

## **Minutes**

### **DONG Energy A/S**

#### **Annual general meeting 2016**

On 26 February 2016 at 09:30, the annual general meeting of DONG Energy (company registration no. 36 21 37 28), Fredericia Municipality, was held at 'Industriens Hus', H.C. Andersens Boulevard 18, 1787 Copenhagen V, Denmark.

The agenda was as follows:

1. The Board of Directors' report on the activities of the company and its subsidiaries during the period from 1 January 2015 until 31 December 2015.
2. Presentation of the audited annual report for adoption.
3. Decision on discharge of the Board of Directors and the Executive Board.
4. Resolution on the treatment of loss according to the adopted annual report.
5. Any proposals from the Board of Directors for authorisation to acquire treasury shares.
6. Any further proposals submitted by the Board of Directors or the shareholders.
7. Election of the Chairman and Deputy Chairman of the Board of Directors and of other members to the Board of Directors.
8. Determination of the remuneration payable to the Board of Directors for the financial year 2016.
9. Appointment of auditor.
10. Any other business.

Thomas Thune Andersen addressed a few words of welcome to the shareholders and stated that the Board of Directors had appointed Christian Th. Kjølbye, attorney-at-law, Chairman of the meeting.

The Chairman of the meeting established that the annual general meeting had been convened by email dated 11 February 2016 to all shareholders.

The Chairman of the meeting then established that 96.5% of the voting share capital was represented at the meeting, and that the quorum requirement in article 9.1 of the Articles of Association was fulfilled since at least 50% of the share capital was represented at the general meeting.

The Chairman of the meeting also established that the requirements for convening the meeting stipulated in sections 94-98 of the Danish Companies Act and article 6 of the Articles of Association had been fulfilled.

The Chairman of the meeting stated *that* notification of the annual general meeting had been given to the employees via the intranet (Vital) on 11 April 2012, *that* the notice convening the meeting and the recommendations from the Nomination Committee of 11 February 2016 had been submitted electronically to the Danish Business Authority and to the shareholders in compliance with article 6.6 of the Articles of Association and section 97(3) of the Danish Companies Act, and *that* the agenda and the full wording of the proposals and appendices as well as the audited annual report for 2015 had been available for inspection by the shareholders in compliance with article 6.8 of the Articles of Association and section 98 of the Danish Companies Act.

The Chairman of the meeting then established that the annual general meeting had been lawfully convened and was legally competent to transact business in every respect.

The Chairman of the meeting mentioned that according to the rules on state-owned limited companies, the annual general meeting was open to the press.

The Chairman of the meeting then introduced the agenda.

- 1. The Board of Directors' report on the activities of the company and its subsidiaries during the period from 1 January 2015 until 31 December 2015**
- 2. Presentation of the audited annual report for adoption**

On behalf of the Board of Directors, Thomas Thune Andersen, Chairman of the Board of Directors, presented the Board's report on the activities of the company and its subsidiaries throughout the year under review and presented the audited annual report for adoption.

The annual report included an auditors' report which is unqualified and without any supplementary information.

In continuation of the review printed in the annual report, the Chairman of the Board of Directors stated the following:

*"DONG Energy has had an eventful year: We have made great advances in the conversion to green energy with two new large-scale offshore wind farms and the conversion of our thermal power stations to biomass.*

*Before I start on my report on the strategic and financial results, I would like to highlight our extensive work on sustainability. We are working on four priorities: 'reliable energy', 'impact on the climate and the environment', 'people matter' and 'sustainable communities'. The work on improving safety continued unabated in 2015. For the past three consecutive years, we have not had any accidents with fatal consequences, and 2015 was the best year ever in terms of safety. There was only 1.8 lost-time injuries per million working hours. The goal is to reduce this number even more in the coming years. There is much more information in the sustainability report on the company's website.*

*Next - the financial results. Despite strong headwinds in the commodity markets, we delivered a record-breaking operating profit in 2015: EBITDA was up by 13% to DKK 18.5 billion, which was within the guided range and moreover the highest in the company's history.*

*This makes DONG Energy one of the fastest-growing energy groups in Europe.*

### **Impairment loss**

*However, the decline in oil and gas prices and significant challenges with the Hejre project led to a considerable impairment loss. Consequently, the Group posted a net loss of DKK -12.1 billion.*

*We will, of course, do our utmost to meet the challenging market conditions, which Oil & Gas are experiencing at the moment. Just as the rest of the industry, we need to adapt our business to the significantly lower oil and gas prices. Therefore, we have launched severe, but necessary measures in order to reduce the risk in the portfolio and focus on achieving positive cash flows.*

*This will accelerate DONG Energy's strategic transformation towards becoming a global leader in renewables.*

### **Changed investment profile**

*Towards 2020, we expect that offshore wind power and bioenergy will account for more than 80% of our investments. The investment strategy will further reinforce our strong positions within offshore wind power and bioenergy as well as green distribution and customer solutions. Areas that are all part of building green, reliable and efficient energy systems in the markets where we operate.*

*In December 2015, 195 countries signed a global accord to unite and step up their efforts to combat climate change. The Paris Agreement offers new hope for future generations.*

*For DONG Energy, the agreement confirmed the strategic decision we took many years ago to convert the company from one of the most coal-intensive utility companies in Europe to a global leader in renewables. And we have already come a long way. 55% of our heat and power generation is based on renewable sources, and we reached our lowest level of CO<sub>2</sub> emissions ever in 2015.*

### **IPO on track**

*In September 2015, the principal shareholders announced their intention to list DONG Energy on Nasdaq OMX Copenhagen before the end of Q1 2017.*

*The IPO is an important step in the company's strategic development and will strengthen our access to capital markets, provide current and future investors the possibility of trading our shares on the stock exchange as well as enhance DONG Energy's profile, both nationally and internationally.*

*The Danish state has decided to retain a majority shareholding in DONG Energy, also after the IPO.*

*Our preparations are well under way, and we focus on readying the company as quickly as possible, so that the shareholders can make a decision on the optimum timing of the IPO.*

*I will now go through the events in 2015 within each of our four business units.*

### **Wind Power**

*For Wind Power, 2015 was a year with strong strategic and financial momentum. Wind Power is the most international of DONG Energy's business units with a large part of investments in and revenue and earnings coming from activities abroad.*

*In 2015, we have further reinforced our global leadership position in offshore wind. We inaugurated two new wind farms, Westermøst Røgh in the UK and Borkum Riffgrund 1 in Germany. In addition, we decided to construct Race Bank and Walney Extension in the UK.*

*On 3 February this year, we also approved the investment in Hornsea Project One in the UK. With its 1.2GW, Hornsea Project One will be the world's biggest offshore wind farm when it is ready for commissioning in 2020. It is also the largest investment in the history of DONG Energy.*

*Finally, we have expanded our pipeline, acquiring new project rights in the UK, Germany and the US.*

*We are also making significant progress when it comes to lowering the cost of electricity. A comprehensive cost-out programme, which is to reduce costs across the entire value chain, is yielding very solid and tangible results. It is still our ambition to reach our strategic target of EUR 100/MWh by 2020, and we will, obviously, not stop there. It is our objective that the energy from offshore wind power must be just as cheap as energy from fossil fuels.*

*This will further accelerate the transition towards a decarbonised energy system.*

### **Bioenergy & Thermal Power**

*The strategic shift towards biomass and heat generation is well underway in Bioenergy & Thermal Power.*

*In 2015, the Bioenergy & Thermal Power business was challenged by historically tough market conditions for power generation. Warm weather and increased output from both wind and hydro assets across the Nordic region led to low power prices. Thanks to continued efficiency improvements and one-offs, Bioenergy & Thermal Power managed to deliver a positive operating result. In the current market, that is a strong achievement.*

*We are in the process of converting three Danish CHP plants from fossil fuels to sustainable biomass based on long-term contracts with heat customers. We expect that Avedøre (unit 1) and Studstrup will begin supplying green heating and power towards the end of 2016.*

*The conversions are not only important in relation to decarbonising our heat and power generation, but also instrumental in establishing a new earnings platform that is less vulnerable to volatile power prices.*

*Bioenergy & Thermal Power also continued to invest in innovation and commercialisation of a number of growth opportunities within bioenergy. In February 2016, we decided to build the first full-scale REnescience plant. It will be situated in Manchester in the UK. This is a clear indication*

*that we continue to see great potential for green technologies within waste management, district heating and transport fuels.*

### **Distribution & Customer Solutions**

*In Distribution & Customer Solutions, we have seen very solid improvements across the business.*

*Customer satisfaction has improved, and the number of customers in the entire Danish sales business has developed satisfactorily. We remain committed to providing our customers with competitive and transparent products and good service to enable them to benefit from the green transformation of the energy system.*

*To give our customers more clarity on the distinction between distribution and sales, our power distribution business will be renamed Radius in 2016.*

*We are in the process of renegotiating long-term gas sourcing contracts, so that the contracts are no longer indexed on the oil price, but on the gas price. In 2015, we made significant progress in the renegotiations. In the course of the year, we concluded a renegotiation of one contract, and several other renegotiations were progressed through arbitration. We expect to conclude additional renegotiations in 2016 and 2017.*

*As part of the IPO roadmap, DONG Energy will seek to divest our Danish oil and gas infrastructure assets to Energinet.dk. The negotiations on the divestment are ongoing.*

### **Oil & Gas**

*Oil & Gas is focusing on adapting the business to the new market reality.*

*Despite the significant year-on-year drop in oil and gas prices, Oil & Gas delivered its highest operating profit ever. This strong achievement was supported by very solid operational performance, one-off insurance income and prices being hedged at levels from before the price crash.*

*The new gas field Laggan-Tormore supplied first gas in February 2016. This was a strategic milestone for DONG Energy and our partner Total. The West-of-Shetlands area has significant, long-term potential, and we have built a leading position in the area.*

*In January 2016, the result of a strategic review of Oil & Gas was announced. Based on an extensive evaluation of the different scenarios, we believe that the interests of the shareholders and the company are best served by bringing Oil & Gas into the expected IPO as a part of DONG Energy. Therefore, we will now focus our efforts on adapting the Oil & Gas business to the significantly lower oil and gas prices and take a conservative approach to investments in the business.*

*Going forward, the cash flows from the oil and gas business will be part of the funding of our investments in green energy.*

### **Thanks to the employees**

*In 2015, our 6,700 employees delivered yet another strong performance. On behalf of the entire Board, I would like to thank all our employees for their skilled and committed efforts in 2015!*

### **2016**

*As a final note, I would like to say that once again, we expect significant growth in our offshore wind power business and continued major investments in our global leadership position within this*

*area in 2016. We also expect an increasing operating profit in 2016 - more specifically ranging between DKK 20 and 23 billion.*

*Thus, the significant transformation of DONG Energy's business towards becoming an ever greener energy company will continue in the coming years. We are well on our way to realising our ambition of being one of the strongest and greenest energy groups in Europe."*

The shareholders present took note of the report from the Board of Directors and unanimously adopted the annual report for 2015.

**3. Resolution on the discharge from liability of the members of the Board of Directors and the Executive Board**

The shareholders present unanimously decided to discharge the Supervisory Board and the Executive Board.

**4. Resolution on the treatment of loss according to the adopted annual report**

The Chairman of the meeting stated that the part of the result for the year after tax (in accordance with the Danish Financial Statements Act) in the parent company (DONG Energy A/S) attributable to shareholders was a net loss of DKK 11.328 million, whereas the part of the result for the year after tax (based on business performance) in the DONG Energy Group attributable to shareholders was a net loss of DKK 12,829 million.

In compliance with the proposal by the Board of Directors, the shareholders present unanimously resolved not to distribute dividend and to carry forward the result of DONG Energy A/S amounting to DKK -11.328 million to 2016.

**5. Any proposals from the Board of Directors for authorisation to acquire treasury shares**

The Chairman of the meeting stated that no proposal for authorisation to acquire treasury shares had been made by the Board of Directors.

**6. Any further proposals submitted by the Board of Directors or the shareholders**

The Chairman of the meeting stated that no further proposals had been made by the Board of Directors, and that no proposals had been received from the shareholders.

## **7. Election of the Chairman and Deputy Chairman of the Board of Directors and of other members to the Board of Directors**

The Chairman of the meeting stated that the Chairman, the Deputy Chairman and the other members of the Board of Directors elected by the general meeting resign in compliance with article 10.2 of the Articles of Association.

The Chairman of the meeting also stated that a Nomination Committee had been set up (article 12 of the Articles of Association), and that the recommendations by the Nomination Committee on the election of members of the Board of Directors to be elected by the general meeting had been sent to all shareholders on 11 February 2016, cf article 2.2 of the Rules of Procedure for the Nomination Committee adopted by the shareholders in a general meeting.

The Nomination Committee has recommended:

1. Election of 8 members to be elected by the general meeting.
2. Re-election of all current members elected by the general meeting: Thomas Thune Andersen, Lynda Armstrong, Pia Gjellerup, Martin Hintze, Benny D. Loft, Poul Arne Nielsen, Lene Skole and Claus Wiinblad.
3. Re-election of Thomas Thune Andersen as Chairman of the Board of Directors.
4. Re-election of Lene Skole as Deputy Chairman of the Board of Directors.

The recommendations by the Nomination Committee included information on the candidates' executive functions in other companies outside the DONG Energy Group as well as on their specific skills and independence in accordance with the criteria set out in section 3.2.1 of the Recommendations on Corporate Governance by the Danish Committee on Corporate Governance.

The shareholders present unanimously adopted the proposal included in the recommendations by the Nomination Committee on the number of members for the Board of Directors to be elected by the general meeting and on the election of members as well as the Chairman and Deputy Chairman of the Board of Directors.

## **8. Determination of the remuneration payable to the Board of Directors for the financial year 2016**

The shareholders present unanimously adopted that the remuneration for the Board of Directors for the financial year 2016 should remain unchanged compared to the remuneration for 2015:

Chairman of the Board of Directors	DKK 500,000
Deputy Chairman of the Board of Directors	DKK 300,000
Other members of the Board of Directors	DKK 175,000
Chairman of the Remuneration Committee	DKK 50,000
Other members of the Remuneration Committee	DKK 25,000
Chairman of the Audit & Risk Committee	DKK 100,000
Other members of the Audit & Risk Committee	DKK 50,000

In addition, the shareholders present also unanimously approved that no remuneration would be paid to alternates.

#### **9. Appointment of auditor**

The shareholders present unanimously approved the proposal by the Board of Directors to re-appointment 'PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab' as the company's auditors.

#### **10. Any other business**

No other business to be transacted.

The general meeting was then closed.

Copenhagen, 26 February 2016

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Thomas Thune Andersen  
Chairman of the Board of Directors

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Christian Th. Kjølbye  
Chairman of the meeting