

committed to our
energy future

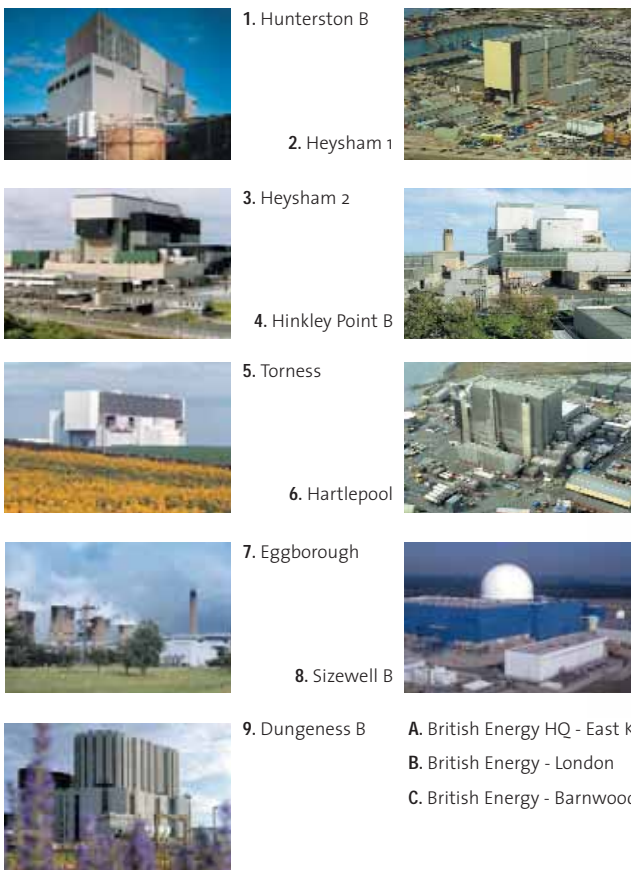


Corporate Social Responsibility (CSR)

British Energy is committed to being a responsible generator and trader of power. The bedrock of our commitment is being open, ethical, good environmental stewards, and above all operating safely at all times. This Report aims to give insight into our performance using the 'Business in the Community framework' and the 'GRI Guidelines', and demonstrates how we put our commitment into practice. The report period for our CSR Report is the UK financial year 1 April 2007 to 31 March 2008. This is our fifth CSR Report, with previous reports available on our website (www.british-energy.com).

Front cover images

From left to right: Sizewell B which is the most modern UK nuclear power station, maintenance and training in the workplace, engaging customers through our annual Talk Power Conference; members of the site stakeholder group viewing operations at Torness; investing in the development of our apprentices in association with the Ocean Youth Trust.



1. Hunterston B

2. Heysham 1

3. Heysham 2

4. Hinkley Point B

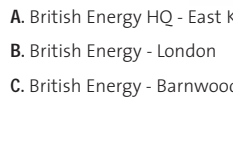
5. Torness

6. Hartlepool

7. Eggborough

8. Sizewell B

9. Dungeness B



A. British Energy HQ - East Kilbride

B. British Energy - London

C. British Energy - Barnwood



- Advanced gas-cooled reactor AGR
- Pressurised Water Reactor PWR
- ◆ Coal fired power station
- ▲ Office

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Chairman's introduction


Our CSR Report this year focuses on commitment, something that runs deeply through our culture. As a responsible company we are committed to the safe operation of our power stations, to our people and those we work with, and to our local communities. As a business we are committed to performing well for our shareholders, and as a good corporate citizen we want to continue making a major contribution to the well-being of the public.

One of the most important developments for British Energy and the UK this year was the Government's declaration of support for new nuclear power stations. Following a thorough consultation throughout 2007, the White Paper published in January 2008 confirmed that new nuclear power stations should have a role in the country's future energy mix.

Nuclear power produces large amounts of electricity with very few emissions and is one of the most cost-effective ways to reduce carbon dioxide emissions. Not only is British Energy the largest generator of electricity in the country, our company makes the single largest contribution to helping the UK meet its climate change target.

But another important reason that nuclear power is needed is the security of our energy supply. At a time of spiralling energy costs, existing and new nuclear stations can help to provide electricity to support the economy and at an affordable price to the consumers.

At British Energy we are primed and ready to take our place at the heart of nuclear new build. We are working hard to develop our sites and our people, in close cooperation with our local communities to make this exciting new possibility a reality.



Sir Adrian Montague, CBE,
Chairman

Chief Executive's summary

This was a very challenging but also very important year for our company. Once again we have had to work hard to address significant technical challenges brought about by the unique designs and age of our stations. But as in the previous year we have shown that as a company, we have the knowledge, experience, and commitment to solve these problems. This year's CSR Report shows that many of the underlying trends that demonstrate the health of our stations are on an improving path. This is testament to the abilities of our employees and those that work with us.

In the marketplace, our nuclear output is lower than last year because two of our stations were taken off line to address specific design issues, and two other stations did not return to service until part way through the year. Nonetheless, the impact was minimised through the improved performance across the rest of our stations and in particular the excellent performance of our Sizewell B and Eggborough stations. We remain the largest electricity generator in the country.

In the trading area we continue to play a lead role in servicing the needs of the Industrial and Commercial sector of the market. We value our relationships with our customers and whenever possible engage with and inform them on new developments and how we might be helpful in making them more competitive and successful. Our annual customer event, Talk Power, for example, proved more popular than ever, attracting an audience of over two hundred and fifty people. Such events are increasingly important as new products and services are brought to the market.

We are committed to safety in our workplace. The nuclear industry requires the very highest safety standards, and we work to ensure that everyone in the company has a clear focus on safety. Achieving safety and operational excellence is accomplished only when everyone is involved, permeating the culture of our company. At all levels, and at all locations, we have taken nuclear safety culture training. We will build on and broaden this training into a more comprehensive programme of 'nuclear professionalism' next year.

We measure our safety culture through independent company wide surveys of our staff and contractors. We also test our safety performance and operating metrics constantly against other members of the World Association of Nuclear Operators (WANO). The nuclear

industry world-wide shares operating experience and best practices through this organisation, and we coordinate independent, in-depth peer reviews of our stations to help us improve performance. The key ingredient to excellence in any business is the people. We in the UK, just as nuclear operators in France, the



Bill Coley,
Chief Executive



(left to right): Kirsty Wark, host of Talk Power, Bill Coley - Chief Executive, British Energy, Richard Brown CBE - Chief Executive, Eurostar and Dr Anthony White MBE - Managing Director of Market Development and Chairman of Advisory, Climate Change Capital.

United States and other countries who have had nuclear generation for many years, have not hired a large number of people in past times. Thus we all have a senior nuclear workforce, many of whom will be moving on to retirement in the next decade or so. We will need well trained employees to replace those retirees. At British Energy we recognised this challenge some time ago and put in place plans to ensure that we are prepared for the future. Last year we recruited around 430 new skilled people, increasing the company's employees by more than 1,000 over the past three years.

This year we completed the construction of a new central training facility, the British Energy Nuclear Power Academy, in Barnwood, Gloucestershire. The Academy will provide part of the training for new graduates and apprentices and keep existing staff up to date through refresher training. We are also part of larger UK wide efforts to improve training in the industry. We have formed alliances with various Universities in the UK who are key to providing training and consultancy for us. And we are working with them to help strengthen their programmes in science and technology.

British Energy has a proud record of environmental stewardship, and concern for the environment runs deeply through the company's culture. As the only low carbon, baseload generator of electricity in the UK, we are proud to play a key role in helping the country meet its climate change targets. Last year our nuclear generation avoided the emission of almost 35 million tonnes of carbon dioxide, when compared to the prevailing fossil mix. To put this into context, it would be necessary to halve the emissions from the UK's passenger cars to deliver the same carbon dioxide savings as our nuclear stations.

“Last year we recruited around 430 new skilled people, increasing the company's employees by more than 1,000 over the past three years”.

This year, once again, we did not have a single environmental event to report to our regulators that had a significant impact. Under the auspices of the Nuclear Sector Plan we are working with the Environment Agency to continue to improve overall environmental performance. This is an excellent initiative which we believe will achieve levels of environmental protection well beyond basic legal requirements.

Our commitment to the local communities around our sites is reflected in 'Community' being one of our company values. We value the engagement with our neighbours through the established site stakeholder group meetings. As well as providing employment, British Energy, through our employees, plays an active role in each of the communities around our sites

This year British Energy employees chose, once again, to make Help the Hospices the company's Charity of the Year, raising almost £270,000 – bringing the total to £530,000 over the last two years for this worthy cause. We are delighted that Cotswold Care hospice in Barnwood chose to name the education facility in their new building the 'British Energy Education Centre' in recognition of our employees and their support.

We are committed to being at the heart of nuclear new build in the UK. We have identified four key sites for initial review - Bradwell, Hinkley Point, Dungeness and Sizewell - and we have begun performing the geological, marine and environmental studies required to ensure that these sites are ideally placed to accommodate new stations.

Building a nuclear station is a large project spanning five or more years involving thousands of construction workers. When completed, each new unit will provide several hundred quality jobs in the community for more than 60 years. Thus, nuclear new build is important to the surrounding communities and it's important that they understand our plans. But it's more important that we understand their needs and concerns, which is why we have been meeting with all local stakeholders surrounding our sites. We will continue to do this as we progress our plans over the coming months and years.

We are a much stronger company. We can look to a promising future, in which our existing stations continue to provide the UK with the low carbon electricity it needs, and we make a genuine contribution to a new generation of nuclear stations in the UK.

Bill Coley

British Energy in brief

British Energy Group plc is the UK's largest electricity generator, with a dedicated workforce of over 6,000 skilled professionals. Within the group, British Energy Generation owns and operates eight nuclear power stations and supplies businesses and the wholesale market with electricity. The Group also has interests in other forms of electricity generation. It owns Eggborough, a 2,000 megawatt coal-fired station. Also, a subsidiary company, District Energy, runs four modern 10 megawatt gas-fired power plants. British Energy, in addition, has interests in a small number of renewable projects. British Energy Trading and Sales manages the sales of our electricity and is responsible for negotiating electricity supply contracts with Industrial and Commercial customers. Our company headquarters are in East Kilbride, Scotland, and we also have corporate offices in Barnwood and London. Further information on our company structure can be found on our website (www.british-energy.com). The scope of this Report is limited to operational and office sites that are operated and maintained by British Energy. The four small District Energy sites are maintained by a third party and these are not covered within the Report. However, we are reporting the carbon dioxide emissions associated with these gas plants to provide a more comprehensive carbon footprint.

The regulatory framework

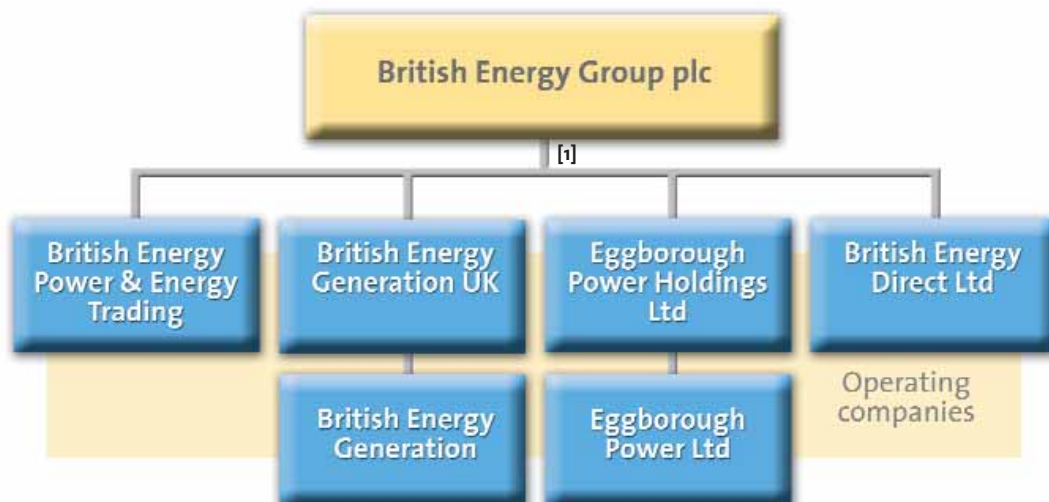
Generation of electricity from nuclear power stations is a highly regulated activity. British Energy works closely

with the regulators to ensure that standards of safety and environmental protection are maintained at an extremely high level. A consistent and proactive dialogue is important to maintain effective and efficient regulation and ensure transparency of the operation. Effective regulation supports British Energy's drive for operational excellence.

British Energy carries out self-regulation, placing great emphasis on the importance of maintaining and continuing to develop a 'safety first' culture to achieve continuous improvements in performance, in this critical area. In addition, British Energy complies with external regulatory requirements, implementing and monitoring appropriate procedures and practices to ensure that legislative requirements and developments are recognised.

Our nuclear site licenses are granted and administered by the Health and Safety Executive's Nuclear Installations Inspectorate (NII). The NII checks compliance with the terms of each site's nuclear site licence through an NII inspector assigned to each station. Our environmental performance is regulated by the Environment Agency in England and the Scottish Environment Protection Agency in Scotland.

We work closely with the Office for Civil Nuclear Security, an independent body responsible for setting the level of security on our sites. They also ensure that adequate security measures control the transport of radioactive materials. The Civil Nuclear Constabulary is a specialised armed force whose role is the protection of civil nuclear sites and nuclear materials.



[1] Intermediate holding companies British Energy Bond Finance plc and British Energy Ltd. Please see our website (www.british-energy.com) for the full company structure. Note: This is a simplified structure chart showing the main group companies, and does not include all companies within the group.

Our ethics

British Energy culture is guided by a Code of Conduct to encourage all of our employees to act with integrity. The Code of Conduct is underpinned by the company vision and values, which are delivered through the use of policies that outline our approach, and procedures that detail the way that we operate.

Our culture recognises our responsibility to society to maintain safety and quality in all our operations. The majority of our electricity generation is nuclear, and both nuclear and industrial safety are overriding priorities in our operations. We will always place safety before commercial gain. Moreover our attention to detail in these areas is carried over to our environmental and social practices. We take seriously our responsibility to manage the radioactive waste that is generated as a result of our operations.

We aim for the highest standards of integrity, honesty and fairness in the way we work. Our Board and the leadership of the company are committed to our Code of Conduct and support its implementation throughout the organisation.

These values have been developed by our employees, but we hope and expect all those who work with us to respect them.

Our company values revisited

Our core values were last developed through consultation with employees some ten years ago. Last year, we decided to revisit those values to ensure that they remain in tune with the company as it is today, and with our many stakeholders.

It was important to us that once again employees in the company had the opportunity to express their views on the values, so we conducted a consultation through an electronic survey via our intranet. An external agency helped ensure that the wording of the survey was open

and easy to understand, and subsequently analysed the results. We consulted everyone working in British Energy – both employees and long term contractors. Those without easy access to a computer could complete a hard copy and all responses were anonymous by default.

We had a good response rate - around 50% of our employees and more than 400 contractors participated. The large number of comments we received were extremely useful for understanding what the company values mean to employees.

As a result of this feedback, we have not only confirmed the values but have also made them easier to remember and therefore to implement. We reference these values through our daily safety message which is highlighted at the start of all company meetings. To reflect our long-standing commitment to our local communities, as expressed by many of our respondents, we have also added 'Community' as an explicit new value.

Key policies and procedures

The policies and procedures that underpin our Code of Conduct place responsibility at the heart of the way we work - at both a corporate and an individual level. All our policies go beyond the basic requirements for human rights. We have a company policy that we do not make any financial political donations. The diagram opposite shows some of the many issues for which we have policies in place.



British Energy vision and values

Our vision is to be first in UK power. British Energy is committed to behaving in an ethical manner. Our shareholders have invested in British Energy and placed their trust in us. They expect us to work to build a commercially successful and financially robust business.

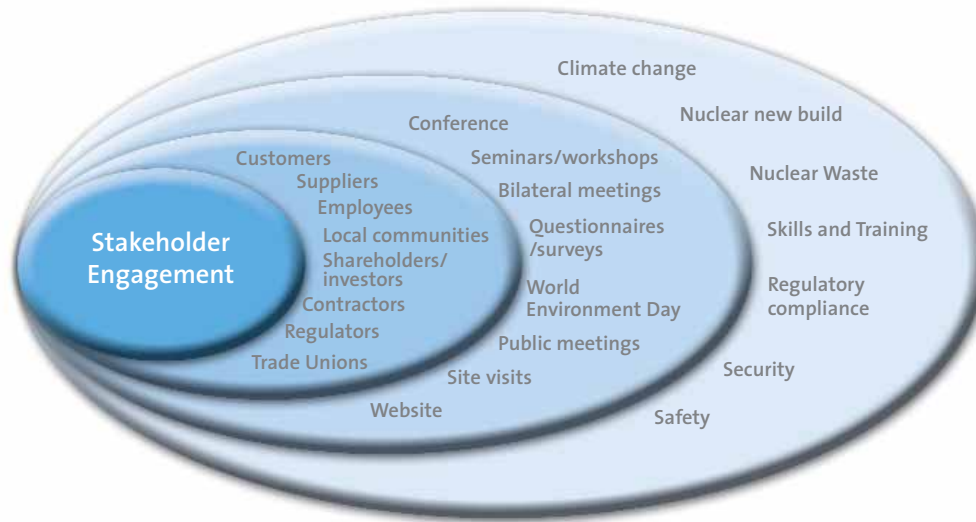
We will work to increase the value of the business and make it a success to benefit all our stakeholders. How we do this is important. We will deliver success through conducting ourselves in accordance with our company values. These provide a shared understanding of what is important to everyone at British Energy.

- **Safety** *operating safely and protecting the environment*
- **Integrity** *acting to the highest professional and personal standards of honesty, quality and excellence*
- **Openness** *being clear, open, engaged and truthful*
- **Responsible** *behaving responsibly towards our customers, partners, shareholders and society*
- **Contribution** *providing a vital commodity for the UK*
- **Teamwork** *valuing our people as individuals, achieving more as a team*
- **Community** *contributing to the welfare of our local communities*



Copies of some of these major policies can be obtained through our website - Health and Safety policy, Safety and Security, and Environment (www.british-energy.com).

Listening to our stakeholders



We follow a clear process to determine the content and features within our CSR Report, to ensure that we cover all issues important to our stakeholders.

Engaging with our stakeholders ensures the issues that are important to them are included in the Report. We interact regularly with customers, investors, shareholders, trade unions, contractors, government bodies, industry bodies, regulators, academic institutions, and local communities.

We engage with our stakeholders in a variety of ways. For example our annual Talk Power conference is used to highlight important issues for our customers; we host 'investor' days for our mainstream and SRI community; we hold an annual contractor conference. We work with the Environment Agency on the nuclear sector plan which stretches beyond compliance and we host a World Environment Day for our employees. Our relationship with our neighbours is an important one and we have held numerous public meetings on potential nuclear new build. We also receive feedback directly through questionnaires sent to stakeholders or via the website and this is discussed in detail on page 36; the values survey, discussed on page 6 also provided many useful comments from our employees and contractors.

Risk management for us is a process implemented by the Group's Board of Directors, management and staff. It is applied in strategy setting and business operations and designed to identify potential events that may affect the company. Our risk management process is designed to provide reasonable assurance regarding the achievement of business objectives, please refer to

page 40 for our governance structure.

The Report design and content is decided by the CSR Working Group which includes representatives from various departments, covering key aspects of our operations and who have direct contact with a variety of stakeholder groups. An important part of the overall process was a series of workshops to brainstorm and discuss the potential topics for the report. Stakeholder views and feedback, obtained first hand by members of our group, were addressed in the workshops and incorporated within the Report where appropriate.

In deciding what to highlight in this year's 'Issues in focus' we looked at the top issues of interest to our company for the year, and selected issues for our stakeholders. Some issues like safety are always very important to both groups and we ensure due attention is given to these in every Report. 'Topical' issues this year include the beneficial contribution that nuclear can make to reducing carbon dioxide emissions, and the importance of nuclear new build to the UK; however, stakeholders want more information on the long term storage of waste.

Concerns were also expressed about the need for engineering skills so that the country is in a good position to maintain the existing nuclear stations and to serve new stations as they are built, and this is also discussed in this year's Report.

Issues in focus

We are very keen to engage with all our stakeholders and try to respond to their interests and concerns. In this year's 'Issues in focus' we have chosen four aspects of our activities to address in more detail.

Climate Change

Powering the low carbon generation

This has been a year of recognition for British Energy. With both climate change and security of supply for energy high on everyone's agenda, we are proud to be the UK's largest provider of low-carbon electricity - we generate around one sixth of the country's power, yet the life-cycle carbon footprint of our nuclear generation is comparable to that of wind.

Last year our nuclear generation avoided emissions of just fewer than 35 million tonnes of carbon dioxide, when compared to the prevailing fossil mix, the equivalent to halving the emissions from all UK passenger cars.

Our fossil plants emit carbon dioxide and because of this they are required to participate in the European Union Emissions Trading Scheme, an initiative that has led to the development of a market in carbon dioxide. In order to operate, our plants need the requisite carbon dioxide allowances, and they can satisfy this requirement by drawing on a free allocation, and when this is exceeded, by buying the remainder in the carbon market. In this way, the market incentivises carbon reduction projects elsewhere in the European Union.

Committed to carbon reductions

Even though we already make a major contribution towards the UK's climate change objectives through our nuclear generation, we want to do more, particularly in

our non-operational activities. This is the wish of our employees and our customers.

We have engaged Environmental Resources Management Limited (ERM) as independent consultants to audit our existing emissions information from across the company – in this way we have also established a baseline against which we can plan reductions in the future. Next, we are developing a carbon reduction plan, which focuses on our office based emissions, with reductions of electricity use, office waste and car travel emissions.

One example is at Barnwood, which is by far our largest office with around 2,000 employees and contractors. While the electricity there is supplied by our own company and is therefore very low carbon, we have set a target to reduce the monthly average electricity usage from 1.5GWh down to 1.35GWh for 2008/09.

We have a number of other activities that encourage carbon dioxide reductions. For example, in the business travel area we now have a company wide policy on reducing car use, including developing a car share website, increasing video conferencing facilities, reducing the use of hire cars, and taking the most polluting vehicles off the approved company car list. We have also enhanced our recycling facilities at all our offices, helping to reduce the associated carbon emissions.

We are still in the early stages of developing our reduction plan and aim to include measurable targets in next year's CSR Report.

CBI Interactive Conference, which held a session on *Climate change: business solutions*



Feedback: Future developments?
 We have once again included an update on new developments in the nuclear area.

New nuclear development

Nuclear power has been contributing significantly to the UK's electricity generation since the 1960s, but as the older power stations reach the end of their lives, it is time to decide whether they should be replaced. Government carried out a thorough consultation on the future of nuclear power during 2007, and published a White Paper in January 2008 which confirmed that new nuclear power stations should have a role in the country's future energy mix.

We welcome this clear statement of support for new nuclear within a balanced energy policy. Government has committed to removing barriers to the industry taking forward new nuclear projects. Initiatives include making progress on radioactive waste and decommissioning policy and reforming the planning system. Ultimately, it will be up to energy companies to develop the new stations, and to do so without government subsidy.

Building new nuclear power stations is a huge commitment; it requires significant investment but will also bring many benefits - not just through employment but especially by providing secure supplies of low carbon electricity for many decades to come. British Energy intends to be at the heart of any new build, but we do not expect to do this on our own. Over the last year, we have been holding discussions with a number of companies about how we might work together with

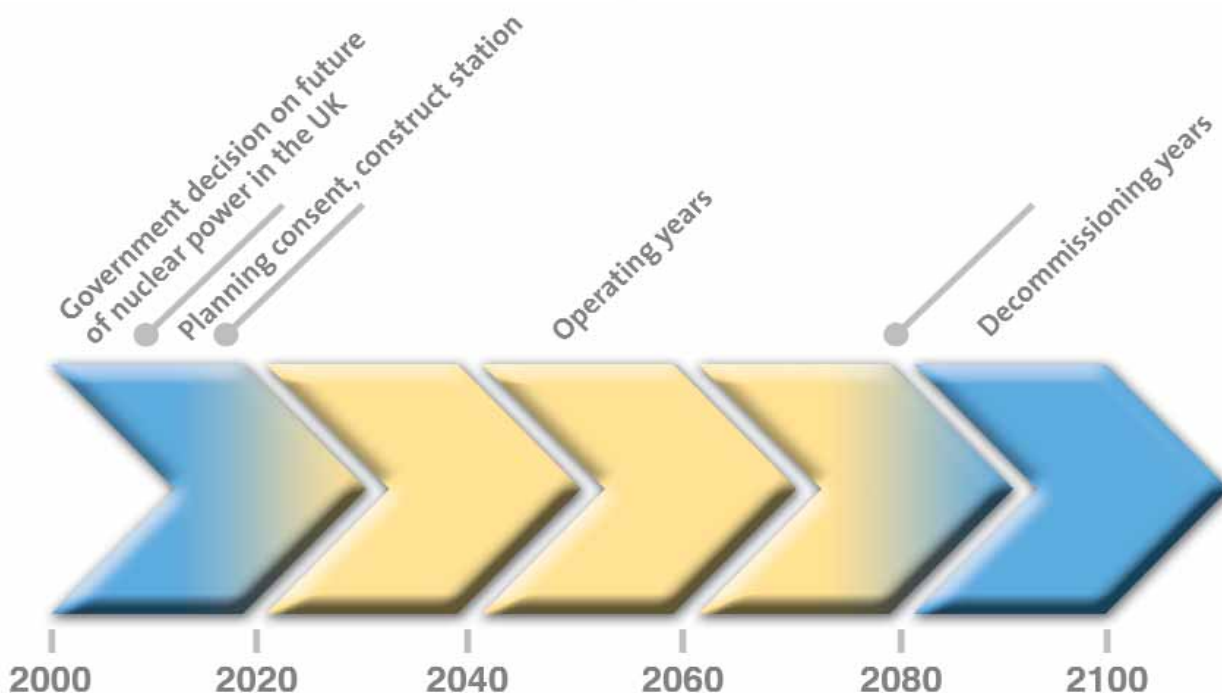
others on new build.

We own land next to eight existing nuclear power station sites that we believe are some of the best candidates for constructing new nuclear power stations, and we are investigating all of them. Our four priority sites - Sizewell in Suffolk, Dungeness in Kent, Hinkley Point in Somerset and Bradwell in Essex - are in the south of England where new generation is needed most.

Before submitting any planning applications, we are committed to understanding the local issues and potential impacts of any new stations. We are gathering the information to prepare thorough environmental impact assessments at all of our sites.

One of the reasons we are so well placed to build new stations is that we already have long lasting and close relationships with the people who live nearby. We are committed to keeping the local communities fully informed about our plans as they evolve through regular meetings with local community representatives at sites where we are the operator of an existing nuclear power station.

There is a long way to go before new nuclear power stations begin replacing the existing stations. It will require long term commitment by British Energy and all its partners, and acceptance by local communities and the general public.



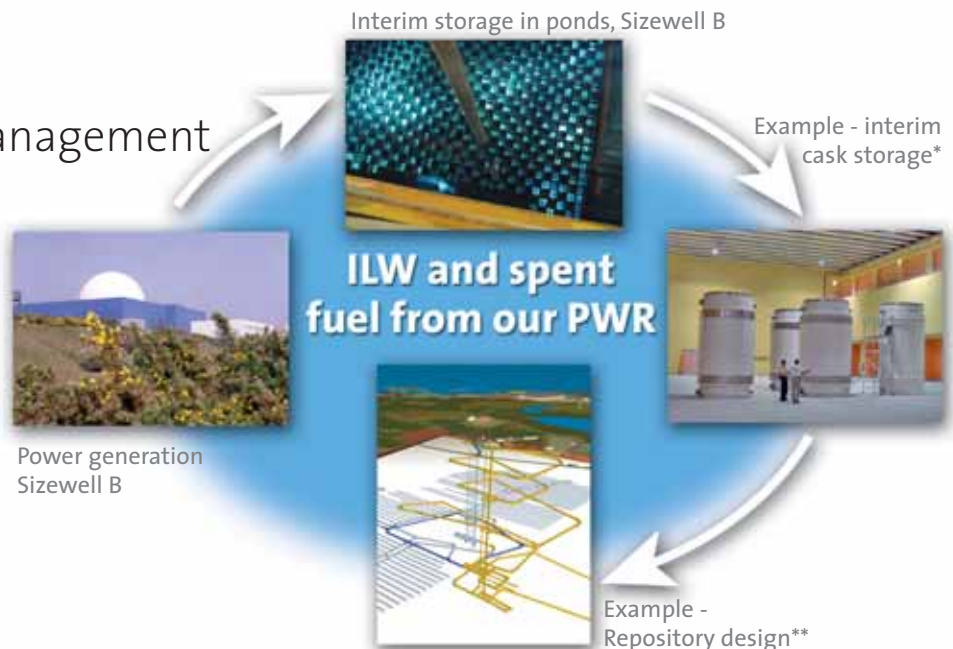
Long term waste management

Nuclear power has the benefit of generating large amounts of electricity from relatively small input of resources. However, it does produce radioactive waste which needs to be dealt with and disposed of with great care. We are committed to taking our waste responsibilities very seriously. We will always put safety before commercial gain, and protecting the environment runs through the heart of our culture.

In the UK, nuclear waste is classified under three headings: Low Level Waste (LLW), Intermediate Level Waste (ILW) and High Level Waste (HLW). Examples of LLW are some waste paper and discarded protective clothing from nuclear power stations. It is disposed of at the Low Level Waste Repository in Cumbria and a small amount of combustible waste is sent for incineration at Hythe. Intermediate level waste includes such things as sludges and resins arising from the treatment of radioactive liquids and filters from active ventilation systems. The ILW produced at our power stations is stored for the medium term in safe, purpose built facilities at our stations while we await a longer term solution.

Under historic contractual arrangements spent fuel from our Advanced Gas-cooled Reactors (AGRs) is transported to Sellafield for reprocessing or storage. However, this waste and spent fuel from our Pressurised Water Reactor (PWR) remains on our site as shown in the figure.

High Level Waste comes from the reprocessing of our AGR spent fuel at Sellafield. HLW contains high levels of radioactivity which generates large amounts of heat. It is initially produced in liquid form and is converted into glass blocks for safe, long term storage at Sellafield. Spent nuclear fuel is not currently classified as a waste since it can be reprocessed and re-usable uranium and plutonium can be extracted. However, unprocessed spent fuel will require disposal in a similar way to HLW because of the amount of heat that it creates. At our Sizewell B PWR station, the spent fuel is stored on site and we will shortly be applying for permission to



develop a further facility to allow us to continue to safely store all of the spent fuel that will be generated over Sizewell B's life.

In June 2007, the UK Government published a consultation document: 'Managing Radioactive Waste Safely – A framework for implementing geological disposal'. This built on the earlier recommendations of the Committee for Radioactive Waste Management (CoRWM) that a geological repository was the best option for disposing of higher activity radioactive waste.

As a key stakeholder we take our responsibility in this area seriously. We ensure the safe management of the waste through our operations, the nature and scale of which is discussed in detail in the Environment section of our Report. In regards to the long term management of waste discussed in this section, we are very active contributors to the Governments programme that will deliver a solution for the UK. For example, we have responded to all the major consultations, participated in major stakeholder events, and presented ideas for the funding arrangements for waste and decommissioning liabilities arising from nuclear new build. We are confident that the Government's process will deliver a long term waste facility that is viable, secure and robust for future generations.

* A purpose built, on-site facility will be built at Sizewell B similar in design to example shown for Zwilag, Switzerland.

** In the long term, an underground repository is a possible option for the UK. An example of the kind of design needed is shown, and is currently under construction in Finland, to be opened in 2020.

Skills and training

At British Energy we are committed to developing the considerable talents of our staff at every level of the company and in each part of the business. The focus of our training improvement programme is on the continuing training of our existing staff across the three key areas: operations, maintenance and engineering support, and also to ensure this training is directed at the key areas for performance improvement. It is important to learn from past events, operating experience and what the plant is telling us.

In the past year we have invested some £8 million to improve both our training programmes and our facilities. We have built a new skills centre at Heysham power station and a Nuclear Power Academy at the company's technical centre, at Barnwood. The Academy will provide state-of-the-art centralised training courses in nuclear operation for new graduates and apprentices, as well as refresher courses for existing staff. It will be a vital part of our drive to bolster our employees' skills.

Training courses only work well if they are rigorous and effective. One way to test this is to measure our training against the benchmark of the Training Standards and Accreditation Board - an independent board of experienced industry personnel who test training programmes against world class standards developed by the Institute of Nuclear Power Operations. Currently Sizewell B, Heysham 1 and 2, Hartlepool, Torness and our central engineering functions have achieved interim accreditation by this body, with Dungeness B, Hinkley Point B and Hunterston B planned for 2008. All our stations are scheduled for full accreditation in the period 2009 to 2013.

Although we believe our internal training schemes are effective, we also look to help from outside. We are using various external trainers to work with our apprentices, and help them develop both the skills and attitudes that they will need to be our future 'nuclear professionals'. At the higher education end, Strathclyde University and GSE Systems are providing a six-week technical programme for our graduate engineers.

We know that part of our success depends on the skills, knowledge and capability of our key suppliers. In cases where we have entered into long-term contracts with suppliers, we are also working closely with them on training programmes that are mutually beneficial.

And looking ahead, we are working with the boards of



Nuclear Power Academy, Barnwood

the Cogent Sector Skills Council and the National Skills Academy for Nuclear to ensure that the industry as a whole has the personnel it needs for future projects. Projecting even further into the future, we are finding ways to spark interest in science, technology engineering and mathematics in schools. A number of our employees act as voluntary mentors in schools, and one is currently working full time on secondment on programmes such as Energy Foresight and the Science and Engineering Ambassadors.

At British Energy we are committed to developing the considerable talents of our staff at every level of the company, and in each part of the business

Marketplace

British Energy is the UK's largest generator of electricity. We sell electricity through the wholesale market and directly to Industrial and Commercial customers. We are committed to supplying our customers with low carbon electricity, while contributing to the country's security of supply.

Business performance

In 2007/08 we generated 50.3 terawatt hours (TWh) of nuclear output, down from 51.2TWh in the previous year. This corresponds to a saving of 34.8 million tonnes of carbon dioxide compared to emissions from fossil fuel plants. While total nuclear output is 0.9TWh lower than last year, we have seen a significant improvement in the level of small unplanned losses. Output in both years has been affected by boiler restrictions at Hunterston B and Hinkley Point B power stations, and 2007/08 has also been impacted by the boiler closure unit (BCU) issue at Hartlepool and Heysham 1 power stations. Notwithstanding these large losses, small unplanned losses are at their lowest recorded levels, reflecting our targeted investment strategy.

Output from Eggborough, our coal-fired plant, increased to 8.1TWh for the year compared with 7.2TWh in 2006/07. Unlike the nuclear stations which provide baseload electricity, Eggborough provides flexible generation to meet peak demands. We continue to optimise Eggborough's contribution against changing power, coal and carbon prices, while at the same time staying within our environmental limits.

Revenue from generated electricity for the year was £2,377 million, a reduction from £2,580m in 2006/07. Realised price decreased to £40.7/MWh in 2007/08 from £44.2/MWh in 2006/07. Adjusted EBITDA decreased to £882m for the year compared to £1,221m last year, reflecting the reduction in revenue and the depreciation charge as a result of capital expenditure on plant and higher costs, in particular, fuel costs and a higher depreciation charge as a result of capital expenditure on plant.

As part of the Restructuring arrangements which came into effect in January 2005, each financial year we are required to make a Cash Sweep Payment to the Nuclear Liabilities Fund (NLF), an independent body set up by Government, which will be used to fund certain of our nuclear liabilities. The Cash Sweep Payment accrual was £102m for 2007/08 compared to £171m that was

| Business performance results | | | 2007/08 | 2006/07 |
|---|---------|---------|---------|---------|
| Output | Nuclear | TWh | 50.3 | 51.2 |
| | Coal | TWh | 8.1 | 7.2 |
| Revenue from generated electricity | | (£m) | 2,377 | 2,580 |
| Realised price | | (£/MWh) | 40.7 | 44.2 |
| Adjusted EBITDA | | (£m) | 882 | 1,221 |
| Net profit attributable to shareholders | | (£m) | 335 | 465 |
| Cash Sweep Payment Accrual | | (£m) | 102 | 305* |
| Dividend paid per share | | (p) | 13.6 | - |

* Subsequently reduced to £171m following conversion and sale by the NLF of part of its stake in British Energy

paid to the NLF in respect of 2006/07 and is dependent on the amount of cash generated in the year and the NLF's economic interest in the company. As at 31 March 2008, the NLF held a 35.1% interest following a partial conversion and sale of its interest during the year, compared to 64.0% as at 31 March 2007.

In addition, the company paid a dividend for the first time since Restructuring in 2005. A base dividend of 13.6 pence per share was paid to shareholders in July 2007 and an additional dividend of 14.5p per share was paid in April 2008, both in respect of 2006/07. A base dividend of 13.6p has been recommended by the Board in respect of 2007/08.

We supply our customers with low carbon electricity, and contribute to the country's security of supply

Working with the investment community

Our senior management participated in over 300 meetings with institutional investors and analysts during the year. We held an Investor Day at Sizewell B in May 2007 and a site visit for Socially Responsible Investors (SRI), also hosted by Sizewell B, in January 2008.

The Investor Day updated investors on the steps we are taking to sustain and improve operational performance through proactive investment in potential loss areas. There was also an opportunity to discuss the steps being taken by the company to position itself for nuclear new build and our nuclear professionalism programme.

The SRI Day updated investors on our performance in key areas of Corporate Social Responsibility. It also built on the UK waste debate discussion begun at the previous SRI Day in 2006, this time focusing on spent fuel management at Sizewell B. Investors were taken to see the spent fuel ponds at Sizewell B. All the spent fuel arising since the inception of the station in 1995 is safely stored within a purpose built facility onsite.

Investor day visit to Sizewell B



Carbon takes centre stage at Talk Power

At British Energy we are committed to our relationship with our customers and we always seek to offer more than just an electricity supply contract. Customer service is critical and once again we ranked very highly in the annual Datamonitor customer service survey*.

We also put a very high value on opportunities to meet our customers face to face. This year our annual customer event, Talk Power, was bigger than ever. More than 250 delegates attended the event at the British Museum. These included senior representatives from BT, Tesco, Sainsburys, BP and Vodafone, some of the UK's largest energy users.








Newsnight's Kirsty Wark led the debate, which addressed the topic that is currently dominating the energy agenda: carbon. The debate set out to illustrate how carbon was not just a part of energy decision making but is now a driver for business strategy. Delegates heard Richard Brown, CEO of Eurostar, talk about the positive effect a low-carbon strategy was having on his business. Carl Mortished, World Business Editor of The Times, then highlighted how much work there was still to do to engage the consumer in the carbon debate. The biggest impact on the day came from Richard Tarboton, Head of Energy and Carbon Management at BT. Richard's assertion that Ofgem's new fuel labelling system would create a tiered market between low carbon and high carbon electricity was greeted with a great deal of debate in the panel session. This debate is set to continue but conference delegates were left in no doubt that the electricity market is changing fast.

*British Energy was ranked No.2 in the Datamonitor 2007 Energy Buyer Survey. The survey/report covers 2,000 energy buyers from within the United Kingdom.

“Very relevant subjects in today's energy environment. Good speakers and well delivered.”

Chris Batt, BP

British Energy fuel mix 2006/07

| Energy sources | Electricity supplied has been sourced from the following fuels | | | | | Carbon emissions | By-products |
|-----------------------|--|---|---|--|---|---|---|
| |  Coal |  Gas |  Nuclear |  Renewables |  Other |  CO ₂ (g/kWh) |  Radioactive waste (g/kWh) |
| British Energy Direct | 11.7% | 0.2% | 85.2% | 2.9% | 0.0% | 105 | 0.009 |
| National Average | 35.8% | 38.8% | 18.6% | 4.7% | 2.1% | 474 | 0.002 |

British Energy in the Marketplace - A low carbon electricity supplier

Over the past year we have seen increasing corporate and consumer focus on global warming. We are all becoming much more aware of our carbon footprint, and investors, customers and community stakeholders are putting increasing pressure on businesses to cut their emissions. Electricity production is a significant contributor to emissions, and is becoming a key target for businesses who wish to reduce their carbon exposure.

British Energy is the largest generator of low carbon electricity in the UK, responsible for providing around one sixth of the nation's power. Today we sell and trade some 90% of the UK's low carbon energy, which means we have a major role to play in powering the low carbon generation.

We sell power directly to 2,000 of the UK's leading Industrial and Commercial companies. More than 30TWh of low carbon energy sold by our client facing division, British Energy Direct, has only a fifth of the carbon intensity of the national average, which is helping our customers report a lower carbon footprint. Moreover, in the last year in the marketplace, low carbon leaders have begun to emerge. Businesses such as Eurostar, a customer of British Energy via our contract with Network Rail, are using our low carbon energy to deliver significant business benefits (see feature on page 16).

As well as nuclear power, we are also investing in other forms of low-carbon energy sources. Through our subsidiary company District Energy we run four small gas-fired plants. We also burn a small percentage of biomass in place of coal at our Eggborough power station. Our trading experience has also won us the exclusive right to trade on behalf of the Nuclear Decommissioning Authority's Magnox power stations, further contributing to our low-carbon energy assets.

We are disappointed to report that our Lewis Wind Power proposal for the Western Isles of Scotland, (a 50/50 joint venture between British Energy and AMEC) was rejected by the Scottish Government in April this year.

British Energy's Fuel Mix

In accordance with EU legislation we disclose full details of our fuel mix (above), and the associated carbon dioxide emissions and spent nuclear fuel. The fuel mix disclosure is sent to our customers and made available to the wider public through the British Energy Direct website (www.britishenergydirect.com).

Through our fuel mix, we emit just 105 grams of carbon dioxide for each unit of power (kilowatt hour, kWh) we supply, compared to the national average of 474g CO₂/kWh.

Also, for each kilowatt hour of electricity generated from nuclear sources we produce just 0.012g of spent fuel. To put the volume of spent fuel in context, if all the electricity used in a standard home for a year came from a nuclear power station, the spent fuel this would create would be the weight of around two £1 coins. This is managed safely under strict government regulation and is explained in more detailed in pages 11, 26 and 27.

More power to British producers

Many of our customers want low carbon power as part of their energy contract. Along with our own nuclear generation, we have strong relationships with electricity partners who produce power from a wide range of renewable and other levy-exempt sources. From innovators in biomass energy to hydropower sources, we encourage and support British companies who contribute to the spectrum of lower carbon, sustainable power.

Feedback: *Need to integrate performance indicator information within main body of report?*

We now include a summary of our performance in each section.



Exploring new options to reduce energy consumption

British Energy is helping customers to micro-manage their power supply. We have a partnership with powerPerfactor plc., to promote their voltage optimisation product.

The powerPerfactor units optimise the voltage needed to power a business day and night. Typically, sites fitted with a powerPerfactor can expect 10% to 20% reductions in energy consumption, costs and carbon emissions. powerPerfactor is used across a wide range of the UK's largest businesses and industries, including companies like ASDA and Cummins as well as the UK Ministry of Defence.

The average voltage supply from the UK's National Grid is 242 volts (V). However, some electrical equipment such as lighting and motors can work efficiently on lower voltages. A 230V linear appliance used on a 240V supply will take 4.3% more current and will consume almost 9% more energy. This might not sound like much but if you add those 9%'s up across all the equipment and thousands of appliances, in operation in many businesses and it quickly becomes significant.

In 2007/08 our trading and sales division entered an agreement with powerPerfactor plc. Wayne Mitchell, Head of Retail at British Energy, says "our partnership with powerPerfactor provides customers with proven technology that can help them make a real difference. When combined with other energy management solutions such as energy saving programmes and the introduction of a low carbon power supply, such as our own, customers can make very quick progress on reducing energy consumption and driving down their carbon footprint".

The powerPerfactor units optimise the voltage needed to power a business day and night. Typically, sites fitted with a powerPerfactor can expect 10% to 20% reductions in energy consumption

powerPerfactor





Smart energy management - helping Diageo reduce its energy consumption

Diageo is one of the world's most admired drinks companies, famous for top international brands. Like British Energy, Diageo is committed to reducing energy consumption across all of its sites as part of the company's corporate citizenship programme. Says Alan Barclay, Governance Director of Diageo Great Britain, "we wanted to look much more closely at energy consumption across individual sites so we could implement very specific energy saving strategies to deliver the best results".

British Energy already supplies Diageo with 140GWh of low-carbon power across 56 sites. However, as well as this positive contribution to lowering emissions, we also provide customers with a range of tools and services that can help them build energy management programmes.

Mark Rose, British Energy's Relationship Manager for Diageo, presented a two day workshop for Diageo's site management teams and took an experienced team to Scotland to provide advice and training. The first day provided an overview of the electricity market and the main drivers affecting electricity prices as well as some hands-on experience with 'impact', British Energy's online energy management tool. This workshop reinforced the message that reducing electricity consumption is good for the environment and for profitability.

The second day focused on demand management. As a result, the Diageo team developed site-specific programmes to reduce energy consumption, carbon footprint and energy costs. Andy Youl, Energy Co-ordinator, Diageo Great Britain said: "Profiling site energy usage was very revealing. Using this insight and training we will be able to further cut costs and carbon."

Helping Eurostar 'Tread Lightly' British Energy powers Europe's environmentally aware train company

Eurostar launched its 'Tread Lightly' initiative in April 2007. The key target is to cut carbon dioxide emissions by 25% per traveller journey by 2012. This commitment is not just an important part of Eurostar's environmental strategy, it is also at the heart of the company's business strategy.

An independent environmental study commissioned by the company in 2006 concluded that a Eurostar journey between London and Paris or Brussels emits 10 times less carbon dioxide than an equivalent flight.

In the UK, Eurostar powers its trains using electricity supplied to Network Rail by British Energy. The electricity they use has the lowest carbon content of the major UK generators, with a carbon content of 105g/kWh* of carbon compared to the national average of 474g/kWh*.

Using power with a low carbon content helps Eurostar report a smaller carbon footprint which can be communicated to customers as an attractive advantage. Eurostar's first priority is to reduce emissions but where it cannot, then as a last resort, it is investing in high quality off-setting schemes. In November 2007, Eurostar became the world's first train operator to make all journeys carbon neutral - at no extra cost to passengers.

* Based on the 2006/07 supplier fuel mix disclosure

"We don't look at our carbon strategy as an expense, because the extra revenues we receive from passengers, who are choosing us because we're a greener form of transport, are a number of times greater than the amount we spend."

Richard Brown, Eurostar

Workplace

People, and the environment in which they operate, are very important to our business. At British Energy we are committed to nurturing our staff by supporting them in their jobs, developing their skills, and finding ways to expand the considerable pool of talent that we already have.

Our safety culture

Safety is the first and most important of British Energy's company values, and safe operations are at the heart of our culture. There are many different ways of measuring safety, and we have made excellent progress this year.

Nuclear safety

The International Nuclear Event Scale (INES) defines different levels of hazard, where Level 1, the lowest, represents operating anomalies that have no impact on the safety of the general public or our workforce. During 2007/08 we had no nuclear safety events rated higher than INES Level 1.

Another internationally recognised measure of nuclear safety is the Unplanned Automatic Trip Rate (UATR) - the number of times a reactor is shutdown by its automatic protection systems per 7,000 hours of operation. A low figure indicates that the reactor is controlled well within its safety limits and is operating reliably. In 2007/08 the overall UATR for all our nuclear stations was 0.60, which is the best year-end value we have achieved and continues the downward trend since 2003/04.

Moreover, the benefits of the nuclear safety culture improvement programme that we reported last year are already beginning to show. Our site licences require comprehensive arrangements for reporting and investigating incidents occurring at our power stations, known as Nuclear Reportable Events. The most significant of these, defined by criteria laid down in our site licence compliance arrangements, are reported formally in writing to the Health and Safety Executive's Nuclear Installations Inspectorate. In 2007/08 we reported just 4 such events, down from 22 in 2006/07. This substantial improvement also reflects improved operating procedures at our AGR power stations.

To ensure our safety standards remain at the highest level, we are active participants in the World Association of Nuclear Operators (WANO), which seeks to identify and encourage the spread of the best practices in

nuclear power plants throughout the world. These activities include peer reviews, technical support missions, exchange of operating experience, professional development workshops, and the WANO performance indicator programme.

More than 60 staff from British Energy took part in WANO events across the world during last year, up from 50 in the previous year, and we increased the number of British Energy staff seconded to WANO from three to four. In 2007/08, international teams carried out three WANO peer reviews: at Hinkley Point B, Sizewell B and Heysham 1 and a follow-up peer review also took place at Torness.

Radiation dose

We operate to strict procedures to minimise and control the radiation doses received by employees and contractors at all of our nuclear power stations. Any worker required to enter a radiation controlled area is issued with an electronic personal dosimeter which measures radiation dose and warns the wearer if pre-determined dose levels are exceeded.

Radiation dose is measured in units of milliSieverts (mSv), and the legal dose limit is 20 mSv per year. In calendar year 2007, the average individual dose received by all workers on our sites was 0.081 mSv. The highest individual dose received was 5.987 mSv.

The three year average collective radiation dose for British Energy at the end of 2007/08 was 0.093 man-Sv/reactor compared to 0.223 man-Sv/reactor in 2006/07 (see Indicators at a Glance section). The higher level in 2006/07 was primarily due to repair work that was performed to improve the safety of the boilers at Hunterston B and Hinkley Point B. The company's performance in this area remains amongst the best when compared to nuclear reactors worldwide.

Safety is the first and most important of British Energy's company values, and safe operations are at the heart of our culture



Nuclear professionalism

In the past few years British Energy has run extensive company wide programmes on nuclear safety culture and human performance improvement. We now want to build on these by incorporating the lessons into a new understanding of the way we think about our work and behaviours at British Energy. We call this 'nuclear professionalism'.

As part of nuclear professionalism, we are aiming for sites that are 'incident and injury free'. Nuclear professionals come to work with safety at the forefront of their minds and keep it there all day long. Even during activities that seem routine, part of being a nuclear professional is commitment firstly to maintaining high standards, and secondly to driving those standards higher. We incorporate automatic features and hardware to design plants to be safe, but ultimately people keep the plant safe.

We are now rolling out nuclear professionalism workshops across the organisation to provide continuous improvement in performance and eliminate people-related accidents and losses. These workshops started in early 2008 at Heysham 1 and are taking place across all stations and the central support functions during this financial year. They are team based workshops, lead by the team leaders, and enable each team to agree their specific behaviours for embedding nuclear professionalism in their own specific work areas.

Industrial safety

At British Energy we are very proud of our current industrial safety record, which remains amongst the best in the UK. One measure of industrial safety is the frequency of Lost Time Accidents (LTAs), when employees have to take time off work as a result of injury. British Energy uses a more rigorous definition than the UK standard (3 days minimum) with ours being 'an accident occurring to a company employee, which causes one or more days away from work (excluding the day of the accident)'. During the past year the proportion of LTAs incurred by people working at British Energy power stations has reduced slightly, with a frequency rate of 0.29 per 200,000 person-hours worked, compared to 0.30 for 2006/07.

The number of LTAs for employees and contractors in corporate functions reduced to 1 for 2007/08, compared to 6 for 2006/07.

As a matter of company policy, all accidents must be reported whether or not an injury is sustained. Such openness is constantly reinforced, and is at the heart of our Health and Safety policy.

For example, Eggborough has put in place a series of new measures this year that use openness to ensure that safety is the main focus for everyone on site. The process is known as ALTA, for 'ask, listen, think, act'. All employees at every level are encouraged to challenge anyone working unsafely. They are also encouraged to praise colleagues who have followed safety procedures and worked safely. Eggborough had just 1 LTA for the year, compared to 4 in 2006/07.

The Royal Society for the Prevention of Accidents (RoSPA) presents awards for excellence in managing health and safety at work. We received outstanding accolades at the RoSPA awards this year, with all our nuclear power stations receiving an award for outstanding safety performance. The highest honour, an Order of Distinction, was awarded to Hunterston B, Torness, Heysham 1 and Heysham 2. Second highest honour, the Presidents awards, were given to Dungeness B, Hartlepool and Sizewell B. Hinkley Point B received a Gold medal.

In collaboration with our major contract partners, British Energy has launched this year a new programme called 'Incident and Injury Free', which applies to



Apprentice at Torness under instruction

everyone working on British Energy sites. It is based on three simple principles: a) accountable behaviour - it should be unthinkable to compromise plant and personal safety; b) being involved - engaging with colleagues to make a positive difference; and c) common approach - ensuring a unified approach, common understanding and equal treatment.

Where health is concerned we recognise that prevention is much better than cure. British Energy provides a comprehensive health monitoring programme, which is open to all staff members. There are full-time professional Occupational Health Advisors at all main sites and they cover anything from work-related medical issues to broader aspects of well-being such as smoking, alcohol and diet. During 2007/08 the average sickness absence per employee was 4.1 days, compared to 4.2 days per employee the previous year.

Hunterston B, Torness, Heysham 1 and Heysham 2 received the highest honour, an Order of Distinction at the RoSPA safety awards

Working together

The experience, skills and commitment of the British Energy team are the company's most valuable assets, and are very hard to replicate. However, to continue to establish ourselves as a world-class operator in both nuclear and fossil power, we need to expand that pool of talent.

For the company as a whole an average of 8.8 days training per employee was conducted throughout the year, up from 8.5 days in 2006/07. This was higher in the key technical areas such as plant operations where the training was 20 days per employee. £8 million has been invested in the 2007/08 financial year, compared to £7.3m in 2006/07.

Recruitment

British Energy now employs over 6,100 people, with a total of 427 new recruits joining us in 2007/08. We continue to invest in the training and development of graduates and apprentices. Of the new recruits, the 15 graduates are to undertake a two-year training programme. We recruited 46 apprentices across the business in 2007/08 up from 40 in the previous year.

This year, we invested in recruitment to critical operational areas. A strategic campaign commenced in September 2007 to ensure an adequate supply of suitably qualified and experienced people for the future. Demographic analysis identified 100 key replacements in the stations and central support functions. We determined the associated lead times for training and then recruitment was planned within operations, system health, engineering and design authority. This is to ensure that trained staff would be available when certain vacancies arise, maintaining a stable, skilled workforce.

Working in partnership with our graduate trainees

When it comes to communicating the benefits of a career with British Energy to students, our existing graduate trainees are a powerful asset. Current graduates visited universities to talk about their experience and answer questions about training, benefits and potential career paths. In this way, they can

| Workplace performance | | 2007/08 | 2006/07 |
|---------------------------|---------------------------|---------|---------|
| Nuclear Reportable Events | No. of reportable events | 4 | 22 |
| Lost Time Accidents | LTAs/200,000 worked | 0.29 | 0.30 |
| Training days | Average/employee | 8.8 | 8.5 |
| Sickness absence | Average sickness/employee | 4.1 | 4.2 |
| Employee number | No. of people | 6,176 | 6,062 |
| Gender | | | |
| Male employees | % employees | 87.0 | 87.2 |
| Female employees | % employees | 13.0 | 12.8 |

give their own perspectives not only of the graduate training programme, but of British Energy as an employer of choice.

This recruitment focuses mainly on Science, Technology, Engineering and Mathematics (STEM), although there are some opportunities for graduates with business related disciplines.

'Priming the Pipelines'

Traditionally we have been successful in recruiting new talent through the graduate and apprentice training programmes but as the demand for STEM disciplines increases, ensuring there are enough people with these skills in the marketplace is an increasing challenge.

Our graduate trainees also support the studying of STEM subjects within schools. In initiatives such as Go4SET, the Science and Engineering Ambassadors and Young Engineer schemes, British Energy graduates act as mentors for school children to foster interest and enthusiasm in STEM subjects. We are proud that Largs Academy, guided and supported by mentors from Hunterston B power station, recently won the Go4SET competition in Scotland with their project on energy conservation. This is a great example of how industry advisors and mentors can work with the local community, and British Energy is also working with universities, sector skills councils and industry to develop the skilled workforce of the future. See page 32 and 33 for more information.

We are supporting schemes such as Energy Foresight (which provides teachers and students with high quality

materials to strengthen the Radioactivity and Electrical Energy aspects of the science curriculum), the sector skills council for the nuclear sector; National Skills Academy for Nuclear; EU skills, the sector skills council for the energy and utility sector; and our trade union partners.

Apprentices

The apprentice programme is a key part of British Energy's strategy to maintain and grow our skilled workforce. Helped by our positive relationships with the local communities surrounding the stations, we have continued to receive high-quality applications from young people keen to combine on the job experience with formal training.

We recently signed a £10m partnership contract with Flagship Training to deliver our apprentice programme from September 2008. This national scheme will continue to recruit locally with periods of training undertaken at a residential training centre over a three to four year period. This revised approach will mean that we can continue to offer employment to the local community whilst ensuring we provide our apprentices with training of the highest quality.

Industrial placements

British Energy is keen to invest in the development of students with key skill sets. 2008 will see the re-introduction of the Industrial Placement initiative which will recruit 23 students for 12 month placements across

British Energy is committed to equality of opportunity, and we fully recognise the business benefits that come with a diverse workforce

the organisation. During this time, they will be given the opportunity to experience first hand the benefits of working for British Energy.

Equal opportunities and Dignity at Work

British Energy is committed to equality of opportunity, and we fully recognise the business benefits that come with a diverse workforce. Within the framework of the law, we aim - wherever practicable - to achieving and maintaining a workforce that broadly reflects the composition of the local community in which we operate. Our workplace diversity figures can be found in the Indicators at a glance section.

The company's approach to equal opportunities is championed by the Strategic Review Group which is chaired by one of our Regional Chief Nuclear Officers. Employees' views are represented in this strategic group through the Chair of our staff consultation body, the Equal Opportunities Focus Group (EOFG), being present.

British Energy is also committed to the Dignity at Work partnership project, a joint undertaking by the union Unite, the Department for Business, Enterprise and Regulatory Reform (BERR) and various companies. Following the Dignity at Work training sessions that we delivered to leaders across the company in the previous

year which aimed to tackle dignity at work, we have now been working with Unite to enhance the understanding of their key staff representative with regard to equal opportunities.

We have also recently reviewed our equal opportunities policy and will shortly be consulting with the key stakeholders, including the EOFG, to ensure that it continues to support equal opportunities and diversity within our company.

Confidential reporting of serious concerns

British Energy encourages a culture of integrity, honesty and fairness, and the company both expects and encourages employees who have a serious concern about any aspect of the business to come forward without fear of any personal repercussions. The details of any concern are passed directly to the HR Director, Head of Internal Audit, and to the Chair of the Audit Committee. The Audit Committee is responsible for reporting the results of investigations to the Board of Directors.

Apprentices at Torness power station





Personal view from our first female Station Director

I am excited to have been appointed Station Director at Heysham 1. Early in my career with British Energy, I decided to try to acquire a broad base of knowledge and skills and the Company has allowed me to achieve this through a variety of technical and commercial roles. I now have a broad understanding of the business which will equip me in my next role.

I have found that the experience I have gained through working at a diversity of geographical locations with British Energy gives me a wider perspective and clearer view on what is best in the business. I would encourage ambitious people to adopt a flexible approach to their career planning as variety gives fresh ideas and perspectives. Seeing different practices and experiencing first hand what brings success, both in terms of leadership and results, opens you up to bringing the best ideas into each new role.

I thoroughly enjoyed my most recent role as Plant Manager of Sizewell B in Suffolk, but have happily relocated to my next post at Heysham in Lancashire.

I have great faith in the people at Heysham 1 and admiration for their experience, skills and focus on doing their best which has achieved great things. I hope to match their ambitions by bringing enthusiasm, energy and confidence that we can be the best Nuclear Professionals in the UK.

Gwen Parry-Jones, Heysham 1 Station Director

This year, the awards recognised recipients individual contributions to safety, operational excellence and business performance

Excellence Awards

The fourth annual British Energy Excellence Awards were held in February 2008. This year, the awards recognised recipients individual contributions to safety, operational excellence and business performance. The awards are an opportunity to celebrate the achievements of committed employees from across the business.

There were seventeen semi-finalists for the awards, with Steve Waterman from Hinkley Point B receiving second place for outstanding personal performance, and Kim Sharp, who came in at third for developing a new technique for radiographing the boiler closure units.

A winner was identified from each of the companies operational, engineering and corporate business units and the overall champion and winner was Brian Webb, a shift maintain technician from our Dungeness B power station. Brian identified a modification to maintenance procedures on fuel plug units that has enabled the company to make considerable savings in time spent and parts used. He was nominated for his exceptional personal performance.

Overall winner, Brian Webb (right)



Environment

British Energy is committed to protecting the environment and our goal remains environmental performance, beyond our legal compliance. Our commitment also goes beyond minimising our environmental impact. We aim to act in the most sustainable manner possible – in short, using fewer resources, creating less waste and promoting biodiversity while powering the low carbon generation.

Climate Change

In the past year the focus on the environment has increased dramatically for companies, as reducing carbon emissions has become increasingly important in the business world. First there was the Fourth Assessment Report from the Nobel Prize winning United Nations Intergovernmental Panel on Climate Change (IPCC), which was published in November 2007 and declared that “warming of the climate system is unequivocal”. The Report also warned that the world has already warmed by about 0.74°C in the past century.

On the back of this report, the UK Government began consideration of the groundbreaking Climate Change Bill, which is currently passing through Parliament. This Bill sets a mandatory target to reduce the country’s emissions by at least 60% by 2050. New legislation is also planned to support this target, such as the Carbon Reduction Commitment, which will mandate all large Commercial and Public sector organisations to cut carbon through emissions trading. From now onwards, the business world will have to get increasingly serious about its carbon footprint.

Carbon dioxide – avoided and emitted

British Energy is proud to be playing a key role when it comes to helping mitigate climate change. Our low-carbon nuclear power generation has long played an important role in helping the UK meet its emissions targets.

Over their complete lifetimes our fleet of seven AGR nuclear stations will help avoid the emissions of over 750 million tonnes of carbon dioxide (MtCO₂) that would otherwise have been emitted had the same output been generated by fossil fuel stations. Our most modern PWR power station, Sizewell B, will alone over its lifetime help avoid emissions of in excess of 160MtCO₂. Over the past year our total nuclear fleet helped avoid the emission of 34.8MtCO₂, equivalent to halving the emissions from the UK’s passenger cars.

| Total CO ₂ emissions | 2007/08 | 2006/07 |
|---------------------------------|----------------|----------------|
| Eggborough | 7,777.2 | 6,928.8 |
| Nuclear power stations* | 45.8 | 50.9 |
| District Energy (gas stations)* | 23.7 | 23.7 |
| Office electricity use** | 2.6 | 2.7 |
| Business travel*** | 3.2 | 3.6 |
| Total (ktCO₂) | 7,852.5 | 7,009.7 |

* Calendar year data based on EU ETS submissions

** Excluding offices at power station sites; based on fuel mix disclosure emissions intensities for electricity use

*** Based on Government emissions figures

However, we do produce some carbon dioxide during our power generation operations, mainly from Eggborough - the only coal-fired power station in the British Energy fleet. Eggborough provides us with reserve capacity and flexibility in generation to complement nuclear baseload capacity. Eggborough emitted 7,777 kilo tonnes of carbon dioxide (ktCO₂) during 2007/08, compared to 6,929ktCO₂ for 2006/07. Some of our carbon dioxide emissions were displaced this year as we co-fired a small percentage of biomass in place of coal.

Nuclear power stations operate standby combustion plant and these produced 45.8ktCO₂ in 2007, compared with 50.9ktCO₂ in 2006 (reported on a calendar year basis in line with the EU ETS). Our subsidiary District Energy, which runs four small gas-fired stations, emitted 23.7ktCO₂ in calendar year 2007, which was the same for 2006.

We also produce carbon dioxide emissions from our offices and from business travel (offices based at our power stations have been excluded from this analysis as their energy use is included in the operations of the power station unlike previous years). For our remaining offices we have calculated the emissions based on the suppliers fuel mix disclosure as recommended by the

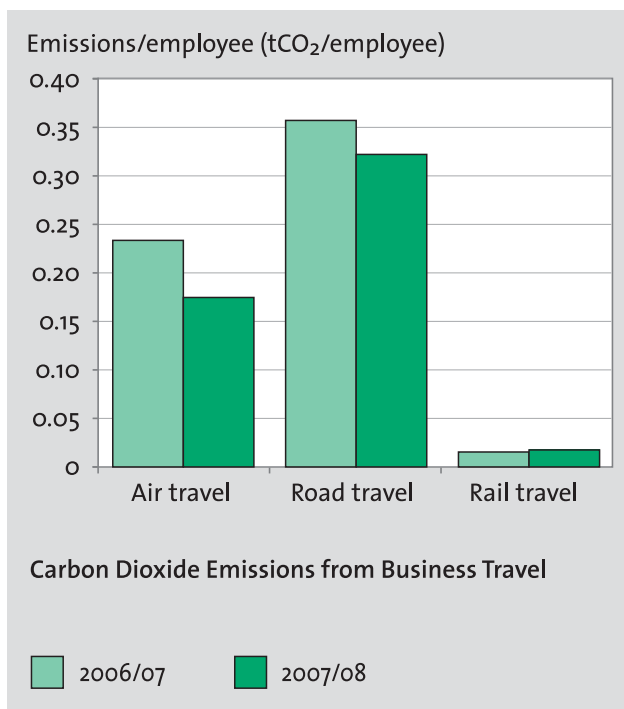
We have reduced our carbon dioxide emissions per employee, for our business travel, by 10%

Greenhouse Gas Protocol and DEFRA's environmental reporting guidelines. Our office use electricity emissions were 2.6ktCO₂ calculated on this basis (compared to 2.7ktCO₂ for 2006/07 calculated on the same basis).

Total emissions from our air travel were 1.08ktCO₂, road were 1.97ktCO₂ and rail journeys were 0.10ktCO₂, bringing our business travel carbon dioxide emissions to 3.2ktCO₂ (compared to 3.6ktCO₂ in 2006/07). Both air travel and road travel have decreased from the previous period whereas rail travel has increased marginally. This reflects a reduction in total business miles travelled and travel mode switch to rail travel.

We aim to reduce the carbon footprint of our office based activities. To ensure our baseline figure was accurate, against which future changes can be measured, we carried out a carbon footprinting exercise to investigate our non-operational emissions this year. This process utilised up to date Government emissions factors which differ from those of previous years.

More information on the calculation methodologies can be found in the 'Assurance section - Integrity of information'.



Environmental Management

Good environmental management is high on our agenda and we are proud of our heritage in this area. Our Heysham 2 and Hartlepool sites were the first in the UK to be certified to the then new environmental management British Standard BS 7750, back in 1995. Our Eggborough station became the first coal-fired plant in the UK to achieve certification to the same standard in the same year. The equivalent standard is now labelled ISO 14001:2004. Every three years, each of our sites must reapply for this internationally recognized benchmark of good environmental management. Every site has successfully retained its certification, with a number of our sites - Dungeness B, Sizewell B, Hartlepool, Hinkley Point B, Heysham 1 and 2 being audited and successfully re-certified in the past year.

Certification to ISO 14001 requires us to demonstrate continual improvement through setting annual objectives and targets for each site to achieve. Over the past year these have included successfully recovering more than 90% of our lubricating oil for re-cycling and re-use at Heysham 1; improving our oil storage facilities at Torness and Hunterston B; deep-cleaning our active effluent treatment plants at Dungeness B and Hinkley Point B; and significant improvements in our control and management of solid non-radioactive waste at Dungeness B.

A key part of our environmental management system is our approach to adverse environmental incidents. Every incident is reported no matter how minor, as we believe that the key to preventing more serious incidents is to mitigate and learn from the less significant ones. During 2007/08 our staff and contracting partners reported over 2,000 environmental adverse conditions, of which 15 were classified as being of higher significance on the British Energy scale. This was the lowest ever annual total (see Indicators at a Glance). All 15 of these were rated by our environmental regulators as having minor or no environmental impact.

Our most serious environmental event during 2007/08 was the accidental loss of around 1,000 litres of light oil into the sea from our Hunterston B power station. The oil was vastly diluted and no traces could be observed. The regulator, SEPA, deemed that no remediation was required and no harm to local wildlife has been found.

Environmental Regulation

Radioactive substances

During the year, all British Energy’s licensed sites were granted new authorisations under the Radioactive Substances Act (effective April for sites in England and June for sites in Scotland). To comply with these we produced 28 separate reports for either the EA or SEPA by the end of March. The authorisations also introduced a much wider range of conditions that we must comply with - including the need to demonstrate that we are using ‘best practicable means’ to limit the production of radioactive waste. We prepared nine such submissions of justification, which demonstrate that we continue to meet the conditions on best practicable means.

Pollution prevention and control

All the nuclear power stations and Eggborough received new Pollution Prevention and Control permits during the year. These replaced the previous Integrated Pollution Control (IPC) authorisations that all sites, except Dungeness B, had been operating under since the early 1990s. For the nuclear stations, the permits now cover all the standby combustion plant on each site, and a wider range of environmental issues than under IPC. For example, as part of the permits each station received a set of specified actions to review or improve its operations. In all we made about 120

submissions to the EA and SEPA during the year to provide information or confirm that these improvements had taken place.

Nuclear waste production and management

We manage our nuclear waste under very tight regulation from the Nuclear Installations Inspectorate, the EA, and SEPA. Radioactive waste is classified as High, Intermediate or Low Level Waste according to its activity level.

Most of our Low Level Waste is lightly contaminated material such as redundant equipment, discarded protective clothing, paper towels and packing materials. The volume of such waste from all of our stations, sent off-site to the designated waste management repository in Cumbria, was 347 cubic metres in 2007/08. We also sent 64m3 of LLW for incineration to the Hythe incinerator, near Southampton. Bringing the total amount of LLW sent off site to 411m3, down slightly from 418m3 in the previous year.

Intermediate Level Waste includes sludge and resins from treatment of radioactive liquids, and components from spent nuclear fuel assemblies. It is stored on site in shielded and contained facilities pending the availability of a long term repository. Each station produces around 23 cubic metres of this waste each year.

High Level Waste arises from the reprocessing of our spent AGR nuclear fuel at Sellafield (spent fuel at our

Low Level Waste (left image) being prepared for transportation, for management in Cumbria (right image)



Source: Sellafield Ltd

We will explore further opportunities to reduce our accumulated Low Level Waste over the coming year

PWR at Sizewell remains in storage on the site). The spent AGR nuclear fuel is transported to Sellafield in specially designed flasks. This year we sent 134 tonnes of uranium, compared with 224 tonnes of uranium in the previous year, reflecting both improved efficiency but also lower generation and use of uranium fuel.

British Energy's spent fuel contracts with Sellafield Ltd (formerly British Nuclear Group Sellafield) have been transferred to the Nuclear Decommissioning Authority (NDA) with effect from 1 April 2008. There will be no substantive changes to the terms of the contracts and British Energy will continue to monitor the management of materials created by our operations. It will be for the NDA to determine whether spent fuel is reprocessed to separate uranium for possible future use or stored for the longer term. Spent fuel is not considered a waste until a decision has been taken to dispose of it. In either case safety and protection of the environment remain paramount.

The total amounts and types of radioactive waste produced at British Energy's sites are listed in the UK Radioactive Waste Inventory, published by DEFRA.

Funding provisions for our liabilities

British Energy's decommissioning and waste management liabilities will be paid for using our money which has been set aside in the Nuclear Liabilities Fund (NLF). Last year the Government instructed the NLF to convert and sell part of its economic interest in British Energy into shares. 450 million shares were converted and sold raising gross proceeds of £2.34 billion. The net proceeds of the sale have been added to the NLF and will help to pay for future liabilities.

Radioactivity in the environment

The Food Standards Agency (FSA), the EA, the SEPA, and the Environment and Heritage Service (EHS, Northern Ireland) independently monitor any radioactivity present in food and the environment due to radioactive discharges from nuclear sites. These monitoring data are used to determine the highest radiation dose received by members of the public in the vicinity of each site.

A joint report from the FSA, the EA, SEPA and EHS

published in 2007 titled 'Radioactivity in Food and the Environment', available on the FSA website, presents the most recent data, which are for 2006. The maximum dose reported for discharges to air from a British Energy site was 0.085 millisieverts (mSv) at Hunterston B – about the dose obtained during a single flight from London to Tokyo (a radiation dose is received when flying at altitude from cosmic radiation). The maximum dose reported for discharges to sea attributable to a British Energy site was 0.004 mSv at Hartlepool, similar to the dose attributed to a single flight from London to Paris.

These doses are similar to those reported last year. They should also be compared with the UK public dose limit of 1 mSv per annum for the controlled release of radioactivity from artificial sources, and the average UK annual dose of 2.2 mSv received by the general public due to natural radiation

Air Quality

All coal-fired power stations in the Aire Valley are required to monitor, model and report local air quality. British Energy's Eggborough power station manages the monitoring scheme for the Aire Valley and all of the monitoring sites have complied with the National Air Quality Standards in each of the past seven years.

The Large Combustion Plant Directive, an EU directive, aims to reduce acidification, ground level ozone, and particles throughout Europe by controlling emissions of sulphur dioxide (SO₂), nitrogen oxides (NO_x), and dust (particulate matter, PM) from large combustion plants. Eggborough has 'Opted-In' to this Directive and is included in the UK's National Emissions Reduction Plan.

Emissions reduction at Eggborough

British Energy is committed to improving air quality at Eggborough. In 2005/06 we fitted a system called Flue Gas Desulphurisation to half of the station's generating units. When combined with the burning of ultra-low-sulphur coal, this has now significantly reduced Eggborough's emissions of sulphur dioxide. The emissions intensity of sulphur dioxide from the station has fallen from 5.5gSO₂/kWh in 2004/05 (the last year the plant operated without FGD) to 2.1gSO₂/kWh last

Feedback: *More environment performance data.*

We are now including data on volumes of general waste recycled and disposed.

year, a drop of 62%. However, an environmental downside is that running the abatement equipment requires power which then leads to a slight increase in carbon dioxide emissions. In 2007/08 Eggborough emitted 18ktSO₂, compared with 14ktSO₂ in the previous financial year, reflecting the higher 8.1TWh generated compared to 7.2TWh in 2006/07.

To reduce emissions of nitrogen oxides (NO_x), during 2006/07 we installed BOFA (Boosted Over Fire Air) systems on three out of four of Eggborough's generating units. Initial results are good, with a marked reduction in emissions of oxides of nitrogen. Total emissions of nitrogen oxides for the period 2007/08 were 20ktNO_x, a slight increase on 18ktNO_x for 2006/07.

Sulphur and nitrogen oxide avoided through nuclear generation

Generation from our nuclear stations is effectively free from sulphur and nitrogen oxides. In 2007/08 our nuclear generation **avoided** the emission of 74ktSO₂ and 72ktNO_x that would have otherwise been emitted had the same output come from fossil fuel stations.

Reduce, Re-use and Recycle

All our power stations produce relatively small quantities of industrial type waste. In total our eight nuclear stations currently dispose of around 4,000 tonnes of waste to landfill sites each year and send around 1,000 tonnes of hazardous wastes off-site, for recycling or disposal. At Eggborough in 2007, around 1,000 tonnes of waste was disposed of and around 1,400 tonnes was recovered or recycled.

In line with one of the focus topics in the Environment Agency's Nuclear Sector Plan this year, British Energy is committed to finding opportunities to reduce waste production and minimise our disposals at landfill sites. British Energy power stations have continued to segregate and recycle a range of waste types at each site. All inert waste is now recycled at the majority of our nuclear power stations. Oils are either treated on site and reused where possible, or recycled by a waste contractor. Metal waste has been recycled for many years and last year Eggborough segregated and recycled 1,000 tonnes.

Our coal-fired power station, Eggborough, produces different forms of ash. In calendar year 2007, the site sold its entire production of 'furnace bottom ash' (44,231 tonnes) to be used as a raw material for manufacturing concrete blocks.

Over the same period, the station produced 441,768 tonnes of 'pulverised fuel ash' which is a fine dust that leaves the boilers with the exhaust gases, 26,104 tonnes of which were sold for use in the cement industry. This is less than in previous years as Eggborough used to sell to a neighbouring site that manufactured soil improver, but this has now closed.

We are continually seeking new markets for our ash. The station's ash disposal site at Gale Common now has a pilot plant to split the ash into its component parts. If this works well, a full scale plant will follow - to supply products suitable for use in the construction, power generation, water/gas treatment and automotive industries.

| Environment performance | | 2007/08 | 2006/07 |
|--------------------------|--------------------------------------|---------|---------|
| Environmental incidents | No. of events | 15 | 18 |
| Radioactive waste | | | |
| LLW | m ³ sent off site | 411 | 418 |
| ILW | m ³ per station (average) | 23.5 | 21.5 |
| Spent fuel | tU sent off site | 134 | 224 |
| Sulphur dioxide | ktSO ₂ | 18 | 14 |
| Nitrogen oxides | ktNO _x | 20 | 18 |



WORLD ENVIRONMENT DAY 2007

World Environment Day is the United Nations flagship environmental event, celebrated every year on 5 June in more than 100 countries around the world.

It was established in 1972 by the United Nations General Assembly and the conference is now held in the United Nations Environment Programme (UNEP), whose international headquarters are located in Nairobi, Kenya.

The purpose of World Environment Day is to focus worldwide attention on the importance of the environment and to stimulate political attention and action. The event seeks to give a human face to environmental issues; empower people to become active agents of sustainable and equitable development; promote an understanding that communities are pivotal to changing attitudes towards environmental issues; and advocate partnerships, which will ensure that all nations and people enjoy a better, more prosperous future.

The international theme for World Environment Day 2007 is **Climate Change** (Working for a Hot Planet?)

Climate Change

The Earth has warmed by approximately 0.75°C since pre-industrial times. Eleven of the warmest years in the past 120 years have occurred since 1998, with 2005 the warmest on record. There is overwhelming evidence that this is due to emissions of greenhouse gases, such as carbon dioxide, from fossil burning power plants.


Examination of the latest trends from the 1990-2002 11th assessment report of the Intergovernmental Panel on Climate Change (IPCC) shows that...

Why does British Energy support World Environment Day?

World Environment Day is an initiative in which we seek to focus attention on the global challenge of how we can be better stewards of the environment. But we know that every day at World Environment Day at British Energy.

What we do every day is pursuing the lowest carbon electricity in the UK, making a substantial contribution towards meeting the country's climate change objectives whilst generating around 40% of the UK's electricity needs. Over the next 12 months our nuclear fleet will generate 85,000 tonnes of CO2 from power, which is the equivalent of removing over half of the cars on British roads. We see this as a key contribution to meeting UK's emissions in the UK. There is a link between the UK's climate change objectives and the UK's energy needs.

melting ice a hot topic



World Environment Day

British Energy supports the United Nations 'World Environment Day' which is celebrated in more than 100 countries around the world. We have held events around the company for a number of years but this one was the biggest yet.

Company wide events educated staff on all aspects of their environmental impacts, at work and at home. We wanted staff to consider some of the indirect, less visible impacts, which their actions can have on the environment. The largest event was hosted at our Barnwood Office. Among other activities, we held an exhibition with contributions from the Wildlife Trust and local council as well as internal exhibitors; promoted green travel to work assisted by the launch of our highly successful car share scheme; and watched presentations linked to climate change, which was the theme of the day.

As a company we also supported the Environment Agency's challenge of asking individuals what their greatest impact on the environment was, what they could do to improve, and then the key question of the day: what was stopping them making the change. Pledges by our staff were made through our company World Environment Day intranet site which was linked to the Environment Agency's site.

Site Stewardship

Our nuclear sites are essentially uncontaminated, however, a thorough programme of groundwater monitoring has been undertaken for the first time over the past year at all of our sites and this has revealed some minor residues from small historic leaks. These locations have been subject to plant repairs, where appropriate, and will continue to be included in our groundwater monitoring programme for the coming year to determine any further actions that may be needed.

Our nuclear sites are all well protected from flooding. During the past year studies by the Meteorological Office and engineering consultants Halcrow have shown the coastal sites are defensible for at least another 100 years (see the full report on www.british-energy.com).

The Gale Common ash disposal site continues to be carefully managed so that it will be an accessible green space when operational use ceases. The mound is restored to a mix of grassland, woodland, hedgerows and ponds.

Land management and biodiversity

British Energy owns over 1,900 hectares of land around our nine power stations and much of our landholding is in areas of high environmental value. All the nuclear power stations include or adjoin Sites of Special Scientific Interest (SSSIs), and special protection areas, special areas of conservation or Ramsar Sites are designated nearby several sites. Five stations also incorporate sites of local importance.

In 2007 we updated the company Biodiversity Action Plan and integrated it into the company's environmental management system. We will continue to minimise potential impacts on biodiversity from business operations such as cooling water abstraction, emissions, waste disposal, maintenance operations and new development. We protect the habitats on our land through Habitat Action Plans. We have similar action plans in place for protecting 11 individual species to date including Skylarks, Reed Buntings, Sussex Emerald Moths, Water Voles and Brown Hares.

The Action Plan for Brown Hares, for example, includes maintaining the mix of grassland, woodland and arable habitats at Gale Common where they are seen in increasing numbers on the restored ash mounds. At Hartlepool we ensure that areas of rough grass are maintained on the golf course. Working with Natural England, Butterfly Conservation and other local landowners we are seeking a better understanding of how new suitable habitat might be created at Dungeness for the Sussex Emerald Moth.

British Energy is committed to continual improvement in its work to conserve and enhance biodiversity. In 2008 we aim to apply for the Wildlife Trust's Biodiversity Benchmark commencing at Sizewell B.

Community

“Communities are key in so many ways. We all want to work for a company we can be proud of and one our locale is proud of. We want a positive environment for our families to grow up in or new employees and their families to be welcomed into. And we at British Energy want to nurture, support and be actively engaged in that community”.

Bill Coley, Chief Executive, British Energy, May 2007

Community: living our values

The communities around our power stations have always been important to us, but in 2007, British Energy added community to its company values to demonstrate our commitment to the people who live and work around all our sites. We have also appointed site-based Community Liaison Officers to provide a dedicated point of contact and have community relations plans tailored to the needs of the different sites.

Local stakeholder engagement

Engaging with local stakeholders on a regular basis is the key to building good relations and our station management teams and staff representatives play an important role in regular community meetings with local people, media, councillors, regulators, emergency services and local non government organisations.

At sites where we are the only nuclear operator, we host Local Community Liaison Council (LCLC) meetings

Our community relations programme

- to ensure that all members of the community have access to information about the group's operations in their locality and a forum for dialogue,
- to encourage employment of local people and the use of local services wherever possible,
- to support employees who do voluntary work within the local community,
- to support local charities and groups,
- to make the land bordering our plants accessible to the public wherever appropriate,
- and
- to seek local views on potential nuclear new build through an open and transparent process.

at which an elected group represent the interests of local stakeholders and the media are invited to report on proceedings. The sites at which we host LCLC meetings include Torness in Scotland, Heysham in Lancashire and Hartlepool on Teesside.

At sites where there is a neighbouring Magnox power station being decommissioned as well as an operating British Energy station, and which we therefore share with the Nuclear Decommissioning Authority, we engage in joint Site Stakeholder Group (SSG) meetings. These meetings are independently chaired, involve an elected decision-making committee and are open to the public. Such sites include Hunterston B in Scotland, Sizewell B in Suffolk, Dungeness B in Kent and Hinkley Point B in Somerset.

Although the formats of the two meetings are slightly different, the issues discussed are similar and typically include an update on station operations and the opportunity to raise issues of concern. The frequency of these meetings varies from site to site but they are typically held between two and three times a year. See at Indicators a glance for the total number of meetings.

We also hold similar community meetings at Eggborough in Yorkshire. Further details, including terms of reference can be found on our website (www.british-energy.com).

Torness Local Liaison Committee meeting and site tour



Hinkley Point B nuclear new build community meeting

Nuclear new build community consultation

As well as our established forums, we also run broader community meetings on subjects of special interest such as nuclear new build. Following the Government's announcement in May last year that it would carry out a consultation on the future of nuclear power, we ran additional public meetings in conjunction with the Department for Business, Enterprise and Regulatory Reform (BERR) at all our sites during the summer. These meetings were very well received by the public and, following the publication of the government's White Paper on energy in January 2007, we ran a further series of meetings to explain what this might mean locally and give the local community the opportunity to discuss our plans with us.

Before submitting a planning application to build a new nuclear power station, we will need to demonstrate that we have done a thorough environmental impact assessment. This must cover flora and fauna including the marine environment, as well as geology, climate change and impacts on the local economy and population. We are currently undertaking this work at Sizewell B in Suffolk, Dungeness B in Kent, Hinkley Point B in Somerset, and Bradwell in Essex; we will be conducting formal stakeholder consultation meetings with these local communities to seek their views on our plans throughout the summer of 2008.

Feedback: Explore contingency management issues in the advent of a major incident.

We have included information on our emergency arrangements below.

Communicating our emergency arrangements

Each of the British Energy power station sites, in England, hold a twice yearly Emergency Preparedness Consultative Committee (EPCC), chaired by the relevant Station Director. The Committee is attended by representatives of British Energy and the emergency services and its remit is to review the arrangements and resources that support the station and off site emergency plans.

In Scotland British Energy chairs a multi-agency forum, the Emergency Arrangements Joint Working Group (EAJWG), which consults on emergency arrangements for both Torness and Hunterston B. The meetings are held twice a year and chaired by a member of the company's emergency planning group. The EAJWG identifies and agrees any necessary improvements in emergency arrangements to ensure they continue to comply with legal requirements and accord with best practice.

Both the EPCC and EAJWG provide advice and information to the SSGs and LCLCs on emergency planning matters for wider dissemination to the community.

Each of our power stations rehearses its emergency arrangements with the emergency services in a series of exercises over the year. In addition we run at least two further nuclear emergency exercises in conjunction with the local authorities, emergency services, Food Standards Agency, the Environment Agency as well as the Health and Safety Executive.

Communities living within the detailed emergency planning zone for our nuclear plants (typically between 1 kilometre and 3.5 km) receive a calendar which outlines what to do in the event of an emergency and are connected to our rapid telephone warning system known as 'Frontworks'. This dedicated approach to emergency arrangements reinforces our commitment to safety and high operating standards.



Hunterston B graduates guide Largs pupils to Go4SET victory

Two graduates from Hunterston B power station helped engineer an environmental victory for pupils at Largs Academy, who beat off stiff competition from ten other schools across Glasgow in a regional Go4SET (An Engineering Development Trust initiative involving students, engineers and companies in projects to stimulate the interest of young people in Science, Engineering and Technology) competition.

Archie Crawford and Jordan Gilmour, graduate engineers from British Energy, supported the students through a ten week Go4SET project on energy conservation, helping them win Best Overall Project at an awards ceremony at Strathclyde University.

The challenging Go4SET project, an initiative run by the Engineering Development Trust, aims to bring together 13-14 year old students, teachers and industry representatives to encourage young people to fulfil their potential through careers in science, engineering and technology.

"Helping to get pupils interested and involved in science at this stage of their school life is crucial as they will go on to become the engineers of the future," said Archie. "This has been a fantastic opportunity for me to use the skills I've learned whilst working for British Energy at Hunterston B and apply them in the local community". Winning the 'Best Overall Project' award was a great reward for the hard work and effort that the school team put into the Energy Conservation Project.

Education: the best start in life

"The most exciting phrase to hear in science, the one that heralds new discoveries, is not 'Eureka!' (I found it!) but 'That's funny' ..."

Isaac Asimov – science fiction writer and professor of biochemistry

Sparking interest in science, technology, engineering and maths subjects is one way that we working in partnership with local schools such as Leiston High in Suffolk and sponsoring high profile events such as the Cheltenham and Edinburgh Science Festivals we believe

we are playing our role in ensuring that future citizens of the UK enjoy a standard of living and security even greater than we enjoy today.

We are also developing Young Engineer clubs such as Go4SET, and British Energy staff have been mentoring teams from schools local to our sites on STEM projects (see page 21 for more information). Even though 2007 was the first year we had participated in Go4SET, two of the teams mentored by British Energy graduates won a prize in their area, one in Hunterston B and one in Hinkley Point B.

Sizewell B - Passport to Success Mentoring Scheme

A group of 15 British Energy employees are involved in mentoring students from Year 10 at Leiston High School, in sessions designed to develop the students' understanding, maturity, communication and life skills. The students are all currently on the GCSE Engineering programme, which has been sponsored by Sizewell B power station since 2006.

The programme consists of 12, one hour sessions held at the school. Both students and mentors work through a prescribed programme which has been set out and implemented by the Suffolk Educational Business Partnership. All the mentors volunteered for the project and also underwent specific mentoring training, which consisted of tutor led workshops followed by discussion

and evaluation sessions.

Nik O'Dwyer, Head of Engineering at Leiston High School, said, "Although education allows students to learn, it sometimes fails to address the ability to develop life skills, and confidence."

He added "British Energy have been very supportive of all the school's Engineering programmes; for them to allow 15 employees to take part in such a scheme demonstrates their commitment not only to the school but the education of the learners. I am sure that this scheme will be very successful and continue to run for many years to come."

Cheltenham Science Festival

More than 26,000 people, over half of whom were school-children visited the British Energy sponsored Cheltenham Science Festival in June 2007. With climate change as the hot topic of the event we hosted an interactive stand in the 'Discover Zone' where children could play the British Energy Power Game and try to balance the supply and demand for electricity in the future. Big names from the worlds of business and science attending included David Cameron, Lord Winston, Richard Branson and Adam Hart-Davies.

School children get a helping hand from British Energy's
Gayle Cairns at the Cheltenham Science Festival



| Community performance | | 2007/08 | 2006/07 |
|----------------------------|-----------------|---------|---------|
| Charity of the year | £* | 268,000 | 215,000 |
| Stakeholder meetings held | No. of meetings | 20 | 21 |
| Additional public meetings | No. of meetings | 16 | N/A** |

* Including employee funds and company matched funds ** Additional meetings held in relation to nuclear new build

Charity of the year

British Energy extended its partnership with Help the Hospices to the end of 2007, following its unprecedented success as our charity of the year. During 2006/07 we raised £268,000 for Help the Hospices, bringing our total for the last two years to around £530,000. Activities throughout the year included a soap stars charity football match at Heysham; a 24 hour rowing challenge at Dungeness B; It's a Knockout – Sizewell style; a charity 110 mile cycle ride challenge at Barnwood; the creation of a new outdoor area at the Accord hospice in Renfrewshire; the recording of a CD by budding musicians at Torness; children's Halloween parties at Hinkley Point B and Hartlepool; an outage collection at Hunterston B; and a sponsored walk to Uhuru Point on the tip of Kilimanjaro by Eggborough staff.

Steve Ballantyne, Corporate Partnerships Manager for Help the Hospices said, "From everyone at Help the Hospices and the 19 hospices involved in the partnership, I'd like to say a huge thank you for all your energy and commitment over the last two years. I'm sure that relationships forged will last long beyond the end of the partnership."

Cotswold Care hospice new education centre

Barnwood's superb fund-raising efforts helped Cotswold Care hospice in Gloucestershire to start work on a new building that will provide 21st century care for patients. The site raised more than £100,000 for the hospice, much of which has gone into funding the new building.

Visiting the hospice, a team from British Energy, including Andy Spurr, the company's Chief Technical Officer and Action Team Leader Wilf Hornby saw for themselves the difference the money they have raised has made at Cotswold Care.

In recognition of Barnwood staff's extraordinary support, Marcus Green, Chief Executive of Cotswold Care announced that the hospice has decided to name the Education Facility in the new building the 'British Energy Education Centre'.

Marcus commented: "We are delighted that this partnership has been so successful for both parties involved. We want to recognise the dedication and hard work undertaken by the staff at British Energy and it seemed so appropriate that our Education facility, which is such an important aspect of our work, was associated with this partnership".

Costwold Care hospice team with British Energy's Andy Spurr and Wilf Hornby





The British Trust for Ornithology - British Energy Business Bird Challenge 2008

Throughout 2008 British Energy is sponsoring the BTO's Business Bird Challenge, a bi-annual competition to find the country's best industrial and commercial sites for birds. The 2008 Challenge was officially launched by the Right Honourable John Gummer MP for Suffolk Coastal on 15 October 2007 at our Sizewell B power station.

Seven of our sites will also be participating in the Challenge competing against some 59 other business sites across the country as diverse as mineral quarries, oil refineries and sewage treatment works. Over the last 12 months, work to enhance bird life around our power stations has included erecting bird boxes, mowing skylark plots and planting cover crops. At Torness, a web cam is enabling staff to watch a pair of peregrine nesting on the station roof.

By the end of the first quarter, competition between British Energy's sites was already hotting up with Sizewell B in the lead with 107 species followed by Heysham with 86 and Dungeness B with 78.

"It is crucial to the success of the Challenge 2008 to have the support of a company with an established commitment to managing their landholdings for biodiversity."

Kate Aldridge,
Challenge Organiser, BTO

Picture above: BTO British Energy Business Bird Challenge 2008 launch Brian Dowds, Sizewell B Station Director (left), Rt Honourable John Gummer MP (centre) and Graham Appleton, BTO (right)

Promoting awareness of biodiversity

British Energy is fostering a wider understanding of biodiversity amongst our staff, customers and visitors. We continue to work with the Wildlife Trust for Lancashire, Manchester and North Merseyside whose North Lancashire Community Project has been based at Heysham all year. Some 258 people attended 16 activity days ranging from a Marine Day, a mini beast safari and a bat evening to a sponsored litter pick by local school children. A 1.2km path was completed providing easy access for all through part of the Nature Reserve to the foreshore on Morecambe Bay.

During the year Sizewell B hosted a spring flower walk, an autumn beach walk, the Suffolk Bat Group's annual training day and barbeque, and a wildlife event for Leiston Middle School's after school club. More than 90 people have enjoyed our seal watches and Birdy Bonanzas organised by the Hartlepool Partnership for Nature.

Charitable and Political contributions

British Energy Group made charitable donations during the year of £197,499, compared to £195,485 in 2006/07, which included amounts to both registered charities and community groups. No financial political donations were made during the year, the same for 2006/07.

Your feedback

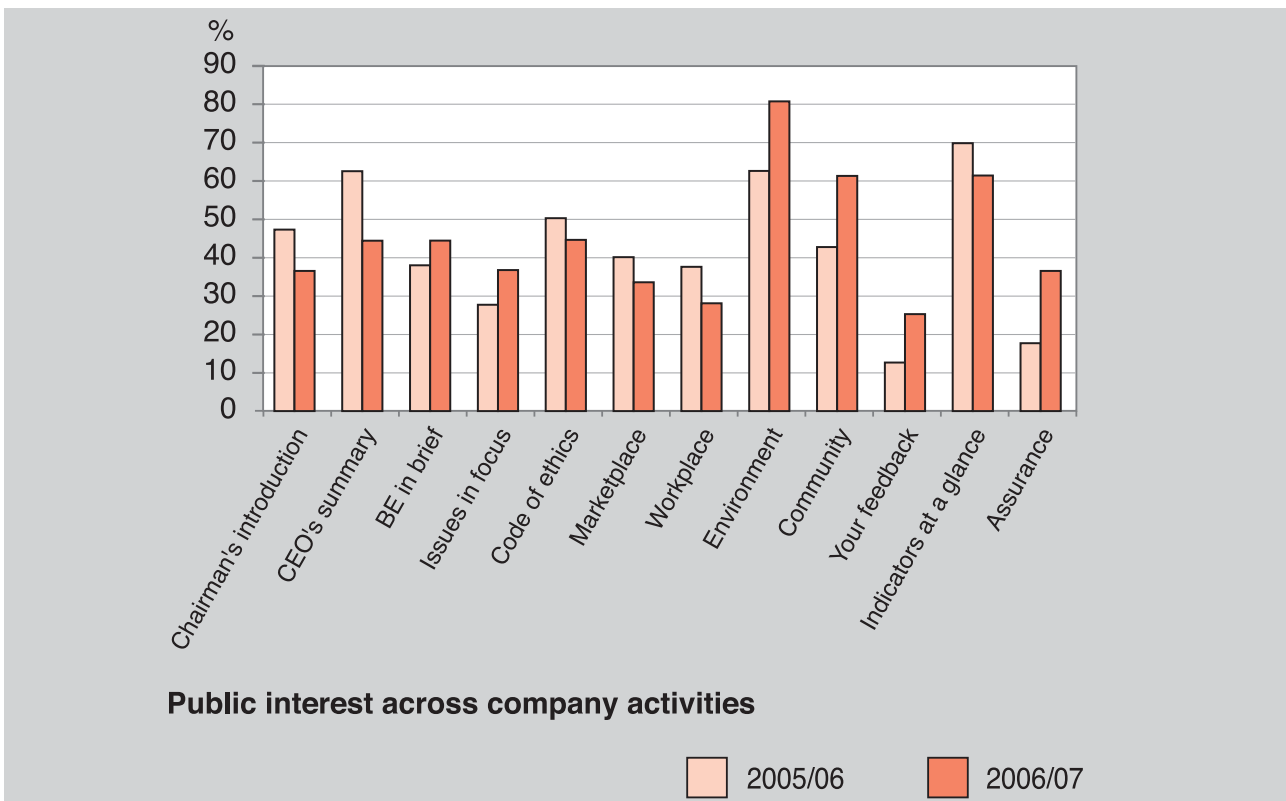
We welcome feedback we receive on our CSR reporting, and seek to improve year-on-year. With each hard copy of the Report we distribute we include a short feedback card, and an electronic version of the same questionnaire accompanies the report on our website.

The results show that last year around half of the sections of the Report were of greater interest than in the previous year, with interest in the Environment rated the highest. We have made a number of changes this year to the Report in response to the detailed feedback received. For example, we have expanded our Community section in response to our reader's comments. We are pleased to note that our new

external Assurance program was also well received.

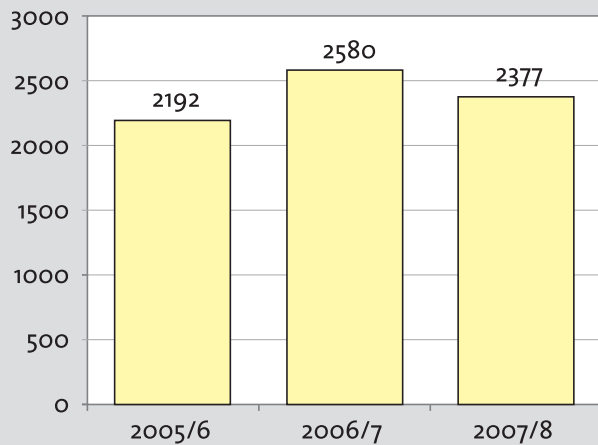
We hope to further improve our reporting in future years and would gratefully receive completed feedback forms, either as feedback cards, if you have received a hard copy of this Report, or through the on-line questionnaire if you are viewing the report on our website.

We would like to hear your views, please contact us on csr@british-energy.com or use the CSR Report feedback form on our website, www.british-energy.com



Indicators at a glance

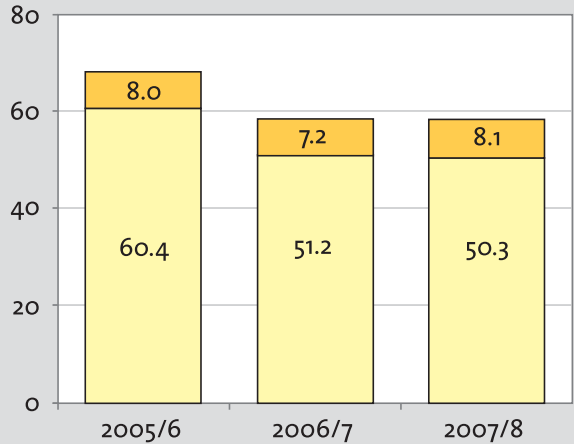
£million



Revenue from generated electricity

Financial performance for the year reflects lower realised electricity prices and higher unit operating costs.

TWh

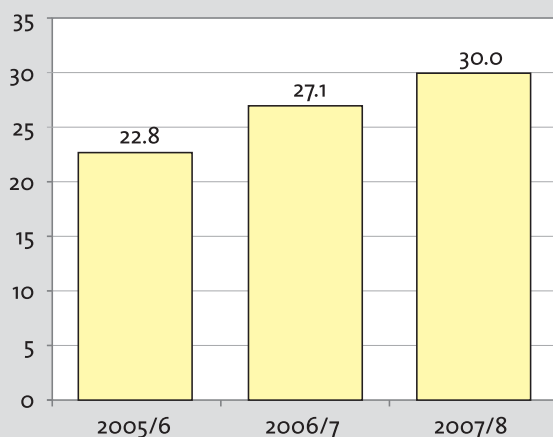


Output

Nuclear output was down on the previous year. This reflects the boiler closure unit issues at Hartlepool and Heysham 1 offset by an improvement in the level of small unplanned losses.

■ Eggborough ■ Nuclear

£/MWh

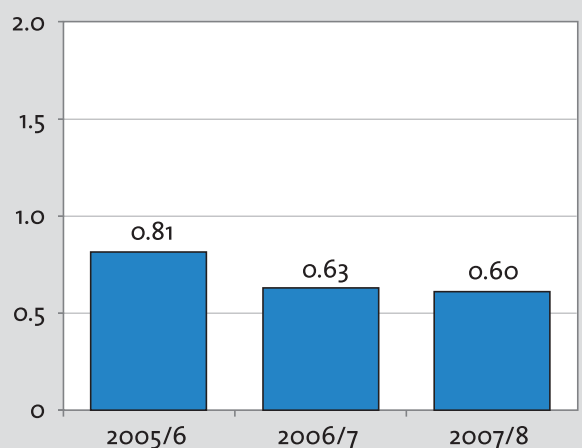


Unit Operating Cost

Unit operating cost is calculated by dividing the operating costs of generated electricity plus depreciation and software amortisation by total output for the period.

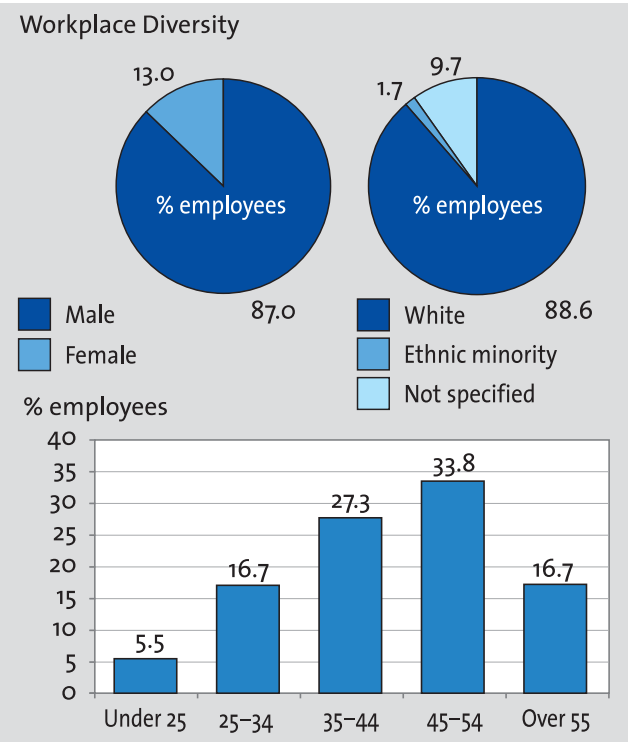
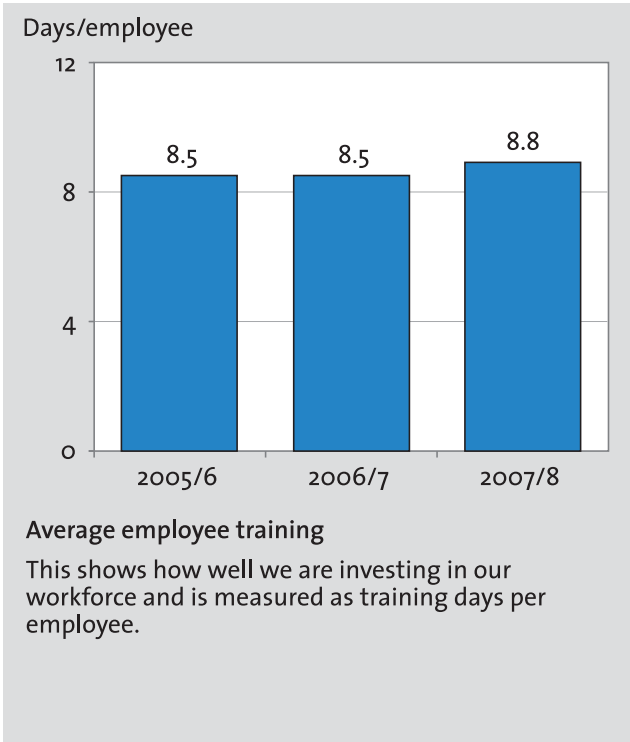
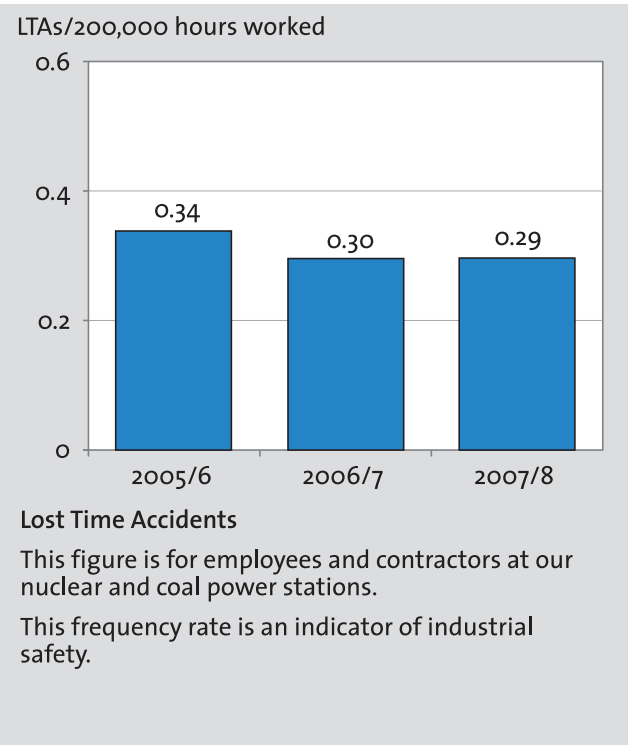
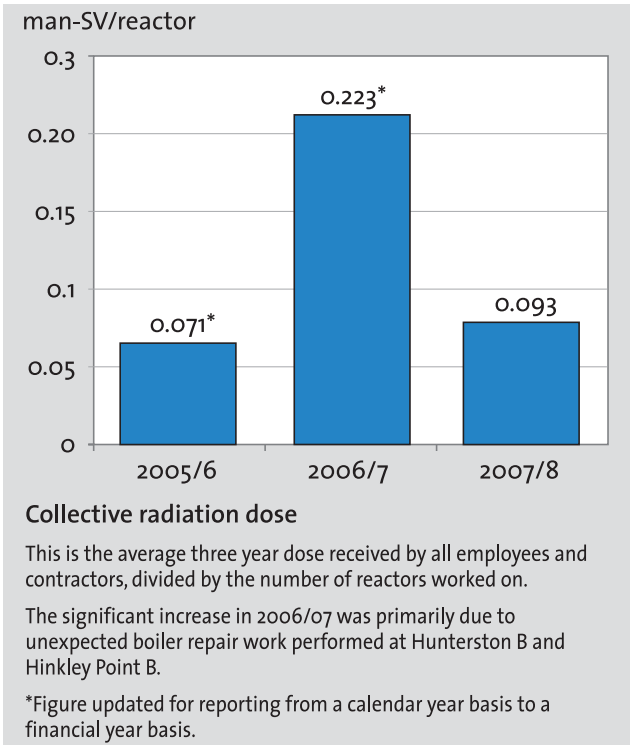
Unit operating cost increased this year, reflecting higher Eggborough fuel costs and higher depreciation charges.

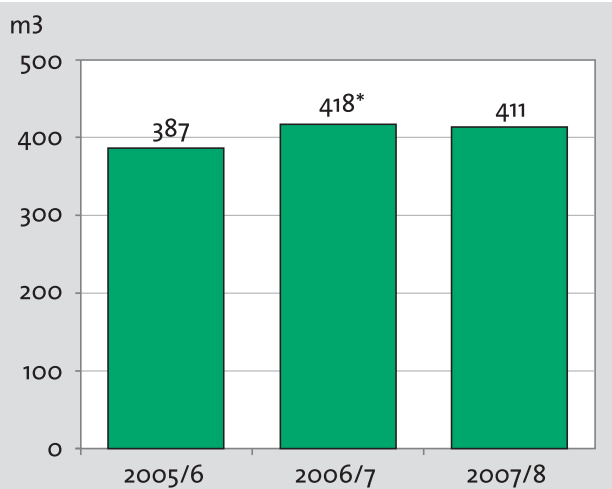
UATR/7000 hours



Unplanned Automatic Trip Rate

The Unplanned Automatic Trip Rate is measured as a number of trips to the system per 7,000 hours operation.



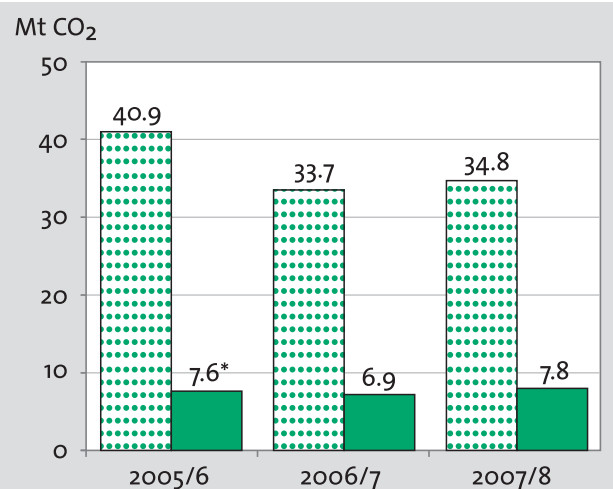


Low Level Waste sent off site

This shows how much LLW we sent off site.

Waste production depends on operating patterns so longer-term trends are a better indicator than year-to-year comparisons.

*Figure updated from previous report following assurance.

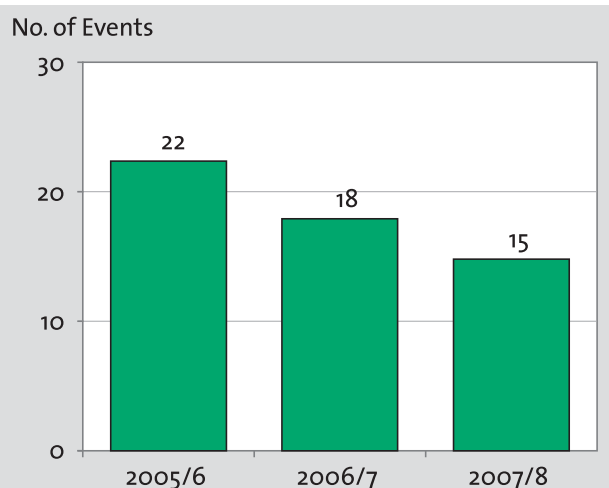


Carbon Dioxide

This shows the total CO₂ **avoided** by our nuclear generation when compared to prevailing fossil mix and CO₂ we **emit** from our coal-fired power station.

*Figure updated from previous report following assurance.

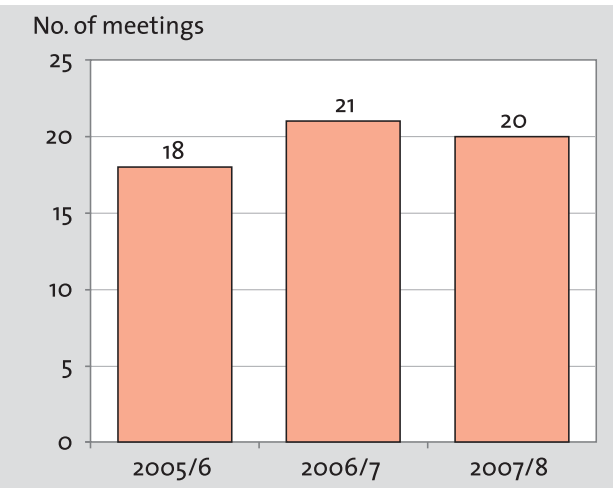
Nuclear emissions avoided
 Fossil emissions



Environmental events

This is the number of environmental events at our nuclear power stations.

The indicator shows the effectiveness of our environmental management systems and is based on an internal categorisation.



Stakeholder meetings held

This shows the total number of Site Stakeholder Group, Local (Community) Liaison Council and Eggborough Joint Consultative Committee meetings held.

We held a number of additional public meetings at our nuclear sites this year in relation to nuclear new build; these are not captured in this indicator.

Assurance

This year as part of our continual improvement process for CSR reporting, we have referred to the Global Reporting Initiative's G3 sustainability reporting guidelines in developing our Report.

CSR and Corporate Governance

British Energy has an internal compliance and control system in place that is overseen by the Board of Directors. The British Energy Group Board comprises a Chairman, two Executive Directors including the Chief Executive, and seven Non-Executive Directors. The roles of the Chairman and the Chief Executives are separate and clearly defined.

The Board currently has six main committees – the Audit Committee; Governance and Nominations Committee; Remuneration Committee; Commercial Risk Committee; Safety, Health and Environment Committee and the Technical Performance Oversight Committee. Further information about our Corporate Governance practices and our Board of Directors can be found in our 2007/08 Annual Report on our website (www.british-energy.com).

While ultimate responsibility for CSR lies with the Board, management responsibility and accountability has been delegated to specific Executive Directors. Ian Harley, Independent Non-Executive and Deputy Chairman is the Board CSR sponsor and David Pryde is the Director responsible for Health, Safety and Environment. The Directors are supported by our Management team, details can be found on our website. Robert Armour, General Counsel, is the Executive charged with delivery of the CSR Report. The Environment team within the Corporate Affairs department has the responsibility for coordinating the CSR Report.

Additional material

Many of the statements made in this Report are derived directly from documents that we produce internally, such as company policies. Other information has been extracted directly from company databases (such as sickness data) or from our internal magazine (in the case of community case studies). Finally, much of the information concerning external organisations can be found on their websites. A list of useful websites can be found in the CSR Report section of our website.

Information taken from the 2007/08 Report and Accounts

Financial information is reproduced from our Annual Report and Accounts 2007/08, found on our website. The financial statements contained in the Report are subject to audit by PricewaterhouseCoopers LLP.

Restatements of data reported in 2006/07

During the production of the current CSR Report it has become clear that two restatements of data are required. Whilst our recording of performance data is thorough, the LLW figure sent off site for 2006/07 did not include 2m3 (total 418m3) sent for incineration. We have also restated the collective radiation dose figures to align now with the financial reporting period, compared to calendar year as it was reported in 2006/07. We have restated carbon dioxide emissions for 2006/07 in regards to office electricity, business travel and the total. This is due to accounting our emissions from power station offices in the operational total. Travel emissions have been restated in line with updated Government figures.

Integrity of information

Carbon dioxide, sulphur dioxide and nitrogen oxide avoided

The operation of our nuclear power stations avoids the release of carbon dioxide and acid gases that would otherwise be emitted from fossil fuels. The methods for calculating these savings can be found below and are based on statistics compiled independently on behalf of the UK Government.

The carbon dioxide avoided by our nuclear stations is calculated using an emission factor applicable to the fossil fuel mix. For the most recent public data, for 2006, fossil fuels generated 265.3TWh [1] and emitted 183.7 million tonnes of carbon dioxide (MtCO₂) [2], giving an emission factor of 0.693MtCO₂/TWh. Our nuclear generation of 50.3TWh therefore avoided 34.8MtCO₂. DEFRA present figures on the UK's global atmosphere

carbon dioxide emissions [2] and this indicates that passenger cars created 68.7MtCO₂ in 2006. Our nuclear generation therefore avoided the equivalent of half of these emissions.

Sulphur dioxide and nitrogen oxide avoided are calculated in a similar way to carbon dioxide avoided. For the most recent public data, for 2005, fossil fuel power stations emitted 384.3 thousand tonnes of sulphur dioxide (ktSO₂) and 372.3ktNO_x [3] in generating 262TWh [1], giving emissions factors of 1.47ktSO₂/TWh and 1.42ktNO_x/TWh respectively. Our nuclear generation of 50.3TWh therefore avoided 74ktSO₂ and 72ktNO_x.

The sulphur dioxide saved by the Flue Gas Desulphurisation (FGD) plant is calculated from the difference in emission factor with and without the equipment. In 2004/05 (without FGD) the station emitted 42ktSO₂ in generating 7.6TWh, giving an emission factor of 5.5kt/TWh. In 2007/08 (with the equipment fitted in two of the four units) it emitted 18ktSO₂ in generating 8.1TWh, giving an emission factor of 2.3kt/TWh. When the difference in emission factors (3.3kt/TWh) is multiplied by the generation in 2007/08, the sulphur dioxide saving is found to be 26.6ktSO₂.

To calculate emissions avoided over the lifetime of the plants an indicative load factor for the last ten years from DUKES was used [1]. Together with the known plant size and lifetimes to date it is possible to calculate the electricity generated (TWh). Averaged electricity emissions intensity (0.52kgCO₂/kWh) over ten years from DEFRA [4] was used to convert this into a figure for emissions avoided

Non-operational carbon dioxide emitted

Office use electricity is separated out for each of our major offices (Barnwood, London, East Kilbride (occupied for three months of the period), Renfrew, Peel Park and Livingston (all three occupied for nine months of the period). Where detailed meter information was not available for an office we occupied we used an energy intensity per individual for a representative office. Each office is supplied by a different electricity supplier and the emissions intensity for each supplier is obtained from their latest available fuel mix disclosure. These are 105gCO₂/kWh for British Energy electricity (supplied to Barnwood, Renfrew), 489gCO₂/kWh for Scottish &



Southern Energy (London and Peel Park offices), 406gCO₂/kWh for Total Gas and Power (Livingston office) and 440gCO₂/kWh for Scottish Power (East Kilbride) [5]. This allows us to calculate the emissions associated with our electricity use to be 2.6ktCO₂ for the period 2007/08. As we are no longer reporting power station based offices (their energy use is included in the station energy use) we also recalculated the 2006/07 emissions on the same basis resulting in an emissions figure of 2.7ktCO₂ for the period.

Our employees travelled 10 million kilometres (km) by car in 2007/08. Using DEFRA environmental reporting guideline figures [6] for passenger transport this corresponds to total emissions of 1.97ktCO₂. In the year our employees travelled 7.9 million passenger km by plane which resulted in the emission of 1.08ktCO₂. Journeys by rail amounted to about 1.1 million passenger km. Using emissions factors in [6] this resulted in the emission of 0.10ktCO₂ by dividing the total quantity of travel emissions by the number of staff it is possible to obtain the emissions intensity per staff member.

Source: [1] DTI Digest of United Kingdom Energy Statistics (DUKES July 2007), [2] UK DEFRA Estimated emissions of carbon dioxide, [3] National Atmospheric Emissions Inventory, [4] DEFRA Environmental Reporting Guidelines, Green House Gas conversion factors, [5] Electricity provider's websites, [6] DEFRA environmental Reporting Guidelines, Transport Methodology paper

Independent Assurance Report to the Directors of British Energy Group plc

British Energy Group plc (BE) appointed Environmental Resources Management Limited (ERM) to provide independent assurance on selected information presented in its 2007/08 Corporate Social Responsibility (CSR) Report.

Scope of our work

We were asked to provide assurance on:

A. Management's approach to identifying and prioritising BE's key CSR issues and the outcome of this approach set out in 'Listening to our stakeholders' on page 8; and

B. Data for the following indicators:

Marketplace (page 15):

- BE's fuel mix disclosure 2006/07

Workplace (pages 18-21 and 38):

- Unplanned automatic trip rate (per 7,000 hours operation)
- Collective radiation dose (man Sieverts / reactor)
- Lost time accident frequency rate (per 200,000 hours worked)
- Average employee training days (days per employee)
- Diversity in the workplace (age, gender and ethnicity percentages)

Environment (pages 24-28):

- CO₂ emissions and avoided CO₂ emissions from power generation (million tonnes)
- CO₂ emissions from energy use and business travel (thousand tonnes)
- Number of environmental events at the nuclear power stations
- Low Level Waste (LLW) sent off site (cubic metres)
- Average amount of Intermediate Level Waste (ILW) produced by each nuclear power station per year (cubic metres)
- Spent fuel sent off site (tonnes Uranium)
- SO₂ and NO_x emissions and avoided SO₂ and NO_x emissions (thousand tonnes)

Community (pages 34-35):

- Number of site stakeholder group meetings held
- Total value of financial political donations (£)

Objectives, basis of our work and limitations

We planned and performed our work to obtain all the information, evidence and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information and data set out in the 'Scope of our work' was appropriately reported.

The scope of our engagement was to undertake assurance work on activities carried out at corporate level to manage the selected assurance topics set out above. We did not visit any power stations.

If we had been asked to conclude on whether the reported information on the selected assurance topics is materially accurate, we would have needed to conduct more in-depth work and gather further evidence to support our assurance opinion.

The reliability of the reported information and data associated with the targets is subject to inherent uncertainties given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Reporting criteria and assurance standards

BE applies its own internal approach to managing and reporting the corporate responsibility assurance topics outlined above. These are described in the following sections of the CSR Report:

- Scope A: 'Listening to our stakeholders' on page 8 and the CSR and 'Corporate Governance' section on page 40; and
- Scope B: On the relevant referenced page(s) as set out for each group of indicators in the 'Scope of Our Work.'

The basis, scope, methodology and inherent limitations of the selected indicators are set out in 'British Energy in Brief' on page 5 and 'Assurance' on pages 40 - 41.

We performed our work in accordance with ERM's assurance methodology which is based on the international assurance and audit standards: ISAE 3000, ISO 19011 and, where appropriate to our scope of work, AA1000AS.



Respective responsibilities and ERM's independence

BE's management is responsible for preparing the CSR report and is responsible for the collection and presentation of information in it. ERM's responsibility is to express our assurance conclusions on the selected scope of work agreed with BE.

During 2007/08 we have worked with BE on other consulting engagements. We operate strict conflict checks to ensure independence of the company and individuals involved in our assurance activities is not compromised.

Our team and assurance activities

A multi-disciplinary team of environmental, health and safety, corporate responsibility, assurance specialists and energy industry specialists performed the engagement. We conducted the following assurance activities:

Interviewed a selection of corporate level representatives responsible for:

- The processes BE has in place to engage with stakeholders, identify and manage CSR risks and opportunities and develop the CSR Report content to understand the key CSR issues and priorities faced by BE and how these are identified and prioritised for the purposes of the Report;
- The selected indicators within the scope of our work; and
- The production of the CSR Report to understand the process for gathering the report content and ensuring the quality of the disclosures relevant to the selected assurance topics into the report.

Reviewed a sample of relevant supporting documentation to:

- Corroborate the outcomes of management's approach to identifying the key CSR issues and priorities faced by BE; and
- Test the data collation, aggregation, validation and reporting processes and any related internal procedures and internal controls in place.

Reported our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work.

Reviewed the presentation of the selected assurance topics in the CSR Report to ensure consistency with our findings.

Our conclusions

Based on the work undertaken, and in consideration of the limitations of our assurance engagement presented above, we conclude that, in all material respects, BE has appropriately reported:

- A. Management's approach to identifying and prioritising BE's CSR issues, and that the selected issues set out in 'Listening to our stakeholders' on page 8 are an appropriate reflection of the outcome of this process during 2007/08; and
- B. The selected indicators set out on the pages referenced in the 'Scope of our work'.

Highlights observed in CSR performance in the last year:

- BE has continued to further embed CSR into its business and are engaged in key societal debates as presented in the 'Listening to our stakeholders' and 'Issues in focus' sections of the report;
- BE entered the Business in the Community Corporate Responsibility Index for the first time and was awarded a Bronze medal, thereby demonstrating the group's commitment to CSR; and
- The scope of and level of disclosure within the CSR report has been expanded, with regards to: how BE identifies the issues that are important to its stakeholders; and the content within the marketplace, workplace and community sections of the report.

The areas for BE to consider for future improvement are:

- We support BE's commitment to developing a carbon emissions reduction plan and to setting measurable targets. We encourage BE to expand this to setting and reporting on performance targets across the wider CSR agenda; and
- We encourage BE to continue to review and upgrade the indicators used to further report the company's CSR performance in line with industry good practice and emerging standards.

Environmental Resources Management Limited London, UK - 26 June 2008

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs

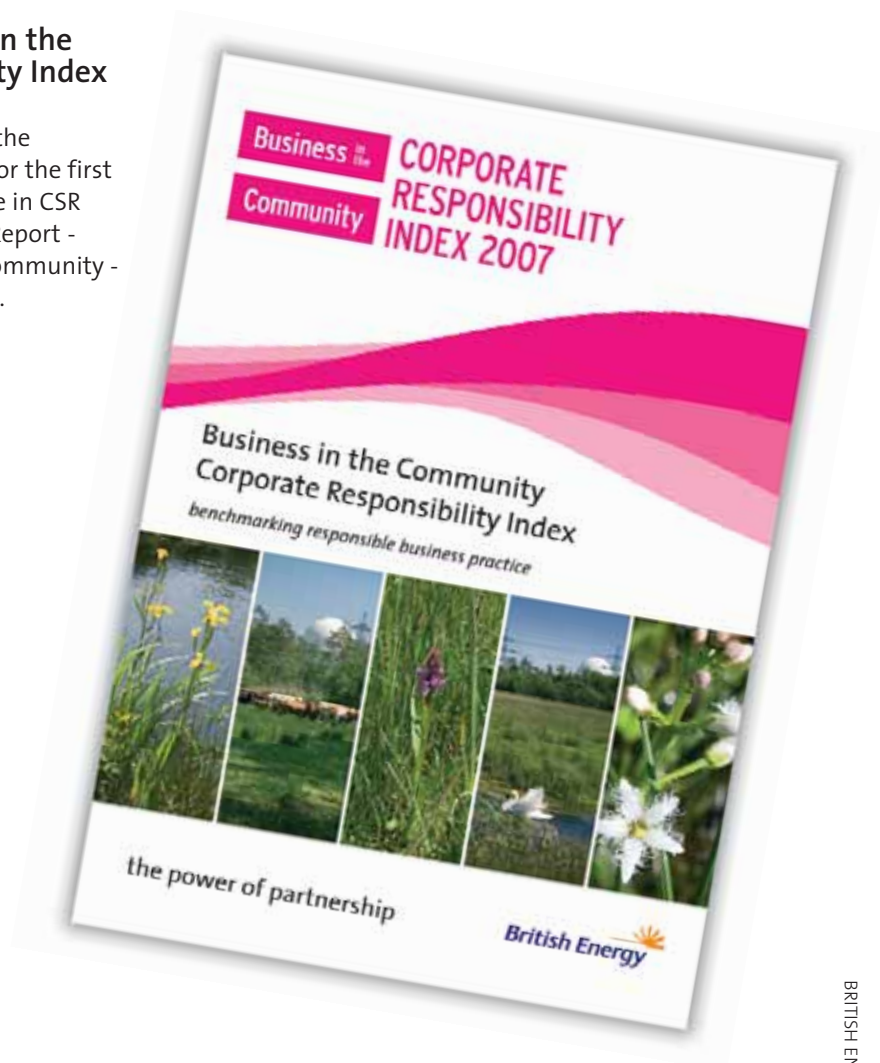
Abbreviations and acronyms



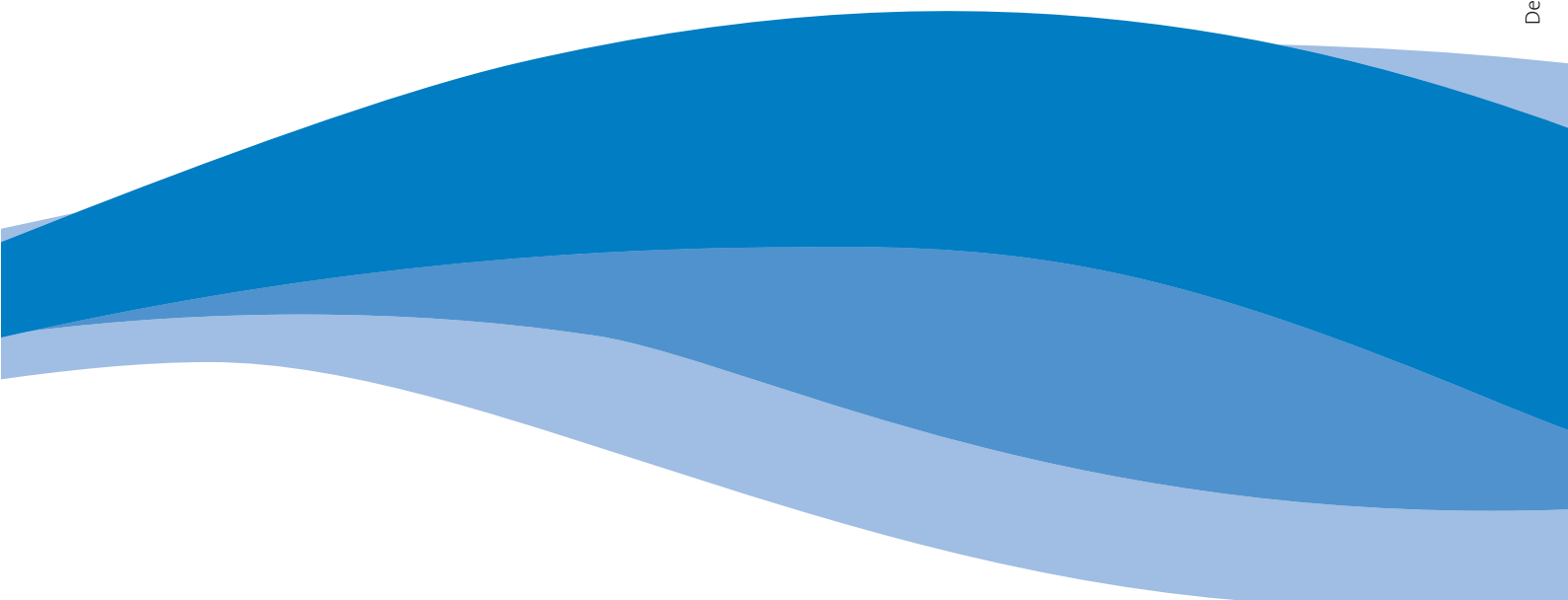
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|-----------------|--|
| AGR | Advanced Gas-Cooled Reactor |
| BERR | Department for Business, Enterprise and Regulatory Reform |
| BTO | British Trust for Ornithology |
| CO ₂ | Carbon dioxide |
| CoRWM | Committee on Radioactive Waste Management |
| CSR | Corporate Social Responsibility |
| DEFRA | Department for Environment, Food and Rural Affairs |
| DTI | Department for Trade and Industry |
| EA | Environment Agency |
| EBIDTA | Earnings Before Interest, Taxes, Depreciation and Amortization |
| EHS | Environment and Heritage Service |
| EOFG | Equal Opportunities Focus Group |
| EU | European Union |
| EU ETS | European Union Emissions Trading Scheme |
| FSA | Food Standards Agency |
| GRI | Global Reporting Initiative |
| HLW | High Level Waste |
| HSE | Health and Safety Executive |
| ILW | Intermediate Level Waste |
| KPI | Key Performance Indicator |
| LLW | Low Level Waste |
| NDA | Nuclear Decommissioning Authority |
| NO ₂ | Nitrogen Oxides |
| NII | Nuclear Installations Inspectorate |
| Ofgem | Office of Gas and Electricity Markets |
| PWR | Pressurised Water Reactor |
| RoSPA | Royal Society for the Prevention of Accidents |
| RSPB | Royal Society for the Protection of Birds |
| SEPA | Scottish Environment Protection Agency |
| SHEC | Safety, Health and Environment Committee |
| SO ₂ | Sulphur dioxide |
| SRI | Socially Responsible Investing |
| UATR | Unplanned Automatic Trip Rate |
| WANO | World Association of Nuclear Operators |

British Energy enters the Business in the Community Corporate Responsibility Index

This year we participated in the Business in the Community Corporate Responsibility Index for the first time. The process evaluated our performance in CSR across the key subject areas covered in this Report - marketplace, workplace, environment and community - and resulted in the award of a Bronze Medal.



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 ***Powering the low carbon generation***

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