



# DONG Energy in society
















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Sustainability report 2015

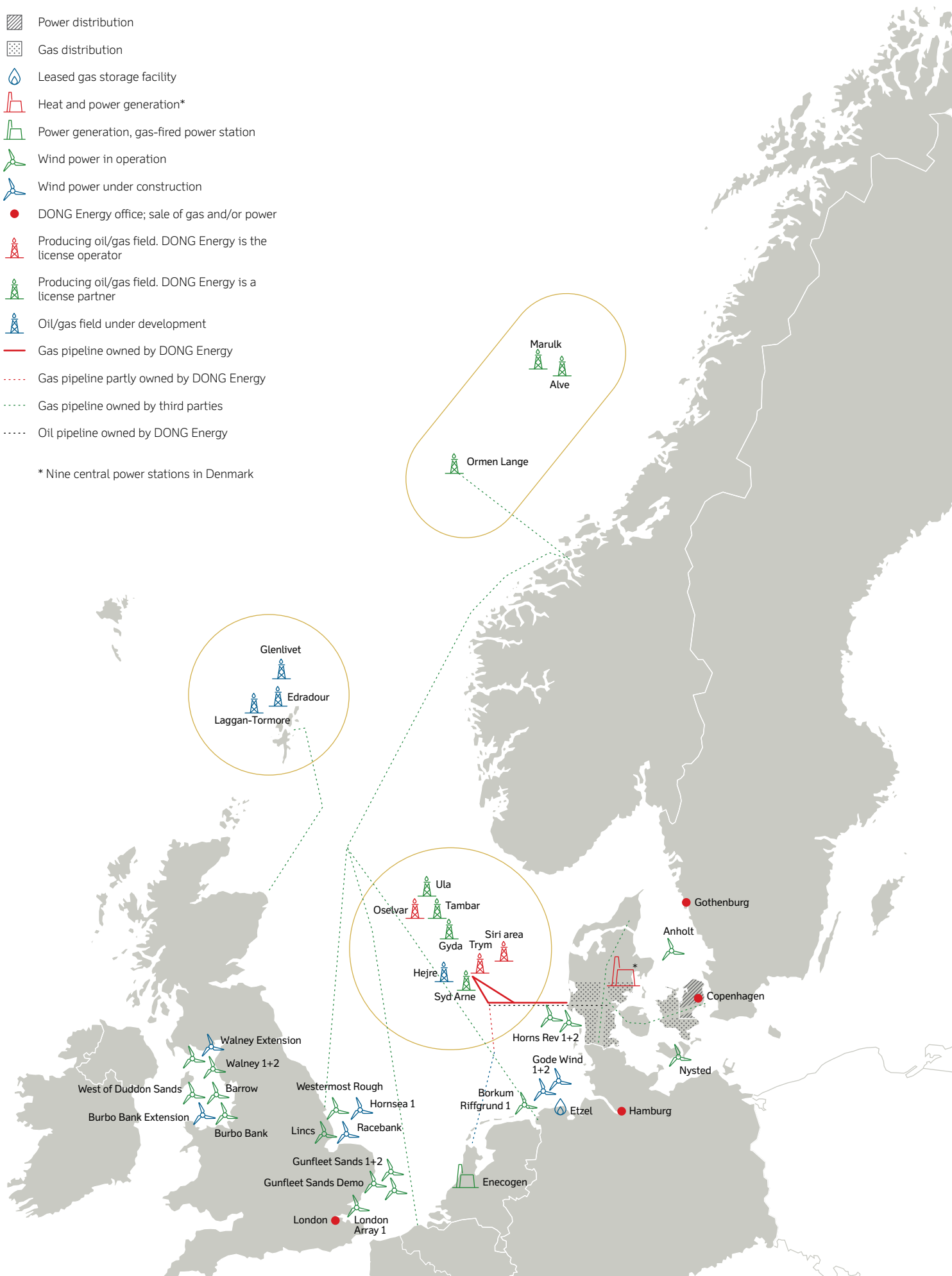
2015: **55%**

2006: **15%**

Today, 55% of our heat and power generation is green. In 2006, it was 15%.

-  Power distribution
-  Gas distribution
-  Leased gas storage facility
-  Heat and power generation\*
-  Power generation, gas-fired power station
-  Wind power in operation
-  Wind power under construction
-  DONG Energy office; sale of gas and/or power
-  Producing oil/gas field. DONG Energy is the license operator
-  Producing oil/gas field. DONG Energy is a license partner
-  Oil/gas field under development
-  Gas pipeline owned by DONG Energy
-  Gas pipeline partly owned by DONG Energy
-  Gas pipeline owned by third parties
-  Oil pipeline owned by DONG Energy

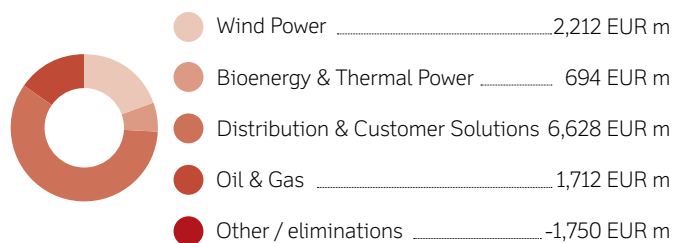
\* Nine central power stations in Denmark



DONG Energy is one of the leading energy groups in Northern Europe, headquartered in Denmark. Around 6,700 ambitious employees are engaged in developing, constructing and operating offshore wind farms; generating power and heat from our power stations; providing energy to residential and business customers on a daily basis; and producing oil and gas.

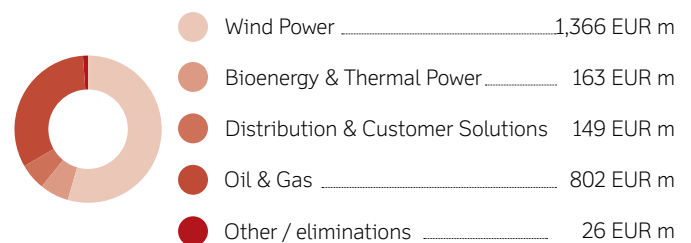
**Revenue**

**9.5** EUR bn



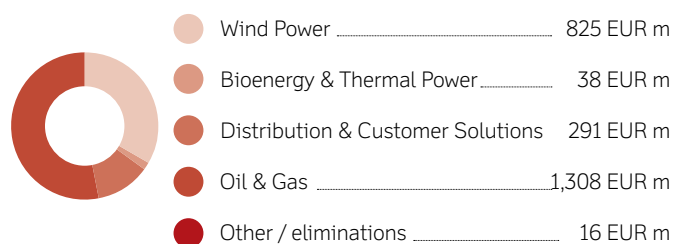
**Gross investments**

**2.5** EUR bn



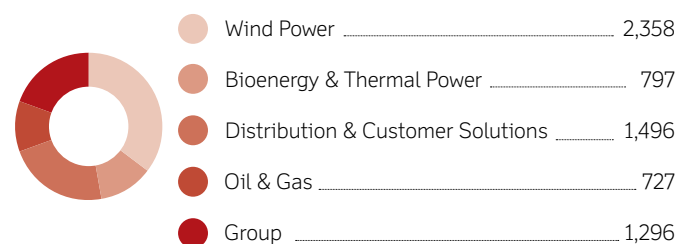
**Operating profit (EBITDA)**

**2.5** EUR bn



**Employees**

**6,700**



This report ensures DONG Energy's compliance with the Danish Financial Statements Act's section 99a which requires us to report on the company's policies, strategies, activities and results related to corporate social responsibility.



COMMUNICATION ON PROGRESS

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

We welcome feedback on its contents.



## Green energy must be cheaper than black energy

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**We want to contribute to creating a world with 100% independent, green energy. A world where people have a good and healthy life, and opportunities to develop without having to worry about their energy consumption damaging the planet. In order to get there, green energy needs to be cheaper than black energy, so that the sustainable solution is the natural and rational choice.**

### **Offshore wind needs a lower cost**

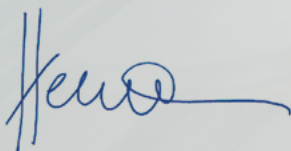
Today, power generated by onshore wind turbines is cheaper than power generated by coal-fired and gas-fired power stations. Our objective is that offshore wind should follow the same development. Within the next decade, we aim to make green energy from offshore wind cheaper than fossil fuel alternatives, when taking into account the cost of climate-damaging effects of CO<sub>2</sub> emissions. We are therefore encouraged that COP21 resulted in a politically binding agreement, setting a common, global direction for continued green transformation and reduction of CO<sub>2</sub> emissions.

### **Our strategic direction**

Our mission is to develop and enable energy systems that are green, independent and economically viable by deploying offshore wind, converting our power stations to sustainable biomass, and helping our customers obtain higher energy efficiency. We have strong competences within these areas, and we use them to create value and help make society greener. While we transition to green energy, we continue to produce oil and gas to supply society with the energy it needs. This also decreases Europe's dependence on fossil fuel imports.

We go to work every day to contribute to preserving a habitable planet with a well-functioning ecosystem for the benefit of future generations. The human and financial costs of CO<sub>2</sub> emissions are already serious. Action, innovation and scalable solutions are necessary. We would like to contribute to this.





In this report, you can read about how we work with sustainability. Our work is based on and seeks to advance the principles of the UN Global Compact on respecting human rights, labour rights, the environment and anti-corruption.



**Henrik Poulsen**  
CEO, DONG Energy








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# Our approach to sustainability

As a company, we are dependent on a variety of resources that are valuable to society, and that we rely on to run a business that creates long-term value. For this reason, we find it important to contribute to preserving and developing these resources.

To this end, we have integrated a number of sustainability programmes in our business, organised under four priority areas: ‘Reliable energy’, ‘Climate and environmental impact’, ‘People matter’ and ‘Sustainable communities’. In this chapter, we describe how we work with sustainability.

Our approach to sustainability is divided into five phases, which we will expand on in the following section.

1 Foundation	2 Dialogue	3 Strategy	4 Performance	5 Reporting and communication
<p>The DONG Energy Way, the UN Global Compact and our responsibility policy constitute our values:</p> <p>The DONG Energy Way:</p> <ul style="list-style-type: none"> <li>• Integrity</li> <li>• Passion</li> <li>• Team</li> <li>• Results</li> <li>• Safety</li> </ul> <p>The UN Global Compact</p> <p>Responsibility policy</p>  <p>Business model</p>	<p>We have ongoing and systematic dialogues with our stakeholders, including:</p> <ul style="list-style-type: none"> <li>• Authorities</li> <li>• Customers</li> <li>• Employees</li> <li>• Experts</li> <li>• Industry associations</li> <li>• Investors</li> <li>• Local communities</li> <li>• Media</li> <li>• NGOs</li> <li>• Politicians</li> <li>• Suppliers</li> <li>• Think tanks</li> </ul>	<p>Focus on the topics that are of great importance to our stakeholders and to DONG Energy.</p> <p>The four priority areas:</p>  <p>Reliable energy</p> <p>People matter</p> <p>Sustainable communities</p> <p>Climate and environmental impact</p>	<p>Focus on ambitious targets and performance ensures progress.</p> <p>Programmes</p>  <p>Governance</p> <p>Targets</p> <p>Performance</p>	<p>Communication of targets, results, activities, challenges and future plans through channels such as:</p> <ul style="list-style-type: none"> <li>• Annual report</li> <li>• Quarterly reports</li> <li>• Sustainability report</li> <li>• Meetings with stakeholders</li> <li>• Media</li> <li>• Web</li> <li>• Intranet</li> <li>• Social media</li> </ul>
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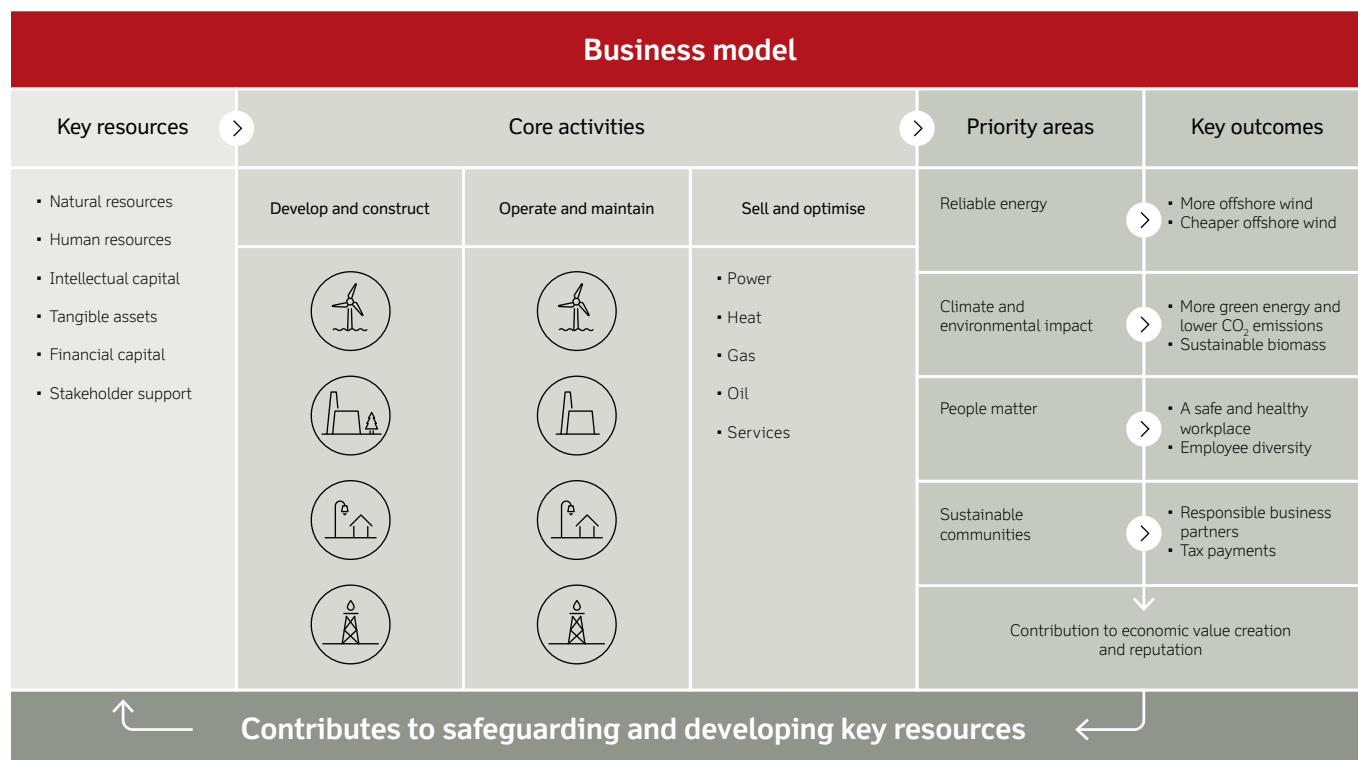
# 1. Our foundation

'The DONG Energy Way' is our value base, describing our mission, vision and guiding principles. Our mission is to develop and enable energy systems that are green, independent and economically viable. Our vision is to lead the energy transformation. The way we work is based on five guiding principles: Integrity, passion, team, results and safety.

To us, integrity means having high ethical standards and operating our business sustainably. Since 2006, we have therefore been part of the UN Global Compact, supporting its ten principles on human rights, labour rights, environment and anti-corruption. We have

integrated these principles into our responsibility policy, which is anchored in the Board of Directors.

In line with us being a signatory to the UN Global Compact, we also see ourselves as having a responsibility to contribute to preserve and develop those resources that are valuable to society and important to our long-term value creation. These resources are natural resources, human resources, intellectual capital, tangible assets, financial capital and stakeholder support. To sustain these resources, we have integrated a number of sustainability programmes in our business. The programmes are organised under four priority areas, which make up our sustainability strategy.



# 2. Dialogue gives us insight

Dialogue with stakeholders is key to understanding the need to adapt and renew the sustainability strategy. Through our stakeholders, we gain better insight into how our activities impact the societies that we are a part of. The opinions and expectations of our stakeholders also play a key role in the development of the framework conditions for energy generation, supply and trading.

In our day-to-day work, we gain a better understanding of our stakeholders' expectations through one-on-one meetings, social media, roundtable discussions, public events and our own research. Some of the many questions that we engage in with our stakeholders are:

- Employees: How do we ensure that DONG Energy continues to be an attractive place to work?
- Customers: Are our customers satisfied with the products and services we provide?
- Politicians: How can our activities best support the green transformation?
- Authorities: How do legislation and regulation support suitable development of the energy industry?
- Industry associations: How can the energy industry transition to green energy production most efficiently?
- NGOs: How do we ensure that the biomass we use at power stations is sustainable?
- Trade unions: How do we ensure that the work at our Danish construction sites is carried out under Danish salary and working conditions?

### 3. From risks and opportunities to strategy

We use the insights we gain from our stakeholders to carry out a semi-annual assessment of the most important sustainability risks and opportunities that we are facing. We call them sustainability issues. An issue is of significant importance to both our stakeholders and to us.

We use the sustainability issues in our business strategy planning, as the issues provide a useful outlook for how the framework for operating an energy company like DONG Energy will develop over time. We identify the issues by following up on the topics continuously discussed with our stakeholders in our main footprint countries. We determine the importance of each issue by assessing it on a scale from 1 to 10 on two axes:

**'Importance to stakeholders' (y-axis)** reflects the degree to which the issue is critical to our stakeholders.

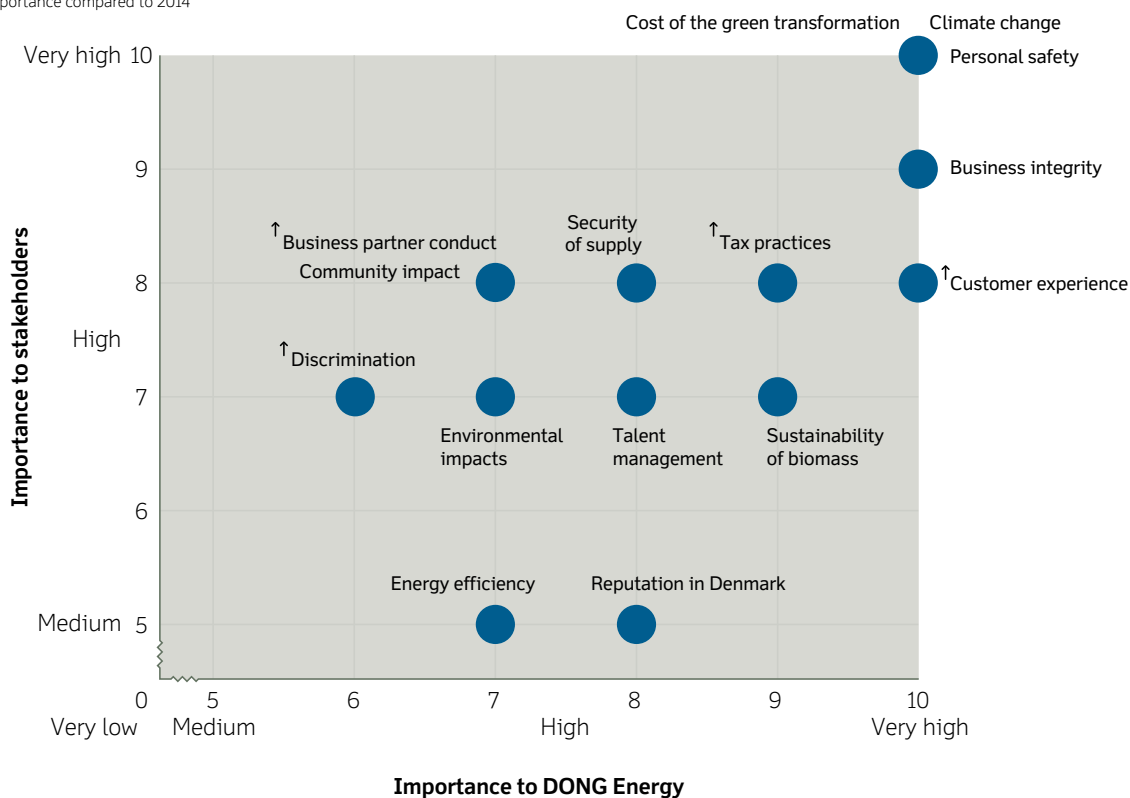
**'Importance to DONG Energy' (x-axis)** reflects the degree to which the issue is critical in realising our strategy.

Thus, the score indicates the level of our stakeholders' interest in a specific issue and to which degree an issue can affect our strategy and activities, positively or negatively. If the score is more than 5 on both axes, the issue is important enough for us to address it through a sustainability programme. A programme may, for example, contribute to expanding a market, strengthening the robustness of the business or reducing costs. Issues are reported to the Sustainability Committee, the Audit and Risk Committee and the Board of Directors.

An issue may often begin as a risk, but develop into an opportunity. For example, we viewed the focus on climate change and CO<sub>2</sub> emissions as a risk when DONG Energy was established as the result of a merger of six energy companies in 2006. Today, the transition to green energy and reduction of CO<sub>2</sub> emissions is one of the most important drivers of our business model.

**Sustainability issues 2015**

↑ Increase in importance compared to 2014





## Development of issues in 2015

In 2015, for the third year in a row, we assessed the most important sustainability issues. This is the first time we have published the results of that assessment. By doing so, we hope to make it clear why our sustainability report contains these particular programmes.

### The most significant conclusions are:

- ‘Climate change’, ‘Cost of the green transformation’ and ‘Personal safety’ are still very important issues.
- As competition in the power market has intensified, ‘Customer experience’ has become an even greater priority for us.
- The discussion about corporate ‘Tax practices’ has intensified.
- There is an ever-increasing focus on companies’ responsibility for ‘Business partner conduct’.
- ‘Discrimination’ at work is becoming an increasingly important issue.

In 2015, we also carried out our first systematic screening of human rights in DONG Energy. Since our existing programme ‘Responsible business partners’ promotes human rights in our supply chain, we focused on human rights in our own organisation and among suppliers at our sites. This gave us a better insight into possible human rights risks, viewed in the light of our business operations. In 2016, we will analyse whether we have specific challenges within the identified areas and assess whether this should prompt us to launch new initiatives.

From the overview of sustainability issues, we assess whether we need to add or discontinue programmes in the sustainability strategy. Therefore, in 2015, we went from five to four priority areas to better reflect the new programme composition.

## Our four priority areas



**‘Reliable energy’.** Maintaining and developing the energy system is the foundation for our business and helps to provide our customers with reliable energy.



**‘Climate and environmental impact’.** When we work to reduce our environmental impact and convert to green energy, we help to protect the environment and avoid serious climate change.



**‘People matter’.** By advancing the safety, motivation and development of our employees, we are better able to attract and retain talented people.



**‘Sustainable communities’.** When we seek to contribute positively to the communities we are a part of, we help generate the necessary support from our stakeholders.

Together, these four priority areas make up our sustainability strategy that we review on an ongoing basis.

## Changes to programmes in 2015

This year we have 20 programmes, all of which are linked to a sustainability issue and organised under the four priority areas. Compared with our sustainability report 2014, the most important change is the addition of four new programmes.

### New programmes

- Employee diversity – to increase focus on the importance of diversity in the bid to attract and retain talented employees.
- Employee health – because energy and well-being are vital for employee satisfaction and motivation.
- Reputation in Denmark – to highlight the importance of lifting our reputation.
- Waste management – to increase focus on reducing and recycling limited resources.

The next pages show an overview of each sustainability issue with corresponding programmes, key stakeholders, as well as the importance of the issue to stakeholders and to DONG Energy, respectively.




# Sustainability issues and programmes

The overview shows the most important sustainability issues and the programmes launched to address the issues. The issues are ranked according to the level of our stakeholders' interest in a specific issue and to which degree an issue can affect our strategy and activities, positively or negatively.

ISSUE	PROGRAMME	KEY STAKEHOLDERS	IMPORTANCE TO STAKEHOLDERS	IMPORTANCE TO DONG ENERGY
<b>1. Cost of the green transformation</b>	<ul style="list-style-type: none"> <li>Reducing the cost of offshore wind</li> </ul> 	<ul style="list-style-type: none"> <li>Politicians</li> <li>Industry associations</li> <li>Customers</li> </ul>	Focus on the need to reduce the price of green energy to avoid excessive costs when creating a greener energy system.	The cost of offshore wind must be reduced if the offshore wind market is to continue its growth.
<b>2. Climate change</b>	<ul style="list-style-type: none"> <li>Green transformation</li> </ul> 	<ul style="list-style-type: none"> <li>NGOs</li> <li>Politicians</li> <li>Investors</li> </ul>	Increasing focus on climate change, most recently around COP21. Scepticism of fossil fuels and expectation that companies reduce their CO <sub>2</sub> emissions.	Significant reduction of our CO <sub>2</sub> emissions gives us a strong position in the market for green energy technologies. This attracts competences and capital to our business.
<b>3. Personal safety</b>	<ul style="list-style-type: none"> <li>Workplace safety</li> </ul> 	<ul style="list-style-type: none"> <li>Employees</li> <li>Trade unions</li> <li>NGOs</li> <li>Investors</li> </ul>	Accidents at the workplace are always unacceptable.	We never compromise on safety standards because a safe workplace is paramount.
<b>4. Business integrity</b>	<ul style="list-style-type: none"> <li>Good business conduct</li> </ul> 	<ul style="list-style-type: none"> <li>Customers</li> <li>Citizens</li> <li>Investors</li> </ul>	Expectation that companies have high ethical standards.	High integrity is fundamental to us and ensures quality and value for the business.
<b>5. Customer experience</b>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> </ul> 	<ul style="list-style-type: none"> <li>Private and business customers in Denmark</li> <li>Consumer organisations</li> </ul>	Customers expect to receive good service when they are in contact with a company.	No business can exist without satisfied customers. Positive customer experiences strengthen and maintain our position in the market.
<b>6. Tax practices</b>	<ul style="list-style-type: none"> <li>Responsible tax management</li> </ul> 	<ul style="list-style-type: none"> <li>Citizens</li> <li>NGOs</li> <li>Authorities</li> </ul>	Expectation that we apply responsible tax practices and handle any tax-related grey areas in a responsible way.	A responsible approach to tax is essential to the long-term sustainability of our business.
<b>7. Sustainability of biomass</b>	<ul style="list-style-type: none"> <li>Sourcing of sustainable biomass</li> </ul> 	<ul style="list-style-type: none"> <li>NGOs</li> <li>Industry associations</li> <li>Authorities</li> </ul>	Focus on how to ensure that the biomass we use is sustainable and CO <sub>2</sub> -neutral.	When we use sustainable biomass, we help develop a new market for green energy and strengthen the supply chain for wood pellets and wood chips.
<b>8. Security of supply</b>	<ul style="list-style-type: none"> <li>Modernising the grid</li> <li>Deployment of offshore wind</li> <li>Greener power stations</li> </ul> 	<ul style="list-style-type: none"> <li>Customers</li> <li>Politicians</li> <li>Industry associations</li> </ul>	Expectation that there will always be power in the outlet, heating in the radiator and petrol for the car.	Providing a secure energy supply is fundamental to our strategic transition towards green, independent and cost-effective energy.



ISSUE	PROGRAMME	KEY STAKEHOLDERS	IMPORTANCE TO STAKEHOLDERS	IMPORTANCE TO DONG ENERGY
<b>9. Community impact</b>	<ul style="list-style-type: none"> <li>Local engagement</li> </ul> 	<ul style="list-style-type: none"> <li>Civic associations</li> <li>Local politicians</li> </ul>	Expectation that our investments contribute to local development, growth and employment, and that we minimise any nuisances from our local activities.	When we engage locally, it helps build strong local supply chains and support.
<b>10. Business partner conduct</b>	<ul style="list-style-type: none"> <li>Responsible business partners</li> </ul> 	<ul style="list-style-type: none"> <li>NGOs</li> <li>Citizens</li> <li>Trade unions</li> </ul>	Focus on the business partners, including suppliers, respecting laws, regulations and guidelines for human and labour rights, the environment and anti-corruption.	Engaging with business partners improves our relationships and gives us a more reliable supply chain with less risk of unforeseen and costly delays.
<b>11. Talent management</b>	<ul style="list-style-type: none"> <li>Performance and development</li> <li>Employee satisfaction and motivation</li> <li>Employee health</li> </ul> 	<ul style="list-style-type: none"> <li>Current and potential employees</li> <li>Investors</li> </ul>	Talented employees will go elsewhere if they are not sufficiently satisfied and motivated.	We need to be able to attract and retain the best people to ensure that we have the competences it takes to be at the forefront of an ever evolving market.
<b>12. Environmental impacts</b>	<ul style="list-style-type: none"> <li>Oil and gas impacts</li> <li>Waste recycling</li> </ul> 	<ul style="list-style-type: none"> <li>NGOs</li> <li>Politicians</li> <li>Authorities</li> <li>Citizens</li> </ul>	Expectation that we will avoid negative environmental impacts and minimise them where impacts cannot be avoided.	Our business depends on natural resources, and it is important to us to look after them.
<b>13. Discrimination</b>	<ul style="list-style-type: none"> <li>Employee diversity</li> </ul> 	<ul style="list-style-type: none"> <li>Employees</li> <li>Politicians</li> </ul>	Expectation that the workforce of a company reflects society's population fit for work.	Diversity increases our ability to be innovative and makes our company a more attractive place to work.
<b>14. Reputation in Denmark</b>	<ul style="list-style-type: none"> <li>Better reputation</li> </ul> 	<ul style="list-style-type: none"> <li>The Danish population</li> <li>Investors</li> </ul>	Expectation that companies act responsibly.	It is important to us to have our stakeholders see us as a positive corporate citizen in the society that we are a part of.
<b>15. Energy efficiency</b>	<ul style="list-style-type: none"> <li>Energy savings</li> </ul> 	<ul style="list-style-type: none"> <li>Politicians</li> <li>NGOs</li> <li>Customers</li> <li>Authorities</li> </ul>	Expectation that we as an energy company is energy efficient and help our customers save energy.	Strengthens our customer relations and supports our strategic focus on reducing CO <sub>2</sub> emissions.

## 4. How we ensure progress

Each sustainability programme describes our approach to a sustainability issue and contains specific actions and indicators. In order to ensure progress, we set a target for each individual programme to the extent possible.

DONG Energy’s Sustainability Committee reviews the progress of each sustainability programme on a quarterly basis. The Sustainability Committee also prepares the sustainability strategy and is responsible for non-financial data and reporting. The Committee was established in 2015 to strengthen management processes with regard to our work on sustainability. At the same time, we implemented significant optimisation and quality assurance of the way in which we collect non-financial data and follow up on the results. We have done so for example by mapping our data collection processes and establishing control mechanisms where errors may occur.

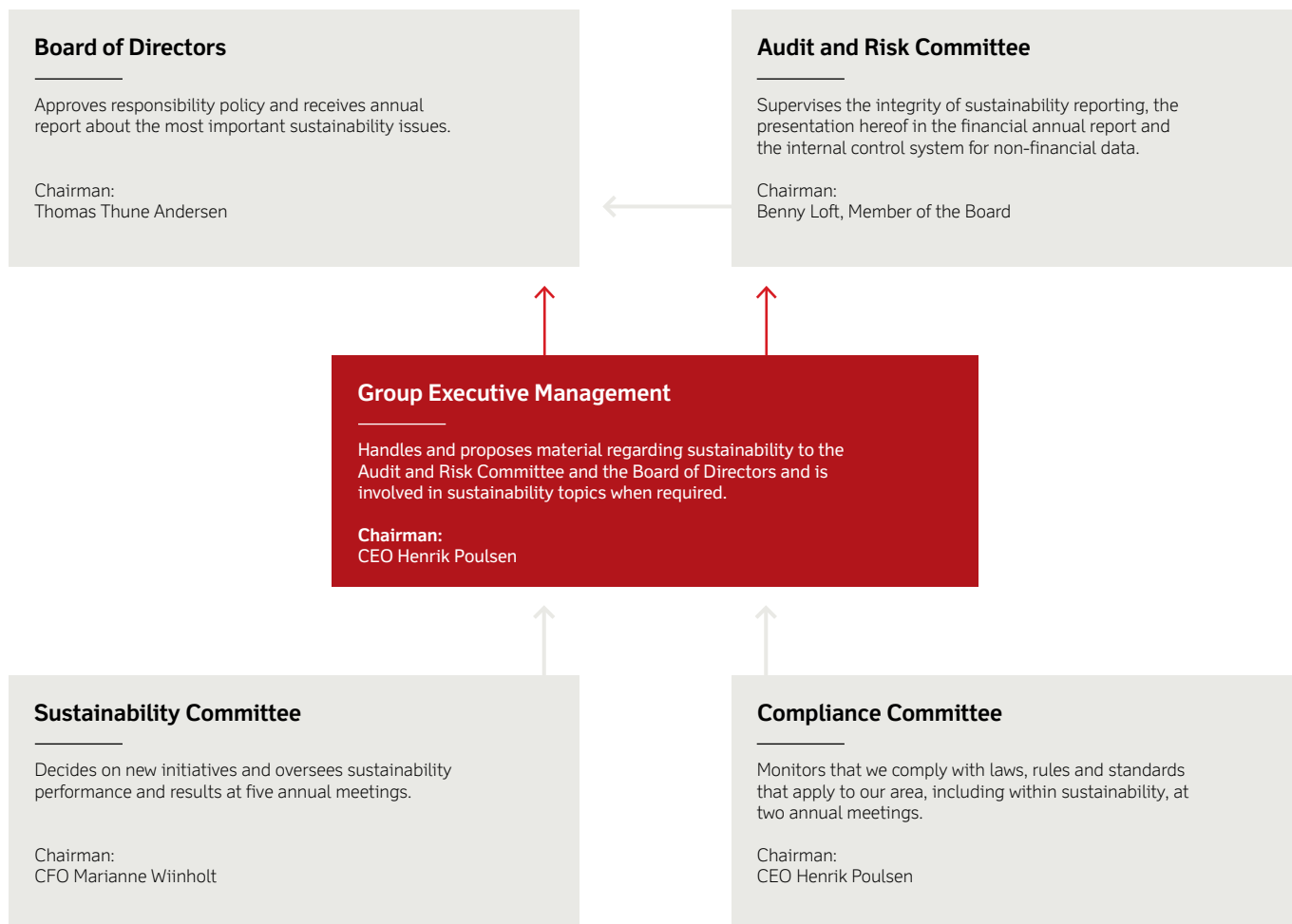
### Our policies

Some of the programmes are supported by policies that underpin our work. We formulate and publish policies in areas where it is necessary. In some cases, a policy is required by law. In other cases, a policy is necessary for business partners to understand how we work and what we expect. Finally, a policy can ensure a common approach to certain topics across DONG Energy.

### Policies and guidelines

- Code of conduct for business partners
- Local community engagement policy
- Policy on good business conduct
- QHSE policy
- Responsibility policy
- Stakeholder engagement policy
- Tax policy

### Sustainability governance





## 5. Discover our sustainability work

You can find information on our sustainability work through various sources. In this report, you can read about how we work with sustainability and view the performance within all our sustainability programmes. We expand on the programmes and present cases on topics where we have experienced significant internal or external interest during the year.

In our [financial annual report](#), we present how DONG Energy creates value and ensures a sustainable business through our business model and the sustainability programmes that are part of the 2020 strategy.

The data for our performance management and reporting has been gathered in the document: '[Sustainability Performance 2015](#)'. The document includes more than 170 sustainability indicators with five years of historical data for each indicator. In addition, we have signed up for the Carbon Disclosure Project, and going forward we will annually report our environmental and climate data to this database.

During the year, we communicate about sustainability in DONG Energy through various channels, such as social media, [dongenergy.com](#) and events. For example, on Twitter we tell about our efforts to develop green energy, and at [dongenergy.com](#) you can download all our reports and follow our sustainability work.



# Reliable energy

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## How do we continuously renew the energy supply?

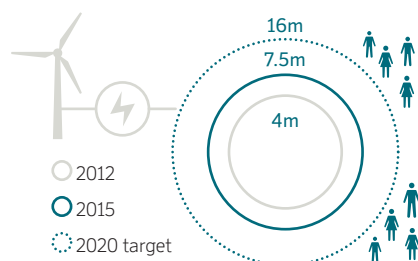
Many power stations in Europe are ageing and will reach the end of their lifetimes within the next two decades. Europe must therefore focus its efforts on renewing its energy supply. As we in DONG Energy construct offshore wind farms and convert our power stations from coal and gas to sustainable biomass, we contribute to society's transition from black to green energy while we maintain a high security of supply for our customers.

While society transitions from black to green energy, oil and gas keep the wheels turning and contribute to financing the green transformation.

## Deployment of offshore wind

We help Europe transition to a greener society by constructing offshore wind farms. In this way, we can supply more and more Europeans with clean and reliable power.

### Installed offshore wind capacity



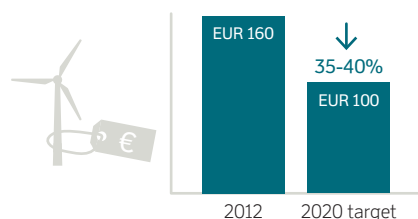
By 2020, our target is to have installed 6.5GW offshore wind. That is enough green power for 16 million Europeans.

Today, we have constructed 3GW offshore wind. That corresponds to the annual power consumption of 7.5 million Europeans.

## Reducing the cost of offshore wind

We will reduce the cost of offshore wind to make the technology competitive with fossil energy sources. We have a standard model for offshore wind farms, which also ensures that we have access to competitive suppliers of quality products.

### A lower cost

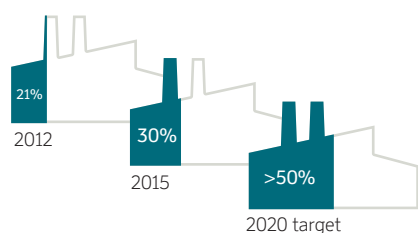


Compared with 2012, we will reduce costs by 35-40% for offshore wind farm projects subject to final investment decisions in 2020.

## Greener power stations

We convert our power stations to sustainable biomass instead of coal and gas so that we can provide even more customers with green power and heating. Biomass is a cost-effective way to reduce CO<sub>2</sub> emissions and can supplement power generation from offshore wind when the wind is low.

### Green power and heating

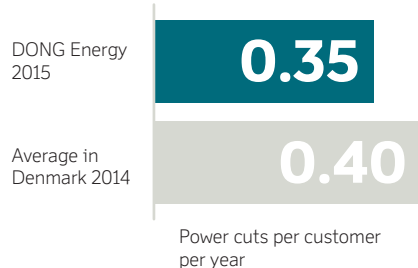


We are increasing the share of sustainable biomass at our power stations. By 2020, our target is that at least 50% of the power and heat generated at our power stations should be from sustainable biomass.

## Modernising the grid

In order to minimise power cuts and ensure a reliable supply of energy, we monitor and maintain 20,000 kilometres of power cables in Denmark.

### Fewer power cuts



Our target is to make sure that our customers do not experience more power cuts than the average Danish power customer.

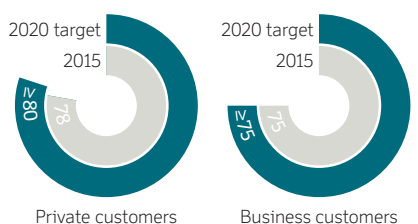
In 2015, we had 0.35 power cuts per power customer. In comparison, the latest available data on power cuts in Denmark indicate an average of 0.40 power cuts per customer in 2014.

## Customer satisfaction

Satisfied customers are loyal customers. We help our customers to reduce their energy bill and we make the bill itself easier to understand as this is important to customer satisfaction.

### Happy customers

Satisfaction scale 1 to 100



We want our Danish customers to experience DONG Energy positively when they are in contact with us.

In 2015, we maintained our 2020 target level for business customers. We set a new target for private customers in 2015 due to a changed calculation method (see note 9.2 in the annual report). We are two points from this target.

# Offshore wind is a cornerstone of the green transformation

Offshore wind is a clean and scalable energy technology that contributes to a reliable supply and can replace energy production from coal-fired power stations. We believe that offshore wind is one of the cornerstones on Europe's path to renewable energy.

Our target is to have installed 6.5GW of offshore wind by 2020. This will be enough to provide more than 16 million Europeans with green power. We are already well on the way to achieving this target. At the end of 2015, we had constructed 3GW – enough for 7.5 million Europeans. More specifically, we have installed 991 offshore wind turbines.

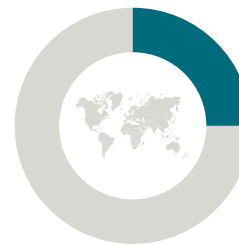
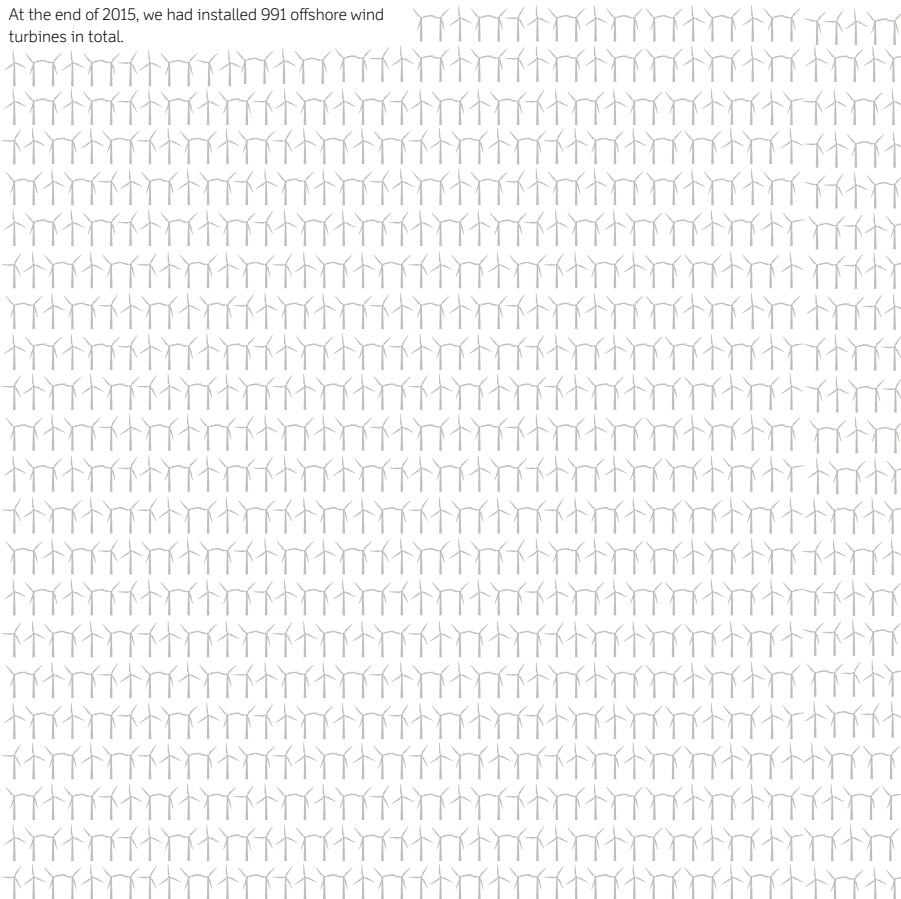
Our offshore wind farms contribute to the supply of green energy to European countries, which, at the same time, makes them less dependent on importing energy from other regions. Over the years, DONG Energy has constructed more offshore wind farms than any other company in the world. We have the skills to both construct, operate and maintain

offshore wind farms, which has attracted a range of investors. Together with our investors, suppliers and other business partners, we can continue the development of offshore wind and offer green power to even more people in the future.

“AFTER ALL, WE, THE INDUSTRIALISED COUNTRIES, CAUSED MUCH OF GLOBAL WARMING FOR MANY YEARS, AND IT IS NOW OUR DUTY TO SHOW THOSE STILL AWAITING DEVELOPMENT MORE EFFICIENT TECHNOLOGIES BY CREATING INNOVATIONS”

ANGELA MERKEL,  
FEDERAL CHANCELLOR OF GERMANY

At the end of 2015, we had installed 991 offshore wind turbines in total.



**1/4**  
DONG Energy has constructed around 1/4 of the global offshore wind capacity

## Crossing the Atlantic

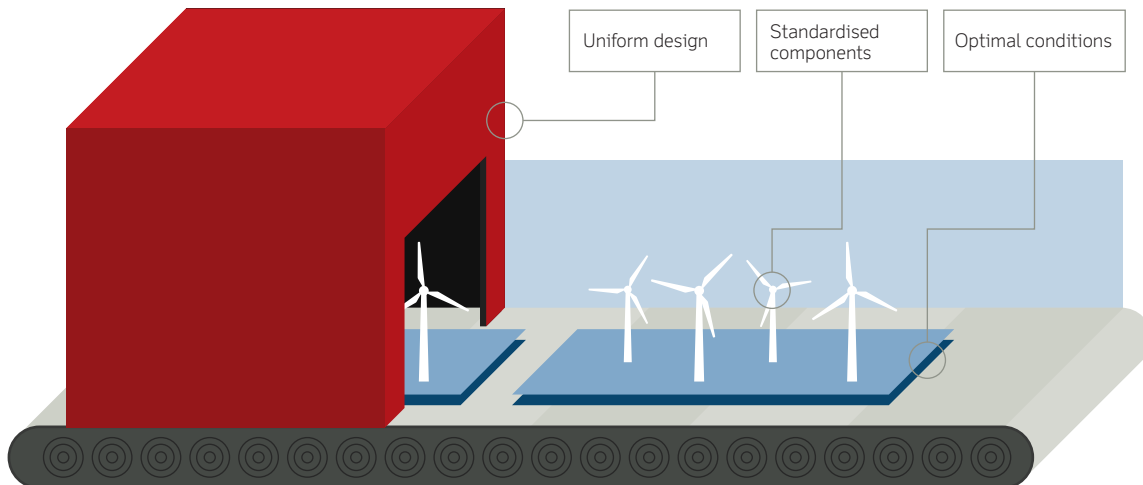
**Offshore wind can provide more green power for the Americans. In 2015, we looked towards the coast of Massachusetts, USA, where we took over a large offshore wind development project.**

Over 90% of the world's installed offshore wind capacity is located off the coasts of Europe. However, Europe is far from the only continent with a long coastline and good wind conditions. According to Samuel Leupold, CEO of DONG Energy Wind Power, the USA is an exciting market:

*“Land-based wind power dominates US growth within renewable energy. However, there are some areas of the US where meaningful renewable growth cannot be achieved with just on-shore renewables. With our expertise in the field of offshore wind, we firmly believe that we can help to develop the US wind power market in a completely new direction; offshore.”*

The area is 24km from the coast at its closest point. In this zone, we are considering constructing a wind farm of up to 1,000MW, which would supply over 500,000 American homes with green power. The wind and seabed conditions are similar to that of the projects which we are already constructing in Northern Europe. This enables us to use existing technology and logistics, which we have already tested successfully in Europe.





Our standard concept for offshore wind farms lowers the cost of offshore wind.

## Green must be cheaper than black

Today, energy from offshore wind is more expensive than energy from coal, gas and oil. By making offshore wind cheaper, we will contribute to green energy becoming cheaper than energy from fossil fuels. When that happens, green energy will be the natural and rational choice.

In 2012, we set a target to reduce costs by 35-40% for offshore wind projects getting the go-ahead in 2020. In 2025, offshore wind must be cheaper than black energy. This requires two things: that we and the rest of the industry reduce the cost of offshore wind, and that energy from fossil fuels is charged with a fair price for its CO<sub>2</sub> emissions.

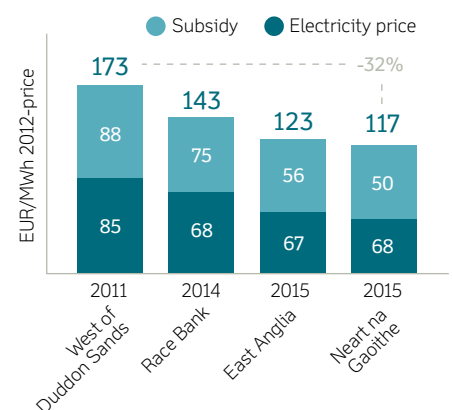
We are making offshore wind cheaper by developing a standard model for an offshore wind farm, and by ensuring that we have

access to high quality and reliable suppliers who work with us continuously to bring down the cost of energy from offshore wind. The standard model is based on a uniform design with standardised components that we install at locations with optimum wind speeds, distance to the coast, sea depth and seabed conditions. When producers and developers compete on knowledge and innovation, products become cheaper and the industry as a whole becomes more competitive.

“WE WILL NOT SUPPORT OFFSHORE WIND AT ANY COST. FURTHER SUPPORT WILL BE STRICTLY CONDITIONAL ON THE COST REDUCTIONS WE HAVE SEEN ALREADY ACCELERATING. THE TECHNOLOGY NEEDS TO MOVE QUICKLY TO COST-COMPETITIVENESS”

**AMBER RUDD,  
SECRETARY OF STATE FOR ENERGY  
AND CLIMATE CHANGE, UK**

**The cost of offshore wind is in decline**  
Avg. revenue per MWh over lifetime for UK wind farms



“The results show that, in our design of foundations, we’ve often been too generous with the steel. If the thickness or length of the foundation can be reduced by even just a small fraction, there’s a significant savings potential and a smaller environmental impact. Fewer resources reduce the wind turbines’ overall environmental impact, both in the consumption of steel, vessel fuel consumption when installing the foundations, and by enabling us to install larger wind turbines on the same foundations.”

### No leaning towers in PISA

**Thinner foundations mean cheaper offshore wind. But when we use less steel, we must make sure that the foundations are still secure. Therefore we headed a research project called PISA (Pile Soil Analysis).**

To make offshore wind cheaper, we are working with suppliers of wind turbines and foundations, among others, to bring down the cost.

“The cost reduction that will be achieved as a result of a collaborative project like PISA will benefit the whole offshore wind industry. Projects like this that we’re supporting through

the ‘Offshore Wind Accelerator’ are a great example of how cross-industry collaboration can help solve common challenges and accelerate the uptake of new technology and design methodologies” said Jan Matthiesen, Director of Innovation, from the Carbon Trust Offshore Wind Accelerator, which the PISA project is a part of.

As a part of the test, 28 piles with a varying amount of steel were pulled sideways on land until their maximum load had been reached. The soil on land simulated the seabed. Jesper Skov Gretlund, R&D Project Manager in DONG Energy, explained that traditional design methods have been very conservative:



# Climate and environmental impact

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## How do we minimise our impact on the climate and the environment?

We must respect nature in our energy generation. We reduce our CO<sub>2</sub> emissions by building offshore wind farms and replacing coal with sustainable biomass at our power stations.

However environmental impact is not only about greenhouse gas emissions. To us, it is also about improving energy efficiency, protecting biodiversity and minimising our waste.

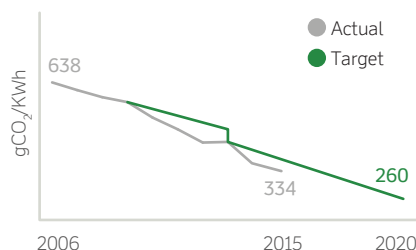




## Green transformation

We reduce CO<sub>2</sub> emissions from our energy generation by constructing offshore wind farms and converting our power stations to use sustainable biomass.

### Reducing CO<sub>2</sub> emissions



Our target is to reduce CO<sub>2</sub> emissions from our power and heat generation with 60% between 2006 and 2020. This is the most ambitious target among our European peers.

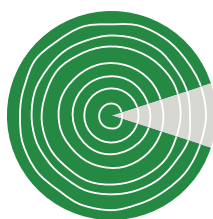
In 2015, we had reduced CO<sub>2</sub> emissions by 48% compared to 2006.

## Sourcing of sustainable biomass

At our power stations, we only want to use biomass that is sustainable. We ensure this by having our suppliers of wood pellets and wood chips document their compliance with our sustainability requirements.

**Read more:** [Programme for Sustainable Biomass Sourcing at dongenergy.com](#)

### Certified biomass



2020 target: At least 90% certified sustainable biomass.

Our target is that at least 90% of the biomass we use is certified by a third party in 2019. The last 10% create a flexibility to make use of otherwise unutilised residual wood from uncertified forests when, for example, trees fall due to heavy storm.

The first certifications were approved in 2015 and will be registered from 2016.

## Energy savings

We help our customers save energy through our energy consultancy services and through climate partnerships with companies. We also work to limit our own energy consumption.

### Together we save energy



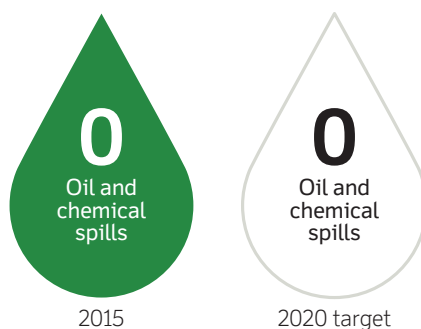
**300,000**

Since 2006, we have worked with our Danish customers to save a total of 2.8TWh. That equals almost 300,000 Danes' annual power and heat consumption.

## Oil and gas impacts

We make targeted efforts to minimise the environmental impact from our oil and gas production, such as oil or chemical spills.

### Oil and chemical spills



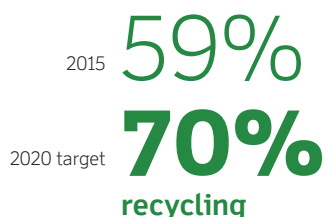
Our target is never to have oil or chemical spills of one cubic metre or more from our oil and gas production.

In 2015, we had no significant oil or chemical spills and no chemical spills of one cubic metre or more.

## Waste recycling

Our waste management system at office locations ensures that our employees can sort waste better than previously, and we are thereby able to recycle a larger share of the waste that we produce. Our office waste is sorted into e.g. bio waste, paper, cardboard and other waste.

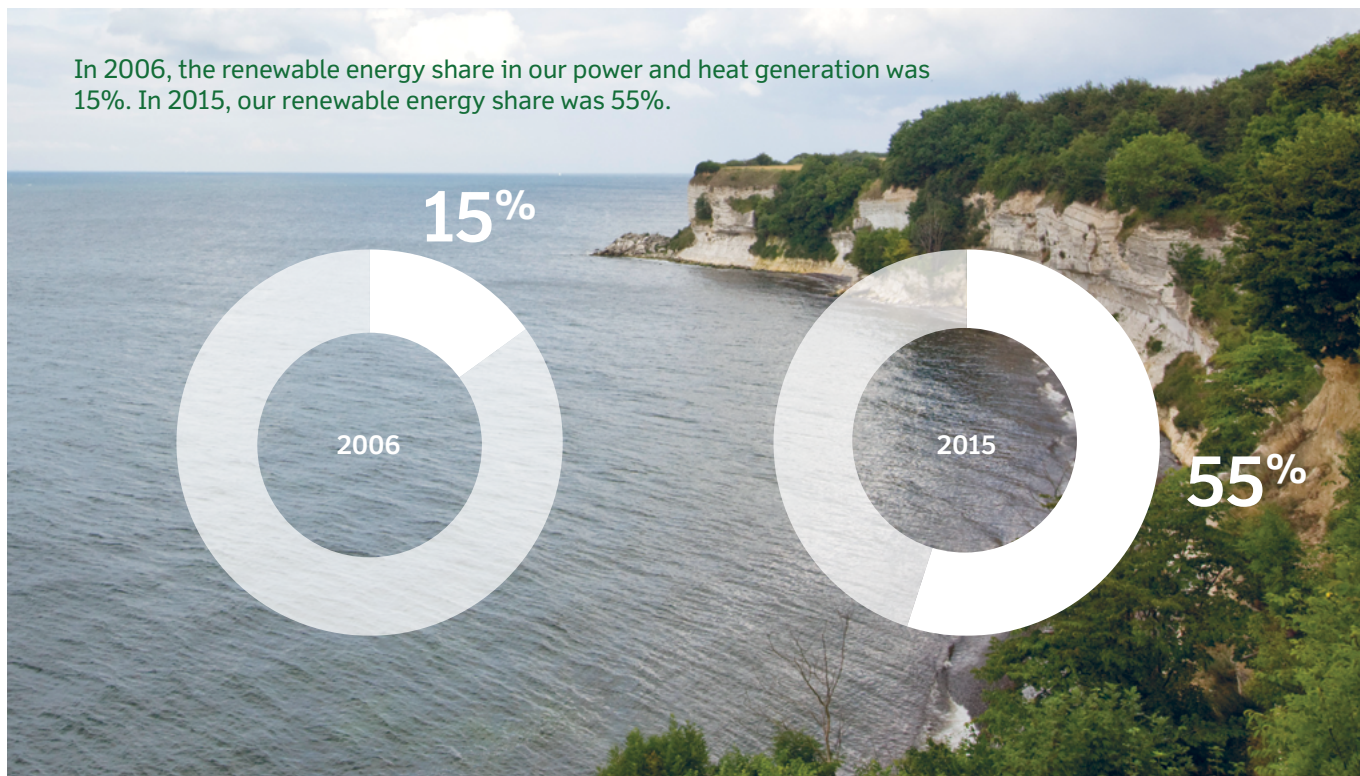
### Sorting our office waste



Since 2009, we have doubled the waste recycling rate from our administrative office buildings. Our target is to achieve 70% recycling by 2020.

In 2015, we reached 59%. Among other things, this was a result of the implementation of our new customised waste sorting system at our offices.





## We have a responsibility to reduce CO<sub>2</sub> emissions

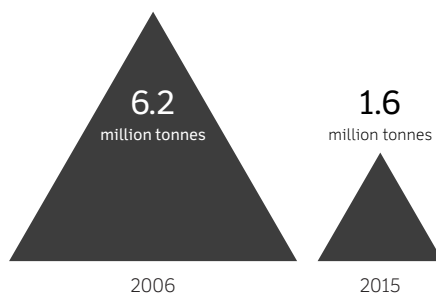
The world is facing an urgent need for action to combat climate change. Global warming is a fact, and it has long been clear that we as humans affect climate change through the emissions of greenhouse gases. The energy sector accounts for around one-third of global CO<sub>2</sub> emissions and is therefore the largest single contributor to increasing the concentration of CO<sub>2</sub> in the atmosphere. Naturally, this places a great responsibility on the sector to reduce our CO<sub>2</sub> emissions.

DONG Energy’s target is to reduce CO<sub>2</sub> emissions from our power and heat generation by 60% from 2006 to 2020. In 2015, we emitted 48% less CO<sub>2</sub> than in 2006. That equals the same amount of CO<sub>2</sub> as almost 7 million cars emit in a year – which is equivalent to removing all cars from the streets of London and New York City for almost a year and a half.

Since DONG Energy was formed in 2006, we have transformed from one of the most coal-intensive utilities in Europe to a global leader in renewable energy. We reduce our CO<sub>2</sub> emissions by constructing offshore wind farms and converting our power stations from coal and gas to sustainable biomass. From 2006 to 2020, we are in the process of reduc-

ing CO<sub>2</sub> emissions the most among European peers (see page 31). Being at the forefront in reducing CO<sub>2</sub> emissions places us in a strong position within the green energy market. This makes our company attractive to talented employees and investors who wish to invest in renewable energy.

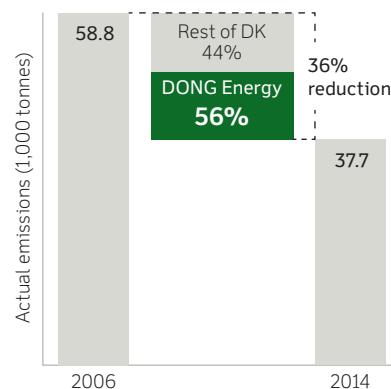
We have reduced our coal consumption by 74% since 2006.



“WE’RE THE FIRST GENERATION TO FEEL THE IMPACT OF CLIMATE CHANGE, AND THE LAST GENERATION THAT CAN DO SOMETHING ABOUT IT”

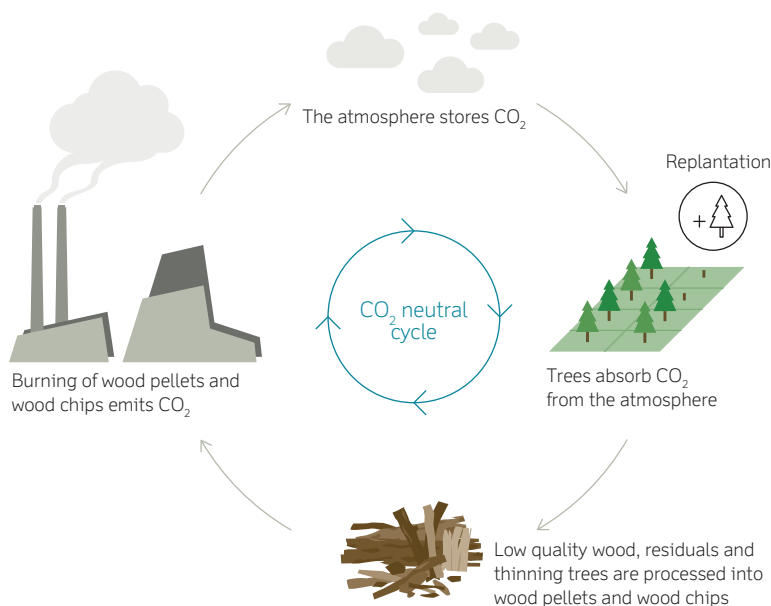
**BARACK OBAMA,  
PRESIDENT OF THE UNITED STATES**

DONG Energy accounts for more than half of Denmark’s CO<sub>2</sub> reduction.



# The road to sustainable biomass

Power stations fired by sustainable biomass can deliver green, reliable heating and flexible power generation when the wind subsidises. But, of course, the biomass must be produced sustainably, to enable us to significantly reduce CO<sub>2</sub> emissions compared with the use of coal and gas, without harming biodiversity and natural ecosystems.



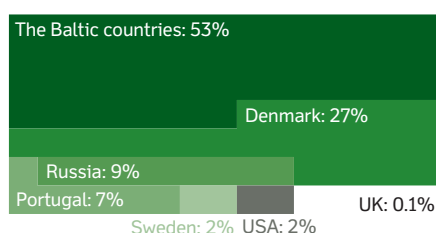
Today, there are no internationally agreed guidelines for when biomass can be defined as sustainable. Therefore, we have developed DONG Energy’s programme for sustainable biomass. The programme means that our suppliers of wood pellets and wood chips must comply with specific sustainability requirements. The suppliers must ensure that the wood that they use is from forest areas where trees are replanted. In this way, forests are able

to continually capture and store the CO<sub>2</sub> emitted during the combustion of biomass. We also require the suppliers to ensure that the forests’ ecosystems and biodiversity are protected.

The programme will be fully implemented in 2019. This means that independent third-party auditors will have certified at least 90% of the wood pellets and wood chips we use as sustainable. We use the Sustainable Biomass

Partnership (SBP) certification system to document that suppliers meet our requirements. In 2015, the first suppliers of biomass obtained third-party certification which will be registered from 2016. The programme ensures that we have access to a sustainable source of biomass that we need in order to continue generating green power and heating. At the same time, we are helping to develop a market for climate-friendly alternatives to coal- and gas-fired power stations.

From where do we source sustainable wood pellets and wood chips?



“BIOMASS CAN CONTRIBUTE POSITIVELY TO MITIGATING CLIMATE CHALLENGES AND WE’RE HAPPY THAT THE INDUSTRY HAS PUT REQUIREMENTS ON SUSTAINABILITY. IT’S A STEP IN THE RIGHT DIRECTION. BUT IT’S ALSO IMPORTANT THAT ONE STARTS TO INCLUDE INDIRECT LAND USE CHANGE, SO CALLED ILUC, AND THAT REQUIREMENTS TO FORESTRY ARE STRENGTHENED”

**CHRISTIAN EGE,  
HEAD OF SECRETARIAT,  
DANISH ECOLOGICAL COUNCIL**

## Can we buy sustainable biomass from Russia?

**CM Biomass, a company that resells biomass from Russia, was one of our first suppliers to be SBP-certified. With the first certifications in place, the road is now thoroughly paved for ensuring documentation that our suppliers meet our requirements for sustainable biomass.**

Russia has some of the world’s largest forest areas, which makes it a potential large-scale supplier of wood. However, it has been documented that Russian forestry is associated with several sustainability risks, for example trade of wood from vulnerable forest areas and deforestation. In order to guarantee that the Russian biomass we buy from CM Biomass is sustainable, we engaged in a dialogue with CM Biomass on how best to ensure sustainability. Together, we agreed to use the Sustainable Biomass Partnership (SBP) for certification of the biomass.

SBP-accredited auditor NEPCon carried out the certification in 2015:

Michael Jakobsen, Customer Relations Manager in NEPCon, said: “SBP certification assures companies such as DONG Energy, authorities and other stakeholders that the biomass supplier has identified the risks relating to forestry in areas where the biomass is sourced, and has implemented procedures to eliminate wood from unknown sources, or forest areas where operations don’t live up to SBP requirements.”

The certification of CM Biomass, among others, brings us a step closer to our target of being able to provide documentation that at least 90% of the biomass we use is sustainable.



# People matter

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## How do we promote safety, the right competences and a motivating and diverse working environment?

As an energy company, many of our employees will work with large structures and machines – sometimes at sea where strong forces of nature are at play. We need to ensure that everyone returns home safely every day.

We focus on maintaining a healthy and diverse working environment at DONG Energy that motivates and helps our employees to develop their competences.



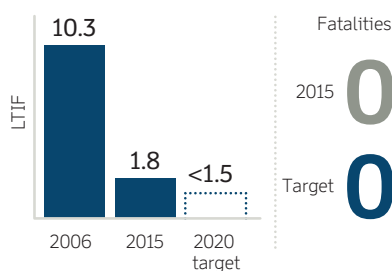


## Workplace safety

Safety must be an integral part of our work. We strive to strengthen the safety culture in all areas of our business.

Read more: [QHSE policy at dongenergy.com](http://qhse.policy.at.dongenergy.com)

### Fewer accidents



Our target is an LTIF\* of less than 1.5 by 2020. We are on the right track with a continuous reduction of the injury frequency since 2006. In 2015, we had an LTIF of 1.8 with two thirds of accidents among contractors.

\*Lost time injury frequency (LTIF) is the number of accidents resulting in absence of one day or more per million working hours. The figure includes both DONG Energy employees and contractor employees working on sites either owned or operated by DONG Energy.

## Employee health

We support our employees' energy and well-being by offering a range of health initiatives within our four focus areas: Exercise, nutrition, sleep and mental balance.

### Satisfaction with health initiatives



Assessment on a scale from 0 to 100.

We want our employees to be satisfied with the health initiatives. Our target for 2017 is for our health initiatives to receive a satisfaction score of 80 out of 100 in the annual employee survey.

The health initiatives were launched in 2015 and received a score of 76.

## Performance and development

We aim to attract, develop and retain the best employees. Therefore, we have firm processes that support our employees' performance and development.

### Performance and development dialogue



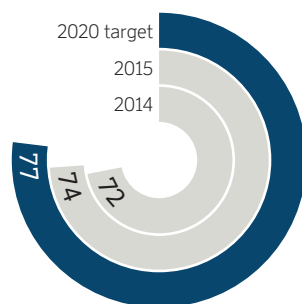
We want all employees to have an annual performance and development dialogue (PDD) with their manager.

In 2015, 96% of our employees had a PDD. Employees who have not been employed for a period of 12 months and therefore have not yet had a PDD are not included.

## Employee satisfaction and motivation

We measure our employees' satisfaction and motivation in an annual employee survey. Each department will follow up on the survey results through joint action plans and individual development dialogues.

### Satisfied and motivated employees



Assessment on a scale from 0 to 100.

By 2020, our target is to achieve a score of 77 out of 100 on employee satisfaction and motivation in our annual employee survey.

In 2015, the score was 74 which is two points higher than in 2014. The positive development is primarily linked to our employees' high ratings of their immediate managers and an improved perception among employees of DONG Energy's reputation.

## Employee diversity

We want to have a trusting, informal and diverse working environment. Therefore, we focus on recruiting broadly and giving all current and future employees equal opportunities to develop in the organisation.

### More women in management

	2015	2020 target
Top management (1-50)	15%	>22%
Leadership Forum (51-400)	20%	>25%
Other managers	23%	>32%

We have set targets for women in management.

In 2015, we achieved equal representation of women and men in the Board of Directors.

# Safety is paramount

In the energy industry, many people work with large, heavy structures and machines – often at sea and at height, where strong forces of nature are at play. Here, even the slightest mistakes can lead to serious accidents and in the worst case have fatal consequences. Whether hanging under a construction platform or sitting in the office, our employees must return home fit and healthy.

Our target is to reduce our LTIF, ie the number of accidents per million working hours resulting in absence of one day or more, to less than 1.5 in 2020. We are on the right track, and in 2015 we reduced our LTIF to 1.8, down from 2.4 in 2014. We have not had any fatal accidents since December 2012. Also, our annual employee survey shows that we have a well-integrated safety culture in DONG Energy.

We are constantly working to increase safety, focusing on three areas: Firstly, we are strengthening our safety culture, including our managers' commitment and ability to be role models for safety. Secondly, we want to improve our collection of the data providing us with the knowledge necessary to be better able to prevent accidents. And last, but not least, we work with suppliers in order to ensure a high common safety level.



## Everyday heroes

**Employees who can provide first aid not only contribute to the safety culture at the workplace, but also to the broader society that they are part of.**

We offer all employees tools, courses and exercises in the field of safety, including first aid. All employees who are to work offshore must also complete a two-day extended first aid course that must be renewed every two years. The first aid courses contribute to strengthening competences and behaviour, which supports a safety culture – in and outside DONG Energy.

Brian Jørgensen, Technical Project Lead and sometimes working offshore, experienced the importance of first aid courses first hand when he brought a crash cyclist back to life in the autumn of 2015:

*“It was an extreme experience. It all went so fast from the cyclist crashing, to him turning completely blue, and me giving CPR. It was like I was on autopilot. In fact, the first thing you learn on a first aid course is that you can’t do anything wrong – and it’s important to know this, so that you’re not afraid to step in.”*

Brian’s first-aid training enabled him to act as an everyday hero in an unexpected situation. And he takes safety home with him too:

*“It’s important that you never just pass by. It’s all about thinking of one another. It gives me a sense of security to know that I can act if a colleague is in urgent need of help, or if my children should choke on something.”*

“THE RIGHT TO A SAFE AND HEALTHY WORKPLACE IS A BASIC HUMAN RIGHT. RESPECTING THIS HUMAN RIGHT IS AN OBLIGATION – AS WELL AS A CONDITION FOR SUSTAINABLE ECONOMIC DEVELOPMENT”

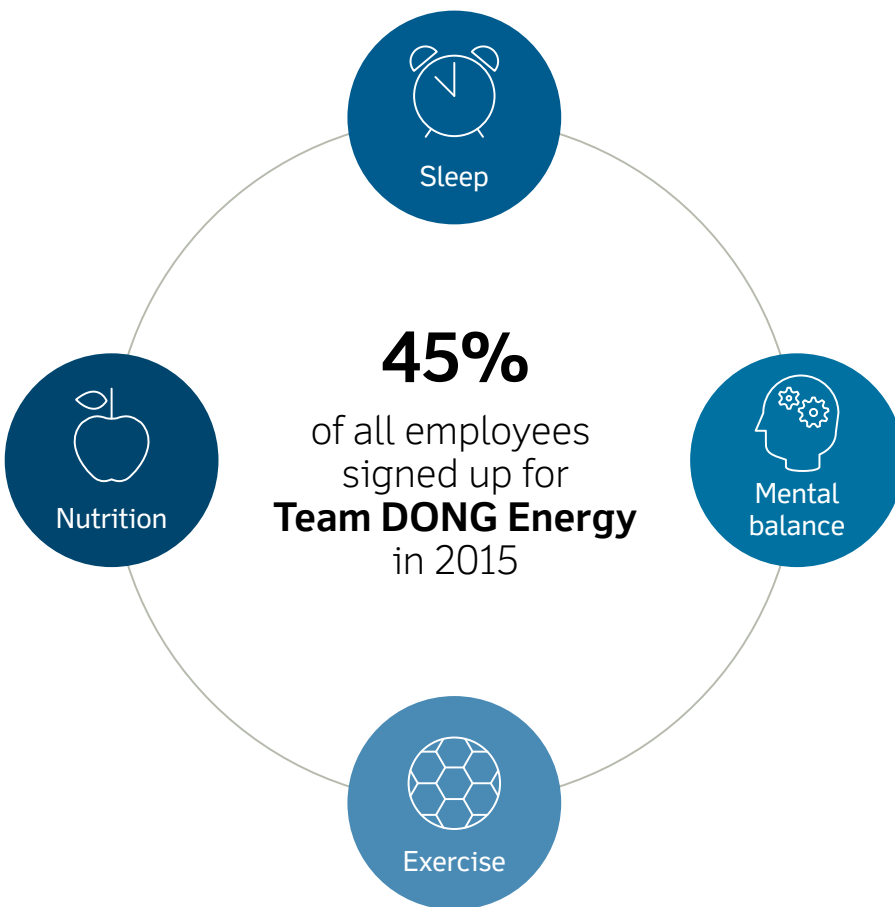
**GUY RYDER,  
DIRECTOR-GENERAL OF THE INTERNATIONAL LABOUR ORGANIZATION (ILO)**

# More energy and well-being

Working at a modern knowledge-based workplace like DONG Energy is demanding. Sedentary work and stress can pose a risk to our employees' well-being, and it is therefore important that they feel a sense of mental and physical balance. This increases satisfaction and motivation as well as resilience in the face of everyday challenges, both at work and outside of work.

At the beginning of 2015, we launched a number of health initiatives within four focus areas: Exercise, nutrition, sleep and mental balance. Our target is that by 2017 our employees should give a score of at least 80 out of 100 in the annual employee survey when asked whether they are satisfied with the health initiatives. We aim to maintain this level towards 2020. We can see that we are already well on the way as the score was 76 out of 100 in 2015.

Our approach is preventative by motivating and helping our employees to take care of their physical and mental well-being. It has to be easy to make healthy choices. So we have organised our health initiatives under one umbrella called 'Team DONG Energy' – a voluntary community open to all employees. 45% of our 6,700 employees had signed up by the end of 2015. This tells us that the initiatives are appreciated.



“RESEARCHERS HAVE FOUND THAT THE ACCELERATED PACE OF MODERN OFFICE LIFE IS TAKING ITS TOLL ON PRODUCTIVITY, EMPLOYEE ENGAGEMENT, CREATIVITY AND WELL-BEING”

RASMUS HOUGAARD,  
AUTHOR, ONE SECOND AHEAD

## 🕒 Are you sleeping well?

**Sleep is important to us because our employees need energy and strength to make the right and safe choices in the course of their working day.**

Sleep is the body's most important restitution mechanism. Sleep deprivation therefore has adverse effects on the immune system, memory and concentration. For example, if you sleep just one and a half hours less than usual, your ability to focus during the daytime hours may be reduced by up to 32%.

We offer our employees an app that contains useful tips and specific tools to improve their sleep. In the summer of 2015, we invited one of the world's leading sleep experts, Dr Breus from the USA, to give a number of presentations with useful sleep tips to our employees. Our employees' energy and well-being are also on the agenda at some of our internal courses.

Kasper Kjølner Lou, Senior Manager at DONG Energy, reflected on his energy and well-being in connection with a course: *“One of the rules I've started to live by is to go to bed no later than 22:30 every day. I can feel that this has given me more energy in everyday life.”*

But is it really okay for a company to take such an interest in employees' sleep habits?

Hanne Blume, Head of People & Development in DONG Energy, said: *“It's important to emphasise that this isn't about invading the employees' privacy or bedrooms. The various events and initiatives are voluntary and are meant as an offer to those who want to learn how to improve their sleep quality.”*



# Sustainable communities

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**How can we be a good corporate citizen in the communities that we are a part of?**

We want to give something back to the communities that we are a part of and generally be a good corporate citizen. This applies to our own business conduct, but also to our business partners' conduct.

It also applies when we invest large amounts of money in energy infrastructure, because local communities naturally expect our investments to have a positive impact.

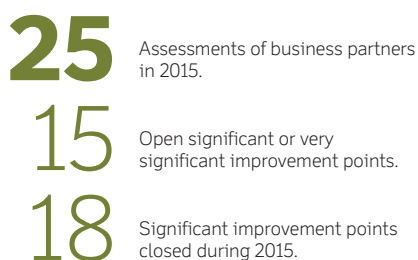
## Responsible business partners



We have more than 25,000 business partners globally, mostly suppliers. Our responsible business partner programme helps our partners comply with our expectations that are based on international standards for impacts on people and the environment.

Read more: [Code of Conduct at dongenergy.com](http://dongenergy.com/Code_of_Conduct)

### Business partner assessments



In 2015, we performed a total of 25 assessments of business partners all over the world. Here, we identified a total of 33 significant or very significant improvement points. Of these, 18 have already been addressed satisfactorily, leading to improved business partner practices.

Some of the countries in which we carried out business partner assessments were Denmark, Ghana, India, Poland and Russia.

## Local engagement



We engage with local communities where we are present and help local companies to compete in our tenders. We also offer professional training for jobs in the energy industry.

Read more: [Local community engagement policy at dongenergy.com](http://dongenergy.com/Local_community_engagement_policy)

### Local presence



Our local presence creates jobs and economic activity.

Westermost Rough in the UK was one of the offshore wind farms we finished constructing in 2015. More than 900 people worked on the project during construction with significant influence on local economic activity.

## Good business conduct

Companies with a high level of integrity are healthier companies. Our policy on good business conduct, our whistleblower hotline and Internal Audit function enable us to handle or completely avoid situations that can lead to inappropriate or even illegal behaviour.

Read more: [Policy on Good Business Conduct at dongenergy.com](http://dongenergy.com/Policy_on_Good_Business_Conduct)

### E-learning in good business conduct



All employees must complete our e-learning in good business conduct.

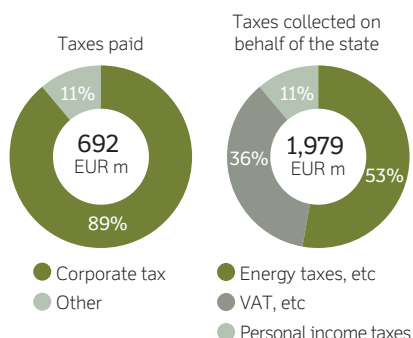
In 2015, 94% of our employees had completed the e-learning course.

## Responsible tax management

Our tax policy describes the principles guiding us in our tax work. We believe that a responsible approach to tax is essential to the long-term sustainability of our business in the countries where we operate.

Read more: [Tax policy at dongenergy.com](http://dongenergy.com/Tax_policy)

### Our tax payments



In 2015, we implemented our updated tax policy among the employees who handle DONG Energy's tax payments. We paid EUR 692 million in taxes. Moreover, we collected EUR 1,979 million in taxes on behalf of states in the countries where we operate.

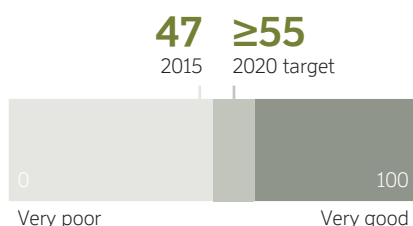
The most significant factor influencing the size of our tax payments is that we make large investments in constructing and renewing energy assets. Among other things, this means that we are granted tax reliefs.

Read more about our tax payments for 2015 in our annual report, page 96.

## Better reputation

Through our actions, we must show that DONG Energy is a company that can be trusted and that brings value to society. More specifically, we work with four initiatives: Ensuring high integrity in our business, continuing the green transformation, helping our customers save energy and being an attractive workplace.

### DONG Energy's reputation in Denmark



We want the Danes to see us as a positive corporate citizen. Our 2020 target is a reputation score of at least 55 out of 100 in Denmark.

In 2015, our reputation score was 47 out of 100.



# Cooperation on step-by-step improvements

As a result of differences in national circumstances, not all companies live up to the international standards for human and labour rights, the environment and anti-corruption. This is an issue that we and many other companies have to deal with. We work together with our business partners to ensure that they, and also their partners, comply with international standards. This gives us a more reliable supply chain with reduced risk of unforeseen and costly delays.

As part of the programme, we communicate our expectations through a code of conduct. We screen contracts to assess the risk of a business partner not complying with this code of conduct. The risk depends on what we buy and where in the world we buy it. If a contract obtains a high risk score, we visit our business partner so that we can assess whether they comply with the international standards.

Our approach is based on continuous dialogue in good faith. Cooperation with partners is essential, as we prefer step-by-step improvements rather than terminating a contract if a partner does not comply with our code of conduct. For example, this enables us to generate real change for the employees of our business partner.

## Shopping in China

**When we involve suppliers in our 'Responsible Partner Programme', it is important that they also feel that they benefit from it. Our cooperation with a Chinese supplier, Rongxin Power Engineering, is a case in point.**

We source more than 95% of our products and services from Europe. Sometimes, however, it may generate value for the business to buy a product outside Europe – and sometimes the products we buy from European companies are manufactured elsewhere in the world. In 2015, we signed a contract with the Chinese company, Rongxin Power Engineering (RXPE), who will deliver a power electronics system for our wind power projects.

France Bourgouin, leading the Responsible Partner Programme in DONG Energy, explained: "It's important for our business that our business partners are competitive and, at the same time, operate their businesses reliably

"IT'S IMPORTANT THAT COMPANIES SUCH AS DONG ENERGY HAVE SOME THOROUGH DUE DILIGENCE PROCEDURES, ENSURING THAT THEY AND THEIR BUSINESS PARTNERS RESPECT HUMAN RIGHTS. IT'S ALSO IMPORTANT THAT DONG ENERGY SHOWS TRANSPARENCY IN THEIR WORK"

**SANNE BORGES,  
SENIOR ADVISOR, HUMAN RIGHTS AND BUSINESS,  
AMNESTY INTERNATIONAL DK**

*and sustainably. Our programme for responsible business partners helps to ensure this."*

On the basis of a risk screening, we decided to carry out an assessment of the conditions at RXPE's offices and factories in China. Here we identified a number of points, for example health, safety and the perception of corruption, which RXPE could improve. In cooperation with RXPE, we prepared an improvement plan for the company.

For Richard Cooke, Business Development Director at RXPE, the cooperation has had an impact on several levels:

*"For us, the cooperation is a seal of approval, which opens up for companies with the same values as DONG Energy to also see us as a potential business partner. The improvement plan helps to reduce risks in our business and will help make RXPE a more attractive place to work."*

### How we engage our business partners in the programme



All business partners must accept our ethical, social and environmental expectations.



We perform risk screenings to identify medium- and high-risk business partners.

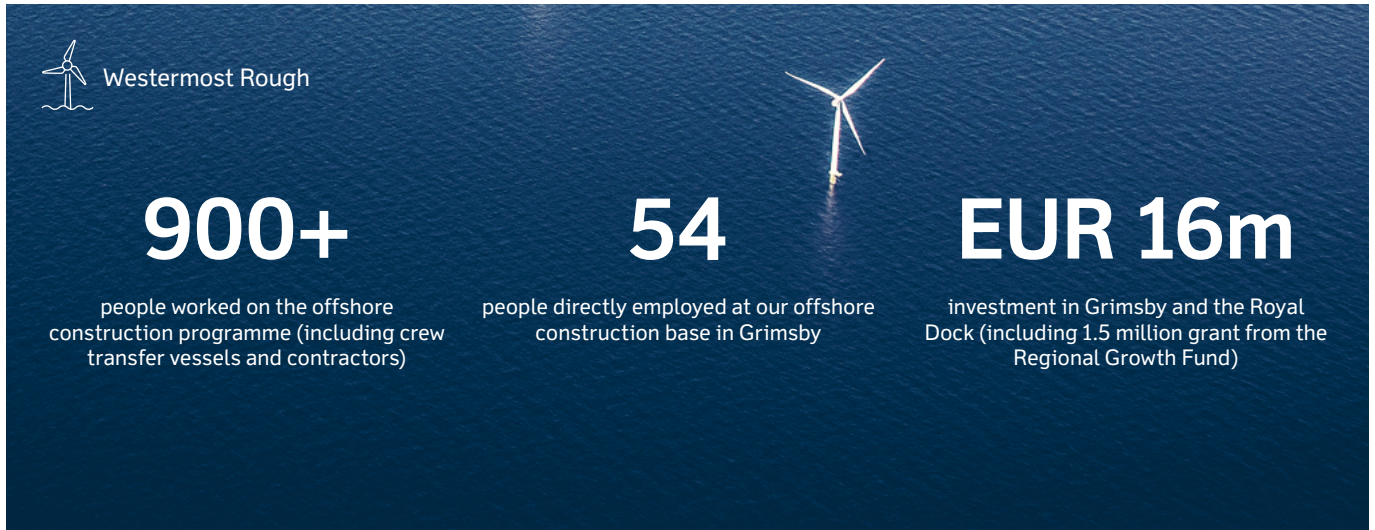


We assess business partner performance through site assessments or self-assessments.



If business partner performance falls short of our expectations, we collaborate on the development of an improvement plan.





## Local jobs and engagement

Local citizens and businesses naturally expect that investments in their area will create value for them. We strive to create jobs and growth in the local communities in which we operate, for instance when we are constructing a wind farm or converting a power station. To us, this gives us access to qualified labour and strengthens our supply chains.

We have two general initiatives to ensure that our activities create value in the respective local communities. Firstly, we help small local companies to participate in our tenders, so that they know what it takes to submit a bid to carry out the task. We do this in line with the EU public procurement rules that parts of our business are subject to. Secondly, we offer training to enable the respective local workforces to apply for the jobs created by our projects.

We also engage in a dialogue with local citizens and businesses so that we can reduce any nuisances caused by our work. This can range from increased heavy traffic in the local area to issues for the local fisheries. We listen to the local stakeholders' requests and needs through, for example, information meetings with local residents, one-on-one meetings with local politicians and civic associations as well as open house events. Strong relations with the local communities ensure the success of our projects, whilst also adding value to the local area.

### Local projects generate local revenue

**Our activities create revenue in the local area, while strengthening our supply chain with local expertise.**

When we buy subcomponents and services from local businesses, we contribute to economic growth and development in the local area. But it can often be a complex and resource-intensive task for small, local companies to become suppliers to major construction projects. During the work to complete Burbo Bank Extension Offshore Wind Farm in the UK, our supplier Balfour Beatty worked closely with a new sub-supplier, Brenig, in order to realise a contract.

Dr Paul Toyne, Group Head of Sustainability, Balfour Beatty in the UK, explained, "Our approach to sustainability and procurement ensures we engage and work with local companies. We recognise the importance to the

local economy of involving nearby small and medium-sized enterprises in large-scale projects. It can be challenging, but we have an engagement programme that has for instance allowed Brenig, a local construction and civil engineering company, to provide a good service to us and thereby to DONG Energy's offshore wind farm project."

Brenig has not previously delivered anything to a project of this scale, but thanks to the cooperation with Balfour Beatty, Brenig delivered with great success.

Mark Parry, Operations Director at Brenig, explained: "It's been a great year for our company. The Burbo Bank Extension contract and the cooperation with Balfour Beatty and ultimately DONG Energy have created more than 15 new local jobs in our company. We're very proud and grateful for this development."

# How we work to promote the principles of the UN Global Compact



## Human rights

<b>We should:</b>	<b>Examples of what we do:</b>	<b>Page:</b>	
<ul style="list-style-type: none"> <li>Support and respect the protection of internationally proclaimed human rights; and</li> <li>make sure that we are not complicit in human rights abuses.</li> </ul>	Workplace safety	24	
	Employee health	25	
	Responsible business partners	28	
	Local community engagement	29	
	Employee diversity	23	

## Labour rights

<b>We should:</b>	<b>Examples of what we do:</b>	<b>Page:</b>	
<ul style="list-style-type: none"> <li>Uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>eliminate all forms of forced and compulsory labour; and</li> <li>the effective abolition of child labour; and</li> <li>eliminate discrimination in respect of employment and occupation.</li> </ul>	Workplace safety	24	
	Responsible business partners	28	
	Employee diversity	21	
	Employee satisfaction and motivation	23	
	Performance and development	23	

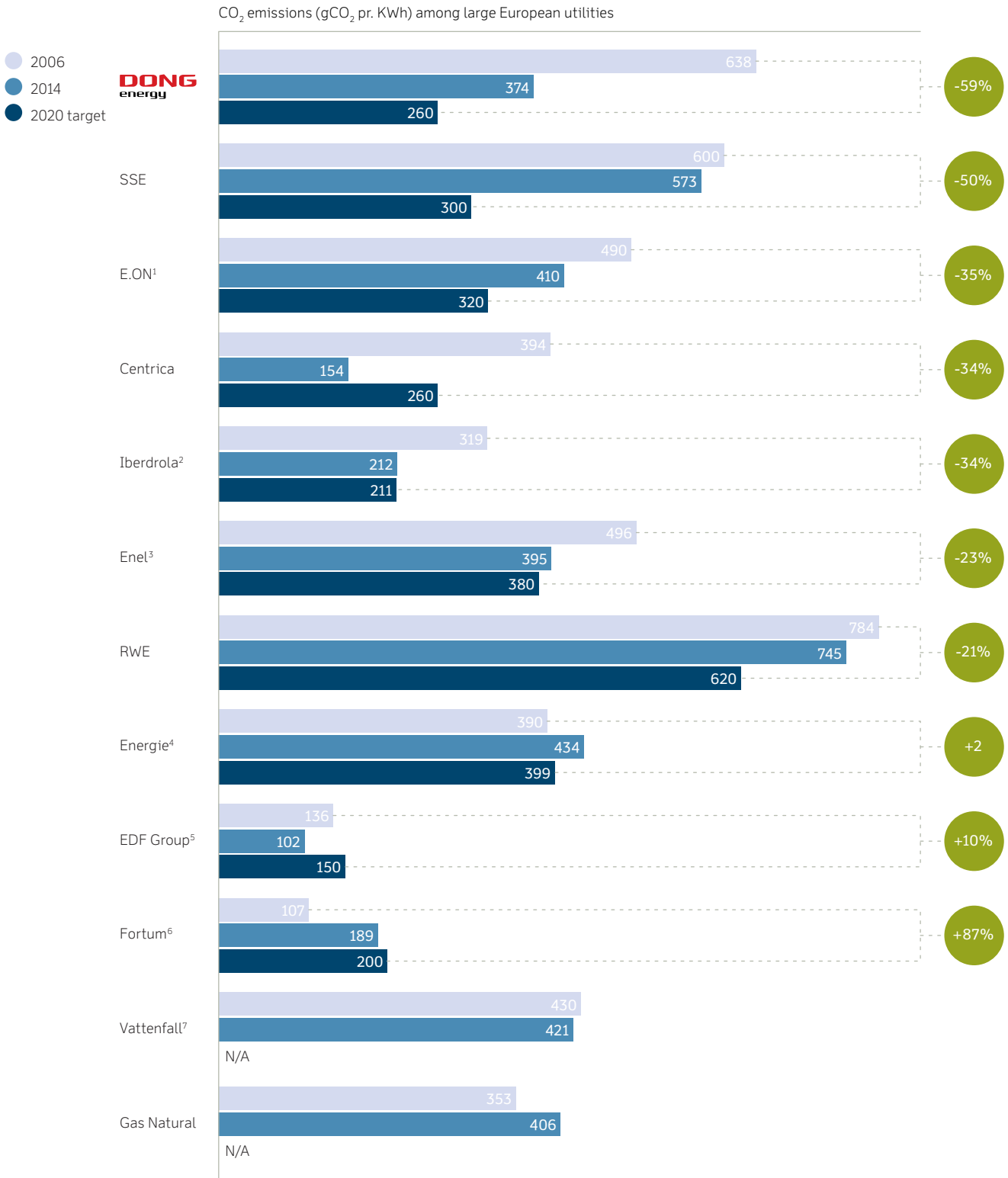
## Environment

<b>We should:</b>	<b>Examples of what we do:</b>	<b>Page:</b>	
<ul style="list-style-type: none"> <li>Support a precautionary approach to environmental challenges;</li> <li>undertake initiatives to promote greater environmental responsibility; and</li> <li>encourage the development and diffusion of environmentally friendly technologies.</li> </ul>	Deployment of offshore wind	16	
	Reducing the cost of offshore wind	17	
	Green transformation	20	
	Sourcing of sustainable biomass	21	
	Greener power stations	15	
	Energy savings	15	
	Waste recycling	15	

## Anti-corruption

<b>We should:</b>	<b>Examples of what we do:</b>	<b>Page:</b>	
<ul style="list-style-type: none"> <li>Work against corruption in all its forms, including extortion and bribery.</li> </ul>	Responsible business partners	28	
	Good business conduct	27	
	Responsible tax management	27	

# Leading the way on CO<sub>2</sub> reduction



1. E.ON's target is by 2025 and for EU only; 2006 performance is for entire E.ON Group.
2. Iberdrola has declared an additional target to reduce emission to 150gCO<sub>2</sub>/kWh by 2030, a 53% reduction from 2006.
3. Enel has set an additional target to achieve carbon neutrality by 2050.
4. GDF Suez changed name to Engie in 2015. Historical data for 2006 is approximated in their reporting as GDF Suez was formed from two companies with first joint data in 2008.
5. EDF Group commits to keep emissions <150gCO<sub>2</sub>/kWh each year.
6. Fortum commits to keep emissions <200gCO<sub>2</sub>/kWh on a 5-year average.
7. Vattenfall has an absolute emissions target which corresponds to a 23.3% reduction 2006-2020. 2007 data used as 2006 data is not available.

Sources: Company annual and sustainability reports as well as other publicly available information.





2006: **638 gCO<sub>2</sub>/kWh**

2015: **334 gCO<sub>2</sub>/kWh**

2020 target: **260 gCO<sub>2</sub>/kWh**