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“Are we there yet?”

It’s an inevitable, stress-inducing call on any road trip. Usually, the typical first answer is “soon.” But as time in the boring confines of an automobile drags on, and patience wears thin, the answer invariably devolves into something like, “We’ll get there when we get there, try to enjoy the ride.” While hardly a satisfying answer for the incessantly quizzical, it’s usually enough to get through the last leg of the drive.

We have no such simple quips or easy rebuttals for our current global climate change road trip. But as you will see in this year’s 2014 Sustainability Report, NRG is making significant strides toward a cleaner, more sustainable destination.

We’ve got a vision of where we want to get to — where we have to get to according to the world’s climate experts — and a forming strategy on how to get there. But there remain gaps to fill, partnerships to be formed and resistance to be overcome on the road to the clean energy future.

So, are we moving fast enough? “Are we there yet?” No. Clearly not.

Today NRG is the nation’s second-largest conventional power generation company, and, as a result, still a major emitter of carbon dioxide. However, we are headed in the right direction, having achieved significant reductions in CO₂ emissions in recent years. Yet the past is the past and we, when we focus on sustainability in particular, are entirely focused on where we go from here.

Last year, we made our intentions clear with a plan to reduce our carbon dioxide emissions by 50% by 2030, and by 90% by 2050 below a 2014 baseline. It’s a unique and uniquely important goal. Almost unprecedented for a corporation, it is particularly so for an energy company, which historically has been almost 100% dependent on fossil fuels. If we can show the way on this and other energy companies then follow — voluntarily or as a result of customer demand or peer group pressure — then we will have successfully tackled the single biggest source of greenhouse gas emissions.

NRG alone, because of our size, can have a real impact. Once achieved, our CO₂ reduction goals will be the equivalent of avoiding the deforestation of 18,000 square miles of Amazonian rain forest. That’s a sprawling chunk of land the size of Vermont and New Hampshire combined.

A large part of our long-term carbon reduction strategy is predicated on the embrace of emerging technologies to allow us to achieve our carbon goals while continuing to fulfill our “sacred” mission of keeping our customers and the communities we serve energized with safe, affordable and reliable power.

We have already started. In 2014, we broke ground on our billion dollar Petra Nova Project, one of the world’s largest post-combustion carbon capture projects now under construction at WA Parish, a large coal plant south of Houston. This commercial-scale, economically viable approach to carbon capture will go online next year and redirect 90% of the CO₂ from the processed flue gas (which, to be clear, is not all of the plant’s flue gas), then reuse it for enhanced oil recovery (EOR), thus storing it deep underground.

NRG itself can make a significant difference on this issue, but if solving most societal issues “takes a village,” winning the fight against global warming “takes a global village”; not just sovereign nations, but also sub-sovereign entities like cities and municipalities, eNGOs, and purposeful energy consumers. Even our most prominent spiritual leaders like the pope and the Dalai Lama have a critical role to
play. Yet the key players we know best, who can make a big difference with their combined access to technology, consumer outreach, financial and human resources and their singularity of purpose, are the major corporations who feel like we do regarding the moral imperative of climate change.

In 2014, we announced a strategic partnership with Unilever that aligns with that company’s Sustainable Living Plan. It’s a forward-thinking global blueprint for sustainable growth that aims to double the size of Unilever’s business while reducing its environmental footprint and increasing its positive social impact.

Unilever U.S. already purchases all of its electricity from renewable sources through renewable energy certificates (RECs). Through this novel partnership, NRG is helping Unilever devise innovative solutions for onsite and offsite renewable generation, resulting in 100% clean energy for all energy use at Unilever U.S. sites by 2020.

Our partnership with Unilever has been followed with others such as corporate thought leaders from Kaiser Permanente in the healthcare field and Starwood in hospitality. And more to come. Many more. Hopefully, for the planet, many, many more.

If we can align with other companies to establish carbon reduction goals, engage their employees, reach back into their supply chains and, most of all, galvanize their customer base, then we will have the momentum we need to win this.

It is the younger generations who have the right to demand leadership from us on this transcendent issue of our time. Certainly, speaking on behalf of NRG, we will lead. But in so doing, we don’t stand alone. From the full range of public and private institutions, into every home and in the hearts and minds of every energy consumer, we all need to stand up and be counted — not just with our words, but through our actions. When it comes to climate change, the caustic barbs of denial from the children of darkness are of little consequence; what is important is allaying the fears and converting the apathy of the children of light so they stand together.

With us.

And with you.

David Crane
Chief Executive Officer
CHIEF SUSTAINABILITY OFFICER LETTER

As I think back to this time last year, NRG was in the midst of establishing our first long-term carbon-reduction goals. Six months later, in November, we announced our goal to cut CO₂ emissions by 50% by 2030 and 90% by 2050. This may not seem like a big deal in the world of corporate sustainability — where big, hairy, audacious goals are a dime a dozen — but the NRG goals are, in fact, significant in the bigger picture. This announcement marked the first time a major electricity generator and, as a result, major contributor to greenhouse gas (GHG) emissions put actual dates and quantities around its transition to a low-carbon energy future.

I’m often asked by our employees, partners and competitors what it took for a company like NRG to put a public stake in the ground and set firm targets for CO₂ reduction. What they really want to know is what our process was, how we reached agreement, what the risks were and whether there was any benefit to going public. In response, I’d like to use this introduction of our 2014 Sustainability Report to provide some insight into our journey.

There were four stages to setting our goals:

1. Set the Targets
2. Vet the Targets
3. Go Public
4. Get to Work

Each stage presents its own unique learning opportunities and challenges.

Step 1: Set the Targets

The first step, and in our case the easiest, was identifying the right targets. This was the result of strong leadership from the top. When I joined NRG a little more than two years ago, I joined a company whose CEO had accepted the science behind climate change and believed we had a responsibility to provide power to our customers while ensuring long-term security and resources for future generations. David Crane recognized that our industry was about to be disrupted by an influx of innovation largely driven by the need to sever the relationship between GHG emissions and energy production. As a result, we’d begun to invest in clean energy sources such as solar, wind, microgrid development and electric vehicles. At the same time, we were also almost doubling our carbon footprint with acquisitions of traditional power generating facilities. Given this dichotomy, we recognized that we needed to tell our stakeholders the direction we were heading; that while we have a responsibility to our customers to provide reliable, affordable electricity and to our investors to grow a profitable business, we also need to lead the way to a future where our business is decoupled from climate-changing emissions.

One of our first actions was to establish a corporate sustainability steering committee comprising senior leaders across the company. Over the course of several months, we brought in outside speakers who helped us focus on where we wanted to be in ten years and in 30 years. During this process we gained alignment on our long-term vision and began thinking through targets that would ensure we were on the right path. First we identified a plethora of targets across five major categories. As we flipped through the 10 pages of goals, we agreed that they were all necessary aims. Setting 50 public goals at once, however, would affect our ability to achieve them. What we needed was a big goal to focus our efforts on, and we needed to address the elephant in the room: carbon. The next step was picking the exact number and timing. What did NRG need to do to ensure we were putting less carbon in the atmosphere? Could we get behind a meaningful
Step 2: Vet the Targets

Once we had a goal, we began the process of vetting the goals. We needed to understand the sensitivity behind setting absolute goals. What would this mean for each group of stakeholders inside and outside of NRG? What would be our roadmap for reaching our goals? Could we effectively manage changing our business model to ensure we were prepared for the energy system of the future? To get answers to these questions, we had conversations with more than 200 subject-matter experts across NRG to ensure we considered every angle. Ultimately, we sought our board’s guidance before we were finally ready and comfortable to announce our goal. This of course was not the typical decision-making process for a nimble company like NRG, but in this instance we realized how important it was to take this step as OneNRG.

As we vetted our goals and our strategy with business partners, customers, nongovernmental organizations and investors, we began to sense tremendous support for our plan. While aggressive, this was doable and had huge potential to drive shareholder value. Our goals have provided the company a North Star on which to focus our innovation.

Step 3: Go Public

Looking back on our carbon-reduction announcement and the groundbreaking of our sustainable headquarters last November, I can say that the results have exceeded expectations. The decision to go public was based on the understanding that we would need focus, pressure and support to achieve our goals. Success will require us to work with a diverse range of internal and external stakeholders and a public goal provides a rallying point for our collective action.

Before we could go public we needed to ensure we could address all of the questions raised during the vetting phase. A small cross-functional team was assembled to develop and execute the announcement strategy. The process of figuring out what we wanted to say proved especially enlightening and forced a number of tough internal conversations about how we would explain what we were doing to different stakeholders but ultimately lead to a message that our entire company can proudly stand behind.

Since the announcement we have found that putting a stake in the ground publically has crystalized our focus and provided us access to a broad network of people and entities with a common goal.

Step 4: Get to Work

This is by far the hardest step. Our goals are audacious and long-term, but in an industry with assets that stay around for 60, 70 years it is critical we begin our journey today. In the time leading up to the announcement and the months after, we have put critical thought into how we achieve our goals, what tools and processes we can put in place to ensure carbon is factored into our business. In this report, you’ll see examples of the various actions we took in 2014 to start reducing emissions in our fleet and growing our new low carbon businesses.

These included:
- Carbon capture and sequestration such as our Petra Nova facility
- Plant equipment upgrades like those at our Waukegan location
- Natural attrition of aging plants
- The development of utility scale and distributed renewable energy resources
- Forming unlikely alliances with like-minded partners

2014 was a pivotal year for sustainability at NRG, laying the foundation for the future of our company. I am immensely proud to have been part of it.

Leah Seligmann,
Chief Sustainability Officer
NRG Sustainability Vision

At NRG, our vision for a sustainable energy future drives everything we do. Our goals to protect the environment and reduce our carbon footprint inform and strengthen our efforts to grow as a company.

Our vision
While the NRG Sustainability vision is broad, bold and transformational, it’s also quite simple and, as you will see, fully embedded into our fundamental business strategy. We will grow and diversify our businesses while dramatically reducing our carbon footprint.

We are deeply committed to helping create a truly sustainable energy future in the long term without sacrificing consumer satisfaction or shareholder value in the process. This means providing affordable, safe, clean and reliable energy that is produced in ways that liberate — not limit — our options as businesses, consumers and citizens.

At NRG, we believe sustainable energy:

- Is compatible with healthy ecosystems and communities
- Delivers a net positive impact for NRG
- Can be made affordable, reliable and safe for our customers
- Supports maximum value creation and growth for customers, shareholders, employees, suppliers, communities and other stakeholders

Together, we’re building a sustainable energy future — not just for ourselves, but for our children, grandchildren, and their children and grandchildren.

To make this future a reality, we will leverage an increasingly diverse suite of energy sources, empower consumers with real choices and value, and streamline usage by developing and implementing cutting-edge efficiency and convenient demand-response initiatives.
Leading by example, our carbon emission goals

At NRG, we seek to provide affordable, safe, clean and reliable energy produced in a way that does not limit the possibilities of tomorrow. We see climate change as one of the biggest threats to the future, and as the second largest electricity generator in the United States, we have a unique opportunity to lead by example.

NRG’s focus is to decouple our growth from emissions, while maintaining the reliability and fuel diversity that our economy and consumers depend on. Our role in combatting climate change is twofold: reduce emissions of our existing fleet and develop a new, low-carbon energy system.

Business as usual in our industry is not a long-term option, and we plan to do our part to reduce our carbon emissions while facilitating global progress toward a clean energy future. In November 2014, we set industry-leading carbon reduction targets by announcing a goal to cut CO₂ emissions 50% by 2030 and 90% by 2050 while continuing to significantly grow our business. This goal is the first time any power producer has put a stake in the ground with concrete dates to transition to a low-carbon economy, consistent with what climatologists say is necessary to limit the most dangerous consequences of climate change.

We intend to take the following actions to achieve our goals while growing our business and creating value for our shareholders:

- Convert coal-fired power plants to natural gas
- Gradually retire aging coal plants
- Capture and sequester carbon emissions for fossil-fired power plants
- Optimize plant performance with equipment and efficiency upgrades
- Develop utility distributed renewable energy systems
- Drive the clean energy future with like-minded individuals and companies

If we are successful, these actions will achieve the avoidance of approximately three billion tons of CO₂ emissions by 2050, the equivalent of:

- Avoiding the deforestation of 18,000 square miles of Amazon rain forest (roughly the combined land mass of Vermont and New Hampshire)
- Avoiding all of New York City’s CO₂ emissions, at 2005 levels, for 65 years
- Avoiding the carbon emissions from fuel and electricity of seven million homes every year between now and 2050

NRG has already realized significant reductions in CO₂ emissions in recent years — 40% since 2005 — while consistently achieving a strong performance resulting in nearly $3 billion in adjusted EBITDA. Additionally, we are laying the groundwork for the energy system of the future with significant investments in innovations — such as those at Petra Nova, the largest carbon capture project on an existing plant in the U.S. — that will help clean up our fleet. We’re also growing our consumer and business renewables, and developing the largest network of electric vehicle DC fast charging stations from California to Washington, D.C. This sets the stage for long-term business growth and environmental reinvention.
NRG’s green headquarters

In 2014, we broke ground on our new headquarters in Princeton, N.J. Our new home is designed to incorporate the latest technological innovations in clean energy and, upon completion, will demonstrate that clean, sustainable, cutting-edge design is achievable today. Expected to open in 2016, the three-floor, 130,000 sq. ft. “ultra-green” headquarters is being built around a host of renewable and high-efficiency technologies. This will make it one of the leading commercial sustainability sites in the country.

The building will feature:

- Solar installations totaling 600 kW on the roof, parking lot and two custom pergolas. The solar systems reduce the solar heat sink that an uncovered parking lot and rooftop generate during sun-intense days.
- 14 NRG EVgo® charging stations will be along the front parking spaces to encourage zero emissions electric vehicles, with room to expand when needed. It will also have EV-to-grid “back-feed” capability as well as Fast Chargers
- Two vertical Wind Turbine Models will mark the entrance to the parking lot as well as an NRG Freedom Station that consists of a Fast Charger along with a Level 2 Charger
- Grid power, to the extent it is used, will be 100% renewable energy through an NRG green retail subsidiary
- Off-grid capabilities and significant additional energy efficiency provided through dual-fuel generators and a 250 kW combined heat and power plant with the heat rejection being utilized to operate an absorber for ‘Free’ A/C.
- Two separate underground 6,000 gallon cisterns for an on-site storage of 12,000 gallons of rainwater harvesting an estimated 30,000 gallons per year capacity that will be recycled for all of the building’s plumbing needs and reduce city water use by 80%
- High-efficiency LED lighting combined with daylight harvesting to reduce indoor lighting needs and energy use by roughly one-third
- As a safety feature, the remaining portion of the heat rejection fluid can be diverted to an additional plate heat exchanger to be sent through tubing buried in the concrete of the front entrance walkways to prevent buildup of ice or snow
- An onsite 500 kW battery storage system to help when the PV solar power has a cloud or two go by; will reduce the need to pull power from the grid as well as help reduce grid dependence during peak hours
- Solar Thermal panels on the roof to help provide heated water for the showers and baseboard heating
- Green Roof to help promote a cooler roof in the summer and a warmer building in the winter as it acts as an additional layer of insulation besides the benefits of growing ‘Green’
- State of the art Building Automation System that will control all aspects of the building from power generation to personal comfort to include temperatures, lighting, shading, etc.
- Height adjustable work stations will be available to help promote a healthier work environment and experience.”

The headquarters will be built using sustainable materials, including zinc on the exterior and recycled wood on the interior. Inside the building, a “living wall” with a variety of plants will provide air purification, and a controlled lighting system that responds to the amount of natural/ambient light will reduce energy needs.

In addition to the financial and environmental benefits that come from resource efficiency, these technologies will provide an educational and inspiring workplace for more than 500 on-site employees.
NRG Sustainability Strategy

GO GREEN

By developing renewable generation and the underlying infrastructure to support the transition to a low-carbon economy, we’ve propelled our company into the third-largest renewable energy generator in the U.S.

Solar

2014 was a banner year for NRG in terms of solar development, growth, new implementations and plans. In addition to 33 MW of solar photovoltaic (PV) generation currently under construction in Guam, the Caribbean, Las Vegas and Scottsdale, AZ, our solar portfolio now includes 13 utility-scale solar PV facilities and numerous distributed generation projects for customers and communities. With more than 1,200 gross MW of solar power under management, NRG Renew produces enough electricity to support approximately 200,000 average U.S. homes.

Highlights of NRG solar milestones in 2014 include:

**MGM Resorts International:** It’s showtime in the entertainment capital of the world. MGM Resorts International and NRG have completed work on one of the country’s largest rooftop solar PV arrays at the Mandalay Bay Resort Convention Center in Las Vegas. The 6.4 MW installation is anticipated to generate enough electricity to power the equivalent of 1,000 homes. MGM and NRG are also working on an additional development project, to be completed in 2015, that will add another 2 MW of capacity at Mandalay Bay.

**Community 1 Solar:** This unique 6 MW community solar facility covers nearly 37 acres of land owned by San Diego State University and has more than 25,000 modules that will generate enough emission-free electricity to power approximately 2,200 homes for customers of the Imperial Irrigation District who choose to opt into this community solar project. Additionally, it will reduce emissions and lower the demand on the Southern California electricity grid.

**Starwood Hotels & Resorts:** A 568 kW solar installation at The Phoenician in Scottsdale, AZ, is only the first of three projects NRG is helping Starwood with to lower electricity consumption by 30% across its holdings by 2020. We’re in the planning stages of building an aesthetically integrated 1 MW clean power solution at The Westin St. John Resort in the U.S. Virgin Islands and another 450 kW project at The Westin Maui Resort & Spa in Kaanapali, HI. For all three projects, NRG will build, own and operate the project while the hotel will purchase the clean power produced by the solar arrays over the course of a multi-year agreement.

Our sustainability strategy is built on several key principles and goals. Focusing on these essential parts of our strategy enables us to serve our customers, investors, key stakeholders, employees and the environment.
Higher-energy learning
Sustainability is as important to Arizona State University (ASU) as it is to us, which makes our partnership a natural one. Our 12.9 MW portfolio is an integral part of one of the university’s major goals: to reach a net-zero carbon footprint by 2025.

At ASU’s Tempe campus, more than 7,500 photovoltaic (PV) solar panels make up the NRG PowerParasol® parking structure. Generating more than 2 MW of electricity, the PowerParasol also provides shade from the desert sun for 800 parking spaces adjacent to Sun Devil Stadium and Wells Fargo Arena.

Actively under construction or development:
- Dandan solar project (Inarajan, Guam): 25.7 MW
- Mandalay Bay Resort Convention Center (Phase II): 2 MW
- Spanish Town Estate Solar facility (St. Croix): 4 MW
- Necker Island microgrid: approximately 1 MW
- Phoenician: 568 kW
- Kaiser Permanente portfolio: 70 MW
- Colorado Shared Solar: 8.2 MW
- Lenape II: 4 MW
- San Diego International Airport: 2.6 MW
- Steel Bridge Solar (Oregon): 2.5 MW

A real game changer
Football captivates Americans unlike any other sport, making it the perfect stage for a company championing the push for a clean energy future. NRG is using its relationships with various professional teams to spotlight sustainable construction and power generation.

NRG now has solar installations at six pro football venues, including FedExField in Landover, MD; MetLife Stadium in East Rutherford, NJ; Lincoln Financial Field in Philadelphia, PA; NRG Stadium in Houston, TX; and Patriot Place at Gillette Stadium in Foxborough, MA.

Our newest project is at Levi’s® Stadium in Santa Clara, CA.

Levi’s® Stadium was completed in July 2014 and is the first venue of its kind in the U.S. to achieve LEED Gold certification. The $1.2 billion project, conveniently nested in Silicon Valley, the country’s most innovative community, was built with sustainability in mind.

NRG’s four sprawling solar installations and half-dozen eVgo® charging stations are perfect complements to a building that represents the next generation of stadium design. They also showcase yet another successful collaboration with a pro football team.

Fans enter and exit the stadium grounds via three NRG Energy Bridges, which are topped with 640 PV panels and peppered with multicolored NRG plus signs. At night, dynamic LED strip lights illuminate the bridges with infinite color capabilities. The NRG Solar Terrace, which coincidentally includes 49 sets of PV panels, sits atop the stadium’s suite tower on the 20,000 sq. ft. Green Roof next to a garden of 16 drought-tolerant plant species.

All told, the NRG solar arrays generate 375 kW at peak capacity, enough to offset the energy needs of all 10 of the team’s home games. The installations are a sleek way to showcase renewable energy in a commercial application while also raising awareness with residential consumers.
NRG’s commitment to leveraging smart energy generation technology is no more clearly demonstrated than by our ownership of 33 wind farms in 11 states.

After finalizing the acquisition of Edison Mission Energy in April 2014, the number of NRG wind farms increased eightfold, making our company the nation’s fifth-largest wind generator.

Additionally, the acquisition of Alta Wind and its 947 MW of generation capacity brings the largest operating wind farm in North America into the fold. Alta Wind powers tens of thousands of homes across Southern California with a minimal carbon footprint — and will for decades to come.

**Wind**

**NRG Sustainability Strategy**

**Lone Star state of mind**

NRG has ownership in seven wind farms in Texas:

- **South Trent:** This 101 MW wind farm located near Sweetwater consists of 44 Siemens 2.3 MW wind turbines capable of powering more than 80,000 homes at maximum capacity.
- **Sherbino I Wind Farm:** Located in Pecos County, this project (an NRG/BP Wind Energy partnership) can generate 150 MW of power and consists of 50 Vestas wind turbine generators, each capable of generating up to 3 MW of power; the wind farm, which BP operates and dispatches, is located approximately 40 miles east of Fort Stockton on approximately 10,000 acres.
- **Elbow Creek:** Located in Howard County near Big Spring, this 122 MW project consists of 53 Siemens wind turbine generators, each able to generate up to 2.3 MW of power.
- **Langford Wind Farm:** This 150 MW project is located 25 miles south of San Angelo; it uses 100 General Electric 1.5 MW wind turbine generators on approximately 35,000 acres of land.
- **Wildorado:** Located in Oldham, Potter and Randall counties near the historic Route 66 highway, this 161 MW project features 70 Siemens wind turbine generators.
- **Goat Mountain:** This 150 MW project is located in Coke and Sterling counties north of San Angelo; it includes 80 Mitsubishi 1 MW and 29 Mitsubishi 2.4 MW wind turbines.
- **Cedro Hill:** Located east of Laredo in Webb County, this 150 MW project features 100 GE 1.5 MW wind turbines.

The Alta Wind Energy Center, in Kern County, CA, has a combined installed capacity of 947 MW.

The Langford Wind Farm has a combined capacity of 150 MW, and sits on almost 35,000 acres of land.
NRG understands the need for an energy future with an intelligent, distributed infrastructure that provides reliable power and consumer choice. One way to deliver this vision is through the creation of microgrids.

Microgrids are networks of distributed energy resources, such as solar, wind, battery and thermal, that can either be tied to or independent of the conventional electricity grid. Microgrids allow a home, building, municipality or any other small grouping or geographic area to create an integrated energy system for providing clean, reliable and high-quality power.

**Agents of change**

NRG is accelerating the deployment of future microgrids from a number of business units within the company.

Our Station A innovation team is designing cost-effective, highly renewable distributed energy systems for customers with critical needs. Necker Island, nestled in the British Virgin Islands, is one such project.

Imagine living in a region without an electric grid. Instead, you rely on weekly shipments of diesel to provide power that cost 25-30% of your household income and hamper your economic opportunities and quality of life.

Upon project completion in 2015, the Necker Island solar-wind-battery microgrid is expected to slash diesel consumption by at least 75%. This will save 2.1 million gallons of diesel and 21,400 metric tons of CO₂ over the next 20 years of operation, improving the island’s economic efficiency and answering some of its infrastructural challenges.

The lessons learned on Necker Island are already informing our commercial projects and strategy in a variety of domestic markets. This year, we’ll begin leveraging this work at other island locales abroad and stateside in places like our new headquarters in Princeton, NJ, at Station A itself, at Elbow Creek and in Rutland, VT.
The energy city of the future

Nestled in northern Vermont, Rutland is a town of roughly 16,000 people that’s clearly paving the way in community thought leadership and action, and is a model for building a brighter tomorrow. It’s a gateway for communities where residents’ homes, businesses, electric vehicles and life on the go will be powered by an array of sustainable energy sources.

Welcome to Rutland, Vermont

The Rutland project will integrate various energy management and renewable technologies, such as solar arrays, wind turbines and battery storage systems, with Vermont’s electrical grid that will provide benefits to the distribution system, the wholesale power market and most importantly the customer.

NRG EVgo®

The NRG EVgo network of fast-charging, conveniently located stations gives electric vehicle (EV) owners new freedom and a greater confidence in their ability to stay charged on the road. Service plans provide EV owners with at-home or workplace chargers, plus use of EVgo Freedom Station® charging sites. Located along major transportation corridors in 14 markets, NRG charging stations have powered almost 9 million electric miles.

Through the EVgo network, which currently includes more than 250 DC fast-charging stations, NRG provides access to public charging sites across the United States. The network continues to expand, driven by a growing number of customers and a 250% increase in car dealer participation.

An NRG EVgo Freedom Station.
EXPAND RETAIL

Our customers want to have a positive effect on the environment. With plans, products and services tailored to fit their lifestyles and help them reach their goals, our retail electricity providers have proven themselves to nearly 3 million (and counting) recurring customers across the country.

NRG continues to expand our product and service offerings, selling renewables like rooftop solar, home services, portable power and customized energy solutions to customers in diverse markets. Through our multi-brand retail business, we’ve proven ourselves able to provide customers with a broad range of energy services and products, including system power, smart energy and energy-efficiency services, solar and wind products, electric vehicle services, protection products, distributed generation and specialty services.

NRG Home Retail

NRG Home Retail offers a variety of electricity plans to residents in the northeastern United States. Customers have the option of choosing the energy-efficient Learn & Conserve™ plan featuring the Nest Learning Thermostat™, selecting a sports-centric plan featuring team collectibles, or designing their own plan by choosing the term length, the amount of renewable power they want and the rewards that work best for them. In September 2013, NRG Home began offering plans in Philadelphia and the surrounding areas. Since then, the reach of NRG Home has expanded to Maryland, Massachusetts, New Jersey, New York and Washington, D.C.

Texas leadership

NRG home’s Texas-based companies have the largest retail market share in the Electric Reliability Council of Texas (ERCOT), which operates the electric grid and deregulated market for 75% of the state (based on volume of sales). Reliant, an NRG company, has been recognized many times for its exemplary customer service as well as its innovative smart energy product offerings and home energy services.

Green Mountain Energy

Green Mountain Energy (GME), one of the NRG retail companies with a growing multi-state presence, continues to be among the nation’s most trusted names in renewable energy, working to change the way power is made and help people live more sustainable lifestyles. GME serves customers in Illinois, Maryland, New Jersey, New York, Pennsylvania, Oregon and Texas and continues to enter new competitive markets. In 2014, the business earned highest honors for customer satisfaction as reported in J.D. Power 2014 Retail Electric Provider Residential Customer Satisfaction Study™. Out of a possible 1,000 points, GME scored a 762, tops among the 18 retail electric providers included in the study.
NRG Home Solar

In 2014, NRG Home Solar became one of the country’s top residential solar providers and announced a goal to bring cumulative megawatts in operation to 280 MW in 2015. NRG Home Solar currently operates in Arizona, California, Connecticut, Hawaii, Maryland, Massachusetts, New Jersey, New York, North Carolina, Texas, and Vermont, with plans to expand into additional states.

Goal Zero

In September 2014, NRG acquired Goal Zero®, a portable solar powerhouse dedicated to empowering people around the world with products that give them the freedom to go anywhere, regardless of battery life. We’re taking solar beyond the roof and putting it in people’s hands so they can power their smartphones and laptops, as well as critical systems in case of emergency. Now, with NRG, consumers can go farther and do more with solar than they ever thought possible.

Nest Labs partnership

In 2014, we continued our alliance with Nest Labs, Inc., offering the Nest Learning Thermostat™ to Reliant and Green Mountain Energy customers in eight states. The Nest Thermostat, which learns your preferences and programs itself while allowing you to adjust the temperature from your smartphone, played a vital role in providing customers better ways to understand their energy usage and save money.

From renewable energy to electric vehicles to rooftop solar to smart homes, NRG is helping our customers live more sustainable lives.

NRG continues to expand our offerings to provide customers with a broad range of cleaner, smarter energy services and products.
Enhancing generation at NRG means repowering and refueling our fleet and reducing our carbon footprint — all while growing the number of people we serve. Work has begun to reduce emissions from our existing power-generating facilities via the installation of more environmental controls and by adding natural gas capability to existing plants.

### Natural gas

Natural gas continues to play a critical part in the transition to a renewable-based energy system in the U.S. It’s a reliable, lower-carbon fuel that’s produced domestically and can be paired with renewables to ensure a reliable and much more sustainable grid.

In California, where renewable sources are poised to account for one-third of the electricity produced, NRG is leading efforts to transition older, less efficient plants into flexible, fast-ramping natural gas facilities that can support grid reliability as more and more renewable operations and preferred resources such as storage come online.

Following successful repowering efforts at Marsh Landing, El Segundo and Walnut Creek, NRG is now turning to the Carlsbad Energy Center for San Diego Gas & Electric and Puente Power Project for Southern California Edison. These two facilities, both in the permitting stage, are anticipated to be commercially operational in 2017 and 2020, respectively. If approved, both will repurpose existing infrastructure and replace multiple older units at our Encina Power Station and Mandalay Generating Station.

In our East Region, which constitutes 47 percent of our total net generation, NRG will invest up to a billion dollars by 2016 to modernize our conventional generation fleet through repowering and refueling. We’ve begun the engineering work in 2014 for converting five units — including our Joliet and Dunkirk facilities — from coal to natural gas, which virtually eliminates sulfur and mercury from their emissions and significantly lowers carbon emissions.

We also began construction on a new natural gas peaking plant near Houston, TX. The facility will be located on a 230-acre site that was once part of the former P.H. Robinson power plant and will use natural gas to power six economical, fast-start GE 7E combustion turbines. The units require no water for cooling, making them well-suited to operate in water-constrained Texas. With their fast-start capability, the peaking units have the potential to help integrate renewable power from intermittent wind and solar generation into the grid.

These projects move us closer to our sustainability goals to reduce emissions while creating business value for our shareholders.
Coal

Emission reductions, reliability and increased fuel diversity are central to our vision for a sustainable future and are critical to our national security. Over the course of the next decade, new power generation in the United States will rapidly shift toward renewables and natural gas. Coal, however, will remain part of the mix as a significant part of the electricity generation portfolio around the world. NRG believes taking carbon out of existing plants is the best way to maintain base-load fuel diversity over the long term.

We’ve already made significant progress in cleaning up our existing power-generating facilities, and we will further reduce overall emissions and enhance shareholder value by:

- Taking carbon out of key existing coal plants post-combustion
- Continuing to install environmental controls at our plants
- Repowering inefficient older plants with gas

Of all of these, post-combustion carbon capture is most critical to the continued use of coal. This is a technology NRG is currently developing. We believe that early innovation and investment can broaden the applicability of carbon capture technologies.

One example of how NRG is supporting advancements in this area is through our Petra Nova carbon capture to enhanced oil recovery project at our WA Parish coal plant outside Houston. The Petra Nova project broke ground in July 2014 and is projected to effectively sequester 1.6 million tons per year of CO2 in a nearby oil field, increasing the field’s oil production and providing revenue to pay for the carbon capture system, even without a price on carbon.

Another example of how NRG is modernizing older plants is with backend emission controls (BECs), which are post-combustion emission reduction technologies — such as scrubbers or desulfurization equipment — that eliminate the majority of several contaminants, including SO2, NOx, mercury and particulate matter.

BECs are being installed at several of our locations, including our 689 MW coal-fired Waukegan Generating Station in northeastern Illinois and our Powerton plant in Pekin, IL. In 2014, teams at both locations successfully installed proprietary trisodium hydrogendicarbonate dihydrate, or TRONA, injection technology on some units. TRONA is a naturally occurring mineral similar to baking soda that is used in a process to remove the majority of the SO2 produced from coal combustion. At Waukegan, for example, the technology helps reduce its SO2 emissions by up to 90%.

Moreover, modernizations across our Illinois fleet will reduce the state’s carbon emissions by 16 million tons annually by 2020 — equivalent to taking 4 million cars off the road. These dramatic reductions show the immediate value of rethinking the way we use conventional fuel sources.

Finally, at the NRG Big Cajun II facility in Louisiana, we’ve installed selective non-catalytic reduction technology to control nitrogen oxides, activated carbon injection to reduce mercury emissions, and TRONA technology to remove SO2. This is all in addition to converting one of the plant’s three coal units to natural gas.

We’re proud of how we’ve improved our coal fleet so far and are excited about how we are going to continue to improve it in the future.
NRG Carbon 360

As technologies continue to migrate toward sustainability and cleaner energy, so do we. NRG is balancing efficient energy production with cleaner energy production. Through our carbon capture and enhanced oil recovery (EOR) processes, we’re aligning environmental and business goals so we don’t have to compromise health or safety for the sake of energy generation.

To make our coal fleet a part of the low-carbon future and remain at the forefront of driving change from within the industry, NRG has formed a team focused on changing carbon dioxide — a key factor in climate change — from one of the energy industry’s greatest liabilities into a source of future earnings growth.

NRG Carbon 360™ is weaving the raw power of traditional generation into the fabric of the sustainable energy future by improving the environmental performance of existing fossil-fired plants. Their first project was Petra Nova, a 50/50 joint venture between NRG and JX Nippon Oil & Gas Exploration, which began construction in July 2014 with the mission of reducing the carbon footprint of the nation’s largest fossil fueled plant, the WA Parish Generating Station southwest of Houston. At the groundbreaking in September of 2014, industry and government, including the Deputy Secretary of Energy and the Lieutenant Governor of Texas, came together to mark this innovative and forward thinking project.

By partnering with Hilcorp Energy Company, NRG and JX acquired a working interest in West Ranch oil field. Together, the two companies will inject captured CO2 from WA Parish into the oil field, permanently storing it away from the atmosphere, safely increasing domestic crude oil production and providing revenue to pay for the carbon capture system.

Between the expected oil production from EOR and electricity sales from a cogeneration unit constructed at WA Parish as part of the project, the endeavor is slated to produce robust peak earnings by 2020. The Petra Nova project is expected to be the world’s largest post-combustion carbon capture facility on an existing coal plant.
NRG Distributed Generation (dGen)

NRG dGen owns and operates a growing variety of efficient and reliable distributed energy facilities. For example, NRG Energy Centers, which are district energy systems, and combined heat and power (CHP) plants that use energy typically lost to create steam. All have a strong track record of success, yet each is unique in its configuration and services offered. Some heat, some cool, some do both; others provide steam for industrial processes. Several systems serve one or two large users, while others serve hundreds of customers of all types and sizes within major U.S. cities.

District energy systems are energy-efficient, highly reliable and environmentally sound methods of heating and cooling buildings. These systems employ emission controls that help improve air quality. With no need to store fuels, chemicals or refrigerants on-site. In fact, buildings located on district energy systems are safer for the environment. Our mission is to free even more customers from the burdens of energy operations so that they can focus on their core business.

- Energy centers operated by NRG Energy, Inc., in Dover, Harrisburg, Minneapolis, Omaha, Phoenix, Pittsburgh, Princeton, San Diego, San Francisco, Smyrna*, and Tucson together provide district heating and/or cooling to more than 10 million square feet of building space, including hospitals, hotels, commercial office buildings and sports arenas.
- NRG Distributed Generation is one of the largest third-party steam providers in the U.S. For more than 30 years, the company has continued to grow, proving time and again to be a safe, high-quality and environmentally sound service provider.

Our mission is to free even more customers from the burdens of energy operations so that they can focus on their core businesses.

**Highly efficient energy generation**

CHP, also known as cogeneration, captures the heat in waste exhaust gas and turns it into useful energy by converting it into steam, hot water or even chilled water that can then be distributed to users based on their needs.

NRG has a network of CHP facilities operated by professional teams who are available 24 hours a day. The CHP process is inherently more efficient and almost half as fuel-intensive as traditional generation technologies, reducing energy costs, minimizing the customer’s carbon footprint and enabling real-time sales of excess power back to the electric grid (in many jurisdictions).

Examples of some of our CHP plants currently in operation include:

**Arizona State University:** We maintain a CHP plant that provides heating, cooling and electricity to 88 buildings on ASU’s Tempe campus and a chilled-water plant that serves five buildings on the ASU Polytechnic campus in Mesa.

**Dover:** Our Dover plant sells electricity to the mid-Atlantic region, which feeds into the city of Dover’s transmission/distribution system. The newly repowered facility also provides steam to the local Kraft Foods plant, the Procter & Gamble plant and the city of Dover.

**FuelCell Energy:** NRG teamed up with FuelCell Energy, Inc., to offer efficient, low-emission fuel cell power plants that can provide base-load power and heat 24/7. FuelCell Energy plants generate reliable power on-site for CHP applications while producing almost zero pollution or particulate matter.

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*No ownership interest.

University Medical Center of Princeton (UMCPP), Plainsboro, NJ: NRG designed a microgrid solution that provides reliability with multiple levels of protection and islanding capabilities. This state-of-the-art CHP plant can operate continuously, even in the event of a total local grid outage, and generates sufficient amounts of steam for heating and chilled water for air conditioning the hospital year-round. This solution cuts energy bills dramatically, reduces emissions and increases reliability.

The integrated systems consist of a 4.6 MW gas turbine-powered CHP plus a cogeneration plant that will serve as the hospital’s primary energy resource, meeting 100% of its heating, cooling and sterilization needs. This plant is backed up by 6-MW diesel-fired generators in an N+1 scheme that can be supplemented by an interconnection to the local utility’s power grid, if the need arises.

NRG’s energy-efficiency solution also uses electricity from a 1 million-gallon chilled water thermal-energy storage tank — literally a thermal “battery” that can be charged during off-peak hours and discharged during peak-demand periods — plus a 200 kW solar array with panels distributed over the parking lot.

This solution enhances the hospital’s energy reliability at an overall cost that is significantly less than the costs needed to provide and implement these energy sources individually. It dramatically reduces the facility’s monthly electric bills and harmful emissions. And it provides the institution with the flexibility to export power to the local grid when rates are high or quickly draw power from the grid as needed.
NRG Sustainability Focus Areas

Sustainability is about more than stewardship of the environment. Our efforts span a vast range of networks and organizations and help improve air, water and ecosystems, all while supporting the community and promoting the highest ethical business standards.

EMPLOYEES

NRG is totally committed to this broad scope of sustainability and is always approaching new ways to encourage and promote a more sustainable environment.

Every single one of our nearly 10,000 employees is valued and valuable. We all have a role to play in creating a different kind of energy company. Making sure each employee has a safe workplace and an empowering, diverse work experience is an important element of our corporate philosophy and our sustainability efforts.

Safety and wellness

Safety is paramount at NRG — it’s the first of our core values. Our goal is to attain a record of zero injuries in any given year and achieve top-decile performance for OSHA recordable injuries. We continuously update, implement and enforce robust preventive safety practices and programs to ensure our employees remain safe, healthy and happy on the job.

We’re proud of our 2014 safety record: it marked our second-best year-end incident rate (0.73) since 2006. Even in the midst of our successful Edison Mission Energy integration, NRG held true to our safety commitment to remain below the industry average incident rate.

And this hard work is paying off: OSHA’s Voluntary Protection Program Star status is the highest level of recognition a facility can acquire for exemplary workplace health and safety. Ten NRG fleet facilities were recognized with this honor in 2014:

- Big Cajun II
- Cedar Bayou
- Central Repair Shop
- Cabrillo I (Encina)
- Greens Bayou
- Edison Industrial (San Jacinto)
- Ormond Beach
- Seward
- TH Wharton
- WA Parish

At NRG, we believe a productive workforce is a healthy workforce. That’s why NRG provides several wellness benefits to aid in the prevention and risk of serious illnesses. Among other benefits, full-time employees are offered health, dental, vision and life insurance; mental health assistance, a non-tobacco user discount, (for more information please visit nrgpowerup.com/2013), adoption assistance, parental leave and tuition reimbursement.

NRG also sponsors and encourages employees to participate in a variety of runs, walks and bikes to promote healthy behavior. Local events we have sponsored include: Mercer County American Heart Association Walk, Princeton Half Marathon, Casa, HomeFront and Carnegie Center 5Ks.
Employee engagement

NRG is recognized as a leading employer in our business sector. Attracting and retaining the best talent to help transform the energy industry is among our top priorities. We engage the creativity and expertise of our nearly 10,000 employees and apply their considerable knowledge and talent to empowering work and activities.

One hundred percent of non-bargaining employees receive annual performance reviews with semiannual formal check-ins on their progress. In 2014, NRG had an average headcount of 8,205 with a 10% turnover rate (5% voluntary, 4% involuntary, 1% retiree).

Within a rapidly changing industry, we’re also committed to giving our employees the tools they need to thrive during the transition to a green energy economy. This includes providing high-level training, innovation challenges and employee engagement efforts that explore new techniques and investment in systems to achieve new success. Our Innovation Co-Lab competition, for example, gives employees the opportunity to compete in self-selected teams to come up with our next “big idea.”

NRG employees also engage in activities that protect and preserve the environment — aligning our daily business actions with our sustainability goals and values — and participate in volunteer work, with each region implementing programs to encourage employee empowerment in our communities. We’re especially proud of the success of and employee participation in our annual NRG Global Giving® Day held each May.

In June 2014, NRG launched its first engagement survey in several years. Survey questions focused on the following areas:

+ Safety
+ Teamwork
+ Role clarity
+ Customer orientation
+ Feelings toward NRG
+ Corporate social responsibility

We had a 65% response rate and have since worked to understand and prioritize the issues, share the results with the company, and develop and implement plans to address areas of opportunity and increase business performance. Across all of our business units and corporate departments we now have 245 action plans, with approximately a quarter of them completed.

In 2014, NRG hosted our first Microgrid Design Competition, inviting more than 4,000 plant operations employees nationwide to get in on the action. The goal of the competition was twofold: to kick-start innovation at NRG and to help employees develop skills for the emerging clean energy economy.

Project design ideas included solar, small wind, energy efficiency, load control, thermal storage, battery storage, micro-hydro, fuel cells and distributed generator systems. Participants were trained on microgrid modeling and presented on all aspects of their designs, including value proposition, project objectives, system architecture, technical design and project execution strategy. The winning team will build out its designed microgrid at its power plant site.
futurenrg

futurenrg is our company’s integrated people strategy. We wholly recognize that our determined success depends on having the right people with the right skills at the right time to support our future growth.

futurenrg has three components:

- **Employee development** — Individual development plans are part of our annual performance review process and help ensure that our employees are prepared to face new and ongoing challenges as our company grows. NRG University, a program of futureNRG, is our online and in-person training center for employees.

- **Workforce planning** — Every year, we review staffing requirements based on current and future business needs by plant and by function, and update them quarterly.

- **Succession planning** — We consistently review positions critical to our business and identify potential successors as well as employees who have the potential to assume roles of increased responsibility.

Some of our 2014 employee engagement program highlights include:

- The roll out of our Frontline Leadership program, which focuses on soft skills for plant operations leadership. Initial data shows increases in leadership responsibility and performance, as well as quantity and quality of work performed.

- The launch of The Leader’s Edge, which is the leadership development program for our ‘mid management’ leaders. This is to supplement our Senior Leader Program which is already in place. In 2015 we plan to roll out the last piece of this leadership curriculum which is the ‘Leading for Success’ program aimed at our front-line leaders.

We recognize the value of developing leaders within our company and expanding our strong management team. We offer a highly competitive salary and benefits package to professionals in a wide range of career areas who will help contribute to our long-term success.

We’re proud of our past, but we’re even more excited for what the future has in store. Things are looking bright.

**Workforce diversity**

NRG sees diversity of talents, gender, ethnicity, sexual orientation, cultural perspectives and experiences as a critical component for how we achieve our vision to change the way people think about and use energy. As a company, we aim to create a culture that fosters inclusion, inspires innovation, encourages respect and promotes unlimited success for everyone as we create a sustainable energy future.

Each year, we analyze our diversity-focused recruiting efforts and internal activities in order to develop a more diverse workforce. We also pay careful attention to our termination rates and hiring practices, documenting any impacts to diversity groups and implementing remediation plans as needed.

**Employee and recruitment resources**

NRG employees have access to a number of groups and programs that provide support for diversity-related issues.

- Women in Power offers mentoring opportunities for women in leadership positions to encourage more female participation in the male-dominated operations environment.

- Diversity, Inc., is a leading benchmarking/consulting publication. Our subscription allows us to access reports and best practices to use throughout the company.

- **IvyQ**, a consortium of Ivy League schools, sponsors LGBT career development and recruiting events annually.

- We participate in the Historically Black Colleges and Universities (HCBU) Career Fair and conference each year.

- We subscribe to the Professional Diversity Network, an online platform that helps employers reach ethnic, gender, disabled and veteran-based audiences.

- For veterans and other military recruitment, we work with world-class national veteran search firms and attend career fairs that target military personnel who are transitioning from active duty to the civilian workforce, particularly in Texas and the Northeast. Our job postings are automatically promoted on state workforce commission and veteran outplacement websites.
Corporate Demographics: Ethnicity
NRG’s overall ethnic composition reflects the makeup and availability of qualified workers in our traditional generating plant locations.

Our generating plants are included in our NRG Business statistics, which reflect demographics in our traditional generation industry. Our other business areas, particularly corporate and NRG Home, are more diverse. The statistics in NRG Home are reflective of our varied customer base. NRG Renew is a much smaller, newer organization, so we will continue to review its diversity metrics as that organization grows.
Corporate Demographics: Gender

Our gender balance also reflects the predominance of male workers in the traditional power generation environment. We recognize this imbalance and have launched our flagship gender engagement program, Women in Power, to promote mentoring and leadership development for women in our traditional generation operations.

Overall NRG Gender

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Again, NRG Business includes our traditional generating facilities, which are predominantly male. NRG Home and Corporate have a more equal distribution. NRG Renew statistics will continue to be reviewed as the organization grows.

NRG Business

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Corporate & All Other

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COMMUNITY

Our culture of giving supports many local charities, communities and ecosystems. Whether it’s our dedicated corporate NRG Global Giving umbrella program or individual offices supporting their communities based on need, we’re proud to be a caring neighbor.

Global Giving

NRG supports local communities in many ways, including volunteer efforts, charitable giving and partnerships with organizations around the world. Our involvement promotes a culture of giving that strives to positively affect each and every community and person that is a part of our Global Giving story.

Charitable giving

Respect for our communities and for each other is a core value at NRG, and we empower our employees to carry out these values in all they do. NRG has consistently demonstrated a high level of commitment to charitable giving in terms of cash contributions, resource reduction efforts and volunteerism.

In 2014, NRG corporate donated $40,000 in grants for disaster relief. This included reaching out to assist low-income renters who were left homeless following a 600-acre wildfire in Carlsbad, CA. NRG provided a grant to help them get back on their feet. Each region of the company also has its own budget totaling $8.2 million for grant-making in their local communities.

In addition to facilitating staff volunteer time for community projects, NRG initiatives also seek to connect people with the events we sponsor, such as the Houston Livestock Show and Rodeo and NFL football games, in the most environmentally responsible way possible. By giving mass transit rides to participants, we’re helping to take thousands of cars off the road.

NRG is very proud of our employees who serve as outstanding leaders and ambassadors in the communities where we live and work. At our offices and power plants across the country, NRG employees dedicate time, expertise and financial support to help those in need. To encourage and reinforce these contributions, NRG supports a variety of giving programs year-round:

- **NRG Matching Gifts:** We match each employee’s donations to qualifying organizations, up to $1,400 annually.
- **NRG Dollars for Hours:** To supplement employee volunteerism at qualifying organizations, we contribute $2 per hour of volunteer service, with a minimum of 25 hours and up to 50 hours annually; this program is managed through a mobile app.
- **NRG Volunteer Days:** Teams of employees are encouraged to volunteer during work hours for nonprofit organizations supported by the company.
- **TEAM NRG:** NRG provides a $2,000 grant to any qualifying organization for which an employee team of six or more participates in a volunteer activity outside of their normal workday.

We are deeply committed to improving the quality of life in the communities we serve. NRG has donated millions of dollars to nonprofit organizations that address vital community needs through targeted and sustainable service programs. We believe that to be a true leader and industry innovator, we first must be a leader in our communities.
HomeFront
NRG has teamed up with HomeFront, a nationally recognized organization that has fought and is succeeding in helping end the cycle of poverty among the homeless in Mercer County, NJ, for over two decades. NRG provided funding to support a recycling program of gently used furniture and appliances.

The skilled staff at HomeFront provides programs that focus on education and employment, break the cycle of poverty and restore hope for the future.

Community and economic development
NRG Global Giving identifies nonprofit organizations and supports community programs and initiatives consistent with our four focus areas: community and economic development, education, environment, and human welfare.

Green Mountain Energy Sun Club®
NRG joined with the Green Mountain Energy Sun Club to donate a 280-panel solar installation to the Houston Food Bank. The installation not only reduces energy costs and decreases the carbon footprint of the largest food bank in the country, but through those cost savings, provides another two meals per hour or 17,000 meals per year. Through crowd funding (Green Mountain Energy, its customers, employees and other supporters), the Sun Club builds and promotes solar power while helping nonprofit organizations with a socially responsible focus reduce their electricity costs. Since being founded in 2002, the Sun Club has provided more than 900 kW of solar power through 75 unique projects supporting more than 70 nonprofit organizations.

PinnacleHealth
NRG provided a $25,000 grant to the nonprofit PinnacleHealth Harrisburg Hospital in Harrisburg, PA, to establish a clinical care center at the Ortenzio Cancer Center. Learning that 50 percent of its high-risk cancer patients have limited or no family support, the NRG grant will fund a training program for hospital staff to provide the support and nurturing needed by the patients and families experiencing the difficulties of terminal illness. Caregivers are prepared to impart clinical knowledge, healing therapeutics and hope.

GRID Alternatives
Through an NRG grant to support the Solar Affordable Housing Program, GRID Alternatives trained and led teams of NRG employee volunteers as they installed solar panels on the homes of some low-income families, many of whom were still recovering from the devastation of Hurricane Sandy. While eliminating greenhouse gas emissions, these projects provide residents the benefit of long-term electricity savings.
**Education**

We’re creating ways to help educate young minds and give children the tools they need to succeed.

**Scholarships**

NRG provides increased educational opportunities to students in communities across the nation through scholarships (up to $60,000 each), mentoring programs. Participating students are children of employees from our divisions and locations across the country and are selected by an independent committee.

**NEED workshops**

NRG invests in future energy leaders through its sponsorship of the National Energy Education Development (NEED) Science of Energy workshops for educators at selected energy plants. NEED students and teachers are actively engaged in discussing and studying new energy technologies, and these invaluable workshops provide mind-opening energy curricula that engage students while encouraging hands-on learning.

**Young Audiences**

NRG has partnered with Young Audiences New Jersey and Eastern Pennsylvania to sponsor NRG Creatively Green festivals in New Jersey, Pennsylvania and now nationally to encourage schools to promote sustainability. Schools compete to host the festivals, which include hands-on environmental learning work stations and a school-wide sustainability project. The festivals are widely attended by students and their families with the goal of driving sustainability awareness and education through creative arts.

**FIRST**

NRG is proud to partner with FIRST (For Inspiration and Recognition of Science and Technology), a nonprofit organization founded in 1989 by Dean Kamen, to inspire young people’s interest and participation in science and technology. Through an NRG mentorship program, employees across the country work with local student teams who are preparing for FIRST programs. These programs encourage interest in science, technology, engineering and math through competitive activities that make learning fun. NRG has been a major sponsor of the FIRST Robotics Competition for the past two years. In addition to fostering a future workforce that can support a highly technical and rapidly changing infrastructure, FIRST students are eligible for more than $16 million in college scholarships from more than 150 colleges and universities.

**Big Brothers Big Sisters**

NRG employees volunteer to mentor high school students through a Big Brothers Big Sisters mentoring program. Mentors and students commit to meet twice a month during the school year. Students are bused from their school to the NRG headquarters in Princeton, N.J. NRG mentors share their personal experiences and STRIVE values. A snack and a featured speaker are usually part of the visit. Speakers emphasize the importance of setting goals and demonstrate what these kids are capable of if they set goals and work hard. Last year, 100% of the students who participated in this program said they have set goals and now have a greater understanding of how to achieve them.

NRG employees partner with Junior Achievement USA to mentor students.
Environment

At NRG, we have a responsibility to the environment and to the communities where we live and work. In addition to spending significant resources on emissions controls and upgrades to improve the environmental performance of our power plants, we are committed to being a positive force for conservation within our local communities.

Growing “Generation Green”

NRG partnered with the Student Conservation Association to support its summer student intern program, which is designed to foster the next generation of conservationists. Students learned about clean energy jobs by visiting our Arthur Kill generating station in Staten Island, NY, and our employees worked alongside students at Houston’s Hermann Park to remove nonnative plants.

NRG has helped fund the program and participated in a kickoff event at the Stamford Museum Nature Center in Connecticut to install handrails and make improvements to its universally accessible Wheels in the Woods Trail. Representatives and clients from Richmond Community Services, a local organization serving those with physical disabilities, also attended the event to unveil the newly improved trail.

Galveston Bay projects

NRG is a long-standing contributor to a number of Galveston Bay educational programs and habitat restoration projects. NRG provided a grant and volunteers for the cleanup and restoration efforts needed after a March 2014 collision between two ships resulted in oil spilling into the bay. NRG also donates marsh vegetation from its EcoCenter facility in Baytown, TX, to the marsh restoration projects undertaken by the Galveston Bay Foundation (GBF) and other local conservation partners. In 2014 alone, NRG donated more than 30,000 plugs of smooth cordgrass valued at more than $46,000 to GBF programs such as Marsh Mania and Get Hip to Habitat. This allows the programs to extend their budgets, draw in more federal and state funding, and expand their impact on Galveston Bay. NRG also regularly provides corporate volunteers for GBF’s community-based environmental education and outreach events such as Bay Day and Bike Around the Bay. For its strong commitment to environmental initiatives around Galveston Bay and partnerships with local conservation entities, NRG and its employees have been recognized with prestigious national awards such as the White House Coastal America Partnership Award, U.S. Department of the Interior Cooperative Conservation Award and U.S. Environmental Protection Agency Gulf Guardian Partnership Award.

Galveston Bay, TX.
Recycling
NRG strives to be mindful of the effects of our actions on the environment. To reduce the amount of waste entering our landfills, recycling programs that include electronics, glass and plastics were initiated by our plants and offices. Recycling electronics will reduce the need for additional natural resources and will save energy in the production of new appliances. Overall recycling in the first nine months at limited sites reduced landfill waste by nearly 20 tons. (For more information about these programs please see ‘Waste Management’.)

Sustainable land management
NRG owns more than 18,000 acres of undeveloped land. We work with local communities to lease this land to farmers and ranchers at favorable rental rates. In return, these farmers and ranchers work to regenerate nutrients in the soil and preserve the natural beauty of the area. Our goal is to work with neighbors to manage our land sustainably while supporting the local economies and communities where we operate. These arrangements are not core to NRG business but are a result of the ongoing conservancy and relationships we cultivate with local stakeholders. In Texas alone, we provide more than 12,000 acres of grazing rights to cattle ranchers. In Carlsbad, CA, NRG allows harvesting of oysters and supports a hatchery for Sea World. When NRG sold an old coal plant, we conveyed 220 acres of riparian and water rights to the town of Swansea, MA, for a nominal price, and it converted the private land into a series of parks to be enjoyed by the community. On plant land in the East, NRG allows farmers to grow rotational crops adjacent to our facilities. It’s this kind of engagement with our neighbors and the community that makes NRG a different kind of energy company.

Human welfare
We’re working to make a positive impact by supporting groups and initiatives that provide help for people with disabilities and humanitarian assistance in times of need.

NRG in motion
Team NRG is an all-region traveling cycling team whose annual flagship event is the National Multiple Sclerosis Society’s BP MS 150 charity ride from Houston to Austin. NRG covers travel costs for our riders, who train throughout the year, and dozens of NRG volunteers assist along their routes. Team NRG cyclists also participate in regional events such as the Lance Armstrong Foundation’s LIVESTRONG Challenge in Philadelphia and Austin. To date, the team has raised more than $785,000 for nationally recognized charitable organizations.

Where Hope Lives
NRG supports the Where Hope Lives program, which rescues victims of human trafficking and provides them shelter and assistance in their recovery while working to prevent human trafficking through awareness, advocacy and training.

Ice Bucket Challenge
In September 2014, CEO David Crane and CFO Kirk Andrews took the Ice Bucket Challenge and encouraged NRG employees to choose which national charity would receive a $100,000 donation. Of five possible organizations, the American Cancer Society was voted as the recipient.

Top: Team NRG cycling participated in the MS 150.
Bottom: NRG employees understand the importance of recycling programs.
Global outreach

The global community is an increasingly interconnected neighborhood. Issues such as climate change, viral outbreaks, ocean fishing and Internet access require the people of this planet to talk to each other and work together to solve problems that affect us all.

NRG has been active in our global philanthropy outreach for more than a decade, raising millions of dollars in disaster relief donations to help those in need. As solar and distributed generation technology develops, we see opportunities to help the developing world — not just with donations, but with exciting and innovative technologies that stimulate economic prosperity by satisfying the need for energy.

Working with industry partners, NGOs and local organizations, we can continue to reach beyond our market boundaries and create positive outcomes in our global community.

Haiti

In 2014, NRG reached beyond our market boundaries to assist with the needs of our global community. Partnering with the Clinton Foundation, employee volunteers, and community members, we passionately work together to brighten the nation and reveal the benefits of solar power in Haiti.

NRG employees continue to travel to Haiti to volunteer alongside community members to assist in the development of the country.

Solar for schools

Working in what is known as the worst slum in the Western Hemisphere, NRG, alongside partners Prodev, Happy Hearts and Urban Zen, has taken the Institution Mixte Union Des Apotres (IMUA) school from a place where students were eating mud cookies to a thriving institution with a café that serves daily school lunches, a school garden that is used not only as an education tool, but a place to grow fresh nutritous vegetables, a playground made entirely of sustainable and upcycled materials, and facilities run entirely on solar power. It is not only the beacon of Citi Soleil, but a model for what schools around the world can become.

With the IMUA project and others like it, NRG is nurturing learning and supporting entrepreneurial businesses in Haiti, which will help build a vibrant and sustainable community.
**IMUA by the numbers**

- **Devoted in** 2005
- **Students** 200 total
  - 60% boys
  - 40% girls

**Partnerships**
- Bechtel
- Digicel
- Happy Hearts
- Lurie Foundation
- NRG
- Prodev
- Urban Zen

**Staff**
- 12 teachers
- 2 security
- 1 principal
- 3 cooks
- 1 assistant
- 1 logistics
- 2 gardeners
- 3 cleaners
- 1 secretary

**Success**
- 100% passing rate on student state exam results

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**Bèl Rèv**

At NRG, we are constantly looking for ways to both power the world and empower its people, especially in Haiti. This year, together with partners Blue Marble Dreams and Haiti 155, NRG will help launch Bèl Rèv (“Sweet Dreams” in English), a unique ice cream store that will inspire and drive change.

With the belief that entrepreneurship can help lift both the spirit and the economy of a community, Bèl Rèv will empower local women recovering from traumatic circumstances with the business training and employment they need to succeed now and in the future.

The project also pursues sound solutions more broadly by building a sustainable food business that sources products from Haitian farmers and producers, engages area tradespeople and overall serves to support the local economy. On the whole, Bèl Rèv is creating an attractive solution that aspiring entrepreneurs can consider when wanting to revitalize their own communities.

The store will include a solar installation and produce enough power to offset the entire ice cream operation. The Bèl Rèv shop is being designed in a sustainable and cutting-edge manner using repurposed shipping containers donated by Malark and designed by Metalab Studio and Mobile Grid. NRG is funding container modifications that include the solar and microgrid installation.

The on-site microgrid will be made up of 9 kW of solar panels, 10 kW of batteries, inverters and a 10 kW generator. With this infrastructure, Bèl Rèv will still be able to function in the absence of grid power, thereby preventing any costly disruptions to its operations and service.

NRG Sustainability Mission
Public partnerships

Our public partnership programs range in variety from nature preservation efforts to delivering meals to those in need. NRG makes great efforts to increase community involvement and preserve our surroundings. NRG projects and programs are specific to the region and community they serve.

East Region

At several New York plants, including Arthur Kill, Astoria and Dunkirk, NRG has partnered with and donated funds to environmental projects such as restoring public spaces on Staten Island and conducting environmental studies in the Long Island Sound. Also in New York, the Oswego plant participates in the Soles4Souls program, which collects new and slightly used shoes for victims of natural disasters or people who live in extreme poverty. The Dunkirk and Huntley plants partnered with the Niagara Frontier Section of the Air and Waste Management Association to sponsor Envirun 2014, a 5K run in honor of Earth Day. Proceeds support local environmental programs and education.

In Massachusetts, the Canal Generating Plant bought biodegradable trash bags to be used over the summer of 2014 during events celebrating the 375th anniversary of the city of Sandwich.

NRG is a lead sponsor ($10,000 level) of the annual Source to Sea cleanup project, a massive two-day event that spans four states and covers 138 miles of Connecticut River shoreline. As part of the 2014 event, a team of NRG employees spent a workday cleaning up a few thousand feet of shoreline on Dart Island State Park. Also in Connecticut, Devon Station donated $2,000 to Earthplace’s Harbor Watch water quality monitoring program, a community-based environmental education program that trains and engages volunteers, many of them high school and college students, in the science of water quality research.

In Delaware, NRG helped finance the Delmarva Odyssey project, a collaboration between the Delaware Museum of Natural History and environmental scientist John Wik. Our Dover plant contributed funding to the Delaware Association of Conservation Districts to help with sponsorship of the Delaware Envirothon, a problem-solving natural resource education program for high school students. The program provides students an integrated approach to exploring six natural resource categories, and it tests their creativity, analytical thinking and team-building skills in a competitive format. Additionally, Delaware’s Indian River facility contributed four obsolete condenser water boxes for an artificial reef project led by the Ocean City Reef Foundation.

In Pennsylvania, NRG Energy Center Pittsburgh supports the Northside Leadership Conference’s Allegheny Commons Restoration Project, which works to preserve and protect trees native to the Commons. And since 2010, NRG has provided significant operational funding to the Environmental Learning Center in Armstrong County, PA. This center is a key component in the environmental education of a host of groups in the surrounding area.

NRG has also been a sponsor of the Space Coast Birding & Wildlife Festival in Florida since 2002. This event offers a wide variety of opportunities for local residents and out-of-state visitors to participate in outdoor environmental activities.
Gulf Coast Region

Louisiana’s Big Cajun II plant teamed up with local government offices and groups to develop community gardens on small areas of public property for individuals to grow their own vegetables. Individuals plant, maintain and harvest their garden, and NRG even built an on-site greenhouse to grow plants during the winter.

We also work with the Ocean Trust, the U.S. Fish and Wildlife Service and a host of local stakeholders to restore tidal flow and native vegetation to the Bahia Grande tidal basin near Brownsville, TX. The 6,500-acre site is now part of the Laguna Atascosa National Wildlife Refuge. NRG also provides native vegetation for replanting efforts and funding for the construction of critical connection channels throughout the system.

Additionally, we’ve partnered with the Gulf Coast Bird Observatory in a host of habitat restoration, preservation and education projects for 10 years. The Gulf Coast Bird Observatory is the primary organizer of the Great Texas Birding Classic, the nation’s most comprehensive bird watching contest. NRG has been able to direct more than $140,000 to habitat conservation projects along the Texas coast through the contest.

And to top it off, NRG employees helped the Houston Zoo retrofit 13 electric golf carts to run solely on solar power by replacing the existing roofs with solar panels.

West Region

NRG has joined with Ducks Unlimited on a variety of innovative habitat restoration and water quality improvement projects across the U.S. for more than 10 years. A key element in this collaboration has been the restoration of critical waterfowl habitat on the Delehan National Wildlife Refuge in California’s Sacramento Valley.

Additionally, NRG has provided funding support to SeaLab, a division of the LA Conservation Corps that offers at-risk youth opportunities to succeed. SeaLab focuses on environmental and service projects that benefit the community.

NRG supports the Channel Islands Marine Resource Institute (CIMRI) on the Southern California coast in an effort to save stranded marine mammals. CIMRI recently established a marine mammal rehabilitation center in Gaviota, just north of Santa Barbara. NRG provided funding to the group to help it maintain sustainable food supplies to all animals being housed at the facility. Our latest effort is to produce native dune vegetation for restoration activities at the Ormond Beach Generating Station. During Earth Day 2014, NRG volunteers helped kids and parents plant more than 1,500 sunflowers, tomatoes, onions and jalapenos in biodegradable pots.

The company also is partnering with the Nature Conservancy in a long-term effort to protect and restore the Santa Clara River Watershed, which features Southern California’s last large, relatively free-flowing river and is home to dozens of threatened or endangered species.

Australia

NRG was a sponsor of the 2014 EcoFest in the home of our Gladstone plant. The event highlights local environmental initiatives, and the theme was “Clean and Healthy Waterways.” We provided and staffed an interactive stall that enabled children to interact with a landscape and see the effects of pollution and runoff on local river systems.
ENVIRONMENTAL

Today, consumers and businesses are driving the trend toward sustainability through their demand for more innovative energy choices. NRG is taking the lead by opening new avenues for people to improve their lives with clean energy in ways they didn’t know were possible.

To become the environmental leader in our industry, we’ve adopted a two-pronged approach:

- Lead the clean energy revolution
- Minimize the impact from conventional generation by repowering our generation fleet with cleaner technologies and operating our existing plants at or above standards set by environmental regulations

Every day, NRG is delivering on our promise to provide energy sustainably by installing innovative rooftop solar solutions for homes and businesses, building a publicly available electric vehicle charging infrastructure, repowering our traditional generation fleet to make it more efficient, and creating new smart energy products and services that give customers the power to manage their energy use or use only clean energy.

NRG Environmental Policy Statement

At NRG, we are committed to creating value for our owners by managing our business in an environmentally responsible manner that focuses on continual improvement. To succeed in our mission, we strive to:

- Meet or exceed applicable environmental laws and instill environmental responsibility in our employees
- Reduce our environmental impacts (including climate) by integrating environmental considerations into business operations and strategy, operating more efficiently and using cleaner, cost-effective technologies
- Promote stewardship and conserve biodiversity at our facilities and in our communities
- Seek constructive engagement in the legislative and regulatory process, as well as with environmental stakeholders, through honest, respectful and responsible dialogue
- Measure the effectiveness of our environmental program by tracking environmental performance and communicating our performance internally and externally
Management

Our environmental management program provides the foundation for us to take NRG beyond just compliance with government environmental standards.

Our operations are precisely measured each month through our environmental key performance indicator (EKPI), which measures a number of leading and lagging parameters such as notices of violation (NOVs), reportable spills and compliance laws.

In 2014, NRG continued our trend of improved environmental performance. Our goal for the year was to have all of our plants meet their plant-specific targets, and we achieved an impressive 95% result.

At NRG, site-specific EKPI performance is tied directly to the compensation of all employees at a given location, fostering a collective accountability and environmental commitment within the workforce. Before a plant can receive credit for its performance, it must pass through the environmental “gate,” which requires completion of one or more proactive initiatives to minimize the environmental footprint of the site.

In addition, a portion of each employee’s compensation is tied to the combined environmental performance of all NRG facilities; this incentivizes all locations to work together to collectively minimize our impact on the environment.

The NRG Environmental Policy & Procedures Manual directs all NRG facilities to maintain environmental compliance in all activities and processes. Each major facility is audited annually by an independent third party, and we require prompt completion of both corrective and preventive actions for any negative findings or observations.

A summary of NRG’s 2014 NOVs and spills includes the following:

- 21 NOVs received during 2014; 15 included no penalty and six included fines totaling $32,891 (seven of these 21 NOVs date back to issues alleged to have occurred during 2013 or earlier)
- In addition, NRG agreed to pay a fine of $123,270 related to one NOV issued in 2013
- No significant spills, four reportable oil spills totaling less than 10 gallons and no reportable chemical spills
- Nine reported minor unauthorized discharges of water from various systems, including small amounts of ash, coal dust, sludge or sewage; these are not categorized as significant spills

Environmental EKPIs

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>83%</td>
<td>63%</td>
<td>50%</td>
</tr>
</tbody>
</table>

% of baseline (lower is better)

Note: In 2013 NRG reported EKPIs and NOVs with an adjusted 2011 baseline based on the 2012 GenOn merger. This year, rather than adjusting the baseline, there is a shaded bar that demonstrates the environmental events from the acquisition of Edison Mission Energy (EME) sites. 2014 was the first year the former EME plants were included in the NRG EKPI program. The percent reductions shown in this chart (17% in 2012, for example) are based on the original baseline without taking into account 2011 EME events.
ecorng

ecorng is our flagship program designed to make our existing fleet cleaner and help ensure that future power generation is smarter, greener and more affordable. Through ecorng, NRG promotes ecological stewardship among our employees with initiatives aimed at improving environmental awareness and education.

In 2014, NRG employees participated in 205 voluntary ecorng projects and NRG facilities donated $125,817 to benefit the environment. These projects and initiatives focused on the following areas:

- **Biodiversity:** 41 projects included osprey and peregrine falcon nest box construction, stocking native fish in local rivers, stream bank stabilization, wildlife food plots, migratory bird and reptile surveys, invasive species removal and construction of porcupine cribs for fish habitat
- **Water use:** 31 projects included effluent quality improvement, installation of low-flow water appliances, recycling waste water, rainwater collection for process use and employee education on consumptive water use
- **Climate change:** 35 projects were aimed at reducing the consumption of natural resources and included recycling electronic waste, installing solar lighting, going paperless, using refillable water bottles, installing EVgo charging stations and purchasing electric vehicles
- **Community:** 65 projects included beach cleanups, tree planting, science fairs, in-kind technical support, fundraisers for college scholarships and donations to nonprofit environmental organizations

**Systems eco-efficiency**

In an effort to further challenge ourselves to achieve greater environmental efficiencies in our operations, NRG has launched a targeted eco-efficiency program for our generation assets. Eco-efficiency refers to the identification of innovative cost-reduction opportunities through a sustainability lens by reducing consumption, increasing usage efficiency, and discovering incentives and rebates.

Each of our plant managers is responsible for developing and implementing a plan to enhance eco-efficiency in our operations. Plant managers report to operational leadership on a quarterly basis to ensure they are making progress and sharing best practices across the fleet. A few examples of the benefits this program has uncovered include:

**Energy:** At the Energy Center San Francisco, the exhaust ducts from two boilers were insulated to reduce heat loss. The duct extends from the boiler outlet to a heat exchanger that recovers most of the waste heat and returns it to the process. The project yields an estimated energy savings of 88,967 therms per year, saving NRG approximately $87,000 annually.

**Water:** The Dickerson plant reuses treated wastewater in its flue-gas desulfurization system, reducing water use by 162,425,000 gallons a year — enough to fill 246 Olympic-size swimming pools.

**Recycling:** The Pittsburg Generating Station in California continues its best-in-class recycling program that reduced our landfill amount 44% in just one year and transformed the facility’s waste from a cost to a new revenue stream. This program is currently being replicated at other plants across the fleet.

### Eco-efficiency Savings

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<tr>
<th>KILOWATT-HOURS</th>
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<tbody>
<tr>
<td>POUNDS OF CO₂</td>
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<tr>
<td>POUNDS OF NOₓ</td>
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<tr>
<td>POUNDS OF SO₂</td>
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</tr>
<tr>
<td>GALLONS OF WATER</td>
<td>25,968,820.29</td>
</tr>
<tr>
<td>GALLONS OF ACQUOS AMMONIA</td>
<td>160,676.24</td>
</tr>
</tbody>
</table>

**Emissions**

NRG continues to monitor our environmental impact as we pursue a sustainable energy future. The graph below illustrates NRG’s emissions of CO₂ for 2012, 2013 and 2014. The increase in emissions from 2013 to 2014 is primarily due to the acquisition of substantially all of the assets of Edison Mission Energy. NRG anticipates reducing CO₂ emissions as we add renewable sources such as wind and solar, modernize our fleet through repowering, improve generation efficiencies, and explore methods to capture CO₂. By 2030, we seek to reduce our CO₂ emissions by 50%, using 2014 as a baseline. The objective is to reduce CO₂ emissions by 90% by 2050. As we grow our generation portfolio, our generation efficiency initiatives, including the conversion from coal to natural gas, must keep pace. At the same time, we’re shrinking our environmental footprint by concentrating on areas where we have direct control over our emissions — from large-scale repowering projects to renewable energy and innovative carbon capture techniques.

**U.S. Greenhouse Gas Emissions and Generation**

*Please refer to the Reporting section for our third-party assurance statement.*
**Water**

Water availability and quality are important to NRG, the communities in which we operate and the environment. NRG has designed our approach to water management with the understanding that water issues (usage, scarcity, etc.) are generally local in nature. In some regions, drought conditions can threaten electricity production. In others, such as the Great Lakes and Ohio River Basin, fresh water is highly available. NRG is reducing the water required to produce electricity in the following ways:

- Increased investment and production from renewable sources such as solar and wind
- Use of non-potable water such as brackish ocean water or grey water from sewage treatment plans
- Investing in new cooling technologies that require less water
- Reuse of water in cooling and boiler systems in our generating stations

For example, our El Segundo plant’s units 1 and 2 formerly relied on ocean water for cooling. NRG demolished these units in 2013 and constructed two new combined-cycle generators with dry-air cooling technology, thus eliminating the need for condenser-cooling water. In addition, the waste heat is recovered and used to generate even more energy.

**Performance**

NRG implemented projects in 2014 that increased water reused or recycled by 21 million gallons. We’ve reduced our water usage by 133 million gallons over the past three years through water-savings programs at each facility. All NRG operating facilities have a written water management plan, as well as established water best management practices.

Our 2014 water data includes water withdrawal and discharge for all NRG generating stations and offices (see charts. Our plants produced 135 million TWh of electricity and withdrew about 13 billion cubic meters of water. More than 98% of the water is discharged to the same body of water from which it was drawn.

In accordance with the federal Clean Water Act, NRG obtains all required permits and reports results of water discharges to state agencies monthly. NRG has 78 wastewater discharge permits and ran more than 100,000 tests of which five exceedances were found. Exceedance information is entered in our incident management system, which notifies NRG operations management so we can identify the root cause and implement corrective and preventive actions.
Waste

We strive to reduce, reuse and recycle any material used in our daily operations. These efforts not only help preserve scarce natural resources, but also affect our bottom line and operational efficiency.

Waste management

NRG has a recycling/waste team that includes a representative from each location who reviews waste issues specific to their facility. Each NRG region has waste subject-matter experts who work with state and local governments, as well as other industrial waste generators, to ensure waste generation and disposal concerns are understood and addressed.

Effluents and waste

Effluents and waste are important to NRG as stewards of the environment. NRG uses tools, such as state water quality studies and designations, the World Business Council for Sustainable Development water tool and CDP Aqueduct, to evaluate water effluent impacts. In 2014, NRG enhanced the current waste diversion program requiring NRG generating facilities to evaluate waste generated and identify recycling opportunities. Facilities worked with business partners to create a waste reduction recycling plan. NRG is committed to reporting waste, recycling, and effluent results annually for every generating facility. Each facility uses the waste, recycling and effluent information to ensure each component is managed properly. NRG facilities track waste and materials recycled in the NRG Environmental Management Information System. In 2014 NRG had an increase in mercury emissions primarily due to the acquisition of substantially all of the assets of Edison Mission Energy. However, these emissions are expected to decrease in 2015 as a result of plant retirings, fuel switching and installation of mercury controls at coal fired power plants.

Waste reduction

NRG is committed to reducing waste at our generating stations. Each generating facility has a waste reduction plan and seeks opportunities to reduce waste and increase recycling, as opposed to landfilling waste.

NRG has waste and recycling data for our fleet beginning in 2010. The data is being used to identify waste and recycling management opportunities and best practices across the fleet. NRG reviews and tracks regulations that will affect coal combustion residuals and effluents. These include:

- EPA steam electric effluent guidelines and regulations
- Coal combustion byproducts regulations
Goals and targets
In 2013, NRG reviewed the amount of recycled materials at our facilities and found an opportunity to improve. Our Pittsburg plant in California recycles 90% of its waste and generates revenue from recycling that offsets most of the disposal costs. NRG facilities were trained on the Pittsburg program in 2014 and implemented new recycling practices at their locations. NRG set a goal to recycle 15% of the general waste generated in 2014. We recycled 17% of general waste generated, exceeding expectations and prompting a 20% recycling goal in 2015.

In 2014, NRG owned and operated facilities generated 7.2 million tons of coal combustion residuals, 4.6 million tons of which were designated as beneficial use as defined by the states. We set a goal of 55% of coal combustion residuals for beneficial use and exceeded that goal, repurposing 64% of coal combustion residuals for beneficial use.

Responsibilities
The NRG recycling initiative is a team effort. Each plant has a program manager who works with others from the company. The team helps to identify programs, implement processes, review data and communicate the recycling initiative and its progress. Each location’s plant manager assigns a facility champion, who is responsible for tracking recycling, leading a green team in identifying recycling opportunities, and training employees on the recycling program. The champion will report progress each year.

NRG strategic sourcing supports the program by creating partnerships with recyclers and waste management companies, as well as ensuring the suppliers have the resources to support the facilities and provide regular updates on the recycling program.

The NRG Sustainability Department and other divisions support the recycling initiative by providing the financial resources to collect and manage the materials being recycled. These resources include strategically placed bins at facilities to make proper collection of recyclable materials easier.

NRG meets with stakeholders to address concerns with effluents and waste. The effluent and waste issues are local and vary for operating regions. Stakeholder feedback is important and is used to meet present needs and plan for the future.

Biodiversity and conservation
At NRG, we recognize that one of our most treasured natural resources is biodiversity, so we designed our environmental policy to foster the protection of the natural habitats surrounding our generation sites. Protecting and promoting biodiversity ensures that living resources will remain in stable quantities in perpetuity. The air we breathe, leaves on trees and even a spider’s web all serve important biodiversity functions. It’s our obligation as a company and as employees to effectively use and protect all natural resources in a sustainable way.

As a standard practice, NRG routinely gauges the importance of biodiversity through interactions with our peers in community meetings, environmental permit renewals and shareholder meetings, as well as conversations with our retail customers.

The NRG biodiversity program, implemented in 2011, includes a Biodiversity Policy Statement, Biodiversity Policy as a subset of our Environmental Policy and Procedures Manual and biodiversity plans for all generating sites. All plans are updated annually to incorporate changes and enhancements to site conditions.

Our econrg stewardship program embodies the NRG management approach to biodiversity. Through the voluntary program, our employees are encouraged to participate in endeavors that promote biodiversity. In 2014, our facilities participated in 41 biodiversity projects to enhance or restore habitat or improve biodiversity. These projects included tree plantings, invasive species management, habitat enhancements and wildlife management.
Large-scale reforestation
In addition to preserving valuable wildlife habitats, large-scale reforestation allows Mother Nature to sequester carbon from the atmosphere. These NRG projects, which occur on a variety of public and private lands and are held in conservation easements in perpetuity, are working to make a lasting difference in the world.

Powerton Station, Illinois
In agreement with the U.S. Fish and Wildlife Service, approximately 88 acres (66.5 football fields) of native forest area were set aside from any future disturbance for potential habitat for the endangered Indiana bat (Myotis sodalis).

Oxbow Reforestation Project, Louisiana
The Shreveport project features one of the largest reforestation efforts on private land in the southeastern U.S. and is supported by the U.S. Fish and Wildlife Service. This hardwood forest along Bayou Pierre continues to thrive following the planting of thousands of seedlings, including 16 species of native trees. The site includes 60 acres of shallow-water wetlands and nearly 2,000 acres of bottomland hardwood forest. Migratory waterfowl, shorebirds, raptors, deer, raccoons and small game now live and thrive within the Oxbow site.

Flight 93 Memorial, Pennsylvania
In 2012, NRG began a partnership with the National Parks Foundation and the National Park Service to restore more than 200 acres of native trees on the Flight 93 Memorial site near Shanksville. While this reforestation project has similar environmental benefits to our other planting sites, it uniquely affects the hearts of planting volunteers. We are proud to be a partner in the effort to heal the native habitat of this former coal mine site as our nation continues to heal from the loss of the brave souls on Flight 93 on Sept. 11, 2001.

Columbia Bottomlands, Texas
In another innovative partnership, NRG worked with the U.S. Fish and Wildlife Service and the National Fish and Wildlife Foundation in 2008 to restore 1,200 acres of bottomland hardwood forest in Brazoria County, TX. The goal was to restore this critical bottomland hardwood area to enhance the natural biodiversity of the area and help maximize the ecosystem-enhancing benefits these bottomland hardwood areas provide.
**Wetland conservation**

NRG operates the Cedar Bayou Ecocenter on Galveston Bay in Texas to increase public awareness of the needs of the ecosystem, offer wetland education and develop solutions for coastal issues and restoration.

The Ecocenter is also a resource for unique partnerships with coastal restoration organizations, educators who support No Child Left Inside and groups creating public awareness of coastal issues. The Ecocenter plant nursery grows a majority of the wetland plants used for estuarine restoration in Galveston Bay and sits on 14 acres of land consisting of 24 earthen ponds, six above-ground constructed ponds, a greenhouse, a classroom and a laboratory.

In addition to operating the Ecocenter, NRG donates wetland plants for restoration. Each year, the Ecocenter donates roughly 60,000 wetland plants for use in restoration projects to a broad base of organizations. Our donations are critical to the restoration directives of the following third-party conservation organizations:

- U.S. Fish and Wildlife Service
- Texas General Land Office
- Texas Parks & Wildlife Department
- National Marine Fisheries Service
- The Galveston Bay Foundation
- Natural Resource Conservation Service
- Audubon Texas
- Ducks Unlimited
- The Student Conservation Association
- Galveston Bay Estuary Program

In 2014, NRG donated 132,350 plugs of smooth cordgrass that restored approximately 28 acres of wetlands. No success criteria or independent verification is performed for these voluntary restoration efforts since the restorations are nonmitigatory and the habitats are dynamic.

Wetland education is an important component of the ecocenter. Through a partnership with the Galveston Bay Foundation’s Get Hip to Habitat program, 11 area schools participate in a hands-on science module that includes wetland education plant harvests and plant growth on school campuses. At the end of the school year, the plants are used in coastal restoration. Additionally, the Ecocenter is available to the public for environmental education and has hosted school groups, public and private conservation organizations, and public interest groups.

**Energy and water conservation**

Throughout our facilities and communities, we do our best to reduce overall energy and water usage. NRG has implemented several programs to conserve energy by increasing efficiencies, reusing water, replacing light bulbs and more.

**Reducing auxiliary load**

Several NRG facilities have pursued extensive efforts to improve their efficiency, thereby reducing emissions of greenhouse gases. At our Cedar Bayou and PH Robinson facilities, we launched an extensive energy saving program in 2007 that resulted in a significant reduction of auxiliary load.

**Plant water reductions**

Cedar Bayou saved significant amounts of water when it switched to the use of grey water in 2010. Our Sterlington, Bayou Cove and Big Cajun I plants modified their faucets and showerheads with low-flow devices, reducing water use by approximately 50%.

**CFL distribution**

Our Dover and Minneapolis energy centers provided 1,500 compact florescent light bulbs (CFLs) to local low-income families. In the Dover area, CFLs were distributed by Catholic Charities to eligible households that apply for energy assistance benefits under the Delaware Energy Assistance Program.
Wildlife diversity

We’re committed to helping protect wildlife at all of our facilities. In both urban and rural areas, we take conscious measures to care for the animals that may be affected by our projects. Operations at our wind and solar facilities do at times negatively affect wildlife (e.g., colliding with turbine blades at wind sites or being singed at our concentrated solar site). We continue to look for ways to further reduce our impacts on wildlife. These include monitoring for the presence of wildlife and curtailing operations, removing food sources so that we do not attract wildlife, and various deterrents. As a general rule, NRG employs three simple steps when significant impacts to biodiversity may occur: avoid, minimize or mitigate.

Three of our Texas plants use “sky-dancers,” a fan-inflated nylon tube to deter two species of vultures from roosting and nesting on structures where mechanical equipment is operating.

The Mandalay Station on the Pacific Coast employs a seasonal scout to identify snowy plover and California least tern nests near the plant’s discharge to the Pacific Ocean. If a nest is observed, appropriate agencies are notified and the nest is protected.

Desert wildlife

NRG purchased a combined 20,000 acres of desert habitat and placed them in conservation easements in the southwest U.S. to protect populations of desert tortoises, kit foxes, giant kangaroo rats, burrowing owls and golden eagles. The easements are adjacent to or near solar installations.

Our Ivanpah Solar Electric Generating System has necessitated the translocation of desert tortoises. As a part of the project’s extensive desert tortoise protection program, NRG has helped establish a head start program at the Ivanpah project site. Head start programs are a critical avenue for enhancing repopulation of the desert tortoise, a federally listed threatened species. In their natural environment, fewer than 10% of juvenile desert tortoises survive beyond five years of age due to predation from ravens, kit foxes and coyotes, as well as other factors such as drought and disease, but the head start program significantly increases their survival rate.

Biologists are involved in preparing for each tortoise’s eventual move back into the wild. They identify an ideal habitat near where the tortoise was originally found on the project site. When the time of year and temperatures are appropriate for translocation activity, the biologists begin by conducting a medical assessment of the tortoises to ensure they are healthy and ready for translocation. Next, with oversight from the Bureau of Land Management, two tortoises at a time are taken from the tortoise nursery to their new, predetermined location. Ivanpah biologists are doing all that they can to ensure the tortoises have a safe transition back into their natural habitat.

Many regulatory agencies were involved in the nearly four-year permitting process of the Ivanpah solar project, including agencies that specialize in the protection of birds and other species. Ivanpah was reviewed and approved by the California Energy Commission and Bureau of Land Management with significant input and guidance from the U.S. Fish and Wildlife Service and the California Department of Fish and Game. These organizations determined that the risk to birds and other species was insignificant and could be mitigated with proper planning. However, due to unique weather circumstances in 2014, an avian deterrent system is being evaluated that would spray a fine mist of concentrated grape extract into the air near the concentrated solar flux to reduce the number of avian species negatively impacted by the flux. Additionally, an acoustic deterrent system was installed to prevent bats from entering air cooling condensers.

For more information, visit ivanpah.nrg.com.

Osprey

In the Northeast, employees at NRG facilities are helping support the resurgence of osprey through the construction of osprey nesting platforms.

At our Norwalk Harbor Station in Connecticut, a webcam allows the Norwalk Maritime Center the opportunity to observe osprey nesting activity as an educational experiment.

Several other NRG plants have supported habitat enhancement projects. At our Huntley and Oswego plants in New York, we built and donated blue bird, tree swallow and barn owl houses, as well as duck nesting boxes. We installed the bird houses at plant sites and distributed them throughout the community, including to Boy Scout troops. The troops used the installed houses to earn merit badges for conservation.

At Chalk Point Station in Aquasco, MD, approximately 1,028 acres of undeveloped land is set aside in a conservation agreement with Prince George’s County. The agreement stipulates that no logging will occur and the land will be managed for wildlife benefit. Management is ongoing through the NRG econrg stewardship program, which included installing four osprey nesting platforms along the Patuxent River.
Bog turtles
In Pennsylvania, NRG has partnered with several private landowners to restore bog turtle habitat near the Delaware River. The bog turtle is designated as a federally threatened species. Bog turtles prefer to live in spring seeps and open, marshy meadows, which are usually found in flat or gently rolling landscapes. Yet, these same areas are also prime locations to build homes and housing developments to support the urban and suburban sprawl that centers on cities in the Northeast.

California least tern
For more than 15 years, NRG has diligently monitored the nesting activity of the federally endangered California least tern at our Pittsburg Generating Station property near San Francisco Bay. The small nesting area is protected from human intrusion each year during the nesting season and cleared of tall vegetation that may interfere with nesting or provide cover for predators. Data collected from our surveys is compiled and sent to the U.S. Fish and Wildlife Service and California Department of Fish and Game for addition to their annual least tern nesting reports.

Urban wildlife
At our Saguaro facility in Nevada, NRG funded and worked with a local Boy Scout troop on the construction and installation of bat boxes to help protect bat populations.

Working with the Connecticut Department of Energy and Environmental Protection, we funded signs to educate the public about protecting nesting birds at our Devon plant. Also at Devon, NRG employees built and installed nesting boxes for peregrine falcons. The falcon nests are monitored during the breeding season, and our employees work with the Connecticut Department of Energy and Environmental Protection to support banding activities.

NRG Gulf Coast employees volunteered to train people in workshops to care for wildlife in case of an oil spill. Osceola Generating Station in St. Cloud, FL, Big Cajun II in Baton Rouge, LA, and Cottonwood Generating Station in Deweyville, TX, are site partners with the Gulf Coast Bird Observatory. Wildlife surveys and habitat conditions are voluntarily reported to the site partner database. The goal of the program is to preserve and restore essential migratory bird habitat for the 300-plus species of birds that inhabit the states that border on the Gulf of Mexico.

Through our econrg initiative, native plant wildlife food plots are being planted on unused land at NRG generation sites. Some plots are small, just a few square feet, while others cover many acres. In 2012, NRG planted 17 acres of sunflowers at our Northeast generation sites. The sunflower plots will reseed each year, providing food and shelter for native wildlife.

Fisheries
The NRG Vienna plant in Maryland participates in an annual shad-raising program to enhance native stocks of shad in the Nanticoke River. The shad population is well below historic levels of the early 20th century as a result of overfishing and habitat destruction. Shad are raised in a pond at the plant and then released into the Nanticoke River.

Since 1997, the Chalk Point Station in Prince George’s County, MD, has hosted middle and high school students who have raised shad fry to release into the Patuxent River at Chalk Point. Their efforts, part of a regional living classroom program, contribute to helping the threatened American shad regain its numbers in waters around the nation’s capital.

Since 2010, NRG has helped fund and provide volunteers to reestablish a sustainable brown trout population in the west branch of the Susquehanna River with the Old Town Sportsman Association of Clearfield, PA. During this effort, healthy brown trout fingerlings were stocked in the Clearfield and Curwensville areas. Employees from our Shawville station volunteered for the project.

Endangered or threatened species
NRG has identified areas of operation that have documented endangered or threatened species of wildlife, according to the IUCN Red List species and national conservation list species:

- California Valley Solar Ranch has one critically endangered, two endangered and three least concern species
- Ivanpah Concentrated Solar Power Project has one vulnerable species
- Powerton Station has one endangered species

All species and respective habitats are addressed and mitigated through site permits, monitoring plans and conservation easements.
SUPPLY CHAIN

The NRG supply chain is designed to support business operations, ensuring that retail, corporate, information technology, and plant operations and maintenance have the materials and services needed to operate daily. The supply chain includes a network of approximately 35,000 suppliers located primarily within the U.S. Our largest spend category is services, which comprises approximately 70% of total spend. Our second-largest spend category is materials, which comprises approximately 30% of total spend. Our supplier network comprises manufacturers, distributors, brokers, contractors, subcontractors, wholesalers and consultants. Over the last four quarters (Q4 2013–Q3 2014), the total spend within the NRG supply chain was approximately $3.06 billion. Our supply chain is dependent on highly skilled craft labor. Our focus is procuring high-quality products and services in a timely manner from suppliers who value safety.

Management

The NRG supply chain management approach is driven by safety. All suppliers providing on-site services must be prescreened through our supplier registration portal for safety. The safety prescreening is the first step in doing business with NRG, and failure to meet our safety standards can result in disqualification. Examples of other factors considered when evaluating a supplier’s fit for NRG include but are not limited to diversity certification/registration, audited financial statements, D&B reports, performance, quality programs and insurance. Access to the supplier portal is located at nrg.com/about/do-business-with-nrg.

In addition, the NRG Standard Terms and Conditions and Supplier Code of Conduct govern the relationship between NRG and its suppliers. NRG has the ability to terminate contracts and relations with suppliers under these Standard Terms and Conditions should NRG view the performance of the supplier as unacceptable or outside of the agreed upon performance delineated in the Standard Terms and Conditions and/or the NRG Supplier Code of Conduct. Both can be found on the NRG Supplier Overview webpage at nrg.com/about/do-business-with-nrg. These policies apply to all suppliers and were last updated in January 2014 (Standard Terms and Conditions) and June 2014 (Supplier Code of Conduct). The Operational Excellence team within the supply chain is responsible for a yearly review of policies in conjunction with a committee consisting of supply chain management.

NRG also requires that all NRG suppliers adhere to our STRIVE values, which are detailed in the Supplier Code of Conduct. These values, while not a policy, are a longstanding philosophy at NRG, and we expect employees and suppliers alike to adhere to them. The STRIVE values can also be found at nrg.com/about/what-we-are-about.

Priorities

For 2015, the NRG supply chain has committed to develop a supply chain sustainability action plan to provide a platform that supports our sustainability and corporate responsibility program and reporting requirements. This will be considered a long-term project (1–2 years from development to implementation). Responsibility for this effort has been assigned to three individuals on the strategic sourcing team. The efforts will be driven by the finance supervisor and environmental category manager, and oversight will be provided by the strategic sourcing manager. These individuals were chosen based on their knowledge, qualifications and access to a fleet-wide network of cross-functional resources. Developing a sustainability action plan, along with enhancing existing policies/procedures, will be part of their 2015–2016 performance goals and will be evaluated by management. As part of this effort, funds have been allocated for training and development for these individuals.
Supplier selection

Supplier selection is a multilayered process. We first identify suppliers through various methods, including but not limited to existing relationships, referrals, matchmaking events, trade shows and conferences. As part of this effort, the NRG supply chain diversity coordinator leads a program dedicated to identifying small and women-owned businesses to partner with NRG across all functional groups. Suppliers are required to register in our third-party supplier management portal, and suppliers providing on-site services will be evaluated for safety. Failure to meet applicable safety requirements will result in disqualification or conditional qualification, which requires additional documentation and an improvement plan. Suppliers of environmental services, such as handling of hazardous or non-hazardous waste, are audited to determine eligibility. Suppliers are also required to submit certificates of insurance to ensure compliance with NRG minimum insurance requirements. Although suppliers must successfully submit their profiles and complete the evaluation process in order to perform services at NRG, the evaluation process may be conducted before, after or simultaneous to a bid event. Bid events are generally required for purchases greater than $50,000.

In a bid event, suppliers are invited to bid for a specific product or service. Suppliers are provided a timeline and requested to submit a detailed proposal based on the statement of work or requirements provided by NRG. These bid events are managed within a third-party portal through a top supplier to the utility industry. In addition to managing bid events, the portal provides spend analysis based on historic NRG supply chain data and cost analysis based on market data. A bid event may last days, weeks or months depending on the complexity of the product or service being sourced. The events are managed by supply chain professionals who work with departmental or operational subject-matter experts to select suppliers based on various factors, including but not limited to quality, reputation, proposal, price, environmental, social, and governance (ESG) objectives, time restrictions and scarcity of product/service.

Once a supplier is selected, the supplier is engaged throughout the completion of the project awarded or the services/materials to be delivered. Sourcing specialists are responsible for maintaining relationships with suppliers within their assigned categories or plant location.

Strategic sourcing

In addition to general bid events, the strategic sourcing team is responsible for identifying opportunities for strategic agreements across the NRG fleet of generation stations. National and regional suppliers are invited to participate in strategic bid events that result in long-term contracts (2-3 years) for national or regional services to the NRG fleet. Strategic suppliers are assigned to category managers on the strategic sourcing team. The category managers are responsible for maintaining relationships with strategic suppliers within their categories and scheduling quarterly or biannual business reviews to discuss various topics, including but not limited to safety, value creation, ESG initiatives, market outlook, KPI performance, spend and areas for improvement.

To achieve economies of scale in our purchasing, NRG will enter into contracts with national suppliers that provide miscellaneous office and administrative goods and services (e.g., travel-related, office supplies, IT software or hardware). Also due to the nature of our business, specialized goods and services needed for the operations and maintenance of NRG generation assets are obtained from a limited number of domestic and international manufacturers. Under certain circumstances, NRG may elect to utilize a local sourcing strategy rather than a regional/national approach. NRG has a supplier diversity program that works to achieve established goals with the Small Business Administration for the utilization of diverse businesses across a variety of different categories, including but not limited to women, minority, veteran and HUB zone-owned business.
Standards and policies

The NRG Standard Terms and Conditions require that suppliers comply with all applicable laws and regulations. Section 11 is specific to environmental protection and requires that suppliers comply with all federal, state and local laws and regulations pertaining to the protection of the environment associated with the work being completed. The terms also include specific warranties that suppliers must adhere to, such as a warranty that they do not manufacture or subcontract for the manufacture of any products for which conflict minerals are necessary to the functionality or production of that product. The NRG Standard Terms and Conditions can be found at nrg.com/documents/about/GC-terms.pdf.

NRG conducts audits of all treatment, storage and disposal (TSD) facilities where our hazardous, industrial and universal waste streams are disposed. We work closely with our waste suppliers to identify and audit their TSD facilities before commencing services. The focus of the audit is primarily environmental compliance, ensuring that both the supplier and TSD facility are compliant with all applicable laws and regulations. We have strategic relationships with a limited number of waste suppliers whose TSD facilities are audited every five years to maintain compliance. Because of the environmental sensitivity of waste hauling, NRG maintains strategic relationships with key waste suppliers and does not regularly add new waste suppliers to our supply chain. During 2014, NRG did not source for new suppliers subject to environmental assessment.

NRG currently collects supplier data regarding water consumption and greenhouse gas emissions (GHG). In 2013, NRG contracted a globally recognized supplier to conduct a GHG lifecycle assessment. The results indicated that the supply chain impact for NRG is not material and our efforts should be focused on reducing the impact of our generation assets (i.e., acquisition and consumption of fuel). Furthermore, NRG participated in a power industry study supporting these results and affirming that supply chain is not a material sustainability concern. Nonetheless, the NRG supply chain is focusing on proactive measures that include assessing our current processes and procedures and modifying them as needed.

Most high-volume materials are purchased by various units of measure with no direct correlation to weight or volume. With the exception of 26 miles of transmission from our wind farms, NRG does not own or operate distribution. Materials used in the generation of electricity include fuel, chemicals for wastewater treatment, and air quality control equipment and maintenance. NRG has a chemical management plan in place that covers: reviewing all chemicals before they can be used on-site; managing the handling and delivery of chemicals to ensure best practices and avoid the need for disposing of chemicals past their shelf life; secondary containment; and emergency response. Any transformers or PCB-containing equipment on our property was converted to non-PCB materials a number of years ago.

The NRG Standard Terms and Conditions require that suppliers comply with all applicable laws and regulations. NRG is continuing to evaluate a statement as a part of our Standard Terms and Conditions and contract language that would require suppliers to be in compliance with the United Nations Universal Declaration of Human Rights. Inclusion of this language will require the review of NRG internal legal counsel and compliance departments, as well as signoff by executive management. With the exception of one generating facility in Australia, our operations are all based within the domestic 48 contiguous United States. In 2014, approximately 33.7% of new suppliers were screened using labor practices criteria.
Governance

To realize our sustainability goals, we’ve set up a robust system of governance and information gathering to help us determine where to make changes, how to manage those changes and how to inform our investors and stakeholders.

CORPORATE SUSTAINABILITY GOVERNANCE STRUCTURE

For sustainability to be embedded into our organizational strategy, it needs to be championed by our business leaders and thoroughly integrated into our core operations. To ensure executive and operational buy-in, NRG created a robust sustainability team to manage our day-to-day sustainability efforts. In 2012, we also assembled a CEO-led executive steering committee to guide the development, integration and implementation of our strategy. In 2014, the committee’s structure adjusted to position leadership in strategic priority areas.

The current executive steering committee includes the following members:

- David Crane, Chief Executive Officer
- Steve Corneli, Senior Vice President, Policy, Strategy and Sustainability
- Lee Davis, Executive Vice President and Regional President, East
- Tanuja Dehne, Senior Vice President and Chief Administrative Officer
- Sicily Dickenson, Senior Vice President and Chief Marketing Officer
- Thomas Doyle, President, NRG Renew
- Mauricio Gutierrez, Executive Vice President and Chief Operating Officer
- David Hill, Executive Vice President and General Counsel
- Elizabeth Killinger, Senior Vice President and President, NRG Retail
- Steve McBee, President, NRG Home
- Leah Seligmann, Chief Sustainability Officer
- Chris Sotos, Senior Vice President, Strategy and Mergers & Acquisitions
- Walter Stone, Vice President, Environmental and Assistant General Counsel

IMPACT ANALYSIS

Before a company can effectively improve its corporate sustainability performance, it needs a more comprehensive understanding of how the business affects the environment, society and the economy. To achieve this level of understanding and ensure impartiality, we contracted with a respected third party to administer a materiality assessment — one that would identify our material sustainability issues. We also undertook an analysis of lifecycle data to determine where we have the greatest environmental impact.

STAKEHOLDER PRIORITIES

Going forward, as we shift our operations to increase our renewables and reduce our environmental footprint, we must remain profitable, as well as sensitive to the needs and concerns of our stakeholders.

Although we’re confident that sustainability initiatives lead to long-term financial benefits that will ultimately reward the capital investment needed in our efforts to repower and build, it’s vital that our stakeholders are educated on, and comfortable with, the details of this strategy.
Lifecycle assessment

In 2013, NRG conducted a lifecycle assessment of our environmental footprint to pinpoint our impacts both internally and across our full value chain. This assessment confirmed our generation business created the vast majority of such impacts (75%) across the lifecycle of our product — from extraction to use — via the combustion of fuels to produce energy.

This footprint analysis is being used to focus our strategy on the areas of our biggest impacts, guiding our corporate goal-setting and supporting initiatives. Please see below for a more detailed summary of our findings, broken down as scope 1, 2 and 3 emissions in accordance with the typical way companies talk about their environmental impacts.

Scope 1: Emissions

Unlike non-energy retailers and companies offering consumer packaged goods (where the majority of impacts come from the supply chain, i.e., scope 3 emissions), more than 90% of our carbon and almost 80% of our total environmental impacts are within our direct control (scope 1 emissions). Carbon is the largest driver of our environmental footprint, followed by air emissions and resource extraction. Because such a large percentage of our impacts are scope 1, we have the opportunity to use sustainability initiatives to make a real difference with respect to our carbon footprint. We will do so through strategic updates to our fleet:

- Repowering traditional power generation assets at our plants for lower-carbon fuels like natural gas
- Investing in and deploying alternative and renewable energy technologies for generation
- Reducing emissions from coal through carbon capture for use in enhanced oil recovery

Scope 2: Purchased electricity

Purchased electricity accounts for 1% of our environmental impacts. Although this doesn’t sound like much — NRG retail and corporate business is just a fraction of our overall footprint — reducing our purchased energy footprint is a key element toward reducing our overall environmental impact. NRG has taken a number of steps to help mitigate our purchased electricity footprint, including implementing energy efficiency initiatives throughout our own facilities (for example, our corporate headquarters switched to 100% renewable energy to source our electricity needs) and providing our consumers with more options for increasing energy efficiency and using renewable energy power.

Scope 3: Supply chain

Our supply chain accounts for 20% of our environmental impacts. Although this is relatively small compared to our generation footprint, tackling the social and environmental impacts of our supply chain is an important part of our strategy and is critical to transforming our industry. At NRG, we see the first step to improving our supply chain as transparency; we are working with our supply chain partners to better understand their respective impacts and how we can collaborate to improve the overall system.

Environmental Impact Across Our Value Chain

- **15%**
  - Fuel Extraction & Processing

- **4%**
  - Plant Equipment & Construction

- **80%**
  - Power Production

- **1%**
  - Retail & Corporate


**Materiality matrix**

When discussing materiality, we use the Global Reporting Initiative definition: “Material topics for a reporting organization should include those topics that have a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at-large.”

NRG engaged a third party to conduct a preliminary formal materiality assessment with internal stakeholders who represented diverse divisions within our organization. Their input was solicited through surveys and an in-person workshop. In parallel, we prioritized NRG material sustainability issues according to a high-level, qualitative rating using existing NRG data and industry and external stakeholder resources.

The resulting Materiality Matrix (see chart) illustrates what sustainability issues in social, environmental and economic areas may have the greatest impact with regard to our business and stakeholders. Today, we’re using this independent analysis to better inform business decisions and shape our voluntary reporting process. We will continue to develop and refine this materiality assessment on an annual basis, engaging a broader audience of internal and external stakeholders.

Key findings from the initial materiality analysis include the following:

**Economic findings:** Energy reliability, availability and power quality are the top economic issues. The economic category includes issues that relate to the organization’s impacts on the economic conditions of its internal and external stakeholders and on economic systems at local, national and global levels.

**Environmental findings:** As a large power producer in the U.S., NRG needs to be conscious of greenhouse gas emissions and climate change. The environmental category includes issues that address the organization’s impact on living and non-living natural systems, including land, air, water and ecosystems.

**Social findings:** With thousands of employees working at various types of facilities, employee health and safety are the most material non-environmental issues. The social category encompasses issues concerning the impacts the organization has on the social systems within which it operates.
Reporting

We strive to achieve transparency as we create opportunities for progress. This sustainability report is based on NRG corporate performance for all operations in calendar year 2014 and, where stated, “NRG” refers to NRG Energy, Inc., as well as its affiliates which included assets owned by NRG Energy Inc. and NRG Yield, Inc.¹

About this report²

This, our fifth annual sustainability report, was developed in accordance with the Global Reporting Initiative (GRI) 4 Core framework, as well as the GRI Electric Utilities Sector Supplement. The report includes indicators of the GRI index for our sector. As a commitment to provide a dynamic platform for communication to our stakeholders and conserve natural resources, we transitioned to a Web-based reporting format in 2014. Sections of the NRG sustainability website can be combined into a customized document viewed in PDF format.

More than 30 internal subject-matter experts are called upon to provide verified information for each of the disclosures within the material aspects. The entire report is then reviewed by an executive communications board and finally by our corporate sustainability steering committee (see Governance). The sustainability department is responsible for managing the process and has been through a certified GRI G4 training course.

The content in this report was determined based on a materiality assessment conducted in 2013 and revisited in 2014. Material aspects as delineated by the GRI G4 for 2014 include:

- Emissions
- Employment
- Energy
- Local communities
- Occupational health and safety
- Procurement practices (supply chain)
- Water

Our materiality assessment identified 30 issues as important to stakeholders and the NRG business. However, for the scope of this report we chose to disclose specifically on the above aspects because they were identified as priority areas by internal and external stakeholder conversations. We believe these aspects accurately represent the organization’s significant economic, environmental and social issues at this time. They also align with the key themes of the NRG corporate strategy and are where we are focusing efforts to create robust targets and goals. These topics cover all NRG businesses. We do recognize, however, that some of these topics are more relevant to certain parts of the organization than others. For example, most of the environmental disclosure is focused on our power generating fleet since that is where we have the ability to make the most impact in terms of emissions (see Lifecycle assessment). Relevant financial implications, as well as a discussion of risks and opportunities associated with some of these issues, can be found in Part 1, Item 1A in our 2014 Form 10-K.

Assurance

NRG has chosen to voluntarily report on our corporate responsibility performance and has designed processes to collect and/or estimate, assess and report on this data. NRG management is responsible for the completeness, accuracy and validity of the information contained in this report. We’ve engaged a nationally recognized and registered public accounting firm to provide a limited assurance of our emissions inventory. Details of the statement of assurance can be found at the end of the report.

Feedback

If you have any comments or questions about this report, or would like more information on our sustainability efforts, please visit our website or contact sustainability@nrg.com.

¹Where discussed, emissions are rolled up for these purposes.

²This section also includes materiality assessment financial notes at the end of this report.
Safe Harbor Disclosure

In addition to historical information, the information presented in this report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks and uncertainties and can typically be identified by terminology such as “may,” “should,” “could,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “expect,” “intend,” “seek,” “plan,” “think,” “anticipate,” “estimate,” “predict,” “target,” “potential” or “continue,” or the negative of these terms or other comparable terminology. Such forward-looking statements include, but are not limited to, statements about the Company’s future revenues, income, indebtedness, capital structure, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others, general economic conditions, hazards customary in the power industry, weather conditions, competition in wholesale power markets, the volatility of energy and fuel prices, failure of customers to perform under contracts, changes in the wholesale power markets, changes in government regulation of markets and of environmental emissions, the condition of capital markets generally, our ability to access capital markets, unanticipated outages at our generation facilities, adverse results in current and future litigation, failure to identify or successfully implement acquisitions and repowerings, our ability to implement value-enhancing improvements to plant operations and company-wide processes, our ability to obtain federal loan guarantees, the inability to maintain or create successful partnering relationships with NRG Yield and other third parties, our ability to operate our businesses efficiently including NRG Yield, our ability to retain retail customers, our ability to realize value through our commercial operations strategy and the creation of NRG Yield, the ability to successfully integrate the businesses of acquired companies, the ability to realize anticipated benefits of acquisitions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, the ability to sell assets to NRG Yield, Inc., and our ability to pay dividends and initiate share repurchases under our capital allocation plan, which may be made from time to time subject to market conditions and other factors, including as permitted by United States securities laws. Furthermore, any common stock dividend is subject to available capital and market conditions.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in NRG’s 2014 Annual Report on Form 10-K and the Company’s other filings with the Securities and Exchange Commission (SEC) available at www.sec.gov.

For the year ended December 31, 2014

During the 12 month period ending December 31, 2014, NRG Energy, Inc. emitted 103 million metric tons of greenhouse gas (GHG) emissions (carbon dioxide equivalents) from US based fossil fuel-fired electric generating facilities it owned, and in use for production of electricity measured as an equity share of ownership at the plant level. These emissions include only direct GHG emissions associated with fuel combustion in boilers, turbines and engines used for the production of wholesale electric power. It does not include other GHG emissions from other activities or equipment, such as auxiliary boilers and starter engines, used to support the generating facility site operations or GHG emissions that occur at Company sites not directly involved in the production of electricity.

The 2014 GHG emissions were determined by using methods specified within Title 40, Chapter I, Subchapter C, Part 98, Subparts A,C and D of the Code of Federal Regulations. The determination of the equity share of GHG emission is consistent with equity share methodologies for equity share accounting for greenhouse gas emissions as described in GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.
Independent Accountants’ Report

NRG Energy, Inc. Board of Directors and Management


Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Greenhouse Gas Emissions Report. Accordingly, we do not express such an opinion.

Environmental and energy use data are subject to measurement uncertainties resulting from limitations inherent in the nature and methods used in determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

NRG Energy, Inc. has disclosed, within its Greenhouse Gas Emissions Report, the data associated only with fossil fuel-fired electric generating facilities owned by NRG Energy, Inc., located in the United States, and in use for production of electricity measured as an equity share of ownership at the plant level. The Greenhouse Gas Emissions Report includes only direct greenhouse gas (GHG) emissions associated with fossil fuel combustion in boilers, turbines and engines used for the production of wholesale electric power. It does not include GHG emissions from other activities or equipment, such as auxiliary boilers or starter engines used to support the generating facility site operations or GHG emissions that occur at Company sites not directly involved in the production of electricity.

Based on our review, nothing came to our attention that caused us to believe that the Greenhouse Gas Emissions Report, is not presented, in all material respects, in conformity with methods specified within Title 40, Chapter I, Subchapter C, Part 98, Subparts A, C and D of the Code of Federal Regulations.

May 13, 2015