

PAX, Urgewald, Colombia Solidarity
Att.
Jan Gruiters, General director PAX
Heffa Schücking, Director Urgewald
Tanja Wol, Colombia Solidarity

DONG Energy A/S
Nesa Allé 1
2820 Gentofte
Denmark

Tel +45 99 55 11 11
Fax +45 99 55 00 11

www.dongenergy.com
Company no. 36 21 37 28

DONG Energy response to letter from PAX, Urgewald and Colombia Solidarity of 1 March 2016

11 April 2016

Dear Mr Gruiters, Ms Schücking and Ms Wol,

Our ref. Anders Christian Nordstrøm

info@dongenergy.com
Tel +45995551111

Thank you for your letter of 1 March 2016 regarding your view on the ongoing peace process in Colombia. We are taking the concerns PAX has brought forward in its 2014 report 'The Dark Side of Coal' very seriously and we fully support the goal of achieving remedy and reconciliation for victims of past human rights violations relating to the years of conflict in Colombia.

At the moment, DONG Energy does not have any active purchase contracts with Glencore regarding Prodeco. We will not enter into any new purchase contracts with Glencore regarding Prodeco until we are comfortable that Prodeco is meeting our standards of responsible sourcing.

Approach to responsible sourcing

As part of our transformation from one of the most coal-intensive utilities in Europe to a green energy company we have reduced our coal consumption by 74 percent since 2006, increased the proportion of green energy in our heat and power production from 15 percent in 2006 to 55 percent in 2015 and reduced our carbon emissions by 48 percent during the same period. We nevertheless still require coal as a fuel for some of our power stations. Currently, we import coal from five countries to achieve the optimal combination of price and quality. In 2015, 16 percent of our coal came from Colombia.

Our Responsible Business Partners Programme provides the framework for ensuring the responsible business conduct of all our suppliers. Our programme is based on a systematic process for assessing and improving the ethical, social, and environmental performance of suppliers. We perform risk-based due diligence investigations to establish whether our suppliers comply with our [Code of Conduct](#), identify areas where they fall short, and highlight focus areas to improve their level of compliance.

The program is designed, in line with the [UN Guiding Principles on Business and Human Rights](#), to meet international best practice as a customer by using

our leverage towards our suppliers to support continuous improvement of their social, environmental and ethical performance. It is our experience that constructive but critical engagement with our suppliers leads to greater impact than if we decide to disengage.

The Prodeco mine

You have raised a number of concerns regarding the Prodeco mine in Columbia. At the moment, DONG Energy does not have any active contracts with Prodeco. Nevertheless we have decided to look into these issues in order to better understand the extent to which Prodeco's operations are in compliance with our Code of Conduct, should we one day consider renewing our commercial relations with Glencore Prodeco.

As part of our Responsible Business Partners Programme, we have conducted a site assessment of the Prodeco mine in March 2016. The purpose of the assessment was to assess the current performance of the mine against international sustainability standards as defined in our Code of Conduct. As part of our pre-assessment preparation, we commissioned a benchmarking of our Code of Conduct against current regulatory requirements in Colombia in order to identify areas where we would expect additional due diligence by the mining company in the case of weak regulatory frameworks or governance.

We are currently analysing the results of the site assessment. In accordance with our standard procedures in our Responsible Business Partners Programme, we require that our suppliers implement a mutually agreed upon action plan for improvement based on the findings of the site assessment. The purpose of the action plan is to describe how the mine will mitigate and remedy the potential adverse impacts caused by any breaches with our Code of Conduct and enable the Prodeco mine to identify and prevent similar occurrences in the future.

Political due diligence

In your report you specifically raised concerns regarding the role of the Prodeco in the Colombian civil war in the late 90's and early 00's. We believe that the ongoing transitional peace process currently underway in Havana is the legitimate authority to handle issues relating to the past conflicts and ensure the implementation of a process whereby victims of the civil war achieve justice and compensation. We expect all of our Colombian coal suppliers to engage and collaborate constructively with the Colombian government during this peace process, and we will continue to follow the process and encourage positive participation from our suppliers.

In recognition of the need for additional due diligence due to the years of conflict in Colombia, we have taken additional steps to help us develop a better understanding of the implications to the mining sector of the current political context, the peace process, and efforts towards truth and reconciliation.

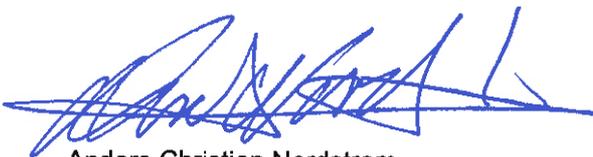
In January 2016, prior to our site assessment in March, we conducted a 3-day field visit to Colombia where we sought counsel with key stakeholders including union representatives, Colombian NGOs, UN High Commission for Human Rights, Ministry of Labour, Ministry of Mines and Energy, High Counsellor of the Presidency for Human Rights, Ombudsman's Office and more.

As a part of this political due diligence we also commissioned independent reports from the International Work Group for Indigenous Affairs (IWGIA) on indigenous rights and the coal mining sector in Colombia and from the Danish embassy in Bogota on the political situation and the peace process. In addition, we are continuously seeking counsel from a wide range of academics and experts on the situation in Colombia.

Over the coming months we will continue to monitor the developments of the peace process in Colombia and specifically the engagement of the coal mining sector in any judicial or non-judicial initiatives. We will continue to build our understanding of the governance context by seeking counsel with NGOs, academics and experts on Colombia and post-conflict reconstruction. We will also continue to engage Glencore/Prodeco in our Responsible Business Partners Programme and work collaboratively with them towards the continuous improvement of their ethical, social and environmental performance on the basis of our Code of Conduct.

We will not consider renewing our commercial relations with Glencore regarding Prodeco until we have a better understanding of the overall situation and are comfortable that Prodeco is meeting our standards of responsible sourcing.

Yours sincerely,



Anders Christian Nordstrom
Vice President
Power Commercial
Bioenergy & Thermal Power