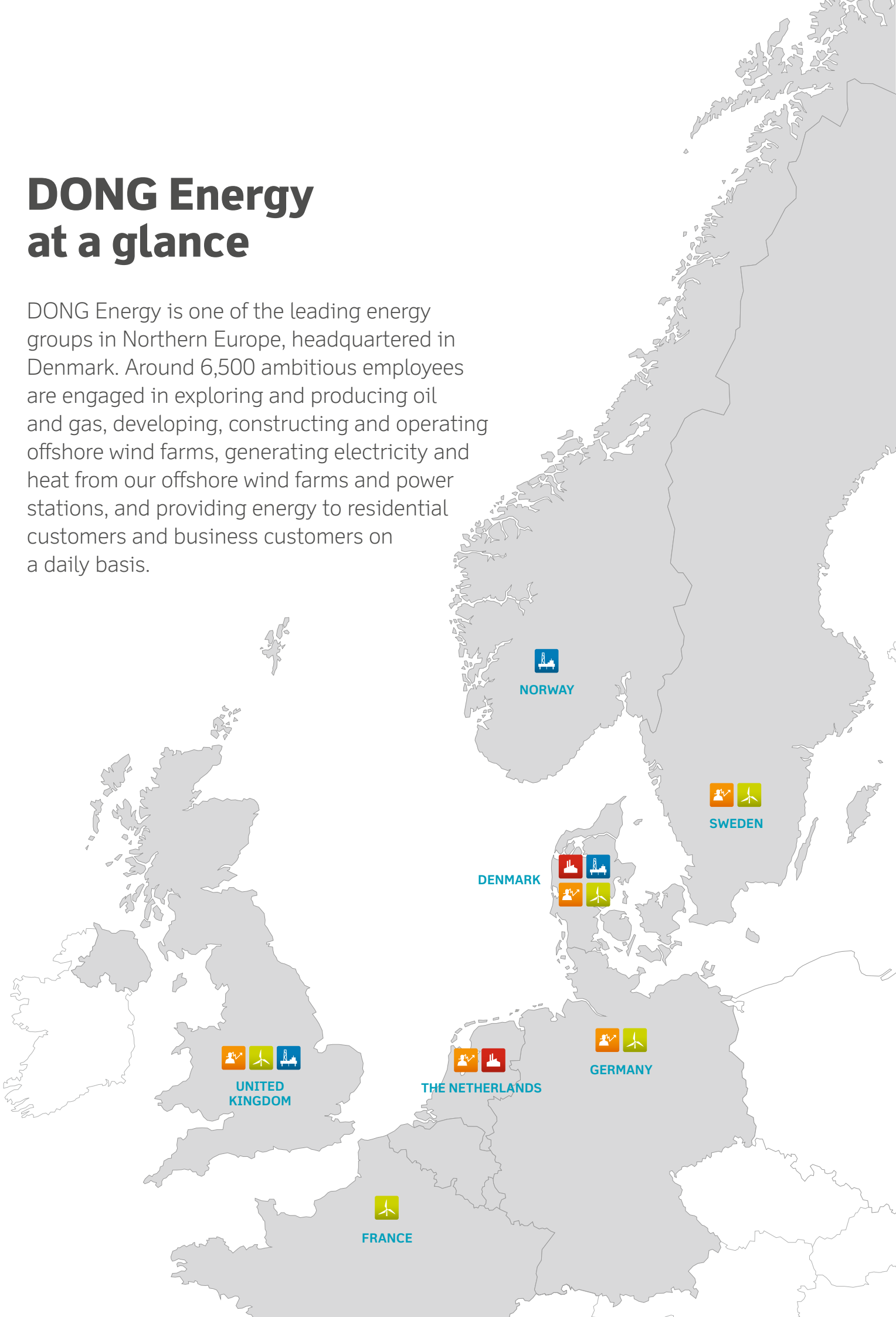
RESPONSIBILITY REPORT 2013

DONG ENERGY IN SOCIETY

DONG energy

DONG Energy at a glance

DONG Energy is one of the leading energy groups in Northern Europe, headquartered in Denmark. Around 6,500 ambitious employees are engaged in exploring and producing oil and gas, developing, constructing and operating offshore wind farms, generating electricity and heat from our offshore wind farms and power stations, and providing energy to residential customers and business customers on a daily basis.



Our performance 2013

REVENUE

73.1 DKK bn

OPERATING PROFIT

15.0 DKK bn

INVESTMENTS

21.2 DKK bn

EMPLOYEES

6,496

KEY FIGURES BY BUSINESS UNIT

EXPLORATION & PRODUCTION

Exploration and production of oil and gas

Revenue (DKK bn)	12.3
Operating profit (DKK bn)	7.3
Investments (DKK bn)	9.6
Employees	689

WIND POWER

Development, construction and operation of offshore wind farms

Revenue (DKK bn)	12.0
Operating profit (DKK bn)	4.3
Investments (DKK bn)	9.5
Employees	1,909

THERMAL POWER

Electricity and heat generation from power stations

Revenue (DKK bn)	9.7
Operating profit (DKK bn)	0.7
Investments (DKK bn)	0.7
Employees	967

CUSTOMERS & MARKETS

Sales of electricity and gas in the wholesale and retail markets and optimisation and hedging of the Group's overall energy portfolio

Revenue (DKK bn)	49.7
Operating profit (DKK bn)	2.3
Investments (DKK bn)	1.4
Employees	1,639

Our CEO on corporate responsibility

What does corporate responsibility mean at DONG Energy?

It means that we have a responsibility towards our many different stakeholders. It is of course crucial that we run our business in a way that enables us to secure a sound return for our owners on the capital we invest. If we fail to do so, we cannot maintain our existence as a business in the long term.

But we also have a responsibility in relation to a number of other stakeholders. That means responsibility in respect of our employees, for one thing, as we want to ensure that our employees can develop professionally and personally and that they work in a safe and secure physical and mental working environment. We also have a responsibility towards our customers, in that we must deliver products that live up to their reasonable expectations.

And we also have a corporate responsibility in a wider sense in terms of supplying the energy that helps keep the wheels turning in modern society, and contributing to solving some of the huge environmental and climate challenges facing the world. Overall, corporate responsibility can be seen as an integrated part of the set of targets that we as a company have adopted.

Wherein lies the value for DONG Energy in working with corporate responsibility?

We use our competences to develop a range of long-term solutions to some of the fundamental challenges facing society. Our development of offshore wind is a good example. This is a solution that contributes to reducing CO_2 emissions, and helps us use the wind as an energy resource instead of having to import energy. With offshore wind power, we are also creating a new business area which generates a growing portion of DONG Energy's revenue and earnings.

Our oil and gas production is another good example. While we are transitioning to renewable energy, we will still need oil and gas for many years to come to keep society going. Oil is crucial in the transport sector and in the plastics and chemical industry. And gas emits up to half as much CO_2 as coal. DONG Energy produces oil and gas to meet these needs.

The development of new energy solutions and the supply of energy to our customers satisfy a range of fundamental societal needs and also contribute to DONG Energy's ability to develop and renew its business and thus deliver a reasonable return to our shareholders on the capital they have invested in the company.

Do you find there is a conflict between our objective of delivering a return to our investors and having to live up to the expectations which many of our stakeholders have for our business?

I do not see any conflict at all; quite the contrary. Creating satisfaction among customers, creating satisfaction among employees, developing productive relations with suppliers and generally being perceived as a responsible company by society at large, are all factors that contribute to the success of a company – including its financial success. And delivering results in accordance with our stakeholders' expectations contributes to the success of our company.

Do we live up to our responsibility?

Being a responsible company is a constant challenge that you will never manage to completely solve as a company. DONG Energy's work on corporate responsibility is based on the UN Global Compact, which defines a number of principles for good corporate behaviour within four focus areas: environment, human rights, labour and anti-corruption. We must ensure at all times that our activities contribute positively to the company's financial results, while also contributing to promoting the UN Global Compact principles.

We live in a world that is constantly changing, and we therefore regularly come up against new issues that need to be handled, and that require careful consideration and dialogue with our stakeholders. So we will never cross the finish line. But fundamentally, I believe that DONG Energy makes a highly positive contribution to society.

Henrik Poulsen
CEO DONG Energy

Contents

DONG Energy's complete responsibility performance data for 2013 are available at dongenergy.com/responsibility2013-data

Leading the energy transformation

Renewing energy for society, supplying energy at competitive prices and producing cleaner energy. These are three important challenges facing society and the energy industry; challenges to which DONG Energy will contribute to developing solutions. Our vision is to lead the energy transformation towards more renewable energy, thereby contributing to creating value for the society that we are a part of.

The essential energy transformation
We often take energy for granted in our daily lives. Individuals and companies expect power in their outlets, gas for the gas furnace and petrol for the car when they need it – and rightly so.

Europe's energy companies play an important role in ensuring that there is always sufficient energy in society and that energy systems are continuously renewed, for example when power stations reach the end of their productive lives.

The long-term journey that we have embarked on involves a transition to more renewable energy with less impact on the climate and the environment. This energy transformation requires continuous investments, which must be financially viable and provide energy at competitive prices. During the transition to renewable energy, oil and gas will still be required, as they will continue for many years to be commodities that are necessary to keep modern society going. We must use oil and gas and other forms of energy highly efficiently to ensure the lowest possible CO_2 emissions.

Five challenges
Renewing energy for society, supplying energy at competitive prices and producing cleaner energy. These are three important challenges facing society; challenges to which DONG Energy would like to contribute to developing solutions. In DONG Energy, we also strive to be a stimulating and safe workplace for our employees, and integrity should always be at the heart of how we conduct our business. This amounts to five key challenges which we call Energy for society, Competitive energy, Clean energy, People matter and Business integrity.

DONG Energy's 2020 strategy contributes to providing solutions to these five challenges. In this report, you can read about how we in DONG Energy use our competences to realise this strategy. Through the transformation to more renewable energy, DONG Energy renews energy for society, contributes to a cleaner and healthier society and generates economic value for society and for our owners.

DONG Energy's 2020 strategy creates shared value

	Status 2013	2020 target	Value for society	Value for DONG Energy
DEVELOPMENT OF OFFSHORE WIND	2.1 GW offshore wind installed	6.5 GW offshore wind installed	In 2020, DONG Energy's development of offshore wind farms can supply 15 million Europeans with renewable electricity each year. Also, it reduces the need for importing energy to Europe.	Maintains DONG Energy's global market leader position within offshore wind.
INCREASED OIL AND GAS PRODUCTION	87,000 barrels of oil equivalents per day	150,000 barrels of oil equivalents per day	In 2020, DONG Energy's oil and gas production can cover 3.8 million Europeans' annual consumption. Also, it reduces the need for importing oil and gas to Europe.	Develops DONG Energy's regional position of strength in North-western Europe within oil and gas production.
INCREASED USE OF BIOMASS	18% biomass at Danish power stations	50% biomass at Danish power stations	Converting DONG Energy's Danish power stations to 50% sustainable biomass towards 2020 ensures green electricity and heat for our customers. In 2013, our power stations' biomass-based generation corresponded to 380,000 households' consumption.	Anchors the role of power stations as suppliers of flexible generation capacity in the future energy system, which will increasingly be based on renewable energy.
COMPETITIVE OFFSHORE WIND	-	The cost of offshore wind electricity must be reduced by 35-40% compared to 2012	Reducing the cost of offshore wind electricity brings offshore wind on a par with conventional energy technologies, provided that fossil technologies are charged with a fair CO_2 cost.	Is necessary if the offshore wind market is to continue its growth and to ensure support for the continued development of offshore wind.
HIGHER ENERGY EFFICIENCY	2.0 TWh saved at Danish customers since 2006	5.9 TWh saved at Danish customers since 2006	In 2020, the accumulated energy savings at DONG Energy's Danish customers will correspond to 556,000 Danes' annual electricity and heat consumption. The savings increase society's energy efficiency and reduce CO_2 emissions.	Strengthens DONG Energy's offers within intelligent customer solutions and reinforces the relation to our customers.
REDUCED CO_2 EMISSIONS	30% reduced CO_2 emissions from electricity and heat generation compared to 2006	60% reduced CO_2 emissions from electricity and heat generation compared to 2006	Reduces CO_2 emissions from our electricity and heat generation and contributes to reducing the negative impacts on the climate. The difference between DONG Energy's CO_2 emissions in 2006 and 2013 equals the amount of CO_2 emitted by more than 4 million cars in one year.	Strengthens DONG Energy's market position within development of renewable energy.
IMPROVED SAFETY	Lost time injury frequency of 3.2	Lost time injury frequency of less than 1.5	Creates a safe working environment for both employees and contractors and reduces society's costs for injury treatment and work absence.	Creates a safe workplace for our employees and suppliers.
INCREASED CUSTOMER SATISFACTION	Danish private customer satisfaction at 64 and Danish business customer satisfaction at 75 out of 100	Danish private and business customer satisfaction must both be 75 out of 100	Each customer is put first and experiences a high level of service.	Strengthens our position on the markets for both private and business customers.

How we work with corporate responsibility

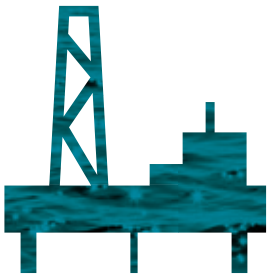
We have ongoing and systematic dialogues with our stakeholders. Through the dialogues, we identify the areas where DONG Energy can pay a particularly important contribution to solving key societal challenges, while at the same time creating value for our shareholders. This report focuses on these areas.

The dialogue with our stakeholders is part of our responsibility policy, which has been adopted by DONG Energy's Board of Directors. The four principles of the policy – stakeholder engagement, materiality, action and transparency – govern our work on responsibility in practice.

Also, our responsibility policy is based on the UN Global Compact, according to which we are obliged to make continuous progress within the Global Compact's four focus areas: environment, human rights, labour and anti-corruption. Our priorities and progress within these four areas are described in this report.

Read more about our approach to responsibility and the dialogue with our stakeholders here.

Highlights in 2013



Energy for society

How do we continuously renew the energy supply?

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Development of offshore wind
Today, 5 million Europeans may annually be supplied with energy from offshore wind farms installed by DONG Energy.

Page 11

Increased oil and gas production
DONG Energy's annual oil and gas production now corresponds to more than 2.2 million Europeans' annual consumption.

Page 12

Increased use of biomass
In 2013, DONG Energy's power stations generated biomass-based electricity and heat corresponding to the consumption of more than 380,000 Danish households.

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Competitive energy

How do we provide energy at competitive prices and contribute to the creation of growth and jobs?

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Competitive offshore wind
DONG Energy has set the target of reducing the cost of electricity from offshore wind farms by 35-40% from 2020 relative to 2012.

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Higher energy efficiency
DONG Energy's accumulated energy savings at Danish customers since 2006 now annually save the equivalent of more than 188,000 Danes' electricity and heat consumption.

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Clean energy

How do we make the transformation to cleaner energy?

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Reduced CO_2 emissions
The difference between DONG Energy's CO_2 emissions from electricity and heat generation in 2006 and 2013 equals the amount of CO_2 emitted by more than 4 million cars in one year.

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Less coal consumption
Since 2006, DONG Energy's coal consumption has been halved.

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People matter

How do we promote safety, the right skills and a stimulating working environment?

Page 28

Improved safety
The number of lost time injuries have been reduced from 7.5 per million working hours in 2008 to 3.2 in 2013.

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Women in management
In 2013, DONG Energy adopted a policy setting targets for the share of women at all management levels.

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Business integrity

How do we ensure that we operate our business with high integrity?

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Increased customer satisfaction
DONG Energy's business customer satisfaction is continuously rising and is now 75 on a scale of 1-100.

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Preventing fraud and corruption
96% of our employees have completed e-learning in good business conduct.

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ENERGY FOR SOCIETY

How do we continuously renew the energy supply?

As consumers, we often take energy for granted. It's just there. And this is how it should be. Therefore, we have to continuously renew the energy supply to ensure that there will always be energy enough for everyone.

Many power stations in Europe are old, and in the course of the next couple of decades, a lot of them will be decommissioned. We have to find something sustainable to replace them with. In addition, the EU's oil and gas production is declining. The EU currently imports three quarters of its oil and gas, and this figure increases year by year.

How do we continuously renew the energy supply so that it moves in a still more sustainable direction, and so that companies and individuals will continue to have access to abundant and reliable energy supplies?

Fresh wind ahead!

There is plenty of wind in Northern Europe – especially at sea. The potential is so great that, in theory, offshore wind could supply 80% of the EU with electricity in 2030.

One of DONG Energy's offshore wind turbines

In the early 1990s, DONG Energy experimented with installing 11 small onshore wind turbines in the waters off Lolland. We were the first in the world to install wind turbines offshore. Since then, we have gained solid experience, and we have built more offshore wind farms than any other company in the world. By 2013, we had installed enough offshore wind turbines to supply 5 million Europeans with electricity.

Our plan is to have installed three times as much offshore wind capacity by 2020 – enough to cover the electricity consumed by more than 15 million Europeans annually. It is possible to supply that many people with electricity because there is plenty of space and wind at sea. Each of the wind farms we build today has the same capacity as a traditional power station, and a wind turbine installed in a favourable location, such as Horns Rev 2, produces electricity more than 90% of the time.

More wind power will make Europe less dependent on imports of large volumes of coal, oil and gas. And our 2020 target will make offshore wind one of DONG Energy's largest business areas. It is an ambitious target requiring constant innovation and involving certain risks such as technical and project management risks – just like other energy projects. However, in DONG Energy, we have built knowledge on how to manage these risks. We are currently installing offshore wind farms such as Westermost Rough in the UK and Borkum Riffgrund 1 in Germany.

Facts

54%

In 2011, the EU depended on importing 54% of the energy consumed.

35%

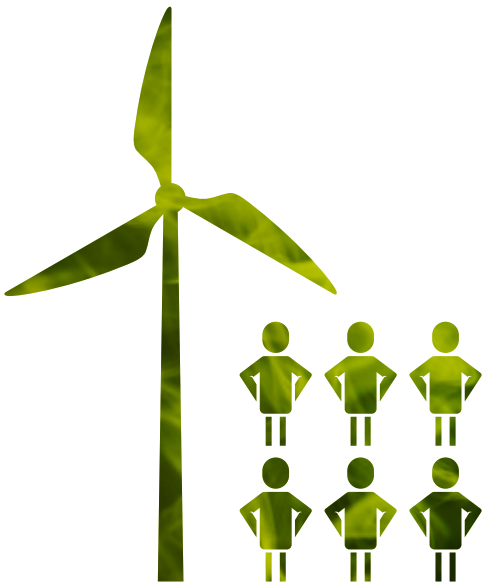
Today, the EU is around 35% more dependent on energy imports than in the 1980s, and the increase is expected to continue.

Sources: IEA 2012; Eurostat 2013

Development of offshore wind

In 2013, the offshore wind farms installed by DONG Energy had the capacity to supply electricity to 5 million Europeans. In 2020, it will be more than 15 million Europeans.

Electricity for **5** million Europeans in **2013**



Electricity for **15** million Europeans in **2020**

"Offshore wind is core to DONG Energy's strategy and builds on our long heritage in the pioneering of generation from wind. We're a world leader in offshore wind and today, including projects like London Array, we have installed enough capacity in the UK to supply electricity to more than 2.7 million people."

Benjamin Sykes
UK Country Manager, Wind Power, DONG Energy

Oil and gas keep the wheels turning

While we are expanding renewable energy sources, society still needs oil and gas to keep us moving and to keep our homes warm. Also, oil is an important component of many of our everyday necessities – such as clothes, mobile phones and bottles. In 2035, oil and gas are expected to account for 53% of the EU's energy consumption.

In DONG Energy, we are working to find new oil and gas fields and increase production in Denmark, the UK and Norway. In 2013, we produced 87,000 barrels a day, corresponding to the oil and gas consumed by more than 2.2 million Europeans a year. Our target is to produce 150,000 barrels a day in 2020.

The oil and gas reserves in Europe are decreasing, but there is still more to find. However, it is getting harder and harder to extract the oil and the gas, as they are often found in small fields where extraction is not profitable or in fields that are very complicated to reach. Extracting the oil and gas requires constant technological development.

For many years, DONG Energy has been active in the exploration and production of oil and gas in North-western Europe, and these competences will help us meet our 2020 target. Our production helps fulfil society's demand for oil and gas, and the oil and gas business will continue to generate an important share of DONG Energy's total earnings and return.

The oil field Siri in the Danish North Sea

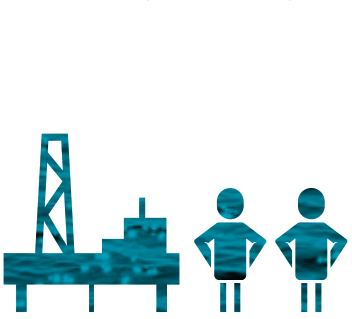
We explore in the North

In DONG Energy, we are exploring for oil and gas in the northern regions around Northern Norway, Greenland and the Faroe Islands. The exploration in Greenland is at a very early stage where most of the work so far is limited to data processing on computers. We do not know when or if we will be able to produce from there, and if so, it will be many years into the future. But one thing is certain: We will only search for, drill for and produce the oil if it can be done safely for people, animals and the environment.

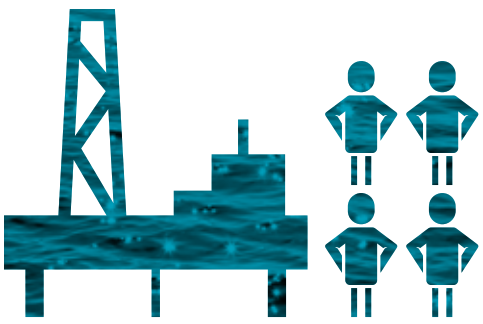
Read more about how we take care of the environment on page 27.

Increased oil and gas production

In 2013, DONG Energy produced enough oil and gas to cover 2.2 million Europeans' annual consumption. In 2020, it will be 3.8 million Europeans' consumption.



Oil and gas for **2.2** million Europeans in **2013**



Oil and gas for **3.8** million Europeans in **2020**

The flexible teammate

The Avedøre power station has the world's most efficient power station unit

DONG Energy has 9 central power stations in Denmark. They ensure that there is always heat in the radiator and power in the outlet – also on days when there is no wind. And by converting some of the power stations from coal and gas to biomass, such as wood pellets and woodchips, they are given a new and greener life.

In 2013, our power stations produced an amount of electricity equal to the annual consumption in more than 4 million homes. They also supplied one-third of all Danish district heating – or the equivalent of the annual heat consumption in 600,000 Danish homes.

The power stations play an important role in the energy system, and with still more wind and solar energy in the energy system, we must be able to ramp power station production up or down easily, depending on whether the wind is blowing or the sun is shining. This is an important task for DONG Energy's power stations in the future. We must always provide our customers with the electricity and heat that they need, and the efficiency and flexibility of our power stations help us do this.

Also, greener energy is in demand among our customers. In DONG Energy, we plan to convert some of our Danish power stations from coal and gas to sustainable biomass. In this way, the power stations get a new and greener life to ensure that they will continue to be the flexible teammate supplementing electricity generated from the sun and the wind.

Our target for 2020 is that 50% of the energy generated by power stations will come from biomass. In 2013, the share was 18%. This provided green electricity and heat corresponding to the annual consumption in more than 380,000 Danish households. For DONG Energy, the conversion to biomass means that we are able to anchor the role of power stations in the energy system of the future, which will increasingly be based on renewable energy.

Read more about how we ensure that the biomass is sustainable on page 24.

Facts

80%

By 2035, the EU must replace and build the equivalent of 80% of its current electrical capacity.

Source: IEA 2013

Increased use of biomass

In 2013, DONG Energy generated biomass-based electricity and heat corresponding to the annual consumption in 380,000 households.

Green electricity and heat for

380,000

Danish households in **2013**

A whole new bioworld

Biomass is filled with energy. DONG Energy has developed three biotechnologies that convert waste, straw and energy crops to biogas, bioethanol and advanced biomaterials. These technologies turn otherwise redundant biomass into energy sources that can replace fossil fuels and for example be a clean supplement to wind power. We call these technologies Inbicon, REnescience and Pyroneer.

"We are collaborating with DONG Energy on marketing the Inbicon technology on the Chinese market. We only invest in projects that we consider to be commercially viable and which spur real development in a country. This collaboration may pave the way for further investments in bio-based technologies."

Anders Nellemose
Senior Investment Manager, the Investment Fund for Developing Countries (IFU)

Inbicon

Driving on biomass

Around 30% of the world's total energy consumption is used for transport. Second-generation bioethanol may be a clean supplement to petrol and diesel.

In DONG Energy, we have developed the Inbicon biotechnology, which converts straw and other agricultural waste products into second-generation bioethanol. As opposed to first-generation biofuels, this is not so-called 'food petrol', as the technology is not based on potential foods.

Inbicon is met with interest around the world, and we have entered into partnerships on the development of plants in China and Brazil, among other places.

REnescience

Waste is a resource

In the EU, 37% of our household waste goes to landfill. In DONG Energy, we see waste as a resource.

In collaboration with our partners, DONG Energy has developed the REnescience technology, where we mix household waste with enzymes. During this process, the elements that may be reused or used as fuel at a power station are separated, and the organic part of the waste is converted to an energy-rich bioliquid that can be used to produce biogas, electricity and heat, among other things.

REnescience may contribute to solving the global waste problem, and in DONG Energy we believe that there is commercial potential in selling this technology. We are currently working on the realisation of REnescience projects in North-western Europe, such as in the Triangle Region in Jutland, Denmark.

Pyroneer

Biomass can be harnessed better

Biomass is a good alternative to coal, and it can be harnessed even better than we do today.

We have developed the Pyroneer technology, which converts straw and other waste products to valuable biogas. In this way, we achieve a better utilisation of biomass as an alternative to coal and other fossil fuels at the power stations.

In 2011, we set up a 6MW demonstration plant at the Asnæs power station in Kalundborg, Denmark. The experience gained from this small plant will provide us with the know-how required to build larger plants around the world. We plan to put a 50MW plant into operation in 2017.

So reliable that you can take it for granted

As consumers, we take power for granted. And this is how it should be. DONG Energy's customers must have power from the outlet when they need it.

Cable laying north of Copenhagen in Denmark

DONG Energy owns and operates the electricity distribution network in the Greater Copenhagen Area and on Northern Zealand, and we own and operate the gas distribution network in Southern Jutland and on Southern Zealand.

We want to guarantee our customers a stable energy supply, and our ambition is that customers do not experience more than an average of 35 minutes of power outages annually. In 2013, the average was 29.6 minutes.

It used to be a challenge that power lines hung in the air and were exposed to storms especially. For this reason, we have spent recent years replacing the overhead lines with underground cables. We expect all overhead lines to be removed by the end of 2014 at the latest.

When two storms raged across Europe in October and December 2013, we reaped the benefits of this work. The strong October storm only caused around 7,000 power outages for our distribution customers in the Greater Copenhagen Area and Northern Zealand. And the vast majority of these were only very short. By comparison, more than eight times as many customers lost power during the 1999 storm.

Following the 1999 storm, the Danish Energy Association estimated the socio-economic loss at 53.2 million euro for the entire country; among other things because some companies had to cease production. In 2013, the loss only amounted to 2.1 million euro.

99.994%

In 2013, our approximately 870,000 Danish electricity customers had a 99.994% reliable supply.

The art of balance

"It's ground-breaking that we've got final proof that Power Hub will be able to play a vital part in the integration of the ever-increasing amount of renewable energy in Europe."

Evert den Boer
Senior Vice President
of International Sales,
DONG Energy

More power from the wind and sun means more fluctuating electricity generation. This increases the need to be able to quickly adjust the supply and consumption of electricity to ensure balance in the grid at all times. This is important to avoid power outages for customers.

In DONG Energy, we have developed Power Hub, which is able to turn the customers' production and consumption units up or down to avoid sudden excessive or low voltage in the electricity grid. A unit might be a cold store or a pump.

In 2013, we performed a number of live demonstrations that showed how we are able to control pumps, heating and cooling systems in an industrial area by means of Power Hub.

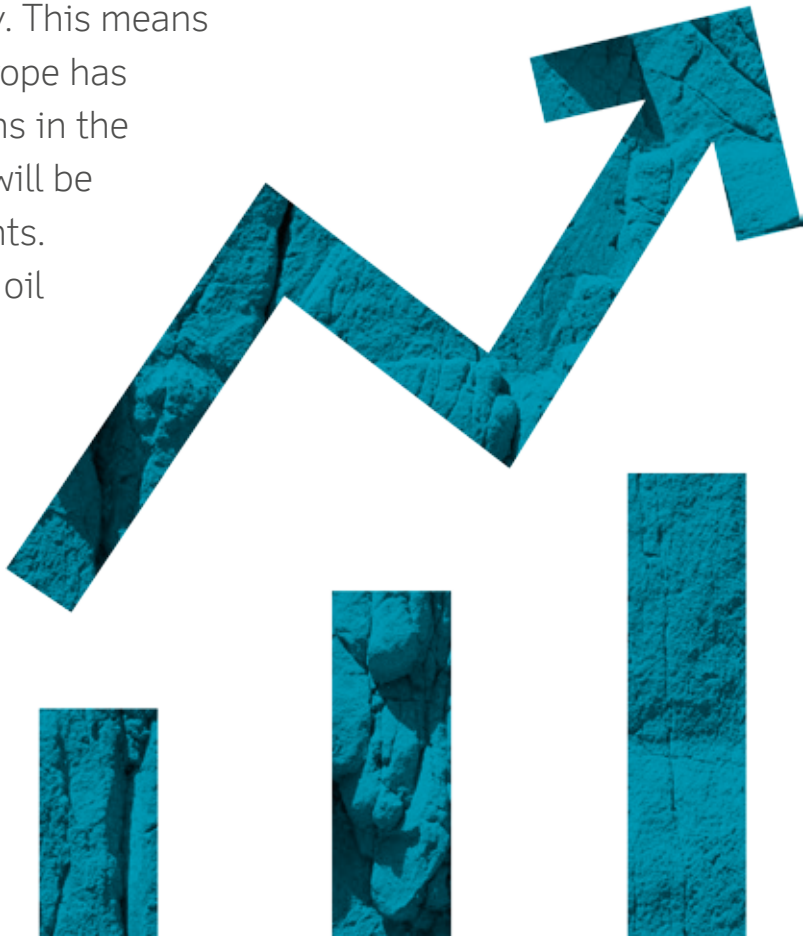
The Faroe Islands, where people used to live with frequent and major failures, is the first place in the world where Power Hub has been put into use, as it is difficult to integrate renewable energy in the islands' isolated electricity grid. At the end of 2013, we entered into a partnership to employ the technology on other islands. This means that the flexibility provided by Power Hub is of increasing financial value to DONG Energy.

COMPETITIVE ENERGY

How do we provide energy at competitive prices and contribute to the creation of growth and jobs?

Without energy, Europeans would not be as prosperous as many are today. Energy is necessary for companies to be able to operate and for all of us to have lighting and heating in our everyday lives.

One of the most important tasks for the energy industry is to supply energy at competitive prices, which at the same time contributes to creating growth and jobs in society. This means that it is quite a challenge that Europe has to replace most of its power stations in the course of the next two decades. It will be costly and require major investments. And as the EU's own production of oil and gas is declining, the import of fossil fuels at higher and fluctuating prices will increase.



How do we renew the energy supply to provide energy at competitive prices and contribute to the creation of growth and jobs?

Cheaper offshore wind

One of the main challenges facing the energy industry is that of renewing the energy system while at the same time ensuring that energy continues to be affordable. Because the fact is that electricity from new power stations and wind turbines costs more than electricity from old power stations and wind turbines that have been fully depreciated.

In DONG Energy, we are experts in offshore wind, and this technology represents a particular challenge. Today, offshore wind is more expensive to set up than coal, gas, nuclear power or onshore wind. This is no wonder as offshore wind did not gather speed at DONG Energy and other companies until 10-15 years ago. By comparison, the onshore wind technology has seen significant development since back in the 1970s, which means that it is currently able to compete with fossil fuels in many places.

Over the next couple of years, offshore wind has to go on the same journey as onshore wind has already travelled. In DONG Energy, we intend to reduce the cost of offshore wind by 35-40% for farms decided upon in 2020 as compared to 2012. Along with a meaningful price for CO_2 emissions, the cost of offshore wind will then be on a par with coal, gas and nuclear power.

This objective represents a major challenge which will require new and larger turbines, new foundations and new ways of installing and operating the turbines. With fewer and larger turbines, we can achieve the same electricity generation at a lower cost.

It is also about standardisation. Previously, offshore wind farms were purpose-built for specific locations. In future, we will increasingly select projects based on whether the locations will accommodate a standardised farm. We are focusing on streamlining the development of new wind farms to achieve even greater cost savings.

It is necessary to reduce the cost of offshore wind to ensure popular and political support for the technology. And it is necessary to ensure that the offshore wind market continues to grow, and that we in DONG Energy are able to fulfil our objective of having offshore wind generate a major part of our earnings in 2020.

Facts

6.6%

In one year, from 2011 to 2012, electricity prices in the EU rose by 6.6% on average.

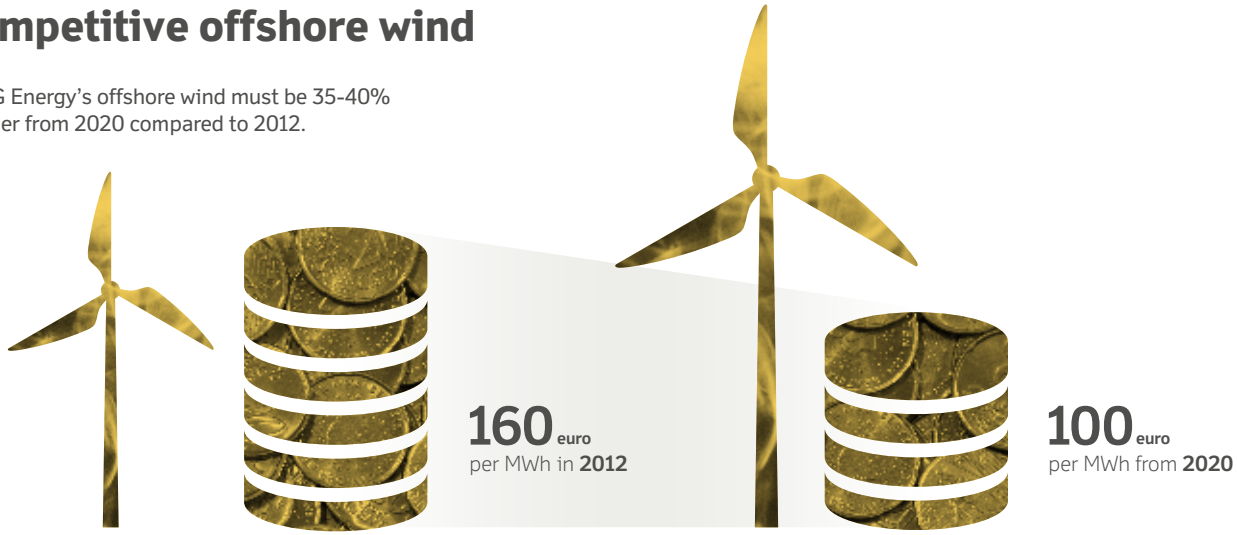
0%

The Danish electricity prices remained stable and did not increase during this period.

Source: Eurostat 2013

Competitive offshore wind

DONG Energy's offshore wind must be 35-40% cheaper from 2020 compared to 2012.



Facts

113%

From 2005 to 2012, the European prices of coal, oil and gas increased by between 84% and 113%, and they are fluctuating more and more.

89.6 euro

The European price of coal increased by 130% from 2006 to 2008, peaking at 108.3 euro per tonne. In 2009, the price then fell again by 50% to 54.3 euro per tonne, only to rise again by 65% from 2009 to 2011 to a price of 89.6 euro per tonne.

Source: BP Statistics Database 2013

Wind at sea is a free resource

The prices of the fossil resources of coal, gas and oil are both unstable and have been on the rise since around the turn of the millennium. This makes the price of power fluctuate and makes it harder for companies to predict their future expenses.

With offshore wind, the initial investment in the offshore wind turbine is relatively high, but once it has been set up, the price of the electricity is largely known, because the wind is a free resource. This ensures predictability, because the price of electricity is decoupled from the fluctuating fuel prices.

Lower energy costs

For some companies, energy accounts for a large part of their costs. The money saved on energy may be spent elsewhere.

In DONG Energy, our objective is to quadruple energy savings at our Danish customers from 2012 to 2020.

We pursue the objective of helping our customers save energy through our climate partnerships, through the sale of consultancy services and through initiatives promoting the various subsidies offered under the Danish Energy Agency's energy-saving scheme. Since 2006, we have helped our customers realise increasing amounts of annual energy savings. In 2013, the accumulated energy savings corresponded to more than 188,000 Danes' electricity and heat consumption. In 2020, it will correspond to more than 556,000 Danes' consumption.

The companies that make use of our consultancy services discover that they can save money quickly and with low risk by saving energy. With the help of DONG Energy's energy consultants, our customers have been able to accelerate their work on energy savings, whether by identifying savings potential, developing energy projects to invest in or implementing energy savings in buildings or production plants.

In 2013, especially Novozymes, Haldor Topsøe, Chr. Hansen, the University of Copenhagen and Aalborg Portland have contributed to ensuring that we are now one step closer to our 2020 target for energy savings.

By reducing energy costs, companies are able to free up resources for other activities, and for DONG Energy, the value lies in building stronger relations with our customers.

Higher energy efficiency

In 2020, the accumulated energy savings which DONG Energy has helped its Danish customers to realise since 2006 will save as much energy annually as 556,000 Danes consume in electricity and heat.

556,000
Danes' electricity and heat consumption saved per year in **2020**

A vitamin pill for the economy

All economies need investments that create economic activity – especially in times of economic crisis. This also applies to the European economy. DONG Energy's investments contribute, for example, to the transformation to more renewable energy and to the production of oil and gas to keep society going.

DONG Energy has invested 13 billion euro in especially Denmark, the UK, Germany and Norway since 2006. Many of our future investments will also be made on these markets.

The investments are vital to realising DONG Energy's growth strategy. And they contribute to fulfilling some of the considerable investment need in the European energy sector to provide Europeans with cleaner and reliable energy.

Our investments are also a vitamin pill for the economy. Especially in the construction phase of projects, our investments generate economic activity and jobs.

In 2013, we invested 2.8 billion euro, primarily in offshore wind and oil and gas activities. We invested 1.3 billion euro in wind projects and 1.3 billion in oil and gas activities.

13 billion euro

Since 2006, DONG Energy has invested 13 billion euro in projects in North-western Europe.

New money

There is a fundamental need for investing in the renewal of the energy system, but obtaining the required capital is a major challenge.

DONG Energy has developed a new financing model, where a total of seven pension funds and other investors have invested more than 2 billion euro in our offshore wind farms. These include PFA, Pension Danmark and Marubeni. With this model, large funds are put to work in the energy industry and in society, and for DONG Energy, it supports our objective of developing a value-adding offshore wind business.

Investments up North

In DONG Energy, we have invested in the development of the Laggan-Tormore gas fields, which are planning to start production during 2014.

DONG Energy owns 20% of the project, while Total owns 80%. More than 1,400 people have worked on the construction site on the Shetland Islands, and the project has also generated many derived jobs off the site. We expect the field to produce for 15 years and require around 80 employees for day-to-day operations. In addition, local labour will be required for maintenance work.

Activity at the Laggan-Tormore construction site

More local value

Investing in an offshore wind farm is an important investment for any country. It provides new energy, clean energy and less dependence on fossil fuels. But society may also rightly expect that parts of the investment will be recovered in the form of new jobs and economic activity. This may represent a challenge if the local business community is not used to working with offshore wind. And we must, of course, also comply with the procurement rules set up to ensure a level playing field.

When DONG Energy built the Danish Anholt offshore wind farm in 2012 and 2013, a business network of local small and medium-sized enterprises won orders worth more than 60 million euro – primarily as subsuppliers to the project's main suppliers. This created 330 jobs. It was made possible because carpenters and bricklayers, transport and logistics companies, crane suppliers and many others from the local business community set up an organisation called DJURS Wind Power and systematically prepared for the requirements and terms applicable in the offshore wind industry. Also, it was possible because DONG Energy created a model for how the local suppliers could supply the project's main suppliers. The key words in this model are communication and organisation.

The model is simple, but the example of Anholt offshore wind farm shows that it is effective. We intend to use this model for other construction projects. It creates local value, and for DONG Energy it strengthens our supply chain. The model may increase the number of suppliers and strengthen relations with suppliers in the community.

"The cooperation with DONG Energy and the 60 million euro worth of orders placed with the companies in DJURS Wind Power have lifted the business environment in the Djursland region and shown that together we are stronger."

Jan Bo Allermann
Carpenter and Chairman,
DJURS Wind Power

Clear communication

Often, local suppliers who have not worked with offshore wind before do not think that the wind developer and the main suppliers of, for example, offshore wind turbines and foundations are interested in working with local companies. The developer must clearly express early on that it is interested in using local subsuppliers, if the quality is acceptable and the prices are competitive.

Transparent process

Local suppliers often do not know the process involved in constructing an offshore wind farm or the applicable training and safety standards. This keeps them from submitting a bid. At an early stage, the developer must draw a clear picture of the project process, project scope and types of deliveries required for the project in order for the local suppliers to be prepared when the deadlines are set and the main suppliers are selected.

Availability

The local suppliers will have important questions as the process progresses. The developer must be available for answering such questions to ensure that the subsuppliers have the information necessary to submit their bids in compliance with the requirements and on time.

European energy

When we exploit the European energy sources, it reduces the need for buying energy outside of Europe. Instead, the vast amounts of money are put to work inside the EU.

There is nothing wrong with trading. It makes the economy more efficient, and sometimes there are no alternatives. However, it is a challenge that 75% of the EU's energy comes from coal, gas and oil, and that two thirds of the fossil fuels are imported.

In 2011, a total of 389 billion euro was sent out of the EU to pay for imported fossil fuels. This corresponds to more than the member states' total education budgets. This figure will only increase as the EU's own fossil resources of oil and gas diminish. European coal has also become a scarce commodity.

If, instead of importing more and more, the European countries spend the money on investing in offshore wind and new oil and gas fields, the money will be put to work in Europe. It will be possible to export, to create jobs and to raise revenue for the state. For example, the European wind industry currently employs a quarter million people and contributed 32 billion euro to the EU economy in 2010. Between 2007 and 2010, the wind industry increased its contribution to EU's total GDP by 33%.

DONG Energy's 2020 targets for the expansion of offshore wind and for the production of oil and gas mean that Europe will need to import a little less energy and instead will be able to send more money to work in Europe, thereby creating European jobs. The benefit for DONG Energy lies in the opportunity to utilise our strong competences within offshore wind, oil and gas, and thus create value for our owners.

Facts

389 billion euro

In 2011, the EU spent 389 billion euro on imports of fossil fuels. That is 42 billion euro more than the EU's total education budgets.

>100%

In 2012, the prices of coal, oil and gas had more than doubled since 2000.

Sources: Eurostat 2013; BP Statistics Database 2013

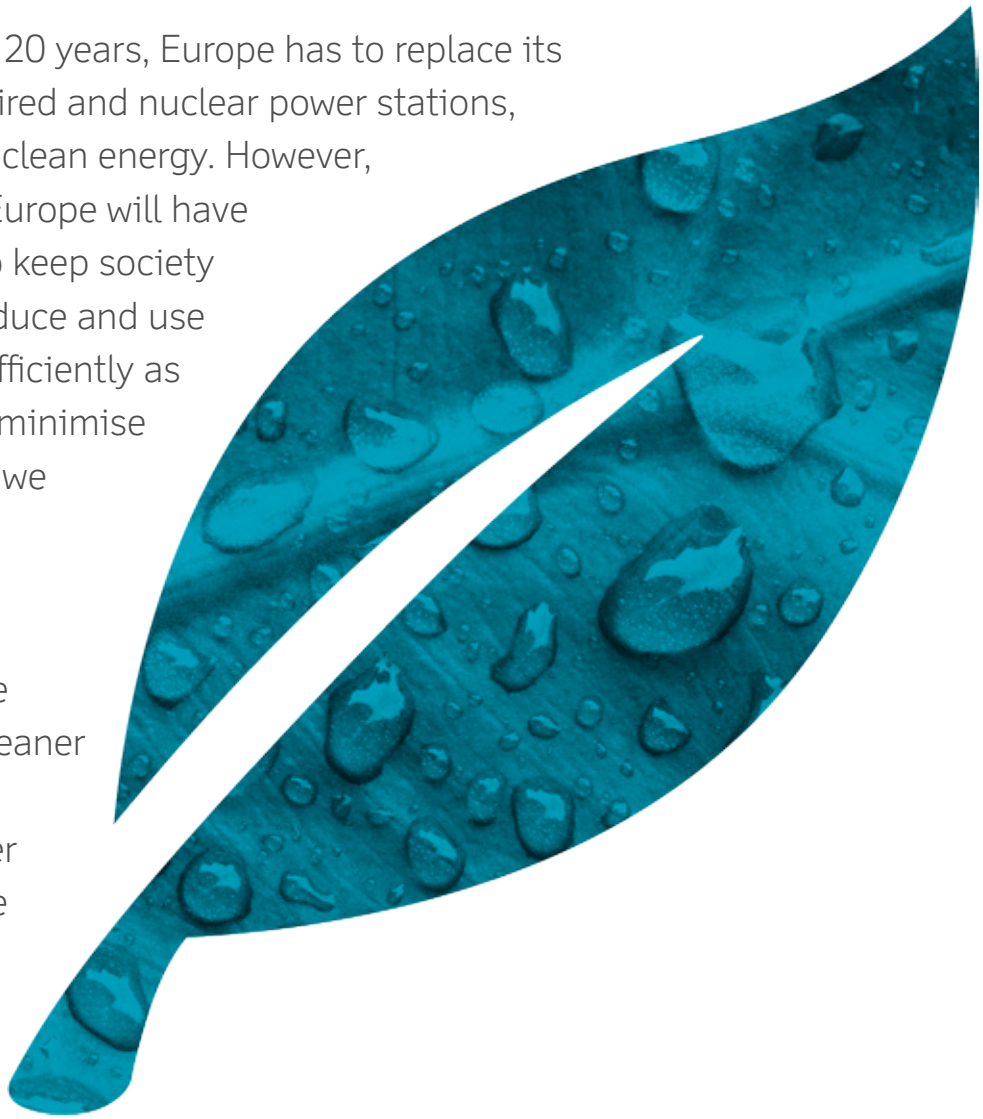
A blade for a wind turbine is ready to be installed at Anholt offshore wind farm

CLEAN ENERGY

How do we make the transformation to cleaner energy?

We must create a cleaner and healthier society based on renewable energy with lower CO_2 emissions. Today, renewable energy accounts for 11% of the EU's energy consumption. The transformation has started, and must continue.

When, over the next 20 years, Europe has to replace its numerous old coal-fired and nuclear power stations, it should do so with clean energy. However, during this period, Europe will have to use gas and oil to keep society going. We must produce and use this oil and gas as efficiently as possible in order to minimise CO_2 emissions. And we need to care for the environment.



How do we make the transformation to cleaner energy to create a cleaner and healthier society, limit climate change and care for the environment?

85% less CO_2

The EU has set a target of reducing greenhouse gases by 20% from 1990 to 2020. In DONG Energy, we are among those taking the lead in tackling this challenge.

Our objective is that, by 2020, we have reduced CO_2 emissions from our electricity and heat generation by 60% relative to emissions in 2006. By 2040, we will have cut CO_2 emissions by 85%. Our ambitious targets give us a strong position on the market for green growth, which attracts capital and competences to our business.

Offshore wind power and biomass are taking us in the right direction. In 2013, CO_2 emissions from our electricity and heat generation were 30% less compared to 2006. The difference between our CO_2 emissions in 2006 and 2013 is equivalent to the amount of CO_2 that more than 4 million cars emit in a year.

Reduced CO_2 emissions

The difference between DONG Energy's CO_2 emissions from electricity and heat generation in 2006 and 2013 equals the amount of CO_2 emitted by more than 4 million cars in one year.

Facts

800,000 years

Today, the atmospheric concentration of CO_2 is higher than it has been for at least 800,000 years and is expected to continue to increase because of our dependence on fossil fuels for energy.

Since 1850

Each of the last three decades has been successively warmer at the Earth's surface than any preceding decade since 1850.

Source: IPCC 2013

The clean offshore wind

Wind is abundant and clean. And offshore, it is possible to increase the size of both the turbines and the wind farms without disturbing any neighbours.

Offshore wind is a prime example of how we can learn to supply society with the many energy resources that naturally surround us so that more people can enjoy clean energy in their daily lives.

In 2013, DONG Energy celebrated the commissioning of the world's biggest offshore wind farm, London Array in the UK, and Denmark's biggest offshore wind farm off the Kattegat island of Anholt. Altogether, we have now installed sufficient offshore wind capacity to annually supply 5 million Europeans with CO_2-free power. By 2020, our target is to have installed 6.5 GW offshore wind capacity, enough to supply more than 15 million Europeans with wind-generated electricity.

Achieving this target will demand considerable efforts. However, it will result in more clean energy and also create value for DONG Energy, with offshore wind power being one of our most important business areas. In 2013, our wind power business accounted for 28% of our operating profit.

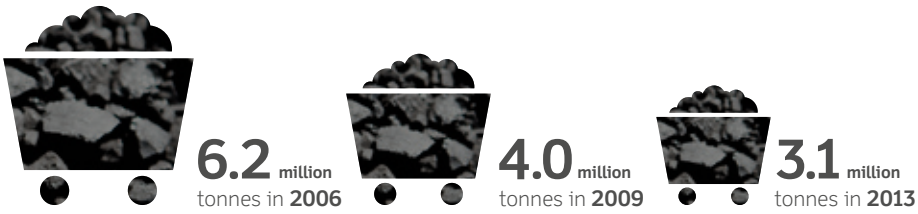
Anholt offshore wind farm

A greener life for power stations

Coal-fired power stations emit large volumes of CO_2, but using biomass enables them to produce green electricity and heat.

Towards a future with more renewable energy, most European countries need biomass such as wood pellets and woodchips to give power stations a new and greener life so that they can continue to step in when the wind falters.

In DONG Energy, we will convert our Danish power stations so they can be fuelled with biomass instead of fossil fuels. We have reduced our coal consumption by 50% since 2006, thereby significantly reducing CO_2 emissions. Instead, we will increase the use of sustainable biomass from the current level of 18% so that by 2020, 50% of all the electricity and heat supplied to Danish consumers by our power stations will come from biomass.

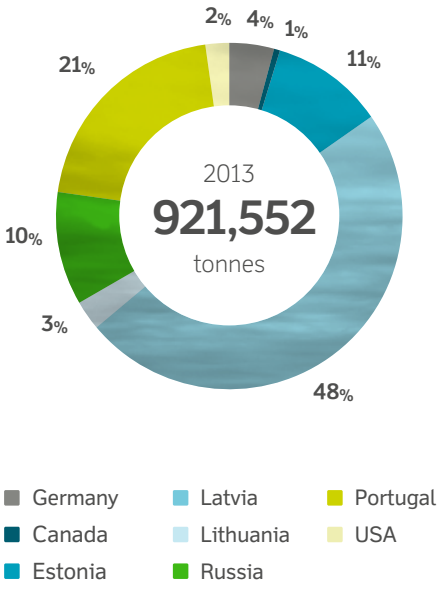


DONG Energy is reducing its coal consumption

CO_2 reductions from biomass

Compared with coal-firing, DONG Energy's use of biomass at Danish power stations in 2013 spared the climate the same amount of CO_2 as 255,000 Europeans emit in a year.

From where does DONG Energy source wood pellets?



We select wood pellets carefully

By replacing coal and gas with sustainable wood pellets and woodchips, CO_2 emissions are reduced by around 90% – even when taking emissions from processing and transport into account.

Denmark is a small country with large areas of farmland and not a lot of forest, so most of the wood pellets DONG Energy uses are sourced from the Baltic states and Portugal. Operations must, of course, be sustainable in order to reduce CO_2 emissions and preserve the forests' ecosystems. Sustainable forest operations require that the forests are carefully managed and that the amount of wood which is harvested does not exceed what is sown.

The challenge is to establish an international standard defining precisely what is required for biomass to be termed sustainable. Here, DONG Energy has teamed up with five other energy companies and four certification companies to form the Sustainable Biomass Partnership.

Sustainable biomass allows us to supply the green electricity and heat which our customers want. This increases the demand for energy from our power stations, thereby creating value for DONG Energy.

Waste recycling

In the EU alone, we dispose of 3 billion tonnes of waste a year – or 6 tonnes of waste per capita. This is not environmentally sustainable, and waste can often be used to create new value.

In 2013, DONG Energy recycled 76% of its waste from facilities, with 4% ending in landfill sites. Thereby, we met both our targets of recycling 70% of the waste from our facilities and sending a maximum of 8% to landfill. The future challenge is to recycle as much as we do today despite changing activities.

Moreover, we have become better at recycling waste from our administration – in 2013 the figure was 61%, compared to 44% the year before. This means that we also met our target of recycling 50% of the waste from our administration.

Inbicon

REnescience

Pyroneer

From dull residue to energy

DONG Energy has developed three advanced biotechnologies for refining and thereby better utilising residual products from biomass. The technologies convert useful residual products such as straw or household waste into clean energy and valuable nutrients, which can be returned to the soil. Biomass is an energy source with low CO_2 emissions, offering an alternative to fossil fuels.

Find out more about the technologies on page 14.

Gas halves the problem

Gas emits up to half as much CO_2 as coal. Gas therefore represents a stepping stone towards a society based on renewable energy.

In Europe's established energy system, it will take time to replace all fossil energy with renewable energy. In the meantime, gas provides heat and power for our homes, energy for industry and keeps the wheels rolling on buses and cars.

In DONG Energy, we produce gas from Danish and Norwegian fields, and soon also from the UK. We also store, distribute and trade gas, so gas is an important part of DONG Energy's value-creating activities.

It is increasingly hard to find gas because the large, easily accessible gas fields are exhausted. But we are working on it. Our gas production is still increasing, and in 2013 we produced 3.6 billion cubic metres of gas corresponding to the annual gas consumption in 2.4 million British homes. Moreover, we sold 12.5 billion cubic metres of gas – enough to cover the annual gas consumption in 8.3 million British homes.

Residual products are valuable

At DONG Energy, we recycle as many residual products as possible from energy production at our power stations to minimise pollution and create new value.

Among other things, we recycle wastewater, gypsum and fly ash. For example, each year DONG Energy's power stations sell approximately 250,000 tonnes of fly ash to the construction industry. We thus sell enough fly ash each year to produce cement for three Great Belt bridges.

Recycling the fly ash has three benefits. Firstly, the fly ash replaces natural resources which would otherwise have been used to produce the cement and concrete. Secondly, we do not have to pay to dispose of it. Thirdly, we make money selling the fly ash.

"It's important for us that we can purchase gypsum from DONG Energy as we go to great lengths to be sustainable. Our strategy is to be part of a material symbiosis using residual products from other industries."

Ulrich Stochholm
Internal logistics manager, Gyproc

Energy efficiency – an invisible partner

Energy efficiency is the invisible partner of the renewable energy sources. It is not a resource, and can therefore be tricky to grasp. But, in fact, the energy not used is the cleanest energy.

Energy efficiency is a kind of package solution. It can make a significant contribution to limiting climate change and pollution, while also minimising the impact of high energy prices and securing energy for larger numbers of people. Moreover, efficiency measures produce quick results.

At DONG Energy, we advise our customers on saving energy while also heeding our own advice. We are therefore making efforts to improve our energy efficiency within those areas where it is technically feasible.

Thereby, we both reduce CO_2 emissions and save money. In 2013 we, for example, had reduced the energy consumption in our administration facilities by 29% since 2010. To save energy, we have introduced tighter and more advanced control of air-conditioning systems and installed light sensors in our biggest office building. Here, the lights switch off automatically when no movement is detected in an area for more than ten minutes. In the underground garage, lighting levels are reduced by 90% after only 30 seconds.

Facts

68%

Energy efficiency measures have the potential to reduce global CO_2 emissions with 68% towards 2035.

New legislation

The world has started to open its eyes to the potential of energy efficiency. In 2012, all major energy-consuming countries introduced new legislation on energy efficiency.

1.5%

In 2012, energy efficiency worldwide increased by 1.5%. By comparison, energy efficiency improved by only 0.4% a year from 2000 to 2010.

Source: IEA 2012; 2013

Climate partnerships reduce CO_2 emissions

Through DONG Energy's more than 135 climate partnerships, we collaborate with our customers to reduce their energy consumption – and thus their CO_2 emissions.

We advise businesses, local authorities and public institutions on how to use energy more efficiently. This is good for the environment. Moreover, the climate partners reduce their individual carbon footprints by covering all or part of their power consumption with certified climate-friendly power from DONG Energy's offshore wind farms. The rest of the savings may benefit their bottom line.

One example is Novo Nordisk which, through its climate partnership with DONG Energy, has managed to cut its CO_2 emissions by an average of around 24,000 tonnes a year since 2007. In establishing climate partnerships, we forge stronger and closer ties with our business customers.

The climate partnerships contribute to our goal of quadrupling energy savings at our Danish customers from 2012 to 2020. In 2013, our consultancy services helped our climate partners to save 84,817 MWh, corresponding to the annual electricity and heat consumption of around 8,000 Danes.

"Our partnership with DONG Energy has helped us to realise considerable energy savings while at the same time helping to develop the market for renewable energy in Denmark. The partnership's business model is sustainable, has a long-term perspective and creates value that goes beyond our businesses."

Susanne Stormer
Vice President, Corporate Sustainability, Novo Nordisk

More than CO_2

All types of energy production risk impacting the environment. DONG Energy's objective is to minimise this impact.

We always conduct thorough assessments of the potential environmental impacts of our activities from project planning and construction to operations and decommissioning. It helps us to ensure that our environmental impact is as small as possible, and that our activities comply with EU directives such as the Habitats and Birds Directives.

See our corporate QHSE policy

Both fish and fowl

Offshore wind turbines can disturb the local environment during installation and subsequently during operations.

Offshore, we have to pay particular attention to birds and their migratory patterns and feeding grounds. In 2013, DONG Energy launched an extensive monitoring programme of bird life around our wind farm projects in the German part of the North Sea to ensure that offshore wind farms do not have a noticeably negative effect on birds.

Underwater, we have to pay particular attention to mammals such as seals and porpoises. We are using the latest technologies such as cofferdams with air and bubble curtains around the foundations because these have proved very effective at reducing noise nuisance during installation.

Careful water treatment

When producing oil, water is inevitably also piped up from the underground. Even though production water is separated from the oil, it still contains very small amounts of oil residue.

At DONG Energy, we clean the water and pump it back into the ground, although under special circumstances it is discharged to the sea.

In 2013, there was a period when a small quantity of the water which was discharged to the sea from the Siri offshore platform had an oil concentration which exceeded the permitted relative concentration of 30 mg/l.

One of the challenges is the very waxy oil in this particular area, which makes it much more difficult to separate oil and water. To correct the problem, DONG Energy took steps to optimise the heat exchanger and the chemical treatment used in the cleaning process. The platform has been out of operation since July 2013 because of cracks in the foundations. As soon as it returns to production, we will continue the work on reducing the relative oil concentration in the production water.

In total, the Siri platform discharged 1 tonne of oil into the sea in 2013 – far below the permitted 8 tonnes.

Cleaner air

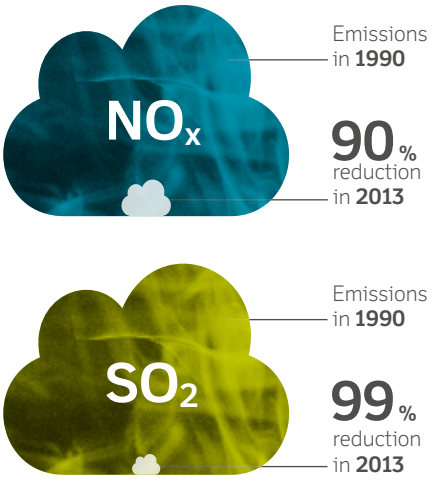
The firing of coal and biomass at power stations results in gas emissions which can have a negative impact on air quality.

Power station generation emits, for example, sulphur dioxides (SO_2), which can result in acid rain that damages forests and lakes, and nitric oxide (NO_x), which can cause harmful smog.

By 2020, DONG Energy aims to have reduced SO_2 and NO_x emissions from its power stations by 95% and 90% respectively, relative to 1990. The SO_2 reduction achieved has been above target since 2011, when emissions were reduced by 99%.

In 2013, we therefore focused on reducing NO_x emissions further. As we have continuously optimised operations and installed and maintained deNO_x facilities, emissions have already been significantly reduced. In 2013, NO_x had been reduced by 90% whereby we also reached our 2020 target for reduction of NO_x emissions.

Reduced emissions of NO_x and SO_2



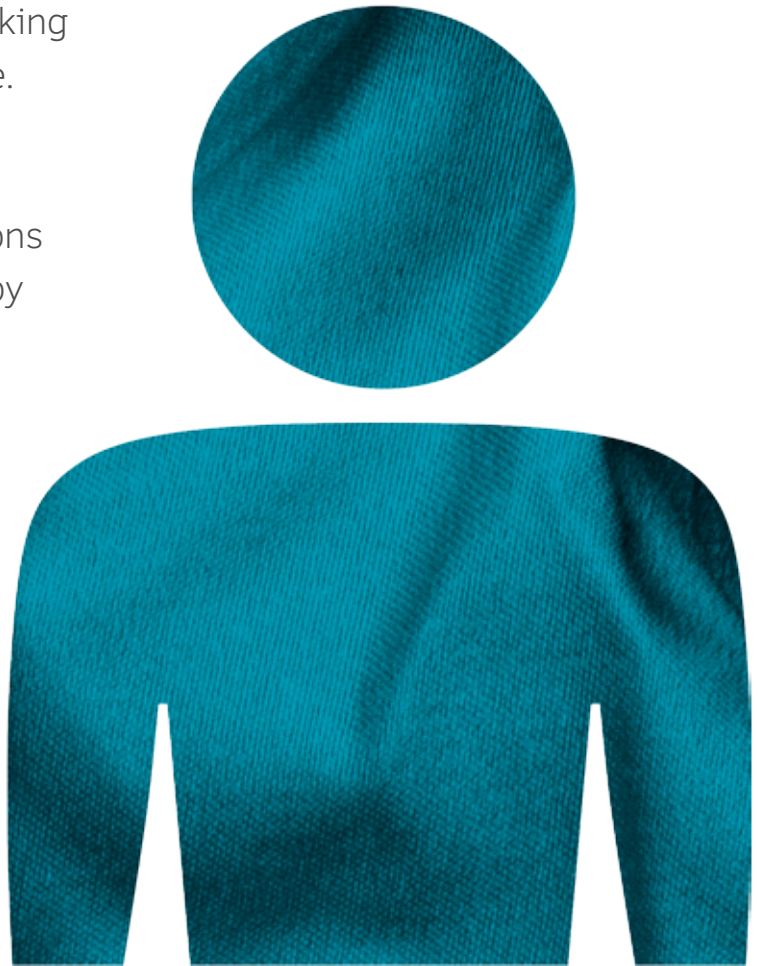
PEOPLE MATTER

How do we promote safety, the right skills and a stimulating working environment?

The transformation to more renewable energy demands considerable expertise and highly competent people. And the world is in constant change. As an organisation, it is therefore necessary to constantly adapt and to invest in developing the skills of those driving the transformation.

In a sector involving powerful natural forces and large machines, ensuring safe working conditions is also a constant challenge.

How can we promote safety, the right skills and stimulating working conditions in a high-tech industry characterised by powerful natural forces and constant change?



Fewer accidents

DONG Energy has taken a targeted approach to reducing the number of accidents. 2013 ended with a lost time injury frequency (LTIF) of 3.2, whereby we achieved our target for the year. But we cannot feel satisfied without a further reduction in the number of accidents. We must achieve this in 2014. Our target is an LTIF of less than 1.5 in 2020. DONG Energy must be a safe workplace.

In 2013, we had no fatal accidents, and through targeted efforts to improve standards, procedures and conduct, we will strive to prevent such accidents in future. No one must be in any doubt that safety comes first in our work.

"As a company, we are borrowing our employees from their families during the time they are at work. It's therefore important that we all work together and create a workplace where everyone returns home safely at the end of the working day."

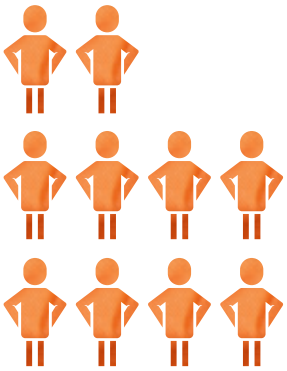
Søren Gath Hansen
Executive Vice President, Exploration & Production, DONG Energy

Safety first

In DONG Energy, safety has to be an integrated part of the everyday work of our employees and contractors. Everyone is entitled to a safe working environment. As a company, it is therefore our duty to create the right framework for a safe workplace, while everyone is responsible for helping to create a common safety culture.

Improved safety

In 2020, the number of lost time injuries at DONG Energy and our contractors must be less than 1.5 per one million working hours.



LTIF of
10.3
in **2007**

LTIF of
3.2
in **2013**

LTIF of
<1.5
in **2020**

LTIF stands for 'Lost Time Injury Frequency', and is the number of accidents which result in absence of a day or more per one million working hours. The figure includes both DONG Energy employees and contractors' employees working on sites which are either owned or operated by DONG Energy.

A joint effort

To reduce the number of accidents, we need to reinforce the safety culture in DONG Energy. This requires the joint efforts of all employees. Safety takes no heed of organisational hierarchies, so creating a safe working culture is just as much a management responsibility as that of the individual employee.

In 2013, we therefore implemented the first of a string of measures designed to make employees more aware of their right and duty to actively participate in the safety work. The initiatives are driven by individual managers, who together with the employees identify how each employee and department can contribute to creating a common and better safety culture. We call it 'Safety through the Line'.

Working to create a better safety culture also involves our contractors' employees. In addition to local safety routines, they must complete an e-learning course and a safety briefing if they are working in areas either owned or operated by DONG Energy.

In future, we will work even more closely with contractors to create the right working conditions to achieve DONG Energy's ambitious targets. In addition, safety performance will become an even more important criterion when selecting contractors.

Investing in development

To implement an efficient energy transformation and create value for the business, DONG Energy needs the best and most skilled employees. An organisation that is developing needs employees who develop.

As an organisation, it is necessary to constantly adapt and invest in developing the skills of those driving the energy transformation. In DONG Energy, we take a systematic approach to skill and talent development.

Together with their managers, all employees must, once a year, set development and performance targets which are aligned with the company's strategy. The manager is in charge of six-monthly follow-ups at which the manager and employee together assess the employee's performance. At the same time, we conduct an annual evaluation of employees across the organisation, which ensures that we spot high performers and talents.

To attract and retain the highly skilled and most competent employees, we run internal programmes for talented employees at all levels of the organisation, from new graduates to senior executives. Also, we have targeted courses for all managers, regardless of whether they manage employees or other managers.

It is clear that our approach to skill and talent development is paying off. For example, 83% of all advertised management vacancies in 2013 were filled by an internal candidate.

"I find the talent programme for employees at specialist level both exciting and challenging, and it has given me a great opportunity to develop my strengths and expand my network."

Ebba Phillips John
Regulatory Affairs Advisor,
DONG Energy

An attractive workplace

2013 was a turbulent year where DONG Energy had to adapt and streamline the organisation after a difficult economic period. This understandably led to a sense of insecurity among our employees, which may have affected both job satisfaction and the number of resignations. But DONG Energy must continue to be an attractive workplace. This is crucial for being able to realise our ambitious strategy.

In DONG Energy, we have an ambitious target of an employee satisfaction and motivation score of 77 out of 100 by 2020. Our climate survey measures the employees' motivation and satisfaction, both in respect of DONG Energy as a whole and in respect of their immediate manager. It is against this background that managers and employees jointly identify focus areas with a view to improving job satisfaction and motivation.

However, in 2013 the timing of the climate survey coincided with the announcement of redundancies and an extensive reorganisation. DONG Energy's senior management wished to focus all efforts on making it through this difficult time and therefore decided to postpone the climate survey until spring 2014.

For this reason, no figures are available for job satisfaction and motivation in 2013. In 2012, the score was 74.

Instead, the focus was on the dialogue between the management and employees on the changes which DONG Energy has been through. The management, union representatives and spokespersons for all employee groups have worked together to keep the number of redundancies to a minimum and to ensure opportunities for those made redundant, among other things through outplacement programmes and voluntary employee resignations.

The management also asked all departments to discuss the changes, town hall meetings were held, and the management met in various fora with the employees to discuss the changes.

More voluntary employee resignations

The fact that 2013 was a turbulent year is also reflected in the growing number of employees who left DONG Energy voluntarily. The number of voluntary employee resignations almost doubled from 2012 to 2013. However, at the end of 2013, the number was declining and in 2014, we hope and expect that this rate will continue to fall as we need to retain our skilled employees. Our ambition is that DONG Energy will continue to be an attractive workplace.

Equal career opportunities

DONG Energy seeks to promote diversity. We have therefore adopted a policy for women in management and set clear targets for the share of women at all management levels.

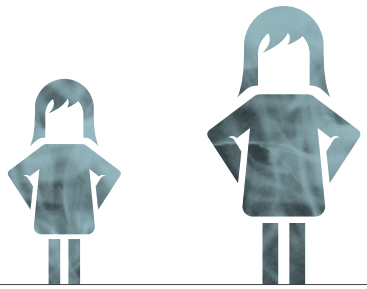
Skills will always be the deciding factor when recruiting and promoting employees in DONG Energy. And we want to nurture a corporate culture where both male and female employees experience that they have the same opportunities with respect to their careers and to management positions.

The overall share of female managers has increased in recent years. However, at senior management levels, the share of female managers does not reflect the proportion of women in DONG Energy which is 30%. In 2013, we therefore adopted a policy setting 2020 targets for the share of women at all management levels. The targets reflect our desire to be both ambitious yet realistic, without forcing developments.

In the top two layers of management in DONG Energy, Strategic Forum and Leadership Forum, the share of women increased in 2013 while the share of other female managers in DONG Energy declined a little.

Women in management

Status 2013	2020 target
Strategic Forum 14 %	Strategic Forum 22 %
Leadership Forum 17 %	Leadership Forum 25 %
Other managers 30 %	Other managers 32 %



Health and exercise pay off

At DONG Energy, we strive to create a framework which allows our employees to pursue a healthy life. We do this to respond to the fact that an increasing number of people are suffering lifestyle diseases, stress-related disorders and motoric challenges such as back and neck problems. We believe that it pays to invest in the health of our employees.

In DONG Energy, we offer, among other things, health insurance and ergonomic workspace assessments, and our canteens have adopted a policy which ensures a varied and healthy diet. Moreover, our largest locations have fitness centres and a wide range of fitness activities.

In addition, in 2011 we offered all our employees a health check combined with advice on food habits, exercise and muscular function, an offer which 68% of our employees took advantage of. The results were used to implement new and targeted health activities.

In 2013, we initiated a new round of health checks, which are continuing into 2014. We expect these checks to show a general improvement in the health of employees.

Research shows that taking regular exercise increases employees' work capacity, productivity and stamina when under pressure. At the same time, it helps to reduce absence due to illness. Consequently, we believe that it pays to invest in employee health, not least in the long term when employees will generally be older because of a higher retirement age. In addition, it may bring down the costs for health services in society.

New policy for women in management

DONG Energy's new policy for women in management is in accordance with new Danish legislation. It is part of our diversity policy, which aims to promote a working culture characterised by mutual trust and respect and to create a workplace which can attract and retain the right skills irrespective of gender, age, ethnic background, religion, etc.

At DONG Energy, we believe that diversity contributes to the broad range of skills we continuously need to be among those leading the transformation of the energy system.

BUSINESS INTEGRITY

How do we ensure that we operate our business with high integrity?

Integrity is all about conducting yourself properly. Companies must live up to international and European standards for good conduct. And customers and other stakeholders must feel that companies are taking a trustworthy and reliable approach to running their businesses. As an important part of society, this also applies to DONG Energy.

In a complex world which is changing all the time, and where response times must be short, it is also a challenge for businesses to see all the consequences of the decisions they make.

How do we ensure that we are running our business with a high level of integrity and in dialogue with our customers and other stakeholders so that, in a complex and competitive market, we are responsible, transparent and responsive in the way in which we operate?

Keeping the customers in focus

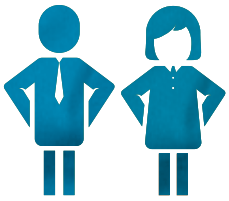
No business can exist without satisfied customers. DONG Energy is no exception. For us, integrity is about customers perceiving the company as a simple, reliable and climate-friendly energy supplier. For this to be possible, we must understand the specific needs of every single customer.

Increased customer satisfaction

In 2020, the customer satisfaction among both our Danish private and business customers must be 75 out of 100.

Private customers

2013	2020
64	75



Business customers

2013	2020
75	75

High customer satisfaction is a strategic target for us: In 2020, Danish private and business customer satisfaction must be 75 on a scale of 1-100. In relation to our business customers, we have been heading in the right direction. Here, we need to keep up the current performance towards 2020 as satisfaction has increased from 72 in 2012 to 75 in 2013. Customer satisfaction among our private customers has, however, not changed from 64 out of 100 which was also the result in 2012. We are working to improve this.

Considerable efforts are therefore being made to meet our targets for customer satisfaction with our biggest customer satisfaction programme to date, Customer First. The goal is to ensure that all customers enjoy a high level of service every time they contact DONG Energy. For this to be the case, we must understand the needs of every single customer regardless of whether they want to implement energy savings, a more climate-friendly profile or to simply find the cheapest product.

All employees working with sales and distribution must therefore attend the Customer First College where they are trained in listening to customers and finding the best solution for each customer. It is all about how our promise of being a simple, reliable and climate-friendly partner is best transformed into positive customer experiences. The Customer First College started in 2012 and continued in 2013. Through effect measuring we follow up on the learnings.

Straight talk

In DONG Energy, we want to help customers who, for whatever reason, are not able to pay their bill.

If a bill remains unpaid, we will inform the customer at an early stage when their electricity will be disconnected. It is also possible for customers to arrange individual repayment schemes so that an outstanding bill can be repaid over a longer period.

After introducing these procedures in 2010, the number of cases where it has been necessary to disconnect customers has fallen by 28%.

Electricity bills that make sense

By far the majority of customer contact with DONG Energy is via the electricity bill. In 2013, we have therefore designed a bill which is easier to understand.

If you purchase a product, and it is not clearly stated what you are actually paying for, you have every reason to be dissatisfied. This has been a challenge for many of our approximately 753,000 Danish private customers.

Danish legislation determines what is included in an electricity bill, and it is a lot of information. Our customers thought that it should be easier to see how much they had been charged, how much electricity they had used, and how much they then had to pay or have refunded. The information is now listed on an extra cover page together with the due dates for future payments.

We are well aware that an electricity bill is still hard to digest for many people. But we hope that our new cover page helps.

"Positive customer dialogue is crucial for customer satisfaction. We must always make ourselves deserving of their trust and loyalty. This is the aim of Customer First."

Anna Pelvig,
Head of Customer Centricity,
DONG Energy

Responsibility reaches beyond our own walls

Businesses are responsible for ensuring that proper conditions prevail in their supply chains. It is a difficult challenge to live up to, but it is imperative to do so. Here, DONG Energy takes a systematic and risk-based approach.

DONG Energy purchases products and services from suppliers all over the world. With more than 20,000 suppliers, ensuring that individual suppliers live up to international standards governing, for example, the environment, working conditions or the rights of local citizens can be difficult.

We address this challenge by taking appropriate measures where the risk of non-compliance with our code of conduct for suppliers is greatest. We aim to take a systematic approach which follows international guidelines for good business practice and the latest UN recommendations for the area.

In 2013, we developed a number of new tools which will assist us in identifying non-compliance with our ethical guidelines and help suppliers to improve.

These tools will be rolled out in 2014. They include, for example, improved risk screening of suppliers and more audits of conditions at suppliers. On identifying criticisable conditions, we start working with the supplier to improve them.

For DONG Energy, this approach results in a more responsible and thereby more stable and efficient supply chain. It reduces the likelihood of unforeseen and costly delays, for example in construction projects.

See our Code of Conduct – DONG Energy's ethical guidelines for suppliers

The purpose of Bettercoal is to improve conditions in the coal industry

Collaboration on improvements

If conditions at a supplier give rise to criticism, there is nothing to be gained by simply dropping the supplier if the supplier has a wide circle of customers. On the other hand, businesses have no legal right to force other companies to make changes. DONG Energy therefore works with its suppliers to make improvements.

For example, we work with our Russian coal supplier SUEK. In 2011, our audits showed that conditions at the mine were criticisable on 23 counts, within areas such as safety, working environment and inadequate payment for overtime work. When we visited the mine with our external auditors in 2013, SUEK had made good progress – the majority of the identified issues had been satisfactorily resolved while they needed to begin addressing six issues.

"Our collaboration with suppliers can help to improve conditions for many people. However, the collaboration always depends on the willingness of the suppliers to implement improvements."

Niels Bojer Jørgensen
Head of Operational Fuel Sourcing, DONG Energy

Better coal

Working in coal mines entails considerable risks for both people and the environment. In DONG Energy, we only trade with coal suppliers after first conducting an analysis of the mines' social and environmental standards.

However, in a global perspective we are a small coal customer. For example, in 2012, we bought a mere 0.2% of South Africa's total production. This obviously limits the extent to which we can encourage our suppliers to make improvements.

Consequently, we have joined forces with other large energy companies in Bettercoal – an independent organisation set up to ensure continuous improvements of the conditions in coal mining. In July 2013, Bettercoal adopted the Bettercoal Code for good coal mining operations after two global public consultation rounds. Bettercoal expects to carry out the first audits of the conditions in coal mines in the first six months of 2014.

Good business conduct

Good business conduct is important for markets to work and, at the end of the day, for society to thrive. DONG Energy complies with applicable rules and legislation, and we disapprove of corruption, bribery and other improper business methods.

Despite the best intentions, it can be difficult for individual employees to always make the right decisions in situations where there are many grey areas. We have a policy for good business conduct, which all DONG Energy employees must learn about through our obligatory e-learning course. In 2013, 96% of employees had completed the course.

Since 2008, DONG Energy has had a whistle-blower scheme, which ensures that employees and other stakeholders, for example customers and suppliers, can anonymously draw attention to suspected irregularities. Such irregularities could be financial crimes, environmental pollution, serious safety breaches or personal assault.

Our whistleblower scheme was renewed in 2013 to accommodate DONG Energy's future international growth. It now includes a distinct website, a 24-hour hotline and online forms in several languages.

There were no reports to the whistleblower hotline in 2013, nor were there any legal proceedings or reported cases of fraud or corruption.

See DONG Energy's policy for good business conduct

96%

96% of employees in DONG Energy had in 2013 completed e-learning in good business conduct.

Transparent tax contributions

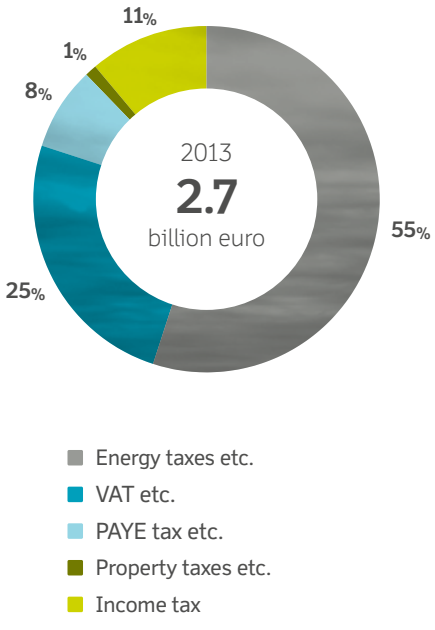
For businesses operating in several markets, paying tax often entails various choices. To DONG Energy it is important that there is clarity on how we manage our tax payments.

We use the deductions and incentives which the authorities have adopted to promote particular activities, for example investments in renewable energy. We comply with and respect not just the wording of the tax legislation in the markets in which we operate, but also the spirit of the law. We would rather contact the tax authorities too much than too little if we have questions relating to current practice or if we become aware of a tax error. We also make ourselves available if the authorities ask for our assessment of the consequences of a tax measure.

In 2013, DONG Energy paid a total of 2.7 billion euro in various types of tax and duties in the markets in which we operate. This corresponds to more than the Danish state's expenses on youth education in the same year.

Read more about DONG Energy's tax contributions

Total tax contribution



DONG Energy's award winnings in 2013

European Business Awards

National Champion for Denmark in Environmental and Corporate Sustainability.

World Finance Corporate Governance Award

Award for the best corporate governance in Denmark, evaluated on the basis of e.g. disclosure and transparency.

Danish Red Cross

First aid award due to a special effort to give our employees first aid training.

Energy Globe

Danish winner of international environmental award for the biotechnology REnescience.

Baltic Trendsetters Club

Certificate for Anholt offshore wind farm that has generated traffic and growth in the Baltic Sea region.

The Crown Estate

Energy and infrastructure business award for the contribution of Gunfleet Sands towards cost reduction and growth in the offshore wind industry.

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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