

CORPORATE RESPONSIBILITY  
REPORT

07

**DONG**  
energy





# DONG ENERGY IN BRIEF

DONG Energy is one of the leading energy groups in the Nordic region. We are headquartered in Skærbæk in Denmark and operate in the Northern European energy market. We are a public limited company with the Danish State as principal shareholder.

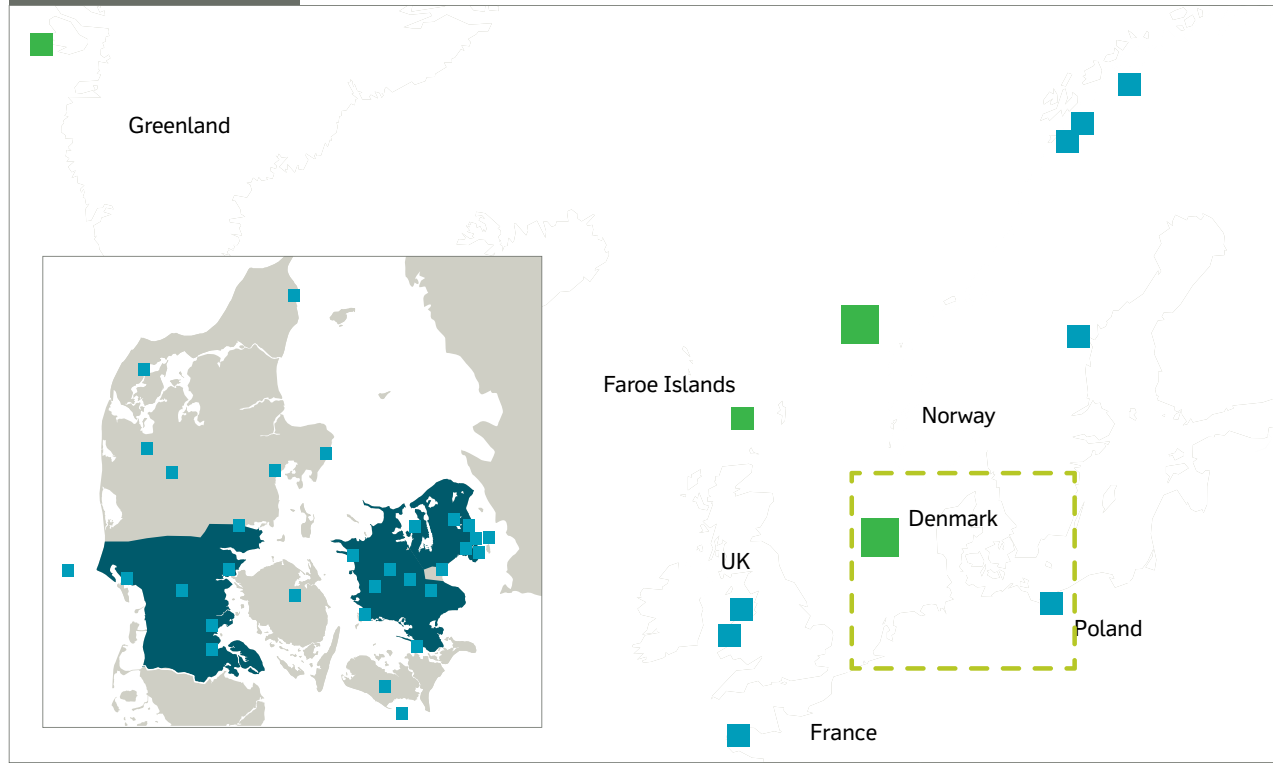
We are organised into four segments with the following responsibilities:

- power and heat generation
- oil and gas exploration and production
- power and gas distribution
- trading in power, gas and related products in the wholesale markets and to end customers in Denmark, The Netherlands, Germany and Sweden.

## Key figures:

Revenue: DKK 41,625 million  
 Profit after tax: DKK 3,259 million  
 Assets: DKK 89,710 million  
 Equity: DKK 42,211 million  
 Liabilities: DKK 47,499 million  
 Number of employees: 5,042 (FTE)  
 CO<sub>2</sub>: 14,010,997 tonnes  
 NO<sub>x</sub>: 17,006 tonnes  
 SO<sub>x</sub>: 4,199 tonnes

## DONG ENERGY'S ACTIVITIES



### Oil production

**9.1** million boe

### Gas production

**2.2** million boe

### Power generation

**19,780\*** GWh

\* calculated excl. Norwegian ownership interests

### Heat generation

**47,257\*** TJ

\* incl. EnergiGruppen Jylland

### Length of distribution

**20,000** kilometres

### Length of gas distribution network

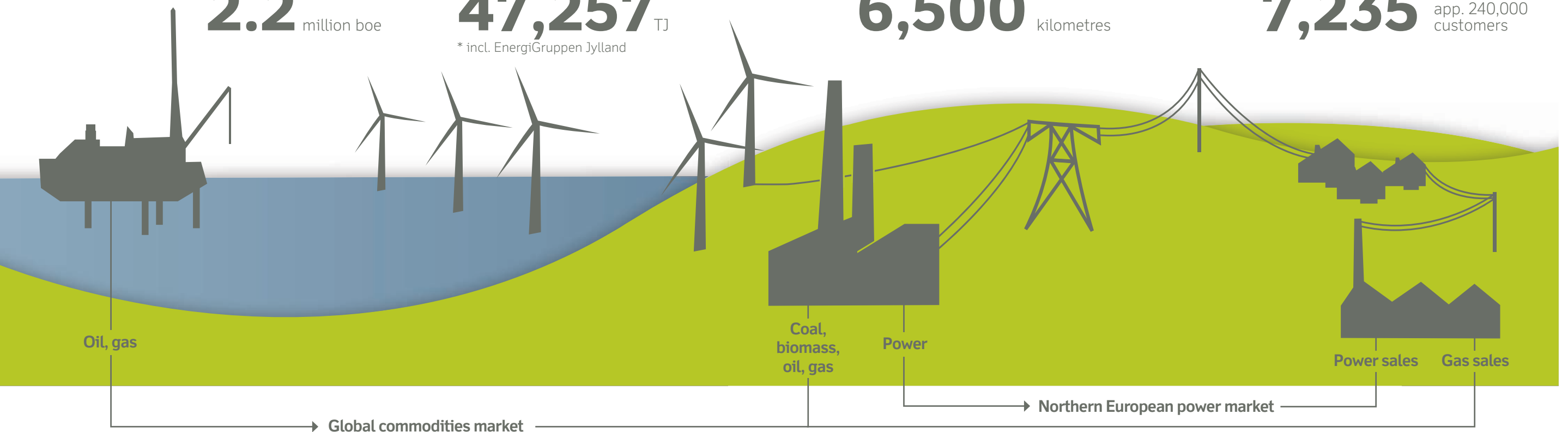
**6,500** kilometres

### Power sales

**10,893** GWh to app. 1,000,000 customers

### Natural gas sales

**7,235** million m<sup>3</sup> to app. 240,000 customers



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# PREFACE

This is DONG Energy's second corporate responsibility report. The report is an important tool for us. Partly because, as a large company, we want to be open about our activities. And partly because the report and the resulting feedback help us prioritise and improve our actions.

DONG Energy is an ambitious company. Our aim is to grow substantially in the coming years. That growth must take place outside Denmark, in particular. We want to strengthen our position across the whole of Northern Europe. The growth must take place in a manner that is compatible with our values and social responsibility.

DONG Energy gives high priority to responsible conduct. We are constantly being measured and judged - not only on what we do, but also on how we do it. We want to go about our business in a manner that ensures that our owners and employees can be proud of DONG Energy.

In 2007, we took many important steps of which I am proud. The work on a new climate and environmental strategy has led to ambitious environmental targets being set for the entire company. We also made headway in 2007 in terms of our efforts to prevent fraud and corruption, make ethical requirements of our suppliers and make DONG Energy an even better and safer workplace.

The year also brought unforeseen challenges.

We found to our cost that we have not always been sufficiently good at communicating. Here, I am thinking, in particular, of our customers in Copenhagen, where we had a case concerning the price of the power subscription. We did not do anything wrong from a legal point of view, but we learnt that we need to inform our customers better in future.

There have also been examples of very serious allegations that fortunately proved to be unfounded. Here, I am thinking, in particular, of the accusations that we allegedly offered a bribe in Germany. These are very unpleasant accusations that have damaged our reputation. We are therefore looking forward to the German prosecution service closing the case, so that the names of the employees in question and DONG Energy can be cleared.

Some of our competitors have claimed that we have exploited our market position by charging excessive prices. We refute these claims. We are working for open competition and are doing our best to make the open power markets work.

In 2007, the climate was placed prominently on the agenda. To us, this issue is a complex one. It is our job to make sure that there is power at the socket day and night. Even in a highly am-



bitious scenario where 30 or 40 pct. of the energy in Europe comes from renewable energy sources in a number of years, 60 or 70 pct. of the energy consumption will still have to be generated by some other means. As things stand now, it will predominantly fall to the power stations to deliver this energy.

We are developing our power stations in such a way as to minimise their environmental impact. At the same time, we are developing renewable energy and carrying out research into alternative energy sources. In short: we, too, want to see a society that is based on renewable energy, but we also need to continue delivering energy until that target has been achieved.

It is natural for us to help drive the development towards more renewable energy. And we are keen to help bring about an even faster transition of energy consumption. But that is not a task that we can undertake on our own. We are operating on market terms, so if the transition is to happen any faster, political decisions promoting the development, sale and consumption of renewable energy are required.

National decisions are important. But it is the international agreements that are critical. DONG Energy is a Northern European company that competes with energy producers in other countries, so it is crucial to us what the EU agrees and - espe-

cially - what all the world's countries agree on when they meet in Copenhagen in 2009 to find a successor to the Kyoto Protocol.

Although one has to be realistic, we hold out high hopes. The meeting in Copenhagen must result in an ambitious agreement on reductions in CO<sub>2</sub> emissions in a broader circle of countries. And the decision must be followed up by a global emissions allowance system that ensures that the reductions are delivered as cost-effectively as possible.

Our corporate responsibility report 2007 reflects our values and where and how we take a socially responsible stance. The report also reflects the fact that we listen to the society of which we are a part. In our opinion, all parties benefit from constructive dialogue. We have strengthened our contact with our stakeholders, and we will be placing even more emphasis on openness and dialogue in the coming year.

Enjoy!

A handwritten signature in black ink, which appears to read "Anders Eldrup". The signature is fluid and cursive.

Anders Eldrup  
CEO

# CLIMATE

**VISION: CLIMATE**

It is not too late to slow down climate change, but action is required now. DONG Energy aims to help reverse the trend in CO<sub>2</sub> emissions – as an energy producer, as an energy consumer and as a social player. There is no doubt in our minds: society needs much more renewable energy, and we are contributing to that. As long as the world is dependent on fossil energy production, it is also our job to optimise and develop our power stations in such a way as to minimise CO<sub>2</sub> emissions.

CLIMATE	Targets set in 2007	Deadline for achievement of target
Power stations	We aim to be among the most efficient in Europe in terms of operating power stations using coal as the primary fuel	At all times
Renewable energy	We aim to triple our renewable energy capacity from 972 MW (i.e. wind, water, sun and waves incl. minority interests in wind and hydropower in Norway) to about 3,000 MW	By 2020
Energy consumption	We aim to reduce DONG Energy's energy consumption from administration and transportation to save one tonne of CO <sub>2</sub> per employee	By 2012
Research and development	We aim to invest approx. DKK 350 million in research and development of sustainable energy	2008
JJ/CDM	We aim to invest in projects in Eastern Europe and developing countries that will bring about a reduction of at least 10 million tonnes of CO <sub>2</sub>	2012
	<b>Target set in 2006</b>	<b>Status</b>
CO <sub>2</sub> reductions 2008-2012	We aim to optimise power station output, buy CO <sub>2</sub> allowances, invest in renewable energy and invest in CO <sub>2</sub> -reducing projects in Eastern Europe and developing countries	Ongoing



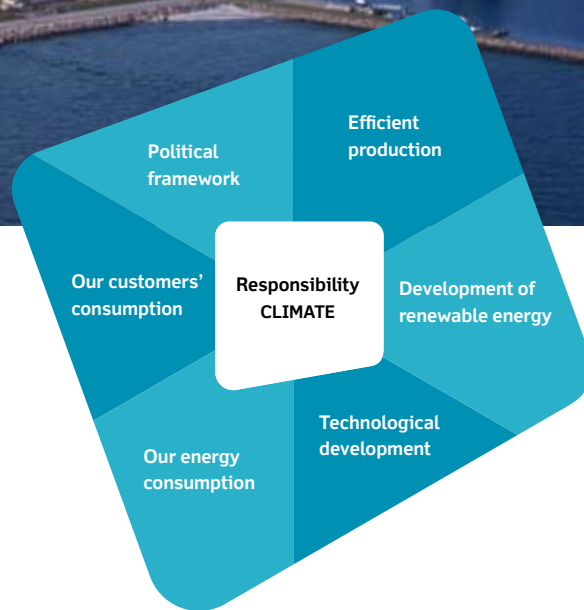


## RESPONSIBILITY: CLIMATE

The UN Climate Panel has established that emissions of greenhouse gases have already contributed to making the average temperature in the world 0.8°C warmer in the last century. Future temperature increases will be unevenly distributed and will especially affect people living in exposed areas. This trend must be reversed. If the global temperature increases exceed 2°C, this will have major consequences for economy, environment and health.

Reducing the world’s total emissions of greenhouse gases at the same time as energy demand is growing is a challenge. As an energy company we need to deliver the energy our customers demand while at the same time taking responsibility for the climate:

- DONG Energy’s CO<sub>2</sub> footprint is due, first and foremost, to our role as an energy producer. We carry out research and development within both power stations and renewable energy. It is our ambition to minimise the CO<sub>2</sub> emissions from our power stations. At the same time, we aim to secure much more renewable energy and help develop new types of renewable energy.



- DONG Energy is also an energy consumer – especially in our buildings and transportation. Our energy consumption only accounts for a fraction of our total CO<sub>2</sub> emissions. But we offer our customers energy saving advice and sell energy saving products, and we can only do that credibly if we lead the way ourselves. Therefore we aim to reduce our energy consumption in buildings and from transportation.
- Lastly, we have a role as a social player. We would like to use that role to steer our surroundings in a more sustainable direction. The political setting is ultimately crucial to solving the climate challenge. We call for an ambitious and global climate agreement in 2009.

# MORE ENERGY – LESS CO<sub>2</sub>

DONG Energy aims to grow in the years ahead. That means that our capacity will be expanded with both power stations and renewable energy. Overall, our CO<sub>2</sub> emissions will increase, because we will be producing more energy, but emissions per kWh generated will fall.

DONG Energy currently accounts for about one-third of Danish CO<sub>2</sub> emissions. This means that we have a special responsibility. A responsibility for ensuring that our CO<sub>2</sub> emissions do not grow at the same pace as our energy production.

We will reach these targets through concerted action along three parallel tracks:

- we aim to triple our renewable energy capacity by 2020
- we will endeavour to reduce our CO<sub>2</sub> impact through research and development.
- we aim to ensure that our coal-fired power stations are among the best in terms of producing energy with minimum CO<sub>2</sub> emissions. Up to year 2020, the means are primarily technology optimisation and use of gas, biomass and waste at our power stations. After 2020, the development will depend on the possibilities for storing CO<sub>2</sub> in the underground

## Europe's elite coal-fired power stations

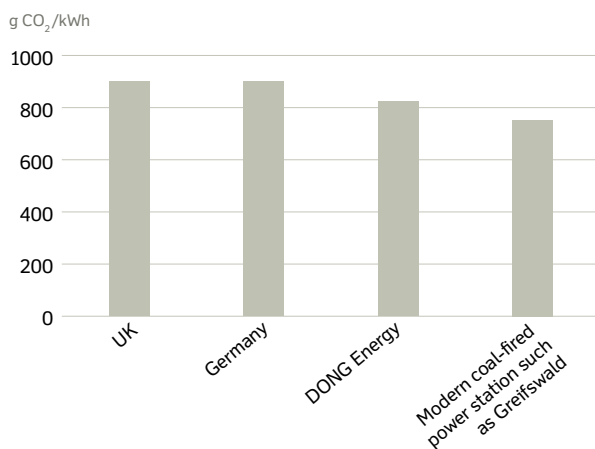
DONG Energy has been carrying out research and development within coal technology for many years and has long experience in the reduction of CO<sub>2</sub> from its power stations. We are still working on developing our power stations in such a way as to minimise the environmental and climate impacts.

From 1990 and until 2007, we have reduced the CO<sub>2</sub> emissions from our power stations by about 30 pct. per kWh generated. Our power stations have become more efficient and we generate more renewable energy.

We want to do even better. Our target is to consistently be among the best in Europe in terms of operating efficient coal-fired power stations.

We want to benchmark ourselves against other European energy groups operating coal-fired power stations. Consequently, in 2007, we entered into collaboration with an independent third party on the development of a new benchmark that is to show both ourselves and our surroundings how far we have come in achieving our target. We expect the benchmark to be published in spring 2008.

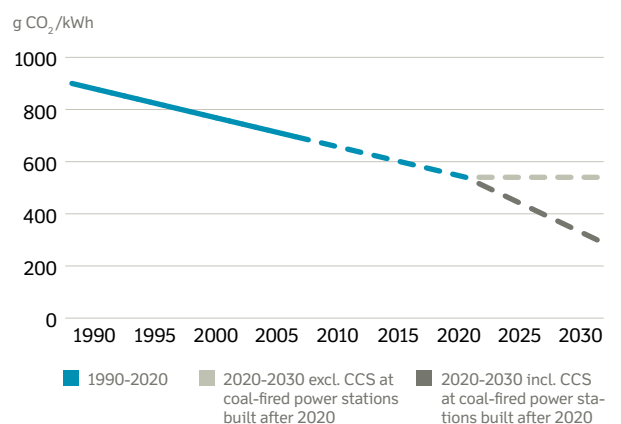
**CO<sub>2</sub> EMISSIONS FROM EUROPEAN COAL-FIRED POWER STATIONS**



**Figure 1.** The figure compares average CO<sub>2</sub> emissions from coal-fired power stations in the UK and Germany with DONG Energy's power stations and the power station in Greifswald, the possibilities for the construction of which we are exploring.

Source: Bundesverband der Energie- und Wasserwirtschaft and own calculations.

**DONG ENERGY'S CO<sub>2</sub> EMISSIONS PER KWH – ALL PLANTS**



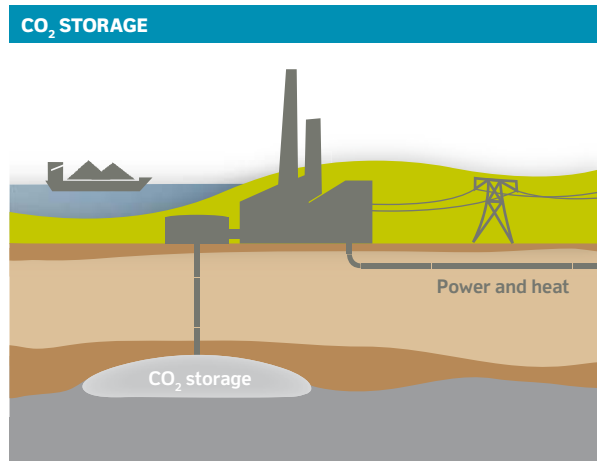
**Figure 2.** DONG Energy's CO<sub>2</sub> emissions per kWh generated from all plants, i.e. wind, hydropower, fossil, etc., from 1990 to 2007, and expected CO<sub>2</sub> emissions from 2008 to 2030. Future emissions depend on the political framework conditions and technological development.

With a view to meeting this target, we are using the best available technologies when building new power stations and refurbishing existing ones. We also build flexible power stations capable of co-firing, for example, biomass such as straw and waste with coal.

**CO<sub>2</sub> storage – a quantum leap**

An important step in the fight against climate change is Carbon Capture and Storage (CCS). This is a technology whereby CO<sub>2</sub> from energy production is captured and stored underground. The principle of CCS technology is illustrated in figure 3. CCS technology is not yet ready to be taken into use. When it is, it will be a quantum leap technologically.

We expect the technology to be available in ten to fifteen years. Figure 2 shows how CCS can contribute to reducing CO<sub>2</sub> emissions. With CCS, CO<sub>2</sub> emissions from a modern power station will be reduced from 750 g of CO<sub>2</sub> per kWh to about 100 g of



**Figure 3.** CO<sub>2</sub> is captured from the power station flue gas and injected into an underground storage facility - onshore or offshore. Using half-depleted oil fields as storage facilities enhances the possibilities for more efficient use of the oil reserves.

**FOCUS**

**NEED FOR NEW, EFFICIENT COAL-FIRED POWER STATIONS**

The world's growing energy consumption means that we need to become more adept at producing energy from coal in a more efficient and climate-friendly way.

In Europe, hydropower and wind energy today jointly account for 14 pct. of power supply. The EU Commission expects demand for power to increase by 50 pct. by 2030 as compared with 2000.

The EU Commission's calculations show that coal consequently will be playing an important role in the energy supply for decades to come. Particularly in Denmark, where hydropower is not an option, we have long since rejected nuclear power, and our gas reserves are being depleted. Wind turbines only deliver power when the wind is blowing, so

more wind turbines will not mean that we can make do without power stations.

On the other hand, Denmark has some of the world's lowest CO<sub>2</sub>-emitting power stations. That is a position of strength in our efforts to tackle climate change, enabling us to use our knowledge beyond Denmark's borders. When DONG Energy builds new coal-fired power stations, innovation is driven forward. We help develop new and more environment-friendly technologies. CO<sub>2</sub> regulation and the free power market in Europe will mean that new ef-

ficient power stations will outperform less efficient, more polluting ones.

Replacing a polluting power station with a new, efficient power station typically reduces the CO<sub>2</sub> emissions by about 20 pct. CO<sub>2</sub> per kWh. This will, for example, be the case in Greifswald in Germany, where DONG Energy is exploring the possibility of building a new power station. The power station will reduce CO<sub>2</sub> emissions in Germany by about 1.4 million tonnes of CO<sub>2</sub> a year, if obsolete power stations are at the same time decommissioned.

CO<sub>2</sub> per kWh. DONG Energy is working purposefully on making CCS a financially and technologically viable part of its energy production. We consequently aim to have a CCS demonstration plant ready by 2015.

The concept of storing CO<sub>2</sub> in the underground has led to some debate concerning safety. Underground storage of CO<sub>2</sub> is performed the same way as natural gas storage, of which DONG Energy has long-standing experience, and which is safe.

**Much more renewable energy**

The EU is aiming for 20 pct. of Europe’s energy consumption to come from renewable energy by 2020. As part of the Danish Energy Agreement from February 2008, the parties agreed that renewable energy must account for 20 pct. of energy production by 2011. This target will require an extraordinary effort. DONG Energy supports these ambitious targets. With 13 pct. of generating capacity, DONG Energy currently accounts for the largest proportion of wind energy in Europe. We are co-owners of hydropower plants in Norway and Sweden and of geothermal plants in Amager and Thisted. We also have a geothermal project in Sønderborg.

DONG Energy aims to triple its renewable energy capacity. Today, our capacity is 972 MW including plants in which we only hold a minority interest. By 2020 it will be about 3,000 MW. The tripling of our renewable energy means a massive investment in wind energy. In the period 2008-2010 alone, our planned wind investments will amount to about DKK 10 billion. The investments will include the following projects:

- Overgaard 2, 11.5 MW onshore project in Denmark, operational in 2008
- Stigs Bjergby, 4.6 MW onshore project in Denmark, operational in 2008
- Gunfleet Sands I, 108 MW offshore project in the UK, operational in 2009
- Horns Rev 2, 209 MW offshore project in Denmark, operational in 2009
- Storrøn, 30 MW onshore project in Sweden, operational in 2009
- Walney Island, 151 MW offshore project in the UK, operational in 2010
- Gunfleet Sands II, 65 MW offshore project in the UK, operational in 2010

**CASE – CARBON CAPTURE AND STORAGE (CCS)**

**CCS DEVELOPMENT IN FULL SWING**

The coal-fired power stations of the future must be equipped with CCS installations. Both DONG Energy, the EU Commission and many others agree on this – but how can it be achieved in practice?

Charles Nielsen is going to help answer that question. He is in charge of DONG Energy’s CCS work (Carbon Capture and Storage). One important initiative is the Castor pilot plant at Esbjerg Power Station. Here, since 2005, technicians have been capturing CO<sub>2</sub> from the power station flue gas at Europe’s largest CO<sub>2</sub> capture facility to date. The project is a part-

nership between 30 research institutions and industry players.

”If we had to choose a state-of-the-art solution today, then we would choose the technology that we have been testing at Esbjerg Power Station. However, the situation may look completely different two years further down the line,” he says.

This is because the technology is developing at great pace. That is necessary if a profitable CCS technology is to be available by the end of the next decade. Even though the Esbjerg facility is Europe’s largest operational pilot plant, it only

captures half a pct. of all the flue gas from the power station. However, as a pilot plant it is very important to the development of this technology”, says Charles Nielsen. ”Pilot-scale tests such as in Esbjerg help identify the problems. You need to have employees who are working on these challenges and consequently get steeped in this knowledge.”



PROJECT	PURPOSE AND DONG ENERGY'S ROLE	BUSINESS PARTNERS
Wave energy Poseidon's Organ	Test of synergies between wave power and offshore wind turbines. DONG Energy provides advice and makes infrastructure available at the Vindeby wind farm.	Floating Power Plant A/S
Fuel cells Dansk Mikrokraftvarme	Demonstration of power and heat systems for single-family houses based on hydrogen or natural gas fuel cells. DONG Energy will be in charge of installation and operation of a pilot plant in Sønderborg in 2008.	Haldor Topsøe, IRD Fuel Cell, Danfoss and Danterm Power, COWI and DGC
Heat pumps Frederikshavn as Renewable Energy town	Power from wind turbines is converted to district heat using large heat pumps. The project is to help make Frederikshavn a Renewable Energy town in 2015.	Frederikshavn Forsyning and Ålborg University

In the slightly longer term, i.e. 2010 to 2020, we currently have more than twenty wind farm projects under development.

**Research contributes solutions to the climate problems**

A number of the biggest environmental challenges facing the world – including climate change – can only be solved if the world's nations and companies work together on the development of new technologies. Our research and development activities are directed at a broad spectrum of climate-related projects. Besides wind, hydropower and geothermal energy, we are involved in a number of projects for which we do not yet know the perspectives in terms of timescale and commercial potential. Examples are set out in the table above.

Our research and development budgets are increasing significantly. In 2008, we have allocated DKK 350 million. Our development activities span the entire value chain – from oil and gas extraction, through energy production, to the power and gas customers. All our business areas are engaged in research and development activities.

**Lower energy consumption in the company DONG Energy**

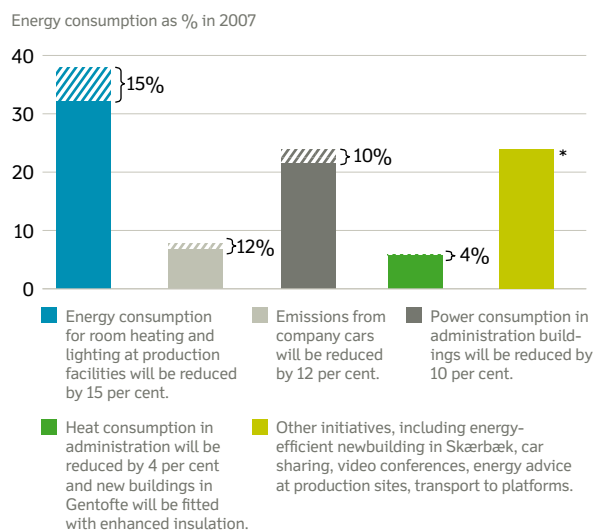
DONG Energy is not only an energy producer. We are a company that uses energy in our buildings, for service, transportation, etc., like every other company.

In 2007, DONG Energy joined the Danish Environment Ministry's climate campaign "One tonne less" as main sponsor. The campaign message is that we can all emit one tonne less CO<sub>2</sub> a year if we make a conscious effort to change our habits. The campaign challenges the Danes to make a climate commitment. DONG Energy is urging consumers and companies to save on power, just like we ourselves will be doing. Our environmental strategy therefore includes a target to the effect that we must save

energy in administration and transportation, thereby emitting one tonne less CO<sub>2</sub> per employee by 2012 compared with 2006.

At our administration buildings in Teglholmen, Gentofte, Hørsholm and Skærbæk, our energy advisers have reviewed the power and heat consumption, identifying a number of potential savings. In connection with coming expansions of our Gentofte and Skærbæk offices, we are exploring various energy measures, including groundwater cooling, solar cells and energy-efficient fitting-out of server rooms. It is our ambition that the new buildings will be models of world-class energy technology. »

**WHERE CAN THE CO<sub>2</sub> SAVINGS IN DONG ENERGY COME FROM?**



**Figure 4.** We have carried out a preliminary study of where the CO<sub>2</sub> savings in our own energy consumption in administration, etc., can come from. The figure shows how much power, cars, etc., each account for of DONG Energy's total current energy consumption and estimated potential savings. \*For "Other" the potential savings have not yet been calculated.

FOCUS

## TRADABLE ALLOWANCES MEAN EFFICIENT CO<sub>2</sub> REDUCTIONS

CO<sub>2</sub> emissions trading is a prerequisite for limiting climate change cost-effectively. DONG Energy reduces its own emissions and uses the opportunities to buy CO<sub>2</sub> allowances.

Under the Kyoto agreement, some of the world's industrialised countries have committed to reducing their CO<sub>2</sub> emissions by just over 5 pct. by 2012 compared with 1990. The EU will contribute to the Kyoto target with an 8 pct. reduction, and Denmark will contribute to the EU target with a 21 pct. reduction.

There are several possible solutions: we can deliver energy from renewable energy sources, we can produce the energy more CO<sub>2</sub>-efficiently, or we can develop and use new technologies that reduce our CO<sub>2</sub> emissions. We are doing all three.

There is also a fourth option, because the EU has established an emissions trading system. As climate change is a global problem, it is vital that CO<sub>2</sub> emissions be reduced, but not where in the world they are reduced.

Under the emissions trading system, energy producers must obtain emission permits – called allowances – to emit CO<sub>2</sub>. For example, DONG Energy has been allocated allowances so that, in the years 2008-2012, we are permitted to emit 57 pct. of our historical CO<sub>2</sub> emission. If we want to emit more than that, we need to buy allowances from

other companies or to arrange reductions elsewhere.

For DONG Energy, this means that the price of CO<sub>2</sub> allowances shows whether there are any other companies in the EU that can deliver CO<sub>2</sub> reductions at a lower cost than ourselves. If that is the case, we can buy allowances in the market. This ensures that the reduction measures are put into practice. And that this is done where it is most cost-effective.

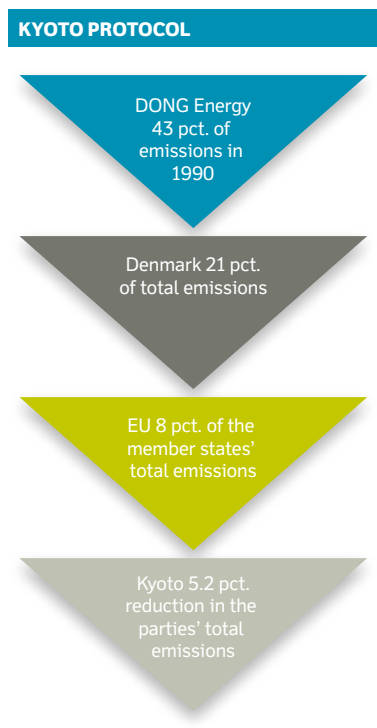
The emissions trading system means that the EU can live up to its reduction obligations at a cost of between EUR 2.9 billion and EUR 3.7 billion per year. The EU Commission has calculated that the cost could reach EUR 6.8 billion a year without this system.

By participating in the emissions trading scheme, DONG Energy helps to ensure that Denmark delivers its contribution towards meeting the Kyoto Protocol's target. We are also making it possible for our customers to contribute by buying allowances.

The Kyoto Protocol comprises the period 2008-2012. During that period, DONG Energy will reduce its CO<sub>2</sub> emissions by building more wind capacity, burning more biomass – and, if feasible, also waste – at its power stations. We

will also undertake projects in Eastern Europe and Third World countries that will reduce CO<sub>2</sub> emissions.

Lastly, we will buy allowances. How many allowances we buy will depend on how much we produce. That is determined by the hydropower generated in Norway and Sweden – i.e. whether these will be wet or dry years. We will probably need to buy allowances corresponding to between 1½ and 8 million tonnes a year in 2008-2012.



- » Together with our leasing firm, we have reviewed our fleet of leased cars to see if there are any CO<sub>2</sub> savings to be made on transportation. We would like to gain experience in plug-in cars and proper electric cars when these become available.

In the course of 2008, we will be preparing specific action plans for the implementation of the reductions. Figure 4, page 9 shows where DONG Energy's CO<sub>2</sub> savings could come from.

### Investing in efficient technologies abroad

DONG Energy is helping to disseminate efficient technologies by investing abroad. For example, by using the opportunities opened by the Kyoto Protocol for cost-effective reductions of CO<sub>2</sub> emissions in other countries.

DONG Energy invests in projects through CO<sub>2</sub> funds and buys CO<sub>2</sub> allowances itself directly from CO<sub>2</sub>-reducing projects

abroad. By investing both in CO<sub>2</sub> funds and directly in CO<sub>2</sub>-reducing projects, DONG Energy is securing its participation in projects within a broad range of technologies and countries.

Some of the projects in which DONG Energy participates are:

- Establishment of wind farms in Estonia, Latvia and Russia.
- Hydropower projects in China.
- Methane capture from coal mines in China. The project results in improved personnel safety in the mines, and methane that would normally be emitted to the atmosphere is used for heating purposes.
- Gas capture from landfills in Mexico.

We expect to invest in projects in Eastern Europe and developing countries that will bring about a reduction of at least 10 million tonnes of CO<sub>2</sub> by 2012.

## CASE – SECOND-GENERATION BIOETHANOL

### THE CARS OF THE FUTURE WILL RUN ON STRAW

Bioethanol is the environment-friendly petrol substitute of the future. At present, bioethanol is made from sugar and grain, but, in future, it will be preferable to avoid using food and instead producing bioethanol from, for example, plant residue. Project manager Christian Morgen and his colleagues have found a solution to this problem by using ordinary straw.

"We boil the straw using the surplus heat from the power station boilers. We then add enzymes, which convert the straw to sugar mass. Lastly, by adding yeast, we get



alcohol, just like when you brew beer," says Christian Morgen.

The result is three different products, each with its own application:

- Bioethanol, which can be used for fuel in cars.
- The substance lignin, which can be co-fired in the power stations' boilers. It burns better than straw, which can lead to deposits and other problems in the boilers.
- A dark, sugary molasses that is well suited as animal feed, and that, with the development of new technology, can also be used for making bioethanol.

DONG Energy has a small pilot plant at Skærbæk Power Station, and a demonstration plant will be in place at Asnæs Power Station in Kalundborg by the end of 2009. Although the project represents a significant technological

breakthrough, the biggest challenge was of a low-tech practical nature: making the straw co-operate.

"If the boiling equipment is over-sensitive, it becomes choked up. We then suddenly end up with straw everywhere. There are many odd happenings when you undertake large-scale testing," says Christian Morgen, who makes no bones about the fact that the project has, from time to time, seemed like a case of 'two steps forward and one step back'. "We had visitors from the industry say to us 'that will never work'. But it did! When we attend conferences abroad, we can tell that we are in the lead compared with others who work with bioethanol. Impressing the experts is fun, and we now have people from all over the world coming to see our plant," says Christian Morgen.

# ENVIRONMENT

## VISION: ENVIRONMENT

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

ENVIRONMENT	Targets set in 2007	Deadline for achievement of target
NO <sub>x</sub>	NO <sub>x</sub> emissions per kWh must be reduced by 90 pct. compared with 1990	By 2020
SO <sub>2</sub>	SO <sub>2</sub> emissions per kWh must be reduced by 95 pct. compared with 1990	By 2020
Waste	65 pct. of waste from energy production must be recovered	By 2012
Waste	50 pct. of waste from administration must be recovered	By 2012
Certification	All central power stations must set up plant-specific environmental targets for emissions to air, water consumption, chemicals, etc., in accordance with their ISO 14001 certification. The power stations publish their targets in green accounts	Ongoing
Oil	90 pct. of the produced water from oil and gas production must be reinjected back into the reservoir	2008
Oil	Discharges to sea must not exceed 22 mg of oil per litre of water	2008
Chemicals	The use of chemicals with high and medium environmental impact in oil and gas production must be reduced. Discharges to sea of chemicals with high environmental impact must cease	2008
Gas	Gas flaring on platforms must be reduced by 10 pct., i.e. max. 7.4 Sm <sup>3</sup> of natural gas	2008
VOC	The Fredericia oil terminal will reduce hydrocarbon vapours by 90 pct.	2008
	<b>Targets set in 2006</b>	<b>Status</b>
Gas	Gas flaring on platforms must not exceed 8.2 Sm <sup>3</sup> in 2007	Met
Accidents	The systematic efforts to prevent environmental accidents and breaches of environmental permits must be developed further	Met





## RESPONSIBILITY: ENVIRONMENT

DONG Energy is Denmark's largest power and heat producer. Size imposes obligations, and we have a social responsibility on the environmental front. We are therefore working systematically to reduce our environmental impact in everything we do.

Our responsibility for the environment relates to four areas, in particular:

- Emissions to air: DONG Energy has come far with respect to reducing its emissions of substances to the air with harmful effects to health and the environment. And we need to reduce our emissions still further in the coming years.
- Resources: we are working systematically on reducing our resource consumption during production and using more environmentally friendly inputs. For example, we are cutting back on our use of environmentally harmful chemicals.
- Waste: we recently adopted targets for the percentage of our waste that must be recovered. We aim to make the environment meaningful to all our employees. We have consequently set targets for both production and administration.
- Surroundings: DONG Energy involves consideration for nature and the environment when we plan new construction projects by examining the impact on our surroundings.

# DONG ENERGY'S ACTIVITIES AND THE ENVIRONMENT

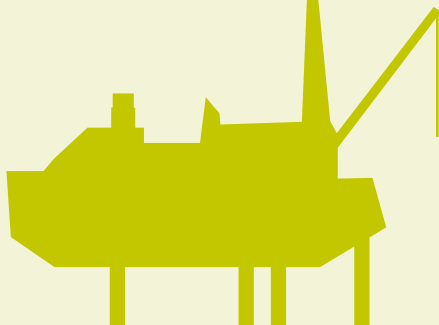
## OIL AND GAS PRODUCTION

### Environmental impacts from oil and gas platforms

- Emissions of CO<sub>2</sub>, SO<sub>2</sub> and NO<sub>x</sub> to the air from emergency flaring of surplus gas.
- Discharge of oil-containing water to the marine environment.
- Discharge of chemicals to the marine environment.
- Volatile organic compounds (VOC) from the oil terminal in Fredericia.

### Targets and focus areas

- Gas-flaring must not exceed 7.4 Sm<sup>3</sup> a year, and re-injection into the reservoir must be optimised to limit emissions of CO<sub>2</sub>, SO<sub>2</sub> and NO<sub>x</sub>.
- Oil must be separated from water. Oil-containing water must primarily be reinjected back into the reservoir and not discharged to sea.
- Oil-containing water discharged to sea must not exceed 22 mg of oil/l on average measured over a month.
- Chemicals deemed to have a high or medium environmental impact (red and yellow) must be replaced by less environmentally harmful chemicals.
- Emissions of red chemicals must cease by the end of 2008.
- The Fredericia oil terminal must be equipped with a facility that reduces emissions of volatile organic compounds (VOC) by 90 pct. in 2008.



## POWER AND HEAT GENERATION

### Environmental impacts from power stations, wind turbines and other renewable energy plants

- Power stations emit CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub>, particulates, trace elements and heavy metals to the air.
- Establishment of new plants affects landscape and biodiversity.
- Consumption of water and discharge of waste water.
- Industrial waste such as iron/metal and construction waste.

### Targets and focus areas

- The production of renewable energy must be increased to reduce emissions of gases, etc.
- The use of biomass and waste as fuel must be optimised to reduce CO<sub>2</sub> emissions.
- Comprehensive environmental impact assessments must be carried out when new installations are to be placed in the landscape.
- NO<sub>x</sub> emissions per kWh power must be reduced by 90 pct. in 2020 compared with 1990.
- SO<sub>2</sub> emissions per kWh power must be reduced by 95 pct. in 2020 compared with 1990.
- Surplus ash and gypsum from power stations must be of sufficiently high quality to allow it to be sold for production of cement, plasterboard, etc. – rather than becoming waste.
- All central power stations must set up plant-specific environmental targets for emissions to air, water consumption, chemicals, etc., in accordance with their ISO 14001 certification.
- 65 pct. of waste from production must be recovered in 2012.



In 2007, DONG Energy made it a priority to form a common overview of the Group’s environmental impacts, environmental policies and action areas. The figure provides an overview of DONG Energy’s environmental impact and the action aimed at reducing DONG Energy’s environmental footprint in the years ahead.

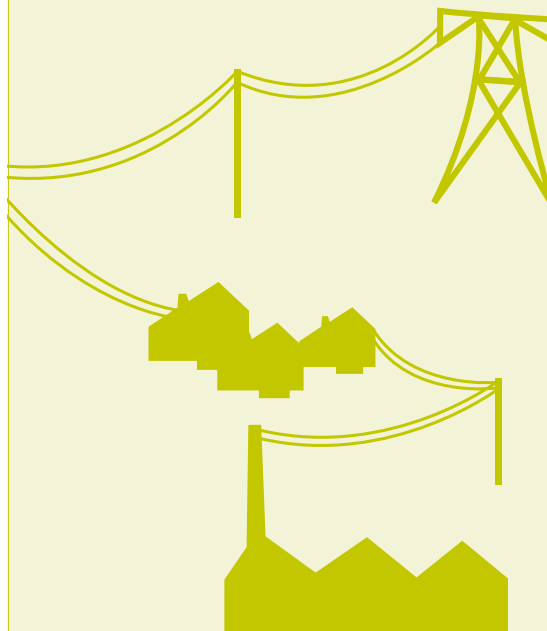
**DISTRIBUTION OF POWER AND GAS**

**Environmental impacts from distribution networks and gas storage facilities**

- Energy waste during transportation due to energy loss within the distribution network.
- Oil leakages from failure of oil-insulated power cables.
- Natural gas leaks due to excavation damage to gas pipelines.

**Targets and focus areas**

- Energy advice to customers saves 144 GWh a year from 2007-2013.
- Improvement of energy transportation in the distribution network.
- Clean up soil contamination from oil spills due to excavation damage or leaks on oil-insulated power cables.
- Clean up soil contamination on sites with old transformer stations.
- Hand out information to prevent excavation damage to gas pipelines.



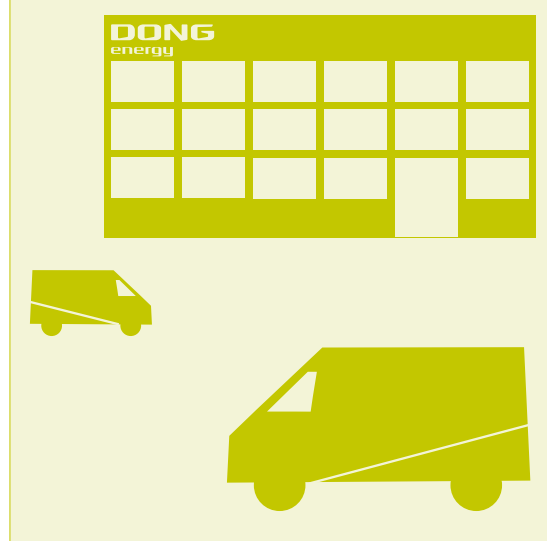
**ADMINISTRATION**

**Environmental impacts from office buildings and transportation**

- Power, water and heat consumption in buildings.
- Emissions of CO<sub>2</sub>, NO<sub>x</sub> and particulates from transportation.
- Office waste such as paper, printer cartridges, etc.

**Targets and focus areas**

- Energy optimisation and water savings in administration buildings.
- Company cars must be gradually replaced with a more environment-friendly fleet.
- Environmental requirements and environmental assessment relating to purchases.
- 50 pct. of waste from administration must be recovered in 2012.



# ENVIRONMENTAL STRATEGY

## AN ENVIRONMENTAL MILESTONE

With a new environmental strategy, we have reached a milestone in our environmental performance. This is the first time that we have set targets for the Group's overall environmental performance. The environmental strategy reflects DONG Energy's values: we take our shared responsibility towards the environment and the climate very seriously because we believe it is the right thing to do.

Besides the climate targets referred to in the climate chapter, the strategy sets specific targets for air emissions and waste:

- we aim to reduce our emissions of NO<sub>x</sub> and SO<sub>2</sub> per kWh generated by 90 pct. and 95 pct., respectively, from 1990 to 2020
- we aim to recover 65 pct. of our waste from industry production and 50 pct. from administration by 2012.

The targets in the environmental strategy are common environmental targets for the whole of DONG Energy, but do not include all our environmental work. DONG Energy's individual business areas have different environmental impacts. Each area has consequently also set its own targets in the environmental area. These targets still apply, and the key targets are referred to in this chapter.

The work on our environmental strategy means that, in 2007, we made it a priority to form a common overview of the Group's environmental impacts, environmental policies and action areas. A major task that we will embark on already at the start of 2008 is the establishment of an IT system at corporate level that can handle all our environmental data. This will provide the basis for setting more environmental targets and prioritising our environmental action.

We view our environmental strategy as the start of a process. We aim to continuously review it to challenge ourselves: should new areas be included? Should we raise our targets even higher? In 2008, DONG Energy will have a plan ready that defines how the targets will be achieved, and the environmental strategy will be reviewed in 2009.

### Air pollution is not just CO<sub>2</sub> emissions

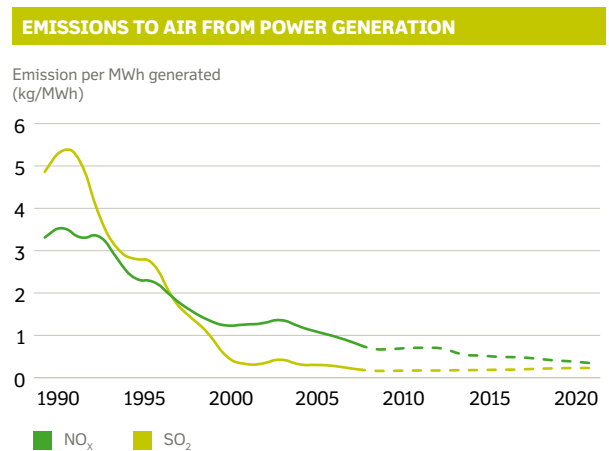
We will continue investing in more efficient operation at our power stations. This will reduce our CO<sub>2</sub> emissions, but also our emissions of NO<sub>x</sub> and SO<sub>2</sub>. In this way, we will limit environmental problems such as smog, acid rain and particulate contamination.

By 2020, we will have reduced our NO<sub>x</sub> emissions by 90 pct. per kWh generated compared with 1990. SO<sub>2</sub> will be reduced by 95 pct. in the same period. This action is a continuation of our efforts since 1990. We have reduced our emissions of NO<sub>x</sub> by more than 70 pct., and our emissions of SO<sub>2</sub> by more than 90 pct.. We have interrupted the curve trend by installing environmental facilities for flue gas treatment and scrapping the most obsolete power station units.

A new NO<sub>x</sub>-reducing facility (deNO<sub>x</sub> system) has been installed at Studstrup Power Station. The system was commissioned in December 2007, and will reduce emissions of NO<sub>x</sub> from the power station by up to 80 pct.. That corresponds to about 7,000 tonnes annually.

This means that deNO<sub>x</sub> systems and desulphurisation plants that capture SO<sub>2</sub> from the flue gas have now been installed at all DONG Energy's large base load power stations. The only exception is unit 2 at Stignæs Power Station, which is relatively old. This unit has been fitted with a so-called low-NO<sub>x</sub> burner, so that it, too, meets the statutory emission requirements.

DONG Energy also has a number of small-scale, local power stations and back-up power station units. Here, too, systems have been installed that limit emissions to the air, but they are not as efficient as the ones at the large, central power stations.



**Figure 5.** The figure shows emissions of NO<sub>x</sub> and SO<sub>2</sub> from DONG Energy from 1990 to 2007 and the expected emissions from 2008 to 2020.

0.8 MILLION TONNES OF MINERAL PRODUCTS ARE REUSED UP TO 100 PCT.	
<b>Mineral products</b>	
Pulverised fuel ash	504,000 tonnes
Gypsum	159,000 tonnes
Dry FGD residues*	34,000 tonnes
Bioash	36,000 tonnes
Bottom ash	65,000 tonnes
	<b>Products for industrial use</b>
	Concrete
	Cement
	Plasterboard
	Fertiliser products and other industrial use

**Figure 6.** Close on 100 pct. of the mineral products from the power stations are sold by DONG Energy for industrial use.

\*Dry FGD residues: desulphurisation product

### New waste policy

Increased recovery is one of the targets in our new environmental strategy. Each year, DONG Energy produces about 20,000 tonnes of waste. Today, 45 pct. of waste from production is recovered, and 45 pct. of waste from administration.

We aim to handle our entire waste production in an innovative and environment-friendly manner. By 2012 65 pct. of waste from production and 50 pct. of waste from administration must be recovered.

New practices, new procedures and new methods for handling waste must be introduced throughout the company. We will, for example, be disseminating our experience from Avedøre Power Station. Here, recovery of waste has increased from 49 pct. in 2004 to 63 pct. in 2007, i.e. in only three years.

Our waste volume could have been much higher. Each year, we avoid disposing of about one million tonnes of ash, gypsum, etc., from the power stations as waste. Instead, the residual products are being used for, for example, producing plasterboard and cement.

### Chemicals

DONG Energy uses about 4,000 different chemicals. In 2008, we will prepare a corporate chemicals database for DONG Energy. The longer-term aim is to set up targets for the use of chemicals across the entire DONG Energy Group.

Oil exploration and production accounts for the greatest environmental impact from chemicals. For a number of years, we

## CASE – BIODIVERSITY

### THE COMMON SCOTER IS RETURNING

In December 2006, the service personnel at the Horns Rev offshore wind farm off Blåvands Huk made a discovery: for the first time since the farm's completion in 2003, large flocks of the common scoter were residing in the sea around the wind turbines.

The discovery was reported to DONG Energy's department for environmental conditions related to wind farms. From here, biologist Charlotte Boesen and her colleagues are monitoring the biodiversity at DONG Energy's farms. "After receiving the report from the service personnel at the farm, we began carrying out counts from the air. The counts have shown that there are now just as many scoters inside the farm as outside. The scoters have become accustomed to the wind turbines."

Common scoters, porpoises, seals and eiders are just a few of the many species that DONG Energy monitors when building new offshore wind farms. Are the animals frightened away and do they lose habitats because of the farms? Do migratory birds collide with the large turbine blades? The return of the common scoter confirms a general picture: "When building an offshore wind farm, you must expect an impact on the local fauna, but the impact has proven to be relatively limited. It does not lead to decline in populations, and that is good to see," says Charlotte Boesen.

300,000 eiders and geese migrate past the wind farm near Nysted each autumn, but only very few are in danger of colliding with the wind turbines. When foundations are driven into the seabed during the construction of the farms, the porpoises stay away, but they return once the work has been completed. However, other questions still remain unanswered, such as the effect on migratory birds of the construction of more offshore wind farms close to each other. These are issues that Charlotte Boesen and her colleagues will be analysing in the coming years.

This experience will be useful in connection with the establishment of DONG Energy's new offshore wind farms in the UK, for example.



**CASE – SOIL CONTAMINATION**

**SMALL LEAK – LARGE-SCALE SOIL DECONTAMINATION PROGRAMME**

In 1998, there was a leak in a transformer at the transformer station Vejleå near Taastrup on Zealand. An estimated 400 litres of oil soaked into the ground. The oil was cleaned up, a controlling soil sample was sent for laboratory testing, and everything was seemingly in order. But when the test result came back from the laboratory, it turned out that the sample had a high content of chlorinated solvents that were not attributable to the oil contamination.

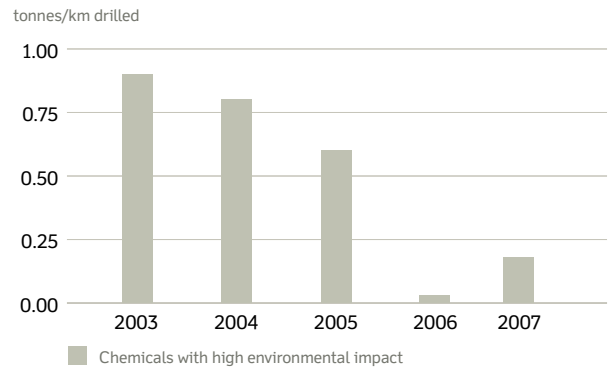
For Erik Jeppesen this signalled the start of several years' work on mapping and clean-up of contamination that could threaten the groundwater in several places in Northern Zealand. "We had no idea about this contamination. We interviewed former employees to find out whether and, if so, when chlorinated solvents had been used," says Erik Jeppesen. It turned out that the solvents had been used in many places from the mid-1950s well into the 1980s and that their use had been very widespread. The only warning printed on the packaging was that the solvent should not be used for shampooing hair.

After 600 trial borings, 8,000 soil samples, computer calculations of the subsoil and 100 survey reports, DONG Energy now has an overview of the contamination. The soil has been cleaned up at four transformer stations, clean-up is underway or planned at a further eight, and three stations are being monitored to ensure that the groundwater is not being contaminated.

The former NESAs, which is now part of DONG Energy, has taken this task upon itself voluntarily, even though legal experts consider that DONG Energy cannot be held legally responsible. Erik Jeppesen is pleased that this task has been undertaken voluntarily. "We could have chosen to fight this and do nothing. True, it has cost a great deal of money, but I have never had any doubts that this was something we had to do," he says.



**DISCHARGE OF CHEMICALS TO THE MARINE ENVIRONMENT**



**Figure 7.** Discharges to sea of chemicals with high environmental impact in connection with drilling projects have fallen from 0.90 tonnes per drilled km in 2003 to 0.18 tonnes in 2007. The discharges are expected to cease completely in 2008.

have gone beyond regulatory compliance, setting our own targets for the use of fewer harmful chemicals. In 2008 the discharges are expected to cease.

Figure 7 shows discharges of chemicals from our drilling operations in connection with oil and gas exploration. The discharges were higher in 2007 compared to 2006 because of a new type of drilling activities at Syd Arne.

In connection with drilling it is difficult – and sometimes impossible – to capture chemicals for disposal. We therefore attach importance to using chemicals that are as environment-friendly as possible. Moreover, we plan our drilling operations in such a way that most of the chemicals are captured with the drilling mud and returned to shore. Here, they are reused or treated and disposed of safely.

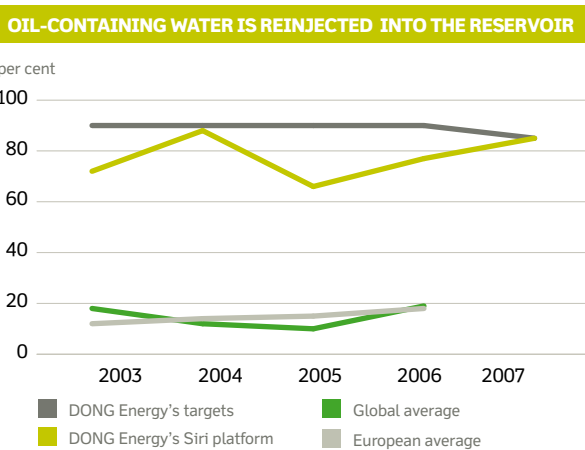
**Discharge of oil to sea**

On extraction of oil and gas from the reservoir, oil-containing water is also produced. Most of the oil is separated from the water on the platform, but the water still contains traces of oil that can harm the marine environment. Therefore, DONG Energy consequently reinjects this water back into the reservoir.

Our production platform Siri reinjects a very high proportion

back into the reservoir. In the last five years, between 65 and 90 pct. of the produced water has been reinjected. In 2006, the European and global averages were 18 and 19 pct., respectively. It is our aim to reinject more than 90 pct. of the produced water from Siri back into the reservoir in 2008.

In 2007, our discharges of oil-containing produced water to sea totalled 23 tonnes of oil dissolved in 1.4 million tonnes of produced water. The officially permitted maximum oil content in discharged water is 30 mg of oil per litre of discharged water. The figure should be seen as a monthly average. Internally, we have tightened this requirement, our target being that the content for the whole of 2008 must not exceed 22 mg of oil per litre of discharged water.



**Figure 8.** Oil-containing water on the Siri production platform is reinjected back into the reservoir. The figure benchmarks Siri against the global and European averages. Source: Int. Association of Oil & Gas Producers, 2006 and DONG Energy data.

**FOCUS**

## GAS, POWER AND BIOETHANOL FOR A TRANSPORT SECTOR UNDER PRESSURE

The transport sector is under pressure. Both the EU, the Danish Parliament and the general public are pressing for more environment-friendly transportation— for climate and health reasons. DONG Energy is developing technologies that can help the transport sector in this respect.

One of today's major environmental challenges is finding alternatives to petrol and the other fuels that propel our cars and other means of transport. The aim is to reduce petrol consumption and make transportation more environmentfriendly without the costs getting out of hand. As an energy sector player, DONG Energy is well placed to contribute such technology. We focus on three areas, in particular:

**Natural gas buses:** Buses that run on natural gas have considerably lower emissions of harmful particulates and NO<sub>x</sub> than ordinary diesel vehicles. Their CO<sub>2</sub> emissions are also 9-16 pct. lower.

DONG Energy and Arriva are in the process of developing and offering natural gas buses and filling stations to the Danish transport companies.

**Hybrid and electric cars:** Hybrid cars have already been mass-produced for a number of years and are used primarily in the USA. They excel in having a battery and an electric motor onboard that provide a significant improvement in petrol consumption. Today, the battery is charged by the petrol engine. The next step is to have cars on the market where the batteries can be charged from the power network.

**Bioethanol:** Bioethanol can supplement and replace petrol in the transport sector. DONG Energy is one of the frontrunners in the development of second-generation technology based on waste products. In recent years, we have completed a successful pilot project for a technology called IBUS (Integrated Biomass Utilisation System). Here, a bioethanol plant and a power station have been integrated, so that surplus products from ethanol production can be used as CO<sub>2</sub>-neutral fuel, and surplus steam from the power station can be used in ethanol production.

# CUSTOMERS

## VISION: CUSTOMERS

We have embarked on a journey to find new ways and solutions to energy challenges. Through efficient and stable delivery of power and gas, we aim to help ensure that our society is well-functioning and competitive. We aim to be an energy supplier that offers high security of supply. We aim to develop our collaboration with our customers, strengthening our role as a modern and reliable company in an open energy market in close dialogue with customers, NGOs and opinion-formers.

CUSTOMERS	Targets set in 2007	Deadline for achievement of target
Security of supply	80 pct. of all customers experiencing a power failure must have the power reinstated within two hours	Met
Security of supply	The percentage of customers experiencing power failure more than once a year must not exceed 20 pct.	Met
Security of supply	If there is a smell of gas, an engineer must arrive on location in less than one hour in 95 pct. of cases	Met
Security of supply	In case of excavation damage an engineer must arrive on location in less than one hour in 95 pct. of cases	Met
Security of supply	In case of excavation damage, all affected customers must have their gas supply reinstated within three hours	Met
Customer satisfaction	85 pct. customer satisfaction in connection with gas engineer call-out	Not met
Customer service	70 pct. of all telephone calls to DONG Energy must be answered within 60 seconds	Met
Customer service	90 pct. of all e-mails to DONG Energy must be answered within 24 hours	Met
Customer service	90 pct. of all change of address notifications must be processed within five days	Met
	<b>Target set in 2006</b>	<b>Status</b>
Power savings	DONG Energy must help its customers save 144 GWh a year	Met





## RESPONSIBILITY: CUSTOMERS

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

- We deliver power, gas, heat and data transmission efficiently and designed for future demands. We have a responsibility to make forward-looking and necessary investments so that our customers across Northern Europe will continue receiving a service where price, quality, consideration for the environment and responsibility are all equally important.
- Our customers need to know that they can rely on their power, gas and heat supplies. DONG Energy delivers security of supply through our power and gas distribution networks.

- We show respect for our customers. We consequently need to deliver a good level of service, we need to be able to respond quickly when our customers wish to contact us. We need to be active and pro-active in our communications, for example when we build and maintain the supply network.
- Through new services and a broad range of products, we provide our customers with value in new ways. We offer a broad range of products to suit our customers’ preferences.
- In the coming years, we will expand our business across the whole of Northern Europe. This will mean a more varied customer base with new expectations, but our responsibility towards our customers will not change.

# THE WELFARE OF ONE MILLION CUSTOMERS

Each year, a typical Danish family with four persons uses the equivalent of more than 5,100 kWh of power. Power features heavily on the budget, and the price of power is consequently relevant to our overall welfare. The basis for DONG Energy's activities is that we are responsible for delivering high-quality energy services at a price that is commensurate with the product. That is what each customer and society as a whole expect from us.

Looking at Europe, Danish power suppliers live up to this objective. Excluding VAT and taxes from the power price, the price in Denmark is lower than in Norway, Germany, the Netherlands and the UK. The only neighbour to offer a lower price is Sweden. Including VAT and taxes, Danish consumers pay the highest prices of all 27 EU member states.

### Power you can rely on

It is not only the price that is important. Security of supply also has high priority. Disruptions in the conveniences of modern life, due to power failure, is an unpleasant experience. Our modern lifestyle depends on reliable power, gas and heat supplies.

The quality of power supply in Denmark is very high by international standards and also by comparison with our nearest neighbours Sweden, Germany and Norway. If there is a power failure, 92 pct. of DONG Energy's customers are reconnected within two

hours. In 2007, we unfortunately had more breaks in the power supply than in previous years – probably as a result of the many excavation works in DONG Energy's distribution areas.

To ensure that we can influence security of supply in the right direction, we started introducing new electronic systems for monitoring and remote control of the distribution network in 2007. The system enables us to quickly locate the fault and reinstate supply in the event of a fault within the distribution network and consequently a power outage in many households.

### Respect for our customers

DONG Energy must be perceived as a modern, innovative and service-minded company that respects its customers. One of the implications of this is that we need to offer our customers a high level of service. 71 pct. of customer telephone enquiries are answered within 60 seconds. 92 pct. of e-mails to Customer Service are answered within 24 hours. This should be seen in the light of the statistics for 2007, when we received more than one million telephone enquiries and just over 93,000 e-mails from customers.

Respect also means listening to our customers' opinions about our service. We consequently ask a representative section of our customers several times a year whether they are satisfied with DONG Energy.

### SELECTED POWER PRICES

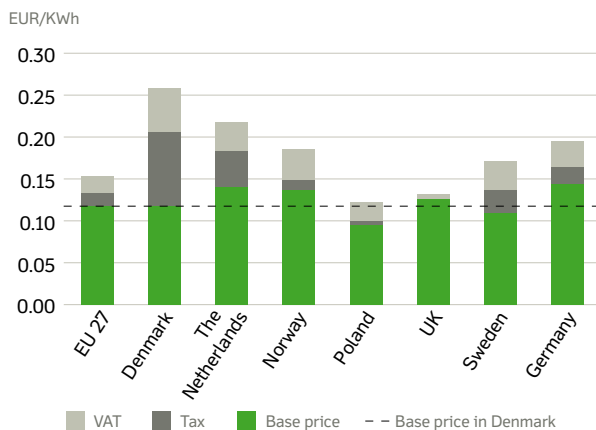


Figure 9. Composition of tax of power prices in Northern European countries, first half of 2007. Source: © Eurostat. All Rights Reserved.

### COMPOSITION OF POWER PRICE

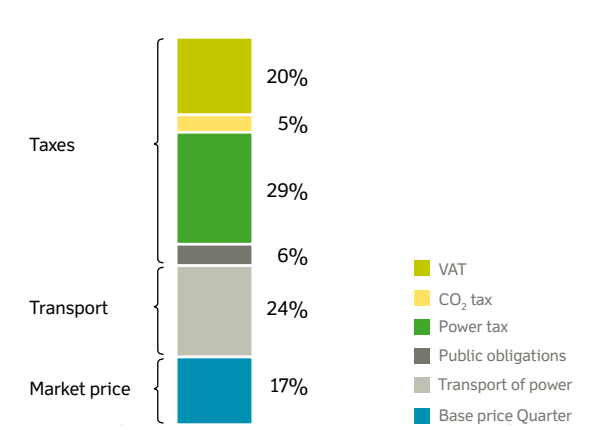


Figure 10. Average composition of power price for residential PSO customer in Copenhagen 2007.

Our business customers are generally satisfied, especially large business customers, with a satisfaction score of 71. A score between 70 and 80 is generally considered very good among large service companies of DONG Energy's type. Our regular and close dialogue with these customers is probably one of the key reasons for these positive figures.

Customer satisfaction among our residential customers has declined. Residential natural gas customers express a high level of satisfaction, whereas we have a challenge among the power customers in Copenhagen, where the satisfaction level is far too low. We do not yet know the reason for the decline in customer satisfaction, but the poor figures should probably be viewed in the light of poor publicity in 2007 in connection with DONG Energy's acquisition of the power supply in the City of Copenhagen from Københavns Energi. DONG Energy was strongly criticised in the media for raising the annual network subscription price that customers pay for being connected to the supply network. The network subscription is part of the financial foundation for maintaining the high security of supply.

A reallocation of costs on network subscription and network tariff, respectively, was the main reason for the increase in the network subscription. The reason for the temporary increase is that, prior to the sale to DONG Energy, Københavns Energi had omitted charging DKK 0.5 billion, which was recognised in its financial statements as receivables and anticipated income from an increase in the network subscription. The Energy Appeal Board has accepted DONG Energy's course of action. However, the Appeal Board has also pointed out that customers must be given better notice of future price increases.

CUSTOMER SATISFACTION					
Residential customers			Business customers		
	Satisfaction			Satisfaction	
	2007	2006		2007	2006
Natural gas	😊 72	75	Large customers	😊 71	68
Nord power	😐 64	69	Middle market	😐 69	67
City power	😞 50	59	SME	😊 66	66

**CASE – INTERNATIONAL CUSTOMERS**

**A GERMAN REGION CHANGES GAS QUALITY AND NATURAL GAS SUPPLIER**

In the county of Bentheim in Northern Germany, L-gas (gas with a low calorific value) was used for many years. This gas quality is only produced in the Netherlands and in a few areas in Germany, so the supply – and consequently competition – is limited and declining as the sources are being depleted.

The German utility companies that use L-gas are therefore increasingly switching to H-gas (gas with a high calorific value), which is produced and traded across the whole of Europe. The utility companies Stadtwerke Schüttorf



and Energieversorgung Emsbüren will be following suit on 1 October 2008.

"In order to be able to effect such a transition, we need the right partner," says Dr. Michael Angrick, Director of Nordhorner Versorgungsbetriebe.

"All technical and commercial challenges related to the change-over of more than 30,000 burners, rerouting of 40 km of new main supply piping and the construction of several new transformer stations need to be carried out in a close collaboration."

For that reason, a long-term partnership was entered into with DONG Energy to enable the utility companies to

benefit from DONG Energy's international experience and active support both now and in future. For example, working groups were formed within various areas, which meant that the focus was always on fast problem-solving. The result is that the customers in the region will receive Danish natural gas from 1 October 2008. "Thanks to the change of gas quality and supplier, we can now buy natural gas in a market characterised by fierce competition," says Dr. Michael Angrick, "with the clear aim of making natural gas prices as attractive as possible to our customers." He continues: "The partnership with DONG Energy was a great help in connection with this gargantuan task in terms of logistics and resources."

We have admitted that our communication was not good enough. We will become better at communicating with our customers in a timely manner and easily understood language, both when we send out bills, notify changes and carry out service work. A number of initiatives are therefore on the drawing board for 2008.

**Safety is important**

Immediately after its acquisition of the power activities in Copenhagen, DONG Energy decided on and commenced the replacement of about 2,700 cable boxes in the City area. The cable boxes were installed in the 1950s and 1960s. It has turned out that these boxes have a design weakness that means that, in unfortunate circumstances, explosions may occur in the boxes. The safety risk has now been eliminated, all boxes having been fitted with pressure-relieving lids and light-weight covers with fixed hinges. The next phase, the replacement of the old cable boxes with modern cable cabinets, is well underway. 750 cable boxes have already been fixed or removed. All cable boxes are expected to be removed over a five-year period. The total cost is expected to amount to around DKK 0.5 billion.

**The journey towards the energy company of the future**

Together with our customers, we are looking for new ways and solutions to address the energy challenges. One of the key challenges is to ensure a continued reliable supply while at the same time helping to address the climate challenges. DONG Energy will continue to develop and further develop products that satisfy special customer wishes and society’s expectations in relation to, for example, the climate and the environment. This approach and the liberalisation of the power market create the framework for our future products.

**More environment-friendly power products**

Already in 2001, we launched the product ‘Natural power’ (Naturstrøm) in collaboration with the Danish Society for Nature Conservation. By paying about DKK 180 more a year, customers can obtain a certificate documenting that a specific volume of wind power has been allocated towards meeting their annual consumption. Natural power was the subject of negative publicity in 2008, partly from NGOs and the press. The critics claimed that the marketing of the product could be understood to mean that buying Natural power would increase the volume of renewable en-

**CASE – ENERGY ADVICE**

**LOWER ENERGY CONSUMPTION BUYS MORE GREEN POWER**

At Novo Nordisk’s facility in Kalundborg a large and very power-hungry ventilation system regulates the temperature in a number of large fermentation tanks. This is where the insulin that has made Novo Nordisk famous worldwide is being produced. When DONG Energy’s energy advisers analysed the plant in



2007 to identify opportunities for energy savings, they were looking at the very core of Novo Nordisk’s business. The energy gain has exceeded all expectations:

“This is one of the largest plants of its kind in the world, and it is highly complex. We have previously had energy advisers analyse the plant, but DONG Energy measured the energy consumption to see whether the ventilation system was working as it should. And now it works,” says Per Valstorp, who is Senior Vice President at Novo Nordisk and responsible for the company’s climate action.

In 2007, DONG Energy’s energy advisers reviewed all Novo Nordisk’s Danish facilities to identify energy savings. Novo’s financial saving due to energy advice will be used to buy green wind

power from DONG Energy’s future wind farm Horns Rev II. The greater Novo’s savings at its facilities, the more green wind power will be delivered, is the climate-friendly arithmetic. This is a completely new energy collaboration model, which has been developed jointly by employees from DONG Energy and Novo Nordisk.

”We had been negotiating with DONG Energy on a model for one year, when one of DONG Energy’s employees came up with the idea of how we could get both energy savings and green power. It was an excellent idea,” says Per Valstorp.

ergy, also in the short term. That is not the case. We have consequently written to all our about 1,700 Natural power customers early in 2008, clarifying how the product operates. We have offered to offset the customers' Natural power supplement against their power bills or cancelling CO<sub>2</sub> allowances for an equivalent amount. 111 customers have taken up this offer. We consider Natural power the first step on our journey. Consequently, in 2007 and 2008, we have asked both customers and environmental organisations about their wishes for future products. It is our aim to provide our customers with the best possible choices.

### **Advice and campaigns generate energy savings**

An important step on the journey is our consumer advice service, which helps both residential and business customers save power. In 2007, our advice resulted in total savings of 166 GWh for our customers. That corresponds to the average annual power consumption of 32,500 Danish households. The savings were created via energy saving collaboration with large business customers and via information campaigns for auto power saver plug banks, and reduced use of tumbler driers aimed at private consumers.

## **FOCUS**

# WHO DETERMINES THE PRICE OF POWER?

The liberalisation of the power market has given customers a free choice of power supplier, but only about 5 pct. of Danes have taken the opportunity to switch.

For most customers, the real benefit has been a more efficient Nordic power market.

Power prices in Denmark fell by about 70 pct. over a six-month period, from summer 2006 to early 2007. Higher water supplies to the Norwegian hydropower plants and low power consumption in Norway and Sweden caused Danish power prices to plummet.

The explanation was the liberalised power market in the Nordic countries, the backbone of which is five high-capacity interconnectors that link Denmark with Norway, Sweden and Germany. These interconnectors have made it possible to trade in power between countries in a common market, Nord Pool. Power generated by DONG Energy and other power generation companies is channelled into Nord Pool, where buyers from all countries and companies buy power for their customers, and the price moves up and down as supply and demand fluctuate.

On Nord Pool, the power price is determined hour by hour as a reflection of

total supply and total demand in the entire Nordic area. It is thus the market, and not DONG Energy, that determines the day-to-day price of the power generated by our power stations and wind turbines.

### **Competition is effective**

The European Commission acknowledges the fact that price formation in the Nordic market works well and is transparent. Despite this, the Danish competition authorities are claiming that Elsam and ENERGI E2 abused their dominant market position, in selected periods between 2003 and 2006, by charging excessive prices. The two companies are now part of DONG Energy. Just over 1,100 power trading companies and other power consumers have brought a case in which they are claiming up to DKK 4.4 billion in compensation.

We refute these claims, partly because DONG Energy is not a dominant player

in the Nordic power market. We account for less than 5 pct. of power generation. Given our size, we are not able to influence price formation. If our prices are too high, companies from other countries simply undercut us.

### **The customer is protected**

Danish consumers are protected against excessive power prices on yet another front. As a customer, you pay to both the company that buys power on your behalf on Nord Pool and the company that distributes the power, i.e. the physical owner of the networks. DONG Energy fulfils both roles for about one million Danish power customers in Copenhagen, Frederiksberg and North Zealand. In the case of the 95 pct. so-called PSO customers that have elected not to exercise their right to choose a power product, there are strict rules as to what we are permitted to charge for these services.

# EMPLOYEES

## VISION: EMPLOYEES

DONG Energy aims to be a company in which the employees live their ambitions in an environment that ensures a good and developing working life. We feel a responsibility for the many people that are dedicating a large part of their lives to developing our company. Our employees' job satisfaction, commitment and skills development are vital prerequisites for our growth and for value creation for our owners and customers. For DONG Energy, having a diverse workforce of employees and managers is of great value.

EMPLOYEES	Targets set in 2007	Deadline for achievement of target
Safety	Lost time injury frequency must be reduced from 10.3 per one million hours worked to 7.3	2008
Wellbeing	An employee survey must be carried out among all employees	2008
Wellbeing	The employees' perception of work pressure and stress must be brought on a par with benchmark companies	2009
Development	The employees' perception that they are being offered good development opportunities must, as a minimum, be maintained at the 2007 level	2008
Management	The employees' satisfaction with their immediate manager must, as a minimum, be maintained at the 2007 level	2008
Diversity	A plan for more female managers must be implemented	2008
	<b>Targets set in 2006</b>	<b>Status</b>
Safety	Lost time injury frequency must be reduced from 10.4 per one million hours worked to 8.3 in 2007	Not met
Wellbeing	An employee survey must be carried out among all employees	Met



## RESPONSIBILITY: THE EMPLOYEES

DONG Energy borrows approx. 5,000 employees from their families every day. Our growth strategy means that this figure will grow in the years ahead. We have a responsibility towards our employees – and their families. A responsibility in terms of job security, wellbeing, challenges and ambitions.

We expect our employees to work with dedication in developing DONG Energy. In return, DONG Energy will deliver a workplace in which our employees can develop – and thrive in the process.

From DONG Energy's point of view, there are primarily four dimensions to our responsibility towards our employees:

- **A safe and good working environment:** DONG Energy is responsible for ensuring that its employees can come to work without jeopardising their lives and health. We are therefore focusing purposefully on continually improving safety at our workplaces. A working life with DONG Energy entails a busy and challenging workday, but the work-life balance must also be satisfactory. That is a special challenge when a company is undergoing major change such as has been – and is – the case for us.
- **Development opportunities:** DONG Energy wants to be among the companies in Europe that are the most knowledgeable about energy and the most proficient at translating this knowledge into solutions. In order to safeguard the development of our position as an attractive employer, the development of our business, and society in general. To this end, we need to constantly focus on attracting and developing skills. Technical skills as well as a broader spectrum of skills.
- **Good management:** good management is a prerequisite for well-functioning employees. At DONG Energy, many managers have been recruited for their technical skills. We now need to sharpen our focus on the management role and management skills, for example through management training, evaluation and recruitment. The diversity among our managers must be increased, partly by recruitment of more female managers.
- **Diversity:** diversity is an asset that is becoming increasingly important in step with the internationalisation of DONG Energy's operations. The coming-together of diversity – whether originating in education, gender, nationality, ethnic background, age or other factors – can create new and different results.

# SAFETY, WELLBEING AND DEVELOPMENT

When DONG Energy was established, it was clear that the safety level at our workplaces varied greatly and, overall, was not high enough. Although the injury frequency rate in DONG Energy was only one-third of the average in Danish industry, it was about five times higher than in the best international energy groups whose performance we want to match.

We consequently set a corporate target for this area: in 2007, the lost time injury frequency per one million hours worked (LTIF) must be reduced to 8.3. A number of initiatives were launched in 2007 to achieve this target. The most important initiatives are described in this chapter.

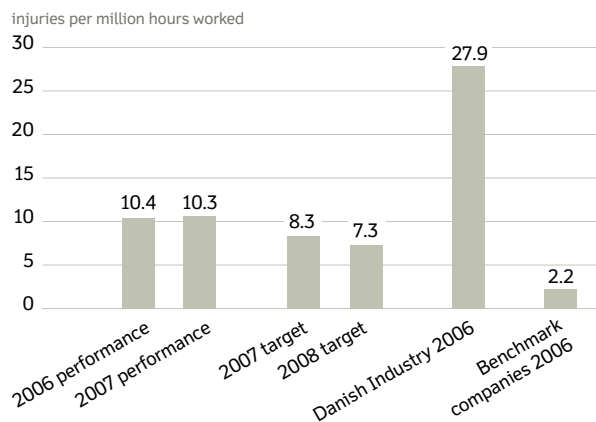
The target was not met. Although the number of employee lost time injuries fell from 64 in 2006 to 48 in 2007, the number of

lost time injuries among suppliers' employees working in DONG Energy's areas rose from 35 to 61. Overall, LTIF for 2007 was 10.3.

The failure to meet the target was partly due to the fact that the basis in 2006 was subject to uncertainty due to differing and inadequate recording practices, especially with respect to suppliers, and partly to the fact that it will take time for the stepped-up action in 2007 to filter through.

In 2008, we will be making an even greater effort to reduce the number of occupational injuries, partly by sharpening management focus still further. The aim is to bring LTIF down to 7.3 by the end of the year.

## DONG ENERGY'S LTIF STATISTICS\*



**Figure 11.** \*The performance indicators include suppliers in DONG Energy-operated areas, except at the power stations in western Denmark (2006) and in corporate staff and in connection with sale and distribution of power (2006 and 2007). From 2008, the performance indicators will include all suppliers in DONG Energy-operated areas.

## OCCUPATIONAL INJURIES

	2007	2006
Total injuries	299	306
Lost time injuries	109	99
- own employees	48	64
- suppliers*	61	35
Lost time injury frequency per one million hours worked	10.3	10.4
- own employees	6.4	9.0
- suppliers	19.9	14.6

**Figure 12.** \*See the above note. In addition the quality of supplier data is lower than for own employees.

### Intensified action at the power stations

Most accidents at DONG Energy happen at the power stations. An extensive action plan was consequently launched in 2007 to improve safety at the power stations. The action plan is targeted at everyone working at the power stations, whether it is DONG Energy employees or suppliers. The year featured local and group-wide campaigns, as well as an extensive training programme. All employees at the power stations and all the approx. 400 engineers that regularly implement projects there attended a full-day safety course.

From 2007, the Executive Board of Generation, which covers the power stations, has been focusing more closely on evaluating safety incidents at its meetings. By the beginning of 2008, all managers in the engineering area will have attended a safety seminar. Lastly, Generation is preparing for certification to an occupational health and safety management system (OHSAS 18001) across the business unit.

Suppliers carrying out work at the power stations have a higher injury frequency than DONG Energy's own employees. In 2007, we consequently trained contact persons, who are charged with providing all suppliers carrying out manual work at power station sites with a one-hour induction in safety procedures.

Suppliers are evaluated on a regular basis via a new initiative called "model workplace". They are given a score for their safety performance, and failure to remedy any problems highlighted may lead to a warning or exclusion of the supplier's personnel.



In the case of recurrences, the collaboration may be discontinued.

### Focus on safety at corporate level

The intensified safety action at the power stations will be further developed in 2008, and we expect that this will lead to an improved performance. The other business areas are also introducing similar focused action plans.

At corporate level, we are in the process of preparing a joint procedure for handling occupational health and safety incidents. This helps us to maintain an overview of incident types and enables us to target our actions. We have started systematic mapping of the risk potential for incidents so that we do not prevent and correct on the basis of how wrong things went but rather on how wrong things might have gone.

To ensure a high, uniform level of technical skill and a strong focus on safety among DONG Energy's safety representatives, we set up a new group-wide course of training in occupational health and safety for all new safety representatives in 2007.

The work on safety requires management focus. In 2007, safety performance was included in just under 20 pct. of managers' bonus schemes.

### High job satisfaction and a fast pace

A good working environment is about much more than physical safety. In 2007, DONG Energy conducted its first employee survey that takes the pulse of the workplace. A questionnaire was distributed to all DONG Energy's employees, and 80 pct. responded.

One of the most important results was that job satisfaction and loyalty scored highly, on a par with other large Danish companies against which we benchmark ourselves. We are very pleased with that result, especially bearing in mind that DONG Energy was formed recently by integration of six companies. Many mergers fail precisely because the employees never quite get to a point where they feel loyalty towards the new organisation.

However, the employee survey also reflected the fact that the integration process was hard work. The employees rated the work pressure as extremely high – and far higher than in the

## CASE – SAFETY

### NO INJURIES IN MORE THAN A YEAR

A few years ago, the unit that distributes and stores gas had the highest injury frequency in the entire company. In 2007, this unit did not record a single injury. How did this success come about?

"When the figures looked at their very worst, we decided that we wanted to be number one", says Peter Skak-Iversen, who heads this business unit. "From that point, we started developing a safety culture. It is not rocket science, I know, but today every single employee is totally committed to safety".

We have used many tools to get to this point. For example, all employees participated in safety rounds where they observed whether there were any factors on the site that might jeopardise safety. Several employees also participated in "dustbuster gangs", where they gave the neighbouring department a thorough safety check. Furthermore, all incidents are recorded systematically, and management keeps a sharp eye on developments. These initiatives have all helped to enhance safety awareness.

According to Peter, humour is an important tool. "You need to keep things slightly light-hearted to avoid any stressed-out employees losing the plot. That way you get to the point where everyone thinks "well, that actually sounds quite reasonable" and takes co-responsibility for safety."



benchmark companies. We do not consider that to be sustainable in the long run.

The employee survey is a tool for ongoing evaluation and improvement. By the end of 2007, all DONG Energy's managers had prepared action plans for follow-up on the employee survey. At the end of 2008, we will repeat the survey and evaluate de-

EMPLOYEE SURVEY 2007 IDENTIFIES STRENGTHS AND WEAKNESSES	
<p><b>Plus side</b></p> <ul style="list-style-type: none"> <li>+ Job satisfaction and loyalty are at a high level, matching other large Danish companies</li> <li>+ Great satisfaction with the opportunities for professional and personal development</li> <li>+ Very high satisfaction with immediate superior</li> </ul>	<p><b>Minus side</b></p> <ul style="list-style-type: none"> <li>- Very high work pressure</li> <li>- High stress level</li> <li>- A perception that DONG Energy has a poor image</li> </ul>

velopments.

**Stress prevention**

Experience shows that there is a heightened risk of stress during merger and change processes. DONG Energy’s employee survey highlights the fact that work pressure was very high in 2007. There is also a relatively high stress level among the employees, which is not surprising given the highly complex merger process that characterised the year.

The aim for 2008 is to reduce work pressure and the employees’ perception of stress. That task will primarily be addressed locally by the individual business areas and managers.

At the end of 2006, the business area for sale and distribution of power and gas experienced a growing need to focus on stress, and this area therefore made a targeted effort already in 2007.

All types of stress are being monitored, whether or not they lead to absence, and whether or not the cause is work-related. This is because stress impacts on the employee’s wellbeing and performance, regardless of the cause.

Managers are also focusing on stress management, for example in many of the action plans they have prepared as a follow-up on the employee survey.

At the same time, efforts have also been made to create broad awareness of stress. The issue has been on the agenda at departmental meetings and after-hours meetings for managers, in

liaison committees, safety committees, and in the staff club. The purpose has been to create common awareness of what stress is and is not, how to prevent it and what warning signals to look out for.

Lastly, in 2007, the business area was given better tools for preventing and managing stress. Two new stress coaches offer assistance to both managers and employees and arrange contact with external coaches and therapists. Furthermore, a number of stress management support tools have been developed on the intranet.

**Good development opportunities**

Good development opportunities are crucial to both recruitment and retention of employees. One of the very positive outcomes of the employee survey was that the employees perceive the opportunities for development to be extremely good: partly because their working day features interesting challenges and opportunities, and partly because DONG Energy sets great store by supplementary training.

DONG Energy Academy, which forms the framework for our group-wide skills development, focuses on three areas: personal development, business development and management tools.

**Continued development of the business**

DEEP (DONG Energy Excellence Programme) is our answer to LEAN. This programme was introduced in our oil and gas business in 2007, and is currently being implemented at our power stations. DEEP is run by facilitators trained in-house, and the programme is to be introduced in all business areas by the end of 2008. The purpose is to create a common approach to the ongoing improvement of business processes and to bring culture, conduct, targets and target follow-up into focus.

Another key initiative in 2007 was the introduction of a joint, group-wide project management model with associated tools. DONG Energy’s growth strategy relies on the implementation of a number of large development projects. It is essential that we have a common, structured approach to the management of these projects.

### Personal development and management skills

Within personal development, we launched DONG Energy Executive Development Programme, EDP, for the Group's top managers in 2007. All 200 managers have set aside three intense weeks for the programme. The first two groups completed the programme in 2007 – the remaining seven groups will complete it in 2008. The aim of EDP was to create common understanding of management as a discipline and to teach managers to "let go of their technical side".

One of the most positive results of the employee survey was the big "pat on the back" that the employees gave their immediate superiors. The employees had a far higher opinion of their immediate superiors than their counterparts in the benchmark companies, and this is an impressive statistic that we aim to maintain. The managers are praised for their technical skills, in particular. In the years ahead, their management and leadership skills must be strengthened. EDP and other management training programmes can help ensure this.

Personal development is not just for top managers. In 2007, 40 young talents from across the organisation participated in the Columbus leadership development programme, where they

tried their hand at subjects such as personal development, strategic management and coaching, while developing their networks across the Group. Furthermore, we have recruited the first group of 20 newly qualified employees in a new Group Graduate Programme, where the participants move from department to department while being coached regularly by a mentor during a two-year programme. In 2008, we will be focusing especially on middle managers and new managers by offering programmes targeting these groups.

### Internationalisation brings new demands

DONG Energy's international growth strategy and a tight labour market accelerate the needs for skills and business development. The strategy for the years ahead is to grow significantly, particularly abroad, and that calls for new skills. Some parts of the company already operate very internationally, but in a few years far more employees will have to be able to deal with new work cultures and communication in several languages. This will be required in an everyday working life in which international customers, business partners and other stakeholders play a prominent role. As a company we need to be able to embrace and utilise great diversity among our employees to be equipped for that situation.

#### CASE – INTERNATIONAL EMPLOYEE

##### INTERNATIONAL EMPLOYEE

More and more employees in DONG Energy come from abroad. Both because of the lack of qualified Danish applicants and because we need employees with in-depth knowledge of foreign markets. Peter Sittel comes from Göttingen in Germany, where he worked for Wingas.



In return, Peter has had to get to grips with the Danish work and business culture. And he is positively surprised.

"The Danish working environment is highly democratic. Everyone can contribute in a discussion, and things are discussed in depth. This naturally takes time, and in Germany the manager would have taken a decision very quickly. And his decision would not have been up for discussion", he says.

Peter also had to get used to the informal tone in DONG Energy.

"In Germany, colleagues normally address each other formally. Young people can then gradually move on to first name terms. But you will usually address your manager formally.

As a new parent, Peter is also happy with the respect for family life, which is much greater at DONG Energy than at his former German workplace.

**FOCUS**

## WOMEN AND MANAGEMENT

As an energy company with many economists, engineers and technicians, DONG Energy’s employees are predominantly men – particularly in management. We would like to change that. Today, more than half of student in higher and further education are women, and it is important for us to ensure that they would like to work for DONG Energy. Moreover, women often have some other skills than men. We need a diversity of skills, because if everyone’s thinking is the same, it means that too little thinking is being done.

In autumn 2007, we focused on women and management. In a questionnaire, the female middle managers expressed their perception of and wishes for the management role in DONG Energy, and eight top managers of both sexes participated in interviews.

### Women undergoing the survey process

The survey showed that 71 pct. of the female middle managers would like to be promoted – and just as many believe that they have great or some opportunities for promotion in DONG Energy. The other main conclusions were that the women:

- are happy with the opportunities for supplementary training
- would like to see a better balance in DONG Energy’s leadership style – with greater importance attached to management skills in tandem with technical skills

- would like to see a better balance between DONG Energy’s values – with greater importance attached to “responsive”, along with “results-oriented” and “responsible”
- would like to acquire management tools for working on work-life balance
- lack female role models in the company

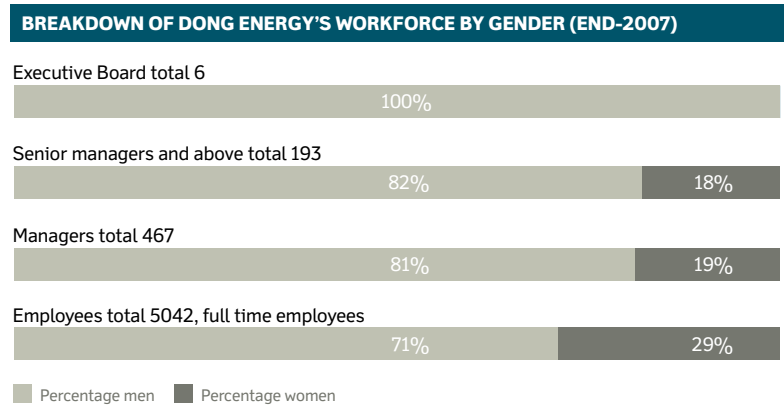
### Workshop with visions

With the survey results fresh in their minds, around 120 persons – the female managers and some of their male colleagues – gave their views on the management of the future in DONG Energy at a workshop. The visions related to the management role, work-life balance and balance between values. The participants also expressed very specific views on what we can do to attract more female managers in future. In the light of the survey and the workshop, an action plan for 2008 has been

prepared that is to address some of the issues raised.

### Action plan 2008 to attract more female managers

- Invite female managers at all levels to participate in network groups across business areas and disciplines. The groups will be supported by HR, and an executive officer will be attached to each group.
- Establish systematisation of talent spotting and career development.
- Evaluate DONG Energy’s recruitment processes by the end of 2008 with a view to assessing whether they pay sufficient attention to the wish for diversity among the employees and attracting female employees
- Develop training programmes targeting middle managers (both male and female) to equip them with adequate tools and promote balance in the Group’s leadership style.



**Figure 13.** The breakdown by gender was calculated at the end of 2007, except in case of business managers. For this group the breakdown was calculated in November 2007.

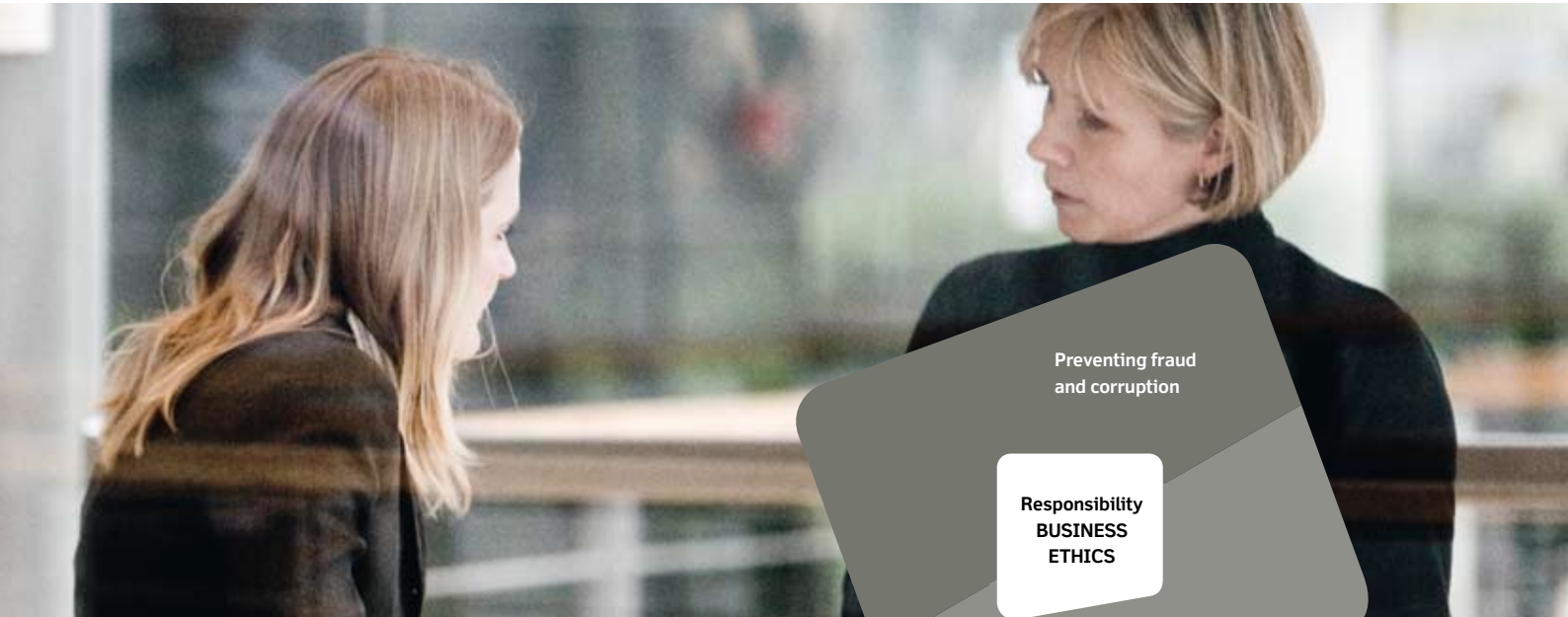


# BUSINESS ETHICS

**VISION: GOOD BUSINESS ETHICS**

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

BUSINESS ETHICS	Targets set in 2007	Deadline for achievement of target
Suppliers	Ethical guidelines for suppliers must be implemented in all tenders and contracts	2008
Suppliers	A screening of the markets in which DONG Energy is active must be carried out on the basis of a risk assessment	2008
Suppliers	Purchaser training to commence	2008
Business conduct	Policy to prevent fraud and corruption must be adopted and communicated to all employees	2008
Business conduct	Relevant employees must be trained in policy to prevent fraud and corruption	2008
	<b>Targets set in 2006</b>	<b>Status</b>
Suppliers	Expectations concerning supplier conduct must be prepared in 2007	Met
Suppliers	Expectations concerning supplier conduct must be incorporated in new contracts and communicated to all suppliers in 2007	Met in part
Suppliers	Purchaser training must commence in 2007	Not met
Business conduct	Corruption risks must be mapped	Met
Business conduct	Business ethics and anti-corruption policy must be prepared	Met in part



## THIS IS WHAT BUSINESS ETHICS MEANS TO US

Corruption, bribery and other inappropriate business practices conflict with DONG Energy's values. Such practices are incompatible with the operation of a healthy business, and damaging to society. Inappropriate business conduct is an impediment to growth and development and benefits the wrong people. DONG Energy consequently dissociates itself from such practices.

DONG Energy is an international company and a growth company. We are expanding in Northern Europe and have suppliers throughout the world. We increasingly trade in new markets, where we may encounter new problems. At the same time, the risk is also present in our existing Northern European markets, albeit to a lesser extent. With growing internationalisation, it is becoming increasingly relevant for DONG Energy to have guidelines for responsible business conduct and actively protecting ourselves against fraud and corruption.

It all starts with our own conduct. But, where possible, we also want to influence our suppliers and other business partners to respect principles of good business conduct and high social and environmental standards.

Our efforts to promote good business ethics consequently predominantly focus on two areas:

- as a company, DONG Energy makes its position on fraud and corruption crystal clear: it is unacceptable. At the same time, we must equip our employees to navigate safely and consistently through grey areas and dilemmas. The cornerstone of our efforts is prevention through increased awareness.
- as a company, we have a joint responsibility for our suppliers' conduct. We are working to promote good business conduct and practices reflecting high environmental and social standards by those we trade with. We can do that by making our expectations clear and by following up on whether our suppliers meet them or are working constructively towards meeting them. We are aware that our possibilities for exerting influence in this area are limited by the fact that, in a number of contexts, we are just a small player in the energy markets. We are therefore seeking to collaborate with other energy companies in this area.

# FOCUS ON BUSINESS ETHICS

The World Bank has estimated that corruption costs up to 5 pct. of the global economy. Other sources place the estimate at 2 to 5 pct. of worldwide corporate revenue. The international NGO, Transparency International, publishes "Transparency International Corruption Perceptions Index" annually. In this publication, the principal countries in which DONG Energy operates are among the least corrupt. However, that does not mean that we are free of risk.

At the end of 2007, we were the subject of unfounded suspicions of fraud and corruption. The allegations cited attempted bribery in connection with our power station project in the German town of Greifswald. The case proved, with regrettable clarity, that suspicion alone can be harmful. DONG Energy's reputation suffered despite the fact that an internal legal investigation proved the allegations to be unfounded. The German prosecution service has commenced its consideration of the matter and has indicated that it considers that this was not a case of attempted bribery. We hope that the case will be closed as soon as possible, so that the names of both the employees in question and DONG Energy can be cleared.

### Formal policy in the pipeline

In 2007, DONG Energy brought prevention of fraud and corruption into focus. We did that to protect our business, our employees and our reputation, and to help promote the positive social trend of an increasing number of players joining in the fight against inappropriate business practices.

We perceive prevention of fraud and corruption as an ongoing process that takes its lead from clear signals from the top. This is illustrated in the figure on the right. In 2007, we focused on the first steps of the process: raising awareness of the risks encountered by DONG Energy and mitigating these risks by creating awareness of them and structuring a common policy to manage them. The policy will be called "Acting responsibly - how we ensure good business conduct", and DONG Energy's Supervisory Board is expected to adopt it in spring 2008. The policy catalogues DONG Energy's approach and provides guidance to facilitate employees' decision-making in specific situations. It also outlines a number of scenarios that illustrate that good business conduct is often a question of addressing dilemmas and navigating in grey areas. Here, it is important to use common sense - and to ask for advice if in doubt. DONG Energy wishes to promote a culture in which all employees feel confident about raising questions and concerns. In such situations, employees often go to their superior. In future, employees will also be able to contact one of the contact persons appointed in each business area. Lastly, everyone - internally as well as externally - can use the whistleblower channel that we set up in 2006. Communications to this channel are passed on anonymously to the Supervisory Board's Audit and Risk Committee. In 2007, one person made use of the whistleblower channel. Based on the information provided, the Audit and Risk Committee decided that there was no basis for taking the case any further.

### FRAUD MANAGEMENT STRATEGY. AN ONGOING PROCESS



### Policy must be second nature

During autumn 2007, we held workshops in all business areas at which a total of almost 100 employees and managers had brainstorming sessions about potential fraud and corruption risks facing DONG Energy. This process raised the participants' awareness of fraud and corruption and led to better understanding of DONG Energy's overall risk profile. The process has thus also contributed to the policy. In 2008, the new policy must become second nature to all employees. The aim is for all relevant employees to be trained in the policy via workshops, special sessions at departmental meetings and/or e-learning. Moreover, an internal communication campaign is to capture the employees' attention, raising awareness in this area.

### Clear expectations of suppliers

In 2007, DONG Energy took significant steps to promote good



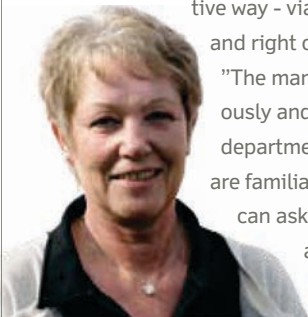
**CASE – BUSINESS ETHICS****GOOD ADVICE FROM THE EMPLOYEE REPRESENTATIVES**

DONG Energy's Corporate Liaison Committee (KSU) has provided input for "Acting responsibly" and for implementation of the policy.

"It is so important to involve KSU in this type of process – after all, it would be best if the employees were to view the policy favourably and use it in a good way", says Jytte Koed Madsen, who is an employee representative and deputy chairman of the committee. "At first, I heard from several colleagues that they felt they were being accused. A policy such as this must not be seen as collective punishment. We need to hold on to the principle that we are a value-based organisation in which we trust one another." "Of course we need guidelines in an organisation of our size," emphasises Jytte. "And in that respect I think the policy has turned out very well." She stresses the importance of the policy reaching all employees in a constructive way - via the liaison committees

and right out into all departments.

"The managers must take this seriously and discuss the policy in their departments, so that all employees are familiar with the guidelines and can ask if there is anything they are in doubt about," she concludes.



business conduct by our suppliers. We have adopted a new code of conduct for suppliers, and in September we started informing our suppliers about it. The code will be implemented in new contracts on an ongoing basis.

The code is based on the principles of the UN Global Compact and describes our expectations of our suppliers in the areas of human rights, labour standards, the environment and anti-corruption. DONG Energy is naturally also committed to meeting these requirements itself. What inspired us to prepare this code was partly that we would like to promote responsible conduct for the benefit of society in general and ourselves as a company, and partly that we would like to prevent a situation in which suppliers' conduct and poor reputation may taint us.

**Code with consequences**

The vast majority of our suppliers are in full compliance with the code. However, that is not something we can take for granted. If suppliers show willingness to improve, it is our view that we can usually contribute most effectively by influencing through collaboration on improvements rather than by parting company. However, we reserve the right to discontinue collaboration with suppliers if they seriously or repeatedly fail to live up to our expectations.

In 2007, we stopped our collaboration with a supplier to Svanemølle Power Station that did not comply with DONG Energy's safety standards. In 2006, we cut off our collaboration with the Columbian coal supplier Drummond, which was accused of the murder of trade union members. Drummond has since been acquitted by a US court, but an appeal has been lodged and it may take years for the case to reach its conclusion. DONG Energy therefore plans a visit in 2008 to monitor and gather knowledge about conditions for Drummond's employees and to evaluate whether we can resume the collaboration.

**Screening of suppliers**

We need to reinforce our own understanding of the widely varying ethical problems faced by our suppliers. In 2008, we will therefore carry out a screening of DONG Energy's suppliers. This will provide our purchasers with clearer guidelines as to signals they should be on their guard against. In 2008, we also plan to carry out monitoring visits on a pilot basis. The aim is to initiate a learning process and enter into dialogue with our suppliers so that, in the longer term, we can develop a monitoring strategy based on our code of conduct.

**Sector collaboration is the way forward**

DONG Energy is a small player in the world's energy markets. We will not always have sufficient sway to be able to influence suppliers. At the same time, codes of ethics may become a heavy administrative burden for the suppliers if each energy company develops its own code. Sector collaboration is therefore the way forward. In 2007, together with a number of other European energy companies, we started exploring the possibilities for knowledge sharing and collaboration in relation to coal purchases. The collaboration is still in its infancy, but DONG Energy is very hopeful that we will be able to agree on common expectations of our suppliers' ethical, environmental and social standards. We will contribute actively to the progress of this project.

# HOW WE WORK

DONG Energy aims to be a results-oriented, responsible and responsive company. This is reflected in our vision and values, and forms the basis for everything we do.

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 markets in everything we do. Responsive means that we are open to new ideas and willing to enter into dialogue about them.

As a responsible company, DONG Energy will comply with the law in all our activities and our general conduct. But in a number of areas we want to go beyond regulatory compliance by making a special effort. Particularly where prudence dictates that we plan and develop our work.

Our work on responsibility is based on the following:

- operating a responsible company is part of our values
- we listen to what our stakeholders expect of us – be it customers, shareholders, suppliers, politicians, employees or NGOs
- we analyse how and where we can and should take a social commitment – for example in the environmental area, where the environmental impact and potential reductions in all parts of the company must be mapped further in 2008.

We are signatories to the UN Global Compact in 2006 and our work is guided by its principles.

## Organisational anchoring

The corporate responsibility work is formally anchored in the Group Responsibility and QHSE department. This department develops the corporate responsibility work across the organisation and helps individual business areas with specific initiatives. The department is responsible for DONG Energy's corporate responsibility report.

The corporate responsibility work is anchored under the Executive Board in a group-wide Committee for Responsibility and Identity. This committee is a management forum with representatives from all business areas and relevant staff functions.

The focus of the committee's work is:

- developing and continuously improving the work on DONG Energy's social responsibility through group-wide policies

## GLOBAL COMPACT'S TEN PRINCIPLES

### Human rights

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

### Labour standards

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

### Environment

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

### Anti-corruption

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

and actions and by coordinating the efforts in staff and business units

- developing DONG Energy's identity and reputation through group-wide communications.

Significant efforts in the corporate responsibility area are also being made locally in DONG Energy. The efforts to minimise environmental incidents, accidents, etc., are anchored in the individual business areas. This is partly due to the fact that, recently, DONG Energy consisted of six independent companies with six independent policies and action areas, and partly to the fact that the challenges in the various business areas differ in some ways. Besides we happen to believe that local commitment is a strength.

## Stakeholder dialogue

As a responsive and responsible business we recognise the importance of discussing and reconciling our expectations with those of relevant stakeholders. We are in dialogue with our surroundings and continuously strive to identify challenges and expectations in the public debate. Both with respect to DONG »

**FOCUS**

# STAKEHOLDER DIALOGUE

In 2007, DONG Energy engaged in dialogues with its surroundings on a whole range of issues, including:

**CUSTOMERS**

- The Danish Consumer Council (power prices in Copenhagen)
- DaneAge Association (power prices in Copenhagen)
- Customer meetings and visits (energy and related products)
- Public meetings (optical fibre network)
- Municipalities (cable-laying)
- Focus groups (satisfaction, loyalty, etc.)
- Novo Nordisk (partnership)

**ENVIRONMENT**

- Kappelgruppen (location of wind turbines)
- Danish Society for Nature Conservation (location of off-shore wind turbines)
- The Danish Council for Sustainable Business Development (experience-sharing relating to environmental action)
- Neighbours (open house at power stations)
- Public meetings (environmental impacts of new power stations and wind farms)

**EMPLOYEES**

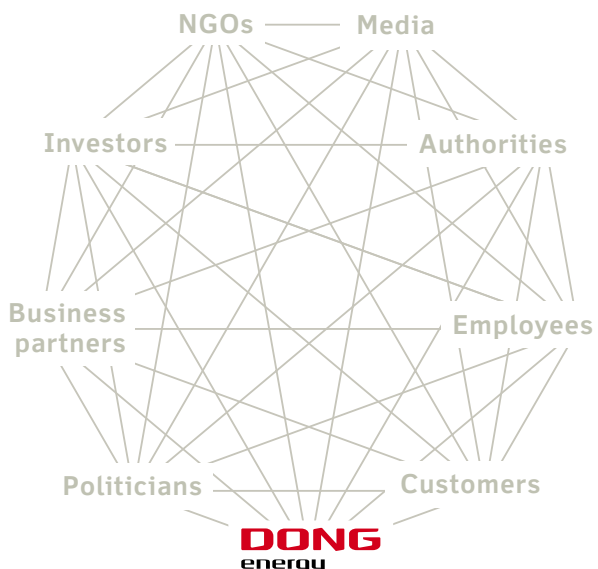
- All employees (employee survey)
- Joint Consultation Committees (corporate responsibility reporting, stress)
- Safety Committees (safety, occupational health and safety)
- Experts (safety, occupational health and safety)
- Students (PhD and thesis collaboration, etc.)
- CBS (corporate partnership)

**GOOD BUSINESS CONDUCT**

- Suppliers (supplier management)
- Amnesty International (human rights, Drummond)
- 3F (supplier management)
- Global Compact signatories (good business conduct)

**CLIMATE**

- WWF (why coal, technology transfer to China, green products)
- Danish Society for Nature Conservation (why coal, green products)
- Greenpeace (Avedøre 2 fuel)
- The Danish Metalworkers' Union (development of renewable energy)
- The Danish Climate Minister (2009, one tonne less, Energy Agreement)
- Experts from RISØ, Technical University of Denmark, Copenhagen University, etc. (new technologies)
- The Danish Consumer Council (green products)



**EXAMPLES OF DONG ENERGY'S MEMBERSHIPS**

- Amnesty Business Forum
- Combat Climate Change
- Copenhagen Climate Council
- Danish Business Climate Panel
- Global Compact
- NVIR II and III
- The Danish Council for Sustainable Business Development
- Confederation of Danish Industries (DI)
- Danish Energy Association
- Euroelectric
- Eurogas
- Danish Petroleum Industry Association
- The Center for European Policy Studies (CEPS)
- World Petroleum Committee

- » Energy as a company, in relation to our industry and in relation to international companies in general.

We enter into dialogue with our stakeholders on specific questions or issues. In 2007, we were in contact with our stakeholders both internally in the company and externally. We want stakeholder dialogue to lead on to specific action and reconciliation of expectations. Some of our most important dialogues in 2007 are catalogued in the diagram opposite.

**Exchange of experience**

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

**Management systems**

The practical work related to corporate responsibility emanates from specific policies and guidelines in DONG Energy. The progress we have made varies from area to area. For example, we have strategies, projects and specific guidelines or requirements within health, safety and environment that can be viewed at [www.dongenergy.com](http://www.dongenergy.com). And we have appointed a Committee

for Quality, Health, Safety, and Environment that is also involved in the work relating to corporate responsibility.

Our environmental and occupational health and safety efforts are based on international standards (OHSAS 18001 for occupational health and safety and ISO 14001 for environment). The certified management systems are plant and function-specific. Certification is carried out at the plants where the customers request it. Most producing plants, including all power stations, currently have environmental and occupational health and safety certification. DONG Energy's plant-specific targets in the environmental area are published in green accounts.

**Responsibility of the management and the Supervisory Board**

The Supervisory Board has the ultimate responsibility for DONG Energy, also when it comes to issues related to social responsibility. The overall targets for the company are set by the Supervisory Board.

The Supervisory Board has twelve members. Eight are elected by DONG Energy's shareholders at the Annual General Meeting. The remaining four are employee representatives elected by the Group's employees. DONG Energy follows the Copenhagen Stock Exchange recommendations and the Nørby Committee's corporate governance recommendations. Further details of the principles are given in DONG Energy's financial annual report.

The Executive Board is responsible for the day-to-day operation of DONG Energy. Ethically sustainable business practice is a matter for all business areas and line managers. Staff functions within quality, health, safety, environment, HR development, etc., support this work. Management is responsible for ensuring that the skills required to ensure results-oriented, responsible and responsive conduct exist at all levels.

The introduction of incentives that ensure that we operate a healthy and responsible business is also a management task. 20 pct. of the targets in all managers' bonus contracts consequently relate to personal leadership, including whether the manager is acting in conformity with DONG Energy's values.

The Supervisory Board continuously monitors our performance in the environmental and occupational health and safety area

through quarterly reporting from all Group segments. The Executive Board receives monthly reports. This ensures that the actions and policies are continuously improved.

**Reporting**

In 2008, we aim to expand the monthly and quarterly reporting to the Executive Board and Supervisory Board on the company's performance on the key parameters within corporate responsibility, environment and occupational health and safety.

Each year, we will prepare a corporate responsibility report that is based on the reporting guidelines prepared by the international Global Reporting Initiative (GRI).

We give priority to writing about those 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 take a position on the major dilemmas associat-

ed with energy supply as well as on energy policy objectives relating to secure energy supply, environmental sustainability and efficient energy markets.

**Controls**

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

In 2007, we chose to have our corporate responsibility report audited in accordance with International Standards on Assurance Engagements (ISAE 3000) to obtain an external assurance on the weaknesses in our data quality.

# APPLICATION OF GRI GUIDELINES

Report Application Level		C	C+	B	B+	A	A+
STANDARD DISCLOSURES	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1-2.10 3.1-3.8,3.10-3.12 4.1-4.4,4.14-4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13,4.16-4.17		Same as requirements for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of : social, economic, and environment		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility		Respond on each core G3 and Sector Supplement indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	
			Report Externally Assured		Report Externally Assured		Report Externally Assured







# ACCOUNTING POLICIES

The performance summary on page 50-51 of the Corporate Responsibility Report aims to cover data from the four segments in DONG Energy: power and heat generation; oil and gas production; power and gas distribution; and trading in power, gas and related products in the wholesale markets and to end customers in Northern Europe.

## Relevance and materiality

Management's reasons for choosing the environmental data that are included in the data section of the Corporate Responsibility Report for 2007 are based on evaluations performed by the segments' business areas in 2007 of their environmental impacts, the subsequently developed environmental strategy 2012 and the underlying Key Performance Indicators (KPIs) identified for one or more business areas.

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

All environmental data and additional employee data can be found at <http://responsibilityreport2007.dongenergy.com>.

## Completeness and data quality

The data section of DONG Energy's Corporate Responsibility Report for the 2007 financial year describes environmental, occupational health and safety and employee data for the business areas and their activities with the delimitations set out in this description of the accounting policies applied for 2007.

In some areas, the internal recording and reporting systems for the 2007 financial year have not been aligned and streamlined to ensure that data in the corporate reporting is correctly reproduced in accordance with the stated methods of recognition and measurement and calculation of data, as – since it's the merger with the five energy companies Elsam, Energi E2, NESAs, KE Holding and Frederiksberg Elnet – DONG Energy has been working on an ongoing basis on improving these processes. Accordingly, the internal systems and procedures to ensure data quality on certain areas are not available in their entirety or are not sufficiently robust to ensure that data recognised in the Corporate Responsibility Reporting for 2007 are not defective.

Taking into account the uncertainties that consequently exist, data recognised in the corporate reporting are based on the data reported by the Group's business areas.

## Financial data

Financial highlights reproduced in the Corporate Responsibility Report come from DONG Energy's financial annual report for 2007 in which the accounting policies are described in detail.

## About environmental data

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

### *The power and heat generation segment*

The reporting of environmental data comprises all operative operating activities in DONG Energy and the Group's subsidiaries as well as enterprises in which DONG Energy has a direct stake, apart from environmental data for renewable energy installations and depots at CHP plants. Environmental data are calculated based on ownership interest in the individual activity. The reporting does not include construction projects and development projects and similar activities that are not part of the ordinary course of business.

### *The oil and gas production segment*

The reporting of environmental data comprises all operative operating activities in DONG Energy and the Group's subsidiaries as well as enterprises in which DONG Energy has a direct stake. Environmental data are calculated based on ownership interest in the individual activity.

In the case of activities where DONG Energy is not the operator, only environmental impacts from the production activities are included and not any impact from administrative support functions. The reporting does not include construction projects, exploration and drilling projects or development projects and similar activities that are not part of the ordinary course of business.

### *The segments distribution of power and gas and sales offices*

Danish distribution activities, sales offices and administrative functions are included in the reporting, except for the activities in Frederiksberg Elnet and sales offices and administrative functions abroad and foreign distribution activities.



### About occupational health and safety

From the companies that are owned or co-owned by DONG Energy and where DONG Energy is directly responsible for safety, occupational injuries and lost time injury frequency rate for both own employees and suppliers that have carried out work in locations where DONG Energy was responsible for safety are included in the reporting. Excluded from this are locations and activities under the segment distribution, and sales offices and administrative functions, where data from suppliers are not included.

### About employees

Employees with a service contract in Danish and foreign enterprises in which DONG Energy's ownership interest is at least 50 pct. are included in the reporting.

### About the production

Production comprises the volume of energy that is delivered by the production assets in which DONG Energy has an ownership interest. Production is recognised in proportion to the legal ownership interest.

### Additions and changes during the year

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

This applied to the following assets in 2007: the LL Torup natural gas storage facility was transferred on 1 May 2007; the wind power facility Energi E2 Renovables Ibericas S.L. was transferred on 9 August 2007; the wind power farms Burbo Banks in the UK and Lake Ostrowo in Poland were commissioned in November and December 2007, respectively.

The CHP plants Hanstholm, Nibe, Nordborg, Ringkjøbing and Skjern were sold on 1 January 2007.

### Changes in performance summary compared with 2006

The environmental data have been corrected as appropriate to reflect any errors recorded in 2006.

Changes to financial data 2006 are described in the financial annual report for 2007.

### General calculation methods

The performance summary uses three overall calculation methods. Measured: Measured data should be understood to mean data based on invoices or on ongoing measurement. Calculated: Calculated data should be understood to mean data based on calculated volumes or data where the annual result is based on limited or isolated random testing. Estimated: Estimated data should be understood to mean data that have been estimated as the two calculation methods referred to in the foregoing could not be applied.

## PRODUCTION

### Power generation, total

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

### Power generation from renewable sources

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

For the hydropower plant Indalselven, the ownership interest has been converted to an annual withdrawal right from the plant, and the reporting is consequently based on the annual withdrawals and not on total production based on ownership interest.

### Heat generation, total

Production is calculated as net generation sold based on settlements from the Panda database.

### Heat generation from renewable sources

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

The Margretholmen geothermal plant is not included, as we do not receive a share of production despite an ownership interest.

### Natural gas production

Oil production is based on meter readings on delivery to shore.

### Oil production

Oil production is based on meter readings on delivery to shore.

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

The consumption at the power stations is measured on input into production or calculated on the basis of fired volume. The percentage of CO<sub>2</sub>-neutral fuels is calculated at corporate level as biomass and waste used for power and heat generation. Emissions from waste are calculated based on Energinet.dk's model, where 80 pct. of waste is considered CO<sub>2</sub>-neutral, while the remaining fraction is considered to be CO<sub>2</sub>-emitting.

## CONSUMPTION

### Power consumption in administration

Based on settlements.

### Heat consumption in administration

Based on settlements.

### Fuel for service vans

#### *Diesel*

Based on reporting from leasing partner. Transportation has been calculated only for service in distribution and company cars leased from Nordania Leasing. The reporting does not include EnergiGruppen Jylland's fleet of cars. DONG Energy cars registered abroad are not included.

#### *Petrol*

Based on reporting from leasing partner. Transportation has been calculated only for service in distribution and company cars leased from Nordania Leasing. The reporting does not include EnergiGruppen Jylland's fleet of cars. DONG Energy cars registered abroad are not included.

## EMISSIONS

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

CO<sub>2</sub> emissions are calculated for installations subject to CO<sub>2</sub> allowances in accordance with the methods laid down in the Danish Act on CO<sub>2</sub> allowances.

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

CO<sub>2</sub> emissions not subject to allowances from other processes, etc., on distribution of power and gas, etc., are calculated using

plant-specific emission factors or standard factors from the Danish Energy Agency, the National Environmental Research Institute, and others. Data are based on the consumption of natural gas and oil products.

On other offshore oil and gas production facilities that are not subject to the Danish Act on CO<sub>2</sub> allowances, sector-specific emission factors from OGP (1995) are used.

The statement does not include emissions from own power and heat consumption is not included.

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

For the power stations, emissions are mainly calculated by continuous measurement. A few power stations use plant-specific emission factors to calculate emissions.

E&P uses sector-specific emission factors from OGP (report 1995) Nitrogen oxide emissions and sulphur oxide emissions from other processes, etc., on distribution of power and gas, etc., are calculated using plant-specific emission factors or standard factors from the Danish Energy Agency, the National Environmental Research Institute, and others. Data is based on the consumption of natural gas and oil products.

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

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

### Oil discharged to sea from production platforms

Based on extracted and reinjected volume incl. measurements of content (oil and water). Oil discharged with produced water is calculated on the basis of three daily random samples that are analysed for oil content, one test every 24 hours based on ballast water.

### Reinjection of produced water on production platforms

Based on pump capacity, pressure and time.

## WASTE

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

Waste is calculated based on invoices received from waste recipients.

### Reuse of waste from energy production (incl. project-related waste)

Waste is calculated based on invoices received from waste recipient or using plant-specific measuring methods. For offshore plants and power stations, the reporting includes drilling projects and projects on existing installations, as waste data from projects form part of the overall waste data at the plants. The data does not include data for offshore installations that are not operated by DONG Energy.

## ENVIRONMENTAL ACCIDENTS AND EXCAVATION DAMAGE

### Significant environmental accidents

Based on corporate procedures for impact analyses in connection with environmental accidents, the effect and materiality of environmental accidents are evaluated.

Environmental accidents are adverse events that have an adverse impact (actual damage to) the environment.

Accidents are only calculated for DONG Energy-operated installations and operating activities. Accidents have not been calculated for EnergiGruppen Jylland or installations not operated by DONG Energy.

### Excavation damage to gas pipelines

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

### Gas leaks due to excavation damage

Any gas leaks are calculated based on pressure and dimension of the affected process plant, and the time it has been open.

## EMPLOYEES

### Number of employees

The number of employees is calculated as the number of full

time employees at the end of the financial year.

Employees should be understood to mean all permanent employees in Danish and foreign enterprises in which DONG Energy's ownership interest is at least 50 pct..

### Employee turnover

Employee turnover is calculated as the number of permanent employees that leave the Group during the financial year, compared with the average number of permanent employees during the financial year. The average number of permanent employees is calculated as an average of the number of permanent employees at the start and the end of the year.

## OCCUPATIONAL HEALTH AND SAFETY

### Occupational health and safety

Includes data for own employees and suppliers working in or providing services in areas in which DONG Energy is directly responsible for safety in its capacity of operator or because of the operating assignment. This includes data from both Danish and foreign plant areas. The data does not include supplier data from Distribution activities or from administration.

### Occupational injuries

An occupational injury is defined as an injury that results in absence of one day or more in addition to the day of the incident. If an employee cannot carry out his or her normal job due to an occupational injury, but is instead given restricted work, the injury is also recognised as a lost time injury.

### Lost time injury frequency

The injury frequency rate is calculated as the lost time injury frequency per one million hours worked. For DONG Energy's employees, an indicator of 1,600 working hours per year per employee is used, regardless of whether the employees work full-time or part-time. For suppliers to DONG Energy, the actual number of hours worked is included.

The lost time injury frequency rate is calculated on a monthly basis. The calculation of annual data is based on the monthly statements.

# ASSURANCE STATEMENT

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

We have assessed DONG Energy's 2007 Corporate Responsibility Report for the purpose of expressing an opinion on the Report's Performance Summary on pages 50-51.

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

The criteria for preparation of the Corporate Responsibility Report Performance Summary are evident from the accounting policies described on pages 44-47. These contain information concerning which of the Group's business areas and activities are included in the reporting types of data and Management's reasons for choosing the environmental and occupational health and safety related data. The data are factored into the Performance Summary in accordance with the accounting policies along with related limitations and risks described on pages 44-47. From these, it is clear that the internal systems and procedures for ensuring data quality as a whole are not present or are not adequately robust to ensure that data included in the 2007 Group reporting are not erroneous. In the Corporate Responsibility Report's section on environmental strategy (page 16), it is moreover evident that one of the big challenges in 2008 is to establish an IT system at Group level equipped to handle all environmental data.

## **Delegation of responsibility**

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

## **Scope of our work**

We have planned and completed our work in accordance with the International Auditing Standard ISAE 3000 (assurance engagements other than audits or review of historical financial information) for the purpose of obtaining limited assurance that the data presented on pages 50-51 have been computed in accordance with the stated criteria for preparation of the Corporate Responsibility Report Performance Summary.

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

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

Based on our review, nothing has come to our attention that causes us to believe that the 2007 data presented in the 2007 Corporate Responsibility Report on pages 50-51 have not been included in accordance with the stated criteria for, and risks related to, preparation of the Corporate Responsibility Report Performance Summary.

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

According to agreement with the Management of DONG Energy, we have assessed the extent to which DONG Energy has applied the Global Reporting Initiative sustainability reporting guidelines (GRI-3) Application Level B+ for the accounting year 2007. We have made our assessment by checking whether reporting from DONG Energy contains the required information regarding Profile Disclosures, Management Approach Disclosures and a minimum of 20 Performance Indicators, including at least one from economic, environment, human rights, labour, society and product responsibility. Our work has primarily comprised a review of the documentation presented, including chosen inquiries and judgemental sample tests of data. The review has been performed in order to determine, whether the documentation complies with the requirements in the GRI-3 reporting framework.


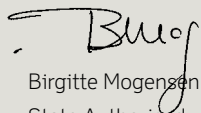
We have also, according to agreement with the Management of DONG Energy, reviewed DONG Energy's own assessment of how reporting information and underlying policies, systems and activities are aligned with and support the principles of the UN Global Compact.

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

Copenhagen, 10 March 2008

**PricewaterhouseCoopers**

Statsautoriseret Revisionsaktieselskab

	
Helle Bank Jørgensen	Birgitte Mogensen
State Authorised	State Authorised
Public Accountant	Public Accountant

# PERFORMANCE SUMMARY

## FINANCIAL DATA

			2007	2006
Revenue	DKK million	Financial Rep.	41,625	36,564
Production costs	DKK million	Financial Rep.	-33,917	-27,099
Staff costs	DKK million	Financial Rep.	-2,821	-1,781
- of which to Supervisory Board and Executive Board	DKK million	Financial Rep.	-35	-22
Research and development costs incurred	DKK million	Financial Rep.	-479	-210
Capitalised development costs	DKK million	Financial Rep.	236	136
Profit for the year	DKK million	Financial Rep.	3,259	5,039
- of which proposed dividends	DKK million	Financial Rep.	1,469	1,967
Government grants	DKK million	Financial Rep.	595	160
- of which recognised in the income statement	DKK million	Financial Rep.	535	72
Income tax paid	DKK million	Financial Rep.	-83	-2,384

## PRODUCTION

Power generation, total	GJ	measured	73,921,056	94,602,590
- of which power generation from renewable sources	GJ	measured	11,605,677	11,382,778
Heat generation, total	GJ	measured	47,257,249	50,508,178
- of which heat generation from renewable sources	GJ	measured	51,829	40,100
Natural gas production	GJ	measured	13,141,742	6,374,821
Oil production	GJ	measured	49,984,414	69,626,255
Percentage of CO <sub>2</sub> -neutral fuels at power stations	%	calculated	14	10

## CONSUMPTION

Power consumption in administration	MWh	measured	11,205	9,003
Heat consumption in administration	GJ	measured/estimated	17,922	19,585

### Fuel for service vehicles

Diesel	m <sup>3</sup>	measured	868	-
Petrol	m <sup>3</sup>	measured	7	-

## EMISSIONS

Carbon dioxide CO <sub>2</sub>	tonnes of CO <sub>2</sub> equiv.	measured/calc.	14,010,997	18,186,464
Total emissions of greenhouse gases	tonnes of CO <sub>2</sub> equiv.	measured/calc.	14,159,558	18,341,407
Nitrogen oxide NO <sub>x</sub>	tonnes	measured/calc.	17,006	25,352
Sulphur dioxide SO <sub>2</sub>	tonnes	measured/calc.	4,199	6,629
Natural gas flaring (offshore and at gas storage facility)	Nm <sup>3</sup>	measured/calc.	9,681,220	8,403,931
Oil discharged to sea from production platforms	m <sup>3</sup>	measured	23	26
Reinjection of produced water on production platforms	%	measured	56	59

<b>WASTE</b>			2007	2006
Reuse of waste in administration (incl. project-related waste)	%	measured	45	20
Reuse of waste from industrial activities (incl. project-related waste)	%	measured	45	48

### **ENVIRONMENTAL ACCIDENTS AND EXCAVATION DAMAGE**

Significant environmental accidents	number	measured	12	-
Excavation damage to gas pipelines	number	measured	118	128
Methane leak as a result of excavation damage	Nm <sup>3</sup>	calculated	63,647	25,797

### **EMPLOYEES**

Employees, full-time equivalents	number		5,042	4,412
- women	%		29	29.7
- men	%		71	70.3
- Denmark	%		97	97
- Other countries	%		3	3
Executives	number		49	45
- women	%		8.2	9.8
- men	%		91.8	90.2
Employee turnover			13.9	-
Average age	years		43.2	43.2

### **OCCUPATIONAL HEALTH AND SAFETY**

Occupational injuries	number		299	306
Total reportable injury frequency	per one million hours worked		28.3	32.1
Lost time injury frequency	per one million hours worked		10.3	10.4
Fatal accidents	number		0	0

# GRI CONTENT INDEX

DONG Energy’s reporting is in accordance with Global Reporting Initiative’s (GRI) sustainability reporting guidelines (GRI3) and GRI’s draft Electric Utility Sector Supplement. The supplement includes 29 indicators (called ‘EU’) particularly formulated for electric utilities. DONG Energy has followed the GRI3 guidelines for reporting on profile, management strategies and indicators. Most of the responses to the indicators can be found at <http://responsibilityreport2007.dongenergy.com>. The following symbols indicate the extent to which the reporting complies with the GRI3 guidelines, including the indicator protocols.

- Fully reported
- Partially reported
- Not reported

	GRI indicator	Reference
<b>Profile</b>		
<b>Strategy and Analysis</b>		
● CEO statement	1.1	page 2-3
● Description of key impacts, risks, and opportunities	1.2	page 2-3 and Financial report page 13, 38-41
<b>Organizational profile</b>		
● Name of the organization	2.1	DONG Energy in brief
● Primary brands, products, and/or services	2.2	DONG Energy in brief
● Operational structure of the organization, incl. main divisions, operating companies, subsidiaries, and joint ventures	2.3	DONG Energy in brief and Financial report page 142-145
● Location of organization’s headquarters	2.4	DONG Energy in brief
● Countries where the organization operates	2.5	DONG Energy in brief
● Nature of ownership and legal form	2.6	DONG Energy in brief
● Markets served	2.7	DONG Energy in brief
● Scale of the reporting organization	2.8	DONG Energy in brief
● Significant changes during the reporting period regarding size, structure or ownership	2.9	DONG Energy in brief and Financial report page 102-107
● Awards received in the reporting period	2.10	page 41
● Total capacity (MW), broken down by energy source and by country or regulatory regime	EU1	on-line report
● Number of residential, industrial and commercial customer accounts	EU2	on-line report
● Length of transmission and distribution lines by voltage	EU3	on-line report
● Allocation of CO <sub>2</sub> emissions permits, broken down by country or regulatory regime	EU4	on-line report
<b>Parameters</b>		
● Reporting period	3.1	page 44
● Date of the most recent report	3.2	page 44
● Reporting cycle	3.3	page 41
● Contact point for questions regarding the report and its content	3.4	cover
● Process for defining report content	3.5	page 41
● Boundary of the report	3.6	page 44-47
● Specific limitations on the scope or boundary of the report	3.7	page 44-47
● Basis for reporting on joint ventures, subsidiaries, leased facilities, outsource operations, etc.	3.8	page 44-47
● Data measurement techniques and the bases of calculations	3.9	page 44-47



	GRI indicator	Reference
● Explanation of the effect of any re-statements of information in earlier reports	3.10	page 45
● Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	3.11	page 44-47
● GRI Content index	3.12	page 52
● Assurance	3.13	page 48-49
<b>Governance, commitments, and Engagement</b>		
● Governance structure of the organization, including committees under the highest governance body	4.1	page 40
● Indicate whether the Chair of the highest governance body is also an executive officer	4.2	page 40 and Financial report , cover
● The number of members of the highest governance body that are independent and/or nonexecutive members	4.3	page 40
● Mechanisms for shareholders and employees to provide recommendations or directions to the highest governance body	4.4	page 40
● Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance (incl. social and environmental performance)	4.5	page 40 and Financial report page 46-48
● Processes in place for the highest governance body to ensure conflicts of interest are avoided	4.6	Financial report page 46-48
● Process for determining the qualifications and expertise of the members of the highest governance body	4.7	Financial report page 46-48
● Internally developed statements of mission, values, etc. and the status of their implementation	4.8	page 38
● Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	4.9	page 40
● Processes for evaluating the highest governance body's own performance	4.10	page 40
● Explanation of whether and how the precautionary approach or principle is addressed	4.11	page 38
● Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	4.12	page 38
● Memberships in associations and or advocacy organizations	4.13	page 40
● List of stakeholder groups engaged by the organization	4.14	page 39
● Basis for identification and selection of stakeholders with whom to engage	4.15	page 38-39
● Approaches to stakeholder engagement, including frequency by type and group	4.16	page 38-40
● Key topics and concerns that have been raised through stakeholder engagement	4.17	page 39
<b>Management Approach</b>		
● Disclosure on Management Approach: Economic Issues		Financial report page 46-48
● Disclosure on Management Approach: Environment		page 12-19 and 40
● Disclosure on Management Approach: Labour Practices and Decent Work		page 26-32 and 40
● Disclosure on Management Approach: Human Rights		page 34-38 and on-line report
● Disclosure on Management Approach: Society		page 34-37, 38
● Disclosure on Management Approach: Product Responsibility		page 20-25 and 38
<b>Economic</b>		
● Planning to ensure short and long-term electricity availability and reliability	EU5	on-line report
● Demand-side management programs including residential, commercial and industrial programs	EU6	on-line report
● Research and development activity aimed at providing reliable and affordable electricity and promoting sustainable development	EU7	page 6-11 and on-line report
● Provisions for decommissioning of nuclear power sites	EU8	on-line report
● Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	EC1	page 50

'On-line report' refers to DONG Energy's online Corporate Responsibility Report at <http://responsibilityreport2007.dongenergy.com> - select 'GRI quick entrance'

	GRI indicator	Reference
▮ Financial implications and other risks and opportunities for the organization's activities due to climate change	EC2	page 6-11 and on-line report
▮ Coverage of the organization's defined benefit plan obligations	EC3	on-line report
● Significant financial assistance received from government	EC4	page 50
▮ Range or ratios of standard entry level wage compared to local minimum standard wage at significant locations of operation	EC5	on-line report
● Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	EC6	on-line report
● Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	EC7	on-line report
○ Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	EC8	on-line report
○ Understanding and describing significant indirect economic impacts, including the extent of impacts.	EC9	on-line report
● Planned capacity (MW) against projected electricity demand over the long term, broken down by energy source and country or regulatory regime	EU9	on-line report
● Estimated capacity (MW) saved through demand-side management programs	EU10	on-line report
● Estimated energy (MWh) saved through demand-side management programs, broken down by residential, commercial and industrial customers	EU11	on-line report
▮ Average generation efficiency by energy source and by country or regulatory regime	EU12	on-line report
● Transmission and distribution efficiency	EU13	on-line report

**Environment**

● Materials used by weight or volume	EN1	on-line report
● Percentage of materials used that are recycled input materials	EN2	on-line report
● Direct energy consumption by primary energy source	EN3	on-line report
● Indirect energy consumption by primary source	EN4	page 50 and on-line report
▮ Energy saved due to conservation and efficiency improvements	EN5	on-line report
● Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	EN6	on-line report
● Initiatives to reduce indirect energy consumption and reductions achieved	EN7	on-line report
○ Total water withdrawal by source	EN8	on-line report
▮ Water sources significantly affected by withdrawal of water.	EN9	on-line report
○ Percentage and total volume of water recycled and reused	EN10	on-line report
▮ Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	EN11	on-line report
○ Biodiversity of replacement habitats compared to the biodiversity of the areas that are being replaced	EU14	on-line report
▮ Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	EN12	on-line report
▮ Habitats protected or restored	EN13	on-line report
○ Strategies, current actions, and future plans for managing impacts on biodiversity	EN14	on-line report
○ Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	EN15	on-line report
● Total direct and indirect greenhouse gas emissions by weight	EN16	page 50 and on-line report
● Other relevant indirect greenhouse gas emissions by weight	EN17	page 50 and on-line report
● Initiatives to reduce greenhouse gas emissions and reductions achieved	EN18	on-line report
○ Emissions of ozone-depleting substances by weight	EN19	on-line report
● NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight	EN20	page 50 and on-line report
▮ Total water discharge by quality and destination	EN21	on-line report
● Total weight of waste by type and disposal method	EN22	on-line report

	GRI indicator	Reference
● Total number and volume of significant spills	EN23	page 51 and on-line report
● Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	EN24	on-line report
○ 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	EN25	on-line report
● Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	EN26	on-line report
● Percentage of products sold and their packaging materials that are reclaimed by category	EN27	on-line report
● Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	EN28	on-line report
▶ Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	EN29	on-line report
○ Total environmental protection expenditures and investments by type	EN30	on-line report

### Labor Practices & Decent Work

● Processes to ensure retention and renewal of skilled workforce	EU15	on-line report
▶ Total workforce by employment type, employment contract, and region	LA1	page 51
○ Total subcontracted workforce	EU16	on-line report
▶ Percentage of contractors and subcontractors that have undergone relevant health and safety training	EU17	on-line report
▶ Total number and rate of employee turnover by age group, gender, and region	LA2	page 51
▶ Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	LA3	on-line report
▶ Percentage of employees covered by collective bargaining agreements	LA4	on-line report
● Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	LA5	on-line report
▶ 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	LA6	on-line report
▶ Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region	LA7	side 51
● Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	LA8	on-line report
▶ Health and safety topics covered in formal agreements with trade unions	LA9	on-line report
▶ Average hours of training per year per employee by employee category	LA10	on-line report
▶ Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	LA11	on-line report
▶ Percentage of employees receiving regular performance and career development reviews	LA12	on-line report
● Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	LA13	page 32 and 51
○ Ratio of basic salary of men to women by employee category	LA14	on-line report

### Human Rights

● Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	HR1	on-line report
● Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	HR2	on-line report
● Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	HR3	on-line report
▶ Total number of incidents of discrimination and actions taken	HR4	on-line report
● Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	HR5	on-line report
● Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	HR6	on-line report
● 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	HR7	on-line report
● Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	HR8	on-line report

'On-line report' refers to DONG Energy's online Corporate Responsibility Report at <http://responsibilityreport2007.dongenergy.com> - select 'GRI quick entrance'

	<b>GRI indicator</b>	<b>Reference</b>
● Total number of incidents of violations involving rights of indigenous people and actions taken	HR9	on-line report
<b>Society</b>		
○ Nature, scope, and effectiveness of any programs and practices that access and manage the impacts of operations on communities, including entering, operating, and exiting	SO1	on-line report
● Participatory decision making processes with stakeholders and outcomes of engagement.	EU18	page 38-40 and on-line report
● Approach to managing the impacts of involuntary displacement.	EU19	on-line report
● Contingency planning measures and disaster/emergency management plan and training programs, and recovery/restoration plans.	EU20	on-line report
● Number of people displaced by new or expansion projects related to generation facilities and transmission lines, broken down by physical and economic displacement.	EU21	on-line report
● Percentage and total number of business units analyzed for risks related to corruption	SO2	on-line report
● Percentage of employees trained in organization's anti-corruption policies and procedures	SO3	page 34-37 and on-line report
● Actions taken in response to incidents of corruption	SO4	page 34-37 and on-line report
● Public policy positions and participation in public policy development and lobbying	SO5	on-line report
● Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	SO6	on-line report
● Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	SO7	on-line report
● Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	SO8	on-line report
<b>Products</b>		
● Programs, including those in partnership with government, to improve or maintain access to electricity services.	EU22	on-line report
○ Practice to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity services.	EU23	on-line report
● Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	PR1	on-line report
● 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	PR2	on-line report
● Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases.	EU24	on-line report
● Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	PR3	on-line report
● Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	PR4	on-line report
● Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	PR5	page 22-23 and on-line report
● Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	PR6	on-line report
● Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	PR7	on-line report
● Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	PR8	on-line report
● Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	PR9	on-line report
● Percentage of population unserved in licensed distribution areas, broken down by population in rural areas and urban areas	EU25	on-line report
● Number of residential disconnections for non-payment, broken down by duration of disconnection.	EU26	on-line report
● Power outage frequency.	EU27	on-line report
● Average power outage duration.	EU28	on-line report
● Average plant availability factor by energy source and by country or regulatory regime	EU29	on-line report

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# OVERVIEW OF TARGETS AND ACTIONS

For DONG Energy, responsibility means running a healthy business that delivers high-quality products and is profitable while at the same time taking responsibility for the climate, the environment, its employees, its customers and its own business conduct. This is illustrated in the figure on the right. In the following chapters, we define what responsibility in each of these areas means to us.

A brief summary of our targets and actions within each of the five areas is set out below. The tables below show both the new targets we have set for our future work and how far we have come with respect to meeting the targets we set for 2007. Our current and future actions will be described in the following chapters.



## TARGETS SET IN 2006

CLIMATE	Target set in 2006	Status
CO <sub>2</sub> reductions 2008-2012	We aim to optimise power station output, buy CO <sub>2</sub> allowances, invest in renewable energy and invest in CO <sub>2</sub> -reducing projects in Eastern Europe and developing countries	Ongoing

ENVIRONMENT	Target set in 2006	Status
Gas	Gas flaring on platforms must not exceed 8.2 Sm <sup>3</sup> in 2007	Met
Accidents	The systematic efforts to prevent environmental accidents and breaches of environmental permits must be developed further	Met

CUSTOMERS	Target set in 2006	Status
Power savings	DONG Energy must help its customers save 144 GWh a year	Met

EMPLOYEES	Targets set in 2006	Status
Safety	Lost time injury frequency must be reduced from 10.4 per one million hours worked to 8.3 in 2007	Not met
Wellbeing	An employee survey must be carried out among all employees	Met

BUSINESS ETHICS	Targets set in 2006	Status
Suppliers	Expectations concerning supplier conduct must be prepared in 2007	Met
Suppliers	Expectations concerning supplier conduct must be incorporated in new contracts and communicated to all suppliers in 2007	Met in part
Suppliers	Purchaser training must commence in 2007	Not met
Business conduct	Corruption risks must be mapped	Met
Business conduct	Business ethics and anti-corruption policy must be prepared	Met in part

## TARGETS SET IN 2007

CLIMATE	Targets set in 2007	Deadline for achievement of target
Power stations	We aim to be among the most efficient in Europe in terms of operating power stations using coal as the primary fuel	At all times
Renewable energy	We aim to triple our renewable energy capacity from 972 MW (i.e. wind, water, sun and waves incl. minority interest in wind and hydropower in Norway) to about 3,000 MW	By 2020
Energy consumption	We aim to reduce DONG Energy's energy consumption from administration and transportation to save one tonne of CO <sub>2</sub> per employee	By 2012
Research and development	We aim to invest DKK 350 million in research and development of sustainable energy	2008
Ji/CDM	We will invest in projects in Eastern Europe and developing countries that bring about a reduction of at least 10 million tonnes of CO <sub>2</sub>	2012

ENVIRONMENT	Targets set in 2007	Deadline for achievement of target
NO <sub>x</sub>	NO <sub>x</sub> emissions per kWh must be reduced by 90 per cent compared with 1990	By 2020
SO <sub>2</sub>	SO <sub>2</sub> emissions per kWh must be reduced by 95 per cent compared with 1990	By 2020
Waste	65 per cent of waste from energy production must be recovered	By 2012
Waste	50 per cent of waste from administration must be recovered	By 2012
Certification	All central power stations must set up plant-specific environmental targets for emissions to air, water consumption, chemicals, etc., in accordance with their ISO 14001 certification. The power stations publish their targets in green accounts	Ongoing
Oil	90 per cent of the production water from oil and gas extraction must be reinjected back into the reservoir	2008
Oil	The oil content of produced water from oil and gas extraction that is discharged to sea must not exceed 22 mg of oil per litre	2008
Chemicals	The use of chemicals with high and medium environmental impact in oil and gas extraction must be reduced. Discharges to sea of chemicals with high environmental impact must cease	2008
Gas	Gas flaring on platforms must be reduced by 10 per cent, i.e. max. 7.4 Sm <sup>3</sup> of natural gas	2008
VOC	The Fredericia oil terminal will reduce hydrocarbon vapours by 90 per cent	2008

CUSTOMERS	Service targets for 2007	Deadline for achievement of target
Security of supply	80 per cent of all customers experiencing a power failure must have the power reinstated within two hours	Met
Security of supply	The percentage of customers experiencing power failure more than once a year must not exceed 20 per cent	Met
Security of supply	If there is a smell of gas, an engineer must arrive on location in less than one hour in 95 per cent of cases	Met
Security of supply	In case of excavation damage an engineer must arrive on location in less than one hour in 95 per cent of cases	Met
Security of supply	In case of excavation damage, all affected customers must have their gas supply reinstated within three hours	Met
Security of supply	85 per cent customer satisfaction in connection with gas engineer call-out	Not met
Customer service	70 per cent of all telephone calls to DONG Energy's customers' service centre must be answered within 60 seconds	Met
Customer service	90 per cent of all e-mails to DONG Energy must be answered within 24 hours	Met
Customer service	90 per cent of all change of address notifications must be processed within five days	Met

EMPLOYEES	Targets set in 2007	Deadline for achievement of target
Safety	Lost time injury frequency must be reduced from 10.3 per one million hours worked to 7.3	2008
Wellbeing	An employee survey must be carried out among all employees	2008
Wellbeing	The employees' perception of work pressure and stress must be brought on a par with benchmark companies	2009
Development	The employees' perception that they are being offered good development opportunities must, as a minimum, be maintained at the 2007 level	2008
Management	The employees' satisfaction with their immediate manager must, as a minimum, be maintained at the 2007 level	2008
Diversity	A plan for more female managers in DONG Energy must be implemented	2008

BUSINESS ETHICS	Targets set in 2007	Deadline for achievement of target
Suppliers	Ethical guidelines for suppliers must be implemented in all tenders and contracts	2008
Suppliers	A screening of the markets in which DONG Energy is active must be carried out on the basis of a risk assessment	2008
Suppliers	Purchaser training to commence	2008
Business conduct	Policy to prevent fraud and corruption must be adopted and communicated to all employees	2008
Business conduct	Relevant employees must be trained in policy to prevent fraud and corruption	2008



## DONG Energy A/S

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Editorial office: DONG Energy, Group Responsibility & QHSE  
and Operate A/S

Contact:  
Villy Dyhr, Director, Group Responsibility & QHSE  
responsibility@dongenergy.dk

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## DONG Energy A/S

Kraftværksvej 53  
Skærbæk  
7000 Fredericia  
Denmark  
Tel. +45 99 55 11 11

[dongenergy@dongenergy.dk](mailto:dongenergy@dongenergy.dk)  
[www.dongenergy.com](http://www.dongenergy.com)

Reg. no. 36 21 37 28

**DONG**  
energy