

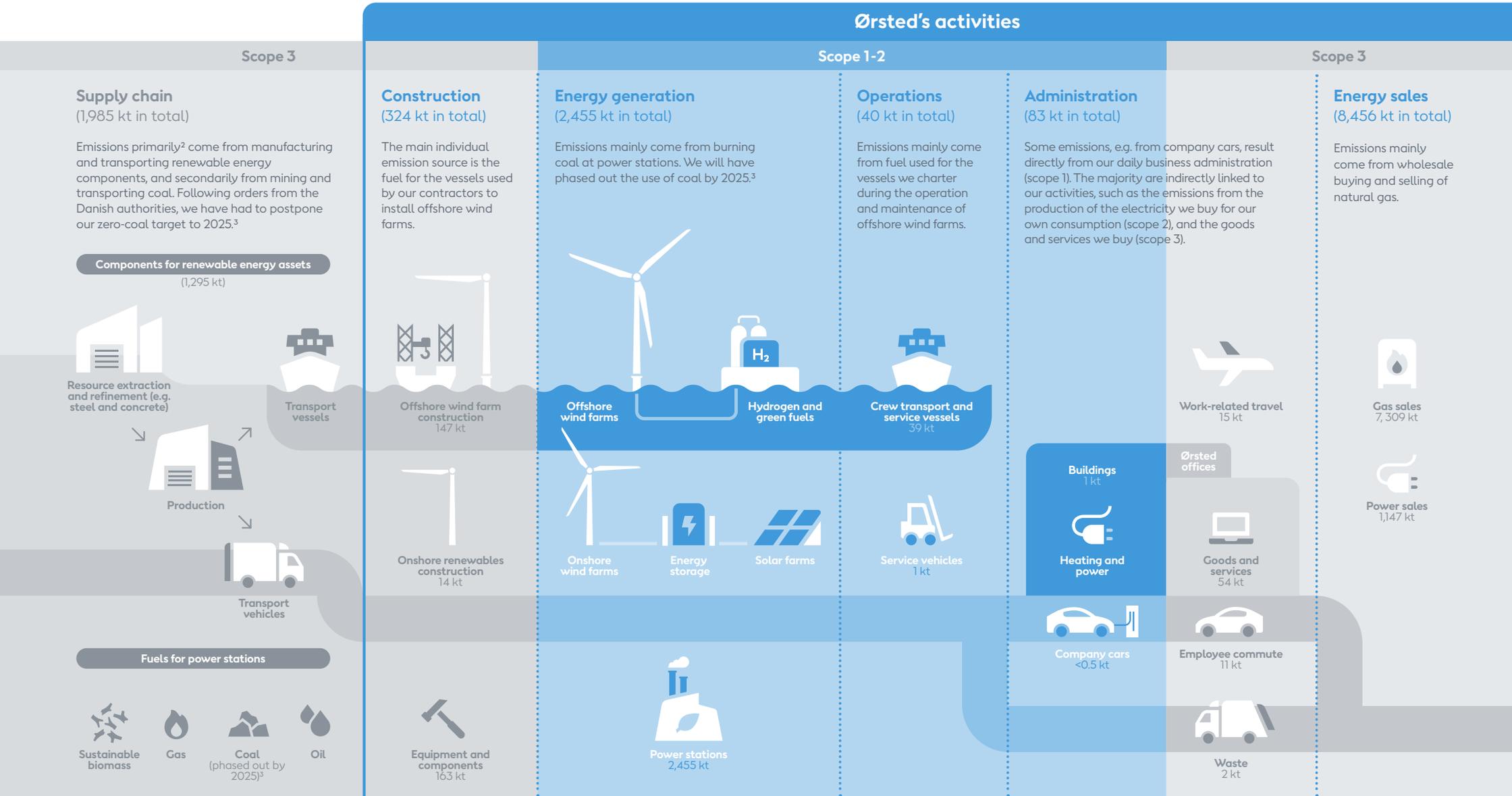
Green energy to power lasting positive impact

Ørsted
Sustainability report
2022



Decarbonising our full value chain

2022 data¹ (1 kt = 1,000 tonnes of CO₂ equivalents)



1. Our carbon emissions accounting follows the Greenhouse Gas Protocol. This illustration shows the main sources of emissions per category. For our detailed emissions accounting, please see our ESG performance report 2022, pp. 23-24.

2. Supply chain emissions from energy sales activities are accounted for under the 'Energy sales' category.

3. In order to ensure the security of the electricity supply in Denmark, the Danish authorities have ordered Ørsted to continue and resume operations of three of its power station units which use oil and coal as fuel until 30 June 2024. We have therefore had to postpone the phase-out of coal to 2025.

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This report constitutes Ørsted's **compliance with the statutory disclosure on corporate social responsibility**, see the Danish Financial Statements Act, sections 99 a and 107 d.

The programme indicators marked with a  on pp. 14-41 in this report are part of our ESG performance report 2022 and have been subject to third-party limited assurance by PwC. The programme indicators marked with a  are part of our audited financial statements for 2022. Read more about the scope of the assurances in our ESG performance report 2022, p. 45, and our annual report 2022, pp. 174-181.

2022 reports



Annual report



ESG performance report



Remuneration report



Green bond impact report

Green energy to power lasting positive impact



Green energy is the most impactful solution for fighting global heating, and in our race against time, we need to build it now. Yet, to ensure we deliver a low-emission energy system that contributes to a just and thriving planet, we must also build green energy right.

We are in a race against time

2022 was yet another year marked by the devastating and increasingly evident impacts of global heating. From extreme heatwaves across Europe to the devastating floods in Pakistan, the effects of climate change continued to leave their clear marks across the globe.

At COP27 in Egypt, I shared in the widespread aspiration to keep the 1.5 °C target alive and witnessed a growing recognition of the complex interconnections between global heating and other world crises. But achieving the goals of the Paris Agreement depends on the actions we take now. And the outcome of COP27 lacked ambition, given the urgency we face.

Global heating is a key driver of biodiversity loss and severely worsens social injustice. The single biggest contribution countries can make towards reducing carbon emissions is to massively accelerate the renewable energy build-out. If we fail to do this, we will not be able to tackle the dramatic and damaging impacts of global heating and interconnected crises – nor create a more sustainable energy supply.

← Mads Nipper meets Ethan in Grimsby, UK. Ethan wrote to Ørsted asking about offshore wind and the climate crisis.

Build green energy right, now

A simplistic approach focusing purely on quick wins and gigawatt numbers will put unreasonable pressure on nature, local communities, working conditions, and supply chains. This is because the build-out requires access to land and sea, which relies heavily on coexistence with other users, nature, and local communities. It requires materials for construction – some of which are scarce or in high demand – and people with the right skills, necessitating a larger workforce and reskilling and upskilling to meet demand. In other words, focusing only on getting the cheapest possible renewable energy increases the risk of negative impacts on nature and society.



Ultimately, the success of the green transition heavily relies on how we go about it. The world needs a speedy, scalable, and progressive sustainable build-out. One that fully acknowledges the impacts that climate change and the build-out itself have on nature and societies. A world with abundant green energy is within our grasp. It only remains that we take the right steps together, right now.

Giving up business as usual

The acceleration of the renewable energy build-out has already made huge strides. Solar and wind power are now the most affordable options for generating electricity in two thirds of the world, and renewables are set to replace coal as the world's leading source of power generation by 2027. But in order to stay below the 1.5 °C threshold and avoid catastrophic and irreversible damage, it is time to give up business as usual.

We want to give back more than we take

At Ørsted, we aspire to run a business that gives more to nature and society than it takes. This requires us to integrate solutions to some of our biggest societal challenges into our green energy projects, ensuring that the green transformation creates a lasting positive impact on our environment, biodiversity, and social structures.

Our end goal is to build practices that regenerate nature and society. Our actions should contribute to fully decarbonising the world's energy systems – including sectors that are more difficult to decarbonise, such as steel, concrete, and shipping – while reviving and rewilding our oceans and lands. They should identify, prevent, mitigate, and remedy any potential adverse human rights impacts in our work, promote just societies, and build thriving local communities based on high-quality jobs and local economic benefits.

Creating lasting positive impact

We do not have all the answers, but we are committed to finding them. We know that to lift this agenda, bold decisions and unprecedented collaborative action are required at all levels of society – within and between industries, businesses, and countries.

Our aspiration enables us to work on renewable energy projects that contribute positively to wide-ranging and common sustainability goals with the aim of realising shared objectives for our customers, partners, investors, and our business. We will therefore continue to partner with key stakeholders, including local communities and NGOs who share this agenda, to build and launch commitments and initiatives, scale learnings, and successfully deliver a lasting positive impact.

Our actions to deliver

In 2022, we took decisive action to build solutions and progress towards our sustainability aspirations for each of our four strategic priority areas: climate, nature, people, and governance. Highlights include:

Science-aligned climate action: To move towards net-zero, we have committed to procuring at least 10% 'near-zero' concrete by 2030, signed an agreement on the world's first service operation vessel (SOV) that can run on 100% green fuels, and expanded the expectation to use 100% renewable electricity by the end of 2025 to all our tier 1 suppliers, marking an industry first.

Green energy that revives nature: To progress towards a net-positive biodiversity impact from all new energy projects we commission from 2030 at the latest, we have launched a five-year international partnership with the World Wide Fund for Nature (WWF) to improve ocean biodiversity. We also

↑ Ørsted is partnering with the Lincolnshire and Yorkshire wildlife trusts to help restore the biodiversity around the Humber, a large tidal estuary on the east coast of northern England. Credit: Finn Varney/Yorkshire Wildlife Trust



We aspire to run a business that gives more to nature and society than it takes, and we will continue to partner with companies, customers, NGOs, and others who share our aspiration to create a lasting positive impact.

initiated a pioneering project with the Lincolnshire and Yorkshire wildlife trusts to improve the health and resilience of the Humber Estuary's ecosystem in northern England by restoring seagrass and salt marsh and introducing half a million native oysters.

A green transformation that works for people:

To support a just transition, we have conducted a corporate-wide human rights impact assessment to better understand our impacts as our global footprint grows, set up a community fund in Choczewo, Poland, to support local sustainable development opportunities, and committed to recruiting and training workers from marginalised communities for trade union construction jobs as part of our US offshore wind project Sunrise Wind in New York. We have also introduced a new global policy on parental leave for our employees, guaranteeing primary caregivers a minimum of 18 weeks of fully paid leave and secondary caregivers 12 weeks of fully paid leave.

Governance that enables the right decisions:

Finally, to ensure that we continue to deliver on our sustainability priorities, we have strengthened our efforts to systematically embed sustainability across all relevant parts of our operating model so that every colleague, every decision, and every business development pull towards the same ambition. In 2022, we strengthened ESG criteria in our Group

Executive Team's short-term incentive remuneration scheme, giving them the same weight as financial KPIs. We also received continued recognition for our commitment to sustainable tax practices, including by being awarded the Fair Tax Mark.

Standardised sustainability information will advance the agenda

In this report, we present what we think are our most urgent sustainability challenges and our aspirations to push each of our priority areas forward. We also challenge ourselves, our stakeholders, peers across industries, and anyone sharing our aspiration to give up business as usual and start assessing what we can each do to give more to nature and society than we take.

Any developments to further standardise how to measure and report on sustainability impacts will help move this agenda forward, as it provides companies with clear metrics for performance and enables customers and investors to make conscious choices. At Ørsted, we welcome such developments, including the upcoming Corporate Sustainability Reporting Directive (CSRD) from the European Union. Already for the 2022 report, we have moved parts of our sustainability reporting into our annual report to accommodate upcoming CSRD demands and to provide stakeholders with a more coherent overview of both financial and sustainability performance. In this report, we further elaborate on our sustainability

approach and progress across our sustainability programmes. Moreover, together with ten energy peers and the Carbon Trust, we have established a joint industry programme to develop a common standard for measuring life cycle emissions from offshore wind farms, which will both increase the transparency of supply chain emissions and enable comparability across developers and assets.

We will continue to assess how to best adapt our reporting to meet standardisation and transparency demands, and we support ongoing work to standardise sustainability information, including the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN).

In the middle of difficulty lies opportunity

Renewable energy investments must grow by almost a factor of three to USD 4 trillion per year by 2030 to keep the 1.5 °C target alive. Achieving this will be the biggest challenge of our lifetime. Yet, in the middle of difficulty lies opportunity. Collectively, we can choose to unlock and deploy these trillions as a vehicle for combating climate change and creating a lasting positive impact on employment, sustainable supply chains, biodiversity restoration, and beyond, now and for generations to come.

At Ørsted, taking action to achieve this is what gets us up every morning. It is at the core of our organisation, and it is what drives our efforts to create a just and thriving world that runs entirely on green energy.

Mads Nipper
Group President and CEO

Sustainability at our core

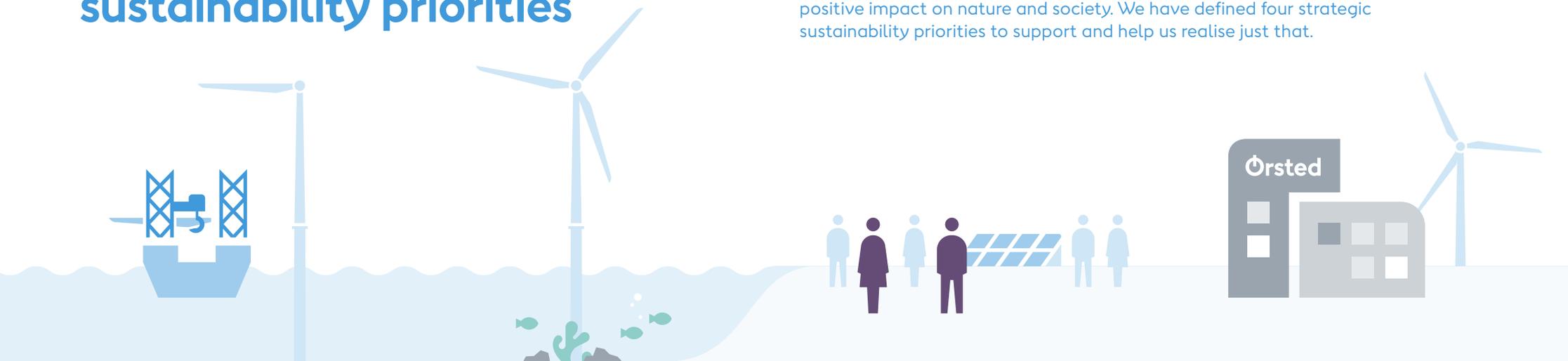
In this section, we unfold the backbone of our sustainability work. We present our four strategic priority areas for leading a build-out that can deliver a lasting positive impact on people and nature, and we introduce our most material sustainability themes and how we address them.

- We are collaborating with WWF Denmark to deploy 3D-printed reef structures on the seabed at Anholt Offshore Wind Farm in Denmark. Our hope is that these structures will create habitats for cod and contribute to a healthier, more resilient marine ecosystem in the Kattegat.



Our strategic sustainability priorities

If done right, the renewable energy build-out can drive positive change far beyond generating zero-emissions energy. It can be a vehicle for creating a just and thriving planet and for delivering a lasting positive impact on nature and society. We have defined four strategic sustainability priorities to support and help us realise just that.



Science-aligned climate action

Aspiration

We scale our green energy business while delivering science-aligned emissions reductions, thereby enabling our customers to also take climate action.

Key sustainability targets

- 2025: 98% reduction in scope 1-2 emissions intensity (from 2006).
- 2032: 50% absolute reduction in scope 3 emissions (from 2018).
- 2040: Net-zero emissions in scope 1-3 and 90% reduction in absolute emissions (scope 3, from gas sales).

Green energy that revives nature

Aspiration

We work to ensure that each of our energy projects contributes positively to a thriving nature.

Key sustainability targets

- 2025: 40% reduction in freshwater withdrawal intensity (m³ per GWh).
- 2030: Net-positive biodiversity impact from all new renewable energy projects commissioned from 2030 at the latest.
- Zero wind turbine blade waste directed to landfill.

A green transformation that works for people

Aspiration

We focus our efforts on making the green energy transition just and inclusive.

Key sustainability targets¹

- 2023: Develop external human rights reporting and track our most salient human rights risks.
- 2025: Achieve a total recordable injury rate (TRIR) of 2.5 per million hours worked
- 2030: Reach a 40:60 gender balance in our total workforce (women:men).
- Employee satisfaction: Be in the top 10% among benchmarking companies.

Governance that enables the right decisions

Aspiration

To deliver on our sustainability goals, we continuously work to integrate sustainability and integrity into processes and decision-making across our organisation.

Key sustainability targets

- Sustainability is embedded consistently across relevant steps of our operating model.
- All future projects are EU taxonomy-aligned.
- Code of conduct risk screenings are performed on all sourcing contracts above DKK 3 million.

Integrating sustainability across our business

Over the years, we have developed a systematic approach for identifying the sustainability themes that are material to us and for addressing the most important ones through dedicated sustainability programmes. We do so for two main reasons: First, to understand the many ways in which our business affects, and is affected by, our surroundings. And second, to identify how we can best address these themes to work towards a sustainable future for our stakeholders and our business.

Our sustainability themes analysis

We conduct a sustainability themes analysis every year to identify, assess, and prioritise the themes that matter to our stakeholders and business. In doing so, we consider both the impact that we as a business have on our surroundings and the impact that the identified themes may have on us as a business. This analysis is a key strategic tool allowing us to continuously improve our understanding of what is material and to respond accordingly in a dynamic and rapidly changing sustainability landscape.

This year, we identified five themes requiring particular attention. These are our five most material themes and therefore critical to our aspiration of building green energy right. Within each of the five themes, we believe that we can play a key role in innovating and pioneering solutions that can deliver tangible and lasting positive impacts to both our planet and people. We also know that they could pose serious risks to our business if not addressed properly.

On the next page, we present the five themes. Following that, we present our sustainability themes analysis in more detail, including how we updated our approach in 2022.

→

← Operations and maintenance (O&M) technicians Cooper and Leah at our West Coast Hub in the UK. Cooper is one of 22 Taiwanese O&M technicians who spent six months in the UK on a training secondment.



The most material impacts from building green energy

Carbon emissions from renewable energy supply chains

Impact on surroundings

There are carbon emissions tied to the manufacturing, installation, and operation of our renewable energy assets. These activities account for the majority of carbon emissions throughout the life cycle of our renewable energy assets. In order to maximise the climate benefits of our renewable energy and deliver science-aligned climate action, we must work to reduce our supply chain emissions.

Impact on business

Our assets and operations are exposed to both direct and indirect effects from climate change. Direct impacts include physical damage from extreme weather events. Indirect impacts include disruptions to our supply chains and potentially supply shortages.

Our response

We are taking leading action to decarbonise our supply chains through our programme 'Decarbonisation of supply chain and natural gas wholesales'. See p. 15.

In addition, we build resilient assets that can withstand the climate they are operating in during their expected lifetime.

Biodiversity and local ecosystems

Impact on surroundings

Constructing and operating renewable energy assets can impact local environments wherever they are built. These impacts can be temporary, such as noise from construction, or more permanent, such as habitat loss resulting from the installation of offshore wind foundations. If not addressed correctly, there is a risk of negatively impacting surrounding natural environments.

Impact on business

If we fail to address and manage the biodiversity impacts related to our business, we risk project delays or cancellations.

Our response

We continue to ramp up efforts to make sure our projects contribute positively to nature through our programme 'Energy projects with net-positive biodiversity impact'. See p. 20.

Circular resource use

Impact on surroundings

Building green energy assets at the scale and speed required is dependent on the use of raw materials and water, which are already under pressure. If not handled responsibly, this can lead to adverse impacts on both the environment and people.

Impact on business

The materials needed for renewable energy are increasingly in demand, potentially leading to increased competition, higher costs, and supply chain bottlenecks. If we cannot access the materials we need, we face severe risks in terms of project delays, cost increases, and reduced stakeholder confidence. Creating a more circular value chain brings an opportunity to lower our dependency on raw materials and build a resilient supply chain.

Our response

We work to build a strategic circular approach through our programme 'Circular resource use'. See p. 22.

Communities

Impact on surroundings

As the build-out continues, renewable energy structures will become part of more and more communities. Many of these have concerns, needs, and expectations that we must listen to and address. If built right, in balance with community expectations and ensuring respect for human rights, renewable energy projects have massive potential to revitalise communities.

Impact on business

Failing to understand and address the concerns and expectations from the communities in which we operate can cause permitting and construction delays, lead to the abandonment of planned projects, or damage our reputation as a trusted build-out partner able to drive a just transition.

Our response

We are strengthening our strategic approach through our programme 'Thriving communities'. See p. 27.

Human and labour rights

Impact on surroundings

Our business impacts the lives of people across our own operations, our supply chains, and communities. As we continue to grow, we need to make sure that we respect human rights in everything we do and that no one is adversely impacted, specifically in regions or industries where regulations are weaker.

Impact on business

If we do not ensure that labour and human rights are respected across our operations, supply chains, and communities, we risk severe regulatory and reputational damage to our business, and potential supply chain disruptions causing project delays.

Our response

We work to strengthen our human rights due diligence approach through our programme 'Human rights management and integration'. See p. 31. However, as a cross-cutting theme, we also address it in several other programmes. See pp. 27, 32, and 39.

Updated approach to our sustainability themes analysis

In 2022, we updated our sustainability themes analysis for two reasons: firstly, to strengthen our understanding of our impact on our surroundings, and secondly, to better understand how to act on and work with the themes in practice to create the biggest possible positive impact.

Our sustainability themes analysis has always been guided by the principle of taking a double view on materiality – that is, considering both the impact that we as a business have on the environment and society, and the impact that identified themes may have on us as a business.

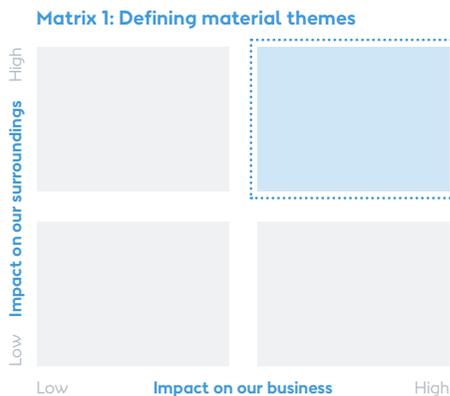
To assess our impact on our surroundings, we have been guided by the level and intensity of attention each theme has received from our stakeholders. To assess impact on our business, we have considered the reputational, operational, and regulatory risks and opportunities that a theme could pose. This is illustrated in matrix 1 to the right.

To further strengthen our understanding of the impact we have on our surroundings, we have improved our insights on stakeholder perspectives. We have done so by developing a more individualised stakeholder approach and by collecting insights from stakeholder-specific and subject-matter experts across our business to ensure that we thoroughly understand what matters to each individual stakeholder group. Our key stakeholder groups are:

- Governments and corporate customers
- Current and future employees
- Investors and joint venture partners
- Communities
- Policymakers (e.g. regulators, international standard-setting bodies)
- Energy opinion shapers (e.g. think tanks, international organisations, NGOs)

Moreover, we also wanted to better understand what type of action we should take to adequately address our material themes.

As a new addition to our analysis, we have therefore introduced a new matrix allowing us to compare the novelty of stakeholder expectations to Ørsted with our current ability to meet these expectations. This helps us identify which action is most appropriate for each identified theme. Should we continue or strengthen our efforts? Should we build new capabilities to address a theme? Or should we observe it for now, closely following developments in expectations and potential impacts on our business? This is illustrated in matrix 2.



Our approach to mapping themes and defining our response

Matrix 2: Defining appropriate action for each theme



As shown, we have placed all our five key themes under 'Strengthen'. While we have worked with all five for several years and have strong practices in place, we need to further strengthen our capabilities to adequately respond to the rising importance of these themes.

Next year, we will look into how we can further strengthen our double materiality assessment, including a particular focus on financial materiality, to align our approach with the EU's upcoming Corporate Sustainability Reporting Directive (CSRD).

On our website, you can read more about our approach [here](#) and see the full results of the 2022 analysis [here](#).
→

Addressing expectations through our sustainability programmes

We address the most material sustainability themes through our dedicated sustainability programmes.

Our sustainability programmes focus on key challenges and opportunities within one or several sustainability themes. For each programme, we develop roadmaps outlining initiatives and concrete actions, indicators, and targets, as well as policies and a clear governance structure outlining accountability anchored in our Group Executive Team.

Based on the outcome of our annual sustainability themes analysis, we either update existing programmes or develop new ones.

By integrating the themes into our business through our portfolio of programmes, we make sure that we continuously translate expectations into our daily work. And by defining actions and targets, as well as clear accountability with members of our Group Executive Team we ensure prioritisation, progress, and delivery of targets.

Our full portfolio currently consists of 18 programmes spread across our four strategic priority areas as detailed to the right.

You can read more about each of our sustainability programmes in the following section.

Our portfolio of sustainability programmes

Science-aligned climate action

- 1. Decarbonisation of supply chain and natural gas wholesales
- 2. Decarbonisation of energy generation and operations
- 3. Reliable and secure energy infrastructure

A green transformation that works for people

- 8. Thriving communities
- 9. Skills and talent for the green transformation
- 10. Human rights management and integration
- 11. Responsible sourcing of minerals and metals
- 12. Diverse and inclusive renewable energy sector
- 13. Safe and better ways of working

- Programmes addressing the five most material impacts from building green energy

Green energy that revives nature

- 4. Energy projects with net-positive biodiversity impact
- 5. Circular resource use
- 6. Healthy water systems
- 7. Sustainable use of biomass

Governance that enables the right decisions

- 14. Mobilisation of sustainable finance
- 15. Embedding sustainability in our operating model
- 16. Responsible business partners
- 17. Responsible tax practices
- 18. Responsible business conduct

Our progress across sustainability programmes

In this section, we present our portfolio of sustainability programmes. We summarise key takeaways across our four priority areas and outline the components of each of our 18 programmes and the progress we have made, including defined ambitions and performance indicators to guide our activities and enable our stakeholders to measure performance and hold us accountable.

→ The onshore wind farm Plum Creek Wind in Nebraska, US, generates 230 MW of renewable energy and yields over USD 3 million in local community benefits every year for the Wayne County area.



Science-aligned climate action

Taking action, collaborating, and delivering decarbonisation of energy systems is our greatest contribution to society. It is also where we can have the biggest impact. With our renewable energy solutions, we aspire to be a leading catalyst for a greener world. Yet, we want to go beyond delivering low-emission renewable energy assets; we want to be a front runner in the delivery of fully decarbonised renewable solutions to enable the transition to the net-zero economy we urgently need.

To get there, we need to tackle the emissions linked to our own operations, energy generation, and supply chains. That requires new technologies to be tested, piloted, and scaled – particularly for difficult-to-decarbonise materials, such as steel, fuels, and concrete, which face a steep road towards net-zero.

Key sustainability targets

- **2025:** 98% reduction in scope 1-2 emissions intensity (from 2006)
- **2032:** 50% absolute reduction in scope 3 emissions (from 2018)
- **2040:** Net-zero emissions in scope 1-3 and 90% reduction in absolute emissions (scope 3, from gas sales)

While we know the way forward, there is still some way to go. However, we need to act now and collaborate along the way, within and across industries, which is precisely what we are trying to do.

Right now, we are taking leading steps to incentivise the innovation and expansion of the decarbonisation of key materials for the benefit of our own decarbonisation efforts, our customers, and multiple other industries.

Crucially, we aim to do it right – in a way that is aligned with science and creates a lasting positive impact on our environment, biodiversity, and societies. Our 2040 net-zero target and underlying reduction targets for scope 1-3 are validated by the Science Based Target initiative (SBTi), ensuring that our reduction plans are aligned with what science tells us is needed to stay on track for the 1.5 °C pathway.

Highlights



Signed an agreement on the world's first service operation vessel (SOV) that can run on 100% green fuels



Became a founding member of the First Movers Coalition's 'near-zero' concrete commitment



Set a clear expectation to all our suppliers to cover their electricity consumption with 100% renewable electricity by the end of 2025

Programmes

1. Decarbonisation of supply chain and natural gas wholesales ●

Reduction in GHG emissions (scope 3)
(% reduction in Mt CO₂e, base year 2018)
– incl. gas sales

38	62	50
2021	2022	2032

Reduction in GHG intensity (scope 1-3)
(% reduction in g CO₂e/kWh, base year 2018)
– excl. gas sales

49	54	99
2021	2022	2040

2. Decarbonisation of energy generation and operations ●

Reduction in GHG intensity (scope 1-2)
(% reduction in g CO₂e/kWh, base year 2006)

87	87	98
2021	2022	2025

3. Reliable and secure energy infrastructure ●

All internal Ørsted employees are regularly trained in cybersecurity to embed a security mindset, aiming to ensure secure behaviour online and physically, both at work and at home (%)

97	96	100
2021	2022	Ongoing target

Progress on main performance indicators in 2022

- Performing well
- Performing well, but with challenges this year
- Significant challenges

Read more about our performance on the individual programme pages.

Programme 1 ●

Decarbonisation of supply chain and natural gas wholesales

What is our aspiration?

To deliver on our 2040 net-zero target, we need to tackle the carbon emissions tied to our value chains.

Since we have already decided to gradually phase out natural gas from our business portfolio – which today accounts for the majority of our scope 3 emissions – tackling our supply chain emissions is our next frontier. Doing so is not an easy task, as they are tied to activities beyond our direct control.

What do we do?

To cut supply chain emissions, we are dependent on the success of our suppliers, and their suppliers in turn, meaning that active collaboration is key. In 2020, we launched a programme to strengthen collaboration with strategic suppliers, peers, and other leading companies.

The programme consists of three pillars:

- Tracking carbon progress:** Based on life cycle assessments (LCAs) of emissions, we track and report on our carbon performance.
- Supplier engagement:** We actively engage with strategic suppliers, which represent >60% of procurement spend and are part of the most carbon intensive parts of our supply chains, to help them: i) set science-based targets and report on their emissions, ii) cover their electricity consumption with 100% renewable electricity by the end of 2025, and iii) optimise vessel routes and

develop road maps for transitioning to renewable energy.

- Cross-sector collaboration:** We work with leading companies facing similar challenges to send crucial demand signals, form partnerships to mature decarbonisation solutions, and engage with global policymakers.

What happened in 2022?

- To increase transparency of our supply chain emissions, we began using asset-specific life cycle assessments (LCAs) of our offshore assets in our external scope 3 reporting, and we established a joint industry programme together with ten energy peers and the Carbon Trust to develop a common standard for measuring emissions. Read more on the following page.
- Almost all our strategic suppliers disclosed emissions data to CDP (>90%). 40% have set or committed to setting a science-based target (up from 0% in 2020). More than 69% have adopted 100% renewable electricity or committed to doing so by the end of 2025 (up from 21% in 2020).
- We expanded our expectation for strategic suppliers to cover their electricity consumption with 100% renewable electricity by the end of 2025 to apply to all tier 1 suppliers and developed guidelines to support them.
- Steel represents over 50% of the supply chain emissions from our offshore assets. Using scrap steel is a short- to medium-term solution, but also a scarce resource.

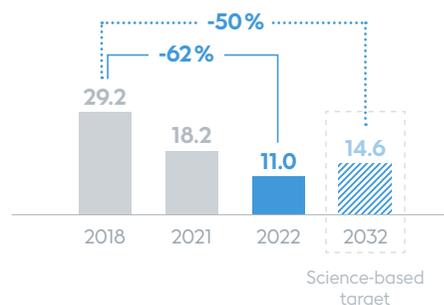
- Therefore, we began exploring how to direct scrap steel from decommissioned assets back into the renewable energy value chain.
- We became a founding member of the First Movers Coalition's concrete commitment, pledging to procure at least 10% 'near-zero'¹ concrete per year by 2030, and we hosted the inaugural SteelZero conference.
- Finally, in 2022, we reduced our scope 3 emissions beyond our 50% reduction target for 2032. However, this was due to generally lower demand for gas following Russia's invasion of Ukraine and ceased deliveries from our gas sourcing contract with Gazprom Export. We expect our scope 3 emissions to increase again in 2024 once the Tyra gas field is reopened and deliveries under our long-term gas sourcing contract with DUC are resumed. We remain on track to meet our 2032 target.

What's next?

Based on our learnings so far, we will continue to develop tools and methods to support our suppliers in their green transitions. We will work together with like-minded partners to push for necessary action, and we will continue to work towards a common standard for measuring supply chain emissions within the offshore wind industry to enable comparability and enhance the transparency of embodied emissions.

Targets and indicators

🕒 **Reduction in GHG emissions (scope 3)**
(Mt CO₂e, base year 2018) – incl. gas sales



Our partnerships:

- First Movers Coalition (steel and concrete)
- SteelZero
- Salzgitter AG
- Green Fuels for Denmark
- 1.5 °C Supply Chain Leaders (Exponential Roadmap Initiative)
- The Carbon Trust

International frameworks:

- SteelZero

Our governance:

Accountability lies with our Head of Global Stakeholder Relations and Chief Operating Officer. The programme is anchored in a steering committee with broad representation from the business.

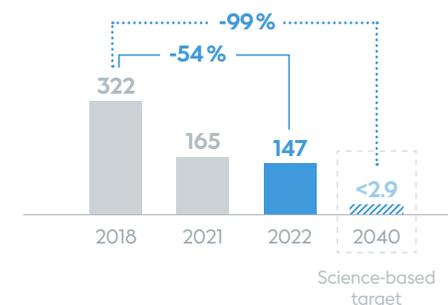
Read more:

- For ESG indicators, see our ESG performance report, sections 4.2 and 4.3

SDGs



🕒 **Reduction in GHG intensity (scope 1-3)**
(g CO₂e/kWh, base year 2018) – excl. gas sales



1. In the First Movers Coalition framework, 'near-zero' means a 75% reduction in carbon emissions from concrete.

Programme 1 – Case story

Increasing transparency of our supply chain emissions from offshore wind farms

Today, the largest share of carbon emissions throughout the life cycle of our offshore wind farms stem from our supply chain. To improve transparency of these emissions, we have begun to report externally on the supply chain emissions linked to our specific offshore assets, rather than relying on estimates for an average wind farm – the common practice today.

Although we produce renewable electricity with close to zero direct emissions, there are still emissions linked to the manufacture, installation, and transportation of our renewable energy assets. As we continue our green build-out, these emissions will rise. Therefore, we need to find ways to decouple the growth of our build-out from the growth of emissions in our supply chains, and that starts with understanding these emissions better.

To increase transparency of the supply chain emissions linked to our offshore wind farms, we have started to report using asset-specific carbon calculations. To do this, we use life cycle assessments (LCAs) of emissions for each of

our offshore assets in our external reporting. LCA is a scientific approach that enables us to quantify the environmental impacts from the manufacture, installation, and transportation of our offshore wind farms more accurately. Previously, we relied on LCA studies of an average wind farm to calculate our supply chain emissions – a common approach in the industry – which do not reflect specific asset characteristics.

At first glance, this may seem like a minor change, but taking an asset-specific approach will significantly improve our data accuracy, as we will now report more accurately on the supply chain emissions for specific assets. This means that our numbers will more correctly reflect design choices and amounts and types of materials – for example the amount of fuel used by installation vessels during the installation of our offshore wind farms.

The new approach will also more accurately reflect the actions we communicate to reduce our supply chain emissions. Reporting on asset-specific supply chain emissions enables better tracking of our progress towards our 2040 net-zero target, linking our actions and design choices to the emissions we report on externally.



↑ Installation of the offshore substation at Hornsea 2, 89 km off the east coast of England.

Forging a common standard

Measuring and reporting on supply chain emissions can help guide companies' decarbonisation efforts by understanding where emissions stem from while increasing the transparency around environmental impacts for governments, customers, investors, and other key stakeholders, who are increasingly requesting more insight into supply chain emissions. Yet, companies in today's offshore industry use different methodologies to gauge this, making it difficult to understand and compare supply chain emissions across offshore wind farms.

In collaboration with energy peers, we are working towards a standardisation of LCA methodologies for offshore wind farms to enable comparability. We have co-founded a task force in WindEurope and established a joint industry programme together with the Carbon Trust and ten energy peers to develop a common standard for measuring life cycle emissions from offshore wind farms. A common standard will improve transparency within the industry and allow customers to compare the carbon footprint of different solutions from different offshore wind developers. This can help incentivise investments in low-carbon solutions.

Programme 2 ●

Decarbonisation of energy generation and operations

What is our aspiration?

Our vision at Ørsted is a world that runs entirely on green energy, and we aspire to be one of the leading catalysts for the transition. That starts with decarbonising our own energy generation and operations (scope 1-2). We have the most progressive decarbonisation targets in the energy sector, and we want to become a carbon-neutral company by 2025.

What do we do?

We have aligned our emissions reduction targets with the available climate science, as validated by the Science Based Target initiative (SBTi).

With our science-based 2025 target, we have committed to reducing the emissions intensity in our energy generation and operations by at least 98% from 2006 to 2025. This covers emissions from the generation of heat and power as well as our operations, including vessels, vehicles, and sites (scope 1-2).

From 2025, we will offset our residual emissions through certified high-quality solutions, mainly nature-based carbon removal projects. We are developing our own projects in line with SBTi's best practice guidance, as well as our own additional quality considerations, which include proven additionality and positive impacts for local communities and biodiversity.

What happened in 2022?

2022 was a bump in the road. We saw our absolute scope 1-2 emissions increase by 17% as we temporarily had to resume coal use at Studstrup Power Station, Denmark. This was due to global scarcity of wood pellets following a ban on imports from Russia and a wood pellet fire at Studstrup. Moreover, following orders from the Danish authorities to temporarily extend operation of three of our coal- and oil-fired power stations in order to ensure the security of the electricity supply in Denmark, we had to delay our 2023 zero-coal target to 2025.

We maintain that coal has no place in the future energy system, and we are dedicated to phasing it out and reducing emissions. Here is what we achieved in 2022:

- We have reduced the GHG intensity of our energy generation and operations by 87% since 2006, reaching 60 g CO₂e/kWh in 2022. Since remaining emissions primarily come from the use of coal, which will be phased out by 2025, we maintain our target of reducing our GHG intensity by at least 98% by the end of 2025 and reach 10 g CO₂e/kWh.
- We entered a pioneering agreement with one of our suppliers to invest in the world's first service operation vessel (SOV) that can operate entirely on green fuels.

- We no longer buy or lease fossil-fuelled vehicles, and by the end of 2025, our entire light vehicle fleet will be fully electric. Currently, 51% is electric (including plug-in hybrids), up from 41% last year.
- We are maturing our portfolio of nature-based carbon removal projects. In 2022, we planted the first 240 hectares of propagules as part of phase one in our mangrove conservation and reforestation project in Gambia, and together with the World Bank, we launched a new partnership focused on developing mangrove projects in Ghana. We partner with local stakeholders to understand their specific needs and use their expertise to ensure that the projects deliver benefits for both climate, nature, and local communities.

What's next?

We will continue driving out emissions across scope 1-2, with the aim to reduce our emissions intensity as much as possible, even beyond our 98% reduction target.

Our partnerships:

Our decarbonisation efforts are guided by collaboration with world-leading climate NGOs:

- Science Based Targets initiative
- EV100, the Climate Group
- Energy Transitions Commission
- We Mean Business Coalition

International frameworks:

Our climate strategy builds on global best practice standards and the 1.5 °C pathway, as outlined by climate science:

- The Paris Agreement
- Science Based Targets initiative: Corporate Net-Zero Standard
- Greenhouse Gas Protocol
- IPCC Sixth Assessment Report
- CDP climate change questionnaire

Our governance:

Accountability lies with our Chief Operating Officer and heads of regions.

Read more:

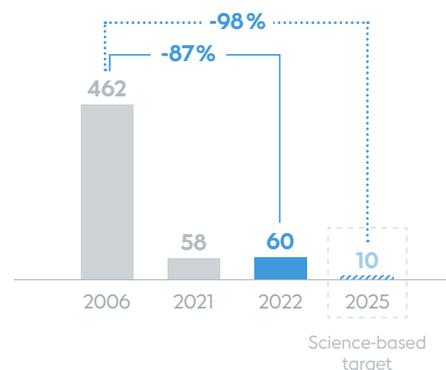
- For ESG indicators, see our ESG performance report, sections 3.5, 4.1, 4.3, and 4.5

SDGs

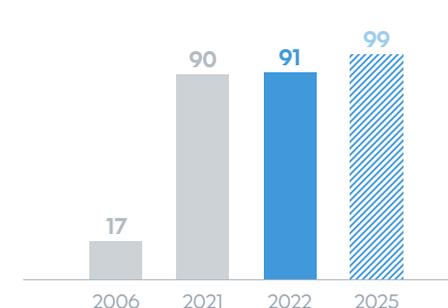


Targets and indicators

- **GHG intensity (scope 1-2)** (g CO₂e/kWh)



- **Green share of energy generation** (%)



Programme 3 ●

Reliable and secure energy infrastructure

What is our aspiration?

To support a world that runs entirely on reliable and secure green energy, we need to both invest in and protect the energy infrastructure that makes the transition possible, including from cyber attacks and climate hazards.

Building smart, integrated, and resilient energy systems that are based on diverse renewable energy sources and can ensure a stable supply is crucial for this. And it is indeed possible if we combine wind and solar with, for example, biogas and biomass, and co-locate it with Power-to-X (P2X) solutions. This allows us to facilitate synergies between P2X and the existing energy system to produce renewable hydrogen and green fuels, which are critically needed to decarbonise hard-to-electrify sectors such as heavy industry and mobility.

As our energy systems become more diversified and digitalised, it is also vital that we protect them from cybercrime to keep society running. As an operator of vital infrastructure, we have a core responsibility to protect our systems and operations against security breaches to ensure a reliable and stable delivery of power to the grid.

What do we do?

We continuously work to incorporate our renewable energy production into the power system in reliable, stable, and cost-effective ways. We also explore opportunities for co-locating production and consumption assets to allow for the smartest possible operation, and to exploit synergies with the energy system.

We keep our infrastructure and business safe and resilient by enhancing our cyber defences against critical infrastructure breaches, and we govern cyber regulations to safeguard data and privacy. We ensure the security of corporate information and critical infrastructure in close collaboration with our business partners, embedding a security mindset across our organisation.

We assess and document our assets' resilience towards climate hazards, confirming they are resilient and able to withstand projected climate changes during their expected lifetime.

What happened in 2022?

To support the development of smart, integrated, and reliable energy systems, we focused on exploiting synergies within the energy system in the development of renewable wind, solar, and P2X projects. Examples of this include the expansion of our presence in green fuels by partnering with Liquid Wind to build a large-scale e-methanol project in Sweden and signing a letter of intent with Skovgaard Energy to jointly develop a P2X facility in Idomlund in the western part of Denmark – an optimal strategic location enabling significant scaling of P2X production.

To safeguard our operations, we:

- improved our security operations by enhancing our 24/7 detection and process automation capabilities, and enabled operational efficiency by implementing standardised security solutions across our asset portfolio

- established a standardised and scalable approach on how to manage security through a company-wide information security management system (ISMS) to build a more efficient engine for supporting our global journey and creating business resilience
- strengthened cyber risk mitigation across our organisation using quantitative risk assessments and an optimised strategic risk management framework to provide an overview of cyber threats, supporting the establishment of the ISMS
- continued to push our information and cybersecurity awareness culture forward.

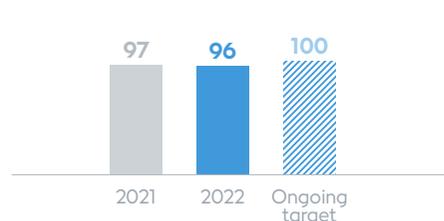
What's next?

We will continue to take an active role in supporting the development and scaling of a smart and integrated energy system.

To further protect and safeguard our assets, we will continue to monitor and assess current and emerging cybersecurity threats and ways to adapt and respond. We will deliver business resilience through well-architected software development and ensure operational stability and compliance. We will also continue to improve business continuity capabilities supported by the cyber resilience to strengthen Ørsted's ability to provide reliable green energy.

Targets and indicators

All internal Ørsted employees are regularly trained in cybersecurity to embed a security mindset, aiming to ensure secure behaviour online and physically, both at work and at home (%)



Our partnerships:

- World Economic Forum
- UK Cyber Security Task Group (E3CC)
- Danish Energy Agency and the Danish energy TSO Energinet
- Electricity Information Sharing and Analysis Center (E-ISAC) and the European Energy Electricity Information Sharing and Analysis Center (EE-ISAC)
- NREL Wind Turbine Consortium
- Polish Naval Academy of the Heroes of Westerplatte

International frameworks:

- International standards, incl. NIST, ISO 27001 & 27002, and IEC 62443
- Regulatory requirements in the countries where we operate, including EU NIS and NERC CIP
- Task Force on Climate-Related Financial Disclosures (TCFD)

Our governance:

Accountability for cybersecurity lies with our Chief Financial Officer. Accountability for P2X lies with our Head of P2X.

SDGs



Ørsted's information security management system (ISMS) is integrated across Ørsted in 2023



Green energy that revives nature

Our nature is under increasing pressure from human consumption and pollution, as well as the consequences of climate change. If done right, the green energy build-out has incredible potential to help tackle this and unlock a lasting positive impact for nature.

Doing so requires that we first and foremost identify and proactively address the potential adverse effects that the build-out itself has on wildlife, habitats, and ecosystems. Based on this, we can then begin to harness the transition to revive nature – from using our resources smarter, longer, and repeatedly to developing our renewable energy projects in a way that supports surrounding ecosystems.

As we continue our renewable energy build-out, we are determined to leave nature as a whole in a better state than we found it. That is why we have committed to delivering a net-positive biodiversity impact from all new renewable energy projects we commission from 2030 at the latest.

We do not fully know how to get there, but we are learning along the way, piloting innovative biodiversity projects to gain experience and learn from our successes and failures. Being able to measure our impact is crucial to this, which is why we are working to develop a measurement framework to push ourselves and the agenda forward, and to ensure we give back more than we take.

Key sustainability targets

- **2025:** 40% reduction in freshwater withdrawal intensity (m³ per GWh)
- **2030:** Net-positive biodiversity impact from all new renewable energy projects commissioned from 2030 at the latest
- **Zero** wind turbine blade waste directed to landfill

Highlights



Entered a five-year global partnership with WWF to improve ocean biodiversity



Defined a new water target to reduce our freshwater withdrawal intensity by 40% by the end of 2025 from 2021



Committed to reusing or recycling all solar PV modules from our solar farms in Region Americas

Programmes

4. Energy projects with net-positive biodiversity impact ●

Red List species recorded in areas with Ørsted offshore operations (number)



5. Circular resource use ●

Wind turbine blades taken down and directed as waste to landfill (number)



6. Healthy water systems ●

40% reduction in freshwater withdrawal intensity (m³ per GWh) by the end of 2025 compared to 2021 (%)



7. Sustainable use of biomass ●

Certified sustainable wooden biomass sourced (%)



Progress on main performance indicators in 2022

- Performing well
- Performing well, but with challenges this year
- Significant challenges

Read more about our performance on the individual programme pages.

Programme 4 ●

Energy projects with net-positive biodiversity impact

What is our aspiration?

The renewable energy transition comes with a huge potential to deliver a positive impact on nature and biodiversity. We strongly believe that the renewable energy build-out can be part of the solution to the biodiversity crisis, and as the build-out continues to gather pace, that potential only grows. However, it requires that we do it right – that we understand our own footprint and integrate biodiversity enhancements into the way we develop our renewable energy assets and run our business.

In 2021, we set the ambition to deliver a [net-positive biodiversity impact](#) from all new renewable energy projects we commission from 2030 at the latest.

What do we do?

Delivering on our 2030 ambition is a complex task with no ready-made blueprint available. To get there, we have developed a corporate-wide programme to develop and test scalable measures, partner up with a wide range of experts, engage with stakeholders, and support scientific research – altogether to find solutions for delivering a positive contribution to nature.

One of our key challenges is how we measure and report on our biodiversity impacts in both terrestrial and marine environments. We are developing a measurement framework that can help us understand our biodiversity losses and gains across both and work towards the possibility of an industry standard.

What happened in 2022?

Since setting our net-positive target in 2021, we have quickly moved from ambition to action:

- We launched a five-year global partnership with WWF, the World Wide Fund for Nature, to set a new standard for biodiversity protection and restoration in offshore wind development. Together, we will identify, develop, and advocate initiatives and approaches that can enhance ocean biodiversity. Read more [here](#).
- Together with The Biodiversity Consultancy, we began developing a measurement framework to help us understand how we measure biodiversity losses and gains at our assets. We are currently testing this framework using data from five of our assets in operation to understand how it will work in practice. To help pioneer how the industry can tackle it, we also took part in the Science Based Targets Network's (SBTN)

Corporate Engagement Programme, where we provided input on the development of a standardised methodology at corporate level.

- We initiated five new biodiversity pilot projects – a key element of the biodiversity toolbox we are building to understand how we can improve biodiversity at an asset level. These projects allow us to learn from successes and failures, with the aim of scaling successful solutions. Examples include our large-scale [restoration project of the Humber Estuary](#) in the UK, our [ReCoral project](#) in Taiwan, and our [3D-printed reef project](#) in Denmark, with more initiatives launching in the near future.
- We began integrating our Onshore business into the programme, and we took the first steps to introduce net-positive considerations early in project development to ensure the entire business is working towards our ambition.
- We completed an assessment of our upstream biodiversity value chain impacts – a first step towards developing an approach for future mapping of value chain impacts.

What's next?

In 2023, we will pilot our measurement framework across selected assets before rolling it out to all upcoming projects to meet our 2030 ambition. We will also start developing a corporate reporting approach to prepare for future disclosure requirements, including the EU's Corporate Sustainability Reporting Directive (CSRD).

Moreover, we will work towards fully integrating all parts of the business into the programme, and we will use the value chain assessment as a point of departure to build our approach for reporting on our value chain biodiversity impacts.

Our partnerships:

- WWF
- UN Global Compact Action Platform for Sustainable Ocean Business
- Rutgers University, Woods Hole Oceanographic Institution and the University of Rhode Island
- University of Aberdeen and the North Highland College's Environmental Research Institute
- Penghu Marine Biology Research Center
- Lincolnshire Wildlife Trust and Yorkshire Wildlife Trust
- ARK Nature

International frameworks:

- UN 2020 Aichi Biodiversity Targets
- UNGC Sustainable Ocean Principles
- EU Biodiversity Strategy for 2030
- Convention on Biological Diversity

Our governance:

Accountability lies with our Head of Global Stakeholder Relations and heads of regions.

Read more:

- [Ørsted Offshore wind biodiversity policy](#)
- For ESG indicators, see our ESG performance report, sections 4.9 and 4.10

SDGs



Targets and indicators

- 🕒 **Red List species recorded in areas with Ørsted offshore operations (number)**



Programme 4 – Case story

Supporting biodiversity from coastline to seafloor

At Ørsted, we are committed to finding ways to leave nature in a better state than we found it as we continue our renewable energy build-out. This year, we have taken new action to deliver on our 2030 net-positive biodiversity ambition by launching a series of initiatives supporting ocean health.

As a renewable energy company, we interact with different ecosystems and species across a wide geographical area, meaning that the biodiversity action we take must be tailored to each area. There is no easy 'one-size-fits-all'

↓ Seagrass sediment in the Humber Estuary.
Credit: James Wood/Yorkshire Wildlife Trust



solution, and restoring nature while developing renewable energy projects is new territory, both for us and the wider industry.

To get there, we are piloting a series of innovative biodiversity projects, collaborating with leading experts and organisations to gain experience and find the best solutions to scale up.

Below, we summarise three projects where we are gaining a better understanding of our interactions with biodiversity and how we best support biodiversity from our coastlines to open oceans.

Restoring the Humber Estuary

The Humber Estuary along the coast of northern England was once home to a thriving oyster reef, but overexploitation and industrial pollution caused the shellfish to disappear in the early 1900s.

We have partnered with Lincolnshire Wildlife Trust and Yorkshire Wildlife Trust to create the Humber Seascape Restoration Programme, restoring salt marsh, seagrass, and oyster beds. The project is part of our broader efforts to make a positive contribution to both climate and nature, with the Humber being one of the most important conservation sites in the UK.

The project involves 70,000 members, 800 active conservation volunteers, and 218 specialist staff. In its initial phase, three hectares of salt marsh and



↑ Right whales in the North Sea and corals off the coast of the Penghu Islands, Taiwan.



four hectares of seagrass will be planted to provide critical shelter and nursery grounds for animals. Next, 500,000 native oysters will be released to encourage biogenic reef development. Read more on our [website](#).

Tracking marine mammal movement and behaviour

In order to ensure the protection and restoration of nature alongside the renewable energy build-out, we need to better understand our interactions with the natural environment, including how we cause minimal disruption to marine ecosystems.

One way we do this is through the Ecosystem and Passive Acoustic Monitoring (ECO-PAM) project, a partnership between Ørsted North America, Rutgers University, Woods Hole Oceanographic Institution, and the University of Rhode Island.

The project gathers crucial data about the North Atlantic right whale, a critically endangered species whose migration habitat lies within areas where there is ongoing offshore wind activity. The project collects data about the right

whale's migration patterns, allowing us to better understand how wind farm roll-outs might impact it. Read more [here](#).

Supporting coral reefs

The world's coral reefs have greatly declined due to rising ocean temperatures and pollution. One quarter of all marine life depends on coral reefs for survival, meaning that the loss of coral reefs is a biodiversity disaster.

We have launched the ReCoral project to test whether corals can grow on the jacket foundations of our offshore wind turbines. Corals usually grow in shallow, nearshore waters, where high surface temperatures can cause coral bleaching. But in the deeper waters where offshore wind farms are installed, the temperature should remain relatively stable, hopefully limiting the risk of coral bleaching.

The initial trial was launched in the summer of 2022 and will continue in the coming years. If successful, the ReCoral approach could present a breakthrough for coral restoration around the globe. For more information, see our [website](#).

Programme 5 ●

Circular resource use

What is our aspiration?

Delivering the green energy build-out at the pace and scale demanded by science requires the use of raw materials such as steel, concrete, and aluminium. Most of these materials are part of the supply chains of many products, and many of them are already scarce and under pressure. Therefore, working towards a more circular use of resources is key to ensuring the availability of critical materials for the build-out and to delivering on our sustainability targets.

By incorporating circular principles across our entire operating model, we work to eliminate waste, maximise the reuse and recycling of our key components and materials, and help nature to thrive.

What do we do?

While our newest renewable energy assets have an expected lifetime of 30-35 years and up to 90% of the total material volumes can be recycled upon decommissioning, there is still a big potential to increase the overall circularity in the renewables industry and beyond.

Therefore, we have identified three key areas where we as a developer and operator of renewables can best influence resource use:

1. Reducing use of virgin resources through design and sourcing: ~75% of our carbon footprint from offshore wind assets comes from the extraction and processing of materials in our supply chain – steel alone

accounts for more than 50%. By optimising our own design of foundations, and by sourcing components with more recycled materials, we can reduce our footprint significantly.

- 2. Optimising use of assets and key components:** The longer we keep our existing assets and components in use through lifetime extension, repair, reuse, and repurposing, the more energy we generate and the less new materials we need. As an example, we are exploring ways to extend the lifetime of our oldest offshore assets from ~25 to up to 35 years.
- 3. Ensuring recyclability upon decommissioning:** We aim to reach 100% recyclability of our renewable energy assets, but we still face challenges with the recycling of solar PV modules and wind turbine blades. We are working to continuously improve recycling options to ensure that all valuable materials are fed back into new material loops.

What happened in 2022?

- We adopted a commitment to reuse or recycle all solar PV modules that break or retire during installation, operation, or decommissioning at our solar farms in Region Americas. Read more on the next page.
- To lower our environmental footprint from steel, we developed a 'circularity road map' for our offshore monopile foundations, with strategic levers including design optimisation, life time extension, use of scrap steel, and decarbonisation of our steel

supply chain. For example, by considering the environmental impacts of design choices, we will be saving 6,000 metric tonnes of steel used for monopiles at our offshore wind farm Sunrise Wind, New York, US, by reducing the thickness of steel plates.

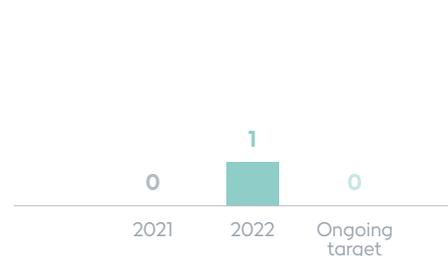
- To improve waste management at our operational sites, we have produced a new step-by-step guide, launched online and in-person training courses, and added waste management questions to internal audit checklists.
- One wind turbine blade was unintentionally landfilled through a third-party contractor. We have taken corrective action, including clarifying contracts on responsibility of blade waste and training both Ørsted site personnel and contractors on how to comply with our ban. Since setting our 2021 commitment to ban landfilling of blade waste, we have replaced 15 blades. Of these, 14 are being temporarily stored for future recycling.

What's next?

In 2023, we will continue our work to find solutions for the recycling of wind turbine blades and solar PV modules, and we will define an overall company ambition for the integration of circularity principles.

Targets and indicators

- 🕒 **Wind turbine blades taken down and directed as waste to landfill¹** (number)



Our partnerships:

- DecomBlades, a three-year innovation project that seeks to commercialise sustainable recycling routes for wind turbine blades, carried out by ten project partners from the wind and recycling industry as well as academia.
- Salzgitter AG, a strategic partnership to explore the potential of recycling scrap from decommissioned wind turbines into the steel production process.

International frameworks:

- EU Waste Framework Directive
- Global Reporting Initiative 306: Waste 2020

Our governance:

Accountability lies with our Head of Global Stakeholder Relations and Chief Operating Officer. Our QHSE Committee ensures implementation is carried out by individual business units.

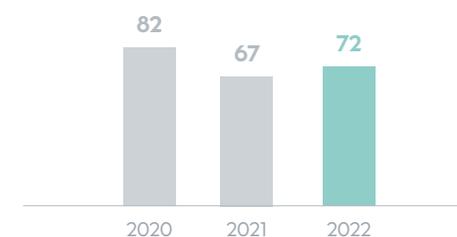
Read more:

- [Ørsted Policy for quality, health, safety, and environment](#)
- [Ørsted Resource management policy](#)
- For ESG indicators, see our ESG performance report, section 4.7

SDGs



- 🕒 **Total amount of waste diverted from disposal** (%)



1. In 2022, 12 blades were taken down. Of these, one was unintentionally landfilled through a third-party contractor.

Programme 5 – Case story

New commitment to reuse or recycle all solar PV modules from Region Americas

With immediate effect, we have committed to reusing or recycling all solar PV modules from solar farms in Region Americas.

As the global solar market continues to grow, the number of modules coming to end-of-life (EOL) is rapidly increasing. According to the International Renewable Energy Agency (IRENA), a total of 78 million metric tonnes of module waste will have been generated globally by 2050.

Today, end-of-life practices for solar PV modules vary greatly from market to market. In the US, less than 10 % of all end-of-life modules are recycled, making landfill the standard practice.

Landfilling of modules is resulting in a significant loss of valuable materials that could be circulated back into the growing renewables industry – lowering the environmental footprint from upstream activities and creating more green jobs downstream.

Our solar recycling commitment

At Ørsted, we have been growing our solar portfolio in the past couple of years with the ambition of reaching a 50:50 wind and solar PV capacity mix for our global onshore portfolio by 2030, and the US is one of our main markets.

Most of our solar farms are still young or yet to be installed, meaning that we are still far from decommissioning any of them. However, we have already registered a number of end-of-life modules due to malfunctioning or breakages during installation.

To proactively address this, we have adopted a commitment to either reuse or recycle all end-of-life modules from solar farms in our Americas region with immediate effect. This is important for us to ensure that we do things right from the start and that we already now start building strong partnerships with the reuse and recycling industries to further mature and scale the solutions required for our long-term needs.

Depending on the state of the broken or retired modules, we will seek to reuse before recycling to ensure as long an operating lifetime as possible. In 2023, we will look into building a specific reuse strategy to explore options for how to do this, including reusing the materials in our own facilities or donating to community solar projects.

First contract for recycling of solar panels signed

We have already recycled over 4,000 damaged modules in the US, thereby recovering 140 metric tonnes of materials, and we are currently in the process of establishing more long-term agreements with reuse and recycling companies across North America.



↑ There are 1.3 million solar PV modules at Permian Energy Center in Andrews County, Texas, US, Ørsted's largest solar PV project. At the end of their life cycle, each panel will be recycled or reused.

Programme 6 ●

Healthy water systems

What is our aspiration?

Global water systems and clean freshwater supplies are under increasing pressure from human consumption, pollution, and the consequences of climate change. At Ørsted, we want to develop renewable energy that helps nature thrive, ensuring that energy production does not deplete or pollute our global water systems.

What do we do?

In 2022, we set a new water target to reduce our total freshwater withdrawal intensity (m³ per GWh) by 40% from 2021 to 2025. To track progress, we measure water withdrawals at all of our sites, and we assess local water stress levels. We work to reduce our impacts related to water withdrawals, consumption, and discharges, particularly in regions where water is scarce.

The majority of Ørsted's total heat and power generation comes from wind energy, which requires almost no direct freshwater withdrawals. Our main use of water is linked to our Danish combined heat and power (CHP) plants, and already today, 99% of our total withdrawals is seawater rather than freshwater. The seawater is used for cooling at our CHP plants, where it is circulated in

a closed system and returned to sea with a slight temperature increase but with no other impacts on the coastal ecosystem.

To reduce and substitute freshwater withdrawals even further, we have established a working group to explore additional initiatives that use alternative water sources, including rainwater, produced water, and desalinated seawater.

What happened in 2022?

To progress towards our 2025 target, we have:

- disclosed our first publicly available CDP water security report to transparently report on the details of our water management approach. We received the score B, on par with the average score for major energy companies. Going forward, we will use the CDP framework to guide our actions in our water programme
- established a set of water sustainability principles to future-proof the growth of our P2X business, a renewable technology that relies on available volumes of clean water. The principles restrict the use of clean freshwater resources in arid areas and areas with high levels of water stress, and outline our general ambition to use alternative water sources

- introduced new water saving initiatives at our CHP plants, including steam reduction in relation to soot blowing, leakage minimisation in condensate systems, and reduction of drainage from boilers and turbines
- obtained limited assurance of water data in our ESG reporting.

What's next?

Building on the approach we have taken for our climate targets, we aspire to set science-based targets for all of our nature impacts. We will use the first upcoming methodology from the Science Based Targets Network (SBTN) on freshwater to inform our approach. We will also conduct further mapping of potential water impacts throughout our supply chain.

Our partnerships:

- We are a member of the SBTN Corporate Engagement Program to help develop science-based targets for nature.
- We engage with Kalundborg Symbiosis and Copenhagen district heating, through which we use wastewater from Equinor and HOFOR instead of clean freshwater resources.

International frameworks:

- Science Based Targets Network
- CDP water security questionnaire
- Global Reporting Initiative 303: Water and effluents 2018

Our governance:

Accountability lies with our Chief Operating Officer. Our QHSE Committee ensures that implementation is carried out by individual business units.

Read more:

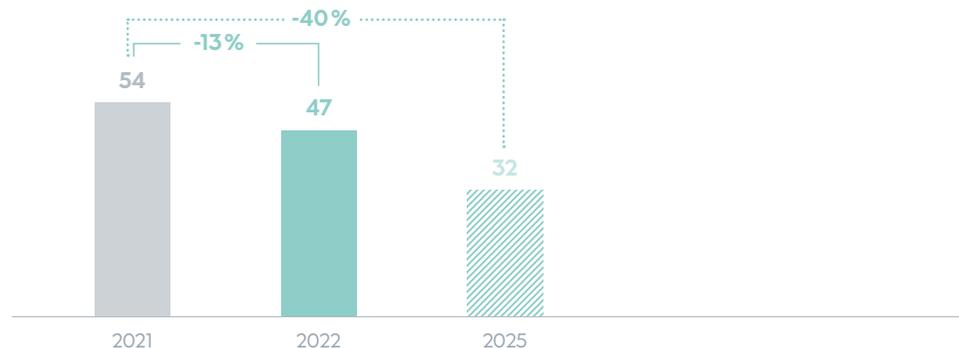
- [Ørsted Water management policy](#)
- [Ørsted Policy for quality, health, safety and environment](#)
- For ESG indicators, see our ESG performance report, section 4.6

SDGs



Targets and indicators

🎯 40% reduction in freshwater withdrawal intensity (m³ per GWh) by the end of 2025 compared to 2021 (%)



Programme 7 ●

Sustainable use of biomass

What is our aspiration?

Biomass used for energy generation must meet strict sustainability criteria if it is to ensure significant carbon savings compared to fossil fuels. We want to ensure transparency in our approach and view on both the advantages and challenges of using biomass as part of a sustainable energy system.

Biomass plays a significant role in the Danish energy system. Due to the widespread use of district heating, biomass can be used with very high efficiency yields of up to 90%, providing an alternative energy source when the sun is not shining or the wind is not blowing. Capturing and utilising the green biogenic carbon released from biomass also has significant potential in the development of P2X projects for the production of green fuels, which we plan to pursue going forward.

In general, however, we must be aware of the scale when using certified sustainable biomass. We expect that our use of biomass will decline as other renewable energy sources increase, but that it will continue to play a role in the Danish energy system, as it can function both as a storable energy solution supplementing sun and wind, and in P2X. We believe our approach works because of the specific design of the Danish energy system, and because we set extremely high requirements for where, how, and what type of biomass we source.

We recognise that biomass, while renewable, is a resource we cannot abuse. Otherwise the climate benefits are lost.

What do we do?

Denmark has the most ambitious biomass legislation in Europe, which we believe is absolutely essential for the continued use of biomass. The legislation includes biodiversity, ecosystem, and carbon stock protection, as well as high carbon emissions reductions.

We only source wooden biomass certified as sustainable by independent, third-party certification bodies, in line with Danish legislation. Our biomass is sourced from sustainably managed production forests with ongoing reforestation, and we only source wood pellets and chips which come from residues and low-grade wood, most often from sawdust, regular thinning of forests, harvesting residues, or diseased trees.

What happened in 2022?

- We continued to procure 100% third-party-certified sustainable wooden biomass, which we will also maintain going forward.
- We continued to abide by and fully support a new 2021 Danish law, which introduced higher standards for documenting traceability, carbon reductions, and third-party certifications.
- We sourced straw from local farmers who met Danish sustainability requirements.

- To ensure openness about our approach, we also continued to be transparent about biomass feedstock types, countries of harvest, and carbon emissions from production and transport.
- We continued to collaborate with the forestry sector to ensure that we continuously improve and work towards the best standards possible.
- We maintained our dialogues with policymakers and civil society to make sure that we understand relevant concerns and explain our approach and strategy.

What's next?

We are developing a carbon capture project at our power station in Avedøre in Denmark, where we are testing the potential of capturing the biogenic carbon from biomass.

International frameworks:

We closely follow international frameworks and organisations that advise on and regulate the use of biomass, including:

- EU Renewable Energy Directive
- UNEP Convention on Biological Diversity
- Forest Europe: Sustainable Forest Management
- EU forest and biodiversity strategies for 2030
- Forest and biomass certification schemes: FSC, PEFC, and SBP

Our governance:

Accountability lies with our Chief Operating Officer.

Read more:

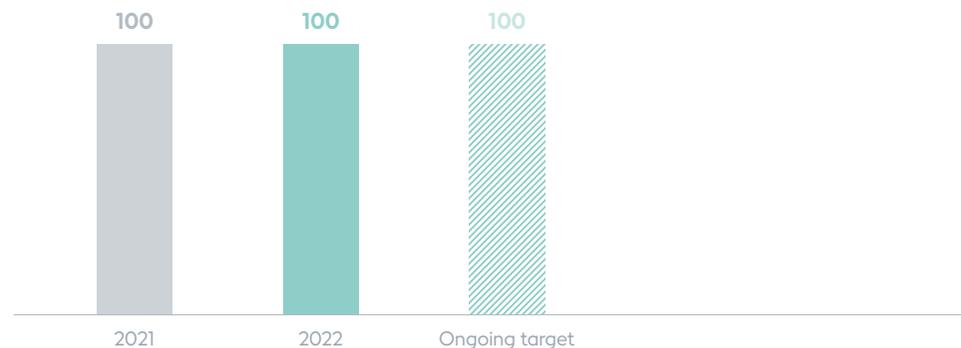
- For ESG indicators, see our ESG performance report, section 4.5.

SDGs



Targets and indicators

🕒 Certified sustainable wooden biomass sourced (%)



A green transformation that works for people

For our renewable energy ambitions to succeed, we must deliver a build-out that works for people. This includes both risk prevention and mitigation, as well as creating positive impacts and opportunities.

A key first step in delivering this is to have robust human rights practices in place across our entire business. That includes our own operations, our supply chains, and the communities where we are present. These practices are important for ensuring that the green energy build-out respects essential human rights, and they are foundational for creating a sustainable and equitable future for all.

As we expand our business, we need to maintain our focus on potential and actual human rights risks. In addition, we must strengthen the management system

that enables us to prevent, mitigate, and communicate on our results in a coherent and transparent way. We have spent the last half of 2022 establishing this – strengthening our understanding of our salient human rights risks and assessing gaps within our human rights management system. Based on this, we are now ready to step up our efforts and work to deliver a just build-out.

Driving a build-out that works for people also demands that we support thriving communities in the areas where we build and operate our assets, provide a safe, flexible, and inspiring workplace for our employees, that we support the creation of resilient and high-quality jobs, and promote a diverse and inclusive energy sector. We have defined six social sustainability programmes to do so, and over the next two years, we plan to strengthen each area with long-term targets and detailed road maps for delivering these impacts.

Key sustainability targets

- **2023:** Develop external human rights reporting and track our most salient human rights risk
- **2025:** Achieve a total recordable injury rate (TRIR) of 2.5 per million hours worked
- **2030:** Reach a 40:60 gender balance in total workforce (women:men)
- **Employee satisfaction:** Be in the top 10% among benchmarking companies

Highlights



Conducted corporate-wide human rights impacts assessment to strengthen our understanding of impacts



Defined our strategic social sustainability priority areas going forward



Created a new, ambitious global policy on parental leave

Programmes

8. Thriving communities

Targets are currently being developed.

9. Skills and talent for the green transformation

Targets are currently being developed.

10. Human rights management and integration

In 2023, report on salient human rights issues and further develop and communicate on our human rights management system.

11. Responsible sourcing of minerals and metals

Initiate mapping of the origin of our ten key metals in offshore and onshore operations (number of metals)



12. Diverse and inclusive renewable energy sector

Gender balance in total workforce (women:men) (%)



13. Safe and better ways of working

Total recordable injury rate (TRIR) per million hours worked



Progress on main performance indicators in 2022

- Performing well
- Performing well, but with challenges this year
- Significant challenges

Read more about our performance on the individual programme pages.

Programme 8 ●

Thriving communities

What is our aspiration?

The renewable energy transition will impact many societies and communities. It will bring new jobs, affect the way we use our land and sea, and create new green opportunities.

At Ørsted, we want to be a trusted renewable energy partner to our customers and communities, fulfilling the positive potential of the build-out. Our ambition is based on the belief that thriving communities are critical to ensuring both the support and skills needed for a just green transition.

What do we do?

We work to strengthen the integration of community engagement tools into our processes and deliver a positive social impact for communities. This means action in areas such as:

- **Growing industrial ecosystems**
- **Including disadvantaged communities**
- **Designing for coexistence**
- **Sharing benefits** (see more on the following page)

What happened in 2022?

In 2022, we launched a new cross-market and cross-functional project to strengthen our thriving communities programme, including our management system and our community initiatives. In this project, we:

- identified the aforementioned action areas, which set the direction for how we will deliver a just green transition for our communities. We will continue to develop strategic levers, targets, and pilots in 2023
- identified areas where we want to strengthen the integration of the communities' management system into our asset projects
- strengthened the links between our communities and [human rights programme](#) to make sure that we have an integrated approach.

We also continued to engage with communities across our markets. Below, we summarise three of our community initiatives:

- In Poland, we developed a pre-commencement community fund in the commune of Choczewo together with the community. The fund was developed through a participatory project design process and will fund sustainable development projects, as per the community's own priorities.

- In the US, we committed USD 300,000 to recruiting and training workers from historically disadvantaged communities in New England for local construction jobs through a pre-apprenticeship programme. Up to 40 participants will benefit over the next two years.
- In the UK, we started a consultation with the community that will help shape the Hornsea 3 Community Benefit Fund. The fund will distribute GBP 700,000 each year during its first ten years.

What's next?

Through our programme, we also aim to address the key challenge of measuring our socio-economic impact so we can assess and better target our efforts. We will advance this work in 2023.

We will also continue to strengthen our efforts across the four strategic areas. This includes actions to help transform communities into vibrant renewable energy hubs, improve inclusion and participation of local voices, and implement new ways to share benefits with communities.

Our partnerships:

In each of our markets, we engage with the organisations that can best support us in ensuring that our projects benefit communities, including:

- trade unions (e.g. North America's Building Trades Unions (NABTU))
- universities (e.g. National Changhua University of Education (NCUE) in Taiwan)
- NGOs (e.g. Centre for Civic Initiatives in Poland)
- other non-profits (e.g. GrantScape, an independent non-profit organisation managing our community benefit funds in the UK)

International frameworks:

- International Finance Corporation Performance Standards on Social and Environmental Sustainability
- UN Guiding Principles on Business and Human Rights

Our governance:

Accountability lies with our Head of Global Stakeholder Relations and heads of regions.

Read more:

- [Ørsted Just transition policy](#)
- [Ørsted Stakeholder engagement policy](#)
- [Ørsted Global human rights policy](#)

SDGs



Targets and indicators

Targets are currently being developed.



Programme 8 – Case story

A positive social impact for people in our communities

Accelerating the renewable energy transition brings a great opportunity and responsibility to do it right, and in a way that leaves no one behind. We welcome this opportunity and aspire to show how the build-out can bring opportunities and benefits to communities. Community support will be critical to sustaining the accelerated pace of the renewable energy build-out, and we want to ensure that local voices are heard and listened to.

We aspire to build green energy projects that live up to the demand from both our customers and communities to shape the build-out together with communities and use it to deliver benefits to them.

Delivering projects that work for people

We want to be a trusted partner to our communities. We are building large infrastructure projects near their homes, and we are going to be present in their community for decades. Our projects bring new opportunities, and this year, we attempted to identify how we can best realise these opportunities together with our communities:

- **Growing industrial ecosystems:** Supporting the development of local ecosystems for further growth of local talent, businesses, and innovations, in addition to delivering local jobs and supply chain opportunities.
- **Including disadvantaged communities:** Lowering the barriers for marginalised communities and people to access and use the opportunities that the build-out can create.
- **Designing for coexistence:** Advancing community participation and engagement throughout project design.
- **Sharing benefits:** Implementing effective ways for communities to benefit from the build-out, in addition to employment and supply chain opportunities.

We have defined the four areas in a way that allows for high levels of tailoring to different community needs and changing social contexts. Going forward, we will continue to shape these areas to the demands of our customers and communities.

Community participation

We are deeply aware that community needs are hyperlocal, differing even between communities in the same market. Therefore, delivering a socially net-positive asset project is a moving target and varies from project to project. Crucially, it is also very much up to our communities themselves to decide what benefits they want to see from the build-out and how they should take shape.

In parallel, therefore, we are also looking into how we can advance community participation and engagement throughout our project design so that the build-out not only delivers a positive impact for people but is also done in collaboration with people. As part of this, we will need to define the scope that can be co-designed with communities or co-users of marine or land spaces. We will also need to create time and space for informed discussions, and to find common ways forward with affected stakeholders and community members. We have already started to experiment with such approaches, for example by designing the pre-commencement community fund in Poland in a participatory way.

Measuring the social impact of our projects in communities remains a key challenge. To date, most of the KPIs on which our community social impacts are evaluated relate to inputs (spend) or outputs (e.g. jobs created) of our work. We aim to advance these and identify a select set of KPIs to measure and track the effects of our socio-economic impact. Measuring impact is important for us for two reasons: Firstly, it ensures that we deliver initiatives with a proven positive impact on people in our communities, and secondly, it helps us deliver best value for money to our customers. This work will also inform our target setting in our 'Thriving communities' programme.



↑ We are working to create a lasting positive impact in the communities where we work.

Programme 9 ●

Skills and talent for the green transformation

What is our aspiration?

As the renewable energy sector rapidly expands, the need for an appropriately skilled workforce to sustain growth is intensifying. At Ørsted alone, we plan to continue to grow our number of employees significantly.

With the demand for skilled employees of various professions already now exceeding supply, key skills gaps and shortages are predicted to increase. To meet that challenge, we want to foster a global, inclusive, and effective organisation and grow the talent pool within renewables to drive the transition forward.

What do we do?

We aim to build an approach that strikes a balance between a long-term outlook and meeting short-term needs both for our organisation and for our people.

In addition to further strengthening our internal employee development, we must expand our efforts to build up a global external talent pool by i) raising awareness of the opportunities in the green energy sector, ii) increasing educational opportunities and equipping people with the necessary skill sets, and iii) promoting people that drive innovation.

What happened in 2022?

To advance internal development efforts, we:

- implemented a global job architecture, career, and competency framework

- aligned with our reward, performance, and recognition strategy to create greater transparency of role requirements. This enables employees to own and grow their competencies and provides support for equitable access to career development
- launched three new leadership programmes focused on helping our employees build skills in fostering healthy and supportive working cultures
- hired 53 graduates globally, 29 male and 24 female – our largest intake to date
- ran four high-potential talent programmes to build the competencies of emerging leaders at different levels in the organisation
- ran our third virtual Global Learning Week focusing on our need to scale for growth, taking ownership of career development, and building diversity, equity, and inclusion (DE&I) behaviours. We also created learning networks to continuously improve our learning culture.

We strengthened our efforts to build external talent pipelines:

- We have built our employer brand in a highly targeted manner in key markets and job disciplines around the world. This enabled us to hire over 2,000 people, with a 38:62 (women:men) gender balance among new hires.
- In the Netherlands, we have launched our first accelerator programme for start-ups called 'Ørsted Propel'. We hope to expand the initiative to other markets to attract

- start-ups from various backgrounds and to accelerate the green energy transition.
- We started working with the youth organisation Student Energy on conducting an analysis that explores the emerging global skills gaps in the energy transition. The project aims to survey 5,000 students between the ages of 18-35 globally to understand what young people are looking for in a job that supports the energy transition and the barriers they face when pursuing these jobs.
- We have completed a five-year R&D collaboration programme called the 'Prosperity Partnership' with Siemens Gamesa Renewable Energy, Durham University, the University of Sheffield, and the University of Hull. 20 PhD and postdoctoral research projects were carried out as a result of the partnership.

What's next?

We will reinforce how our people leaders can help grow their talent and build a more inclusive environment for all. We look into strengthening activities that contribute to growing the global talent pool, ranging from promoting relevant educational opportunities to increasing awareness-raising activities around the importance of a green transition and the renewable energy sector.

Our partnerships:

- We promote talent through a variety of partnerships and university collaborations, scholarships, and apprenticeship schemes. We are founding partners of Windclusion, a global initiative to promote inclusion and diversity in the wind industry.
- To raise awareness of STEM education and nurture interest in the renewable energy sector, we organise a 'Girls' Day in Science' in Denmark every year.

Our governance:

Accountability lies with our Chief Human Resources Officer.

SDGs



Targets and indicators

Targets are currently being developed.



Programme 9 – Case story

Championing talent for the renewable energy sector

Countries all over the world are stepping up their renewable energy targets, supporting the accelerated green energy build-out we urgently need. With that, however, comes the challenge for the renewable energy industry to build and grow the pool of skilled people who can make the green transition a reality.

Already now, the demand for appropriately skilled talent exceeds talent supply. The scarcity of people with the requisite expertise for the green energy build-out on all levels – from developing and manufacturing to installing and operating energy systems – will only increase.

To meet the talent challenge that our industry faces, we need to look beyond Ørsted's internal employee development efforts and play our part in growing the global pool of professionals for the renewable energy sector as a whole.

The approach we take to achieve that is broad: It aims to address a wide range of people and skills, continue to build external talent pipelines, and find ways to better attract untapped talent pools. To operationalise our agenda, we combine climate awareness activities with skills-building opportunities for various educational levels and skill sets.

Our programme focuses on three key priorities:

- **Grow the group of climate-aware people who can advance the green agenda** by nurturing people's knowledge about renewable energy across disciplines, from engineers and technicians to policymakers and educators. This lays the foundation for building a future workforce that continues the journey towards a world that runs entirely on green energy. This year, we once again hosted our Girls Day in Science, and in 2023, we are looking to expand this event beyond Denmark.
- **Increase the pool of professionals working in the renewable energy sector** by identifying skills shortages and re- and upskilling people accordingly. This could be done in close cooperation with governments, educational institutions, or trade unions and by identifying the specific skills and talent needs for our core business and future-oriented fields, such as P2X. We have already funded an academic collaboration between the Technical University of Denmark and the Hanoi University of Science and Technology to strengthen expertise in offshore wind in Vietnam.
- **Advance innovative solutions for the green energy sector** by promoting relevant entrepreneurs and start-ups. We want to be a vehicle for advancing innovative potential, and we aim to work with start-ups from various



↑ Two of Ørsted's newest talented employees, apprentices at Avedøre Power Station in Denmark.

backgrounds and industries to accelerate the energy transition even faster. Launching Ørsted Propel, our first accelerator programme for start-ups, is one example of how we are executing on these priorities. In its first iteration, the programme aims to work with start-ups that work on system integration solutions, meaning that we look for solutions that help us to more efficiently embed our growing portfolio of renewable electricity in the existing grids. Future iterations of Propel depend on local market needs and Ørsted's innovation strategy.

As we pursue the operationalisation of our priorities, we work on strengthening initiatives that are already in place and look for new opportunities to complete our portfolio of activities. To help us do that, we seek strong allies across industries, society, and governments who share our vision of creating a sustainable world and who can help us develop the global talent pool needed to make that happen.

In 2023, we are looking to further develop our initiatives across all three priority areas.

Programme 10 ●

Human rights management and integration

What is our aspiration?

Developing our projects and supply chains in new markets poses important human rights considerations that we need to fully understand and address as we continue to grow.

Through our '[Global human rights policy](#)', we are committed to respecting human rights in everything we do. In practice, this means that we want to proactively address any potential risks of negative impacts on human rights and be transparent about our efforts and challenges along the way.

What do we do?

We work to ensure that human rights are respected across our entire value chain. Previously, our efforts have mainly centred on human rights due diligence in our supply chains through our [Responsible Business Partner Programme](#) (RPP). However, to fully live up to our commitment and external expectations, we are now working to further develop and strengthen our human rights due diligence approach for all of our rightsholder groups. That is, our employees, local communities, and people in our supply chains.

Once fully developed, the approach will be integrated across core business processes. This means we will have processes in place to identify and assess human rights issues across our full value chain, take appropriate actions, follow up, monitor, and report on activities internally and externally. Developing meaningful stakeholder engagement processes and providing an effective grievance mechanism will also be key to ensuring a fully robust due diligence process.

What happened in 2022?

We strengthened our organisational capacity to work with human rights and launched a corporate-wide human rights impact assessment with the help of an external expert consultancy.

The results of the assessment have been twofold:

1. Identification of our salient human rights risks across our full value chain. These include labour standards and occupational health and safety, securing access to remedy, rights of local communities (including indigenous peoples), modern slavery in supply chains, and risks to human rights defenders.

2. A qualitative assessment of the key business processes from a human rights due diligence perspective. We have relatively strong systems in place to manage human rights impacts in the supply chain and in our own operations, but we need to expand the management of human rights impacts connected to our [communities](#).

What's next?

In 2023, we will publish detailed results of the impact assessment. Based on this, we will develop an overall human rights action plan covering key business areas and processes that we need to develop and/or strengthen, a stronger process for our grievance mechanism, better coverage of human rights in all stakeholder engagement practices, and better communication on how impacted rightsholders can seek remedy. We will also publicly communicate on our progress and lessons learnt.

International frameworks:

- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- IFC Performance Standards
- ILO Core Conventions

Our governance:

Accountability lies with our Sustainability Committee with broad representation from the business, including People & Development, Procurement, QHSE, Global Stakeholder Relations, and Global Sustainability.

Read more:

- [Ørsted Global human rights policy](#)
- [Ørsted Stakeholder engagement policy](#)
- [Ørsted Working hours policy](#)
- [Ørsted Code of conduct for business partners](#)
- [Ørsted Modern slavery act statements](#)

SDGs



Targets and indicators

In 2023, report on salient human rights issues and further develop and communicate on our human rights management system.



Programme 11 ●

Responsible sourcing of minerals and metals

What is our aspiration?

Our renewable energy assets are dependent on metals, including rare earth elements for wind turbine magnets, copper for transportation cables, and lithium for batteries.

A significant share of these metals are mined in countries where the likelihood of negative impacts on human rights is high, and we must therefore do everything we can to avoid harmful effects. The importance of this only increases when considering that renewable energy solutions require more metals compared with the construction of fossil-fuel-based power stations.

What do we do?

The mining of minerals and metals involves long and complex supply chains, where we as an end user have limited control and impact over activities. This makes it a challenging task to address risks specific to our supply chain. However, we are dedicated to taking it on and promote responsible and sustainable practices in our full supply chain. To do so, we need to work together with stakeholders both within and outside the renewable energy sector.

Our programme is scoped around our ten key metals – that is, the metals with the highest risk of adverse social and environmental impacts – and has three strategic pillars:

- 1. Supplier engagement:** We engage with our key suppliers based on the OECD due diligence guidance on responsible mining to understand if and how our suppliers i) establish strong management systems, ii) assess supply chain risks, and iii) implement strategies to respond.
- 2. Supply chain transparency:** The lack of supply chain transparency is a key challenge to deliver on our ambitions. To improve this, we cooperate with first-tier suppliers and industry partners and explore technological opportunities for increased traceability.
- 3. Industry partnerships:** We engage with industry groups, such as the Initiative for Responsible Mining Assurance (IRMA), to advocate for responsible mining practices and learn from end users in other industries – like the electronics and automotive industries – facing similar challenges.

What happened in 2022?

In 2022, we took the first steps towards implementing the OECD's guidelines in our full minerals and metals supply chain:

- We mapped the performance of 17 suppliers to the first three steps of the OECD guidelines, concluding that they have policies and management systems in place, but that efforts are needed to increase transparency to identify and address risks deeper in the supply chain.

- Through a senior executive letter, we asked 11 suppliers and their sub-suppliers to engage with IRMA and to start mapping their own supply chains.
- We started mapping the supply chains for two of our key metals, iron and copper, in order to identify and address human rights risks at mine level.
- We initiated external communication around our work and [position](#) on responsible metal supply chains.

What's next?

The lack of transparency needs to be addressed before we can deliver on our ambitions. We will start mapping the remaining eight of our ten key metals, exploring the use of blockchain as a digital innovation for supply chain transparency.

We will continue supplier dialogues to follow up on performance and identify opportunities for further collaboration. Finally, we will map the most common human rights risks at mine level for all ten key metals and begin to engage directly with mining companies through IRMA to learn more about these risks.

Our partnerships:

In addition to close collaboration with suppliers and industry partners, our primary partnership is with IRMA, a multi-stakeholder organisation promoting the leading standard on responsible mining.

International frameworks:

- UN Guiding Principle on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

Our governance:

Accountability lies with our Head of Global Stakeholder Relations, who also chairs our ESG Supplier Due Diligence Steering Committee.

Read more:

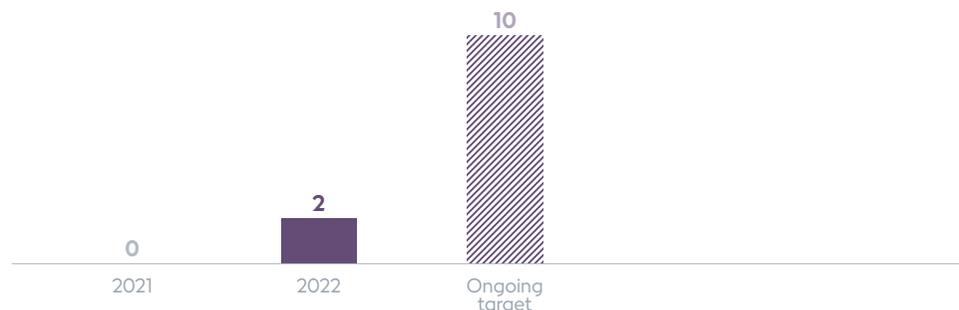
- [Ørsted Code of conduct for business partners](#)

SDGs



Targets and indicators

Initiate mapping of the origin of our ten key metals¹ in offshore and onshore operations
(number of metals)



1. The metals with the highest risk of adverse social and environmental impacts.

Programme 12 ●

Diverse and inclusive renewable energy sector

What is our aspiration?

A just green energy build-out can only succeed if it is inclusive and equitable. At Ørsted, that starts with our own business and operations. We aspire to attract, develop, and retain a diverse workforce while building an inclusive supply chain that reflects the worldwide community we serve.

What do we do?

To ensure diversity, equity, and inclusion (DE&I) is embedded in the core of our approach and global growth, we continuously work to improve our organisation's gender balance and expand our diversity efforts and initiatives beyond gender and our own workforce.

Our ambition is i) embedded in our business strategy and all of our talent decisions, ii) central to our sustainability agenda and regulatory requirements, iii) global in approach and tailored to local needs, iv) defined broadly around visible and invisible diversity, and v) informed by data so we act on evidence and track progress.

What happened in 2022?

- We are maturing our employees' understanding of DE&I. More than 1,850 employees attended live trainings, and over 600 completed our dedicated e-learning on inclusion. DE&I is now part of the onboarding programme for every employee, and this year, we focused on upskilling our Management Team and HR community as essential drivers for further progress.

- Due to legal restrictions, especially within the EU, gathering data points on information beyond gender is a challenge. We are working on finding the best way forward to improve our data to make data-driven decisions. One initiative that has helped us do that is our self-identification campaign in the US, where we collected data on race, ethnicity, caregiver status, gender identity, and sexual orientation to help create more inclusive environments for underrepresented communities.
- At the end of 2021, we set an ambition to improve our gender balance and are aiming for a 40:60 (women:men) ratio by 2030 overall, but also at all leadership levels. Through our newly launched sponsorship programme, we aim to strengthen the exposure, learning opportunities, and mentoring available to our talented women leaders to progress to more senior leadership positions.
- We continue to support and mature our global ØrstedIN inclusion networks, providing development opportunities, allocating funding, and establishing clear communication lines for feedback. The networks create a place for our employees to come together and support an inclusive culture.
- We are auditing several processes to create a fairer and more equitable working environment. Based on employee input, we reviewed and enhanced our global bullying, discrimination, and harassment policy and process.

- We created a new global policy on parental leave that came into effect in January 2023 to provide more flexibility and support for all parents employed by Ørsted. Primary caregivers are granted a minimum of 18 weeks of fully paid leave, and secondary caregivers 12 weeks of fully paid leave.
- We are working on connecting diverse businesses¹ with our US operations. This involves building key relationships with relevant organisations to broaden our supplier network. Through coaching – including diversity certification, mentoring, and educational meetings – our teams help to guide diverse businesses through the process of joining our supply chain.

What's next?

We aim to integrate our DE&I efforts into structures beyond our workforce and strengthen processes and practices that promote diversity in all its forms. We will continue to diversify our pool of talent, find ways to include more diverse businesses in our supply chains, and increase our equity efforts.

Our partnerships:

Through our relevant networks, we participate in knowledge sharing and strive towards the common agenda to create more diverse and inclusive environments:

- Windclusion
- Above & Beyond
- UN Women's Empowerment Principles
- Women of Renewable Industries and Sustainable Energy

International frameworks:

- UN LGBTI Standards of Conduct for Business
- UN Convention on the Elimination of All Forms of Discrimination Against Women
- UN Women Working Group

Our governance:

Accountability lies with our Chief Human Resources Officer.

Read more:

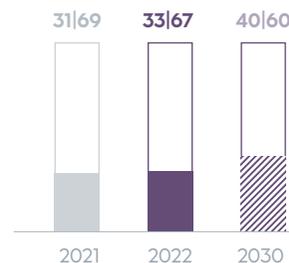
- [Ørsted Global diversity and inclusion policy](#)
- [Ørsted Global bullying, discrimination, and harassment policy](#)
- [Ørsted Just transition policy](#)
- For ESG indicators, see our ESG performance report, section 5.2

SDGs

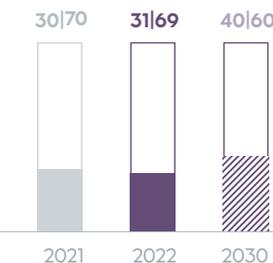


Targets and indicators

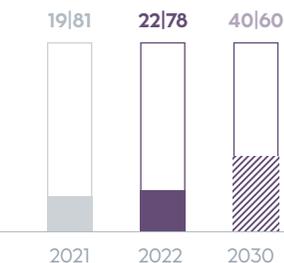
Gender balance, total workforce (%)



Gender balance, people leaders (%)



Gender balance, senior directors and above (%)



1. Businesses which are at least 51% or more owned, managed, and controlled by members of underrepresented groups.

Programme 13 ●

Safe and better ways of working

What is our aspiration?

We have a responsibility to provide the physical, social, and psychological working conditions that allow our employees to live whole, healthy lives. We believe that personal health and well-being are fundamental drivers for living a balanced life where people can realise their potential, in and outside of work.

This includes providing the highest possible standards of safety and engaging with employees to enable a flexible, supportive working environment in which all can thrive.

What do we do?

We actively pursue best practices and incorporate safety into all decisions and actions across the business, both in our offices and at operational sites. Safety KPIs are an integral part of our remuneration schemes. We take a holistic and preventive approach to employee well-being where mental, physical, and social health are prioritised equally. The well-being of our colleagues is key to how we define success. We also train and support leaders in safety measures and science-based stress prevention and use data, research, and our annual employee engagement survey to develop initiatives. Finally, we offer employees access to well-being services, including when working from home.

What happened in 2022?

- Our total number of injuries was 78, an increase of 4 compared to last year. The three most common were injuries to upper body extremities (42%), lower body

extremities (26%), and the head (10%).

As part of our efforts to improve safety, dedicated reduction plans have been implemented in 2022.

- We launched global safety improvement campaigns to raise awareness of the importance of safety and provide advice on how to improve safety standards.
- We strengthened our 'Global bullying, discrimination, and harassment policy' by detailing our commitment, clearly communicating employee rights, and refining processes to handle reported cases.
- We launched several initiatives to focus on our employees' health, including: MOVE, a health initiative to encourage movement; Howdy, an app for monitoring mental well-being and musculoskeletal health; and Insight Timer, a well-being app with guided meditations tailored to different well-being needs, courses, and workshops.
- We held our first annual global Well-being Week to encourage employees to focus on their personal sustainability. We hosted webinars on e.g. sustainability, well-being, stress and resilience, sleep, and fitness.
- We saw an increase of employees reporting stress in our annual engagement survey from 12.4% to 13.5%. To address this, we:
 - enhanced and expanded our stress mitigation initiative, ensuring that tools are readily available to all teams and leaders with reported high stress levels
 - continued our stress management committee, which partners with leaders and teams with reported high stress levels to help identify root causes

- continued to develop action plans to mitigate stress and provide support.
- We launched Ørsted's 'Global food guidelines' and the 'One Planet Plate' campaign to support our people in making sustainable, nutritious food choices at work.
- Our employee satisfaction survey showed a satisfaction score of 76 out of 100. While this is a solid score compared to the wider benchmark group, it did drop slightly for the second year in a row, and we missed our top 10% target. We are working to identify the causes and address them appropriately.

What's next?

We will work to maintain our strong health and safety performance as we grow, developing further resources, tools, and services to care for our colleagues' health and well-being holistically. This includes a continued focus on stress prevention through leadership training and providing internal and external resources to all employees.

Finally, we will continue to explore new ways of working to enable our colleagues to live fulfilling lives at work and outside of work, such as increased flexible working conditions, employee benefits, expectations of what defines a working week, and improved office space facilities.

Our partnerships:

- We work with universities on safety standard research.
- We have partnered with Mind Gym to deliver stress management courses.

International frameworks:

- WHO Healthy workplaces: A model for action
- ISO 45001

Our governance:

Accountability lies with our Chief Human Resources Officer and Chief Operating Officer.

Read more:

- [Ørsted Policy for quality, health, safety, and environment](#)
- [Ørsted Global bullying, discrimination, and harassment policy](#)
- For ESG indicators, see our ESG performance report, sections 5.1 and 5.4

SDGs

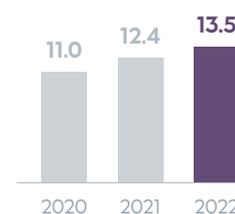


Targets and indicators

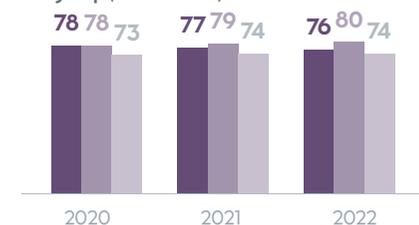
☉ Total recordable injury rate (TRIR) per million hours worked



☉ Employees experiencing stress (%)



☉ Employee satisfaction in top 10% compared to external benchmark group (index 0-100)



■ Ørsted
■ Enova benchmark top 10%
■ Enova benchmark

Governance that enables the right decisions

To deliver on our sustainability ambitions, we first need to make sure that all processes and decisions across our organisation pull in that direction.

We want to do so not only because it is the right thing to do, but also because we believe that it is the right way to ensure a resilient and future-fit organisation capable of navigating an increasingly complex regulatory and reporting landscape.

This requires carefully considered business governance where sustainability and integrity are systematically integrated into how we do business. From how we manage our relationships to how we finance our operations and what we base our decisions on, sustainability must be a key consideration.

Key sustainability targets

- Sustainability is embedded consistently across relevant steps of our operating model
- All future projects are EU taxonomy-aligned
- Code of conduct risk screenings are performed on all sourcing contracts above DKK 3 million

Highlights



Defined an approach to integrate sustainability throughout all relevant steps and activities in our operating model



Updated our short-term incentive (STI) scheme to further strengthen links to sustainability for all eligible employees



Obtained the Fair Tax Mark, the global gold standard for responsible tax conduct

Programmes

14. Mobilisation of sustainable finance

EU taxonomy-aligned revenue, CAPEX, OPEX, and EBITDA (%)



15. Embedding sustainability in our operating model

Sustainability built into all relevant steps and activities of our operating model.

16. Responsible business partners

Risk screenings, extended risk screenings, and CoC assessments on all sourcing contracts above DKK 3 million (number)



17. Responsible tax practices

A Group effective tax rate of 19% on ordinary business (profit and tax adjusted for one-off items) (%)



18. Responsible business conduct

Substantiated whistle-blower cases (number)



Progress on main performance indicators in 2022

- Performing well
- Performing well, but with challenges this year
- Significant challenges

Read more about our performance on the individual programme pages.

Programme 14 ●

Mobilisation of sustainable finance

What is our aspiration?

In the race to deliver on global climate ambitions, mobilising institutional and private capital for green energy investments is now more urgent than ever.

As a renewable energy company, we are committed to providing opportunities for our investors to invest in projects and activities that contribute to a more sustainable world. We fully support the integration of credible ESG information into investment decisions, and we aspire to maintain strong ESG performance by continuing to integrate sustainability into everything we do.

What do we do?

We exclusively deploy green and sustainable long-term financing to advance our green transformation and build-out. The proceeds allocated from these issuances are directly linked to financing our projects and enable our investors to know that their investments create direct sustainability impacts. We also use KPI-linked products to help support and incentivise business to meet our sustainability targets.

We strive to deliver best-in-class reporting on the sustainability impacts of allocated green bond proceeds, and we align our reporting with ratings and recognised ESG frameworks, including the EU taxonomy and upcoming Corporate Sustainability Reporting Directive (CSRD).

What happened in 2022?

- We reported on our taxonomy-aligned activities for the first time, with taxonomy-aligned revenue being 73%, CAPEX 99%, OPEX 80%, and EBITDA 85%. This provides our stakeholders with a uniform approach for determining the sustainability of our activities.
- We continuously work to maintain best-in-class ESG ratings through our ESG action plan, tracking and addressing gaps. In 2022, we improved performance for our prioritised ratings, with scores being MSCI (AAA), ISS (A-), and Sustainalytics placing us at no. 1 among direct utility peers (16.4 – low risk).
- We updated our 'Green finance framework' to reflect our growing business by broadening the use of eligible proceeds to include onshore wind and solar PV. The framework is aligned with best practices and has received the highest possible grading from CICERO Shades of Green.

- We issued DKK 28.4 billion in green bonds and green hybrid bonds in 2022, bringing our total issuances to DKK 62.9 billion. In 2022, we allocated 8 billion, which is our largest amount allocated in one year. As a result, 4.2 million tonnes of carbon can be avoided, and 4.5 million people can be powered with renewable energy.
- We continue to offer our revolving credit facility, signed in 2021, which is linked with two strategic sustainability KPIs: our science-based emissions reduction target and our taxonomy-aligned green investments (CAPEX).

What's next?

We will continue to only use sustainable financing instruments for all future long-term financing and explore new opportunities within sustainable finance as they emerge.

We fully welcome the increased demands for ESG information from regulatory disclosure requirements and investors, and we will continue to work to improve our set-up to meet key expectations, such as the CSRD.

Our partnerships:

We engage in partnerships to collaborate closely with industry peers and to stay at the forefront of regulatory developments:

- Chairmanship of Eurelectric and European Federation of Energy Traders' working group on sustainable finance
- Corporate Forum on Sustainable Finance

International frameworks:

We base our reporting on international frameworks to ensure it is transparent and aligned with best practices:

- EU taxonomy for sustainable activities
- TCFD recommendations
- Green Bond Principles – ICMA
- Green Loan Principles – LMA, APLMA, and LSTA

Our governance:

Accountability lies with our Chief Financial Officer.

Read more:

- [Ørsted Green finance framework](#)
- Annual report, p. 47 (EU taxonomy)
- For ESG indicators, see our ESG performance report, sections 2.1-2.4, 6.5, and 7.2-7.3
- [Green bond impact report 2022](#)

SDGs



Targets and indicators

- ☉ EU taxonomy-aligned revenue, CAPEX, OPEX, and EBITDA (%)



Programme 15 ●

Embedding sustainability in our operating model

What is our aspiration?

To truly support and lead a renewable energy build-out that is done right, sustainability must be systematically embedded in the way we do business. We need to keep integrating sustainability into all relevant parts of our operating model to unleash the potential of having everyone across our business pull in the same direction, while mitigating financial and reputational risks.

What do we do?

To integrate sustainability consistently across our operating model, we have defined three interrelated strategic pillars:

- Decision-making and accountability:** Sustainability criteria are a key decision driver in our asset project model.
- Competences and governance:** We have the right organisational set-up and competences to deliver on our sustainability priorities.
- Culture and leadership:** Sustainability is embedded in the mindsets and behaviours of all employees.

What happened in 2022?

We continued strengthening how sustainability is systematically integrated across core business processes. Here, we summarise some of our key milestones:

- Defining a road map towards 2025 with tangible activities spanning the three pillars. This road map will unify our future efforts for a systematic integration throughout the business.
- Adjusting our short-term incentive (STI) reward scheme for all participating employees to support a stronger link to our 2030 aspirations, including global sustainability leadership. Read more on the following page.
- From 2022, all our new offshore operations and maintenance (O&M) facilities will be LEED-certified, improving their environmental and social aspects. Our first O&M facility in APAC, Taichung in Taiwan, achieved a LEED Gold certification and is ready to welcome local communities in its in-house learning centre, inspiring the next generation of renewable energy professionals.
- Developing an ESG risk assessment framework in our P2X market development activities that supports systematic screening for decision-making on new market opportunities.

- Establishing a dedicated internal working group on workplace sustainability to coordinate and drive progress towards embedding decarbonisation, circularity, and biodiversity considerations into processes across Ørsted's global locations and in Ørsted's value proposition for current and future talent.

What's next?

We will continue to strengthen our strategic approach, with actions spanning the three pillars, including:

- strengthening sustainability as a key decision driver in our early business and project development decision gates
- strengthening and systematising collaboration and delivery of our sustainability priorities across our regions
- continuing to provide options for our employees to support their desire to live a sustainable professional and personal lifestyle.

Our governance:

Accountability lies with our Head of Global Stakeholder Relations, Chief Human Resources Officer, heads of regions, Head of P2X, and Head of Strategy, Portfolio & Partnerships.

Read more:

- For ESG indicators, see our ESG performance report, section 6.3
- Remuneration report, pp. 4-8

SDGs



Targets and indicators

Sustainability built into all relevant steps and activities of our operating model, based on work in our three pillars:



Decision-making and accountability: Sustainability criteria are a key decision driver in our asset project model.



Competences: We have the right organisational set-up and competences to deliver on our sustainability priorities.



Culture and leadership: Sustainability is embedded in the mindsets and behaviours of all employees.

Programme 15 – Case story

Supporting delivery of our 2030 sustainability leadership ambition



To succeed with our 2030 sustainability leadership ambition, we need to unleash the potential of everyone in our organisation pulling in the same direction. That requires all employees to be engaged in our strategic sustainability priorities and efforts.

To do so, we are currently working to expand sustainability considerations into relevant parts of our operating model. This will improve our ability to work with sustainability strategically and in a coordinated way, supporting Ørsted and all its employees in delivering concrete action towards achieving our common vision of creating a world that runs entirely on green energy.

To support this, we recently updated our short-term incentive (STI) scheme to strengthen its link with our 2030 aspiration on global sustainability leadership.

The STI is our annual reward instrument, and with the update, we want to ensure that our organisation and stakeholders clearly understand what is important to us, where we need to focus our efforts, and who holds accountability for our sustainability performance.

The update builds on the STI's historically strong focus on safety and climate, which has supported Ørsted's transformation from a fossil fuel utility to renewable energy leader.

Strong team effort and individual accountability
Achieving our sustainability ambition is a challenging task, but we believe that working as a strong team, and ensuring individual ownership and clear accountability, is foundational for success.

To ensure that all teams work towards our common goals, we use a combination of ambitious sustainability KPIs, including CDP climate score, reductions in our scope 1-2 emissions intensity, and gender diversity (see more in our [remuneration report 2022](#)). To build accountability and further motivate our leaders to make decisive and urgent sustainability decisions, we also encourage individual contributions that deliver progress on our portfolio of sustainability programmes. Particularly, we want to ensure a focus on developing pioneering sustainability practices, for example through our sustainability programmes on [supply chain decarbonisation](#), [biodiversity](#), and [communities](#).

The new STI applies to the Group Executive Team as of 2022 and to all eligible employees as of 2023.

Inspiring everyone in Ørsted to support our sustainability ambitions

Finally, from 2023 onwards, we seek to inspire and enable all teams across Ørsted to set individual sustainability-linked goals through the annual performance development dialogues between employees and people leaders.

← All our employees have a part to play in our success as a sustainability leader.

Programme 16 ●

Responsible business partners

What is our aspiration?

The green energy build-out impacts the lives of many, including people working across renewable energy supply chains. To support a just transition, we must ensure that the companies we work with run their business and supply chains free from labour and human rights violations, corruption, and environmental risks and mitigate adverse impacts on workers, communities, and the natural environment they operate in.

At Ørsted, we have established our Responsible Business Partner Programme (RPP), building on our general [human rights due diligence approach](#), to collaborate with suppliers and business partners on improving their adherence to our social, environmental, and ethical expectations. We do so to protect the environment and all groups of workers and stakeholders in our supply chains, including those that are most vulnerable.

What do we do?

Our work is based on a systematic due diligence process used to assess partners' and suppliers' adherence to our code of conduct for business partners (CoC).

We include the CoC in all contracts to establish a solid commitment from our business partners and suppliers. We identify performance gaps through a combination of risk screenings, extended risk screenings, and CoC assessments,

either before or after contract signing, which takes category and country risks into consideration. Identified gaps are followed by an improvement plan, which is implemented and monitored jointly between Ørsted and our suppliers or business partners.

What happened in 2022?

- Together with industry peers, we established local stakeholder dialogues in Singapore to address working conditions for migrant workers, a vulnerable stakeholder group in our supply chain.
- We conducted a third-party review of our updated CoC to ensure stronger alignment with external requirements, including the Equator Principles and IFC Performance Standards on Social and Environmental Sustainability. Our CoC now covers relevant topics more comprehensively and better supports suppliers in implementation.
- We engaged in SolarPower Europe's Supply Chain Transparency Working Group to support the further development of the Solar Stewardship Initiative, which seeks to establish a responsible solar value chain.
- We developed a solar sourcing strategy to better mitigate supply chain risks, including key topics in our CoC.
- We began implementing our first labour management plan to strengthen responsibilities and labour management during construction of one of our APAC projects.

- We developed a pilot approach for social and human rights impact assessments in the project development phase to identify risks early and allow for better engagement with affected rightsholders.

What's next?

We will continue to strengthen our adherence to the upcoming expectations within the EU's Corporate Sustainability Due Diligence Directive (CSDD), as well as other relevant legislations across our markets, by further improving our due diligence approach, and reporting and communication performance. We have already started an evaluation of our pre-contract screening principles to strengthen and improve our ability to identify and mitigate relevant risks in all offshore projects, and we have identified the ongoing monitoring of suppliers' adherence to our CoC during the contract execution phase as an area we want to strengthen.

Finally, our communication on salient issues, related actions, and improvement metrics needs to be strengthened in 2023. This will enable us to better communicate improvement results and identify stronger learnings.

Our partnerships:

- The Initiative for Responsible Mining Assurance (IRMA)
- Ethical Trade Denmark
- WindEurope Sustainability Working Group
- SolarPower Europe

International frameworks:

- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- IFC Performance Standards and the Equator Principles
- ILO Core Conventions
- UK Modern Slavery Act and UK Bribery Act
- WindEurope Industry Principles

Our governance:

Accountability lies with our Head of Global Stakeholder Relations, who also chairs our ESG Supplier Due Diligence Steering Committee.

Read more:

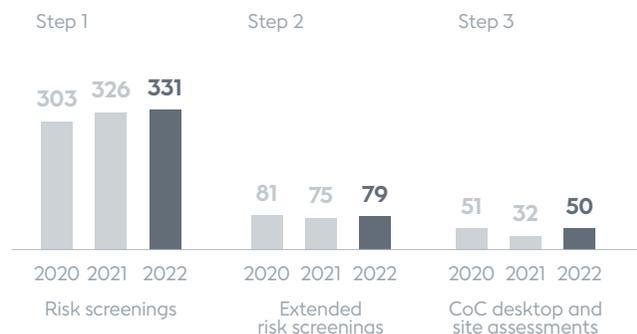
- [Ørsted Code of conduct for business partners](#)
- [Ørsted Modern slavery act statements](#)
- For ESG indicators, see our ESG performance report, section 6.4

SDGs

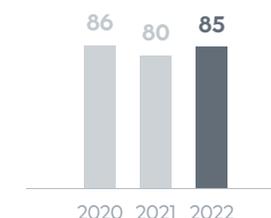


Targets and indicators

☉ Conducted risk screenings, extended risk screenings, and CoC assessments on all sourcing contracts above DKK 3 million (number)



☉ Procurement spend that is risk-screened (%)



Programme 17 ●

Responsible tax practices

What is our aspiration?

Tax contributions are a key part of the positive social and economic impact we can make as a business. They help the local economies in which we operate to deliver valuable public services, such as healthcare, education, and transport, and build the infrastructure that allows businesses to thrive.

By being a responsible taxpayer and engaging with policymakers to support robust tax regulations, we support well-functioning societies, institutions, and regulations that are conducive to both people and business.

What do we do?

We aim to comply not only with the letter of the law, but also the underlying policy intent behind it to ensure that we pay the right amount of tax, at the right time, in the countries where we operate. We also engage with stakeholders and cooperate with local market authorities to support effective tax systems, honouring our commitment to be a responsible taxpayer.

We are transparent in our tax reporting and voluntarily report in line with the GRI 207 standard, which includes disclosing country-specific tax payment and deferred tax information in our [annual report 2022](#).

What happened in 2022?

- We obtained the Fair Tax Mark, becoming the first Danish multinational company to secure accreditation to the global gold standard of responsible tax conduct.
- We continued to develop our reporting of tax practices in our annual report. Our integration of ESG disclosures in the annual report 2021 won us the Special Recognition Award by PwC Denmark.
- To continuously strengthen our tax compliance efforts, we established a team dedicated to developing automated reporting and declaration tax solutions, thereby ensuring we comply with the evolving reporting requirements from tax authorities globally.
- We are a signatory to the B Team Responsible Tax Principles as part of our commitment to responsible tax practices, and we continued to liaise on an ongoing basis with our peers in the B Team to continuously evolve our approach.
- We engaged with various politicians, policymakers, and other stakeholders, including the OECD, with a view to ensuring that energy policy is better integrated with tax policy. As part of these efforts, we have also engaged in constructive dialogues on energy price caps and similar mechanisms. We fully support such initiatives, but equally argue that they should be implemented in a balanced manner, ensuring that only excess revenues are targeted.

- We have made a submission to the UK Treasury in response to the public consultation on the proposed changes to the UK capital allowance regime, arguing that effective tax relief is critical for the green transformation.

What's next?

We will maintain our focus on transparency and accountability across our tax payments and reporting to fully satisfy increasing compliance and reporting requirements.

In a forthcoming white paper set for release in Q1 2023, we will lay out what we believe to be the principles and pillars of a sustainable tax system that enables the green transformation.

Our partnerships:

- We engage in partnerships with a view to encouraging progressive tax regulation, staying up to date on policy developments, and engaging with peers on responsible practices:
- The Danish Confederation of Enterprises' Tax Panel
 - The Tax Dialogue
 - The B Team
 - The Fair Tax Mark

International frameworks:

- OECD BEPS and Pillar I and Pillar II
- EU directives, e.g. ATAD, DAC6, and CbCR
- Applicable local and international tax legislation

Our governance:

Accountability lies with our Chief Financial Officer. Our Board of Directors reviews and approves the tax policy annually.

Read more:

- [Ørsted Global tax policy](#)
- Annual report, p. 109
- For ESG indicators, see our ESG performance report, section 6.5

SDGs



Targets and indicators

☉ A Group effective tax rate of 19% on ordinary business (profit and tax adjusted for one-off items)¹ (%)



1. The effective tax rate to which taxable ordinary profits related to the year are subject to tax. This demonstrates that we pay tax at a rate that is sustainable and do not engage in aggressive tax planning.

Programme 18 ●

Responsible business conduct

What is our aspiration?

At Ørsted, we respond to the financial, technical, commercial, and ethical challenges that we face every day, both as a business and as individuals. We do so by acting with integrity in our dealings with all stakeholders.

Our [good business conduct policy](#) is intended to give guidance to all our employees on Ørsted's expectations regarding their behaviour.

What do we do?

We have zero tolerance of all forms of bribery, corruption, and kickbacks, given or received, direct or indirect. The nature of our business routinely requires that we interact with government officials and business partners around the world. Therefore, adherence to our policy on good business conduct is a key focus, both internally and with our business partners, and is promoted through policies, procedures, and reporting mechanisms.

To clearly understand the areas mentioned in our good business conduct policy, all new employees must complete a mandatory e-learning course, which is repeated every two years. Additional training is provided in specific regions and departments.

Successful mitigation of potential anti-bribery and corruption ('ABC') risks has been a key factor in promoting overall business

integrity at Ørsted. This is bolstered by our whistle-blower hotline, which handles all reported investigations promptly, while also coordinating with affected areas and stakeholders. This provides a safe and confidential mechanism for anyone to report any concerns they might have within Ørsted and further supports good integrity within the business.

What happened in 2022?

- We continued to make efforts to strengthen our 'Know your counterparty' (KYC) screening programme against sanctions, government watch lists, and adverse media, as well as the performance of our risk-based due diligence of business partners. This involved upgrading our KYC tool to include a wider and more enhanced database, along with an updated risk score to better encompass the risks we encounter.
- We implemented a business partner due diligence process, which is a new addition to our KYC programme and a requirement before entering into a new, significant business partnership. Through it, we assess whether a business partner lives up to an extended KYC and the high standards of our code of conduct for business partners, covering human rights, labour rights, environment, and anti-corruption.
- Conscious of our expanding global footprint, we continued to assess how local customs and best practices compare to group

policies and procedures, ensuring full adherence to our policy on good business conduct while understanding the local environment.

- Eight substantiated cases of inappropriate or unlawful behaviour were reported through our whistle-blower scheme. Six cases related to violations of our good business conduct policy, one case concerned IT security, and one case concerned workplace environment. One case required a police report. None of the reported cases were critical to our business or caused adjustments to our financial results. Ensuring adherence to our good business conduct policy is obviously a key focus area, and following the increase in the number of substantiated cases, initiatives have been taken to strengthen awareness, monitoring, and stronger communication from management.

What's next?

We will continuously strive to improve our compliance set-up to meet regulatory obligations as effectively as possible while also aligning with best practices in the countries where we operate.

Our partnerships:

We are part of the Confederation of Danish Industry's Anti-Corruption Working Group and Sanctions and Trade Controls' Group, where we share best practices and develop a useful network across industries.

International frameworks:

- Anti-corruption regulations in the countries where we operate, including the UK Bribery Act and the US Foreign Corrupt Practices Act
- OECD Guidelines for Multinational Enterprises

Our governance:

Accountability lies with our Head of Legal. Our Compliance Committee oversees the implementation of our compliance programme and activities.

Read more:

- [Ørsted Good business conduct policy](#)
- [Ørsted Code of conduct for business partners](#)
- For ESG indicators, see our ESG performance report, section 6.5

SDGs



Targets and indicators

🕒 **Substantiated whistle-blower cases** (number)



🕒 **Substantiated cases transferred to the police** (number)



Sustainability governance, memberships, and ratings

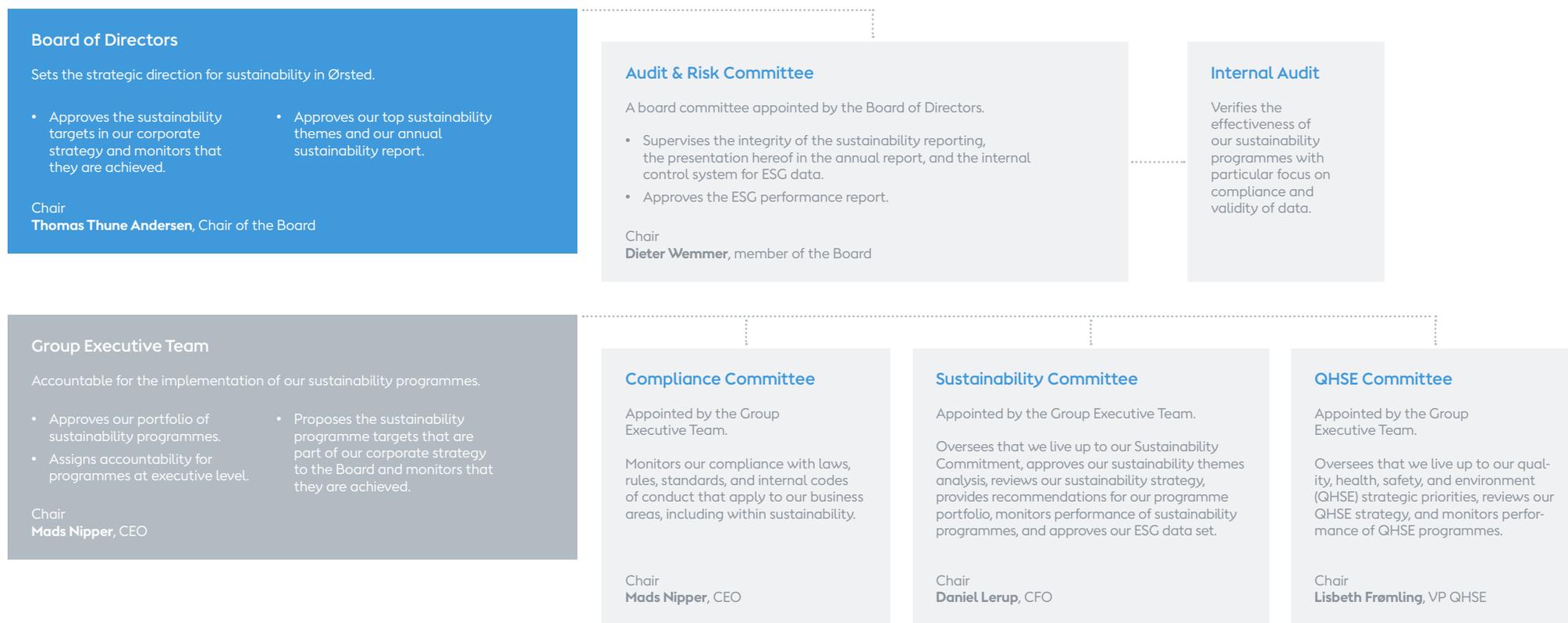
In this final section, we present our sustainability governance as well as our key sustainability memberships and ratings.

→ Sustainability and integrity are integral to the way we run our business.



Sustainability governance

We want sustainability and integrity to be integrated into processes and decision-making across our organisation. Ørsted's Board of Directors is the highest authority to oversee our sustainability work, while the Group Executive Team is accountable for our sustainability programmes, with specialist support from appointed committees.



Global functions and regions

Our global sustainability function drives our annual sustainability themes analysis and collaborates with other relevant functions and regions to establish and implement our sustainability programmes.

- Ensure programme progress by developing policies and procedures, setting targets, defining and measuring performance indicators, developing and implementing initiatives, and reporting on performance.
- Programme-specific steering committees advise on the strategy, targets, and performance of our sustainability programmes.

Sustainability memberships and ratings

Below, we present an overview of selected memberships and alliances as well as the key ratings and rankings we received in 2022.

UN Global Compact participant



Ørsted is a participant in the United Nations' Global Compact (UNGC), and we adhere to its ten principles around human rights, labour, environment, and anti-corruption. We report annually on progress through the Communication on Progress.

We are a member of 'Caring for Climate', the 'Ocean Stewardship Coalition', and 'Think Lab on Just Transition' through which we aim to serve as a catalyst for enhancing action to meet the ambitions of the Paris Agreement and the UN SDGs.

WE SUPPORT
Caring for Climate



Selected memberships and alliances



Key ratings and rankings

Elaboration and benchmark

Score



Ørsted awarded the highest possible CDP rating for four consecutive years and recognised as a global leader on climate action. **A**



Ørsted achieved a score on par with the average score for major energy companies for our first publicly available CDP water security report. **B**



Ørsted is for the sixth consecutive year recognised as one of the world's 100 most sustainable companies in the Corporate Knights Global 100 ranking. In 2023, we rank no. 13 across all industries globally, and no. 1 in the GICS industry 'electric utilities'. **13th place (overall)**



Ørsted awarded the highest possible rating by MSCI in six consecutive ratings.¹ **AAA**



Ørsted categorised as a 'low risk' company and placed as no. 1 among direct utility peers measured by market cap by Sustainalytics. A low score indicates good performance.² **16.4 of 100**



Ørsted ranked in the 1st decile among electric utilities and has maintained 'Prime' status in the ISS ESG Rating 2022. **A-**



Ørsted awarded a Platinum Medal for being among the top 1% of companies assessed by EcoVadis in 2022. **78 of 100**



Ørsted ranked 4th (with 13.5 of 24 points) in a Corporate Human Benchmark performed by the Danish Institute for Human Rights on top 30 Danish companies. We perform well on our human rights policy commitment and will work further on strengthening and reporting on our human rights management system. **4th place**

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e-Types with Ørsted Global Design

Images

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