CONTENTS

Preface 3
DONG Energy in brief 6
The energy challenge 8
How we work 15

Global climate under threat 19
Advice on energy savings 25
DONG Energy and the environment 29
We invest in people and knowledge 35
Focus on safety and wellbeing 37
When six become one 40
Integrity and clear rules 42
Responsibility in our supply chain 45
In the lead with efficient energy markets 47

Data basis and calculation methods 53
Performance summary 55
Global Compact 59
GRI content index 60
DONG Energy is a new energy company. In 2006, we brought together the competencies from six companies so that we now feature in all phases of the energy cycle – from North Sea production platforms, through power and heat generation at CHP plants and wind farms, to sale and transportation of the energy to the customer. We have our roots in Denmark and activities across Northern Europe. We are smaller than our competitors, but in DONG Energy we link across the entire energy chain, and that is our strength.

It has been a hectic year, but the new DONG Energy has got off to a good start. As described in the financial annual report, DONG Energy delivered a highly satisfactory financial performance in 2006. This is vital to allow us to continue developing our business and creating solutions to energy challenges.

This report is all about how we perceive our social responsibility and our efforts to rise to this task. It is the beginning of a process whereby, in future, we will be reporting annually on our environmental, economic and social challenges, action and performance. I hope that many people will read this report, enter into dialogue with us and help us improve.

A secure energy supply is the backbone of our society. At the same time, the world’s energy consumption creates major challenges to the global climate. Climate change is a huge problem that needs to be solved. Not in several hundred years, but in the near future. CO₂ emissions therefore need to be reduced.

Within the framework of the Kyoto Protocol, Denmark has taken on a significant reduction commitment, and most of the reductions will have to be borne by the Danish energy sector. That is a major challenge for us as DONG Energy’s power stations are already among the most efficient in the world.

We are ready to tackle this challenge head on. The use of renewable energy must be increased in the years ahead, but, for quite some time to come, it is simply not feasible to secure a stable energy supply based on renewable energy alone. DONG Energy sees the solution as a partnership between renewable and thermal energy. In the long term, renewable energy must form the main source of energy production, while the thermal power stations must function flexibly and be capable of generating at short notice, when there is no wind or when water levels are low.

It is essential to reduce the CO₂ impact from thermal production. DONG Energy will therefore invest significant resources, again in 2007, in developing new technology to enable us to reduce the power stations’ CO₂ impact per produced unit still further.

DONG Energy is among the world leaders in wind power, and it is our objective to increase production from renewable energy sources even more in the years ahead.

Energy savings are an important key to CO₂ reduction. In future, DONG Energy will step up its efforts to develop new solutions and advise our customers on how to use energy more efficiently. We are also working on the development of second-generation bioethanol that can contribute to CO₂ reductions in the transport sector.

As described in the report, DONG Energy also focuses on other significant challenges such as safety in the workplace and social and environmental conditions at our suppliers. DONG Energy can contribute to a more sustainable world by running a sound business on a responsible basis. It is our wish to do that, and as an expression of this wish we became a signatory to the ten principles of the UN Global Compact in 2006.

Anders Eldrup
CEO
DONG ENERGY
IN BRIEF

- DONG Energy is a new energy company. We were formed in 2006 as a result of the merger of six Danish energy companies: DONG, Elsam, Energi E2, Nesa, Frederiksberg Forsyning and Copenhagen Energy’s electricity activities.

- DONG Energy procures, produces, distributes and trades in energy and related products in Northern Europe.

- DONG Energy is headquartered in Skærbæk, centrally in Denmark, and is organised into segments with responsibility for oil and gas exploration and production, power and heat generation, infrastructure and energy trading.

- DONG Energy employs approx. 4,400 people, predominantly in Denmark, and delivers revenue of more than DKK 35 billion.

- It is expected that DONG Energy’s shares will be listed on the Copenhagen Stock Exchange in the second half of 2007. The Danish State, which today owns 73% of the shares in DONG Energy, will retain a controlling interest after the listing.

In the economic and production figures in this chapter companies are recognised from the date on which they became part of DONG Energy. All figures in the remaining chapters, except for those regarding economic performance, are presented as if the existing DONG Energy had existed for the whole of 2006.
Revenue, domestic market: DKK 17,273 million
Export revenue: DKK 18,388 million
Profit after tax: DKK 4,917 million
Assets: DKK 105,586 million
Equity: DKK 42,268 million
Liabilities: DKK 63,318 million

Breakdown of revenue

Employees by segment

Distribution takes care of DONG Energy's electricity and gas distribution and gas storage in Denmark.

Electricity distribution
5,116 GWh
Gas distribution
912 million m³
Revenue
2,560 DKKm

Electricity sales
5,870 GWh
Natural gas sales
8,202 million m³
Revenue
24,115 DKKm

With around one million customers, Markets is Denmark's largest electricity and gas supplier.
The focus area is the Northern European market, where electricity, gas and related products are sold.

Electricity and gas markets
Electricity sales in 2006: 5,870 GWh
Gas sales in 2006: 8,202 million m³
Sales offices
Energy exchanges and hubs
Energy is the lifeblood of our modern society and an integral part of our everyday lives, whether we are switching on the light, using gas to heat our homes or filling up our cars with petrol. The global challenge is that the world’s population continues to grow and that the proportion of the global population that pursues an energy-intensive lifestyle is growing. There are consequently massive investment plans to develop the energy infrastructure, especially within electricity supply.

At global level, the vast majority of the investments will go towards constructing coal-fired power stations, while the trend in Europe is more balanced. Just under half of Europe’s investments in new electricity generating capacity until 2030 are expected to be within coal, oil and gas. Renewable energy is expected to account for 36 per cent, and nuclear power for the balance.

The problem is that the spiralling energy consumption and the dramatic expansion of thermal energy production at global level are increasing the CO$_2$ impact. The UN Intergovernmental Panel on Climate Change is warning that the global temperature will have climbed by between 1.8˚C and 4˚C by the end of the 21st century if CO$_2$ emissions continue unabated.

Renewable energy sources such as wind and water have the great advantage that they are CO$_2$-neutral and do not contribute to climate change. Conversely, neither

---

### The Energy Challenge

Modern society relies on a secure energy supply, but energy consumption produces emissions of CO$_2$, which impact on the global climate. The world is therefore faced with a major challenge of providing a secure but sustainable energy supply. DONG Energy is focusing systematically on addressing this challenge.

---

**Projected composition of global power generation in 2030**

- TWh
- Composition of power generation in 2004
- Projected composition of power generation in 2030

**The world’s energy-related CO$_2$ emissions by region**

- Million tonnes
- 2004
- 2015
- 2030

---

**Figure 1.** Source: International Energy Agency, World Energy Outlook 2006

**Figure 2.** Investments in power generation capacity in the EU are expected to total EUR 900 billion in the period 2005-2030. Source: EU Commission, Working Document, EU Energy Policy Data 2007.

**Figure 3.** Source: International Energy Agency, World Energy Outlook 2006
INTERACTION BETWEEN WIND TURBINES AND POWER STATIONS

Electricity is generated by power stations and wind turbines. Because the marginal operating costs for wind turbines are lower than for power stations, wind turbines will always have an edge on power stations when it comes to providing the market with electricity. However, the quantity of electricity that a wind turbine is capable of generating depends on the wind force. When there is a strong wind, production is high, and when there is a lack of wind, the wind turbines are stationary.

Because electricity generation by wind turbines fluctuates from almost zero to – for short periods of time – supplying the entire electricity demand, thermal and other controllable plants must have a large generating capacity that can be turned up or down at short notice. This ensures that electricity generation is always sufficient to cover current needs.

Figure 4 shows consumption and wind power generation in Western Denmark during two weeks in December 2006. This was a very windy period, and as much as 47 per cent of the electricity consumption could consequently be covered by wind generation. Nevertheless, there were times when energy consumption was high at the same time as the wind turbines were almost stationary. During those periods, the entire consumption was covered by the power station generation.

Figure 5 gives an impression of the need for adjustable capacity at the power stations in response to fluctuations in wind turbine generation. Our electricity consumption peaks in the morning and the evening, and is the lowest during the night. The highlighted field shows a random morning, when a high electricity consumption combined with almost calm weather made it necessary to import electricity and/or start up power station generation at 2,700 MW. That corresponds to starting up five large power stations solely to cover consumption in Western Denmark. This situation illustrates that, even with high wind turbine capacity, controllable power stations are necessary to secure electricity supply. If the wind turbine capacity is expanded, it will make greater demands of the power stations’ adjustability.
wind nor water can deliver stable production that can cover the entire demand for electricity. Wind is only converted into electricity when the wind has sufficient force, and hydroelectric power stations rely on water reservoirs with a certain volume. It is therefore necessary to supplement renewable energy with a source of energy that is not weather dependent and can be turned up or down at short notice.

This is where the power stations play a role. The challenge lies in reducing the CO₂ impact from thermal generation while at the same time investing in growing renewable energy generation. In order to minimise the CO₂ impact from thermal energy production, a massive research and development effort will be required in the coming years.

**Technological development is the answer**

DONG Energy is one of the energy companies in the world that has made the most headway in increasing energy efficiency and reducing the climate impact of coal-fired power stations. If DONG Energy’s existing technology for coal-fired power generation were disseminated throughout the world, global CO₂ emissions from coal-fired power stations would come down by 30 per cent. The world’s total CO₂ emissions from fossil fuels, which were 26 billion tonnes in 2004, would come down by 9 per cent, see Fig. 6.

DONG Energy is also at the very forefront within renewable energy. In 2006, wind and hydropower accounted for 16 per cent of our production capacity and we are one of the world’s largest offshore wind farm operators.

DONG Energy will continue using and developing its strong competencies in both thermal and renewable energy generation. This is how we can best contribute to tackling the threat of climate change while at the same time securing energy supply.

DONG Energy’s strategy to meet the climate challenge is four-pronged: firstly, we are striving to reduce CO₂ emissions from power stations and to make generation even more dynamic to enable it to be quickly aligned to energy demand and fluctuations in renewable energy generation. We are working on optimising coal use and using alternative fuels such as waste and biomass with a lower climate impact.
The long-term objective is to eliminate CO\(_2\) emissions from power stations. To that end, we are working on new technologies that can capture CO\(_2\) from flue gas with a view to storing it underground or in depleted North Sea oil fields. This strategy ties in with the EU Commission’s vision that, by 2020, CO\(_2\) capture and storage must feature in the solution to the climate challenge.

Secondly, we are continuously expanding our renewable energy generation. The potential for expansion of wind power is greatest in countries in which it is the least developed and where wind conditions are good. The expansion of DONG Energy’s wind power generation is currently concentrated primarily off the UK coast. We also produce energy based on hydropower and geothermal heat and are engaged in development projects within bioethanol, solar energy and wave power.

Thirdly, we help our customers make savings on their energy bills. Denmark holds the EU record – and probably the world record – in energy efficiency. This has been made possible by focused energy savings. Today, DONG Energy has more than one million customers whom we are helping achieve increased energy efficiency and energy savings by providing various types of energy advice.

Lastly, we are endeavouring to assist in bringing about energy savings in the transport sector. For years, the transport sector has been contributing significantly to the increase in CO\(_2\) emissions, and transport today accounts for approx. 20 per cent of global emissions. In order for the climate problem to be overcome, the transport sector needs to emit less CO\(_2\), and that aim can be achieved by supplementing petrol with bioethanol. DONG Energy is among the leaders within the development of second-generation bioethanol, which is produced from agricultural waste and residual products. Bioethanol production relies on access to power and heat, and producing it in connection with a power station therefore offers great synergies.

**Secure supplies of oil and natural gas**

Continued utilisation of the oil and natural gas reserves is an important element in securing energy supply and meeting the climate challenge. In 2004, DONG Energy invested in the Norwegian Ormen Lange natural gas field, which will come on stream in 2007. We expect to be able to extract and sell gas from Ormen Lange equivalent to the total Danish natural gas consumption over ten years.
As operator and licence holder, DONG Energy is continuously exploring for new oil and natural gas fields. Moreover, we are continuously improving the efficiency of oil recovery, thereby increasing the volume of oil that can be extracted from the individual field. Besides helping to tackle the climate challenge, our research into CO2 injection into oil fields can also contribute to enhancing the rate of extraction still further, helping to optimise utilisation of Denmark’s energy resources. Furthermore, CO2 can be disposed of in other appropriate structures in the underground, using technology from the oil and gas industry, and DONG Energy is well equipped to contribute in this area, too. DONG Energy attaches major importance to optimal protection of the environment in connection with our oil and gas extraction. For example, we pioneered the capture of drilling mud, and have come a long way in the phasing-out of environmentally harmful chemicals.

Despite efficient extraction methods, there is a finite end to Danish self-sufficiency in oil and natural gas. DONG Energy is therefore preparing for a situation in which Danish gas reserves are no longer able to support self-sufficiency. In 2006, we signed an agreement with Russian Gazprom for annual supplies of 1 billion m$^3$ to Denmark in the period 2011-2031. The agreement corresponds to approx. 25 per cent of the existing annual Danish consumption.

**Continued development of well-functioning energy markets**

The challenges of ensuring a reliable energy supply and addressing the problem of climate change must be tackled at the same time as the framework conditions for the energy system are undergoing radical change.

The liberalisation of the energy markets has resulted in a separation of commercial and non-commercial activities. At the same time, the consumers have been given a free choice of energy supplier, and competition on energy prices has been introduced. Denmark and the Nordic region are leading the way when it comes to developing well-functioning energy markets.

A well-functioning market supports security of supply, as market prices reflect consumer demand, signalling to the commercial players whether there is a need for energy production and investments. A well-functioning competitive market also forces companies to focus on their resource consumption. If this enhances energy efficiency, it will benefit the environment.

The introduction of CO2 quotas that can be bought and sold in the EU is also a feature of a well-functioning market. CO2 quotas mean that it costs money to emit CO2, making it attractive to cut emissions. At the same time, it means that CO2 emissions are reduced where this can be achieved at the lowest economic cost; however, as we are moving towards a single, large energy market in Europe, it is important that the quota system be designed so that there are equal conditions of competition for the energy-producing companies in the EU. With its present structure, the system distorts competition between the energy companies in Europe.

**Development of strong energy competencies**

Without strong competencies, DONG Energy would not be able to help tackle the major challenges associated
with energy. We therefore interact closely with universities, research institutions and industrial partners to develop knowledge and competencies within energy. We will build an energy innovation centre adjacent to our headquarters in Skærbæk that will bring together DONG Energy’s competencies within development of the energy system and form the framework for collaboration with other players. In parallel, we are continuously developing our technical and management training activities for employees.

Our workplaces must be safe
It is paramount that safety within our installations and workplaces is in order. A high level of safety is a prerequisite for running a healthy and efficient company, and we must be able to guarantee our employees a safe workplace. The ability to create safe workplaces is a competitive parameter in connection with the award of oil and natural gas exploration and production licences. At DONG Energy, we focus on safety, and we will strive to improve. We have therefore adopted an action plan for 2007 that involves working on many fronts to improve our safety culture – from enhanced management focus to training and knowledge-sharing.

Responsibility in the supply chain
DONG Energy’s responsibility does not stop with the activities on our own installations. We wish to promote social and environmental responsibility in our supply chain. To address this challenge, DONG Energy is in the process of drafting a set of ethical standards that we wish all our suppliers to comply with.

### Objectives for the future

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate</strong></td>
<td>Bring about CO₂ reductions corresponding to 30 per cent in 2008-2012 compared with DONG Energy’s emissions in 2005-2007. The reductions must be achieved through optimisation of the power stations’ production, expansion of renewable energy production and bioethanol, purchase of CO₂ quotas and participation in JI/CDM projects</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Develop further our systematic work on preventing environmental accidents and violations of terms.</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>Help the customers achieve energy savings of 144 GWh a year in 2007-2013</td>
</tr>
<tr>
<td><strong>Health and safety</strong></td>
<td>Reduce the number of lost time accidents per one million hours worked from 11.7 to 8.3 by the end of 2007</td>
</tr>
<tr>
<td><strong>Health and safety</strong></td>
<td>Carry out climate survey among all employees in 2007</td>
</tr>
<tr>
<td><strong>Health and safety</strong></td>
<td>Improve recording of sickness absence, including absence due to mental ill health, to achieve consistent reporting across DONG Energy by 2008</td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>Lay down guidelines, by the end of 2007, concerning the way in which DONG Energy expects suppliers to address ethical, social and environmental issues</td>
</tr>
<tr>
<td><strong>Business ethics</strong></td>
<td>Map risks related to corruption and anti-corruption</td>
</tr>
</tbody>
</table>
HOW WE WORK

DONG Energy's vision and values reflect our commitment to responsible behaviour. As a new company we have, from the outset, laid down the key “building blocks” to ensure that responsibility is an integral part of everything we do.

In DONG Energy, we will translate our energy knowledge into sustainable and environmentally friendly solutions that meet society’s need for energy. Our vision is underpinned by the three core values that always guide our work: results-oriented, responsible and responsive.

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

In keeping with our values, we became a signatory to the UN Global Compact in December 2006 – and thus the ten principles on human rights, labour standards, the environment and anti-corruption on which the international community agrees.

Management responsibility
The Supervisory Board has the ultimate responsibility for DONG Energy. This includes issues related to corporate responsibility. It is the Supervisory Board that determines the overall objectives. Environmental and occupational health and safety indicators feature in the quarterly reporting to the Supervisory Board on an equal footing with financial ratios. Other issues related to responsibility also feature regularly on the Supervisory Board’s agenda.

The Executive Board is responsible for the company’s day-to-day operations. Two interorganisational committees under the Executive Board look after the strategic development and coordination of the efforts related to social responsibility: the Committee for Responsibility and Identity, and the Committee for Quality, Health, Safety and Environment.

Ethically sustainable business practice is a matter for all business segments and line managers. Staff functions within quality, health, safety, environment, HR development, etc., support these efforts.

Policies and strategies
Specific policies and strategies define the guidelines for the practical work related to responsibility. When establishing DONG Energy, we prioritised a common policy for quality, health, safety, and environment. The policy reflects the fact that we are addressing these issues in an integrated manner. The policy has been translated first into a strategy, and then into specific guidelines that are being implemented by all business segments. Implementation will take place over the coming years.

Our work is based on international standards for quality (ISO 9001), occupational health and safety (OHSAS 18001) and environment (ISO 14001). The use of certified management systems is plant and function-specific. In general, producing plants such as all central power stations have environmental and occupational health and safety certification.

We expect contractors working on DONG Energy-operated areas to comply with standards within quality,
POLICY FOR QUALITY, HEALTH, SAFETY AND ENVIRONMENT

Based on DONG Energy’s vision and values, we strive to procure, produce, distribute and trade in energy and associated services by focusing on our customers and employees as well as the society and environment in which we operate. DONG Energy incorporates quality, health, safety and the environment in decisions and actions.

We strive:

- to ensure that our customers are satisfied and to provide advice on appropriate use of our products
- to motivate, educate and involve our employees in the quality, health, safety and environment work
- to promote a healthy and safe working environment
- to continuously minimise resource consumption and environmental impacts
- to prioritise suppliers and business partners that have and practise a similar quality, health, safety and environment policy
- to set targets, evaluate results and continuously improve these and be among the best in the industry
- to ensure compliance with legislation and apply recognised norms and standards
- to communicate openly about targets and results relating to quality, health, safety and the environment.

Skills development

Various training courses equip our employees at all levels to live up to the value of responsibility. One of the three modules in DONG Energy’s new Executive Development Programme deals with “responsible leadership”. In 2007, we will be introducing interorganisational project management training that builds on the strong training traditions in the companies that have been brought together in DONG Energy. Lastly, we will be turning our attention to more specific issues such as occupational health and safety at special courses for relevant employee groups.

Incentives

DONG Energy’s bonus plans support our objectives of running a sound business in a responsible manner. 20 per cent of the performance targets in all bonus contracts relate to personal leadership, including whether the manager is conforming to DONG Energy’s values and promotes employee wellbeing and satisfaction. Each year, DONG Energy’s bonus contracts focus on a particular theme. In 2007, the focus is on occupational health and safety, which features with up to 20 per cent in the performance targets in managers’ bonus contracts.

Controls

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

**Reporting**

Ongoing reporting supports our objective of running a responsible business. This is the first corporate responsibility report from the new DONG Energy. It is based on the latest reporting guidelines prepared by the international Global Reporting Initiative (GRI).

We have given priority to writing about the issues on which DONG Energy has the most significant impacts on its surroundings – and consequently the greatest opportunities and challenges in relation to achieving environmental, social and economic sustainability. We set out our position on the major dilemmas associated with energy supply, and energy policy objectives on secure energy supply, environmental sustainability and efficient energy markets.

As this is the first corporate responsibility report from DONG Energy there is naturally scope for improvement. For example, we are working on improving the data basis across the company. We also wish to involve our stakeholders more directly in future corporate responsibility reporting. By stakeholders we mean anyone who has an interest in DONG Energy or is affected by our activities.

We hope that the report will be widely read and look forward to receiving feedback from our readers – both on the report and the way in which we perceive our responsibility and how we rise to this responsibility. After all, it is ultimately our stakeholders that will be judging whether or not our performance is “up to scratch”.

**Dialogue with stakeholders**

The energy sector attracts a great deal of attention, and we want to listen to the questions that preoccupy those around us. The new DONG Energy commissioned a survey in 2006 to form an overview of our stakeholders and their expectations from us. Because of our visibility in the landscape and our involvement throughout the energy value chain we have a wide range of stakeholders.

The figure on the right shows the groups we perceive as our principal stakeholders. The survey also identified the issues that preoccupy them the most. These include the climate and the environment, innovation and development and DONG Energy’s role in the energy markets.
Modern lifestyle results in an ever-increasing need for energy supply. At the same time, we are faced with a different, but equally demanding challenge: protecting the global climate.

The consequence of increased emissions of CO\textsubscript{2} is that the global climate changes. This may have serious implications for economies and ecosystems worldwide. Sustainable energy production is therefore very much a global issue, requiring international solutions.

The Kyoto Protocol was the first global initiative aimed at reducing emissions of gases that affect our climate. Under this agreement, the EU must cut its emissions of greenhouse gases by 8 per cent from 2008 to 2012 compared with its emissions in 1990. As part of the EU’s reduction obligation, Denmark has elected to reduce its emissions by 21 per cent in the same period.

We want to safeguard the climate
The challenge with which society is faced is to provide citizens and companies with sufficient energy in an environmentally sustainable manner.

DONG Energy is very committed to addressing this challenge. Although our investments in renewable energy will increase significantly in the years ahead, coal-fired power stations will continue to supplement renewable energy for many years to come. Coal-fired power stations guarantee that consumption can always be met when the wind turbines are unable to deliver sufficient power due to a lack of wind.

International forecasts concerning the development of the world’s energy systems show that coal-fired power stations will account for a substantial part of the generating capacity that will be built in the coming 20-30 years. There will still be a need for new power stations to replace older, inefficient and more polluting plants. Here, DONG Energy’s technological expertise within efficient coal-fired production is a strength.

The combination of the environmental acceptability of renewable energy and the reliability of supply associated with coal-fired power stations will form the basis for energy production in Denmark, Europe and the rest of the world for many years to come. DONG Energy is therefore focused on working along two paths.

Firstly, we want to develop new technology that can reduce the CO\textsubscript{2} impact from thermal energy production. DONG Energy possesses an integrated energy system consisting of drilling platforms for offshore production of oil and natural gas, thermal power stations, wind farms, natural gas storage facilities and energy distribution systems. That enables us to use lateral thinking to come up with solutions where the individual production methods and plants can interact. One solution is to use the CO\textsubscript{2} produced at power stations to enhance North Sea oil production. Another solution is to utilise excess power from wind turbines for generating bioethanol at the large power stations. Bioethanol is a transport fuel and has lower CO\textsubscript{2} emissions than gasoline.

Testing and commercialisation of new technology is an important focus area for us, and we make our energy system available for testing new technologies.

Secondly, we want to construct more plants based on wind power and other renewable energy sources. Denmark has already come far, and this development must continue. In other European countries, there is still great potential for expanding wind power.

With strong competencies within renewable energy, DONG Energy can contribute to this development. In 2006, renewable energy from wind and water ac-
counted for 16 per cent of our total generating capacity. DONG Energy is also involved in research and development projects within bioethanol, wave power and solar energy.

**DONG Energy’s energy production and CO₂ emissions**

DONG Energy produces electricity from coal, oil, gas, biomass, waste, wind and water. Production in 2006 totalled 25.6 million MWh electricity and 49 million GJ heat. Figure 9 shows total energy production by energy source.

As shown in the figure, 87 per cent of DONG Energy’s power and heat generation in 2006 was based on fossil fuels (coal, oil and natural gas), resulting in total emissions of 18 million tonnes of CO₂. Besides CO₂, other greenhouse gases are emitted - primarily nitrous oxide (N₂O) and methane (CH₄). The other greenhouse gases jointly account for less than 1 per cent of the total impact from greenhouse gas emissions.

![DONG Energy’s power and heat generation by energy source](image)

**Figure 9. DONG Energy’s power and heat generation by energy source**

![Efficiencies for coal-fired power station units above 250 MW in Northern Europe](image)

**Figure 10. DONG Energy’s coal-fired power stations utilise a high proportion of the energy content of the coal in connection with power generation. Moreover, the surplus heat from power generation is used for room heating. Overall, this gives a very high utilisation efficiency for coal compared with power stations in Northern Europe and the rest of the world. Source: Own calculations based on figures from Utility Data Institute.**
Development gives unique power station expertise

DONG Energy’s power stations are among the most efficient in the world. That means that we extract the most energy from the fuels, and that our CO₂ emissions per produced kWh electricity are among the lowest in the world. We are constantly working on maintaining that position. We use coal, oil and gas very efficiently, and also use CO₂-neutral fuels such as biomass and waste. Figure 10 shows the efficiency of DONG Energy’s coal-fired power plants compared to other plants in Northern Europe.

We have the knowhow required to construct and operate similar and even more efficient plants, both in Denmark and abroad.

DONG Energy’s research and development strategy within CO₂-reducing coal-fired technology follows three paths:

- Enhanced energy efficiency at power stations
- Co-firing of CO₂-neutral fuels
- CO₂ capture and storage

Enhanced energy efficiency at power stations

DONG Energy is heading the EU AD700 project in which most major European power companies participate. The project aims to increase fuel efficiency, thereby reducing CO₂ emissions. To this end, new materials are being developed such as nickel and high-alloy steels that can be utilised in the manufacture of power station boilers, allowing them to operate at temperatures of up to 700°C. This will make it possible to raise the steam pressure in the boilers, leading to increased production of electricity and heat without increasing fuel consumption.

The project is based on experience from the most efficient, coal-fired power stations, especially those in Denmark.

The first two phases of the project have been implemented. New materials and designs have been selected, and in-depth calculations show that an AD700 power station is both a technologically feasible and economically attractive option. DONG Energy’s calculations show that AD700 technology can provide CO₂ reductions of 13 per cent per MWh and a corresponding reduction in fuel consumption compared with the most efficient existing Danish plants.
During the next phase, which runs until 2009, large-scale testing of the components will be carried out at a power station. At the same time, a 400 MW pilot plant is being designed, with a view to commercial operation in 2015.

**Co-firing of CO\(_2\)-neutral fuels**

Coal and natural gas can be replaced, to some extent, by biomass, e.g. straw, corn stocks and waste, producing no or only minor emissions of CO\(_2\). DONG Energy therefore wishes to make greater use of biomass and waste in its energy production where this option is both environmentally and economically viable.

DONG Energy already produces electricity and heat based on CO\(_2\)-neutral fuels. In 2006, this production accounted for 14 per cent of DONG Energy's total energy production; however, there is further potential for replacing coal with biomass, primarily wood, straw and waste, at local and central power stations.

The possibility of co-firing of waste together with coal and other fuels at central power stations will lead to significant reductions in CO\(_2\) emissions, as CO\(_2\) emissions from waste incineration are minimal.

**CO\(_2\) capture and storage**

Developing the potential for capturing CO\(_2\) from flue gases and subsequently storing it is an important action area in the EU Commission's energy policy strategy, which was issued in January 2007. It is the EU Commission's vision that CO\(_2\) capture and storage must be part of all new coal-fired power stations in Europe by 2020. The existing plants must follow this track, and the technologies must be disseminated throughout the rest of the world.

DONG Energy shares the vision concerning CO\(_2\) capture and storage and, together with a number of European partners, is participating in the CASTOR project, the objective of which is to develop an efficient technology for capturing CO\(_2\) from flue gas. The project is co-funded by the EU. The aim is to enable a 10 per cent CO\(_2\) reduction in Europe, equivalent to a 30 per cent reduction in emissions from power stations and industry.

Technologies for capturing CO\(_2\) from flue gas already exist today but are highly energy-intensive. The challenge lies in identifying a so-called absorbent – a substance that can absorb CO\(_2\) in the power station's flue gas after combustion and subsequently recapture it using a lower energy consumption than is the case today. The known absorbents require very high temperatures to release CO\(_2\). Consequently, much energy has to be expended, which is both costly and environmentally counter-productive. The aim is to minimise the costs associated with the heating process.

Today, DONG Energy operates a pilot plant at Esbjerg Power Station that can capture the CO\(_2\) from the power station’s flue gases. DONG Energy is also exploring the possibilities for storing the captured CO\(_2\) in the underground and reusing it to optimise offshore oil production.

Using current technology, it is only possible to extract about 24 per cent of the oil deposits in the Danish sector of the North Sea. Injecting CO\(_2\) into certain oil reservoirs can significantly enhance the degree of extraction, extending the fields' production life.

This method is not new, but has been used in the USA on selected onshore oil fields for a number of years. In collaboration with other companies, DONG Energy is working on developing this method so that it can also be used in Danish oil fields. The perspective is not only to enhance oil extraction but also to store CO\(_2\) in the oil reservoirs; however, there are a number of practical issues that need to be resolved before the plans can be activated.

It is also possible to store CO\(_2\) in other underground locations than producing oil fields. Depleted oil and gas reservoirs are an obvious solution. If geographical conditions, etc., allows, underground CO\(_2\) storage facilities can also be established onshore. DONG Energy’s natural gas storage experience makes us well equipped to participate in this field.

**Wind power and hydropower**

DONG Energy is one of the world’s largest operators of offshore wind farms. We have wind farms in Denmark, the UK, Greece, Spain, France and Norway and hydro-
electric power stations in Sweden, Norway and Spain. At the end of 2006, the total generating capacity of plants based on wind power or hydropower amounted to 1,080 MW. By comparison, the total generating capacity of DONG Energy’s thermal power stations was 5,664 MW.

DONG Energy will continue to increase the capacity of, primarily, offshore wind farms.

Besides expanding wind power generating capacity, DONG Energy is participating actively in the technical development of wind turbines and is involved in projects such as the EU UPWIND project. The project objective is to develop the wind turbines of the future to a capacity right up to 10 MW. The largest existing wind turbines are 5 MW.

If wind turbines are to grow to two times their current size, a precise framework has to be prepared for the various manufacturers’ and subsuppliers’ design and production of the next generation of wind turbines. Above all, the turbines must be made more robust and reliable by improving their components.

DONG Energy’s plans to establish a pilot wind farm at Kappel on West Lolland is an important part of the project. Pilot turbines are the interface between the manufacturers’ prototypes and the final versions that are put into production and installed either offshore or onshore.

**From straw to ethanol**

There is substantial potential for reducing CO₂ emissions from the transport sector, as most of the fuels used in transport are oil products. According to the EU Energy Strategy biofuels must account for at least 10 per cent of transport fuels by 2020. DONG Energy is participating in the development of hi-tech solutions that can transform residual products from farming into transport fuel that can replace petrol and diesel.

Since 2002, DONG Energy has been involved in the IBUS project (Integrated Biomass Utilisation System). The project objective is to develop new, energy-efficient technologies capable of converting biomass into CO₂-neutral bioethanol.

Bioethanol production offers interesting potential if the biomass plant is integrated with a power station as shown in figure 12. The plant converts the biomass into biofuel, which can be used in the power station. Conversely, the power station supplies electricity and steam to the biomass plant, saving a large quantity of energy for production of bioethanol.

One of the tangible results of the IBUS project is our pilot plant for production of bioethanol, which is situated at Skærbæk Power Station in Denmark. At the end of 2006, DONG Energy earmarked DKK 130 million for development and scaling up of the project.

**DONG Energy contributes to global environmental improvements**

In Denmark, we have already made good headway in the reduction of CO₂ emissions, and this trend will continue. We have gradually come so far that the costs for future reductions at Danish plants are high compared with reductions elsewhere in the world where...
technology is still at a lower level. The global climate will therefore benefit greatly from dissemination to the rest of the world of the efficient Danish technologies for energy production. DONG Energy is working actively on disseminating our efficient technologies by investing abroad, partly by using the Kyoto Protocol’s possibilities for cost-effective reductions of CO₂ emissions.

DONG Energy is participating in JI/CDM projects – see the box “The Kyoto Protocol’s Flexible mechanisms” - in other countries via three CO₂ funds. Danish Carbon Fund was set up together with a number of other Danish companies and the public sector. It is managed by the World Bank. DONG Energy also participates in two international CO₂ funds, NEFCO (Nordic Environment Finance Corporation) and UCF (Umbrella Carbon Facility), with worldwide participation. Projects in which DONG Energy has participated include:


2. Methane capture from coal mines in China. The project has led to improved personnel safety in the mines, and methane that would normally have been emitted to the atmosphere is now being used for heating purposes.


By using CO₂ funds, we secure ourselves projects within a broad range of technologies and countries, i.e. both JI and CDM projects.

Through JI/CDM projects DONG Energy expects to reduce CO₂ emissions by more than 2 million tonnes annually in the years ahead.

Regulating CO₂ emissions
DONG Energy wishes to contribute to a long-term solution to the climate issue.

The EU’s introduction of CO₂ quotas that can be bought and sold means that it costs money to emit CO₂, making it more attractive to cut emissions. If such a market is well-designed, it is instrumental in ensuring cost-effective handling of the CO₂ challenge.

The energy sector is comprised by the EU’s quota system. To achieve the objective of reducing CO₂ emissions by 21 per cent in the period 2008-2012 compared with 1990, the Danish Government has decided that the Danish electricity producers must reduce their CO₂ emissions by 30 per cent compared with the period 2005-07. That corresponds to a reduction of 43 per cent compared with Danish CO₂ emissions in 1990. That is a very significant reduction requirement that exceeds the reduction requirements with which our European competitors have been met.

As we are moving towards a single, large energy market in Europe, it is important that the quota system is designed so that there are equal conditions of competition for the energy-producing companies in the EU. There is still some way to go on this front.

If the EU’s objective of sustainable energy production is to be realised, the EU should introduce regulation that promotes the development of new technology and makes more targeted investments in research. Only through technological development can we overcome the CO₂ challenge. The rate at which this technological development materialises.

THE KYOTO PROTOCOL’S FLEXIBLE MECHANISMS
Under the Kyoto Protocol, countries or companies can implement CO₂-reducing projects in other countries. The CO₂ reduction achieved can be credited to the company’s CO₂ accounts and be recognised when it comes to fulfilling the national quota obligation. This is subject to substantiation that the projects do in actual fact improve the environment.

The projects are often designated Joint Implementation (JI) if implemented in Eastern Europe and Clean Development Mechanism (CDM) if implemented in developing countries.

INVESTMENT IN NEW ENERGY TECHNOLOGIES
Together with BankInvest and a number of professional investors, DONG Energy set up a venture fund in 2002 that has invested in small enterprises developing new energy technologies. The fund has invested, among other things, in the bioethanol company Biogasol based at the Technical University of Denmark. The venture fund’s investment universe is research-intensive companies within renewable energy and new technologies based on fossil fuels, i.e. for example fuel cells, micro gas turbines, biomass, wind power, solar power, batteries, super conductors and power electronics.

Based on the experience gained from the venture fund, DONG Energy has decided to invest approx. DKK 75 million in a new fund, “BI New Energy Solutions II”. DONG Energy views the venture fund as a good opportunity to promote interesting energy technologies.
ADVICE ON ENERGY SAVINGS

Emissions of greenhouse gases are a by-product of modern living. But there is great potential for reducing energy consumption and, with that, CO₂ emissions. In DONG Energy, we advise our customers on how to use energy more efficiently – to the benefit of their economy and the global climate alike.

Modern people use energy. When switching on the light, starting the car or cooking. When flying to southern climes or buying fruit flown in from southern climes. Everything we use has been produced, and energy has been used in the production process.

Great potential for savings
Economic growth can be created with a higher or a lower consumption of energy. Denmark has held a record for many years in growing its economy without a similar increase in energy consumption. In the last 25 years, our GDP has almost doubled while our energy consumption has remained largely static. Denmark is currently the country in the EU that uses energy most efficiently. Unfortunately, Denmark’s energy consumption has been showing a slightly upward trend in recent years. DONG Energy would like to help reverse this trend.

The EU Energy Green Paper from 2006 identifies increased energy efficiency as one of the most efficient methods of reducing European CO₂ emissions and dependence on imported energy. Even though the Danes have made good headway in terms of energy savings, there is still a large and untapped potential for savings.

Agreement on energy savings
One third of Denmark’s energy consumption is related to transport, while the remainder is largely accounted for by the electricity and heat consumption of industry and households.

In 2006, for the first time, the Danish power and natural gas companies concluded an agreement with the Government under which they committed to creating documentable energy savings for their customers. The objective is to bring about a reduction in total Danish energy consumption outside the transport sector.

DONG Energy has committed to creating average annual energy savings for its customers of 144 GWh in the period 2006-2013. That corresponds to the annual electricity consumption of 35,000 detached homes or the heat consumption of 7,000 detached homes. That is more than double the savings realised by the merged companies in DONG Energy for their customers in 2005. In the transitional year 2006, DONG Energy achieved 53 per cent of this target. With new energy-saving measures in the pipeline, we expect to reach our target in 2007.

![Diagram: Danish CO₂ emissions by end consumer 2005](Figure 13. Source: Danish Energy Authority, Energy Statistics 2005)

![Diagram: Development in GDP and gross energy consumption](Figure 14. Source: Danish Energy Authority, Energy Statistics 2005)
Our action to save energy is financed from funds collected via the so-called PSO tariff. PSO stands for Public Service Obligation.

**Savings through innovative thinking**
One of the means of achieving our target is new customer offerings that translate our knowhow into energy savings and thus lower bills and reduced CO$_2$ emissions.

Our customer base is very diverse - ranging from households through small companies and public sector customers to large companies with energy bills amounting to several million Danish kroner a year. Our offering is therefore targeted at the individual customer types.

**Industrial customers**
One example is TotalEnergi - a new offering aimed at large public sector customers and service companies. We analyse the customer’s energy consumption, identify the potential for efficiency improvements and, on that basis, guarantee savings on the customer’s overall energy bill. If the promised savings do not materialise, DONG Energy will compensate the customer accordingly.

Replacement of old, worn-down gas installations with new ones is one way of creating savings. In 2006, we replaced just over 30 installations for industrial customers, generating energy savings averaging about 15 per cent. The costs for replacement of a gas installation are typically offset over four to seven years by savings on the energy bill. As part of the energy-saving package, DONG Energy’s offers financial assistance during the intervening period.

**Residential customers**
We also offer residential customers energy savings. For example, they can receive energy advice by telephone and request free DIY tools that can help them cut their energy consumption. The tools includes a ‘Savometer’ for measuring energy consumption, a self-check folder and other material on electricity, water and heat savings. Everything is available locally from libraries and grassroots associations with which DONG Energy collaborates.

**EFFICIENT STREET LIGHTING**
DONG Energy makes it possible for many Danish municipalities to save energy. For example, the upgrading of the electricity grid in North Zealand to prepare it for the future is well underway, involving the replacement of the old overhead lines by app. 3,800 km of new buried cables. Many municipalities opt to have their street lighting modernised at the same time. And this can bring major gains. By using new light sources and fittings, power consumption for street lighting can be cut by 30-35 per cent.

In connection with the cable-laying, DONG Energy replaced approx. 10,000 street lamps in around 20 municipalities and for houseowners’ associations and housing association in 2006. This will provide annual energy savings of approx. 745,000 kWh. We also refurbished around 6,500 fittings on existing street lamps in 16 municipalities. This will generate annual energy savings of approx. 680,000 kWh.

**MAJOR SAVINGS AT GRAASTEN SALATER**
The salad manufacturer Graasten Salater in South Jutland expanded and modified its factory in 2006. DONG Energy was responsible for the energy advice, and identified energy savings in, for example, the design of a new steam and hot-water plant, making it possible to use waste heat from the factory’s cooling plant. This is expected to bring Graasten Salater annual energy savings of 20 per cent, and the company expects to save more than DKK 200,000 a year on the heat plant alone.

DONG Energy makes it possible for many Danish municipalities to save energy. For example, the upgrading of the electricity grid in North Zealand to prepare it for the future is well underway, involving the replacement of the old overhead lines by app. 3,800 km of new buried cables. Many municipalities opt to have their street lighting modernised at the same time. And this can bring major gains. By using new light sources and fittings, power consumption for street lighting can be cut by 30-35 per cent.

In connection with the cable-laying, DONG Energy replaced approx. 10,000 street lamps in around 20 municipalities and for houseowners’ associations and housing association in 2006. This will provide annual energy savings of approx. 745,000 kWh. We also refurbished around 6,500 fittings on existing street lamps in 16 municipalities. This will generate annual energy savings of approx. 680,000 kWh.

CREDIBLE ENERGY SAVINGS
The energy companies’ activities to encourage customers to save energy will only work if they lead to savings that would not otherwise have materialised. DONG Energy has therefore been leading the way among the Danish energy companies in terms of developing a Code of Conduct with guidelines for the industry. The guidelines, which were adopted by the industry in December 2006, are intended to ensure a credible and transparent statement of the energy savings.
It must be easy for the customers to save energy. DONG Energy therefore cooperates with, for example, Rockwool and other manufacturers, boiler suppliers, plumbing and heating companies and tradesmen, making it easy for the customers to translate our savings advice on, for example, better insulation, into actual savings in electricity and heat consumption.

**Technology for savings**

There are many offers that can help customers save energy, but none that rival the application of new technology. When customers use too much energy, it is often due to the fact that they do not have an accurate overview and are not sufficiently aware of their consumption.

DONG Energy has developed an intelligent electricity meter, Smart Read, that was installed at the first customers in 2006 and will be installed at many more customers in future. The meter reads the customers’ electricity consumption once a day. By checking dongenergy.dk or their mobile phones, customers can find out whether their consumption is increasing. This gives them an overview, enabling them to act straight away. A Smart Read meter makes it possible for customers to remotely control their energy consumption. For example, customers who forget to switch off the light in the morning have the means to do so remotely from work. In the same way, customers have the option to turn on the heating in their summer house remotely so that it is only heated up exactly when required.

The next step in using Smart Read could be the introduction of flexible energy consumption. Some of the time, the energy system produces ample power to cover the customers’ demand. For example, when the wind is blowing, and all turbines are operating. At other times, it is necessary to utilise the power stations’ marginal capacity. That is both costly and a particularly heavy burden on the environment. It would therefore be a major advantage if energy consumption could be better aligned to generating capabilities.

In 2007, DONG Energy will be pilot testing a model where the customers allow us to briefly shut down parts of their energy consumption; for example, a heat installation for one hour, so that the customer will barely notice it. In that way, the customers can contribute to more stable and environment-friendly energy production.

**We think to the future**

The customers of the future must also use energy carefully. We therefore lend teaching material to schools, and we collaborate with the Experimentarium, a Danish science centre, on a project where approx. 2,000 children a year are given lessons in how to save energy. In spring 2007, we will be initiating collaboration on energy savings in private homes with the Danish Outdoor Council’s ‘Green Flag - Green School’ initiative.

---

**CLEAR INCENTIVES**

Energy-saving targets are part of the performance targets that are applied by DONG Energy’s sales departments and feature in the bonus contracts for the relevant managers.

**DONG ENERGY’S ENERGY-SAVING PERFORMANCE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>No specific target</td>
<td>70,428 MWh</td>
</tr>
<tr>
<td>2006</td>
<td>144,000 MWh</td>
<td>76,500 MWh</td>
</tr>
</tbody>
</table>

Table 2.
DONG Energy endeavours to use the best technologies to minimise the environmental impact of its operations. We strive to be among the best in the energy industry.

DONG Energy operates onshore as well as offshore. Some of our activities affect the environment, such as oil and gas extraction, power and heat generation at our CHP stations, and waste incineration.

Atmospheric emissions are a major focus area for DONG Energy. Other important areas are: residual products, use of chemicals, and discharges to sea.

Responsible environmental action is rooted in management and demands commitment at all levels of the company. DONG Energy strives to be among the best in the industry and to continuously minimise our resource consumption and environmental impacts. To this end, environmental management is an important tool.

All DONG Energy’s significant emissions are closely monitored on an ongoing basis as they are regulated via the EU or Danish legislation in the form of environmental approvals or licences. In addition to complying with environmental approvals and statutory requirements, our environmental management systems help us use fewer resources per produced unit of energy. We are also working on reducing the environmental impact by keeping abreast of the latest knowledge and, as far as possible, using the best technologies. The following sections describe our action and performance in each area.

Emissions are more than just CO$_2$

Besides CO$_2$, which is described in the section on climate change, energy production generates other air pollutants.

The Danish energy sector’s air emissions profile has changed. In 2005, electricity generation was at the same level as in 1991, but emissions of CO$_2$, NO$_x$ and, in particular, SO$_2$ had fallen by 34 per cent, 65 per cent and 96 per cent, respectively. The fall in emissions primarily reflected growing use of natural gas and fuels with a lower sulphur content and commissioning of flue gas treatment systems, including desulphurisation systems and DeNO$_x$ systems.

The Danish energy sector’s air emissions profile

![Graph showing air emissions profile](image)

**Figure 15: Electricity generation and air emissions.**

Index figures. 1991 is the baseline year.

Source: Energinet.dk, Environmental report 2006
DONG Energy’s emissions to the atmosphere

Besides CO₂, DONG Energy’s most significant emissions to the air are NOₓ and SO₂. DONG Energy also discharges small quantities of volatile organic compounds (VOC), particulate matter, and dioxin. Table 3 shows DONG Energy’s emissions to air in 2006.

NOₓ is generated at high temperatures, e.g., combustion processes in engines and at power stations. The transport sector is the largest emitter, accounting for 39 per cent of total emissions, while power stations and district heating plants jointly account for 24 per cent (2004 data). NOₓ emissions can change the acidity of rainwater, impacting on vegetation and vulnerable aquatic environments.

In 2006, DONG Energy emitted 25,000 tonnes of NOₓ. 7 out of 10 central coal-fired power stations have DeNOₓ systems installed that capture 80-95 per cent of the NOₓ content of the flue gas. The three power stations that do not yet have such systems have so-called low-NOₓ burners that limit the production of NOₓ. In 2006, through planning and optimisation, DONG Energy cut NOₓ emissions from its power stations by, on average, 19 per cent per GJ consumed fuel compared with 2005.

SO₂ emissions result primarily from combustion of sulphurous coal and oil at power stations and can cause acidification in the same way as NOₓ.

DONG Energy’s emissions of SO₂ amounted to 6,625 tonnes in 2006. Desulphurisation systems have been installed at the vast majority of DONG Energy’s coal-fired power stations. The desulphurisation systems can remove 80-99 per cent of the sulphur dioxide contained in the power stations’ flue gases.

VOCs are a constituent of oil. VOCs are greenhouse gases, like CO₂, and may also contribute to the formation of smog, which constitutes a health hazard. VOC emissions are therefore more problematic if they occur in urban areas.

At the Fredericia crude oil terminal, a project was initiated in 2006 that is aimed at reducing emissions of VOCs that evaporate from oil tanks and during loading of tankers with oil. A degasification system is being installed that is expected to reduce emissions of VOCs by approx. 70 per cent.

The power stations’ flue gases contain fine particulate matter. Particulate matter can irritate the air passages and may contain hazardous substances, including...
heavy metals. The focus on particulate matter pollution has increased in recent years, and emissions are regulated by law. All DONG Energy’s power stations are fitted with filters for removal of particulate matter. The filters remove 95-99 per cent of all particulate matter.

DONG Energy has six waste incineration plants that generate electricity and heat. During waste incineration, dioxin may form. The quantities involved are very small, and this area is strictly regulated by law.

Each waste incineration plant holds a special permit that sets out a limit for when special measures are required to avoid dioxin formation. The plants’ flue gases are monitored regularly via random testing. DONG Energy is working hard to avoid dioxin emissions from waste incineration plants by controlling the waste mix, the incineration process and the flue gas treatment.

**From deposition to 100% utilisation**

On combustion of coal and biomass at power stations, large quantities of pulverised fuel ash (PFA), bottom ash and desulphurisation products such as gypsum are produced.

Previously, the majority of these were deposited at landfill sites. Today, we use or sell almost 100 per cent of our mineral and residual products. We are thus ahead of the objective in the Government’s waste strategy, the target of which for 2008 is for 90 per cent of the residual products from coal-fired power stations to be reused. This development means that residual products that previously took up space at landfill sites are now taking the place of other resources.

By controlling the fuels used, DONG Energy continuously strives to improve the quality of its mineral and residual products and to identify new applications for these.

Since the end of the 1980s, when desulphurisation systems were installed at most power stations, gypsum from these systems has been used for manufacturing plasterboard.

PFA and bottom ash from combustion of biomass are used as agricultural fertiliser, returning the nutrients to the soil.

PFA from coal-fired power stations is used for concrete, cement and asphalt. The utilisation rate has increased from around 25 per cent in 1980 to 100 per cent today. Bottom ash is used in the UK for producing concrete blocks for use in the construction industry.

Utilising the mineral products also reduces CO₂ emissions. When, for example, one tonne of PFA is used...
in concrete, the emission of around half a tonne of CO₂ is avoided, because energy for extraction of other minerals is saved. In 2006, more than 200,000 tonnes of PFA from DONG Energy were used in concrete.

Besides the mineral products DONG Energy generate waste, which, listed in order of priority, is recovered, incinerated or disposed of by landfill. In addition, some of the waste requires special treatment and is therefore sent to, for example, Kommunekemi, a treatment plant for hazardous waste. In 2006, the waste quantity totalled around 30,000 tonnes.

**Discharge of oil to sea**

On extraction of oil and gas from our offshore oil and gas fields, oil-containing water is also produced. Most of the oil is separated from the produced water on the platform. The produced water, which still contains oil residue, is subsequently reinjected into the reservoir or discharged to sea. Reinjection safeguards the marine environment, as we avoid discharging oil-contaminated produced water.

DONG Energy owns parts of oil and gas production fields in Denmark and Norway. In 2006, total discharges of oil-containing produced water to sea amounted to 26 tonnes of oil dissolved in 1 million tonnes of produced water.

DONG Energy discharges very little oil-containing produced water from our own plants. For example, the Siri production platform generally has a very high reinjection rate compared with most other offshore platforms. In the last five years, 66-88 per cent of the produced water has been reinjected. In 2005, the European and global averages were 15 per cent and 10 per cent, respectively. Our objective is to reinject more than 90 per cent of the produced water from Siri.

![Figure 17. Percentage of produced water on the Siri drilling platform that is reinjected into the underground compared with global and European averages and our own targets. Sources: International Association of Oil & Gas Producers (OGP), Environmental Performance Data Report 2005 and DONG Energy data.](image)

In 2006, Siri produced variable volumes of produced water. Consequently, for two months in 2006, the average limit value for the oil content in the discharged water (30 mg/l) was exceeded.

**Chemicals**

DONG Energy uses chemicals in connection with, for example, oil and gas production, offshore drilling operations and wastewater treatment and flue gas treatment at the power stations.

The use of chemicals can result in undesirable substances being introduced into our surroundings. The types of chemicals we use and how we use them is therefore important. Before deciding whether to use a specific chemical, we register it and carefully assess any associated environmental and health and safety risks.

**WIND TURBINES AND MONITORING OF THE MARINE ENVIRONMENT**

Through its co-ownership of the two large Danish offshore wind farms near Horns Rev and Rødsand, DONG Energy has been cooperating with the Danish Energy Authority, the Danish Forest and Nature Agency and Vattenfall on monitoring of the environmental impacts before, during and after the construction of the farms. That has provided both DONG Energy and the industry as a whole with extensive knowledge about the potential environmental impacts of wind farms.
When we construct new production wells or drill exploration wells, we use products that can harm the environment if discharged. For many years, DONG Energy has been planning its drilling operations in such a way that most of the environmentally harmful products are not discharged at all. Instead, they are collected and returned to shore, where they can be reused or be treated and disposed of in an environmentally safe manner.

Large quantities of drilling mud is used during drilling of technically demanding wells. DONG Energy has been a pioneer in terms of collecting oil-containing drilling mud and separating it onshore. The oil is extracted and the collected materials are disposed of in an environmentally safe manner.

For certain parts of the drilling process, it is not possible to collect these chemicals. Here, there has been a sharp focus on avoiding using or discharging products with a significant environmental impact. This has produced good results in recent years.

According to the Danish Minister of the Environment’s Offshore Action Plan, the discharge of environmentally harmful products must cease by the end of 2008 in so far as practicable. DONG Energy expects to be able to live up to this action plan ahead of time.

**Biodiversity**

In connection with DONG Energy’s operations on offshore installations, particularly wind farms, work may occur in protected areas with special animal or plant species. Before commencing a new offshore wind farm project, we carry out an in-depth assessment related to nature conservation areas and bird protection areas, the Habitat Directive and relevant international conventions.

DONG Energy seeks to limit the potential impacts of its activities on the environment and nature. Plants are located carefully, any impacts are mapped ahead of the project, and, if necessary, measures are taken to minimise the impacts. In addition, the area is monitored subsequently. All these measures help to minimise the impact of the construction work on the environment and animal habitats in the area.

**Dialogue on the environment and impacts**

As an energy company, we are supplying products that are essential to people’s everyday lives, and we are visible in the landscape. It is therefore important that we listen to and are in dialogue with our surroundings: customers, owners, employees and the society of which we are a part. DONG Energy is in regular dialogue with authorities and NGOs.

Moreover, DONG Energy holds neighbourhood meetings in several locations at which we encourage dialogue about our environmental impacts and provide information about new initiatives. During the planning of new construction projects we endeavour to involve the affected site owners, neighbours and stakeholders at as early a stage as possible. In addition to official consultations, we hold information meetings at which we explain the implications of new projects.

**OFFSHORE WIND FARMS AND BIODIVERSITY**

Preliminary results from DONG Energy’s monitoring programmes for the existing offshore farms have shown that it is possible to establish offshore wind farms without significant, long-term adverse impacts for species such as benthic animals, fish, seals, porpoises and birds, provided the location of the farms is considered carefully and the impacts are investigated in advance of construction.
WE INVEST IN
PEOPLE AND KNOWLEDGE

Meeting the energy challenge requires strong competencies. It is DONG Energy’s vision to be among the companies in Europe that are the most knowledgeable about energy and the most proficient at translating this knowledge into sustainable solutions that meet society’s energy needs. To that end, we need bright people in the company and we need to cooperate with other strong centres of knowledge.

Society is faced with a significant challenge when it comes to ensuring a secure and sustainable energy supply. DONG Energy’s success depends on how well we take on our share in meeting this challenge. As already said, it is our vision to be among the elite in Europe when it comes to energy knowledge and, in particular, the ability to translate knowledge into tangible solutions. A high knowledge level requires constant and consistent development of both existing and potential employees. We therefore take joint responsibility for training, nurturing and maintaining the competencies needed by the energy industry. DONG Energy invests in building up knowledge internally, at strategic business partners and at universities.

Need for talented people
It is, first and foremost, the employees that drive DONG Energy forward every day. In order to be a driving force within Danish energy research and technological development, DONG Energy needs a whole range of specialists such as engineers, geologists and operational managers. To this should be added the need for lawyers and economists within our extensive trading activities, and strong management competencies across the board.

There is already a shortage of several of these competencies in Denmark, and this trend looks set to continue. Projections from the Danish Ministry of Science and the Danish Ministry of Education show that Denmark will face a shortage of up to 13,000 engineers in the period leading up to 2020. This is a major challenge for Danish society. It is DONG Energy’s task to create an environment that attracts talented people to the energy sector and offers them scope for development.

Focus on employee development
From the day of inception of the new DONG Energy, we have been focusing on giving our employees opportunities to develop their competencies. We have therefore set up DONG Energy Academy, which is to form the framework for our interorganisational development of competencies. The academy’s three focus areas are: management development, business development and development of specific tools. Other common objectives for our training programmes include the development of networks and good relations across the company.

In 2006, we focused on management development, designing two new programmes. One is the Colombus Programme, which is aimed at DONG Energy’s young talents. This programme is offered to approx. 40 employees a year, and the first team is well underway. The other is DONG Energy’s Executive Development Programme for the company’s top 200 managers, which will be offered from 2007. This programme has been developed in partnership with IMD, a leading international training institution. It consists of three modules that focus on: personal leadership, strategic management and business development, and responsible leadership in a globalised world.

In parallel with developing new training programmes, our employees take advantage of the many existing offers. In 2006, DONG Energy spent app. DKK 55 mio. on training. This figure excludes peer mentoring and internal seminars.

Employees do not develop through training alone, but also, to a great extent, through their day-to-day work. DONG Energy is a company with many development tasks, and the merger in 2006 has provided the employees with even better opportunities for acquiring new skills and seeking new challenges internally.

Collaboration across the company
It is important to DONG Energy to possess strong competencies; however, it is just as important for DONG Energy to be open to the knowledge that exists in the world around us.
As a company that is part of the entire energy value chain, from extraction, through production, to distribution and sale, we have extensive insight into the need for developing even better energy solutions. We bring this insight with us to the table in our collaboration with universities and research centres on PhD and development projects.

DONG Energy participates in a whole range of international research projects. We participate in a number of major EU-funded projects with many international partners. These include AD700, CASTOR and UPWIND, which are described on page 21-22. To these should be added a number of projects for the Danish National Advanced Technology Foundation and a DKK 75 million investment in a venture fund under BankInvest that concentrates on new energy technologies. Moreover, we have earmarked DKK 130 million for the promotion of second-generation bioethanol technology.

We are making infrastructure available to technology developers to enable us to test new technologies and refine them with a view to commercialisation. Part of this development takes place in collaboration with other players. That allows us reap synergies of relevance not only to the energy sector, but also to industries such as agriculture and the transport sector.

**Incubator for new initiatives**

New knowledge is developed in close interaction with educational institutions, research centres and industry. DONG Energy is involved in more than 40 PhD projects in which students from universities such as Denmark’s Technical University, the University of Southern Denmark and Aalborg University Centre work for DONG Energy in the course of their research training. The projects often begin here in the company where we play an active role as problem definer, contributing to ongoing development at universities. We also participate in a number of projects in collaboration with other companies, including Novozymes, Statoil, Amerada Hess and Topsøe Fuel Cells.

**Innovation centre for energy technology**

Innovation is one of the bywords when DONG Energy is competing with the large European energy companies. DONG Energy will therefore establish an innovation centre that can promote innovative processes in the company and be a focal point for employees and external business partners that work with commercialisation of new energy technologies. The innovation centre must create an environment in which innovative processes can be implemented faster and in a more focused manner. Knowledge about, for example, the energy system or tools for analysing energy development scenarios of relevance to assessing the market potential for new technologies must be made more accessible. The innovation centre will thus also be functioning as an internal training centre for our business processes. It is planned to locate the physical framework for the innovation centre adjacent to the head office in Skærbæk.

---

**LONE MUNK HOFFMANN, 35, PROJECT MANAGER, EXPLORATION & PRODUCTION**

“I have now covered three of the Columbus Programme modules, and it is a great experience. I have acquired techniques and have been through exercises that help me see more clearly what it is that I want from my working life and help me become a better communicator. One of the exercises consisted in working on a case for a 24-hour period, making decisions very late at night, and that has taught me how important it is to have clear priorities and values. The personal development aspect of the course is invaluable. I have become aware of my own personal goals and ambitions, and it has made the transition to my new job as project manager much easier.”
A good working environment and a high level of safety are prerequisites for running a healthy and efficient company and achieving our objectives. Safety considerations are an integral part of everything we do - whether carrying out work at customers, designing new power stations, drilling for oil and gas or operating and maintaining our installations.

Fewer accidents
In 2006, there were 298 accidents in DONG Energy, including 167 among our own employees and 131 among contractors working on installations or in areas operated by DONG Energy. 99 of these were lost time accidents, equivalent to 10.3 lost time accidents per one million hours worked. That is too many. It is better than the average accident rate at Danish water, heat, gas and electricity supply companies, but higher than the accident rates among the leading European energy companies against which we benchmark ourselves. We have therefore prepared an action plan intended to improve employee safety.

The objective is for the number of lost time accidents per one million hours worked to be reduced to 8.3 in 2007, corresponding to a 20 per cent reduction.

Action plan for 2007
The action plan for 2007 has been prepared within the framework of DONG Energy’s policy and strategy for quality, health, safety and environment. We are taking action on all fronts to intensify the focus on safety.

Delivering good safety performance depends on management awareness. The Executive Board is briefed on all accidents on an ongoing basis, and safety performance features in the quarterly reporting to the Supervisory Board. In 2007, safety performance will also feature in the bonus plans for the relevant managers and executive vice presidents. Lastly, in future, the managers’ effectiveness in guiding the safety work will be evaluated by employees in the annual climate surveys. Throughout the year, we will be staging various campaigns intended to help us look after ourselves and each other more effectively. Moreover, DONG Energy’s employee magazine will feature increased coverage of this topic. The employees will be offered courses in behavioural safety, and we will be holding an annual health and safety day across the organisation.

DONG Energy already focuses systematically on knowledge-sharing within health and safety, for example through an interdisciplinary safety network and the Committee for Quality, Health, Safety and Environment. We are involved in a number of international networks in which we share experience with others.

In 2007, we will start setting up a joint system for recording, processing and initiation of corrective action in connection with unplanned incidents.

Safety culture
Safe installations and procedures cannot in themselves prevent accidents. Accidents usually happen as a result of human behaviour. A good safety culture is therefore vital to reduce the accident rate. Each and every employee contributes to a good safety culture by being alert to their own safety and that of others in their daily work routines. An improvement in the safety culture is therefore an essential part of the action plan for 2007.

If awareness of hazardous situations is heightened across the company and everyone becomes more diligent in making others aware of such situations, then we will have a better basis for taking action before...
they develop into actual accidents. Safety was one of the key topics at DONG Energy’s Leadership Forum for the company’s top 200 managers in December 2006.

Guests are also our responsibility
Our injury frequency statistics include accidents among contractors working in DONG Energy’s areas. That is because we see it as our responsibility to make sure that the contractors as well as other visitors return home safely. Everyone carrying out work for DONG Energy receives instruction in our local conditions and safety rules, and we give priority to business partners that work well and systematically with health and safety management.

Some areas of our company have not previously had a tradition of including accidents among contractors in their injury frequency statistics. Accidents among contractors in connection with sales and distribution of electricity will consequently not be included in the corporate reporting until during 2007.

Health and wellbeing in the workplace
A good working environment also encompasses the employees’ health and wellbeing. DONG Energy supports a number of sports activities in its workplaces such as fitness training, gymnastics, badminton and cycling. Massage therapy and advice from occupational therapists are also available, and in several workplaces the employees are offered advice on how to give up smoking as well as dietary advice. In addition, health insurance has been taken out for all employees so that they can obtain help if they suffer physical or psychological problems.

As a new, merged company, we mapped existing offerings in 2006. In 2007, we will be focusing on preventive initiatives in areas such as exercise, diet, smoking and alcohol, and improving our efforts in relation to mental health in the workplace, including stress. We must become more adept at taking preventive action and intervening in good time when employees suffer psychological problems.

In order to ensure that we take action in the appropriate places, our action will be based on the knowledge gained from the first climate survey, which will be conducted in spring 2007. In addition, we will start recording absence due to mental ill health in a consistent manner to give us a common basis for systematic action.

Safe energy to our customers
Safety must be properly addressed throughout the energy chain - extending to the very end of the chain where the customers are using electricity and heat. DONG Energy systematically inspects and maintains
INCIDENT REPORTING
When people carry out work, mistakes inevitably occur. It is therefore important to systematically record and learn from such mistakes. DONG Energy uses integral reporting systems for quality, health, safety and environment incidents. Observations, near-misses and accidents are recorded in this system.

We analyse all reports on an ongoing basis and determine their accident potential. This enables us to prioritise our safety action and implement the necessary changes. Many reports relate to ‘observations’, i.e. situations that have not as yet led to actual accidents, but might do so. The more observations the employees report, the better equipped we will be to prevent accidents.

When we find faults, we record them to enable us to correct them. For example, DONG Energy is currently in the process of replacing all the nearly 3,000 cable boxes in the Copenhagen metropolitan electricity grid due to a risk of explosion. The decision was made immediately after the acquisition of Copenhagen Energy’s electricity activities in May 2006. We replace all lids and cover plates of the cable boxes during 2007, and we expect to have replaced all boxes within five years. The associated costs are expected to amount to close on DKK 500 million.

DONG Energy offers installation of electricity meters and white goods at the customers. This work is also undertaken in accordance with documented quality management processes. When we sell white goods, we always provide product and safety information in accordance with statutory requirements.

On the natural gas side, we do not undertake installation work ourselves. Instead, we are responsible for inspecting plumbing and heating engineers’ installation of gas distribution systems at customers, and for reporting any faults to the Danish Safety Technology Authority. We give engineers ongoing feedback to ensure that the safety level is continually improved.

NO WORK-RELATED ACCIDENTS FOR 1,328 DAYS
As a means of enhancing safety awareness, DONG Energy awards an annual safety prize. In 2006, the prize was awarded to the employees on the Siri platform for their performance in 2005, i.e. not a single work-related accident among the permanent crew for more than three years. This impressive record was achieved due to a good safety culture, which involves reporting unplanned incidents as a matter of course.

EVERYONE HAS A SAFETY REPRESENTATIVE
The safety committees in DONG Energy comprise all workplaces and employees. The committees consist of representatives of the employees and management and are responsible for planning and coordinating the health and safety activities through policies, guidelines and action plans. The committees also support and motivate the local safety groups.
WHEN SIX BECOME ONE

Six different energy companies have become one joint company in a short space of time. It has been a turbulent period, and the employees have put in an immense effort. Throughout this process, management has placed great emphasis on the new company becoming a good workplace.

DONG Energy was formed in summer 2006 by the merger of six Danish energy companies - DONG, Elsam, ENERGI E2, Nesa and the electricity supply arms of Copenhagen Energy and Frederiksberg Forsyning. But the efforts to create one joint company have been in process for some time. The merger became part of the employees’ everyday life as far back as 2005, when DONG applied to the EU Commission for approval. On the one hand, there was uncertainty and worry about what the future might hold; on the other, excitement and optimism about the many new possibilities in a larger company.

Integration process
Close involvement by the employees in shaping the new company has been an important focal point for the integration process from the very outset. Hundreds of working groups with employees from the various companies were appointed, and the way in which DONG Energy operates today has been very much influenced by the results of their work.

Early on in the process, an analysis was made of each company’s corporate culture. The aim was to bring disparities and similarities between the various companies to light - and on that basis create a common reference framework. The analysis naturally pinpointed disparities, but there were surprisingly many similarities between the companies. Basic values such as cost awareness, focus on optimising business processes and on generating results were common to the six companies.

Along the way, we established some common ground that has brought us closer together despite the large physical spread across Denmark and abroad. For example, we quickly created a common intranet and an employee magazine that briefed employees on the various aspects of the merger. During visits to all major offices and plants, management has talked about the integration process and been available for questions and comments from the employees.

The new DONG Energy
Today, DONG Energy has about 4,500 employees. From our head office in Skærbæk and offices and energy plants across Northern Europe, we look after an important part of the Danish and Northern European energy supply. For a large number of our employees, the work assignments have changed, and for many the physical location of their workplace has also changed. Just under 1,000 employees have moved between our offices in Denmark, and more than 500 have moved desk internally at their workplace. In addition, more than 600 employees have moved to the energy company Vattenfall, which, as part of the merger, acquired parts of Energi E2 and Elsam.
JENS WITTROCK BONEFELD, SENIOR PROJECT MANAGER, MSC (ENGINEERING)
Former wind project manager with Elsam. After the merger wind project manager with Renewables.

“To be honest, I was quite sceptical about the whole idea of the merger. The synergies were not obvious to me. Some time has now passed, and, rather than being sceptical, I am now convinced about the great potential of a company with so many different energy products on its shelves. My working day has remained more or less the same, but I have gained many new colleagues, who work within the same technical area as me, and that has clearly strengthened the technical profile in this area. You can feel the buzz. But the price has been that I have lost many of my competent colleagues from the old Elsam, because they chose to move on. I can clearly feel that we are progressing towards a shared “we” culture, but there is some way to go before all prejudices and myths have been laid to rest.”

Providing the employees with the best possible terms
Many employees have experienced their work assignments being allocated in a new way. For example, many departments are now spread geographically across Denmark, and the existing competencies are used in many new functions. Early on in the process, DONG Energy promised that all employees who would have to move workplace would receive financial compensation for the associated inconvenience. The compensation was negotiated between management and the employees and ranges from compensation for the extra mileage and time needed to drive from one workplace to the other, to direct relocation assistance. The conditions have been the same, no matter which company the employees came from.

As the merger resulted in a number of duplicated functions, we regrettfully had to part company with some good employees; however, in order to avoid any hardship for the employees it was agreed in the joint consultation committees to extend all employees’ individual and collective terms of notice by three months in connection with the restructuring. All affected employees also received enhanced redundancy payments and were offered external outplacement assistance.

Common reference framework
As part of uniting the new DONG Energy, we have established a Leadership Forum for managers and vice presidents. Here, they meet regularly to gain a common understanding of DONG Energy’s strategy and values, while at the same time forming networks across the individual business areas. One of the managers’ overriding tasks is to act as the “glue” that holds together the new DONG Energy to ensure that everyone develops a common language and works towards common goals.

A merger creates many changes and is a demanding process for everyone involved. These two factors often give rise to uncertainty among the employees. Health and safety - physical as well as mental - was consequently one of the topics at Leadership Forum and will also feature in the bonus plans for executive vice presidents, vice presidents and managers in 2007.

Not yet home and dry
We have come far, but we are not yet home and dry. The work on culture, values and practical coordination is an ongoing process – and therefore something we will continue to work on. We have established a new collaboration structure at all levels of the company, and that must now be put into practice.

One of the targets for 2007 is the implementation of the first climate survey among DONG Energy’s employees. Another is to continue the alignment of personnel conditions to harmonise the terms of employment for the employees of all six original companies.
INTEGRITY AND CLEAR RULES

DONG Energy maintains a high standard of business ethics. When seeking to influence, we do so based on well-founded arguments and by other legitimate means, and we only let ourselves be influenced by others applying the same principles. Our surroundings must recognise DONG Energy as a company that behaves with integrity.

As an international company operating and trading in many markets, it is important for DONG Energy to focus on business ethics and to adopt a clear position on the issue of corruption.

Corruption undermines well-functioning markets and is an impediment to growth and development. DONG Energy therefore endorses the tenth UN Global Compact principle against corruption. We say a resounding “no” to corruption and will neither offer nor accept any form of bribery.

Common guidelines
In 2007, we will draft a policy for integrity and anti-corruption, including an outline of our position on some of the dilemmas and grey areas that our employees may encounter. The greatest challenge does not consist of putting into words where DONG Energy stands, but rather providing guidance to individual employees when they need to make specific decisions in their day-to-day work. We will therefore identify the business areas and employee groups that are particularly exposed to, for example, bribery attempts. These employees will receive training and have access to advice, and we will draw up procedures for reporting any irregularities. The objective for 2007 is to structure these initiatives and make a successful start to their implementation.

Whistleblowing
In 2006, the Supervisory Board appointed an Audit Committee, which has introduced a whistleblower policy. The policy enables both employees and outsiders to contact the Audit Committee anonymously if they suspect malpractice in relation to accounts, financial reporting, internal controls or auditing practices.

Employees are often the first to notice irregularities or fraudulent practices within the workplace. By ensuring anonymity, DONG Energy wants to encourage employees not to withhold important information.

The Audit Committee was not approached in 2006, nor did DONG Energy uncover any cases of corruption or fraud by any other channels.

Knowledge obligates
DONG Energy has considerable knowledge about the relationships between security of energy supply, efficiency and consideration for the environment. We feel obligated by this. We see it as part of our responsibility to contribute to the development of sustainable energy policy solutions by society. We therefore participate in consultations, conferences, technology partnerships, etc., and we are in regular dialogue with politicians, authorities and professional and industrial bodies.
Our input to authorities, politicians and other stakeholders is based on two well-defined principles adopted by the Supervisory Board. Firstly, we support the liberalisation of the energy sector and promote market-based solutions to energy policy challenges. Secondly, we wish to establish long-term, confidence-driven relations with our stakeholders. Resolving society’s energy challenges requires constructive dialogue.

Clear separation from the State
DONG Energy’s dialogue with politicians and authorities on industrial policy issues is conducted in the same manner as in other companies. The fact that the Danish state has a majority shareholding in DONG Energy is irrelevant in this context. In its dealings with DONG Energy, the State distinguishes clearly between its role as owner and its role as authority. The role as owner is taken care of by the Danish Ministry of Finance, while the State’s role as authority is taken care of by the Danish Ministry of Transport and Energy and other sector ministries. The contact between the Ministry of Finance and DONG Energy is through the chairman of the Supervisory Board.

The State’s role as owner
The Ministry of Finance exercises its influence as owner in accordance with the principles laid down in the report “The State as shareholder”. This ensures clear guidelines between the State and DONG Energy. The Ministry of Finance takes care of its ownership interests through resolutions at general meetings and the election of an independent Supervisory Board. The Supervisory Board monitors the company’s performance, management and organisation on behalf of the shareholders, while the Executive Board has the day-to-day responsibility for the company’s operations. The chairman of the Supervisory Board keeps the Ministry of Finance briefed about important issues.

No political sponsorships
DONG Energy seeks to influence by words, never by money. Consequently, we do not support any political parties or political associations.

However, we sponsor causes such as sports and the arts, if this can at the same time enhance awareness of our company. DONG Energy also contributes to the training and research required to secure future energy competencies.

Fair and honest marketing
We comply with national marketing legislation in the countries in which we promote ourselves and our products. In 2006, DONG Energy was not involved in any cases concerning violation of marketing legislation.

Our customers are entitled to demand that personal data concerning them are treated confidentially and only disclosed to third parties on the terms and conditions described in the Danish Personal Data Processing Act and the energy acts. In 2006, DONG Energy did not attract any complaints from customers concerning failure to observe confidentiality or unlawful disclosure of personal data, nor did we identify any leaks, theft or loss of personal data.
RESPONSIBILITY IN OUR SUPPLY CHAIN

DONG Energy wishes to promote social and environmental responsibility in our supply chain. We believe in clear expectations and dialogue as the best tools.

It is a fundamental value for DONG Energy to behave responsibly and conduct our business with propriety and integrity. That means, in the first place, looking after people and the environment in connection with our activities in our own workplaces. However, our responsibility does not end here. We have more than 6,000 suppliers throughout the world, and we will promote compliance by them with acceptable social and environmental standards, too.

The challenge

Our suppliers are a very diverse group. The vast majority operate in Northern Europe, where corporate behaviour is subject to close scrutiny by the public and authorities alike.

At the same time, we have suppliers that operate in sectors and countries associated with greater risks. That applies, in particular, to the suppliers of the raw materials on which our energy production relies. For example, a large proportion of the world’s coal deposits is to be found in parts of the world where environmental considerations and human rights are not given the same priority as they are by us. Companies that operate in such societies must take joint responsibility for a positive development. We are basically confident that our suppliers do that, but in future, we will be setting out clear expectations of everyone we trade with.

Clear expectations of suppliers

In 2006, DONG Energy began drafting a set of clear guidelines as to how we expect our suppliers to manage their social and environmental responsibilities. Prior to the merger, none of the six companies had had a tradition of working systematically with how suppliers deal with ethical issues. The companies made requirements of their suppliers’ quality, environmental and health and safety management, but the requirements made and of which suppliers were not consistent.

The new expectations must reflect our endorsement of the ten principles of the UN Global Compact, and they will respect international conventions and standards. In addition, it is very important that they address issues that are relevant to precisely the types of companies with which DONG Energy trades. We are therefore in the process of creating an overview of the issues characterising the countries and sectors with which we trade.

In the case of a few suppliers, we already make requirements concerning environmental and health and safety management that are more stringent than
our general expectations of suppliers. That applies for example to suppliers working as contractors in DONG Energy-operated areas.

Tool for dialogue
We will use the new set of expectations as a tool for engaging our suppliers in working on how to ensure responsible behaviour. For the vast majority of our suppliers, operating in full compliance with international standards and conventions will already be a matter of course. Other companies, however, may not initially be meeting our expectations in full.

If they show willingness to improve, it is DONG Energy’s position that we can usually make the best contribution by cooperating with them on improvements rather than parting ways.

Implementation
The objective is for the new expectations of suppliers to be incorporated into all new contracts and communicated to all suppliers by the end of 2007.

The expectations will form part of the basis for selection of new suppliers and will be used in DONG Energy’s ongoing dialogue with suppliers. Ethical, social and environmental issues will become an integral part of the quality auditing of our suppliers. As a merged company, DONG Energy is faced with the challenge of having to coordinate six different purchasing systems. Consequently, we do not expect to have the new initiatives in place until 2008.

SUSPENDED COOPERATION WITH COAL SUPPLIER
In July 2006, the Danish media reported that one of DONG Energy’s coal suppliers, Drummond, was allegedly behind the murders of union officials in Colombia. The allegations were made by relatives under the so-called Alien Tort Claims Act, and the proceedings commenced in the USA in October 2006.

DONG Energy regards the allegations as very serious. In accordance with normal legal practice, we will presume Drummond to be innocent until proven guilty. However, as it has proved impossible to obtain sufficient information from Drummond due to the pending action, DONG Energy has decided not to enter into any new trading agreements with Drummond. If Drummond is acquitted, DONG Energy will be able to trade with them again.

Procurement team back in the classroom
The new expectations of suppliers also present new challenges for DONG Energy’s procurement team. A new course of training must equip them for implementing the new requirements and assessing suppliers against these. It is our objective to train the first group of purchasers by the end of 2007.
IN THE LEAD WITH EFFICIENT ENERGY MARKETS

Within Europe, the Nordic countries are in the lead in terms of developing well-functioning energy markets. DONG Energy supports this development and participates actively in it. Well-functioning energy markets create the best framework for a cost-effective and customer-oriented energy supply and continuous development of new technologies.

Energy is essential to our society and it is therefore vital that energy supply is as cost-effective as possible. The energy sector has undergone an extensive transition since the mid-90s, from centralised planning to a market-based system. The aim has been to secure a more cost-effective energy supply.

The development of efficient markets has been a lengthy process during which the framework conditions for the energy sector have been adapted to an increasingly market-oriented system. Together with the UK, Denmark and the other Nordic countries are at the very forefront in this process. This is borne out by reports from bodies such as the EU Commission and the International Energy Agency (IEA).

As a player in the Northern European energy market, DONG Energy participates actively in the liberalisation process. We endorse the rapid development towards well-functioning energy markets in the Nordic countries, and we support a similar process in the rest of Europe. The following sections describe the development of the Nordic electricity and gas markets.

Efficient electricity market
The electricity sector consists of four core activities: generation, transmission, distribution and sale of electricity. The liberalisation process has led to changes in all four links that contribute to an efficient market and the most economic electricity to the consumers.

Competition for electricity generation
The Danish electricity generation today takes place in competition between a series of generators such as DONG Energy, Vattenfall, local CHP plants and wind turbine owners. At the same time, there are high-capacity interconnectors between the transmission networks in Denmark, Norway, Sweden and Germany. DONG Energy’s electricity production is thus sold not only in Denmark but also in a larger, Northern European market. Foreign producers can export power to Denmark, and vice versa. DONG Energy owns only approx. 4 per cent of the total generating capacity in the combined Northern European area.

Denmark’s geographical location between the Nordic countries and Germany means that Danish electricity prices are influenced by demand and by the generating conditions in the surrounding countries. When water supplies in the Norwegian and Swedish reservoirs are abundant, Norway and Sweden are able to produce inexpensive electricity, putting pressure on prices in Denmark. When, on the other hand, precipitation fails, demand for electricity from Danish power stations increases. In such situations the price of electricity is determined, in particular, by factors such as the price of coal, gas, oil and CO₂ emissions.

In 2006, competition from the neighbouring countries led to a decrease in electricity prices in Denmark. Increased inflow to the Nordic water reservoirs and low consumption in Norway and Sweden meant that both countries exported large quantities of inexpensive power generated at hydroelectric power stations to Denmark. That led to a reduction of about 70 per cent in Danish electricity wholesale prices from summer 2006 to the start of 2007.

REPORTS ON LIBERALISATION OF THE ENERGY MARKETS
The EU Commission’s “Energy Sector Inquiry” from 2007 and the IEA’s “Lessons from liberalised electricity markets” from 2005 are among the reports stressing the fact that the liberalisation process in the Nordic energy market is far advanced. The reports conclude, among other things, that price formation for electricity in Denmark and the Nordic countries functions well and is transparent, and that the Nordic countries have made more headway than the rest of Europe as far as concerns separating commercial and non-commercial activities. The IEA report also pinpoints that liberalisation has led to a more cost-effective energy supply across Europe. The liberalisation of the electricity markets alone is estimated to have led to annual gains for the EU member states of around 3.5 per cent of GDP.
TRANSMISSION NETWORK WITH ACCESS FOR ALL
The transmission networks are the “highways” of the grid, transmitting energy from the power stations and wind turbines to the distribution networks. To create a competitive level playing field between the electricity producers, it has been vital to give everyone equal access to the large transmission networks. The Danish transmission network has therefore been unbundled into the state-owned Energinet.dk, which is independent of commercial interests. Energinet.dk is charged with operating the transmission network and ensuring fair and equal access for all producers.

SALE OF GENERATING CAPACITY
FUELS COMPETITION
When Elsam acquired NESA in 2004 approval of the acquisition was conditional upon Elsam disposing of a number of local CHP plants, equivalent to 200 MW. At the same time, Elsam had to auction the right of disposal of 600 MW of its central power plant capacity to at least three commercial players at the so-called virtual power plant auctions (VPP). These requirements have been transferred to DONG Energy.

The European competition authorities’ approval of the establishment of DONG Energy in 2006 was also subject to the disposal of generating capacity. 2,400 MW from Elsam and Energi E2 have thus been transferred to the Swedish energy company Vattenfall. Today, Vattenfall has substantial generating capacity in both Eastern and Western Denmark and is in daily competition with DONG Energy.

THE ROUTE FROM ELECTRICITY GENERATION TO SALE IS VIA THE NORDIC POWER EXCHANGE
DONG Energy is not a closed system in which electricity is generated, transmitted, distributed and sold. One business segment, Generation, generates electricity at power stations and wind farms and sells it on the Nordic electricity exchange, Nord Pool Spot. Another business segment, Markets, purchases electricity on Nord Pool Spot and other power exchanges and sells it to the customers. In this way, DONG Energy contributes to liquidity in the electricity spot market so that price formation is credible and transparent.
High-capacity interconnectors create a single integrated market

DONG Energy’s total production capacity in Denmark

6,093 MW

Figure 19. Denmark is closely integrated with its neighbouring markets, physically and in terms of markets, via high-capacity interconnectors.

Distribution network with access for all

From the transmission network, the power is transmitted to the distribution networks, which provide the power to the individual household or company. The distribution network is owned and operated by local grid companies. For example, DONG Energy owns the metropolitan grid. Any company that sells electricity has the right to have it distributed to the customers.
Public regulation ensures that all companies selling electricity to end customers have access to the networks and that the electricity is distributed in a cost-effective manner. Energy companies engaged in both sale and distribution of energy are subject to requirements to keep these activities strictly separate.

**Competition for sale to customers**

Competition between several players has been introduced in the market for sale of power to end customers in the same way as in the generating link. As part of the liberalisation, the gradual opening of the retail market was completed on 1 January 2003, so that residential customers were also allowed to choose supplier freely. Today, there are many suppliers offering power in Denmark, and switching between them is easy. Each year, about 40,000 customers switch electricity supplier.

**Efficient natural gas market**

The natural gas market differs from the electricity market by having relatively few producers of natural gas. While electricity generation is highly decentral-
ised, gas production is characterised by only a few sources of supply. DONG Energy produces natural gas from fields in the North Sea.

During the liberalisation process, the natural gas market has undergone many of the same changes as the electricity market. The transmission network has been unbundled into Energinet.dk, and the distribution companies that own the distribution networks are regulated to ensure that all sales companies can provide gas to their customers. DONG Energy is responsible for gas distribution in South Jutland and West and South Zealand, and, as in the case of electricity, its distribution activities are separate from its trading activities.

Competition for sale to customers has developed in the natural gas market, too. The customers have had a free choice of supplier since 1 January 2004, and there has been fierce competition between various suppliers since that date. Consequently, DONG Energy’s market share in Denmark has fallen by app. 20 per cent, although DONG Energy has managed to maintain its total natural gas sales, having made up for the loss of market shares in Denmark by increasing its export sales.

In August 2006, DONG Energy held its first so-called gas release auction. The gas release programme, which was developed by DONG Energy, was one of the first obligations we took on in connection with the EU Commission’s approval of the merger in March 2006. Under the programme, which runs for six years, gas supplies in Denmark equivalent to app. 10 per cent of annual gas consumption in Denmark will be sold in return for similar gas quantities in Belgium, the Netherlands, Germany or the UK. With the swapping of gas on the European gas trading hubs, DONG Energy has contributed to increased competition in the gas markets, not only in Denmark, but also in other European countries.

The objective is to develop a single, cohesive European gas market. The European regulators such as the Danish Energy Regulatory Authority are responsible for this work at regional level, and efforts are underway, through collaboration with market players and the system operators, to improve this cross-border trade in gas. DONG Energy is contributing actively to this development.

Case concerning electricity prices in Western Denmark in 2003-2004

On 15 November 2006, the Danish Competition Board of Appeal delivered its decision in a case concerning whether Elsam, which is now part of DONG Energy, overcharged for electricity sold in Western Denmark in 2003 and 2004. The Board of Appeal overruled the Danish Competition Council’s decision and the price cap introduced by the Competition Council. The Competition Board of Appeal found that a price cap is an impediment to a well-functioning electricity market.

However, the Board of Appeal stated that Elsam had been a dominant player in the market in Western Denmark in the period in question, and had been able, to some extent, to control price formation in Western Denmark for a number of hours during the period in question, and had, to some degree, done this.

However, the Board of Appeal also ruled that Elsam had acted within the terms of an agreement with the Danish Competition Authority under which Elsam was to refrain from outbidding our neighbouring countries’ prices in order not to push up prices in Western Denmark. The Board of Appeal also pinpointed the fact that increased competition has been created in the electricity market since 2004, partly because Vattenfall has bought its way into the Danish market, acquiring substantial capacity.

DONG Energy disagrees in the Board of Appeal’s comments to the effect that Elsam was able to control price formation. Consequently, DONG Energy has decided to bring the case before the Danish Maritime and Commercial Court. Regardless of the final outcome of the case, DONG Energy is looking forward to entering into constructive dialogue with the competition authorities and other players with a view to ensuring the continued development of a well-functioning power market.
DATA BASIS AND CALCULATION METHODS

The corporate responsibility report in principle comprises all activities in DONG Energy A/S and the Group’s subsidiaries. Companies in which DONG Energy has a minority interest are included where deemed relevant and feasible. The report includes suppliers only where this is specifically stated.

Activities covered

Economic

The report’s financial highlights and ratios are reproduced from DONG Energy’s financial annual report for 2006, in which the accounting policies are described in detail.

Environment

DONG Energy’s environmental data are calculated based on our ownership interests in the individual activities. Environmental data include the companies in which DONG Energy holds a direct minority interest.

Sales offices outside of Denmark do not feature, as their environmental impact is considered to be of limited significance in the overall picture. In the case of activities where DONG Energy is not the operating partner, only the environmental impacts from the production activity are included, and not the impact from administrative support functions.

Moreover, environmental impacts from transport have been omitted, as it is not at present possible to calculate these.

Lastly, environmental impacts from DONG Energy’s construction projects are not included in the data basis either. Due to the variation in this project portfolio it would be difficult for the reader to form an overview of the development in DONG Energy’s environmental impacts over time if these projects were included.

Employees

Employee data comprise all employees employed by DONG Energy A/S and its subsidiaries. In addition, DONG Energy takes responsibility both for its own and external employees’ safety in our areas. The accident statistics consequently include suppliers working in DONG Energy-operated areas; however, in the case of sale and distribution of electricity this does not apply until from 2007.

Reporting period

DONG Energy’s financial year follows the calendar year, and the reported figures consequently cover the period 1 January to 31 December 2006. As DONG Energy was not formed by the six individual companies until 1 July, the reporting period can be viewed in several ways. In order to present the fairest picture of the Group’s performance in relation to production, the environment and employees, DONG Energy has elected to calculate these figures as full-year figures, i.e. as if the existing DONG Energy had existed for the whole of 2006. As far as the figures relating to economic performance are concerned, companies are only recognised from the date on which they became part of the Group. This also holds for production figures in the chapter ‘DONG Energy in brief’ which thereby differ from production figures elsewhere in the report.

Data quality

As a merged company, DONG Energy is harmonising its calculation methods and establishing common data systems for environmental and social data.

The accounting policies applied to the financial highlights and ratios are IFRS-compliant.

The six companies that have now become DONG Energy have generally had a strong tradition of environmental management and environmental reporting. DONG Energy thus gathers data systematically for 35 sets of statutory environmental accounts. CO₂ emissions, which fall under the Danish CO₂ Quota Act, are also verified by independent accredited verifiers. However, due to varying calculation methods across the six companies in DONG Energy, parts of the environmental data are estimated to be subject to some uncertainty.

As far as the social dimension of responsibility is concerned, establishing a common, uniform data basis has been a challenge, partly because the six companies in DONG Energy have less experience of reporting social data, and partly because reporting practice in this area is generally less regulated and more varied. The report consequently features
relatively few quantitative data in the social area in 2006, and these data are subject to some uncertainty. From 2007 we expect to expand our reporting of social data.

Calculation methods
The methods applied are stated opposite the figures on the following pages. In the case of the economic data reference is made to the financial annual report, while, in the case of the environmental data, three different calculation methods are stated: measured, calculated and estimated.

‘Measured’ should be understood as data based on invoices or similar or on ongoing measurement. The designation ‘calculated’ is used predominantly to describe atmospheric emissions calculated on the basis of fuel consumption and standardised emission factors. The designation is also used about data where the annual result is calculated based on limited or isolated random testing of, for example, flue gas quality. If data are not calculated applying one of these two methods, they are designated as ‘estimated’, i.e. based on judgement.

Employee data are calculated based on data extracted from DONG Energy’s payroll systems or from other administrative systems and statements. Accident statistics have been calculated based on records in DONG Energy’s incident reporting systems.

Special factors relating to calculations of environmental data
Consumption of primary energy
A distinction is made between direct and indirect consumption of primary energy. Direct consumption of primary energy is calculated as the sum of purchases and equity production less sales and net increase in inventories. The calculation of direct consumption of primary energy is based on invoices received and invoices issued. The indirect consumption of primary energy is calculated on the basis of purchased electricity, heat, etc. The indirect consumption of electricity is broken down by primary fuel source based on the most recent version of the average electricity declaration from Energinet.dk (2005). It is not yet possible to break down consumption of purchased heat by primary energy sources as heat declarations do not exist. Losses in the distribution network are accounted for in the electricity declaration.

Raw materials and consumables
Raw materials are defined as input in the company that undergoes refinement from raw material to end product (for example, coal to electricity). As DONG Energy’s products are energy products, there is a natural parallel between the consumption of raw materials and the direct consumption of primary energy. The consumption of raw materials at the power stations is measured on input into production, on meters that comply with relevant performance specifications from the Danish Tax Administration (SKAT). For the rest of DONG Energy, the material consumption is calculated on the basis of purchase invoices and possibly inventory changes, where appropriate (for example, consumables for oil and gas production). Consumables used in administration are not included.

Atmospheric emissions
Atmospheric emissions have been calculated using standardised emission factors from the Danish National Environmental Research Institute (DMU). CO₂ emissions are calculated in accordance with the methods laid down in the Danish Act on CO₂ quotas. The statement of emissions of methane and other volatile organic compounds (NMVOC) include emissions from power stations, Fredericia crude oil terminal and release from flaring and venting.

Waste
Waste data have been calculated on the basis of invoices (weighing notes). In a few cases, the quantities have been estimated. DONG Energy has traditionally broken waste down into four categories: hazardous waste for special treatment, waste for recovery, waste for incineration and waste disposed of by landfill; however, the power stations in Eastern Denmark have gone away from using the designation ‘hazardous waste for special treatment’ and now only use the other three designations. The number of categories consequently differs between regions. Waste data do not include waste from the administration buildings in Skærbæk and Gentofte. Soil polluted by oil because of conductor breaks is not included in the total amount of soil for disposed landfill.

Application of GRI guidelines
In preparing the report, DONG Energy was inspired by the latest guidelines, G3, from Global Reporting Initiative (GRI). As stated in the GRI overview on page 60-66, the report includes all G3 Profile Disclosures and Disclosures on Management Approach related to the handling of economic, environmental and social responsibility issues. The report also responds to most of the GRI Performance Indicators. It is thus our view that the report corresponds to GRI’s Application Level B. GRI has reviewed this assessment and declared its agreement.

In next year’s report, we will endeavour to apply GRI’s materiality principle even more systematically than this year, and we will strive to implement a more structured stakeholder dialogue in connection with the preparation of the report.

Verification
DONG Energy’s first corporate responsibility report has not been verified by external players. It is the aim that next year’s report should be subject to external verification.
**PERFORMANCE SUMMARY**

### ECONOMIC

<table>
<thead>
<tr>
<th>Description</th>
<th>Source</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>35,661</td>
</tr>
<tr>
<td>Operating costs</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>(26,448)</td>
</tr>
<tr>
<td>Staff costs</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>(1,781)</td>
</tr>
<tr>
<td>- of which to Supervisory Board and Executive Board</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>(22)</td>
</tr>
<tr>
<td>Research and development costs incurred</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>(210)</td>
</tr>
<tr>
<td>Capitalised development costs</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>135</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>4,917</td>
</tr>
<tr>
<td>- of which proposed dividends</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>1,967</td>
</tr>
<tr>
<td>Government grants</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>111</td>
</tr>
<tr>
<td>- of which recognised in the income statement</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>72</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>Financial annual report</td>
<td>DKKm</td>
<td>(2,384)</td>
</tr>
</tbody>
</table>

### PRODUCTION

<table>
<thead>
<tr>
<th>Product</th>
<th>Type</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power generation</td>
<td>Measured</td>
<td>GJ</td>
<td>92,283</td>
</tr>
<tr>
<td>Heat generation</td>
<td>Measured</td>
<td>GJ</td>
<td>49,045</td>
</tr>
<tr>
<td>Natural gas production</td>
<td>Measured</td>
<td>GJ</td>
<td>69,626</td>
</tr>
<tr>
<td>Oil production</td>
<td>Measured</td>
<td>GJ</td>
<td>6,375</td>
</tr>
<tr>
<td>Wood pellets</td>
<td>Measured</td>
<td>GJ</td>
<td>854</td>
</tr>
<tr>
<td>Straw</td>
<td>Measured</td>
<td>GJ</td>
<td>644</td>
</tr>
</tbody>
</table>

**Mineral products**

<table>
<thead>
<tr>
<th>Product</th>
<th>Type</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desulphurisation product - TASP</td>
<td>Measured/Calculated</td>
<td>tonne</td>
<td>42,701</td>
</tr>
<tr>
<td>Desulphurisation product – Gypsum</td>
<td>Measured/Calculated</td>
<td>tonne</td>
<td>243,554</td>
</tr>
<tr>
<td>PFA from coal-burning</td>
<td>Measured/Calculated</td>
<td>tonne</td>
<td>582,712</td>
</tr>
<tr>
<td>PFA from biomass</td>
<td>Measured/Calculated</td>
<td>tonne</td>
<td>5,474</td>
</tr>
<tr>
<td>Coal bottom ash (slag)</td>
<td>Measured/Calculated</td>
<td>tonne</td>
<td>93,771</td>
</tr>
<tr>
<td>Biomass bottom ash (slag)</td>
<td>Measured/Calculated</td>
<td>tonne</td>
<td>13,427</td>
</tr>
</tbody>
</table>

### ENVIRONMENT

<table>
<thead>
<tr>
<th>Product</th>
<th>Type</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of raw materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>Measured</td>
<td>tonne</td>
<td>6,179</td>
</tr>
<tr>
<td>Natural gas</td>
<td>Measured</td>
<td>tonne</td>
<td>1,116</td>
</tr>
<tr>
<td>Oil</td>
<td>Measured</td>
<td>tonne</td>
<td>329</td>
</tr>
<tr>
<td>Biomass</td>
<td>Measured</td>
<td>tonne</td>
<td>1,296</td>
</tr>
<tr>
<td>Waste</td>
<td>Measured</td>
<td>tonne</td>
<td>741</td>
</tr>
<tr>
<td>Recycled materials (waste)</td>
<td>Calculated</td>
<td>per cent</td>
<td>7.9</td>
</tr>
</tbody>
</table>

**Energy consumption from equity production at power stations**

<table>
<thead>
<tr>
<th>Product</th>
<th>Type</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity consumption for power and heat production</td>
<td>Measured</td>
<td>GWh</td>
<td>1,709</td>
</tr>
</tbody>
</table>
## Heat consumption for power and heat production

<table>
<thead>
<tr>
<th></th>
<th>Measured</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>TJ</td>
<td>278</td>
</tr>
</tbody>
</table>

## Indirect consumption of primary energy

<table>
<thead>
<tr>
<th>Consumption of purchased electricity</th>
<th>Measured</th>
<th>GWh</th>
<th>155</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of purchased heat</td>
<td>Measured</td>
<td>TJ</td>
<td>112</td>
</tr>
</tbody>
</table>

## Consumption of purchased electricity by primary sources

<table>
<thead>
<tr>
<th>Portion relating to primary source</th>
<th>Calculated</th>
<th>GWh</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td></td>
<td></td>
<td>63.4</td>
</tr>
<tr>
<td>Oil</td>
<td></td>
<td></td>
<td>5.1</td>
</tr>
<tr>
<td>Natural gas</td>
<td></td>
<td></td>
<td>37.4</td>
</tr>
<tr>
<td>Waste and biomass</td>
<td></td>
<td></td>
<td>16.5</td>
</tr>
<tr>
<td>Wind power, hydropower and solar energy</td>
<td></td>
<td></td>
<td>28.5</td>
</tr>
<tr>
<td>Nuclear power</td>
<td></td>
<td></td>
<td>4.1</td>
</tr>
</tbody>
</table>

## Water consumption

<table>
<thead>
<tr>
<th>Water source</th>
<th>Measured</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groundwater</td>
<td></td>
<td>1000 m³</td>
<td>1,789</td>
</tr>
<tr>
<td>Surface water and sea water</td>
<td></td>
<td>1000 m³</td>
<td>1,239</td>
</tr>
<tr>
<td>Waterworks water</td>
<td></td>
<td>1000 m³</td>
<td>1,695</td>
</tr>
</tbody>
</table>

## Consumption of consumables

<table>
<thead>
<tr>
<th>Substance</th>
<th>Calculated/Measured</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lime for flue gas treatment, water treatment etc.</td>
<td>Measured</td>
<td>tonne</td>
<td>102,890</td>
</tr>
<tr>
<td>TASP for desulphurisation</td>
<td>Measured</td>
<td>tonne</td>
<td>35,747</td>
</tr>
<tr>
<td>Ammonia for flue gas treatment</td>
<td>Measured</td>
<td>tonne</td>
<td>6,405</td>
</tr>
<tr>
<td>Sodium hydroxide for water treatment</td>
<td>Measured</td>
<td>tonne</td>
<td>2,766</td>
</tr>
<tr>
<td>Lubricating/ hydraulic oils for surface protection</td>
<td>Measured</td>
<td>tonne</td>
<td>1,878</td>
</tr>
<tr>
<td>Hydrochloric acid for water treatment</td>
<td>Calculated</td>
<td>tonne</td>
<td>1,247</td>
</tr>
<tr>
<td>Drag reducer for oil treatment</td>
<td>Measured</td>
<td>tonne</td>
<td>865</td>
</tr>
<tr>
<td>Other substances for water treatment</td>
<td>Calculated/Measured</td>
<td>tonne</td>
<td>1,201</td>
</tr>
<tr>
<td>Nitrogen</td>
<td>Calculated/Measured</td>
<td>1000 Nm³</td>
<td>42,645</td>
</tr>
<tr>
<td>Hydrogen</td>
<td>Measured</td>
<td>1000 Nm³</td>
<td>44</td>
</tr>
<tr>
<td>Misc. gases (argon, helium, propane)</td>
<td>Measured</td>
<td>1000 Nm³</td>
<td>421</td>
</tr>
<tr>
<td>Diesel and fuel oil</td>
<td>Measured</td>
<td>m³</td>
<td>20</td>
</tr>
</tbody>
</table>

## Greenhouse gas emissions

<table>
<thead>
<tr>
<th>Substance</th>
<th>Calculated</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon dioxide (CO₂)</td>
<td>Calculated</td>
<td>tonne CO₂ equiv.</td>
<td>18,188,172</td>
</tr>
<tr>
<td>- of which verified CO₂ subject to quotas</td>
<td>Calculated</td>
<td>tonne CO₂ equiv.</td>
<td>18,059,091</td>
</tr>
<tr>
<td>Nitrous oxide (N₂O)</td>
<td>Calculated</td>
<td>tonne CO₂ equiv.</td>
<td>68,949</td>
</tr>
<tr>
<td>Methane (CH₄)</td>
<td>Calculated</td>
<td>tonne CO₂ equiv.</td>
<td>64,222</td>
</tr>
<tr>
<td>Non methane volatile organic compounds (NMVOC)</td>
<td>Calculated</td>
<td>tonne CO₂ equiv.</td>
<td>34,869</td>
</tr>
<tr>
<td>Carbon monoxide (CO)</td>
<td>Calculated</td>
<td>tonne CO₂ equiv.</td>
<td>5,744</td>
</tr>
<tr>
<td>Sulphur hexafluoride (SF₆)</td>
<td>Calculated</td>
<td>tonne CO₂ equiv.</td>
<td>422</td>
</tr>
</tbody>
</table>

## Emissions of other atmospheric pollutants

<table>
<thead>
<tr>
<th>Substance</th>
<th>Measured</th>
<th>Unit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen oxide (NOₓ)</td>
<td></td>
<td>tonne</td>
<td>25,311</td>
</tr>
<tr>
<td>Measurement</td>
<td>Type</td>
<td>Unit</td>
<td>Value</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>---------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>Sulphur dioxide (SO₂)</td>
<td>Measured</td>
<td>tonne</td>
<td>6,625</td>
</tr>
<tr>
<td>Persistent organic pollutants (POP)</td>
<td>Measured</td>
<td>tonne</td>
<td>154</td>
</tr>
<tr>
<td>Hazardous air pollutants (HAP)</td>
<td>Measured</td>
<td>tonne</td>
<td>615</td>
</tr>
<tr>
<td>Particulate matter from power stations</td>
<td>Measured</td>
<td>tonne</td>
<td>467</td>
</tr>
<tr>
<td>Trace elements from power stations</td>
<td>Measured</td>
<td>tonne</td>
<td>9</td>
</tr>
<tr>
<td>Discharges to water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wastewater to recipient</td>
<td>Measured</td>
<td>m³</td>
<td>1,254</td>
</tr>
<tr>
<td>Wastewater to treatment plant</td>
<td>Measured</td>
<td>m³</td>
<td>1,142</td>
</tr>
<tr>
<td>Production water to sea</td>
<td>Measured</td>
<td>m³</td>
<td>1,200</td>
</tr>
<tr>
<td>Oil to sea</td>
<td>Measured</td>
<td>tonne</td>
<td>26</td>
</tr>
<tr>
<td>Reinjection, offshore</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinjection of water</td>
<td>Measured</td>
<td>m³</td>
<td>1,741</td>
</tr>
<tr>
<td>Reinjection of gas</td>
<td>Measured</td>
<td>m³</td>
<td>51,263</td>
</tr>
<tr>
<td>Emissions to soil</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil spill due to pipe rupture</td>
<td>Estimated</td>
<td>m³</td>
<td>3</td>
</tr>
<tr>
<td>Waste</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous waste for special treatment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organic compounds</td>
<td>Measured</td>
<td>tonne</td>
<td>441</td>
</tr>
<tr>
<td>Sludge from sedimentation basin</td>
<td>Measured</td>
<td>tonne</td>
<td>65</td>
</tr>
<tr>
<td>Other hazardous waste</td>
<td>Measured</td>
<td>tonne</td>
<td>77</td>
</tr>
<tr>
<td>Waste for recovery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iron and metal</td>
<td>Measured</td>
<td>tonne</td>
<td>1,953</td>
</tr>
<tr>
<td>Fly ash - straw</td>
<td>Measured</td>
<td>tonne</td>
<td>1,263</td>
</tr>
<tr>
<td>Asphalt, concrete and brick rubble</td>
<td>Measured</td>
<td>tonne</td>
<td>1,127</td>
</tr>
<tr>
<td>Other waste for recovery</td>
<td>Measured</td>
<td>tonne</td>
<td>872</td>
</tr>
<tr>
<td>Waste for incineration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mixed combustible</td>
<td>Measured</td>
<td>tonne</td>
<td>3,208</td>
</tr>
<tr>
<td>Other waste for incineration</td>
<td>Measured</td>
<td>tonne</td>
<td>1,228</td>
</tr>
<tr>
<td>Waste for disposal by landfill:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fly ash</td>
<td>Measured</td>
<td>tonne</td>
<td>8,703</td>
</tr>
<tr>
<td>Soil and stone</td>
<td>Measured</td>
<td>tonne</td>
<td>7,860</td>
</tr>
<tr>
<td>Gypsum waste</td>
<td>Measured</td>
<td>tonne</td>
<td>2,713</td>
</tr>
<tr>
<td>Other waste to landfill</td>
<td>Measured</td>
<td>tonne</td>
<td>996</td>
</tr>
</tbody>
</table>

**Employees**
<table>
<thead>
<tr>
<th>Category</th>
<th>System</th>
<th>Number/Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees, full-time equivalents at 31/12</td>
<td>Payroll systems</td>
<td>number 4,412</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 29.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 70.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 97.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 3.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>number 45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 4.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 90.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>number 165</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 29.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>per cent 70.3</td>
</tr>
<tr>
<td>Average age (Denmark) at 31/12</td>
<td>Payroll systems</td>
<td>years 43.2</td>
</tr>
</tbody>
</table>

**Occupational health and safety**

<table>
<thead>
<tr>
<th>Category</th>
<th>Reporting System</th>
<th>Measurement</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total reportable injury frequency rate</td>
<td>Incident reporting</td>
<td>per one million hours worked</td>
<td>31.1</td>
</tr>
<tr>
<td>Lost time injury frequency rate</td>
<td>Incident reporting</td>
<td>per one million hours worked</td>
<td>10.3</td>
</tr>
<tr>
<td>Fatal accidents</td>
<td>Incident reporting</td>
<td>number</td>
<td>0</td>
</tr>
</tbody>
</table>
During 2006, we conducted an analysis to identify what new action areas are relevant for DONG Energy in relation to promoting the ten principles of the Global Compact in our business and sphere of influence.

The analysis revealed that the principles are, in many ways, deeply ingrained in DONG Energy’s way of doing business. It highlighted two areas, in particular, in which DONG Energy’s efforts could be systematised still further. Firstly, we could improve our anti-corruption action (Principle 10). We will do that during 2007 by drafting a common policy on business ethics and anti-corruption.

Secondly, we could work more systematically to ensure that our suppliers also operate in accordance with the Global Compact Principles. In 2007, we plan to prepare clear expectations concerning our suppliers’ social, environmental and ethical performance.

DONG Energy’s challenges, action and results in relation to promoting human rights and fair and just working conditions (Principles 1-6) are addressed, in particular, in the article “Responsibility in our supply chain”, while environmental issues (Principles 7-9) are primarily dealt with in the articles “The energy challenge”, “Global climate under threat”, “Advice on energy savings” and “DONG Energy and the environment”. DONG Energy’s anti-corruption action (Principle 10) is described in the article “Integrity and clear rules”. Lastly, the GRI summary shows how GRI’s indicators relate to the Global Compact’s principles and the extent to which DONG Energy reports on the individual indicators.

### HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights. 45-46
2. Businesses should make sure that they are not complicit in human rights abuses. 45-46

### LABOUR STANDARDS

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 45-46
4. Businesses should support the elimination of all forms of forced and compulsory labour. 45-46
5. Businesses should support the effective abolition of child labour. 45-46
6. Businesses should eliminate discrimination in respect of employment and occupation. 45-46

### ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges. 29-33
8. Businesses should undertake initiatives to promote greater environmental responsibility. 29-33
9. Businesses should encourage the development and diffusion of environmentally friendly technologies. 19-24, 29-33

### ANTI-CORRUPTION

10. Businesses should work against all forms of corruption, including extortion and bribery. 42-43, 45-46
**GRI CONTENT INDEX**

DONG Energy’s replies to the GRI indicators are based on the technical descriptions in GRI’s indicator protocols. The following symbols indicate the extent to which each indicator has been replied to, in accordance with the indicator protocols.

- Fully reported
- Partially reported
- Not reported

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy and Analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>● CEO statement</td>
<td>1.1</td>
<td>3</td>
</tr>
<tr>
<td>● Description of key impacts, risks, and opportunities</td>
<td>1.2</td>
<td>8-13</td>
</tr>
<tr>
<td>Organizational profile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>● Name of the organization</td>
<td>2.1</td>
<td>2</td>
</tr>
<tr>
<td>● Primary brands, products, and/or services</td>
<td>2.2</td>
<td>6-7</td>
</tr>
<tr>
<td>● Operational structure of the organization, incl. main divisions, operating companies, subsidiaries, and joint ventures</td>
<td>2.3</td>
<td>6-7</td>
</tr>
<tr>
<td>● Location of organization’s headquarters</td>
<td>2.4</td>
<td>6</td>
</tr>
<tr>
<td>● Countries where the organization operates</td>
<td>2.5</td>
<td>6-7</td>
</tr>
<tr>
<td>● Nature of ownership and legal form</td>
<td>2.6</td>
<td>6</td>
</tr>
<tr>
<td>● Markets served</td>
<td>2.7</td>
<td>7</td>
</tr>
<tr>
<td>● Scale of the reporting organization</td>
<td>2.8</td>
<td>6-7</td>
</tr>
<tr>
<td>● Significant changes during the reporting period regarding size, structure or ownership</td>
<td>2.9</td>
<td>6</td>
</tr>
<tr>
<td>● Awards received in the reporting period</td>
<td>2.10</td>
<td>53</td>
</tr>
<tr>
<td>DONG Energy has not received any significant awards in the reporting period.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<p>| Report Parameters | | |
| ● Reporting period | 3.1 | 53 |
| ● Date of the most recent report (if any) | 3.2 | 17 |
| ● Reporting cycle | 3.3 | 54 |
| ● Contact point for questions regarding the report and its contents | 3.4 | 2 |
| ● Process for defining report content | 3.5 | 17 |
| ● Boundary of the report | 3.6 | 53 |
| ● Specific limitations on the scope or boundary of the report | 3.7 | 53-54 |
| ● Basis for reporting on joint ventures, subsidiaries, leased facilities, outsource operations, etc. | 3.8 | 53 |
| ● Data measurement techniques and the bases of calculations | 3.9 | 53-54 |
| ● Explanation of the effect of any re-statements of information in earlier reports | 3.10 | |
| ● Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report | 3.11 | |
| ● GRI Content index | 3.12 | 60-66 |
| ● Assurance | 3.13 | 54 |</p>
<table>
<thead>
<tr>
<th>Governance, commitments, and Engagement</th>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance structure of the organization</td>
<td>4.1</td>
<td>42-43</td>
<td></td>
</tr>
<tr>
<td>Indicate whether the Chair of the highest governance body is also an executive officer</td>
<td>4.2</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>The number of members of the highest governance body that are independent and/or non-executive members</td>
<td>4.3</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body</td>
<td>4.4</td>
<td>15, 42-43</td>
<td></td>
</tr>
<tr>
<td>Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization’s performance (incl. social and environmental performance)</td>
<td>4.5</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>Processes in place for the highest governance body to ensure conflicts of interest are avoided</td>
<td>4.6</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Process for determining the qualifications and expertise of the members of the highest governance body</td>
<td>4.7</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Internally developed statements of mission, values, etc. and the status of their implementation</td>
<td>4.8</td>
<td>15-17</td>
<td></td>
</tr>
<tr>
<td>Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance</td>
<td>4.9</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Processes for evaluating the highest governance body’s own performance</td>
<td>4.10</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Explanation of whether and how the precautionary approach or principle is addressed</td>
<td>4.11</td>
<td>19-24, 29-33</td>
<td></td>
</tr>
<tr>
<td>Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.</td>
<td>4.12</td>
<td>17, 59</td>
<td></td>
</tr>
<tr>
<td>Memberships in associations and or advocacy organizations</td>
<td>4.13</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>List of stakeholder groups engaged by the organization</td>
<td>4.14</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Basis for identification and selection of stakeholders with whom to engage</td>
<td>4.15</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Approaches to stakeholder engagement, including frequency by type and group</td>
<td>4.16</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Key topics and concerns that have been raised through stakeholder engagement</td>
<td>4.17</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

Management Approach

- Disclosure on Management Approach: Economic Issues
- Disclosure on Management Approach: Environment
- Disclosure on Management Approach: Labour Practices and Decent Work
- Disclosure on Management Approach: Human Rights
- Disclosure on Management Approach: Society
- Disclosure on Management Approach: Product Responsibility

Economic

- Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. EC1 55
- Financial implications and other risks and opportunities for the organization’s activities due to climate change. EC2 7, 8 19-24

Coverage of the organization’s defined benefit plan obligations.

All employees in DONG Energy are covered by statutory occupational injury and accident insurance and by company-funded pension plans, where the contributions made are secured in separate pension funds. To this should be added associated insurance, which depends on the contract type and pension plan. EC3
**Significant financial assistance received from government**

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC4</td>
<td></td>
<td>55</td>
</tr>
</tbody>
</table>

**Range or ratios of standard entry level wage compared to local minimum standard wage at significant locations of operation.**

The wage level in DONG Energy is competitive, and employees who are employed under collective agreements are paid in accordance with or better than under these agreements. No employees are thus paid less than the minimum statutory wage.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC5</td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

**Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.**

Under EU legislation, major purchases must be put out to tender, and favouring suppliers from specific regions is prohibited. In general, DONG Energy does not base its selection of suppliers of other purchases on geographical criteria either. The percentage of purchases from local suppliers is consequently not calculated.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC6</td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

**Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.**

DONG Energy does not have any special procedures for local hiring, as there has not been any need for such procedures. We hire based on qualifications, not nationality, although employees are typically recruited in the countries in which DONG Energy operates. On establishment or acquisition of foreign companies the senior management normally includes at least one person from DONG Energy A/S.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC7</td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

**Development and Impact of Infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.**

DONG Energy owns and operates a significant part of the Danish energy infrastructure and invests substantially in it. DONG Energy makes its infrastructure available for research, etc. DONG Energy does not currently calculate non-commercial payments or public side benefits of investments, etc., separately.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC8</td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

**Understanding and describing significant indirect economic impacts, including the extent of impacts.**

DONG Energy plays an important role in ensuring a stable and reliable energy supply and developing the energy system in such a way that security of supply is maintained and the environmental impact reduced. This applies, in particular, in Denmark, where the vast majority of our business activities are rooted. DONG Energy has not prepared a proper statement of the company’s indirect economic impacts.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC9</td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

**Environment**

**Materials used by weight or volume.**

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN1</td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

**Percentage of materials used that are recycled input materials.**

Waste from households and industry is used for generating electricity and heat at DONG Energy’s six waste incineration plants. DONG Energy also recycles small quantities of other materials, but an overall statement is not available.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN2</td>
<td></td>
<td>8.9</td>
</tr>
</tbody>
</table>

**Direct energy consumption by primary energy source.**

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN3</td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

**Indirect energy consumption by primary source.**

It has not been possible in this reporting year to calculate the energy content of the primary energy sources used in power production.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN4</td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

**Energy saved due to conservation and efficiency improvements.**

DONG Energy’s business areas are working on energy savings and efficiency improvements, but an overall statement of this is not available at the present time.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN5</td>
<td></td>
<td>8.9</td>
</tr>
</tbody>
</table>

**Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.**

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN6</td>
<td></td>
<td>8.9</td>
</tr>
</tbody>
</table>

**Initiatives to reduce indirect energy consumption and reductions achieved.**

DONG Energy’s business areas are working on energy savings and efficiency improvements, but an overall statement of the results of this work is not available at the present time.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN7</td>
<td></td>
<td>8.9</td>
</tr>
</tbody>
</table>

**Total water withdrawal by source.**

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN8</td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>

**Water sources significantly affected by withdrawal of water.**

Significant water consumption only takes place by agreement with the local authorities. Before any significant water consumption, in-depth investigations of the impacts on the individual water reservoir are carried out. An overall statement is not available at the present time.

<table>
<thead>
<tr>
<th>GRI indicator</th>
<th>Global Compact principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EN9</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Percentage and total volume of water recycled and reused.</td>
<td>EN10</td>
<td>8,9</td>
</tr>
<tr>
<td>Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.</td>
<td>EN11</td>
<td>8</td>
</tr>
<tr>
<td>Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.</td>
<td>EN12</td>
<td>8</td>
</tr>
<tr>
<td>Habitats protected or restored.</td>
<td>EN13</td>
<td>8</td>
</tr>
<tr>
<td>Strategies, current actions, and future plans for managing impacts on biodiversity.</td>
<td>EN14</td>
<td>8</td>
</tr>
<tr>
<td>Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.</td>
<td>EN15</td>
<td>8</td>
</tr>
<tr>
<td>Total direct and indirect greenhouse gas emissions by weight.</td>
<td>EN16</td>
<td>8</td>
</tr>
<tr>
<td>Other relevant indirect greenhouse gas emissions by weight.</td>
<td>EN17</td>
<td>8</td>
</tr>
<tr>
<td>Initiatives to reduce greenhouse gas emissions and reductions achieved.</td>
<td>EN18</td>
<td>8, 9</td>
</tr>
<tr>
<td>Emissions of ozone-depleting substances by weight.</td>
<td>EN19</td>
<td>8</td>
</tr>
<tr>
<td>NO\textsubscript{x}, SO\textsubscript{x}, and other significant air emissions by type and weight.</td>
<td>EN20</td>
<td>8</td>
</tr>
<tr>
<td>Total water discharge by quality and destination.</td>
<td>EN21</td>
<td>8</td>
</tr>
<tr>
<td>Total weight of waste by type and disposal method.</td>
<td>EN22</td>
<td>8</td>
</tr>
<tr>
<td>Total number and volume of significant spills.</td>
<td>EN23</td>
<td>8</td>
</tr>
<tr>
<td>Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.</td>
<td>EN24</td>
<td>8</td>
</tr>
<tr>
<td>Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization’s discharges of water and runoff.</td>
<td>EN25</td>
<td>8</td>
</tr>
</tbody>
</table>
Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
As DONG Energy’s products are predominantly energy products, this aspect is included in EN6.

Percentage of products sold and their packaging materials that are reclaimed by category.
This indicator is not relevant to DONG Energy, as the primary products are energy products that are not reclaimed.

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
No fines or similar sanctions were imposed by authorities on DONG Energy for non-compliance with environmental laws and regulations in 2006.

Significant environmental impacts of transporting products and other goods and materials used for the organization’s operations, and transporting members of the workforce.
It is not possible, at the present time, to prepare an overall statement of the environmental impact of transport.

Total environmental protection expenditures and investments by type.
It is not possible, at the present time, to prepare an overall statement of DONG Energy’s environmental protection expenditures and investments.

Labor Practices & Decent Work

Total workforce by employment type, employment contract, and region.

Total number and rate of employee turnover by age group, gender, and region.

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.
DONG Energy in principle treats all employees equally, regardless of contract type. This practice is in accordance with an EU directive that prohibits discrimination against temporary employees.

Percentage of employees covered by collective bargaining agreements.
More than half of DONG Energy’s employees are covered by collective bargaining agreements.

Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.

Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

Health and safety topics covered in formal agreements with trade unions.
DONG Energy’s occupational health and safety work is discussed in the company’s safety and joint consultation committees, on which both management and employees are represented. These issues do not feature in agreements with trade unions.

Average hours of training per year per employee by employee category.
DONG Energy calculates amount per employee spent on training, not the number of hours.

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
The employees’ skills development needs are reviewed on a regular basis, for example through performance appraisals. Retirement arrangements are agreed individually.

Percentage of employees receiving regular performance and career development reviews.
Because of the merger, performance appraisals were not conducted systematically for all employees in 2006. The aim is that performance appraisals must be conducted in future.
Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

The indicators show a breakdown of employees by gender and average age. Breakdowns by other criteria such as ethnic background are prohibited by law in Denmark, where most of the employees work.

LA13 6, 1 58

Ratio of basic salary of men to women by employee category.

DONG Energy does not, at present, prepare a breakdown of employee salaries by gender.

LA14 6, 1

Human Rights

Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

Human rights did not feature systematically as a parameter in investment decisions in 2006. Future ethical standards for DONG Energy’s suppliers will also apply to investment agreements.

HR1 1, 2, 4, 5, 6 45-46

Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

DONG Energy’s suppliers did not undergo systematic screening on human rights in 2006. The article “Responsibility in our supply chain” describes DONG Energy’s future plans.

HR2 1, 2, 4, 5, 6 45-46

Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

The employees did not receive any training focused on human rights in 2006. The article “Responsibility in our supply chain” describes DONG Energy’s future plans.

HR3 1, 3, 4, 5 45-46

Total number of incidents of discrimination and actions taken.

DONG Energy did not receive any reports of discrimination in 2006, nor did we identify any incidents of discrimination by any other channels.

HR4 1, 6

Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

DONG Energy’s employees enjoy the right to exercise freedom of association. In Denmark, where most of our employees are, there is a tradition of collective agreements between labour and management. See “Responsibility in our supply chain” concerning DONG Energy’s suppliers.

HR5 1, 3 45-46

Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.

There is no risk of child labour at any of DONG Energy’s locations. All employees are employed in accordance with national legislation, which prohibits child labour. See “Responsibility in our supply chain” concerning DONG Energy’s suppliers.

HR6 1, 5 45-46

Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.

There is no risk of forced or compulsory labour at any of DONG Energy’s locations. All employees are employed in accordance with national legislation, which prohibits forced or compulsory labour. See “Responsibility in our supply chain” concerning DONG Energy’s suppliers.

HR7 1, 4 45-46

Percentage of security personnel trained in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations.

Any security personnel at DONG Energy’s locations have been trained in relevant legislation concerning their authority. The legislation is in accordance with the human rights.

HR8 1, 2 45-46

Total number of incidents of violations involving rights of indigenous people and actions taken.

DONG Energy does not operate in areas in which violation of the rights of indigenous people is a significant issue. See “Responsibility in our supply chain” on DONG Energy’s suppliers.

HR9 1 45-46

Society

Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

SO1 1 32-33

Percentage and total number of business units analyzed for risks related to corruption.

SO2 10 42-43
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Global Compact Principle</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO3</td>
<td>10</td>
<td>42-43</td>
</tr>
<tr>
<td>SO4</td>
<td>10</td>
<td>42-43</td>
</tr>
<tr>
<td>SO5</td>
<td>10</td>
<td>42-43</td>
</tr>
<tr>
<td>SO6</td>
<td>10</td>
<td>42-43</td>
</tr>
<tr>
<td>SO7</td>
<td>50-51</td>
<td></td>
</tr>
<tr>
<td>SO8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Percentage of employees trained in organization’s anti-corruption policies and procedures.**
So far, employees have not been trained in corruption issues. See “Integrity and clear rules” for future plans.

**Actions taken in response to incidents of corruption.**

**Public policy positions and participation in public policy development and lobbying.**

**Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.**

**Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.**
DONG Energy is involved in a competition case on price formation in the wholesale electricity market in Western Denmark. See the article “In the lead with efficient energy markets”. For reasons of competition, DONG Energy does not wish to disclose any information about any other cases.

**Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.**
In 2006 DONG Energy was not involved in any proceedings relating to non-compliance with current legislation or voluntary agreements with the authorities that have resulted in significant fines, enforcement orders, or sanctions.

**Products**

**Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.**
DONG Energy continually strives to improve the impacts of our products and services on customer health and safety and the environment. We do this through systematic environmental and occupational health and safety management at all stages of production, storage and distribution and through energy advice and product development in the sales link.

**Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.**

**Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.**
DONG Energy discloses information about, among other things, the fuel composition of our energy production, environmental impacts, opportunities for energy savings for our customers, and safe handling of our energy products. We do this through, for example, environmental declarations, product sheets, customer magazines, reports and DONG Energy’s website.

**Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.**

**Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.**
Adherence to legislation is ensured through a clear sponsorship policy and systematic approaches to marketing and communications.

**Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.**

**Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.**

**Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.**
DONG Energy was not involved in any proceedings relating to non-compliance with current legislation or voluntary agreements with the authorities in 2006 that led to significant fines, enforcement orders, or sanctions.
# APPLICATION OF GRI GUIDELINES

<table>
<thead>
<tr>
<th><strong>Report Application Level</strong></th>
<th><strong>C</strong></th>
<th><strong>C+</strong></th>
<th><strong>B</strong></th>
<th><strong>B+</strong></th>
<th><strong>A</strong></th>
<th><strong>A+</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G3 Profile Disclosures</strong></td>
<td>Report on: 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15</td>
<td>Report on all criteria listed for Level C plus: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17</td>
<td>Management Approach Disclosures for each Indicator Category</td>
<td>Report Externally Assured</td>
<td>Same as requirements for Level B</td>
<td>Management Approach disclosed for each Indicator Category</td>
</tr>
<tr>
<td><strong>G3 Management Approach Disclosures</strong></td>
<td>Not Required</td>
<td>Report Externally Assured</td>
<td>Management Approach Disclosures for each Indicator Category</td>
<td>Report Externally Assured</td>
<td>Management Approach disclosed for each Indicator Category</td>
<td>Report Externally Assured</td>
</tr>
<tr>
<td><strong>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</strong></td>
<td>Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment</td>
<td>Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**STANDARD DISCLOSURES**

- G3 Profile Disclosures
- G3 Management Approach Disclosures
- G3 Performance Indicators & Sector Supplement Performance Indicators

**GRI REPORT GRI CHECKED**