

4 February 2016

Statutory report on corporate governance pursuant to Art. 107b of the Danish Financial Statements Act

This statement forms part of the management review in the annual report of DONG Energy A/S for the period 1 January 2015 to 31 December 2015.

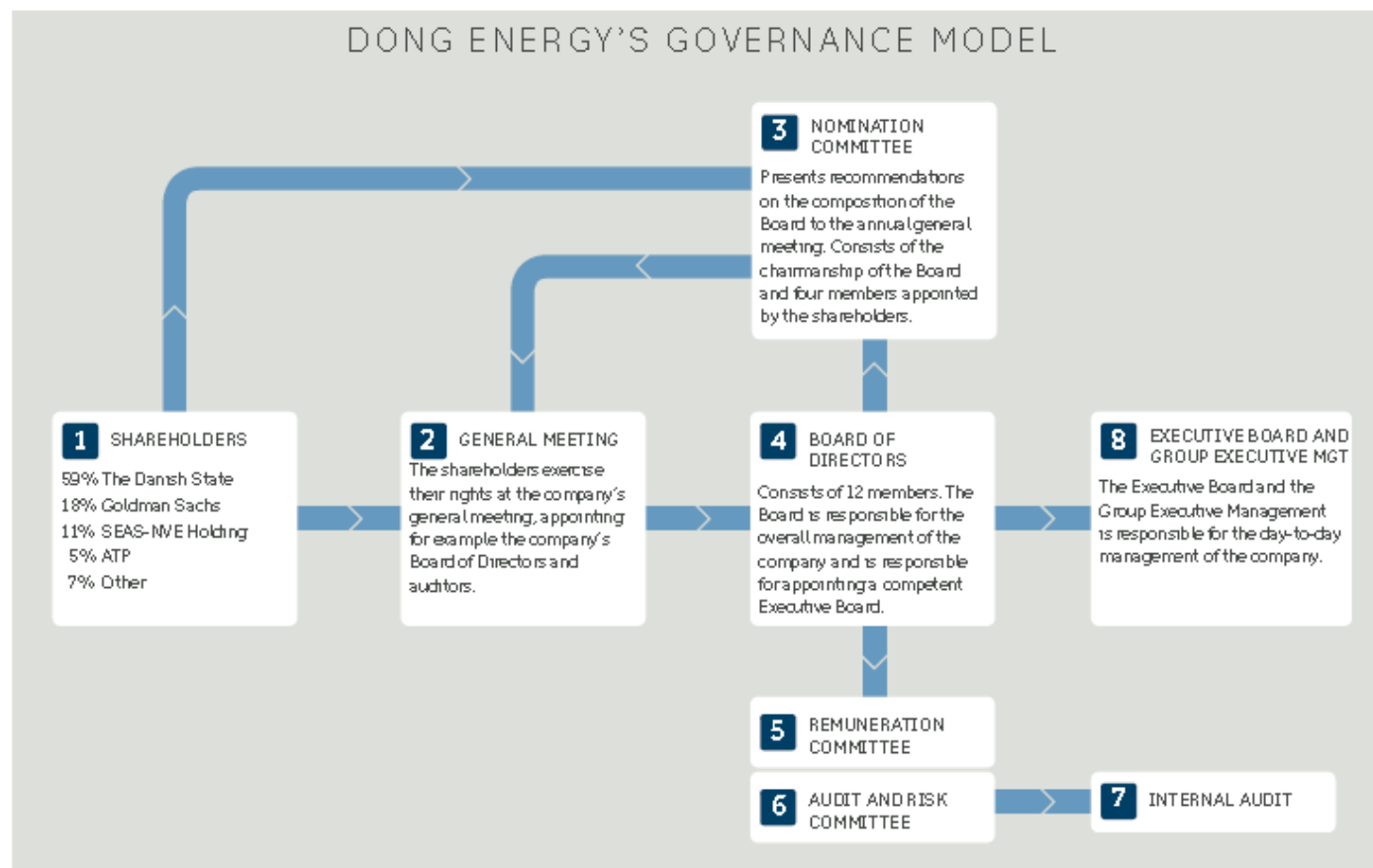
DONG Energy has for many years applied the 'Recommendations on Corporate Governance' prepared by the Danish Committee on Corporate Governance. The recommendations can be found at www.corporategovernance.dk.

The company does not comply with or complies partially with the following recommendations:

- DONG Energy does not comply with the recommendation to set up contingency procedures in the event of takeover bids as the company's shares are not listed on the stock exchange.
- DONG Energy does not comply with the recommendation to stipulate a retirement age for members of the Board of Directors in its Articles of Association as an age limit is deemed to reduce the number of eligible candidates and thereby potentially the expertise of the Board of Directors.
- DONG Energy's general meeting has appointed a Nomination Committee consisting of representatives of both the company's Board of Directors and the largest owners. The committee will contribute to structuring the dialogue between the company's owners on the composition of the Board of Directors. The committee is thus composed differently and has fewer areas of responsibility than the ones assumed in the recommendations.
- DONG Energy's share programme for the management involves subscription for shares and the free allocation of rights to free shares during the 2014-2017 period which may be exercised in connection with an initial public offering or, at the latest, in 2019. Thus, the rights to free shares do not have a fixed maturity of at least three years from the date of allocation.

In April 2015, the Danish Ministry of Finance published an ownership policy on the exercise of ownership by the state, which also includes recommendations for state-owned companies. As DONG Energy complies with the Recommendations on Corporate Governance, DONG Energy has decided not to report on the recommendations in the ownership policy.

Governance model



1. Shareholders and 2. General meeting

The shareholders exercise their rights at the company's general meeting, appointing for example the company's Board of Directors and auditors. The decision-making process at the company's general meeting follows the standard rules set out in the Danish Companies Act.

However, under the shareholders' agreement made between the shareholders behind the capital injection in 2014, amendments to the Articles of Association are, for example, subject to approval by Goldman Sachs.

3. Nomination Committee

Duties

The Nomination Committee reviews the composition of the Board of Directors and recommends suitable candidates to the shareholders at the annual general meeting. The rules of procedure of the Nomination Committee can be found at <http://www.dongenergy.com/en/about-us/corporate-governance>.

Composition and activities in 2015

Each year, a Nomination Committee is appointed after the annual general meeting, consisting of the Chairman and Deputy Chairman of the Board of Directors and four members appointed by each of the four largest registered shareholders. At the end of 2015, the members of the Nomination Committee were:

- Thomas Thune Andersen and Lene Skole (Chairman and Deputy Chairman of the Board of Directors)
- Rasmus Lønborg (appointed by the Danish Ministry of Finance)
- Martin Hintze (appointed by Goldman Sachs)
- Jesper Hjulmand (appointed by SEAS-NVE)
- Carsten Stendevad (appointed by ATP)

In 2015, the Nomination Committee focused on increasing the representation of the underrepresented gender on the Board of Directors. At the annual general meeting in 2015, three women were elected to the Board of Directors, leading to equal gender representation. Information on the policy for women in management and follow-up on targets are stated in note 9.4.4 in the annual report. Two meetings were held in 2015.

4. Board of Directors

Duties

The Board of Directors is responsible for the overall management of the company and is responsible for appointing a competent Executive Board. Furthermore, the Board of Directors lays down the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, control and audit matters, risk management and significant operational issues. The Board of Directors has appointed an Audit and Risk Committee as well as a Remuneration Committee.

Composition

At the end of 2015, the Board of Directors had 12 members. Eight members are elected by the annual general meeting based on recommendations from the Nomination Committee, and four are elected by the employees.

DONG Energy attaches importance to the members of its Board of Directors having extensive knowledge and experience from management positions in major Danish and foreign companies covering a wide range of fields of activity, including fields directly related to the company's business areas. The Board of Directors has prepared a list of the competencies that should be represented on DONG Energy's Board of Directors. The list of competencies can be found at <http://www.dongenergy.com/en/about-us/corporate-governance>.

Information about the members of the Board of Directors, including their current position, other supervisory and executive positions, independence and special competences, can be found on pages 46-47 of the 2015 Annual Report.

In accordance with the company's Articles of Association, three observers have been appointed. The observers participate in the meetings of the Board of Directors and of the Board committees, but have no voting rights. At the end of 2015, the following observers had been appointed:

- Michael Bruun (appointed by Goldman Sachs)
- Philippe Lenoble (appointed by Goldman Sachs)
- Mogens Vinther (appointed by SYDENERGI, Nyfors Entreprise and Aura Energi)

Extended minority shareholder protection of Goldman Sachs

Certain decisions by the Board of Directors are subject to consent by Goldman Sachs. These include significant deviations from the business plan presented in connection with the capital injection in 2014, the start-up of activities in new business areas or in countries in which the Group is not present today. Included are also major acquisitions, divestments and investments, significant issuances of new capital and hybrid capital as well as changes to the members of the Executive Board.

Rules of procedure of the Board of Directors

The duties of the Board of Directors and of the Chairman of the Board of Directors are set out in the rules of procedure of the Board of Directors, which are reviewed by the Board of Directors once a year.

The Board of Directors' work in 2015

The Board of Directors held nine meetings and one strategy seminar in 2015. The Board of Directors has a strong and consistent focus on safety in DONG Energy and is briefed specifically about safety issues at the board meetings.

In connection with the capital injection in 2014, it was decided by the shareholders and DONG Energy that a plan should be developed for DONG Energy's continued strategic development towards a possible IPO. The plan was approved by the Board of Directors in September 2015.

In 2015, the Board of Directors focused, among other things, on the progress of the Group's current investments (including the Hejre project), new capital expenditure (including offshore wind farm projects Race Bank and Walney Extension), the divestment of ownership interests in offshore wind projects (including the Gode Wind 1) as well as the development of the offshore wind power project portfolio after 2020.

The Board of Directors also approved the issuance of hybrid bonds with a nominal value of EUR 600 million for refinancing of DONG Energy's hybrid bond issued in 2005.

Remuneration

The members of the Board of Directors receive a fixed remuneration, which is approved by the company's general meeting. The members of the Board of Directors are not covered by the company's share-based incentive programme. Information on the remuneration paid to members of the Board of Directors can be found in note 2.7 of the 2015 Annual Report.

5. Remuneration Committee

Duties

The committee assists the Board of Directors in the performance of its duties in connection with the preparation and implementation of the company's remuneration policy. The committee must, for example, assess and prepare recommendations on the Group Executive Management's salary reviews, bonuses for the current and the coming year, the application of retention schemes for key personnel, the use of one-off payments and the use and introduction of new compensatory elements for members of the Group's Leadership Forum (350 members). The terms of reference of the Remuneration Committee can be found at <http://www.dongenergy.com/en/about-us/corporate-governance>.

Composition and activities in 2015

At the end of 2015, the Remuneration Committee consisted of Thomas Thune Andersen (Chairman), Pia Gjellerup and Martin Hintze. CEO Henrik Poulsen and Senior Vice President, People and Development, Hanne Blume participate in the committee's meetings. The committee held three meetings in 2015.

In 2015, the Remuneration Committee among other things considered corporate governance in relation to remuneration in DONG Energy, including the State's ownership policy. The Remuneration Committee also reviewed remuneration levels to ensure that they are at market

level and support the constant focus on knowledge retention in DONG Energy.

6. Audit and Risk Committee

Duties

The Audit and Risk Committee assists the Board of Directors in overseeing the financial and non-financial reporting process, financial and business-related risks, internal controls and compliance with statutory and other requirements from public authorities. Moreover, the committee decides the framework for the work of the company's external and internal auditors, evaluates the external auditors' independence and qualifications as well as monitoring the company's whistleblower scheme.

Composition and activities in 2015

At the end of 2015, the Audit and Risk Committee consisted of three members, Benny D. Loft (Chairman), Claus Wiinblad and Martin Hintze. The committee held seven meetings in 2015.

In 2015, the Audit and Risk Committee focused, among other things, on the integration of the financial and non-financial reporting as well as improving data quality in the non-financial reporting. In addition, the policies on the hedging of interest rate and currency risks were updated, so they reflect the composition of assets and to counter the increasing exposure from revenue from wind farms in the UK. Focus has also been on the Group's operational IT security, where the current security level and measures for improving security have been discussed.

The Audit and Risk Committee has also had a special focus on accounting estimates and judgements relating to the impairment of assets (especially oil and gas activities), decommissioning obligations, other provisions and contingent liabilities (particularly in relation to wind activities). The discussions centered on external factors with a bearing on the reporting of assets and liabilities, including expected market prices, foreign exchange rates, discount rates and risk-free interest rates, and also the methods of calculation applied and the regulatory framework. The review of the accounting estimates and judgements is part of the internal controls in DONG Energy.

7. Internal audit

Duties

Reporting to the Audit and Risk Committee, the role of Internal Audit is to make suggestions of how to improve and streamline the company's processes and control environment, including the use of IT for the performance of auditing and consultancy services. In addition, Internal Audit is responsible for receiving and handling whistleblower cases (see below). Internal Audit has been validated by the Institute of Internal Auditors (IIA).

Work in 2015

In 2015, Internal Audit focused, in particular, on auditing and advising on the optimisation and streamlining of central processes and risk management, the handling of capital investments and subsequent operations, improvement of quality of non financial data and integrated reporting, the handling of critical models, the protection of critical infrastructure and data, the commissioning of IT systems and changes in key business units.

Whistleblower scheme

DONG Energy's whistleblower scheme provides employees and other persons associated with the company with an opportunity to report serious offences, including instances of bribery, fraud and other criminal conduct. Responsibility for the whistleblower scheme rests with the chairman of the Audit and Risk Committee, but the daily tasks are delegated to Internal Audit, which is responsible for receiving and handling reports. Internal Audit also receives reports via the management system.

In 2015, eight cases were reported which have been either fully or partially substantiated. Seven of the cases have had consequences for the employment of the persons involved, while one case has been handed over to the police for further investigation. The cases concerned theft, misuse of credit cards, conflicts of interest and time registration and mileage allowance fraud.

None of the cases reported were critical to the business, nor have they had any impact on the Group's financial results. However, DONG Energy takes cases of this type very seriously.

8. Executive Board and Group Executive Management

Duties

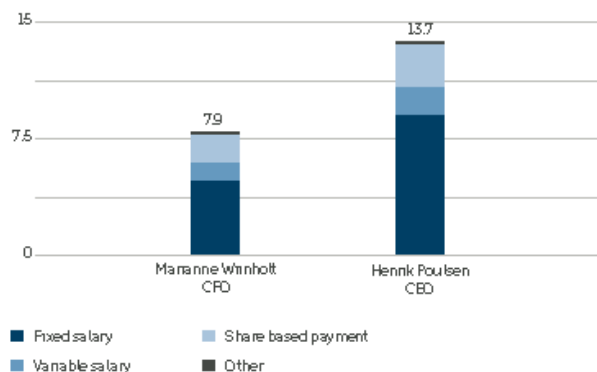
The Executive Board is responsible for the day-to-day management of the company. The Board of Directors lays down detailed guidelines for the work of the Executive Board, including the division of work between the Board of Directors and the Executive Board and the latter's powers to enter into agreements on behalf of the company.

Composition

CEO Henrik Poulsen and CFO Marianne Wiinholt are the members of the Executive Board of DONG Energy A/S. Information about the members of the Executive Board, including their previous employment and other executive functions, can be found on page 45 of the 2015 Annual Report.

The Executive Board is responsible for the day-to-day management through the Group Executive Management, which, in addition to the members of the Executive Board, consists of the Executive Vice Presidents of the company's four business units. Samuel Leupold (WP), Thomas Dalsgaard (B&TP), Morten H. Buchgreitz (D&CS) and David B. Cook (O&G).

COMPENSATION FOR THE CEO AND CFO IN 2015, DKK million



Remuneration

The remuneration of the Group Executive Management comprises both fixed and incentive-based elements. The incentive-based remuneration consists of an annual variable cash payment (bonus), which is linked to the financial year, and a share programme. More information regarding the remuneration of the Group Executive Management can be found in note 2.7 of the 2015 Annual Report.

Bonus

The annual bonus cannot exceed 30% of the fixed annual salary. The bonus targets relate to the company’s financial and commercial results as well as the company’s strategic focus on safety. The bonus targets thus support DONG Energy’s long-term strategic objectives. The combination of these various types of bonus targets for the CEO and the CFO is shown in the tables:

BONUS TARGETS FOR CEO IN 2015

	2015
Return on capital employed (ROCE)	30%
Investment projects – On-time / On-budget	30%
IPO roadmap	25%
Lost time injury frequency (LTIF)	15%

BONUS TARGETS FOR CFO IN 2015

	2015
Return on capital employed (ROCE)	20%
Finance deliverables to the Board of Directors	20%
IPO roadmap	20%
Funds from operation (FFO)	15%
Support Function survey ¹	15%
Lost time injury frequency (LTIF)	10%

¹ Usersatisfaction survey of the Group's support functions.

Share programme

The Group Executive Management is covered by a share programme. In the event of an IPO or in 2019 at the latest, members of the Group Executive Management who have subscribed for shares will be entitled to a number of free shares, depending on the individual manager's subscription for shares and DONG Energy's financial performance benchmarked against ten comparable European energy companies during the period from November 2013 to the end of the share programme. More detailed information about the share programme can be found in note 2.8 of the 2015 Annual Report.

Evaluation

The Board of Directors carries out regular evaluations of the CEO's performance in connection with the follow-up on the company's development in relation to its strategy and objectives. Once a year, the Chairman of the Board of Directors and the CEO evaluate the cooperation between the Board of Directors and the Executive Board, focusing among other things on their reporting and communications.

Internal controls and risk management in relation to reporting

DONG Energy's internal controls are designed to ensure that material errors or irregularities in relation to the financial reporting are prevented or detected and corrected to ensure that the internal and external financial reporting gives a true and fair view.

In 2015, the company has improved the processes concerning the non-financial reporting, including identifying and assessing the risks and controls associated with the non-financial reporting. In addition the company worked to improve the monitoring of entity level controls including developing a new yearly process for monitoring and reporting on entity level controls. This work has been based on the COSO framework.

In 2016, work on updating the company's policies and guidelines for internal controls will continue, concurrently with the determination of responsibilities for key controls in cross-organisational processes.

Control environment

The Board of Directors and the Executive Board are ultimately responsible for the Group's risk management and internal controls in relation to its reporting, and approve DONG Energy's general policies. In this respect, important elements are ethics and integrity, as evidenced, among other things, in a policy on good business conduct and authorization rules concerning investments, loans, company guarantees etc. that was updated in 2015.

The Audit and Risk Committee assists the Board of Directors in overseeing the reporting process and the most important risks involved in this. Furthermore, the Audit and Risk Committee oversees developments in the internal control and risk management systems as well as the business units' ongoing reporting on assessed risks and internal controls.

The Executive Board and the individual business units are responsible for the effectiveness of the internal control and risk management systems and for implementing controls aimed at mitigating the risks associated with the reporting. This division of responsibilities results in an effective control environment in the Group.

Risk assessment

Once a year, a risk assessment is carried out focusing on the accounting items and areas which are associated with a special risk of materials errors in the reporting. As risks vary between the different business units, an assessment is performed for each of these, and an assessment is then carried out to establish which risks are material to the Group's internal and external reporting.

Accounting items based on estimates or complex processes are deemed to entail a greater risk of error.

The items and areas which are believed to be associated with the greatest risk of material errors having an impact on the financial statements are included in the internal control reporting to the management.

The most high-risk accounting items and areas are listed below:

HIGH-RISK ACCOUNTING ITEMS AND AREAS

1. Construction contracts
2. Deferred tax
3. Impairments
4. Financial instruments
5. Provisions incl. onerous contracts
6. M&A transactions
7. Administrative IT systems
8. Useful life assumptions
9. Decommissioning costs
10. Revenue

The high-risk accounting items which are based on the most critical accounting estimates and assessments are described in the notes to the financial statements for the Group. As part of the risk assessment, the risk of fraud and the steps taken to mitigate this risk are considered. In this context, any possibilities for the day-to-day management to override the controls and manipulate the financial statements are also assessed. The risk assessment is reviewed by the Audit and Risk Committee.

Control activities

The controls in place are designed to prevent or detect and correct material errors in the financial statements, thereby reducing the risk to an acceptable level. The controls are based on the risk assessment and include approvals, the segregation of functions, analyses, reconciliation, assessment and follow-up on targets and controls concerning IT applications and general IT controls. The controls are integrated into the Group's monthly reporting process.

The work to improve the documentation of the relationship between the identified risks associated with the reporting and the Group's key controls is supported by a reporting tool.

Information and communications

DONG Energy's information and communications systems are designed to meet the reporting requirements applying to listed companies. An accounting manual, reporting instructions and guidelines on internal controls have been prepared in order to ensure that the reporting is carried out on a uniform basis and is of a high quality. These documents are available on the Group's intranet.

Monitoring

The business units' monthly reporting is analysed and monitored by their controllers and management. The business units' reporting and the overall consolidated financial statements are controlled at Group level.

The business units report regularly on the performance and maturity of the Group's key controls. The persons responsible in the business units monitor the performance of the internal controls and each quarter submit a summary report on the internal controls to the Group. The reporting is supplemented by action plans for any identified weaknesses. Major initiatives, weaknesses and action plans are reported to the Audit and Risk Committee.

Documentation and structure

DONG Energy uses a common reporting tool to document and report on financial risks and the performance of key controls. The reporting from the business units forms the basis for the management's monitoring of the Group's internal controls and risk management.

In the sections below, the Board of Directors of DONG Energy A/S has set out its comments to each of the recommendations.

Recommendation	The company complies	The company complies partially	The company does not comply	Explanation
1. Communication and interaction by the company with its investors and other stakeholders				
1.1.1 It is recommended that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	X			<p>DONG Energy has an investor relations function and organizes ongoing investor meetings based on investor relations material, which are accessible to all investors on the company's website.</p> <p>Regular meetings are held with the Ministry of Finance in accordance with the recommendations in the Ownership Policy issued by the Danish State.</p>
1.1.2. It is recommended that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the stakeholders are respected in accordance with company policies.	X			<p>The expectations of stakeholders towards DONG Energy are of significant importance, and stakeholder dialogue is a key part of how DONG Energy operates.</p> <p>DONG Energy's responsibility policy, which has been approved by the Board of Directors, defines how the Group engages with stakeholders and addresses societal challenges. Through ongoing and systematic stakeholder involvement, DONG Energy identifies areas of material interest to our stakeholders.</p> <p>Based on the stakeholder dialogue, DONG Energy identifies the key societal challenges,</p>

				<p>which DONG Energy must address. Further, DONG Energy defines a set of goals and supportive actions for how the Group will approach these challenges.</p> <p>The progress goal realization as well as supporting actions are communicated in our annual sustainability reporting, to provide a high level of transparency.</p> <p>The Audit and Risk Committee further supervises DONG Energy's sustainability reporting.</p>
1.1.3. It is recommended that the company publish quarterly reports	X			<p>Quarterly interim financial reports are published.</p> <p>Quarterly interim financial reports are made in accordance with IAS 34 "Interim Financial Reporting" and in accordance with Danish disclosure requirements in respect of interim financial reports for listed and state-owned public limited companies.</p>
1.2.1. It is recommended that, when organising the company's general meeting, the board of directors plans the meeting to support active ownership.	X			<p>DONG Energy has a web-based Shareholder Portal, which is used for communication with shareholders in connection with general meetings.</p> <p>There is an ongoing dialogue with the major shareholders of DONG Energy A/S and all major shareholders usually participate at the general meetings of the company.</p> <p>The four largest shareholders are represented on DONG Energy's Nomination Committee. The committee prepares recommendations in respect</p>

				of the election of new members to the board of directors to be elected by the general meeting.
1.2.2. It is recommended that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X			Proxy forms which allow shareholders to consider each individual item on the agenda of the general meetings are prepared and the shareholders may grant proxy through the Company's online Shareholders' Portal.
1.3.1. It is recommended that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.			X	As DONG Energy A/S has no listed shares, DONG Energy has decided not to implement procedures regarding takeover bids for the time being.
2. Tasks and responsibilities of the board of directors				
2.1.1. It is recommended that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities	X			<p>The Board of Directors carries out an annual self-evaluation.</p> <p>The annual self-evaluation was initiated in December 2015 and is expected to be finalized in February 2016.</p> <p>The Board of Directors also performs an annual review of the Rules of Procedure of the Board of Directors. The Rules of Procedure were last reviewed in October 2015.</p>

<p>2.1.2. It is recommended that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.</p>	<p>X</p>			<p>In addition to the ongoing follow-up and review of the company strategy, an annual strategy seminar is held. The strategy seminar was last held in October 2015.</p>
<p>2.1.3. It is recommended that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.</p>	<p>X</p>			<p>On an ongoing basis, the Board of Directors follow up on the capital structure of the company ensuring that the capital structure from time to time is adequate, cf. section 8.5 of the rules of procedure of the board of directors.</p> <p>For further information, please see page 11 and note 6 of the 2015 Annual Report.</p>
<p>2.1.4. It is recommended that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors</p>	<p>X</p>			<p>The Board of Directors reviewed the current instructions to the Executive Board in October 2015, which, among other things, contains requirements for the Executive Board to provide the Board of Directors with timely, accurate and adequate reporting.</p>
<p>2.1.5. It is recommended that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.</p>	<p>X</p>			<p>The annual evaluation of the Executive Board is referred to in the Rules of Procedure of the Board of Directors (section 10.3) while succession planning is referred to in the terms of reference of the remuneration committee (section 1, viii). The annual evaluation of the Executive Board and succession planning were discussed at board meetings in August and December 2015.</p>

<p>2.1.6. It is recommended that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.</p>	<p>X</p>			<p>In December 2015, the Board of Directors discussed targets for gender representation on the Board of Directors.</p> <p>As DONG Energy A/S is currently considered to have equal representation on the Board of Directors in accordance with Danish mandatory regulation, no targets for gender representation on the Board of Directors have been set.</p> <p>DONG Energy has also implemented a policy regarding gender representation at other management levels.</p> <p>Please see comments above and in the 2015 annual report, note 9.4.4.</p>
<p>2.2.1. It is recommended that the board of directors adopt policies on corporate social responsibility.</p>	<p>X</p>			<p>The Board of Directors approved DONG Energy's Responsibility Policy on 31 January 2011. The policy is published on the company's website.</p>
<p>2.3.1. It is recommended appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.</p>	<p>X</p>			<p>Pursuant to the Articles of Association of DONG Energy A/S a vice-chairman of the Board of Directors of DONG Energy A/S is appointed annually by the general meeting.</p>
<p>2.3.2. It is recommended ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the</p>	<p>X</p>			<p>This situation has not occurred in 2015. Should the situation occur, DONG Energy intends to comply with the recommendation.</p>

<p>day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains it's independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.</p>				
<p>3. Composition and organisation of the board of directors</p>				
<p>3.1.1. It is recommended that the board of directors annually accounts for</p> <ul style="list-style-type: none"> • the skills it must have to best perform its tasks, • the composition of the board of directors, and • the special skills of each member. 	X			<p>The Articles of Association of DONG Energy A/S (10.4) and the Rules of Procedure of the Nomination Committee (2.1) set out a high-level description of the skills that the Board of Directors must have to best perform its tasks.</p> <p>In December 2015, the Board of Directors approved a competency profile for board members, which is available on dongenergy.com.</p> <p>The 2015 annual report includes a description of the composition of the board of directors, including the special skills of each member.</p>
<p>3.1.2. It is recommended that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for</p>	X			<p>In DONG Energy A/S, the selection and nomination of candidates for the Board of Directors is handled by the Nomination Committee in accordance with the Articles of Association and the Rules of Procedure of the committee.</p> <p>The Board of Directors is represented by the</p>

integration of new talent and diversity in relation to age, international experience and gender.				Chairman and the Deputy Chairman on the Nomination Committee.
<p>3.1.3. It is recommended that description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda. • demanding organisational tasks, and information • about whether candidates to the board of directors are considered independent. 	X			No supplemental information.
3.1.4. It is recommended that the company's articles of association stipulate a retirement age for members of the board of directors.			X	It is not deemed beneficial to the company to set a retirement age as such a retirement age could potentially reduce the recruitment base and competence level of the Board of Directors. Age is, however, included as a parameter in the overall assessment of the Board of Directors and new candidates.
3.1.5. It is recommended that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.	X			Members of the Board of Directors elected by the general meeting are up for election every year at the annual general meeting (re-election is possible), cf. section 10.2 of the Articles of Association.

<p>3.2.1. It is recommended that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate, • within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors, • represent the interests of a controlling shareholder, • within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate. • be or within the past three years have 	<p>X</p>			<p>At least half of the members of the Board of Directors elected by the general meeting are considered independent in accordance with the recommendation.</p>
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<p>been employed or partner at the external auditor,</p> <ul style="list-style-type: none"> • have been chief executive in a company holding cross-memberships with the company, • have been member of the board of directors for more than 12 years, or • have been close relatives with persons who are not considered independent. 				
<p>3.3.1. It is recommended that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	X			No supplemental remarks.
<p>3.3.2. It is recommended that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the board of directors of the member, 	X			Please see pages 46-47 in the 2015 Annual Report.

<ul style="list-style-type: none"> • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and • demanding organisational tasks, and • the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year. 				
<p>3.4.1. It is recommended that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • The terms of reference of the board committees, • the most important activities of the committees during the year, and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 	X			<p>The Board of Directors of DONG Energy has established a Remuneration Committee and an Audit and Risk Committee.</p> <p>Information about the committees is included above.</p> <p>The terms of reference for the Remuneration Committee and the Audit and Risk Committee are published on the company's website.</p>

<p>3.4.2. It is recommended that a majority of the members of a board committee be independent.</p>	<p>X</p>			<p>Each of the Audit and Risk Committee and the Remuneration Committee consist of 3 members. The majority of members are deemed independent in accordance with the corporate governance recommendations.</p>
<p>3.4.3. It is recommended that the board of directors set up a formal <u>audit committee</u> composed such that</p> <ul style="list-style-type: none"> • the chairman of the board of directors is not chairman of the audit committee, and • between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market. 	<p>X</p>			<p>The Board of Directors has established an Audit & Risk Committee.</p> <p>It is assessed that all members of the Audit and Risk Committee have the relevant financial, accounting and audit skills.</p>
<p>3.4.4. It is recommended that prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	<p>X</p>			<p>Reference is made to section I (under Responsibilities) in the terms of reference of the Audit and Risk Committee</p>

<p>3.4.5. It is recommended that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	X			<p>DONG Energy established an internal audit function on 1 April 2013.</p> <p>The internal audit function is further described in Section C (under Responsibilities) in the terms of reference of the Audit and Risk Committee.</p>
<p>3.4.6. It is recommended that the board of directors establish a <u>nomination committee</u> chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined, • annually assess the structure, size, composition and results of the board of 		X		<p><u>Board members to be elected by the general meeting:</u></p> <p>DONG Energy has appointed a Nomination Committee in accordance with section 12 of the Articles of Association of the company with representatives from the Board of Directors (Chairman and Deputy Chairman) and the four largest shareholders. The committee aims at structuring the dialogue between the shareholders regarding the composition of the Board of Directors.</p> <p>The Nomination Committee renders recommendations to the general meeting of DONG Energy regarding election of members of the board of directors to be elected by the general meeting.</p>

<p>directors and the executive board, as well as recommend any changes to the board of directors,</p> <ul style="list-style-type: none"> • annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect, • consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and • propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 				<p><u>Executive Board / Group Executive Management</u> The Nomination Committee is neither involved in the appointment or assessment of the Executive Board nor in the other matters set out by the recommendation.</p>
<p>3.4.7. It is recommended that the board of directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, • make proposals to the board of directors 	<p>X</p>			<p>The Board of Directors has established a Remuneration Committee.</p>

<p>on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</p> <ul style="list-style-type: none"> • recommend a remuneration policy applicable for the company in general. 				
<p>3.4.8. It is recommended that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	X			No supplemental remarks.
<p>3.5.1. It is recommended that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	X			The annual self-evaluation was initiated in December 2015 and is expected to be finalized in February 2016.

<p>3.5.2. It is recommended that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	<p>X</p>			<p>As part of the self-evaluation of the Board of Directors, the board considers whether the number of members is appropriate.</p>
<p>3.5.3. It is recommended that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.</p>	<p>X</p>			<p>The annual evaluation of the Executive Board was discussed at board meetings in August and December 2015.</p>
<p>3.5.4. It is recommended that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.</p>	<p>X</p>			<p>The evaluation of the cooperation between the Board of Directors and the Executive Board was discussed at a meeting in October 2015.</p>
<p>4. Remuneration of management</p>				
<p>4.1.1. It is recommended that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p>	<p>X</p>			<p>The Board of Directors and the general meeting approved the remuneration policy for the Board of Directors and the Executive Board in February 2014.</p>

<ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>				<p>The remuneration policy is published on the company's website.</p>
<p>4.1.2. It is recommended that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms, • there be clarity about performance criteria and measurability for award of variable components, • there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer 	<p>X</p>			<p>No supplemental remarks.</p>

<p>than one calendar year, and</p> <ul style="list-style-type: none"> • an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated. 				
<p>4.1.3. It is recommended that remuneration of members of the board of directors does not include share options.</p>	X			<p>Pursuant to the remuneration policy the Board of Directors are not comprised by any share option or warrant programmes.</p>
<p>4.1.4. It is recommended that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p>		X		<p>The Executive Board is comprised by the share program for leaders established in 2014.</p> <p>Based on discussions with the major shareholders, the program was structured as a one-off program with an initial subscription of shares and a periodic allocation of rights to Matching Shares over a 4 year period.</p> <p>Given that DONG Energy has implemented a one-off program and that rights to Matching Shares are allocated in 2014 - 2017 and mature at an IPO or in 2019 at the latest, DONG Energy does not fully comply with the recommendation.</p>
<p>4.1.5. It is recommended that agreements on termination payments should not amount to more than two years' annual remuneration.</p>	X			<p>A severance package is included in the service contract of the CEO and the CFO, according to which a dismissal results in payment of 24 months' salary in the form of salary during the notice period (12 months) and a severance payment (12 months).</p>

4.2.1. It is recommended that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	X			The remuneration policy will to the extent relevant be included in the Chairman's statement at the general meeting.
4.2.2. It is recommended that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	X			Please see section 7.2 of the articles of association (item no. 8).
4.2.3. It is recommended that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.	X			Please see the 2015 annual report (note 2.7).
5. Financial reporting, risk management and audits				
5.1.1. It is recommended that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	X			Please see the 2015 annual report page 35-39.

<p>5.2.1. It is recommended that the board of directors decide whether to establish a whistle-blower scheme for expedient and confidential notification of possible or suspected wrongdoing.</p>	<p>X</p>			<p>A whistle-blower hotline is in place in DONG Energy.</p>
<p>5.3.1. It is recommended that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.</p>	<p>X</p>			<p>Please see section C (under “Organisation”) in the terms of reference of the Audit and Risk Committee.</p>
<p>5.3.2. It is recommended that the audit agreement and auditors’ fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.</p>	<p>X</p>			<p>No supplemental remarks.</p>