and over £1,000 worth of raffle prizes.

Kentucky Harvest

LG&E employees donated 12,000 pounds of non-perishable food items to the company's Kentucky Harvest food drive.

LG&E donated two electric-powered bicycles to the Louisville Police Department for officers to use in patrolling the city's 2nd District in downtown. The modified 27-inch mountain bikes feature lights, a siren and storage bag for police equipment.

Volunteering

The Powergen Group supports and encourages employee volunteering that benefits local communities. Such work can help individuals develop bringing benefit to our businesses too.

In the UK

During 2001, we have been working on introducing a targeted volunteering programme across the company using the Changing Climates educational programme. Volunteers will act as the Changing Climates' point of contact for participating schools.

In the US

Valley Village Cemetary Clean-up

Volunteers from LG&E's Mill Creek generating station helped renovate a 200-year-old cemetery in Southwest Jefferson County. This involved countless hours' research and co-ordination with local agencies as well as hard labour. Among those buried at the site is Dr Thomas Greenley, the first president of the Kentucky Medical Society.

Tree planting

Employees teach students at Louisville's Frost Middle School the value to the environment of planting trees.

Habitat for Humanity

LG&E employees volunteer many hours to help support the Habitat for Humanity construction projects across the state.

America stands strong

Like most Americans, LG&E employees were stunned by the events of 11 September and overwhelmed with a desire to provide help. On their own, employees immediately began collecting funds for victims' families. Some employees, with experience in rescue efforts, took time off work to travel to the World Trade Centre site to lend a hand. On behalf of employees, the LG&E Energy Foundation donated \$10,000 to the American Red Cross, which was matched by another donor. LG&E facilities throughout Kentucky and Virginia flew flags at half-mast or hung banners proclaiming America Stands Strong.

Powergen rated lower environmental risk than competitors

Power stations owned by Powergen have come out on top in the Environment Agency's latest risk appraisals.

The Operator and Pollution Risk Appraisals are split into two categories – Pollution Hazard Appraisal (PHA), which measures environmental risks, and Operator Performance Appraisal (OPA), which scores operators' ability to manage those risks.

After appraisal, the Agency gave all Powergen sites high scores. When compared with other generators, those scores put Powergen on top in all three major categories – coal-fired power stations, combined heat and power stations and gas-fired power stations – in both PHA and OPA assessments.

Powergen's largest wind farm has opened

In September, a new wind farm began operating at Bowbeat Hill, near Peebles in the Scottish Borders. It is Powergen Renewables' largest wind farm to date and has the largest generating capacity of any wind farm in Scotland.

It consists of 24 x 1.3MW turbines, with a total generating capacity of 31.2MW. The wind farm is capable of producing enough electricity to cater for the annual electrical power requirements of around 22,500 homes, enough to supply around half of the homes in the Scottish Borders area.

The scheme's annual output of electricity will displace enough fossil fuel generation to prevent the emission of around 50,000 tonnes of CO₂ a year.

"This is a significant step forward as we move towards the Government's target for 10% of the UK's electricity to be generated by renewable sources by 2010" says Dr Chris Morris, General Manager at Powergen Renewables. He added "Additionally, it also allows us to move towards the Scottish Executive's renewable generation target of 18% by 2010".

Since commissioning, Powergen Renewables' wind farms have avoided the emission of around 450,000 tonnes of carbon dioxide into the atmosphere.

Powergen commits to health and safety targets

Powergen has committed to an industry-wide initiative in response to the Government's plans to improve health and safety at work.

In 2000, the Government set out a new 10-year strategy for health and safety at work called 'Revitalising Health and Safety'. This strategy set challenging targets for employers to reduce health and safety failures at work.

The Electricity Association, the main trade association for the UK electricity industry, translated these targets into 'SAFELEC 2010', which sets out how we as an industry will contribute to achieving the Government's targets.

Powergen is fully committed to achieving the SAFELEC 2010 targets. In summary these are, by 2010:

- A 50% reduction in the number of working days lost due to work related injury and ill health

- A 20% reduction in the incidence rate of cases of work related ill health
- A 50% reduction in the incidence rate of major and fatal injuries

In addition, half of the improvement under each target should be achieved by 2004.

Powergen has also made a commitment to achieving four Occupational Health targets, namely:

- To continue to seek improved methods of managing work-related stress
- To reduce the incidence rate of work-related musculoskeletal disorders (WRMSD) by 12 per cent by 2004, and reduce the number of working days lost per 100,000 workers due to WRMSD by 15 per cent by 2004.
- To promote the development of better systems for collecting the necessary occupational health data to obtain a clearer picture of current levels of work-related illness within the Electricity Industry.
- To develop initiatives for improving rehabilitation back to work of employees off work due to ill health.