

# Ørsted

## Tax Policy

In Ørsted, we recognise the key role that tax play for society. We also believe that a responsible approach to tax is essential to the long-term sustainability of our business in the countries where we operate.

Ørsted is one of the leading energy groups in Northern Europe, headquartered in Denmark. Our business is based on procuring, producing, distributing and trading in energy and related products. The nature of our business implies that a number of different direct, indirect and collected taxes apply and that there are many transactions between Ørsted business units across country borders and between different tax regimes. The complexity of our business requires significant focus on tax management.

This policy sets forward the principles by which we manage our tax affairs.

### Compliance

Ørsted is subject to national as well as international tax rules. At all times, we apply best practice and act in accordance with all applicable international and national tax rules on tax computation as well as tax reporting.

Complying with tax rules can be complex as the interpretation of legislation and case law may not always be clear-cut and may change over time. In Ørsted, we aim to always comply with the letter of the law as well as the legislators' intention with the law. We continuously evaluate our processes and controls to ensure that we are compliant with local as well as international tax standards relevant to our business.

Through our Whistleblower Hotline we provide opportunities for employees to raise any issues of concern confidentially.

### Transparency

We do not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance, or do not meet the spirit of local or international tax law.

We are transparent in our approach to tax. We communicate about our tax policy and total tax payments in a timely, transparent and understandable manner.

When it comes to more detailed information about our tax payments and potential tax consequences of our commercial decisions, disclosure may harm our own or our partners' business. If this is the case, we reserve the right to keep the information confidential.

### Local tax payments

Ørsted entities pay taxes in accordance with local tax legislation in the countries in which they operate. We consider the tax laws in all of the countries where we have activities to be equally important. At the same time, we must maintain the right balance between international and local tax requirements. Given the nature of our business and the extent of intercompany transactions that we have across geographical borders, transfer pricing and VAT are particularly important areas when it comes to conducting our tax practice responsibly.

We pay close attention to transfer pricing requirements and act accordingly, applying the arm's length principle to our intercompany transactions. In cases where it is relevant and possible, and to minimize uncertainties regarding tax, we seek to obtain binding rulings or multi-year agreements, the so-called advance pricing agreements about transfer pricing, with local tax authorities in key jurisdictions.

## Use of incentives

Governments often implement tax rules to incentivise certain activities such as encouraging companies to increase investments in order to promote the development of infrastructure; to stimulate growth; or to create jobs. Ørsted is a growth company. Our strategy is based on the need to transform the energy system into renewable energy and develop Northern European oil and gas reserves for production. These developments require continuous investments, for which governments provide tax incentives.

We use incentives and tax reliefs where they apply in areas where we have commercial substance and where this is the legislator's intention.

## Dialogue with tax authorities

Uncertainties regarding tax may arise for instance in the interpretation of a specific national tax rule, practice or how to balance local and international tax requirements. To manage uncertainties, we maintain an open dialogue with national tax authorities, both in Denmark and abroad.

In situations where we cannot resolve disagreements with tax authorities through dialogue, we resolve our disagreements in the tax tribunals or courts to ensure that the appropriate practices are determined and implemented.

We also make ourselves available if the authorities ask for our assessment of the consequences of a tax measure.

## Governance

The principles of this policy apply to the parent company Ørsted A/S and its subsidiaries (the Group). The principles are reflected in internal operational guidelines and in processes established to ensure that the policy is embedded in Ørsted's daily operations.

To help us be responsive to local requirements and at the same time keep a long-term, worldwide perspective on tax management, Ørsted has established a global tax team at Group level.

The global tax team is involved in all significant business developments so that we can fully assess any potential tax consequences of our decisions in advance.

### Approved by

Ørsted's Board of Directors  
October 2014

## Definitions in this policy

"Taxes" mean Danish and foreign taxes and comprise:

- Direct taxes: Corporate tax and hydrocarbon tax including withholding taxes
- Indirect taxes: VAT, sales taxes, excise duties, real estate taxes and custom duties
- Collected taxes: Employment taxes, payroll taxes and social contributions