

RESPONSIBILITY  
**2008**



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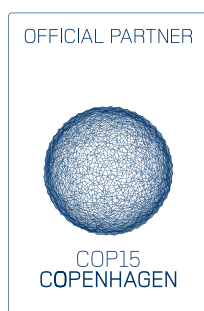
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# DONG ENERGY AT A GLANCE

DONG Energy is a leading North European energy group. We are headquartered in Skærbæk in Denmark and operate in the Northern European energy market.

We are a public limited company with the Danish State as our principal shareholder.

## Key figures

Revenue: 60.777 m

Profit after tax: 4.815 m

Total assets: 106.085 m

Equity: 46.190 m

Liabilities: 59.895 m

Number of employees: 5,644 (FTE)

CO<sub>2</sub>: 12.7 million tonnes

NO<sub>x</sub>: 11,650 tonnes

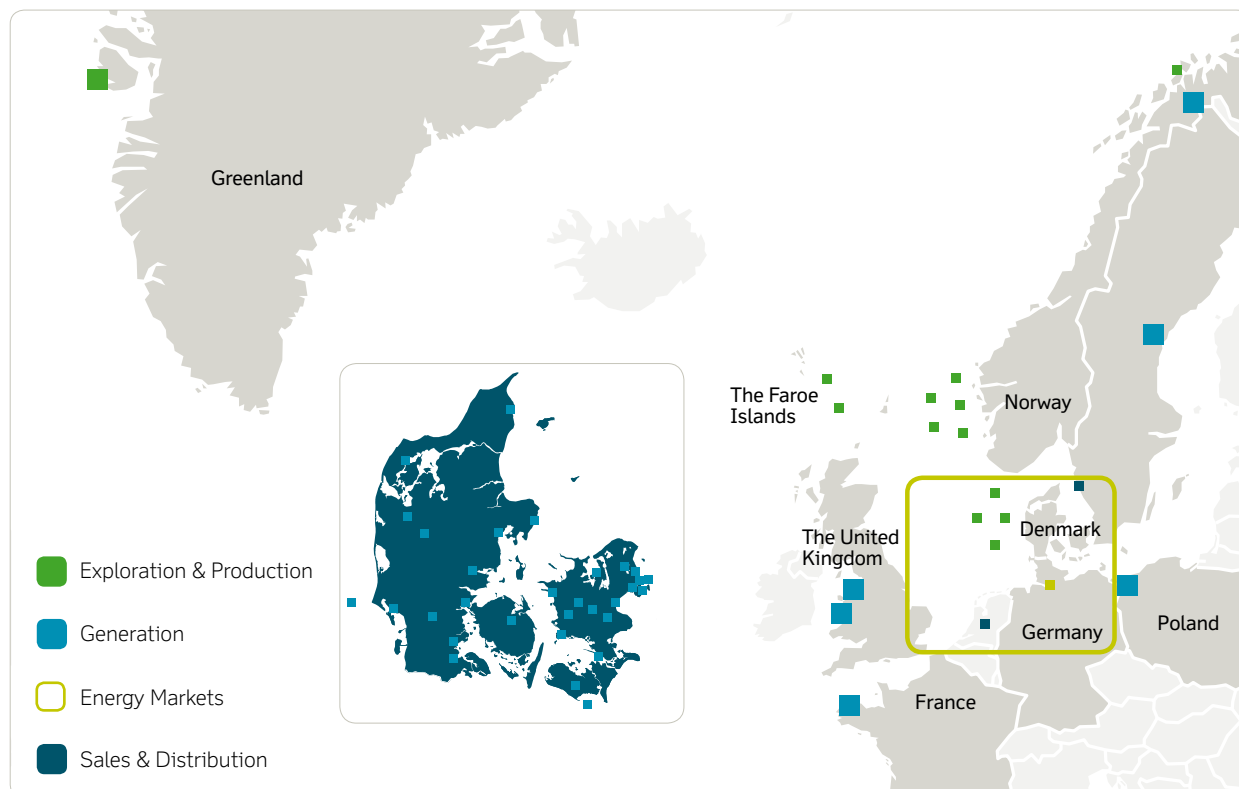
SO<sub>x</sub>: 3,507 tonnes

We are organised into four segments with the following responsibilities:

- Exploration & Production – exploration and production of oil and gas.
- Generation – generates power and heat, builds and operates offshore wind farms and are clean coal technology (CCT) experts.

- Energy Markets is DONG Energy's liaison between procuring and selling energy. Energy Markets sells gas and power to wholesale customers and is a trader on energy exchanges.
- Sales & Distribution – sells gas, power and related products to private households, businesses and public sector institutions. In Denmark, DONG Energy owns and operates a gas and power distribution network, a gas storage facility and an oil pipeline.

## DONG ENERGY'S ACTIVITIES



Oil production

**10.0** mm boe

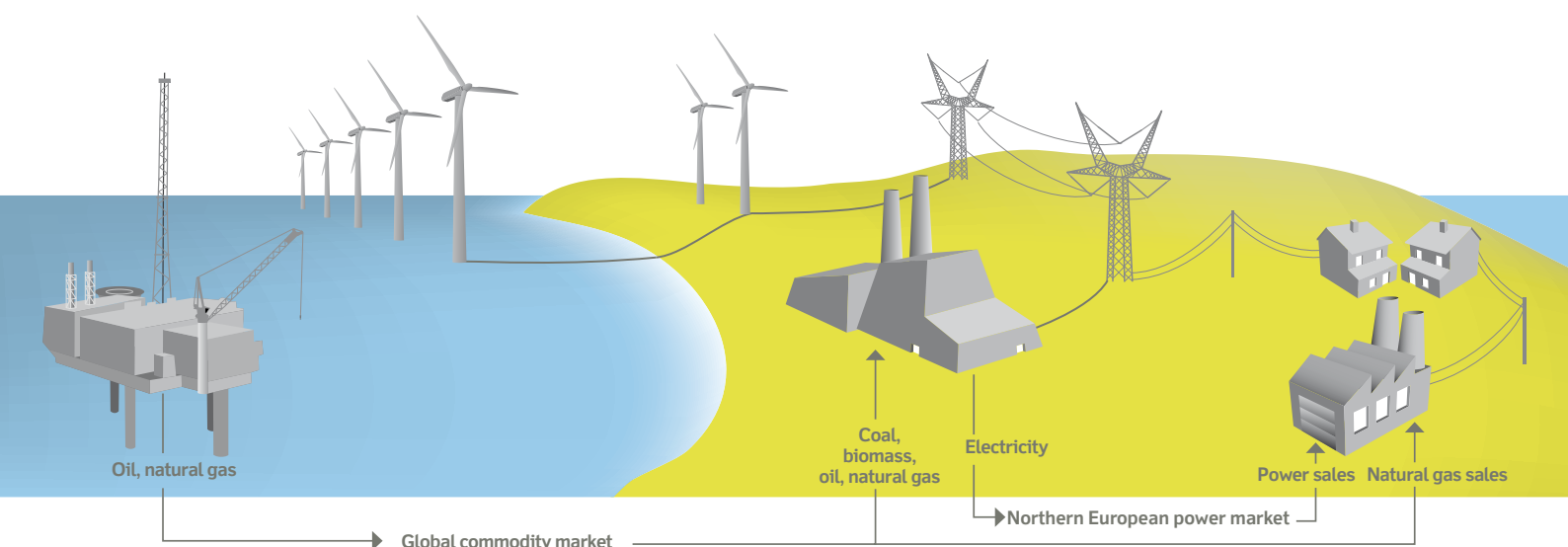
Length of power distribution network

**19,000** km

Gas production

**8.5** mm boe

Length of gas distribution network

**6,600** km

Power generation

**18,536** GWh

Power sales

**10,853** GWh to approximately 982,000 customers

Heat production

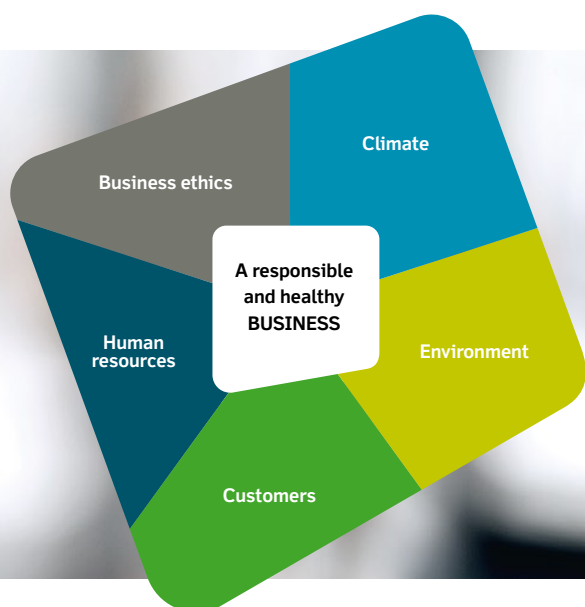
**46,380** TJ

Natural gas sales

**99,413** GWh to approximately 240,000 customers



# PREFACE



DONG Energy is a leader in the Danish energy market, and it is our aim to maintain this position in Denmark and strengthen our position in Northern Europe. This will be supported by pursuing a business and development strategy, in which corporate responsibility forms a natural and deeply integrated element.

Corporate responsibility has been promoted by DONG Energy ever since the company was established in 2006. To us, corporate responsibility is not a label affixed to our products before being distributed to our consumers, it is incorporated in our values and our vision. What is even more important is that corporate responsibility is implemented as a key element in all parts of our energy production – from the subsoil to the socket.

As the figure indicates, responsibility is part of the thought concept of the entire DONG Energy world.

- It is our responsibility, in relation to our owners, to operate a sound value-adding business.
- It is our responsibility, as the country's major CO<sub>2</sub> emitter, to contribute to solving our climate problems.
- It is our responsibility to reduce the environmental impact of our activities in general.
- It is our responsibility to provide a stable energy supply and professional services as expected by our customers.
- It is our responsibility to care for our employees by creating a corporate culture that provides welfare and growth opportunities, as each day, our employees commit themselves to contribute to the development of DONG Energy.
- It is our responsibility to secure the safety of our employees

and suppliers at our work places and plants, and of the surrounding community as well.

- It is our responsibility to ensure that we set high ethical standards for ourselves and our supplier.
- We have joined the United Nations Global Compact and support the use of the principles of Global Compact.

There are three main reasons why responsibility pervades every part of our work. The first reason is based on attitude. We believe in it. Management and employees jointly endeavour to create a company that we can be proud of. The second reason is that society expects great things from us – those are the terms imposed on a business of a certain size. The third reason is that responsibility contributes to the development of our business. For example, we wish to contribute to solving the climate problems and simultaneously provide our customers with a stable energy supply, develop new technologies and methods paving the way for CO<sub>2</sub>-neutral energy supply to the world, and create growth and development at DONG Energy.

This publication contains some of the most important details on work on corporate responsibility in 2008. Our full reporting, including data for the Global Reporting Initiative is available at [www.dongenergy.com](http://www.dongenergy.com).

Happy reading!

Anders Eldrup  
CEO

# DONG ENERGY IN DIALOGUE ON ENERGY

At DONG Energy, we always emphasise the importance of communicating with the world around us. It is important for us to know how we are perceived and to let the world around us know what we stand for and what we do at DONG Energy. We encouraged Gitte Seeberg, secretary-general of WWF, to peruse this report, and that led to a correspondence between her and CEO Anders Eldrup, as you can read from the letters below.



Gitte Seeberg,  
Secretary-General, WWF



Anders Eldrup,  
CEO, DONG Energy

## Dear Anders Eldrup

**Thank you very much for giving me the opportunity to comment on this report.**

There is something I want you to know right from the start. At WWF, we find that DONG Energy has the potential to become the greenest energy company in Europe. You have gained much experience from wind turbines, firing of biomass and developing other types of renewable energy. Your plan to build an infrastructure capable of servicing the many EVs (electric vehicles) that the Danes will hopefully wish to buy in the coming years is a very good initiative. This is the sort of thing that can rightly be called forward-looking.

Against this background, it is quite annoying to find that DONG Energy does not go all the way and follow up on your green rhetoric by making an actual restructuring of your core business from coal, oil and gas to renewable energy. You still need to demonstrate that you can and will exploit the many opportunities implicit in switching to renewable energy supply.

In this report you state: "It is not too late to halt climate change. DONG Energy wants to contribute to reversing the current trend." That sounds quite good, but looking at reality and your actual activities, this green rhetoric rings quite hollow. The fact is that DONG Energy is making massive investments in retaining and strengthening Europe's dependence on fossil fuels.

The most striking example of this is your plans to spend DKK 30bn on the erection of new coal-fired power stations in northern Germany and in Scotland. The stations, both the size of nuclear reactors, will emit just as much CO<sub>2</sub> into the atmosphere as the total amount of emissions from DONG Energy today. With good reason, we do not have the precise figures of the emissions from

the new coal-fired power stations, as you have chosen not to include them in this report, but how will doubling your CO<sub>2</sub> emissions "contribute to reversing the trend"?

In connection with the new coal-fired power stations, we have, in vain, searched for information clarifying how DONG Energy plans to future-proof stations with respect to capture and storage of CO<sub>2</sub>. In case we have missed such information, please be so kind as to submit it to us.

You also state that it is your vision "to provide stabile and CO<sub>2</sub> neutral energy supply". Where will that come from if you expand the production of coal power and also spend millions on oil exploration and extraction?

Unfortunately, at the WWF World Wide Fund for Nature, we therefore have to conclude that our green ambitions for DONG Energy are much higher than your own. It is obvious that you continue to invest in a core business based on coal, oil and gas and thus not in those types of energy that the sustainable energy supply of the future will be founded on. That will be harmful to the climate and to millions of people around the globe, and this might harm your investors.

Polluting the atmosphere will become more expensive in the years to come, as politicians introduce stricter reduction requirements. At some point in the future, you will probably also be asked to invest in equipment for capture and storage of CO<sub>2</sub>. Such equipment is expensive - not just to construct, but also to operate. As you know from your own tests, CO<sub>2</sub> separation is a very energy-intensive process. In a few years, therefore, you will have restructured your business on the basis of an outdated, expensive and obsolete type of energy.

The future belongs to the sun and the wind and all the other sustainable types of energy. But the question is whether DONG Energy wants to be part of the future?

Gitte Seeberg

Secretary-general at WWF World Wide Fund for Nature

### Dear Gitte

I was very glad to receive your comments on our Corporate Social Responsibility Report and on our business in general. DONG Energy and WWF share the same ambition of developing a new energy system that will provide us with a stabile and clean energy supply. First of all, we have to find new ways to produce energy that will not have a negative impact on the climate. Secondly, fossil energy resources will be exhausted at some point, and for this reason it is imperative that we develop alternative ways to produce energy well in advance of that point. Thirdly, such fossil energy resources are concentrated in certain parts of the world today, and within a few years we will be nearing the end of Denmark's position of being energy self-sufficient from the North Sea. For this reason, we will have to develop new energy solutions that do not make us dependent on particular suppliers.

Switching to a new energy system that does not pollute the environment while at the same time securing a stabile energy supply is something that will come to dominate the entire 21st century. Today, we use both fossil and renewable energy sources, and both have their advantages and disadvantages.

Renewable energy sources offer the advantage of not emitting CO<sub>2</sub>. On the other hand, we will not obtain a stabile supply, because we cannot control when the powers of nature produce energy. Nor are we capable today of large-scale storage of energy from the wind or the sun or to tap energy from stored supplies when we need it.

In the foreseeable future, therefore, it is not realistic to do without fossil energy sources. The great disadvantage of burning coal, oil and natural gas is the emission of CO<sub>2</sub>. We will have to find a solution to that, and in this context CCS (Carbon Capture & Storage) plays an important role. The substantial increase in the number of fossil power stations around the globe and the constantly increasing CO<sub>2</sub> emissions makes development and introduction of CCS an important element in the global reduction of CO<sub>2</sub> emissions.

The challenge of restructuring the world's energy systems cer-

tainly is not getting any smaller with the increasing number of people on the globe needing energy. In addition, the "existing customers" in for instance Europe and the USA are supplied by energy systems that in the coming years will require updating and modernising to secure a continued stabile energy supply.

This applies not least to the UK and Germany, which in the coming years will have a particularly great need to replace old and obsolete power stations with new production capacity. An important part hereof is the construction of considerable wind power capacity, and DONG Energy takes an active part in such an expansion, not least in the UK where we are the leader with respect to erection of offshore wind farms, and we have more in the pipeline. DONG Energy has erected 50% of the offshore wind farms in the world today.

However, the capacity requirement will not be met by renewable energy sources alone due in part to the problem with fluctuating production and partly because the need for energy by far exceeds the expansion capacity we have with respect to renewable energy. Therefore, DONG Energy is looking at the possibilities of building new multi-fuel power stations in the UK and Germany. In this context, I think it is a great strength that DONG Energy's power station technology today belongs to the most environmentally friendly and CO<sub>2</sub> efficient in the world. If we decide to establish new power stations, these will most definitely be CCS ready.

The structure of DONG Energy's production plant is such that 85% of its capacity for power production derives from the power stations, while 15% is based on renewable energy sources, primarily wind. It is our aim - in the course of a generation - to turn those percentages around, so that 85% of our energy is produced without emitting any CO<sub>2</sub>. The new technologies that we have today make it possible through renewable energy to increase the use of biomass or install CCS technology at the CO<sub>2</sub> emitting stations. That is an extensive restructuring process requiring billion-scale investments and massive research and development efforts.

That we are on the right track is reflected in our investments. In 2007, we invested just about DKK 4bn in power production, and out of this amount 71% was investments in renewable energy, while 29% was in power stations.

In addition, DONG Energy is taking major steps to eliminate CO<sub>2</sub> emissions in the transport sector. We are the first European energy company to systematically introduce the EV concept. At the same time, we have taken the lead internationally when it

comes to production of bioethanol from waste. It is our hope that this, not just in Denmark but in a much wider context, may contribute to reducing CO<sub>2</sub> emissions.

You also raised the question whether it is compatible with our vision to continue to look for new oil and gas deposits. I believe it is. Switching from a system based on fossil fuels to a system based on renewable energy sources is a process that will persist throughout the 21st century. In the meantime, the world will demand oil and natural gas - not just for energy and transportation, but also for the production of many of the materials and products that we use in our everyday lives. In the coming years, we will see European production go down, and that will increase the need for imported energy. Therefore, I think it is taking responsibility when DONG Energy makes investments in the maximum utilisation of the remaining reserves while - to the greatest extent possible - respecting nature and the environment.

DONG Energy has very ambitious plans for preparing our company for a CO<sub>2</sub> free future. These plans are based on the fact that we do not use CO<sub>2</sub>-neutral hydroelectric power or nuclear energy in Denmark, and thus today we are more dependent on fossil fuels than most other countries.

As an energy company it is also our responsibility to make supply-proof production capacity available, be it for production of power, heat, oil or natural gas. We are in the process of changing a tyre of a car that is already moving at high speed and which will be accelerating strongly in the years to come. We are prepared to meet the challenge, and I agree with you that DONG Energy is well qualified to contribute constructively to the development in the years ahead with respect to creating a future holding less CO<sub>2</sub>.

Kind regards  
Anders Eldrup  
CEO, DONG Energy

**Dear Anders**

**Thank you for your detailed response to my comments.**

You say that DONG Energy is on the right track, giving the example that in 2007 DONG invested DKK 4bn in power production, of which 71% was for renewable energy.

At first glance, this looks quite good. But the figure and the efforts made to produce renewable energy dwindle into insignificance, when at the same time DONG Energy plans to invest DKK 30bn in coal-fired power stations in Germany and Scotland in the

years ahead. This massive focus on coal means that you will need to invest DKK 70bn in renewable energy, in order to just maintain the share of renewable energy in your investments. How you intend raise such green investments is a question that I believe your report fails to answer. But maybe that is not so strange, as focusing on coal is very expensive, because contrary to wind energy coal power requires current costs for the purchase of fuel. When DONG Energy chooses to invest in coal-fired power stations, you tie up a considerable amount of your future financial resources in purchasing coal, and other things being equal, that will mean less money for renewable energy.

You also write that switching to an energy system based on renewable energy sources will be an ongoing process throughout the 21st century. A hundred years is an incomprehensibly long time when taking the current stage of technological development into consideration.

It makes no sense at all to present such long time frames. First of all, we simply do not have that much time to restructure the energy system. The fact is that global emissions of greenhouse gases must peak within a 10-year period if we are to have a chance of keeping the global temperature increase below the pain threshold of 2 degrees Celsius. In this context, the rich countries must show that they understand how serious the climate problem is by making efforts to reduce their own emissions of greenhouse gases. Otherwise we will not be able to persuade the other parts of the world, which have a much lower pollution rate per citizen, to also limit their CO<sub>2</sub> emissions. Secondly, that statement maintains a picture of a world, in which we cannot deselect fossil fuels. And that is completely wrong. Today, there are lots of sustainable energy alternatives, biomass, wind, sun, hydroelectric power and geothermal energy to name but a few. We can also take a big step just by saving energy.

Instead of maintaining the picture that we have no other options than coal, oil and gas and that it will take a very long time to phase-out fossil energy, DONG Energy should rather start dealing with the challenge that we are actually facing. On that basis, you can then define your ambitions according to what the world needs. In other words, you need to find out whether you wish to become part of the future green energy supply. If you do, we at WWF World Wide Fund of Nature will look forward to cooperating with you.

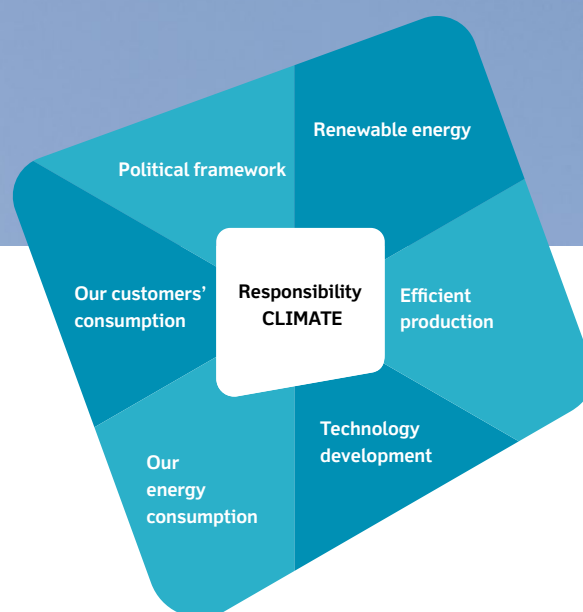
Kind regards  
Gitte Seeberg  
Secretary-general at WWF World Wide Fund for Nature



# CLIMATE

## VISION: CLIMATE

It is not too late to halt climate change. DONG Energy wants to contribute to reversing the current trend. Our vision is to provide stabile and CO<sub>2</sub>-neutral energy supply.



## EXISTING TARGETS

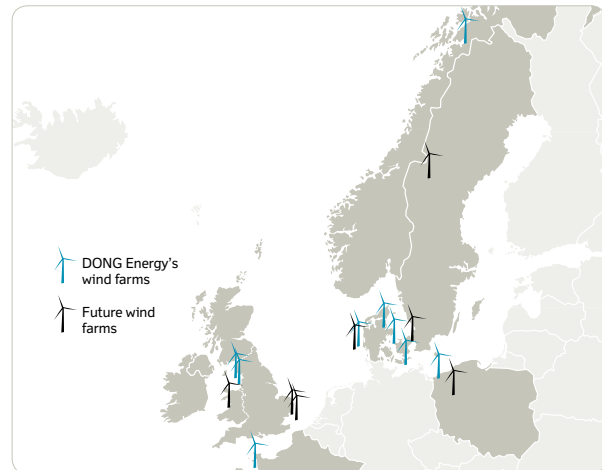
| SUB AREA                 | Goals   | Achieved/progress 2008 |
|--------------------------|---|------------------------|
| Power stations           | We aim to consistently be among the most efficient European operators of power stations that use coal as their primary source of fuel | Achieved               |
| Renewable energy         | We aim to triple our capacity for renewable energy (wind, hydro, solar and wave) to 3,000 MW by 2020                                  | Progressing to plan    |
| Energy consumption       | We aim to reduce our CO <sub>2</sub> emissions by 1 ton per employee by 2012 relative to the 2006 level                               | Partially achieved     |
| Research and development | We intend to invest DKK 350m in research and development of sustainable energy  | Partially achieved     |
| Jl/CDM                   | We plan to invest in projects outside Denmark that will reduce CO <sub>2</sub> emissions by 11.6 million tonnes from 2008 to 2012     | Progressing to plan    |

Note: A goal for the reduction of CO<sub>2</sub> emissions from 2008 to 2012 defined in 2006 was in 2008 replaced by several and more specific goals for power stations, renewable energy, among other things. For this reason, only details on the specific goals will be reported.

# CLIMATE CHANGES ENERGY CHANGES

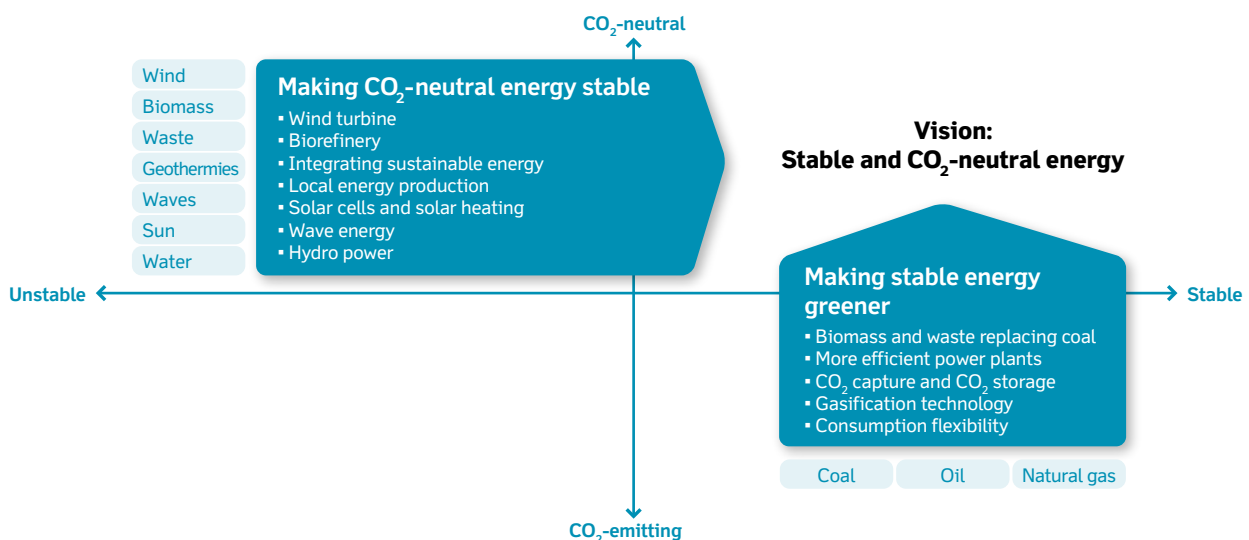
DONG Energy wants to contribute to solving the climate challenge. We aim to do that by providing stable and CO<sub>2</sub>-neutral energy supply. We are using our knowledge, experience and resources to develop an entirely new energy system in which most of the energy is sourced directly from nature itself: Wind, water, sun, waves and from CO<sub>2</sub>-neutral fuels such as biomass and waste. Our projects also include carbon capture and storage.

The 21st century will be one long period of gradual transition of the production and consumption of energy. Renewable energy will be expanded and better integrated in the overall energy system. CO<sub>2</sub> emissions from the part of our energy production using coal, oil or natural gas must be reduced and eventually eliminated. Saving energy will also be a topic. DONG Energy plans to play an active role in all three areas.



**Figure 1.** The map shows DONG Energy's wind farm locations in Northern Europe as well as wind farms for which an investment decision has been made.

## DONG ENERGY'S ROAD MAP TO A STABLE AND CO<sub>2</sub>-NEUTRAL ENERGY SUPPLY



**Figure 2.** Integration and development of various types of renewable energy is essential. The initial challenge is to optimise the energy system so that it can handle fluctuating energy, especially from wind. The second challenge is to develop and help bring promising new technologies to the market, such as wave and solar energy, which already now should be included in future energy system plans. At the same time, power stations must become even more efficient and begin to substitute current fuels with CO<sub>2</sub>-neutral fuels. We are also working with technologies that can handle CO<sub>2</sub> emissions, such as Carbon capture and CO<sub>2</sub> storage.

In figure 2 below, we have illustrated how DONG Energy is making fossil energy more sustainable and renewable energy more stable, e.g., how to adapt production, predict wind production and adapt demand for energy.

### More wind turbines

We aim to triple our capacity for renewable energy (wind, hydro, sun and wave) to 3,000 MW by 2020, which entails more wind turbines in particular. We are currently developing more than 20 wind farm projects scheduled for the period 2010 to 2020.

The Overgaard 2, Stigs Bjergby (both Denmark) and Lake Ostrowo (Poland) wind farms, which have a combined capacity of 46 MW, all became operational in 2008, and we are currently constructing or developing large onshore and offshore wind farms in Denmark, Sweden, the UK and Poland. Off the west coast of Denmark, at Blåvandshuk, we are building the world's largest wind farm, the Horns Rev 2, consisting of 91 wind turbines. The Horns Rev 2 is scheduled to become operational in late 2009.

The Horns Rev 2 will supply 800 GWh per year, equivalent to the power consumption of 200,000 households, which will mean an annual reduction of CO<sub>2</sub> emissions of 400,000–

600,000 tons. The more fossil energy production the Horns Rev 2 replaces, the greater the reduction of CO<sub>2</sub> emissions.

### We still need the power stations

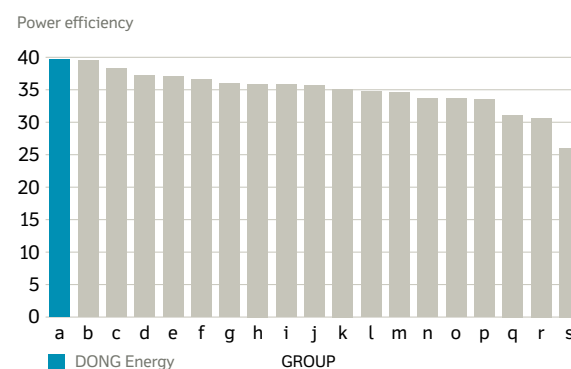
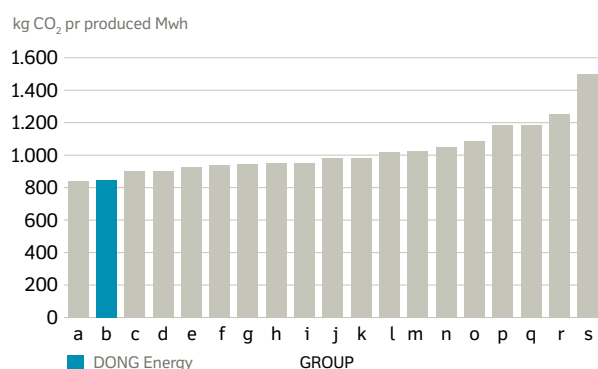
The wind blows as it pleases, and not necessarily when we need it to. Furthermore, it is difficult to store excess power from wind turbines. That explains why we cannot base stable energy supply exclusively on wind energy.

Unlike wind turbines, power stations can produce energy at any time, and that is why they are still a necessary part of our energy supply.

At DONG Energy, we are working to neutralise CO<sub>2</sub> emissions from the power stations. We take a three-pronged approach: The power stations must become able to burn fuels even more efficiently, and bio fuels should increasingly become a supplement to coal. To that end, we are working with technologies that can handle CO<sub>2</sub> emissions, especially carbon capture and CO<sub>2</sub> storage (CCS).

DONG Energy and Peel Energy – and, subsequently, also RWE npower – have set up a joint venture to develop a CCS demonstration plant in the UK. The joint venture has qualified for a

### DONG ENERGY'S PLACING IN CO<sub>2</sub> BENCHMARK



**Figure 3.** The survey compares coal-fired plants in Europe at group level. Based on anonymous replies, the survey was conducted by Price Waterhouse-Coopers, who subsequently informed the participating companies directly about their individual placings. About 50% of the companies surveyed participated.

## SPECIAL FOCUS

## POLITICAL AGREEMENT ON ENERGY REDUCES CO<sub>2</sub> EMISSIONS

With the Danish parliament's adoption of a new Energy Agreement in February 2008, DONG Energy obtained permission to burn coal at the Avedøreværk 2 and Skærbækværk 3 power station units. Firing with coal is controversial; which is why we're bringing it up here. These two units are some of the most efficient we have. Using coal-firing in them means that we can reduce the use of other, less efficient units while reducing our CO<sub>2</sub> emissions per kWh generated.

Under the Energy Agreement, DONG Energy is also required to fire an additional 700,000 tonnes of biomass from 2011. Biomass will replace coal at the power stations and it is estimated that it will reduce DONG Energy's CO<sub>2</sub> emissions considerably, by around 1.2 million tonnes per year. Biomass is CO<sub>2</sub>-neutral, because plants only emit the amount of CO<sub>2</sub> they absorbed dur-

ing growth and because new plants quickly reabsorb CO<sub>2</sub>.

Finally, the Energy Agreement allowed burning of as much as 7 per cent waste on certain central power stations that can utilize the energy more efficiently than waste incineration plants. Waste is CO<sub>2</sub>-neutral, because it is processed from organic material.

Waste will gradually be introduced at a number of central power stations and the target is for the plants to burn 470,000 tonnes of waste by 2019. DONG Energy expects to burn 170,000 tonnes of waste by 2012, which would correspond to a reduction of CO<sub>2</sub> emissions from DONG Energy's central power stations of 60,000 tonnes per year.

competition held by the British government to build a large-scale CCS demonstration plant. If successful, the project will involve a carbon capture installation of up to 400 MW.

In 2007, DONG Energy set a goal to consistently be among the most efficient European operators of coal-fired power stations. For that purpose, we conducted a benchmark analysis of all major power station operators in the 27 EU member states. DONG Energy took first place among the companies surveyed in terms of producing the most energy from the fuel and second place in terms of CO<sub>2</sub> emissions from the production of 1 kWh of power. You can read more about the survey at [www.dongenergy.com/EN/Responsibility/Climate/CO2\\_benchmark.htm](http://www.dongenergy.com/EN/Responsibility/Climate/CO2_benchmark.htm).

Today, DONG Energy's technology is so efficient that the global CO<sub>2</sub> emissions from coal-fired power stations could be reduced by 30%, were it implemented by every power station in the world. On a global scale, coal-fired power stations have an average energy efficiency of about 30 per cent. The best installa-

tions in the world have efficiencies of 45 per cent when producing power only, and the new stations DONG Energy plans to build have even greater efficiency. In Denmark, the heat from power stations is also used to heat up homes where possible, and this increases the overall energy efficiency to more than 90 per cent.

When DONG Energy builds new power stations in Germany or the UK, it helps to strengthen the business, but it clearly also has a positive impact on the climate. DONG Energy makes sure to minimise CO<sub>2</sub> emissions from the new power stations.

### Innovation

There is a huge need for innovation and research in the energy sector. In 2008, DONG Energy had an R&D budget of DKK 350m. Actual expenditure was DKK 274m, so, contrary to expectations, a number of planned R&D projects were not commenced during the year.



#### CARBON CAPTURE



DONG Energy is involved in the development of carbon capture technologies that can separate CO<sub>2</sub> from power station flue gases. We are currently investigating three different technologies through 15 internal and external projects. One of the biggest challenges is to make the technology less energy-intensive. During the last four years, we have conducted tests at the CASTOR pilot plant at the Esbjerg Power station hoping to become able to capture most of the CO<sub>2</sub> contained in the flue gas emitted from the power stations. This plant is the first in the world to capture CO<sub>2</sub> from flue gas.

#### BIO-REFINERY



DONG Energy is already producing bioethanol, the environment-friendly petrol substitute of the future, from straw. We have now gone a step further and are testing alternatives to straw, such as waste, manure fibre, lignin (a plant substance), algae and other materials. The idea is to design a power station that can be used for other purposes than power generation during periods when the wind meets the need for power, such as producing petrol or products that can replace oil. The project, named RENescience, is being developed by a consortium of six partners: DONG Energy, Haldor Topsøe, Novozymes, Amagerforbrænding, KU Life and DTU.

#### WAVE ENERGY



Wave and tidal energy is a natural extension of our commitment to offshore wind power. It is expected to play an important role in the renewable energy production of the future. DONG Energy is involved in several projects, including the Poseidon project which is owned by the company Floating Power Plant. The project has built a 37 metre long wave power model that, in addition to using the power generated from wave movement, has a wind turbine in each corner of its triangular structure.

#### CO<sub>2</sub> STORAGE



We build know-how about storing CO<sub>2</sub> underground partly to understand how CO<sub>2</sub> reacts when injected into an underground facility and partly to play an active role in developing the future standards in this field. We are currently working on three major projects, cooperating with DNV, DTU (The Technical University of Denmark), GEO (the Danish Geotechnical Institute) and GEUS (the Geological Survey of Denmark and Greenland).



Our 2008 R&D activities centred on four strategic focus areas: flue gas cleaning and CO<sub>2</sub> storage, integration of renewable energy, biomass innovation and local energy production, such as solar cells placed on house roofs and geothermal heating. Upwards of 200 R&D projects are currently ongoing across all of our business areas. Selected examples are provided in the boxes on the preceding page.

One element of the ongoing efforts is a new innovation centre intended to support the development of innovative and research skills and to speed up the development of energy solutions for the future. In January 2009, we brought together a number of our best energy specialists at the innovation centre at Skærbæk in Jutland, Denmark. We hope that the innovation centre can develop into a powerful hub and a place where customers, business partners, scientists and politicians will meet to discuss and develop new energy solutions.

#### **In-house energy savings**

DONG Energy plays an active role in saving energy, both for our customers and in-house. DONG Energy has set a target of reducing CO<sub>2</sub> emissions per employee by 1 tonne by 2012 relative to 2006. This target comprises power stations, office buildings and transportation.

In order to achieve this target, a number of efforts have been introduced, including a new company car policy offering financial incentives to choose less polluting company cars, making potential energy savings materialize in office buildings, energy initiatives in relation to building extension projects at Gentofte, Skærbæk and other locations.

An overall plan for implementing energy savings in DONG Energy's buildings is scheduled for March 2009. The plan should have been ready at the end of 2008, but a delay occurred, because the work proved more extensive than anticipated.

#### **DONG Energy buying CO<sub>2</sub> allowances in the global markets**

Part of our work at DONG Energy is also to identify climate projects around the world. Such projects generate CO<sub>2</sub> allowances that can be used to partially meet DONG Energy's CO<sub>2</sub> reduction commitment under the Kyoto Protocol.

Very often, it is substantially less expensive to implement CO<sub>2</sub> reductions in developing countries than in Denmark or to buy CO<sub>2</sub> quotas in the market. In addition, DONG Energy gets directly involved at an early stage of the project to ensure that the CO<sub>2</sub> allowances are generated under sustainable conditions.

Getting approval for a climate project from the UN, the host country or Denmark, requires documentation of actual CO<sub>2</sub> reductions that would otherwise not have been achieved. In addition, it is a UN requirement that reductions are measurable and sustainable.

In 2008, we signed 17 new agreements to buy CO<sub>2</sub> allowances. Overall, we have concluded agreements to buy CO<sub>2</sub> allowances from 49 climate projects in countries such as Russia, China, Pakistan and Malaysia. These projects are expected to reduce CO<sub>2</sub> emissions by a total of 7.4 million tonnes, including 6.2 million tonnes from 2008 to 2012. The projects involve, among other things, methane gas capture from landfills in Pakistan and Mexico, the use of biomass in Malaysia, wind farms in India and hydropower installations and energy efficiency improvements from process optimisation at factories in China.

In August 2008, we joined forces with CARE Danmark to develop energy projects reducing CO<sub>2</sub> emissions while at the same time helping the populations of Ghana and Vietnam.

#### **Our priorities for COP15 in 2009**

A joint global effort is required if the world is to continue producing stable and CO<sub>2</sub>-neutral energy in sufficient quantities to create wealth and prosperity in the future. That is why we need a global political framework with equal rules for all and with a long-term perspective, so businesses can make the necessary investment decisions.

That is why it is important that UN's COP15 Climate Summit to be held in Copenhagen in December 2009 produces a new climate agreement with binding, ambitious CO<sub>2</sub> reduction targets, short-term and long-term, that is co-signed by key countries, including Brazil, India, China, Russia and the USA.

Trading in CO<sub>2</sub> quotas should be further developed. Putting a price on CO<sub>2</sub> emissions helps pave the way for cost-efficient reductions and contributes to a more dedicated R&D approach to

## ELECTRIC CARS – CO<sub>2</sub>-FREE TRANSPORTATION



Within a few years, everyone in Denmark will be able to replace their diesel or petrol-powered cars with electric cars. DONG Energy is a part of an EV project aiming to reduce CO<sub>2</sub> emissions from transportation and reduce noise in major cities by substantial margins. Our principal role in this project is to develop the potential for storing power at the optimum time, that is when winds are

strong. It will be necessary to develop an intelligent system that will ensure a stable supply of power to society even when power generation is unstable.

The EV project has become a big part of chemical engineer Jane Pedersen's work life, and she is very enthusiastic about bringing more renewable energy into the transport sector.

"Road transportation accounts for about 22 percent of CO<sub>2</sub> emissions (2006) in Denmark. That's why our objective is to get as many electric cars on the roads as possible, so we can reduce that statistic", says Jane Pedersen.

"Part of my job is to study how new car batteries work and how they can be used with the power grid", says Jane, and she continues: "The EV project is a way of enabling storage of power from wind turbines and to make power consumption more flexible, and reducing CO<sub>2</sub> emissions considerably will also

help the climate. This is one of the best socio-economic projects we've ever seen".

If 400,000 petrol-powered cars in Denmark have been replaced by 400,000 electric cars by 2020, overall CO<sub>2</sub> emissions will be reduced by a total of 960,000 tonnes.

Battery charging will mainly be based on charging points at home, at work and at parking lots. EV owners going on longer trips will be able to replace their battery at battery exchange stations to be established throughout Denmark. The EVs will have a driving range of some 160 kilometres per battery charge.

"Based on the transport patterns we know today, this will cover most people's daily driving needs. About 90% of the Danish population drive less than 100 kilometres per day, says Jane Pedersen.

develop climate-friendly solutions. In order to supplement their domestic efforts, industrialised countries should continue to be able to reduce CO<sub>2</sub> emissions by implementing climate-friendly technology in developing countries, for example.

The Copenhagen Climate Council, which DONG Energy helped co-found, is the initiator of the World Business Summit, which

will be held in Copenhagen in May 2009, seven months ahead of the actual climate summit. The World Business Summit will be a venue for international business executives to meet with leading scientists, economists and CSO representatives. These summit participants will send a clear signal that it is time to take action.

# ENVIRONMENT



## VISION: ENVIRONMENT

At DONG Energy, we aim to minimise our environmental footprint. To achieve that, we will consistently factor the environment into everything we do – from oil and gas extraction, through power generation, to distribution and sales to customers. For us, running a responsible business means minimising our environmental impact while at the same time delivering a stable and competitive energy supply.



## EXISTING TARGETS

| SUB AREA        | TARGET   | Achieved/progress   |
|-----------------|--|---------------------|
| NO <sub>x</sub> | NO <sub>x</sub> emissions per kWh must be reduced by 90 per cent relative to the 1990-figure by 2020                         | Progressing to plan |
| SO <sub>x</sub> | SO <sub>x</sub> emissions per kWh must be reduced by 95 per cent relative to the 1990-figure by 2020                         | Progressing to plan |
| Waste           | 65 per cent of waste from energy generation must be recycled by 2012   | Progressing to plan |
| Waste           | 50 per cent of waste from administrative activities must be recycled by 2012   | Progressing to plan |
| Oil             | 90 per cent of oil and gas production water to be reinjected into the underground  | Not achieved        |
| Oil             | A maximum 22 mg of oil per one litre of water to be discharged into the sea  | Achieved            |
| Chemicals       | Use fewer chemicals with large or medium environmental impact in oil and gas production                                      | Progressing to plan |
| Chemicals       | Discontinue discharging high environmental impact chemicals to the sea   | Achieved            |
| Gas             | Burning gas by flaring on platforms to be reduced by at least 10 per cent, that is, a maximum of 7.4 million Sm <sup>3</sup> | Achieved            |
| VOC             | Fredericia oil terminal to reduce hydrocarbon fumes by 90 per cent.  | Achieved*           |

\* A new VOC reducing plant has been put into operation. For this reason, our 2008 target is expected to have been achieved. Emissions from this plant will be measured in 2009.

## NEW TARGETS

| SUB AREA | Target  | Replaces previous targets |
|----------|---|---------------------------|
| Oil      | 90 per cent of oil and gas production water to be reinjected into the underground | Continued                 |
| Oil      | A maximum 17 mg of oil per one litre of water to be discharged into the sea       | New target                |
| Gas      | A maximum of 6 million Sm <sup>3</sup> gas to be burned on platforms.             | New target                |

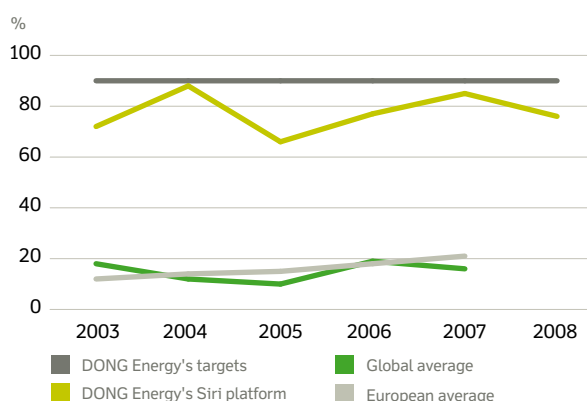
# ENVIRONMENT

DONG Energy achieved many results in the environmental field in 2008. In addition to our specific environmental targets in the areas of air, water, waste and chemicals, we made a special effort to improve our systematic environmental activities involving certified management systems. We have also established a group-wide database for storing and consolidating all non-financial data, including environmental data. As a result, we now stand better prepared to add more specific environmental targets to our environmental strategy in the coming years.

## Systematic environmental work

Our common policy and guidelines for the environment, security and quality apply to everyone and everything at DONG Energy. In addition, we apply international certified management systems to the extent that they are deemed relevant and add value to the individual parts of our group. On the environmental front, we apply the ISO 14001 management standard for all of

## OIL-CONTAINING WATER IS REINJECTED BACK INTO THE RESERVOIR



**Figure 4.** Oil-containing water on the Siri production platform is reinjected back into the reservoir. The figure benchmarks Siri against the global and European averages until 2007. Source: International Association of Oil & Gas Producers, 2007.

## SPECIAL FOCUS

# REDUCING THE DISCHARGE OF OIL INTO THE NORTH SEA

The North Sea production platforms discharge oil into the sea, because oil-containing water is a by-product when oil is pumped up from the underground. The older the oil fields get, the more water is pumped up, and the Danish fields are relatively old.

We are able to reduce the volume of oil discharged into the sea in part by separating the oil from the water, in part by pumping the contaminated water back into the underground. DONG Energy has developed good purifying skills and we rate among the best in the North Sea in terms of reinjection. Over the years, we have made several major investments to enhance purification of the produced water.

By regularly measuring the oil content

of the water, we can react quickly to an increase in oil concentrations. We have permission to discharge 30 mg oil/l of water, but in 2008 we defined a tougher in-house target of 22 mg/l. We met this target, achieving an average concentration of 20 mg/l, and in 2009 we will once again toughen our in-house requirements, setting the target at 17 mg/l.

At the Siri platform, which is operated by DONG Energy, the target for 2008

was to reinject more than 90 per cent of the produced water back into the reservoir. Our actual result was 76 per cent, and we failed to meet our target because of corrosion in a submarine pipeline. The pipeline will be replaced in 2009, and we have begun a number of other equipment conversions and upgrade projects that will be completed in 2009. These projects will enhance efficiency and operational reliability.

our power and heat producing installations in Denmark, for our power distribution and for our oil and gas operations in the North Sea.

In 2008, we consolidated all environmental management of our Danish power and heat generation under a single environmental certificate: ISO 14001. The process had been underway since 2006 when six independent businesses merged to become DONG Energy. At the same time, we expanded the certified

management system to include renewable energy installations and the OHSAS 18001 occupational health and safety standard. The new system is based on experience from our existing management systems.

The systematic approach to our environmental activities and the shared IT platform makes it easier for us to implement initiatives across production facilities and for external parties to conduct audits, and through it DONG Energy is committed to

#### CASE – NEW OIL DEGASIFICATION PLANT

##### **SAVES THE ENVIRONMENT FOR 10,000 TONNES OF HYDROCARBON EMISSIONS PER YEAR**

The Danish North Sea oil pipeline ends at Fredericia, and this is where DONG Energy has built Europe's first oil degasification plant, which is a 37-metre vacuum tank with a DKK 90m price tag. Located next to the crude oil terminal, the facility has the capacity to degas 50,000 tonnes of oil daily. That saves the environment for annual emissions of up to 10,000 tonnes of hydrocarbon emissions.

According to Director Lars Bach, who is in charge of the project, the degassing facility represents a massive environmental investment. If emitted into the environment, the hydrocarbon fumes will combine with nitrogen oxides (NO<sub>x</sub>) and sunlight to form various chemical substances. The most important component is ozone, which is harmful both to humans and to the environment.

##### **DOUBLE ENVIRONMENTAL BENEFIT**

"There is only little prior experience with this type of plant. A similar instal-

lation has been built in Oman and one is underway in the Netherlands. There is limited prior experience, because little attention has been given to the environmental problems of hydrocarbon fumes, the construction costs are substantial and such a plant eliminates hydrocarbons with a commercial value resulting in a loss of value for the oil company," explains Lars Bach.

DONG Energy tackles the latter of these challenges by selling the recovered gas to Shell, where it is used to heat their process installations.

"This enables Shell to reduce its consumption of other energy sources, making for a double environmental benefit. The plant at the crude oil terminal is an ambitious project that will reduce our environmental impact, and it has now become a part of the Danish oil infrastructure," says Lars Bach.

The facility at Fredericia was officially inaugurated on 29 August and reached normal operational levels by the end of 2008.





making regular environmental improvements to its installations.

Also, the part of DONG Energy that is involved in sales and distribution was recertified in 2008 and had its ISO 14001 management system expanded to include all power distribution operations.

As DONG Energy anticipates strong expansion outside Denmark in the coming years, we have launched a project to clarify how environment and safety issues can be handled by our future foreign companies, including whether they, too, should be certified.

### Increased waste recycling

DONG Energy aims to increase waste recycling. This is an important goal in the environmental strategy we approved in 2007. Accordingly, we had particular management focus on waste handling in 2008. We have mapped out our waste production and identified specific initiatives to ensure that we can improve the recycling rate at each location.

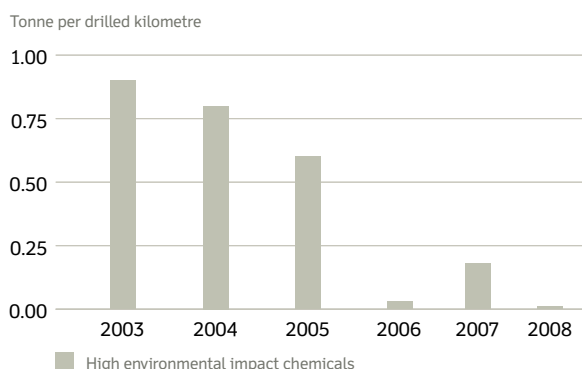
We will now harmonise all waste categories and establish a common registration system that will enable us to collect and compare data across the organisation. Registration processes were harmonised in parts of the group in 2008 and the rest of the organisation will follow in 2009. The new system will pave the way for a more directed effort and for the introduction of local best practices throughout the organisation.

In 2008, we signed agreements with two waste recipients serving the entire group, one recipient of oil waste and one recipient of all other waste, which represents the bulk of our waste volumes. We have selected two recipients who will be working with us in an active approach to lift recycling rates. Under the new agreements, we will be in a much better position to control where the waste is stored.

### Ending emissions of “red” chemicals into the North Sea

DONG Energy has worked for many years to develop a more environmentally-friendly use of chemicals. Our goal for 2008 was to discontinue emissions of high environmental impact chemicals (the so-called “red” chemicals). We achieved this goal. Going into 2008, a single red chemical was used at the Siri plat-

### DISCHARGE OF CHEMICALS TO THE SEA FROM DRILLINGS



**Figure 5.** Discharges to the sea of high environmental impact chemicals in connection with drilling projects have been reduced from 0.90 tonne per drilled kilometre in 2003 to 0.01 tonne in 2008. Discharging was completely discontinued by the end of 2008. The increase in the discharge from 2006 to 2007 was mainly due to one particular drilling in 2007 for which a new drilling technique was applied. Unforeseen complications arose during the drilling process, forcing us to use one of our contingency chemicals.

form. During the year, we tested a less harmful product and began to use it instead of the red chemical. We intend to continue the work to use fewer harmful chemicals.

In the summer of 2008, the Danish Ministry of Environmental Affairs issued a new action plan to increase the efforts to combat pollution from the offshore industry. The overall goal is to stop the emission of hazardous substances. In a follow-up to the plan, the Ministry of Environmental Affairs has set up four task forces under which industry representatives will work with civil servants to assess the efforts being made in various areas and make suggestions for specific initiatives. DONG Energy played an active role in these efforts throughout 2008.

The results achieved by these task forces are expected to be announced in 2009, and they will define the framework for the work over the coming years to reduce oil and chemical emissions as well as air emissions from the offshore industry.

# CUSTOMERS



## VISION: CUSTOMERS

DONG Energy offers an efficient, stable and competitive supply of power and gas to commercial and residential customers. We are expanding our business, offering new, varied products and services that meet our customers' expectations.

## EXISTING TARGETS

| SUB AREA              | Target   | Achieved/progress |
|-----------------------|--|-------------------|
| Security of supply    | 80 per cent of customers experiencing a power failure must be reconnected within two hours                                       | Achieved          |
| Security of supply    | The proportion of customers experiencing power failure more than once a year must not exceed 20 per cent                         | Achieved          |
| Security of supply    | If there is a smell of gas, a technician must be at the location within one hour in 95 per cent of cases                         | Achieved          |
| Security of supply    | If case of excavation damage to a cable/power line, a technician must be at the location within one hour in 95 per cent of cases | Achieved          |
| Security of supply    | In case of excavation damage, 95 per cent of the affected customers must have their gas supply restored within three hours       | Achieved          |
| Customer satisfaction | Customer satisfaction rate after a call from a gas technician must be 85 index points  | Not achieved      |
| Customer service      | 70 per cent of all telephone calls to DONG Energy's commercial customer service line must be answered within 60 seconds          | Achieved          |
| Customer service      | 70 per cent of all telephone calls to DONG Energy's residential customer service line must be answered within 120 seconds        | Achieved          |
| Customer service      | 90 per cent of all e-mails to DONG Energy must be answered within 24 hours   | Achieved          |
| Customer service      | 90 per cent of all change of address notifications must be processed within five days  | Achieved          |
| Energy savings        | DONG Energy aims to help customers save an average of 144 GWh of power per year in 2006–2008                                     | Achieved          |

## NEW TARGETS

| SUB AREA           | Target   | Replaced previous targets |
|--------------------|--|---------------------------|
| Security of supply | If there is a smell of gas, a technician must be at the location within one hour in 96 per cent of cases                   | Continued                 |
| Security of supply | In case of excavation damage, 96 per cent of the affected customers must have their gas supply restored within three hours | Continued                 |

# CUSTOMERS

Power, gas and heat are fundamental utilities. They are essential to our commercial customers' businesses and our residential customers' security and welfare. About one million private individuals and more than 120,000 companies across large parts of Denmark and Northern Europe receive either power or gas from DONG Energy. That gives us an important social responsibility.

Our responsibility lies in making necessary, forward-looking investments in order to secure price, quality and environmental considerations. Over the next couple of years, we will be expand-

ing our business across the whole of Northern Europe. That implies a more varied customer base with new expectations.

We will find new ways to add value to future and existing customers, through new services and a broad range of products.

## Energy savings

In 2006, the Danish power and natural gas companies signed an agreement with the Danish government to help customers achieve energy savings. The goal was to reduce overall Danish energy consumption outside the transport sector.

### CASE – CLIMATE PARTNERSHIPS

#### CITY BUSES RUNNING ON BIOGAS IN CLIMATE PARTNERSHIP

The municipality of Fredericia is working at full speed to reduce CO<sub>2</sub> emissions. In a climate partnership with DONG Energy, the local authority is now concentrating its efforts in many fields: It aims to reduce power consumption by 10 per cent, heat consumption by 5 per cent and it plans to buy CO<sub>2</sub>-neutral power from DONG Energy's future wind farm, Horns Rev 2.

DONG Energy and the municipality of Fredericia are also cooperating on a project that will see the city's buses running on biogas. The gas will be generated at the purification plant in Fredericia and it will be supplied to the buses through DONG Energy's natural gas network.

"The notion of Danish urban buses running on biogas is entirely new and it will require a number of changes," explains Annemarie Gotfredsen, the manager of the Fredericia purification plant.



Annemarie Gotfredsen and Asger Myken will be in charge of making the technology work and the financial ends meet in the groundbreaking project to have urban buses in Fredericia run on CO<sub>2</sub>-neutral biogas. Here they are shown outside the purification plant in Fredericia, Denmark.

"If we are to supply 12 buses with energy, we will have to generate more methane gas. We can do that if we make a few adjustments to our biological processes, but it will also require some investment," she says.

"In addition to infrastructure, DONG Energy will also contribute know-how to the partnership," says Asger Myken, who is project manager at DONG Energy.

"The biogas must be upgraded, so it can

be supplied to the natural gas system, and that is where our know-how comes in. Our piping system engineers have found a way to do it," he says.

Since the parties signed the climate partnership agreement in August 2008, they have analysed various possibilities of achieving the project goal. The Fredericia city council will consider the project in the spring of 2009, and if they say yes, buses will be running on biogas in the city of Fredericia from mid-2010.

In 2006–2008, DONG Energy was to achieve and document energy savings totalling 144 GWh per year from residential and commercial customers. That is equal to the annual energy consumption of 36,000 households. A new political agreement reached in February 2008 increases DONG Energy's energy savings commitment to 264 GWh per year in 2010–2020.

In 2008, our energy advice resulted in total savings of 166 million GWh for our customers. By this we achieved the total ener-

gy savings goal for the period 2006 to 2008. The amount of energy saved corresponds to a drop in CO<sub>2</sub> emissions of approximately 80,000 tonnes. This is an achievement that both we and our customers can be proud of.

However, due to the European CO<sub>2</sub> quota system, the good results in Denmark do not automatically translate into a drop in overall global CO<sub>2</sub> emissions. Excess CO<sub>2</sub> quotas can be traded between countries. On the other hand, energy savings consti-

## CASE – AN INTELLIGENT POWER NETWORK

### FOR THE BENEFIT OF CUSTOMERS AND THE CLIMATE

In 2008, IBM invited DONG Energy, as the only European representative, to participate in a global network of energy companies providing mutual assistance and inspiration in the work to develop advanced, intelligent systems for the power network of the future.

Development Engineer Ole Michael Pedersen is in charge of a DONG Energy project that is already now developing the intelligent power network:

“On this project, we will automate processes in selected transformer stations, and that will cut down on fault-finding times substantially. With our current processes, we can only begin to reconnect our customers to the network some 45 minutes after a power failure. With the new automated solutions, we can restore the utility supply to our customers within minutes,” he explains.

DONG Energy is taking automation a step further, so the network can not only tell us what is wrong, it can also redirect power to the customers and in some

cases they might not even notice the disruption.

For DONG Energy's technical Director Jens Jakobsson, the possibilities of an intelligent power network are staggering, and we are still only at the starting line:

“We will see a revolution of the power network similar to what happened with the Internet. Initially, we will concen-

trate on retaining and developing the current high security of supply. But looking into the future, I see opportunities to change the power consumption of our customers. That would have an immense, positive impact on our climate, because that way we can make sure that consumption is at its highest when generation of CO<sub>2</sub>-free wind energy is at its highest, without our customers having to change their way of life,” says Jens Jakobsson.



Small boxes like this one is what will create the intelligent power network. They were first installed in 2007 and by the end of 2009 more than 400 transformer stations will have been automated.

**FACT BOX**
**DENMARK**

|                    |            |
|--------------------|------------|
| Gas sales          | 12,753 GWh |
| Gas market share   | 36 %       |
| Power sales        | 8,323 GWh  |
| Power market share | 23 %       |

**NETHERLANDS**

|                    |           |
|--------------------|-----------|
| Gas sales          | 5,314 GWh |
| Gas market share   | 1 %       |
| Power sales        | 743 GWh   |
| Power market share | < 1%      |

**SWEDEN**

|                    |           |
|--------------------|-----------|
| Gas sales          | 2,483 GWh |
| Gas market share   | 26 %      |
| Power sales        | 0 GWh     |
| Power market share | 0 %       |

**Figure 6.** The sales and market share of Sales & Distribution on key markets for residential customers.

tute an important step towards a situation where society achieves a substantial reduction in CO<sub>2</sub> emissions without lowering our standard of living.

### Fewer calls

In 2008, DONG Energy answered more than one million telephone enquiries from private customers. The number of calls is declining, because we have improved the quality and become more efficient in handling enquiries by upgrading the qualifications of our employees. In 2008, 86 per cent of all enquiries to our customer service centre were solved with a single call, as compared with 88 per cent in 2007. In other words, most customer enquiries are solved with a single phone call.

We have asked the customers to tell us about their expectations, when they contact DONG Energy. They responded that they don't mind waiting a little longer if the quality of our response is such that they get a satisfactory response right away. That is why we have lowered our target as to how quickly we can respond in return for providing a better quality of response. In 2007, 70 per cent of all calls were to be answered within 60 seconds. In 2008, the target was for 70 per cent of all calls to be answered within 120 seconds.

### Greater customer satisfaction

Each year, we conduct a customer satisfaction survey among all

of our private customers in Denmark. The 2008 survey showed a substantial increase in customer satisfaction and loyalty, which is a reflection of DONG Energy's ongoing efforts to improve products and services.

Our target is for DONG Energy to have a customer satisfaction rate of 80 index points (on a scale 0–100), and we are not there yet. Achieving it will take a huge effort, but DONG Energy is well underway and we are moving things in the right direction.

| SATISFACTION INDEX             | 2007 | 2008 |
|--------------------------------|------|------|
| Natural gas customers          | 72   | 77   |
| Power customers, Copenhagen    | 50   | 57   |
| Power customers, North Zealand | 64   | 69   |

### Fewer disruptions

Our customers expect a stable supply of energy 24/7/365. That is why achieving a high security of supply with few disruptions is an important target for DONG Energy. Unforeseen events such as severed power lines during excavation work can cause disruption, but we are working to keep the number of such events down and of short duration.

In 2008, our customers experienced 31 per cent fewer disruptions than in 2007. Disruptions had an average duration of 26 minutes. We are constantly working to enhance our security of



## SPECIAL FOCUS

# FREE COMPETITION, BUT NOT FREE PRICING

The Danish power market has been liberalised for the past six years. Although there are a number of operators on the retail market offering to sell power to consumers, only 5 per cent have switched power supplier. Part of the explanation may be that there is only little savings in switching to a new power supplier, that consumers find it difficult to switch to a new power supplier or that this is an area of little interest to consumers.

### Wholesale market

Pricing on the power wholesale market is a complex process. Each day, all power suppliers, including DONG Energy, submit detailed hour-by-hour plans of how much energy they plan to buy the following day. These data are calculated on the basis of the weather forecast and on prior experience about customer behaviour.

Similarly, all power producing companies, including DONG Energy, submit plans of how much power they intend to supply the following day. The amount of power to be produced by wind turbines is estimated and each power station submits plans for how much power they intend to produce assuming certain minimum prices.

The Nordic power exchange, Nord Pool applies this information on supply and demand to calculate a price for power hour by hour around the clock.

### Retail market

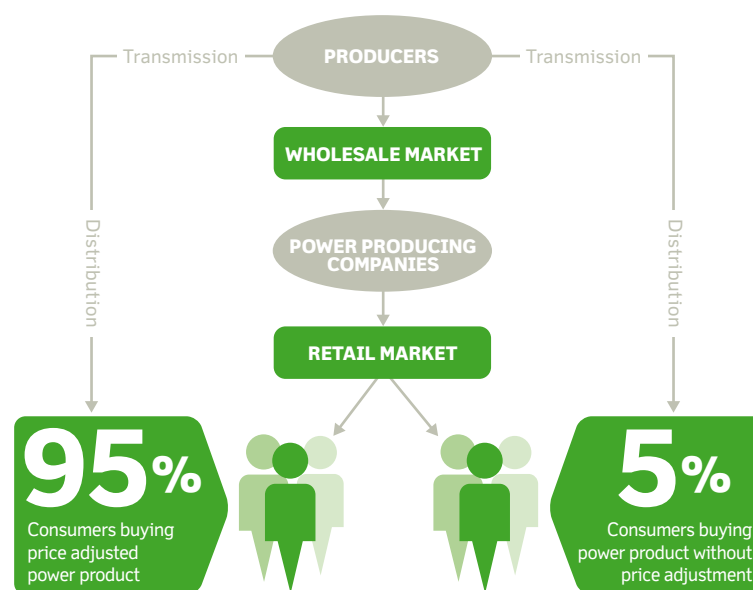
The public transmission network is used to transport the power to the distribution network owned by the local network operators. The power suppli-

ers make sure that the power reaches the consumers.

Consumers are free to choose their power supplier. The price of power is falling because of the competition between producers in the free Nordic power market. The 95 per cent of Dan-

ish consumers that have not switched to a new power supplier since the market was liberalised in 2003 have also benefited from deregulation. The price consumers pay for power is regulated by the Danish Energy Authority so it tracks prices on the wholesale market, see figure 7.

### STRUCTURE OF THE POWER MARKET



**Figure 7.** The Energy Regulatory Authority adjusts the price of power to those consumers who do not switch to a new supplier.

supply, and one of the means is to develop a new, intelligent power network.

### Low Danish power prices

DONG Energy is a Northern European energy company operating end-to-end in the energy value chain. We have a leading position in Denmark and are an active player in several other countries in Northern Europe, but DONG Energy does not hold a monopoly on selling power or gas in Denmark or in other countries.

Since year 2000, the European energy markets have seen a gradual liberalisation. In 2003, the Danish energy market was fully liberalised, and the gas market followed in 2004. For example, DONG Energy holds less than 5 per cent of the Nordic energy exchange, NordPool, where power producers and power suppliers from the entire Nordic region buy and sell power.

According to the European Commission and the International Energy Agency, the Nordic market is generally among the power markets where competition is the most effective.

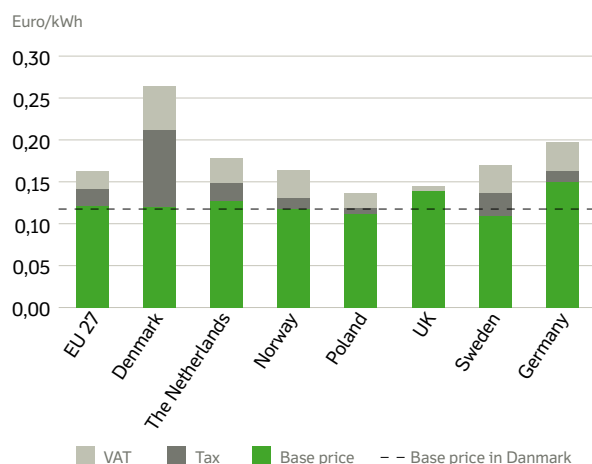
In other words, this will benefit Danish consumers, because Denmark is integrated into the Nordic power market in which no single player has a dominant role.

Energy prices were quite high during most of 2008. That also applied to power prices. The market price per KWh of power increased by an average of 6 per cent in 2008 relative to 2007. The increase was due to a combination of rising coal prices, low water level in the Nordic hydroelectric power station reservoirs and a new CO<sub>2</sub> regime which entered into force in 2008.

Since August 2008, the market has seen substantial drops in coal and freight prices due to the financial crisis. Prices of CO<sub>2</sub> certificates have also been declining, and the price of gas followed the decline of oil prices.

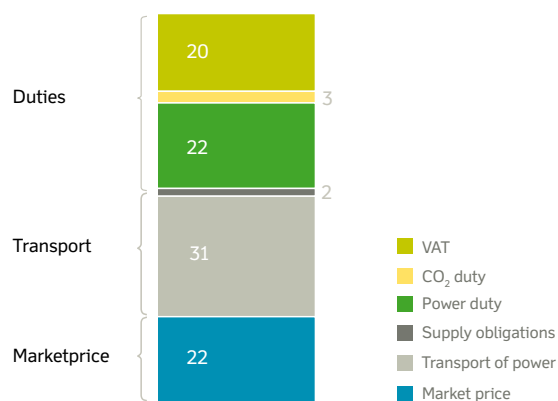
DONG Energy aims to supply energy at competitive prices. This objective has been achieved in the European power market. Net of VAT and excise duties, the price of power in Denmark is among the lowest in Europe.

### SELECTED POWER PRICES IN THE FIRST HALF OF 2008



**Figure 8.** Power price composition in countries in Northern Europe in the first half of 2008. Source: © Eurostat.

### COMPOSITION OF POWER PRICE IN PER CENT



**Figure 9.** Average composition of power price for residential customers in Copenhagen in 2008.

# HUMAN RESOURCES



## VISION: EMPLOYEES

Being a responsible business, DONG Energy aims for its employees to have a workplace that provides a safe and healthy setting for all, where employees are able to develop skills, characterised by latitude and diversity for the benefit of employees, the business, its owners, customers and the surrounding community.

## EXISTING TARGETS

| SUB AREA         | Objective   | Achieved/progress |
|------------------|---|-------------------|
| Safety           | Lost-time accidents should be reduced from 10.3 per one million hours worked to 7.3   | Not achieved      |
| Job satisfaction | A working environment survey to be conducted among all employees  | Achieved          |
| Job satisfaction | Employee perception of work pressure and stress should be brought on a par with that of benchmark companies by 2009 at the latest                                       | Achieved          |
| Development      | Employees' perception that they are being offered good development opportunities should as a minimum be maintained at the 2007 level 69 (benchmark companies: index 64) | Achieved          |
| Management       | Employee satisfaction with immediate manager should as a minimum be maintained at the 2007 level 76 (benchmark companies: index 69)                                     | Achieved          |
| Diversity        | A plan to increase the number of female managers at DONG Energy must be implemented   | Achieved          |

## NEW TARGETS

| SUB AREA                | Objective  | Replaces previous targets |
|-------------------------|--|---------------------------|
| Safety                  | A joint effort to be made in all business areas to reduce the frequency of industrial injuries with our suppliers                                  | New target                |
| Safety                  | Lost-time accidents should be reduced from 6.5 per one million hours worked  | New target                |
| Safety/Job satisfaction | Work-related illness such as stress, skin disorders, mouse injuries and the like must be recorded for all business areas and group staff functions | New target                |
| Job satisfaction        | Working environment survey to be conducted for all employees   | Continued                 |
| Management              | Employee satisfaction with their managers' follow-up on performance reviews must be lifted to the 2007 level, that is 71.                          | New target                |

# HUMAN RESOURCES

Every day, DONG Energy borrows about 5,000 employees from their families. Considering our growth strategy, this figure will increase in the years to come. We have a responsibility towards our employees – and their families. Together, we have a responsibility for ensuring job satisfaction, good working relationships, development opportunities for the employees and an appropriate amount of work that provides development and challenges for the individual in his or her everyday work. We achieve this through open dialogue, thus creating a workplace that our employees can be proud of and happy to be a part of, and one that is capable of attracting skilled new colleagues.

## A safe and healthy working environment

DONG Energy aims to be a safe and healthy workplace. We want both our own and our suppliers' employees to return home in as healthy a state as when they left for work. That is why we must reduce the number of industrial accidents and cases of work-related illness.

Our target for 2008 was to reduce the frequency of industrial injuries from 10.3 to 7.3 per one million working hours. We almost succeeded. The number fell to 7.4. As regards our own employees, the frequency rate is 4, but for employees of our suppliers, the rate is three times as high when they work for DONG Energy and that is till too high.

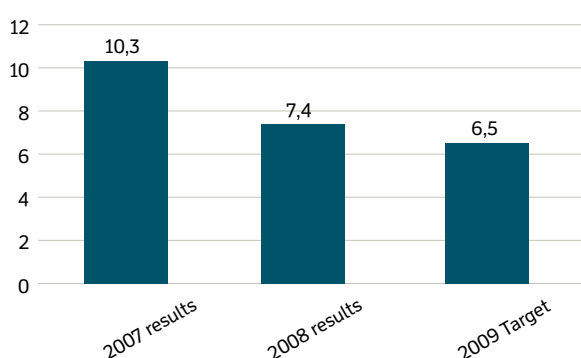
In all of our business areas, we have made an effort to reduce the frequency of industrial accidents. At our power stations, for example, we have held one-day safety courses for all project staff. So far, 300 employees have completed the course, and they will all be given an annual half-day follow-up course.

The goal is to change habits and attitudes, to think safety into everyday situations, and that takes time. This is a long-term effort. We have increased our target for 2009 to a frequency rate of 6.5.

DONG Energy's Gentofte offices is one of Denmark's largest construction sites and that situation will continue over the next couple of years. Traditionally, the construction sector has a high frequency of industrial injuries relative to the targets we have defined. As many more people will be working at the site in 2009 than in 2008, we decided to run a campaign during the winter months 2008/2009 involving everyone at the building

## DONG ENERGY'S INDUSTRIAL ACCIDENT STATISTICS (INCLUDING EXTERNAL SUPPLIERS)

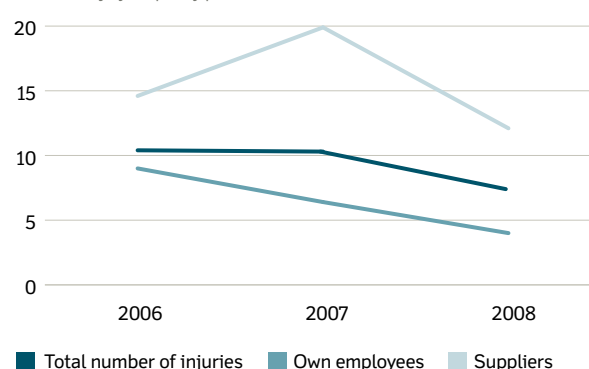
Lost time injury frequency per million hours worked



**Figure 10.** Figures are stated inclusive of external suppliers in areas operated by DONG Energy.

## INDUSTRIAL ACCIDENT FREQUENCY 2006–2008

Lost time injury frequency per million hours worked



**Figure 11.** Industrial accident frequency 2006–2008 distributed on total number of accidents, DONG employees and supplier employees.

site in order to increase people's awareness of industrial accidents and make them understand the importance of seeing potential risks before accidents happen.

## Fatal accident

An employee of one of our external suppliers was the victim of a fatal and tragic industrial accident at the Ensted power station on 8 May 2008.

The accident occurred while the external supplier was emptying the funnels under the electro filter at the plant's bio furnace, using a dry powder exhauster to suck out the fly ash. The ash pile, which was taller than the employee, suddenly collapsed, and he was buried underneath it. In spite of the rescue efforts from the plant protection unit and the fire rescue service, the accident was fatal.

The Working Environment Authority later reviewed the circumstances of the accident with the plant management. No defects were detected at the facility. The plant has subsequently made physical changes to the facility and reviewed in detail the work planning procedures in order to further enhance preventative measures.

### Good leadership

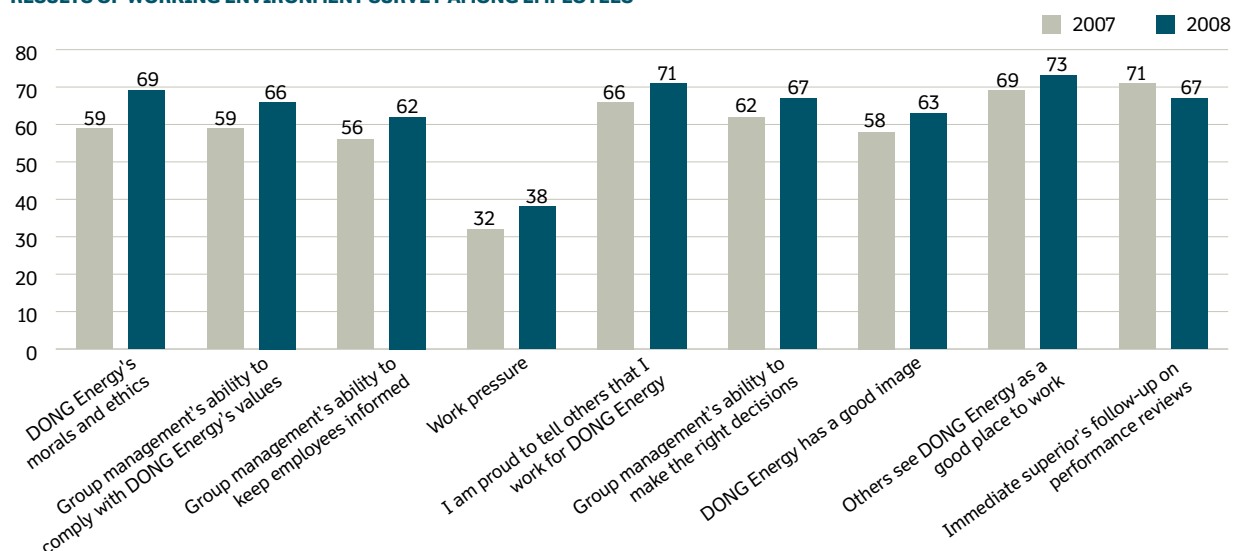
In 2007, a working environment survey among the employees of DONG Energy revealed that many of our employees experienced severe work pressure and stress, and that DONG Energy was suffering from a poor image. As a follow-up on the work environment survey, we launched a number of initiatives in 2008.

We increased our focus on in-house communication of management decisions and also ran a marketing campaign that contributed to strengthening the company's reputation with customers and the general public. In relation to stress, workload and striking a work-life balance, we are paying more attention to making sure that stressed employees are given treatment, early intervention and efficient use of psychologists, psychiatrists and stress coaches. Our managers and the HR department have all become more attentive to following-up on employee stress cases and on scheduling work hours and assignments on the basis of each individual's resources.

We have held a number of seminars for all employees of the departments for the part of DONG Energy that is involved in sales and distribution, giving them tools with which to strike a balance between their work life and their private life. We have established an intranet containing policies and advice.

With the exception of our managers' ability to follow up on employee performance reviews, our work environment survey for 2008 showed substantial improvement. Our goal in 2009 is for

### RESULTS OF WORKING ENVIRONMENT SURVEY AMONG EMPLOYEES



**Figure 12.** 89 per cent of employees took part in the survey in 2008. The diagram lists selected material and major changes in the working environment survey from 2007 to 2008. An increase from 2007 to 2008 is an improvement of the result.



## CASE – WOMEN AND MANAGEMENT – INTERNATIONALISATION

### DANISH FEMALE EXECUTIVE SAFEGUARDS DONG ENERGY'S INTERESTS IN GERMANY

Annie Lykke Gregersen is one of the female executives with DONG Energy. Annie is 55 years old, and since January 2005 she has been one of the two CEOs of Stadtwerke Lübeck, of which DONG Energy owns 25.1%. As the manager of approximately 500 employees, she is responsible for the local production of electricity, heat and water as well as the distribution of power and water, purchases, IT, technical sale, security and project management. Annie has worked in Germany for a total of ten years and has 30 years of management experience. Today, she rarely thinks about the challenges of being a Danish female executive in Germany. "At first, my employees had some reservations about me since you rarely see a woman in my job in Germany. However, it was to my advantage that most Germans generally like Danes because of the informal tone we use among ourselves and our high



Annie Lykke Gregersen, Managing Director, Stadtwerke Lübeck

spirits. In addition, I got my management experience early and know that you gain respect for the managerial skills you have and the person you are

and not for which sex you are," Annie Lykke Gregersen says.

our managers to pay more attention to following up on the employee performance reviews, so we can get back up to the 2007-level, when our performance was satisfactory and in line with our benchmark companies.

#### Development potential

DONG Energy is a company dominated by male employees. In 2008, 70 per cent of our employees were male. Among our managers, the number was 75, among the senior management it was 80 and on our Executive Management 100. At DONG Energy, we aim to have more female managers and we have made a dedicated effort to that end.

For example, we have set up networks of female managers across our organisation. Each group was given an assignment rooted in our strategy and our accountability subjects. The pur-

pose is to give the female line managers more experience and an approach to strategic projects. An executive vice president has been attached to each network group to act as mentor and project owner.

The networks are working on six strategic projects and have created many new relations across the DONG organisation. That way, we have successfully informed and created a debate about women in management at DONG Energy. The network groups will be presenting their recommendations to the Executive Management in March 2009.

## SPECIAL FOCUS

# INTERNATIONALISATION

DONG Energy's future growth will occur abroad to a high degree. One of the consequences is increased mobility of employees across national borders.

That is why DONG Energy focuses more attention on how the reception and integration of foreign employees and their families in Denmark should be, and how expatriation of employees and their families to a country other than Denmark should be organised.

## Focus on the family in connection with expatriation

If expatriation is to be successful, all matters surrounding the employee must be in order. Employees feel best at home if the family moves with them to the new host country, and consequently DONG Energy's expatriation policy focuses on the family. The policy includes different expatriation packages arranged according to the individual employee's life circumstances.

If the family chooses to come along, it will be included from the beginning – from the very first information meeting

and on visits to the host country before the expatriation.

Spouse allowance is part of the contract, and DONG Energy will assist in any job search for the spouse if requested. The members of the family will be offered relevant cultural and language training.

## Language and networking for foreigners in Denmark

DONG Energy neither has a policy nor a standard practice yet for integrating foreigners who come to Denmark to work, but it will be a focus area in the future.

Language is one of the areas in which DONG Energy has not yet established its position. How many foreigners must be employed before the working language should be English?

One of the measures already taken is network formation. It is important that employees have a network – also outside the company. DONG Energy will assist in forming networks with other Danish companies recruiting international employees.

## Good conditions for local staff

When DONG Energy employs local staff in positions outside Denmark, they must be employed on decent terms. We offer far better terms of e.g. insurance and pension than the standard terms in other countries, but we are also responsive to local conditions. For example, the flexible employee benefits we offer in Denmark may be taxable in other countries, and therefore cannot be considered a benefit.

# BUSINESS ETHICS

Prevention of fraud and corruption

Responsibility  
GOOD BUSINESS  
ETHICS

Ethical guidelines  
for suppliers

## VISION: GOOD BUSINESS ETHICS

DONG Energy is a company based on good business ethics. We dissociate ourselves from corruption, bribery and other inappropriate business practices, and we make high demands on our own conduct. We wish to influence our business partners to respect principles of good business ethics. Our conduct must help promote good business practices and generally accepted social and environmental standards, regardless of where in the world we operate.

## Existing targets

| SUB AREA        | Objectives   | Achieved/progress  |
|-----------------|--|--------------------|
| Business ethics | Policy for preventing fraud and corruption to be adopted and communicated to all employees | Achieved           |
| Business ethics | Relevant employees to be trained in the policy for preventing of fraud and corruption      | Partially achieved |
| Suppliers       | Ethical guidelines for suppliers to be implemented in all tenders and contracts            | Partially achieved |
| Suppliers       | Based on a risk assessment, the markets in which DONG Energy is active must be screened    | Not achieved       |
| Suppliers       | Training of buyers to be commenced   | Achieved           |

## New targets

| SUB AREA        | Objectives  | Replaces existing targets |
|-----------------|---|---------------------------|
| Business ethics | A check-up will be initiated to identify whether a selected number of business areas comply with policy for good business conduct | New target                |
| Business ethics | Good business conduct to be integrated in all parts of the in-house training programmes   | New target                |
| Business ethics | 90 per cent of all executives to have in-depth knowledge of the policy for good business conduct                                  | New target                |
| Suppliers       | Ethical guidelines for suppliers to be implemented in all tenders and contracts   | New target                |
| Suppliers       | All markets in which DONG Energy is active must be risk- assessed and screened  | New target                |
| Suppliers       | Buyers (relevant) to be trained   | New target                |

# BUSINESS ETHICS

DONG Energy is an international company and a growth company. We are expanding in Northern Europe, and we have suppliers throughout the world. Increasingly, we trade in new markets in which we may face new problems in relation to corruption, bribery and other inappropriate business practices. At the same time, risks are also present in our existing markets, albeit to a lesser extent.

That is why it is becoming increasingly relevant for DONG Energy to have clear ethical guidelines for good business conduct and to actively protect ourselves against fraud and corruption.

As a starting point, we focus attention on our own conduct, but we also wish to influence our suppliers and other business partners to respect principles of good business conduct and generally accepted social and environmental standards to the extent possible.

## Focus on good business conduct

At the end of 2007, DONG Energy faced unfounded suspicion of attempted bribery in connection with our power station project in Greifswald, Germany. In May 2008, we were finally cleared of all suspicions by the German prosecution service. Irrespective of its unfounded nature, the case brought to light with regrettable clarity that the sole suspicion of inappropriate business conduct can be harmful.

Already before this case, DONG Energy's attitude to fraud and corruption was crystal clear: It is unacceptable.

In the autumn of 2007, DONG Energy initiated a work process intended to prevent fraud and corruption through clear guidelines, training, increased attention and risk hedging. The goal is to protect the business, the staff and the reputation of DONG Energy. Moreover, DONG Energy will promote a societal development where an increasing number of players partake in the fight against inappropriate business practices.

In early 2008, the supervisory board adopted DONG Energy's first policy for good business conduct. The policy summarises the views of the Group and determines guidelines for the individual employee. It also reviews a range of scenarios including dilemmas and grey areas that the employees may have to navigate through in their everyday lives. One of the important messages of

the policy is that everybody is responsible for raising issues or drawing attention to concerns that may reflect inappropriate business conduct – and that you can feel secure due to the established communication channels.

Concurrently with the supervisory board's adoption of the policy, a new Business Ethics Committee was set up chaired by DONG Energy CEO Anders Eldrup. The committee is responsible for assessing needs for specific guidelines on an ongoing basis and for initiating preventive analyses (check-ups). The committee is also responsible for investigating and handling any cases. In 2008, the committee investigated a case based on enquiries from employees or others.

In 2008, we focused on implementing the policy and attracting more attention to risk. Knowledge of the policy was examined in November when 78 per cent of the group's employees stated that they knew the policy, and nine out of ten replied that they would approach their superior, if they became concerned about matters relating to good business conduct. In addition, 52 per cent of all executives have completed e-learning. It is assessed that the target about all relevant employees having been trained in the policy by the end of 2008 has been achieved. In 2009, the first check-up will be initiated in one of our four business areas.

## Revised ethical guidelines for suppliers

As a company, we are co-responsible for our suppliers' conduct. We work to promote good business conduct and practices reflecting fair environmental and social standards by those we trade with.

In 2008, we started revising our requirements for suppliers in terms of quality, health, security and environment. We have compiled the requirements for suppliers in "DONG Energy's Code of Conduct" from 2007, which is the code of ethics describing DONG Energy's core values. The new guidelines will be available at DONG Energy's website in 2009, and we will regularly promote the standards through dialogue with our suppliers.

DONG Energy acknowledges that legislation and cultural patterns vary from one country to another. Our suppliers operate under different conditions. However, it is important to us that the entire production is performed by people who are treated with due consideration for human and employee rights and under the



best working conditions out of respect for the environment.

Our target was that the guidelines would be implemented for all suppliers in 2008. That target we did not meet. DONG Energy operates in many markets and works with many suppliers, and more extensive work was involved in implementing the guidelines than anticipated. We expect the guidelines to be fully implemented in 2009.

#### **Need for international sector collaboration**

The working conditions and image of DONG Energy depend on the working conditions and image of the entire energy industry. That is why DONG Energy has taken the lead in ensuring that the

principles of UN's Global Compact Initiative will also be observed generally in the coal and gas markets. In the autumn of 2008, DONG Energy prepared a presentation on UN's Global Compact Initiative and proposed to the Governing Board of the European Gas Industry Organisation, Eurogas, that the organisation adopt the UN initiative.

The proposal has been well received by the Governing Board of Eurogas and a working group under Eurogas has been requested to prepare a decision-making basis. DONG Energy has joined this working group with a view to assisting in the work which is expected to be complete in the course of 2009.

## HOW WE WORK

#### **DONG Energy aims to be a results-oriented, responsible and responsive company.**

Results-oriented means that we run an efficient business and focus on creating value. Responsible means that we show consideration for people, the climate, the environment and the need for efficient markets in everything we do. Responsive means that we are open to new ideas and willing to enter into dialogue about them.

DONG Energy will comply with the law in all its actions and decisions. But in a number of areas we want to go beyond regulatory compliance by making a special effort. Particularly where prudence dictates that we plan and develop our work.

Our work on responsibility is based on the following:

- Operating a responsible company is part of our values
- We listen to what our stakeholders expect of us – be it customers, shareholders, suppliers, politicians, employees or NGOs
- We analyse how and where we can and should take a social responsibility.

We became signatories to the UN Global Compact in 2006, and our work is guided by its principles. In 2008, DONG Energy became a member of the World Business Council for Sustainable Development (WBCSD) and of Business Social Responsibility (BSR.org).

#### **Stakeholder dialogue**

As a responsive and responsible business we recognise the importance of discussing and reconciling our expectations with

#### **GLOBAL COMPACT'S TEN PRINCIPLES**

##### **Human rights**

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

##### **Labour Standards**

4. Businesses should support the elimination of all forms of forced and compulsory labour.
5. Businesses should support the effective abolition of child labour.
6. Businesses should eliminate discrimination in respect of employment and occupation.

##### **Environment**

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

##### **Anti-Corruption**

10. Businesses should work against corruption in all its forms, including extortion and bribery.



relevant stakeholders. We are in dialogue with our surroundings and continuously seek to identify challenges and expectations in the public debate, both with respect to DONG Energy as a business, in relation to our industry and in relation to international companies in general.

We have a good overview of our principal stakeholders in Denmark. We consider the organisations, opinion-makers, decision-makers and citizens taking a proactive approach to our business or who - to a significant degree - are affected by our activities to be our stakeholders.

We enter into dialogue with our stakeholders on specific issues or themes. We want stakeholder dialogue to lead to specific action and reconciliation of expectations. Consequently, we do not have systematic or periodic discussions with all stakeholders.

In 2008, we launched a more systematic identification of stakeholders in countries other than Denmark in which we operate. In these countries, the decentralised business units have typically already entered into dialogue with principal stakeholders, e.g. in connection with new construction of wind turbines, power stations and the like.

In 2008, the external dialogue primarily focused on climate issues, and we have had discussions with Greenpeace, WWF and the Danish Society for Nature Conservation, including the Danish Economic Council and the Agricultural Council of Denmark. Some discussions may lead to direct measures but others are included in further considerations and strategic decision-making processes, e.g. placing of demonstration plants and new plants. The new visions and long-term targets defined by DONG Energy in relation to the climate issues and our production facilities have been inspired i.a. by the above-mentioned meetings with environmental organisations.

With respect to the employees, DONG Energy conducted a climate survey, also in 2008, which will function as a starting point, both for some general changes and for a specific dialogue between employees and their immediate superior about needs and possibilities in terms of improving the working climate.

### **Responsibility of the management and the supervisory board**

The supervisory board has the ultimate responsibility for DONG Energy, also when it comes to issues related to social responsibility. The overall targets for the company are set by the supervisory board. The supervisory board had eleven members in 2008. Eight are elected by DONG Energy's shareholders at the

annual general meeting. The remaining four are employee representatives elected by the group's employees. Further details of the composition of the supervisory board are given in DONG Energy's financial annual report.

The executive board is responsible for the day-to-day operation of DONG Energy. Ethically sustainable business practice is a matter for all business areas and line managers, and staff functions within environment, health and safety and human resource development support this work.

A reputation committee has been set up, which will approve strategies and targets within the corporate responsibility area and approve the corporate responsibility report and nominate the executive board. This committee is a management forum with representatives from all relevant business areas and staff functions.

The supervisory board continuously monitors our performance in the environmental and occupational health and safety area group segments. The executive board receives monthly reports. This ensures that the actions and policies are continuously improved.

### **Experience**

There are many companies facing the same questions and issues as us in relation to being a responsible company. We therefore prioritise being an active participant in national and international fora in which experience is exchanged and methods developed that can strengthen our efforts in the field of corporate responsibility.

### **Reporting**

Each year, we will report our corporate responsibility efforts based on the reporting guidelines prepared by the international Global Reporting Initiative (GRI). We prioritise writing about subjects on which DONG Energy has the most significant impact. The reporting is made each calendar year. The Corporate Responsibility Report 2007 was published on March 10, 2008.

### **Controls**

We regularly carry out internal audits, where we ensure that we are actually applying our efforts in the way that was intended. The parts of DONG Energy that are certified based on environmental and occupational health and safety management standards are also audited by external auditors.

We have our corporate responsibility report audited in accordance with International Standards on Assurance Engagements (ISAE3000) to obtain an external assurance of our data quality.

# ACCOUNTING POLICIES 2008

The performance summary on page 39–40 of the Corporate Responsibility Report aims to cover data from the four business units in DONG Energy: oil and gas exploration and production (Exploration & Production); power and heat generation (Generation); Sales of power and gas to wholesale and trading on energy markets (Energy Markets). Sales and distribution of power, gas and related products to private customers, companies and public institutions (Sales & Distribution).

## Relevance and materiality

A decision was made by management in 2008 that DONG Energy's corporate responsibility reporting should be based on criteria provided in the international reporting standard Global Reporting Initiative. Selection of data included in the 2008 corporate responsibility reporting has consequently been made on the basis of assessments described under "GRI reporting".

Management's reasons for selecting the environmental data that are included in the data section of the Corporate Responsibility Report 2008 are based on evaluations performed by the business units in 2007 of their environmental impacts, the environmental strategy subsequently established in 2012 and the underlying key performance indicators (KPIs) identified for one or more business units.

The choice of occupational injuries and injury frequency rate as the key occupational health and safety parameter is based on a management decision. The same applies to the employee data that have been chosen for inclusion in the data section.

All environmental data and additional employee data can be found at [dongenergy.com](http://dongenergy.com).

## GRI reporting

The reporting of DONG Energy is based on the Global Reporting Initiative (GRI), version 3, and the Electricity Utility Sector Supplement, which is under revision.

In 2008, DONG Energy chose to perform an assessment of materiality of the GRI indicators based on the methodology proposed by GRI. The Corporate Responsibility department carried out this assessment which led to a roughly 30 per cent reduction of the indicators reported relative to 2007. This selection of priorities is available at [dongenergy.com](http://dongenergy.com). Following this assess-

ment, the business units were given the opportunity to comment on the selection from a business point of view. Relevant executive directors, functional managers and line managers then chose a number of indicators they considered important. A description of the method and the results of the selection can be found at [dongenergy.com](http://dongenergy.com).

## Completeness and data quality

The data section of DONG Energy's Corporate Responsibility Report for the 2008 financial year describes environmental, occupational health and safety and employee data for the business units and their activities with the delimitations set out in this description of the accounting policies applied for 2008.

The internal recording and reporting systems for the 2008 financial year have been centralised and streamlined to ensure that data in the consolidated reporting can be reproduced in accordance with the stated methods of recognition and measurement and calculation of data. Internal systems and procedures, including controls to ensure that incorrect data are not recognised in the Corporate Responsibility Report are being established, but have not yet been implemented and procured for all areas. We will continue this work in 2009. Taking into account the uncertainties that still exist as a consequence of the ongoing work, data recognised in the consolidated reporting are based on the data reported by the group's business areas.

## Financial data

Financial highlights reproduced in the Corporate Responsibility Report come from DONG Energy's financial annual report for 2008 in which the accounting policies are described in detail.

## About environmental data

Environmental data comprise data relating to consumption, emissions and discharges, waste and CO<sub>2</sub> allowances and other environmental data.

## Business unit: Generation

The reporting of environmental data comprises all operational activities at DONG Energy and the group's subsidiaries as well as joint ventures. The latter is calculated according to ownership interest. The reporting does not include associated undertakings, construction projects, development projects or similar activities that are not part of the ordinary course of business.

**Business unit: Exploration and Production**

The reporting of production comprises all operational activities in DONG Energy and the group's subsidiaries as well as joint ventures. The latter is calculated according to ownership interest.

In the case of activities for which DONG Energy is not the operator, only environmental impacts from the production activities are included, not impacts from administrative support functions.

The reporting does not include construction projects, exploration and drilling projects, development projects or similar activities that are not part of the ordinary course of business. The only exception is the calculation of emissions of red chemicals from drilling activities in the oil and gas segment.

No data are received for waste and chemicals from fields not operated by DONG Energy. Data for December from external operators will be received after the completion of the reporting, which is why the December data will be recognised as corresponding to the November data.

**Business unit: Sales & Distribution**

The reporting of environmental data comprises all operational activities at DONG Energy and the group's subsidiaries as well as joint ventures in which DONG Energy has the operational responsibility. The latter is calculated according to ownership interest. The reporting does not include associated undertakings.

**About occupational health and safety**

The reporting comprises data on occupational injuries and lost time injury frequency rate resulting from injuries suffered by own employees or suppliers' employees performing work on locations where DONG Energy holds the safety responsibility. The data derive from companies owned or co-owned by DONG Energy and in which DONG Energy holds the direct safety responsibility.

**About employees**

The reporting comprises employees in Danish and foreign group companies, except for associated companies and a few companies in which DONG Energy does not have the controlling influence on employment relationships.

**About production**

The reporting of production comprises all operational activities in DONG Energy and the group's subsidiaries as well as joint ventures. The latter is calculated according to ownership interest. The reporting does not include associated undertakings.

**Additions and disposals during the year**

If an activity has not been owned by DONG Energy for the entire reporting period, the activity is included from the commissioning date or the date of acquisition or up to the date of transfer.

In 2008, DONG Energy sold its stake in the water and district heating activities of EnergiGruppen Jylland A/S and its Greek wind assets.

**Changes to performance summary compared with 2007**

Changes to financial data for 2007 are described in the financial annual report for 2008. Significant environmental accidents in 2008 included for accidents with actual consequences for the environment. As a consequence the figures for the previous years has been changed. In the previous accounting policy accidental accidents which had been estimated as having a possible negative consequence for the environment was included.

The calculation of occupational injuries was changed for 2008 to the effect that the injury of an employee who cannot perform his or her normal duties due to an occupational injury, but is instead given restricted work, is not recognised as a lost time injury.

As opposed to 2007, drilling waste from our own drillings has not been included under waste for 2008. In 2008, the registration of waste fractions was improved, and the recycling rate trends for 2007 and 2008 are therefore not comparable.

Relative to 2007, accounting policies have been changed since the calculation of non-financial production data follows the calculation of financial data. Data from associated undertakings are thus not included, as opposed to 2007. This applies to Salt-en Kraftsamband and Narvik; both companies produce energy from renewable sources.

**General calculation methods**

The performance summary uses three overall calculation methods. Measured: Measured data are data based on invoices or on

ongoing measurements. Calculated: Calculated data are data based on calculated volumes or data where the annual results are based on limited or isolated random testing. Estimated: Estimated data are data that have been estimated if the two other calculation methods could not be applied.

## PRODUCTION

### Power generation, total

Production has been calculated as the net generation sold based on settlements from the official Danish production database, Panda.

### Power generation from renewable sources

Production is predominantly calculated as net generation sold based on settlements from the Panda database. Data on production from foreign, non-operated and renewable energy facilities are provided by the operators.

For the hydropower plant Indalselven, under Kraftgården A/B, ownership interest has been converted to an annual right of withdrawal from the plant, and consequently the reporting is based on the annual withdrawals and not on total production calculated on the basis of ownership interest.

### Heat generation, total

Production has been calculated as production sold. The calculation is made by each plant and compiled centrally.

### Heat generation from renewable sources

Heat generation is based on the monthly heat withdrawals from geothermal water.

### Natural gas production

Production is based on meter readings on delivery to shore.

### Oil production

Production is based on meter readings on delivery to shore.

### Percentage of CO<sub>2</sub>-neutral fuels at power stations

The consumption at the power stations is measured on input into production or calculated on the basis of fired volume. The percentage of CO<sub>2</sub>-neutral fuels is calculated at corporate level as biomass and waste used for power and heat generation.

Emissions from waste are calculated based on Energinet.dk's model, where 80 per cent of waste is considered CO<sub>2</sub>-neutral,

while the remaining fraction is considered to be CO<sub>2</sub>-emitting.

## CONSUMPTION

### Power consumption in administration

Based on settlements. No power is reported from buildings with one per cent or less of the total headcount.

### Heat consumption in administration

Based on settlements. No heat is reported from buildings with one per cent or less of the total headcount.

### Fuel for service vehicles

#### Diesel

Based on reporting from leasing partner.

Transportation has been calculated only for service in distribution and Danish company cars leased from Nordania leasing.

#### Petrol

Based on reporting from leasing partner.

Transportation has been calculated only for service in distribution and Danish company cars leased from Nordania leasing.

## EMISSIONS

### Carbon dioxide CO<sub>2</sub> – emissions subject to allowances

CO<sub>2</sub> emissions are calculated for facilities that are subject to CO<sub>2</sub> allowances and for which DONG Energy is responsible either in its capacity as operator or in its capacity as accountable for operations, and in accordance with the methods laid down in the Danish Act on CO<sub>2</sub> allowances.

### Carbon dioxide CO<sub>2</sub> – emissions not subject to allowances

CO<sub>2</sub> emissions from other processes, etc. not subject to allowances, are calculated using plant-specific emission factors, Energinet.dk's electricity declaration 2007, standard factor from the Danish Energy Agency for emissions from heat, etc. On other offshore oil and gas production facilities that are not subject to the Danish Act on CO<sub>2</sub> allowances, sector-specific emission factors from OGP (1995) are used. Data are based on the consumption of natural gas and oil products.

### Nitrogen oxides NO<sub>x</sub> and sulphur oxides SO<sub>x</sub>

For the power stations, emissions are mainly calculated on the

basis of continuous measurement. A few power stations use plant-specific emission factors to calculate emissions. Exploration & Production uses sector-specific emission factors from OGP (report 1995). In relation to distribution of power and gas, etc., nitrogen oxide emissions and sulphur oxide emissions from other processes, etc. are calculated using plant-specific emission factors or standard factors from the Danish Energy Agency, the Danish National Environmental Research Institute, and others. Data are based on the consumption of natural gas and oil products.

#### **Natural gas flaring (offshore and at gas storage facility)**

For offshore plants, the data are based on ultrasonic measurements. The gas storage facilities calculate volumes based on pressure and the dimension of the emptied process plant.

#### **Oil discharged to the sea from production platforms**

Based on extracted and injected volumes including measurement of content (oil and water). Oil discharged with produced water is calculated on the basis of three daily random samples that are analysed for oil content; one test every 24 hours based on ballast water.

#### **Reinjection of produced water at production platforms**

Based on pump capacity, pressure and time.

### **WASTE**

#### **Reuse of waste in administration (incl. project-related waste)**

Waste is calculated based on invoices received from waste recipients. No waste is reported from buildings with one per cent or less of the total headcount. Waste from the construction site at Nesa Allé is not included, as the contractor disposes of all waste as part of the turnkey contract.

#### **Reuse of waste in commercial activities (incl. project-related waste)**

Waste is calculated based on invoices received from waste recipient or using plant-specific measuring methods. For offshore plants and power stations, the reporting includes drilling projects and projects on existing installations, as waste data from projects form part of the overall waste data at the plants.

### **OTHER DATA**

#### **Significant environmental accidents**

Based on corporate procedures for impact analyses in connection with environmental accidents, the effect and materiality of environmental accidents are evaluated. Environmental accidents are adverse events having an adverse impact on the environment. Accidents are only calculated for facilities operated by DONG Energy and operating activities. Accidents have not been calculated for installations not operated by DONG Energy or for projects.

#### **Excavation damage to gas pipelines**

Any excavation damage is reported in the internal incident reporting system, Synergi.

#### **Gas leaks due to excavation damage**

Any gas leaks are calculated based on pressure and dimension of the affected process plant, and the period of time during which it was open.

### **EMPLOYEES**

#### **Number of employees**

The number of employees is calculated as the number of employees employed at the end of the financial year translated into full-time equivalents.

The number of employees by gender and country is based on the average number of employees during the financial year. The average number of employees is calculated as the average number of employees at the beginning and at the end of the year.

Employees are defined as employees in Danish and foreign group companies, except for associated undertakings and a few companies in which DONG Energy does not have the controlling influence on employment relationships.

#### **Employee turnover**

Employee turnover is calculated as the number of employees that leave the group during the financial year relative to the average number of employees during the financial year. The average number of employees is calculated as the average number of employees at the beginning and at the end of the year.



### Average age

The average age is calculated as the average age of persons employed at the end of the financial year.

## OCCUPATIONAL HEALTH AND SAFETY

### Occupational health and safety

Includes data for own employees and suppliers working in or providing services in areas in which DONG Energy is directly responsible for safety in its capacity as operator or because of the operating assignment or the construction/project planning assignment. Data from Danish and some foreign sites are included. Only supplier data from administration that pertain to activities such as cleaning, canteen services and ongoing construction of Danish administration are included. The criteria for recognising suppliers vary according to the individual business segments and over time, as it is DONG Energy's policy to recognise all suppliers. This was not possible in 2008.

### Occupational injuries

An occupational injury is defined as an injury that results in absence of one day or more in addition to the day of the incident.

### Injury frequency rate

The injury frequency rate is calculated as the lost time injury frequency per one million hours worked. For DONG Energy's employees, an indicator of 1,600 working hours per year per employee is applied, regardless of whether the employee works full-time or part-time, except for the Exploration and Production business segment, which bases its registration on hours worked. In respect of DONG Energy's suppliers, the actual number of hours worked is included on the basis of data received from suppliers, access control systems at the locations or estimates. The injury frequency rate and any upward or downward trends are subject to some uncertainty owing to the data basis for working hours and the varying criteria for recognising suppliers. The injury frequency rate is calculated on a monthly basis. The calculation of annual data is based on the monthly statements.

# ASSURANCE STATEMENT

## **Assurance Statement for DONG Energy's stakeholders from independent auditor**

We have assessed DONG Energy's 2008 Corporate Responsibility Report for the purpose of expressing an opinion on the Report's Performance Summary on pages 42-43.

## **Criteria for preparation of the Corporate Responsibility Report Performance Summary**

The criteria for preparation of the Corporate Responsibility Report Performance Summary are evident from the accounting policies described on pages 35-39. These contain information concerning which of the Group's business areas and activities are included in the reporting types of data and Management's reasons for choosing the data included. The data are factored into the Performance Summary in accordance with the accounting policies described on pages 35-39. According to these, "the internal recording and reporting systems for the 2008 financial year have been centralised and streamlined to ensure that data in the consolidated reporting can be reproduced in accordance with the stated methods of recognition and measurement and calculation of data. Internal systems and procedures, including controls to ensure that incorrect data are not recognised in the Corporate Responsibility Report, are being established, but have not yet been implemented and produced for all areas. We will continue this work in 2009. Taking into account the uncertainties that still exist as a consequence of the ongoing work, data recognised in the consolidated reporting are based on the data reported by the group's business areas."

## **Delegation of responsibility**

Company Management is responsible for preparing the Corporate Responsibility Report, including for establishing registration and internal control systems with a view to ensuring reliable reporting, specifying acceptable reporting criteria as well as choosing data to be collected. Our responsibility is, on the basis of our work, to express an opinion on the Corporate Responsibility Report Performance Summary.

## **Scope of our work**

We have planned and completed our work in accordance with the International Auditing Standard ISAE 3000 (assurance engagements other than audits or review of historical financial information) for the purpose of obtaining limited assurance that the data presented on pages 42-43 have been computed in

accordance with the stated criteria for preparation of the Corporate Responsibility Report Performance Summary.

The obtained assurance is limited as we have not performed a comprehensive review. Our work has thus - based on assessment of materiality and risk - comprised inquiries regarding applied registration and reporting systems and procedures, auditing analyses of data used in connection with preparation of the Performance Summary, judgemental samples of data and underlying documentation, including control of whether the scope of the Performance Summary complies with the guidelines of the described accounting policies.

## **Conclusion regarding the Corporate Responsibility Report Performance Summary**

Based on our review, nothing has come to our attention that causes us to believe that the data presented in the 2008 Corporate Responsibility Report on pages 42-43 have not been included in accordance with the stated criteria for, and risks related to, preparation of the Corporate Responsibility Report Performance Summary.

## **Special statement on GRI reporting and the principles of the UN Global Compact**

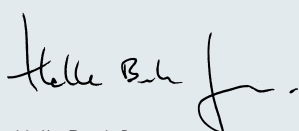
According to agreement with DONG Energy, we have assessed the extent to which DONG Energy has applied the Global Reporting Initiative Sustainability Reporting Guidelines (GRI-3) Application Level B+ for the accounting year 2008. We have made our assessment by checking whether reporting from DONG Energy contains the required information regarding Profile Disclosures, Management Approach Disclosures and a minimum of 20 Performance Indicators, including at least one from economic, environment, human rights, labour, society and product responsibility. Our work has primarily comprised a review of the documentation presented, including chosen inquiries and judgemental sample tests of data. The review has been performed in order to determine whether the documentation complies with the requirements in the GRI-3 reporting framework. We have also, according to agreement with DONG Energy, reviewed DONG Energy's own assessment of how reporting information and underlying policies, systems and activities are aligned with and support the principles of the UN Global Compact.

Based on our review, nothing has come to our attention that contradicts DONG Energy's self assessment of the extent to which its reporting on Standard Disclosures, including Profile Disclosures, Management Approach Disclosures and Performance Indicators, is in accordance with the GRI-3 reporting framework, including GRI's Draft Electric Utility Sector Supplement. Moreover, nothing has come to our attention that causes us to believe that DONG Energy's reporting does not provide a reasonable and balanced presentation of its responsibility performance. We are thus able to state that nothing has come to our attention that causes us to believe that DONG Energy has not reported in accordance with GRI-3 Application Level B+. Furthermore, we are of the opinion that the policies, systems and activities taken as a whole support Management's commitment to the UN Global Compact, while systems and activities are in the implementation phase regarding ethical guidelines in the supply chain and anti-corruption.

Copenhagen, 6 March 2009

**PricewaterhouseCoopers**

Statsautoriseret Revisionsaktieselskab



Helle Bank Jørgensen  
State Authorised  
Public Accountant



Birgitte Mogensén  
State Authorised  
Public Accountant

# PERFORMANCE

## FINANCIAL DATA

|  |             |                | 2008     | 2007     | 2006     |
|--|-------------|----------------|----------|----------|----------|
| Revenue  | DKK million | Financial rep. | 60,777   | 41,625   | 36,564   |
| Production costs                                     | DKK million | Financial rep. | (50,334) | (34,078) | (27,099) |
| Staff costs  | DKK million | Financial rep. | (3,253)  | (2,821)  | (1,781)  |
| - of which to Supervisory Board and Executive Board  | DKK million | Financial rep. | (29)     | (35)     | (22)     |
| Research and development costs incurred 1)           | DKK million | Financial rep. | (1,082)  | (479)    | (210)    |
| - of which development costs recognised under assets | DKK million | Financial rep. | 117      | 236      | 136      |
| Profit for the year                                  | DKK million | Financial rep. | 4,815    | 3,259    | 5,039    |
| - of which proposed dividends                        | DKK million | Financial rep. | 1,926    | 1,469    | 1,967    |
| Government grants                                    | DKK million | Financial rep. | 583      | 595      | 160      |
| - of which recognised in income statement            | DKK million | Financial rep. | 559      | 535      | 72       |
| Income tax paid                                      | DKK million | Financial rep. | (1,759)  | (83)     | (2,384)  |

## PRODUCTION

|  |       |            |            |            |            |
|--|-------|------------|------------|------------|------------|
| Power generation, total  | GWh   | Measured   | 18,536     | 20,534     | 26,278     |
| - of which power generation from renewable sources             | GWh   | Measured   | 2,578      | 3,224      | 3,162      |
| Heat generation, total   | GJ    | Measured   | 46,380,451 | 47,257,249 | 50,508,178 |
| - of which heat generation from renewable sources              | GJ    | Measured   | 58,608     | 51,829     | 40,100     |
| Natural gas production   | mmboe | Measured   | 8.5        | 2.2        | 1.7        |
| Oil production   | mmboe | Measured   | 10.0       | 9.1        | 12.1       |
| Percentage of CO <sub>2</sub> -neutral fuels at power stations | %     | Calculated | 14         | 14         | 10         |

## CONSUMPTION

|                                     |     |                    |        |        |        |
|-------------------------------------|-----|--------------------|--------|--------|--------|
| Power consumption in administration | MWh | Measured           | 14,892 | 11,205 | 9,003  |
| Heat consumption in administration  | GJ  | Measured/estimated | 28,113 | 17,922 | 19,585 |

## Fuel for service vehicles

|        |                |          |       |     |                |
|--------|----------------|----------|-------|-----|----------------|
| Diesel | m <sup>3</sup> | Measured | 1,028 | 868 | not calculated |
| Petrol | m <sup>3</sup> | Measured | 11    | 7   | not calculated |

## EMISSIONS

|  |                                       |                     |           |           |           |
|--|---------------------------------------|---------------------|-----------|-----------|-----------|
| Carbon dioxide CO <sub>2</sub>                             | million tonnes CO <sub>2</sub>        | Measured/calculated | 12.7      | 14.0      | 18.2      |
| Total emissions of greenhouse gases                        | million tonnes CO <sub>2</sub> equiv. | Measured/calculated | 12.9      | 14.2      | 18.3      |
| Nitrogen oxide NO <sub>x</sub>                             | tonnes                                | Measured/calculated | 11,650    | 17,006    | 25,352    |
| Sulphur dioxide SO <sub>2</sub>                            | tonnes                                | Measured/calculated | 3,507     | 4,199     | 6,629     |
| Natural gas flaring (offshore and at gas storage facility) | Nm <sup>3</sup>                       | Measured/calculated | 8,622,958 | 9,681,220 | 8,403,931 |
| Oil discharged to the sea from production platforms        | tonnes                                | Measured            | 24        | 23        | 26        |
| Reinjection of produced water on production platforms      | %                                     | Measured            | 51        | 56        | 59        |

1) Including project development

**WASTE**

|   |   |          | 2008 | 2007 | 2006 |
|---|---|----------|------|------|------|
| Reuse of waste in administration (incl. project-related waste)        | % | Measured | 10   | 45   | 20   |
| Reuse of waste In commercial activities (incl. project-related waste) | % | Measured | 62   | 45   | 48   |

**ENVIRONMENTAL ACCIDENTS AND EXCAVATION DAMAGE**

|   |                 |            |        |        |                |
|---|-----------------|------------|--------|--------|----------------|
| Significant environmental accidents <sup>1)</sup> | no.             | Measured   | 1      | 2      | Not calculated |
| Excavation damage to gas pipelines                | no.             | Measured   | 107    | 118    | 128            |
| Methane leaks due to excavation damage            | Nm <sup>3</sup> | Calculated | 25,490 | 63,647 | 25,797         |

**EMPLOYEES**

|                                  |       |  |       |       |       |
|----------------------------------|-------|--|-------|-------|-------|
| Employees, full-time equivalents | no.   |  | 5,644 | 5,042 | 4,412 |
| - women                          | %     |  | 29    | 29    | 30    |
| - men                            | %     |  | 71    | 71    | 70    |
| - Denmark                        | %     |  | 96    | 97    | 97    |
| - other countries                | %     |  | 4     | 3     | 3     |
| Executives                       | no.   |  | 56    | 49    | 45    |
| - women                          | %     |  | 9     | 8     | 10    |
| - men                            | %     |  | 91    | 92    | 90    |
| Employee turnover                | %     |  | 12    | 14    | -     |
| Average age                      | years |  | 43    | 43    | 43    |

**OCCUPATIONAL HEALTH AND SAFETY**

|                                     |                          |  |     |      |      |
|-------------------------------------|--------------------------|--|-----|------|------|
| Occupational injuries <sup>2)</sup> | no.                      |  | 112 | 112  | 99   |
| Total injury frequency              | per million hours worked |  | 25  | 29   | 32   |
| Lost time injury frequency          | per million hours worked |  | 7.4 | 10.3 | 10.4 |
| Fatal accidents                     | no.                      |  | 1   | 0    | 0    |

1) The 2007 figure has been adjusted in accordance with the accounting policies for 2008.

2) The 2006 and 2007 figures have been adjusted in accordance with the accounting policies for 2008. Frequency rates have been adjusted accordingly.

# GRI CONTENT INDEX

DONG Energy's reporting is in accordance with the Global Reporting Initiative (GRI) sustainability reporting guidelines (GRI3) and the GRI draft Electric Utility Sector Supplement. The supplement includes indicators (so-called "EU" indicators) specifically targeting electric utilities. DONG Energy has applied the GRI3 guidelines for reporting on profile, management approach and indicators. The index below indicates where the GRI responses are found. Most of the responses to the indicators may be found at [dongenergy.com](http://dongenergy.com). The following symbols indicate the extent to which the reporting complies with the GRI3 guidelines, including the GRI indicator protocols:

- Fully reported
- Partially reported
- Not reported

|   | GRI indicator | Reference                                      |
|---|---------------|--|
| <b>Profile</b>  |               |  |
| <b>Strategy and analysis</b>  |               |  |
| ● CEO statement   | 1.1           | page 5-8                                       |
| ● Description of key impacts, risks, and opportunities  | 1.2           | page 5 and financial report pages 10-11, 40-45 |
| <b>Organisational profile</b>   |               |  |
| ● Name of the organisation  | 2.1           | page 3   |
| ● Primary brands, products, and/or services   | 2.2           | page 3   |
| ● Operational structure of the organisation, incl. main divisions, operating companies, subsidiaries and joint ventures | 2.3           | financial report pages 140-144                 |
| ● Location of organisation's headquarters   | 2.4           | page 3   |
| ● Countries where the organisation operates   | 2.5           | page 3   |
| ● Nature of ownership and legal form.   | 2.6           | page 3   |
| ● Markets served  | 2.7           | page 3   |
| ● Scale of the reporting organisation   | 2.8           | page 3 and on-line                             |
| ● Significant changes during the reporting period regarding size, structure or ownership                                | 2.9           | financial report pages 94, 103-104             |
| ● Awards received in the reporting period   | 2.10          | on-line  |
| ● Total capacity (MW), broken down by energy source and by country or regulatory regime                                 | EU1           | on-line  |
| ● Number of residential, industrial and commercial customer accounts  | EU2           | pages 4 and 21                                 |
| ● Length of transmission and distribution lines by voltage  | EU3           | on-line  |
| ● Allocation of CO <sub>2</sub> emissions permits, broken down by country or regulatory regime                          | EU4           | on-line  |
| <b>Parameters</b>   |               |  |
| ● Reporting period  | 3.1           | pages 34 and 35                                |
| ● Date of the most recent report  | 3.2           | page 34  |
| ● Reporting cycle   | 3.3           | page 34  |
| ● Contact point for questions regarding the report and its content  | 3.4           | page 2   |
| ● Process for defining report content   | 3.5           | pages 35-39 and on-line                        |
| ● Boundary of the report  | 3.6           | pages 35-39                                    |
| ● Specific limitations on the scope or boundary of the report   | 3.7           | pages 35-39                                    |
| ● Basis for reporting on joint ventures, subsidiaries, leased facilities, outsource operations, etc.                    | 3.8           | pages 35-39                                    |
| ● Data measurement techniques and the bases of calculations   | 3.9           | pages 35-39                                    |

"On-line" refers to [dongenergy.com](http://dongenergy.com) – select "GRI quick access"



|  | GRI indicator | Reference                                |
|--|---------------|--|
| ● Explanation of the effect of any re-statements of information in earlier reports   | 3.10          | pages 35-39                              |
| ● Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report   | 3.11          | pages 35-39                              |
| ● GRI content index  | 3.12          | pages 44-48                              |
| ● Assurance  | 3.13          | pages 40-41                              |
| <b>Governance, commitments, and engagement</b>   |               |  |
| ● Governance structure of the organisation, including committees under the highest governance body   | 4.1           | page 34 and financial report pages 50-51 |
| ● Indicate whether the chair of the highest governance body is also an executive officer   | 4.2           | page 34 and financial report cover       |
| ● The number of members of the highest governance body that are independent and/or nonexecutive members  | 4.3           | page 34 and financial report pages 50-51 |
| ● Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body   | 4.4           | financial report pages 50-51             |
| ● Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance (incl. Social and environmental performance)                                    | 4.5           | financial report pages 50-51             |
| ● Processes in place for the highest governance body to ensure conflicts of interest are avoided   | 4.6           | financial report pages 50-51             |
| ● Process for determining the qualifications and expertise of the members of the highest governance body   | 4.7           | financial report pages 50-51             |
| ● Internally developed statements of mission or values, principles etc. and the status of their implementation   | 4.8           | page 33                                  |
| ● Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance   | 4.9           | page 34 and financial report pages 50-51 |
| ● Processes for evaluating the highest governance body's own performance   | 4.10          | financial report pages 50-51             |
| ● Explanation of whether and how the precautionary approach or principle is addressed  | 4.11          | pages 9, 19 and 33                       |
| ● Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses   | 4.12          | page 33                                  |
| ● Memberships in associations and or advocacy organisations  | 4.13          | see SO5 response on-line                 |
| ● List of stakeholder groups engaged by the organisation   | 4.14          | on-line                                  |
| ● Basis for identification and selection of stakeholders with whom to engage   | 4.15          | page 33-34                               |
| ● Approaches to stakeholder engagement, including frequency by type and group  | 4.16          | page 33-34                               |
| ● Key topics and concerns that have been raised through stakeholder engagement   | 4.17          | page 6-8 and page 33-34                  |
| <b>Management approach</b>   |               |  |
| ● Disclosure on management approach: economic  |               | financial report pages 12-13             |
| ● Disclosure on management approach: environmental   |               | pages 9, 16 and 31-33                    |
| ● Disclosure on management approach: labour practices and decent work  |               | pages 27-29 and 31-33                    |
| ● Disclosure on management approach: human rights  |               | pages 27-29 and 31-33 and on-line        |
| ● Disclosure on management approach: society   |               | pages 31-32                              |
| ● Disclosure on management approach: product responsibility  |               | pages 20-25                              |
| <b>Economic</b>  |               |  |
| ● Planning to ensure short and long-term electricity availability and reliability  | EU5           | on-line                                  |
| ● Demand-side management programmes including residential, commercial and industrial programmes  | EU6           | pages 21-22 and on-line                  |
| ● Research and development activity aimed at providing reliable and affordable electricity and promoting sustainable development   | EU7           | pages 12-14 and on-line                  |
| ● Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments | EC1           | page 42                                  |

"On-line" refers to [dongenergy.com](http://dongenergy.com) – select "GRI quick access"

|  | GRI indicator | Reference               |
|--|---------------|-------------------------|
| ● Financial implications and other risks and opportunities for the organisation's activities due to climate change                             | EC2           | pages 9-15 and on-line  |
| ● Significant financial assistance received from government  | EC4           | page 42                 |
| ● Planned capacity (MW) against projected electricity demand over the long term, broken down by energy source and country or regulatory regime | EU9           | on-line                 |
| ● Estimated energy (MWh) saved through demand-side management programmes, broken down by residential, commercial and industrial customers      | EU11          | pages 21-22 and on-line |
| ▮ Average generation efficiency by energy source and by country or regulatory regime   | EU12          | on-line                 |
| ● Transmission and distribution efficiency   | EU13          | on-line                 |

## Environment

|   |      |                     |
|---|------|---------------------|
| ● Materials used by weight or volume  | EN1  | on-line             |
| ● Percentage of materials used that are recycled input materials  | EN2  | on-line             |
| ● Direct energy consumption by primary energy source  | EN3  | on-line             |
| ● Indirect energy consumption by primary source   | EN4  | on-line             |
| ▮ Energy saved due to conservation and efficiency improvements  | EN5  | on-line             |
| ● Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives   | EN6  | on-line             |
| ● Total water withdrawal by source  | EN8  | on-line             |
| ● Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas   | EN11 | on-line             |
| ▮ Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.                                   | EN12 | on-line             |
| ● Total direct and indirect greenhouse gas emissions by weight  | EN16 | page 42 and on-line |
| ● Initiatives to reduce greenhouse gas emissions and reductions achieved  | EN18 | on-line             |
| ● NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.   | EN20 | page 42 and on-line |
| ● Total water discharge by quality and destination  | EN21 | on-line             |
| ● Total weight of waste by type and disposal method   | EN22 | on-line             |
| ● Total number and volume of significant spills   | EN23 | page 43 and on-line |
| ● Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I,II, III, and VIII, and percentage of transported waste shipped internationally | EN24 | on-line             |
| ● Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations  | EN28 | on-line             |
| ● Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.                                 | EN29 | on-line             |

## Labour practices & decent work

|  |      |                        |
|--|------|------------------------|
| ● Total workforce by employment type, employment contract, and region  | LA1  | page 43                |
| ○ Total subcontracted workforce  | EU16 | on-line                |
| ▮ Percentage of contractors and subcontractors that have undergone relevant health and safety training                           | EU17 | on-line                |
| ● Total number and rate of employee turnover by age group, gender, and region  | LA2  | page 43                |
| ● Benefits provided to full-time employees covered by collective agreements  | LA4  | on-line                |
| ● Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements | LA5  | on-line                |
| ▮ Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region             | LA7  | page 27-28 and page 43 |

"On-line" refers to [dongenergy.com](https://dongenergy.com) – select "GRI quick access"

|   | GRI indicator | Reference           |
|---|---------------|---------------------|
| Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases | LA8           | on-line             |
| Average hours of training per year per employee by employee category  | LA10          | on-line             |
| Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings                         | LA11          | on-line             |
| Percentage of employees receiving regular performance and career development reviews  | LA12          | on-line             |
| Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity           | LA13          | page 43 and on-line |
| Ratio of basic salary of men to women by employee category  | LA14          | on-line             |

## Human rights

|   |     |         |
|---|-----|---------|
| Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening                                  | HR1 | on-line |
| Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken   | HR2 | on-line |
| Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained     | HR3 | on-line |
| Total number of incidents of discrimination and actions taken   | HR4 | on-line |
| Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights       | HR5 | on-line |
| Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour                               | HR6 | on-line |
| Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour | HR7 | on-line |

## Society

|  |      |                     |
|--|------|---------------------|
| Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting | SO1  | on-line             |
| Participatory decision making processes with stakeholders and outcomes of engagement   | EU18 | page 34 and on-line |
| Contingency planning measures and disaster/emergency management plan and training programmes, and recovery/restoration plans   | EU20 | on-line             |
| Percentage and total number of business units analysed for risks related to corruption   | SO2  | on-line             |
| Percentage of employees trained in organisation's anti-corruption policies and procedures  | SO3  | pages 31-33         |
| Actions taken in response to incidents of corruption   | SO4  | pages 31-33         |
| Public policy positions and participation in public policy development and lobbying  | SO5  | on-line             |
| Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country  | SO6  | on-line             |
| Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes  | SO7  | on-line             |
| Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations   | SO8  | on-line             |

## Products

|   |      |         |
|---|------|---------|
| Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures | PR1  | on-line |
| Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts from use of the company's products and services                                 | PR2  | on-line |
| Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases   | EU24 | on-line |
| Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements  | PR3  | on-line |

"On-line" refers to [dongenergy.com](http://dongenergy.com) – select "GRI quick access"

|   | GRI indicator | Reference           |
|---|---------------|---------------------|
| ● Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes                              | PR4           | on-line             |
| ● Practices related to customer satisfaction, including results of surveys measuring customer satisfaction  | PR5           | page 23 and on-line |
| ● Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship                                     | PR6           | on-line             |
| ● Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes | PR7           | on-line             |
| ● Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data   | PR8           | on-line             |
| ● Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services  | PR9           | on-line             |
| ● Number of residential disconnections for non-payment, broken down by duration of disconnection  | EU26          | on-line             |
| ● Power outage frequency  | EU27          | on-line             |
| ● Average power outage duration   | EU28          | on-line             |
| ● Average plant availability factor by energy source and by country or regulatory regime  | EU29          | on-line             |

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## APPLICATION OF GRI GUIDELINES

| The application level of the report |   | C  | C+   | B  | B+   | A  | A+   |
|-------------------------------------|---|--|--|--|--|--|--|
| GRI PARAMETRE                       | Reporting of management approach (G3)<br>OUTPUT             | Reporting of:<br>1.1<br>2.1-2.10<br>3.1-3.8,3.10-3.12<br>4.1-4.4,4.14-4.15   | The report has been verified by external parties | Reporting of all criteria for C plus level:<br>1.2<br>3.9, 3.13<br>4.5-4.13,4.16-4.17  | The report has been verified by external parties | Same requirements as apply to level B  | The report has been verified by external parties |
|                                     | Reporting of management strategy (G3)<br>OUTPUT             | Not required   |  | Reporting of management strategy for each indicator category   |  | Redegørelse for ledelsesstrategi for hver indikator-kategori   |  |
|                                     | Performance indicators (G3) and sector supplement<br>OUTPUT | Reporting of at least 10 performance indicators, including at least one from each of the categories: social, economy and environment |  | Reporting of at least 20 performance indicators, including one from each of the categories: economy, environment, human rights, labor practices, society, product responsibility |  | Reply to each G3 core indicator with due combine ration to the materiality principle by a) reporting of the indicator or b) explain why no recording is made |  |

