

Ørsted

Green bond impact report 2020



February 2021

Let's create
a world
that runs
entirely on
green energy



Ørsted won the corporate green bond of the year award by Environmental Finance for the largest ever GBP green bond offering at the time of issuance.

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Executive summary

- Our 'Green finance framework' has received the highest possible grading – a dark green shading – from CICERO Shades of Green and provides the basis of all allocations and impact reporting in this 'Green bond impact report'.
- In 2020, we issued three new green senior bonds. Together with our eight previously issued green senior bonds and green hybrid capital bonds (all referred to as 'green bonds' in the below), total net proceeds amount to DKK 27,164 million of which DKK 24,067 million is currently allocated. DKK 6,212 million was allocated in 2020.
- In 2020, green bond proceeds were allocated to four offshore wind projects: Hornsea 1 and Hornsea 2 in the UK, Borssele 1 & 2 in the Netherlands, and Greater Changhua 1 & 2a in Taiwan.
- We allocated DKK 2,500 million to Borssele 1 & 2, our first-ever Dutch wind farm. The wind farm was commissioned on time and within budget, despite the COVID-19 pandemic.
- Since 2017, all new Ørsted bonds have been issued in a green format, and we will continue to deploy green financing going forward. Outstanding green bonds currently account for more than half of Ørsted's total bond portfolio.

Impact indicators

With our allocated green bond proceeds, we support progress towards the Paris Agreement and aspire to have a transformative impact on the UN Sustainable Development Goals #7 on affordable and clean energy and #13 on climate action.



15.5 million people

can be powered annually by the seven green bond projects in operation and under construction¹



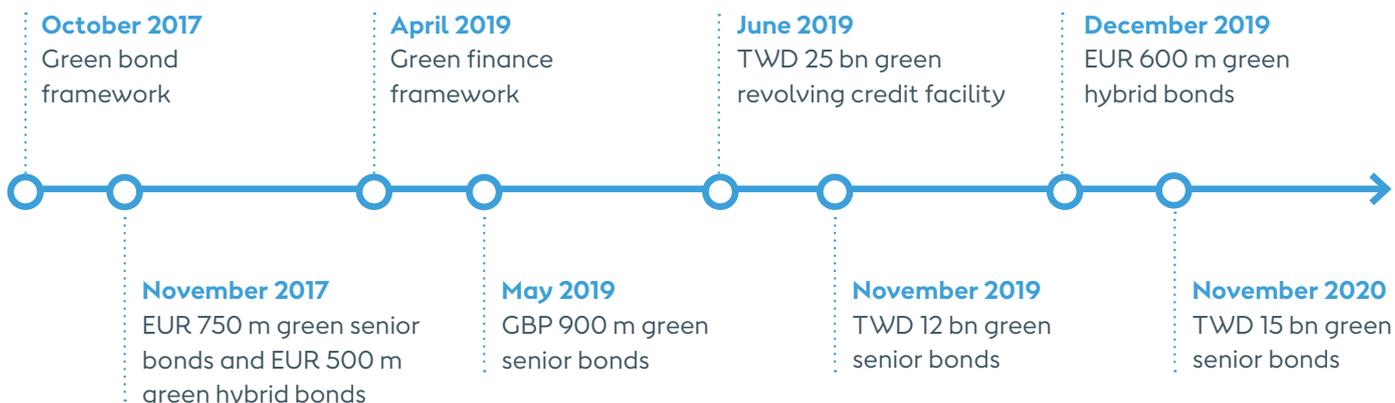
2.7 million tonnes CO₂

avoided emissions potential from allocated green bond proceeds annually²

113 tonnes CO₂

avoided emissions potential per DKK 1 million allocated proceeds annually²

Green financing timeline



Offshore wind projects with green bond financing

Project	Capacity MW	Country	Project status	Construction period Year	Proceeds allocated 2020 DKKm	Total allocated proceeds DKKm	Energy generation 2020 ¹ GWh	People powered annually ¹
Greater Changhua 1 & 2a	900	TW	Under construction	2019-2022	2,426	4,808	-	2,019,000 (potential)
Hornsea 2	1,386	UK	Under construction	2018-2022	1,386	2,186	-	3,651,000 (potential)
Borssele 1 & 2	752	NL	Commissioned	2018-2020	2,000	2,500	-	2,390,000 (potential)
Hornsea 1	1,218	UK	In operation	2016-2019	400	10,274	5,138	3,210,000
Walney Extension	659	UK	In operation	2015-2018	-	1,250	2,852	1,782,000
Race Bank	573	UK	In operation	2015-2018	-	400	2,390	1,493,000
Borkum Riffgrund 2	465	DE	In operation	2016-2018	-	2,649	1,529	982,000
Total	5,938				6,212	24,067	11,909	15,527,000

Avoided emissions

	Projects under construction	Projects in operation	Total
Avoided emissions from allocated green bond proceeds² (t CO ₂ e / year)	Potential: 1,113,000	Avoided: 1,596,000	2,709,000

1. Energy generation and the number of people that could be powered by the wind farms are totals, regardless of Ørsted's ownership share. The total number of people powered includes both projects under construction and projects in operation. For projects not yet in full operation for at least one year, energy generation is not reported and the potential for number of people powered is based on expected generation. Accounting policies are available in Appendix I.
2. Avoided emissions assume that green electricity generated from offshore wind replaces an equal quantity of electricity generation from fossil fuels. An annually updated fossil fuel mix is used for each country. The total avoided emissions is based on total allocations and includes both projects under construction and projects in operation. For projects not yet in full operation for at least one year, the avoided emissions potential is based on expected generation. Accounting policies are available in Appendix I.

More information about our sustainability performance



→ Green finance framework



→ Sustainability report 2020



→ ESG performance report 2020



→ Annual report 2020



→ Sustainability commitment

Financing climate action

Marianne Wiinholt, CFO

In a year marked by global crisis, 2020 has reminded us how forces outside our immediate control can profoundly shape and impact our lives. It has reinforced the urgency to invest in changing the way we treat our planet – our home.

2020 will be remembered, first and foremost, for the COVID-19 pandemic. In the space of one year, we saw more than 80 million confirmed cases of COVID-19 and more than 1.8 million lives lost, disrupting all parts of the global economy and society. In parallel, 2020 ended as another record-breaking year for climate change as it became the joint hottest year on record and by far the warmest year ever recorded in Europe, while the frequency and severity of extreme weather events continued to increase. The recovery from the COVID-19 pandemic is an obvious challenge but also a historic opportunity to rebuild by investing in climate action.

Climate change remains the biggest existential threat of our lifetime, and the need to build a more sustainable world has never been greater. To avoid catastrophic and irreversible consequences of climate change, science tells us that global warming must be limited to 1.5 °C above preindustrial levels. This requires humanity to at least halve global carbon emissions during the next ten years and reach net-zero emissions by 2050.

Capital for a 1.5 °C world

Limiting global warming to 1.5 °C will require a systemic shift of a scale never seen before, and investors are key

players in driving that shift. For the energy industry alone, the IPCC estimates a USD 2.4 trillion annual shortfall in green energy investment through 2035 to meet the 1.5 °C Paris Agreement goal. Investors play an instrumental role in redirecting capital towards green and sustainable investments that lead the world towards a net-zero carbon economy. Sustainable capital is both needed and starting to prove beneficial to investment returns. In fact, a majority of sustainable funds now outperform their traditional counterparts over multiple time-horizon scenarios, and, as a result, the market for sustainable investments is becoming mainstream.

Rethinking energy systems is fundamental to succeed as 73 % of global greenhouse gas emissions come from the use of energy, mainly due to the burning of fossil fuels. The global energy industry has the technologies and capabilities needed to undertake the transformation. It is further helped by the fact that today, the cost of renewable energy outcompetes fossil-based electricity in most parts of the world. It is encouraging to see how more and more governments, investors, and companies are committing to align their activities with what science demands. However, more commitments are needed, and, equally important – commitments must be honored to bring us closer to a 1.5 °C world.

Our carbon-neutral targets

At Ørsted, our vision is a world that runs entirely on green energy. Over the past decade, we have transformed our business fundamentally, from being one of the most carbon-intensive utilities in Europe to becoming a renewable energy major. We are committed to being a catalyst for change in fundamentally reshaping how the world generates and consumes energy, and we have set ambitious targets to reduce our carbon footprint and become carbon-neutral.

By 2025, we aim to be a carbon-neutral company (emission scopes 1-2) which we plan to achieve by at least a 98 % reduction in relative carbon emissions (g CO₂e/kWh) from our energy generation and operations compared to 2006. For the remaining 2 %, we plan to invest in carbon removal projects that are verified and certified to remove carbon from the atmosphere. In 2020, we made significant progress towards this target with green energy build-out and scaling-up of new technologies. During the year, we installed 1.4 GW renewable capacity which increased our total to 11.3 GW, with 7.6 GW of this in offshore wind.

By 2040, we aim to reach net-zero emissions across our entire value chain (scopes 1-3), having a mid-way target to reduce our scope 3 emissions by 50% by 2032. To help reach this goal, we are gradually reducing our wholesale natural gas activities and, consequently, will not renew or enter into new long-term natural gas purchase agreements. In addition, in 2020, we launched our supply chain decarbonisation programme with the aim of engaging our top strategic suppliers in the most carbon-intensive categories of the supply chain: the manufacture and installation of offshore wind turbines, foundations, substations, and cables.

Our carbon reduction targets are confirmed by the Science Based Targets initiative to be consistent with the reductions required by energy companies to keep global warming below 1.5 °C and, and they are currently the most ambitious of their kind in our sector.

Sustainable Development Goals

At Ørsted, we are deeply committed to advancing the 17 UN Sustainable Development Goals (SDGs), which define the key sustainability challenges that the world faces towards 2030. With our allocated green bond proceeds to offshore wind energy build-out, our main contribution relates to SDGs 7 and 13 SDG on access to green energy and climate action respectively, where we aspire to have transformative impact.

Climate-related financial disclosures

At Ørsted, we are aware of the transitional and physical impacts of climate change on the resilience of our business as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). Our first step was to conduct a TCFD gap analysis in 2018 which has since prompted a number of actions, including various reporting improvements and a climate scenario analysis for our offshore wind business in two scenarios (1.5-2 °C and 3-4 °C). By endorsing and aligning our practices and reporting with the TCFD recommendations over the past three years we have crystallised our understanding and disclosure of climate-related risks and opportunities. In our ESG performance report 2020, p. 40, we provide an overview of our full TCFD disclosure.

The EU is defining 'green'

Sustainable finance is a critical enabler of the green transformation of industries across the EU and globally. The EU is preparing a taxonomy to be used as a tool to help planning and reporting on the transition to a green economy. Upcoming taxonomy regulation will provide a common framework for identifying when an economic activity can be considered green. At Ørsted, we plan to align our reporting with the EU taxonomy after the final version has been published by the EU, expectedly in 2021.

A successful year for our green bonds

In March 2020, we were extremely proud to win the corporate green bond of the year award by Environmental Finance for the largest ever GBP green bond offering at the time of issuance in 2019.

In November 2020, we secured TWD 15 billion of debt financing through the issuance of green senior bonds to finance the Greater Changhua 1 & 2a project in Taiwan. The new unsecured green senior bonds comprise a 7-year TWD 4 billion fixed-rate tranche, a 10-year TWD 3 billion fixed-rate tranche, and a 20-year TWD 8 billion fixed-rate tranche. This followed our inaugural issuance in 2019 when we were the first foreign corporate to issue green TWD-denominated bonds in Taiwan, furthering the development of the local market for green bonds.

We are very pleased with the continued support the Taiwanese investor community has shown Ørsted by backing the Greater Changhua 1 & 2a project. This is another important milestone for us, and we're proud of our contribution to the Taiwanese capital market with our successful issuance of green bonds, which underlines our commitment to Ørsted's activities in Taiwan.

About this impact report

Our annual 'Green bond impact report' reports on allocated proceeds and project impacts in the form of avoided emissions, energy generated, and people powered from the projects. We are more committed than ever to demonstrating to all our investors that the urgently required energy transformation is in fact possible, and that we have the cost-effective solutions to help create a world that runs entirely on green energy. If companies and investors join forces to reduce emissions at unprecedented pace and scale, we can help make this a decade of green action to stop global warming at 1.5 °C.

Best regards,



Marianne Wiinholt
Chief Financial Officer



Global leader in offshore wind

Offshore wind sector proves resilience in the face of the COVID-19 pandemic. Ørsted remains a global leader in offshore wind.

According to the Global Wind Energy Council, the offshore wind sector has only been mildly affected by delays caused by the COVID-19 pandemic and stands to be an important part of the green recovery package.

In 2020, global installed offshore wind capacity reached 24 GW, excluding mainland China. According to the International Energy Agency, global offshore wind capacity is projected to increase fifteen-fold over the next two decades, making offshore wind a USD 1 trillion industry by 2040. This increase in capacity is driven by steep cost reductions, strong policy commitments, and technological advancements.

Offshore wind is beginning to witness exponential growth across the world. With the pivotal role offshore wind will play in delivering the European Green Deal and the Green economic recovery plan in the UK, a significant growth is expected in these regions over the coming years. A recent Fitch solutions report highlighted that the offshore wind segment is expected to see an increase in its share within the wind sector, following increased investments, and

expansion into new markets in 2021, especially in North America and Asia-Pacific.

Since pioneering the first offshore wind farm in 1991, Ørsted has been a global leader in offshore wind. We have built more offshore wind farms than any other company worldwide, today representing an approximately 30 % share of global capacity in operation or under construction outside mainland China. By the end of 2020, we had 7.6 GW of installed capacity, 2.3 GW under construction, and a further 5.0 GW awarded. Ørsted's strategic ambition within offshore wind is to maintain our market leadership position and to reach 30 GW of installed capacity by 2030, which will be enough to power more than 55 million people. Our key markets are the United Kingdom, Continental Europe, the United States, and Asia Pacific.

As of January 2021, a total amount of DKK 24,067 million of our green bond proceeds were allocated to seven offshore wind projects, with DKK 6,212 million allocated in 2020.

Green bond projects



Walney Extension



Hornsea 2
Hornsea 1

Race Bank



Borkum Riffgrund



Borssele 1 & 2



In operation / commissioned



Under construction

Project	Greater Changhua 1 & 2a	Hornsea 2	Borssele 1 & 2	Hornsea 1	Walney Extension	Race Bank	Borkum Riffgrund 2
Country	TW	UK	NL	UK	UK	UK	DE
Year of FID	2019	2017	2016	2016	2015	2015	2016
No. of turbines	111	165	94	174	87	91	56
Ørsted ownership share	100%	100%	100%	50%	50%	50%	50%
Capacity	900 MW	1,386 MW	752 MW	1,218 MW	659 MW	573 MW	465 MW
Energy generation 2020 ¹	–	–	–	5,138	2,852	2,390	1,529
People powered annually ¹	2,019,000 (potential)	3,651,000 (potential)	2,390,000 (potential)	3,210,000	1,782,000	1,493,000	982,000
Project status	Under construction	Under construction	Commissioned	In operation	In operation	In operation	In operation
Total allocated proceeds (DKKm)	4,808	2,186	2,500	10,274	1,250	400	2,649

1. Energy generation and the number of people that could be powered by the wind farms are totals, regardless of Ørsted's ownership share. The total number of people powered includes both projects under construction and projects in operation. For projects not yet in full operation for at least one year, energy generation is not reported and the potential for number of people powered is based on expected generation. Accounting policies are available in Appendix I.



Borssele 1 & 2

On time and budget during a global pandemic

In 2020, DKK 2 billion green bond proceeds were allocated to the Borssele 1 & 2 offshore wind project. With the commissioning of the project, we are establishing our presence in the Netherlands and making a significant contribution to the Dutch green energy transition.

With a capacity of 752 MW, Borssele 1 & 2 comprises 94 Siemens Gamesa 8 MW wind turbines, making it not only Ørsted's first offshore wind farm in the Netherlands, but also Netherlands's largest wind farm so far.

Turbine number 25 installed at the farm was also the 1,500th offshore wind turbine installed across Ørsted's portfolio. Covering an area of 112 km², Borssele 1 & 2 is located 22 km off the coast of the Dutch province of Zeeland at water depths ranging from 14 to 40 meters.

This large-scale clean energy project was completed on time and budget during the COVID-19 pandemic. In January 2020, offshore construction started with the installation of the first monopile foundation, and the construction was completed in less than nine months.

The wind farm was fully commissioned in November 2020, providing enough green electricity for 2.4 million people annually. We maintained our high health and safety standards by putting the health and safety of our employees and contractors first. The team undertook several initiatives to contain the spread of the virus, including temperature checks, hand hygiene, inspection of ventilation systems, and clear quarantine procedures.

Steven Engels, Country Manager for Ørsted in the Netherlands, said:

“The commissioning of our very first offshore wind farm in the Netherlands is a moment to remember. Not only as a key milestone in the Dutch energy transition, but also as an extraordinary team effort delivered in the context of a continuing global pandemic.”

The commissioning of Borssele 1 & 2 is a good case in point of European countries harnessing the potential of offshore wind towards a carbon-neutral future. The commissioning also comes after the announcement of the EU Offshore Renewable Energy Strategy to increase offshore wind capacity from 12 GW in 2020 to 300 GW by 2050.

An official inauguration event for Borssele 1 & 2 is currently expected during the spring of 2021, provided that it is safe and practically feasible in the context of COVID-19.

Facts

Country	The Netherlands
Capacity	752 MW
No. of turbines	94
Ørsted ownership	100 %
Total allocated proceeds	DKK 2.5 billion
People powered annually	2.4 million
Project status	Commissioned

Hornsea 2

World's largest offshore wind farm in the making

We allocated close to DKK 1.4 billion green bond proceeds in 2020 to the Hornsea 2 project in the UK. The wind farm is located 89 km off the Yorkshire coast in the North Sea, adjacent to Hornsea 1 – currently the world's largest offshore wind farm.

At 1.4 GW, Hornsea 2 will overtake Hornsea 1 as the world's biggest offshore wind farm. Once operational in 2022, Hornsea 2 will span an offshore area of 462 km² – larger than the island nation of Seychelles.

The project will use the world's largest offshore substation to bring green power to the UK.

When complete, the wind farm will be able to provide enough green electricity for 3.7 million people annually. In just a few years, offshore wind activities have contributed to the regeneration of the Humber region, making it an important hub for offshore wind while also promoting local economic growth.

With the construction and operation of Hornsea 2, we seek to further strengthen the economic growth in the region through local job creation and by investing in education. We expect to be able to complete the project on time and within budget and that it will become operational by 2022.

Facts

Country	UK
Capacity	1,386 MW
No. of turbines	165
Ørsted ownership	100 %
Total allocated proceeds	DKK 2.2 billion
People powered annually	3.7 million
Project status	Under construction

Greater Changhua 1 & 2a

Contributing to Taiwan's renewable energy transition

During 2019 and 2020, we have allocated a total of DKK 4.8 billion to the Greater Changhua 1 & 2a offshore wind project, demonstrating our ambition to invest significantly in Taiwan's transition to renewable energy.

As another green financing instrument for the Greater Changhua project, we launched a green loan facility worth TWD 25 billion (DKK 5.5 billion) in 2019, attracting funding from 15 local and international banks. This aligns well with our ambition to use purely green financing going forward.

The offshore wind farm will be located 35-50 km off the coast of Changhua County and will have a capacity of approx. 900 MW, providing enough green energy for 2 million people annually.

With the project, we seek to create local jobs and substantial impact on the development of the offshore wind industry in Taiwan. The offshore wind farm will be constructed in 2021 and 2022.

Facts

Country	Taiwan
Capacity	900 MW
No. of turbines	111
Ørsted ownership	100 %
Total allocated proceeds	DKK 4.8 billion
People powered annually	2 million
Project status	Under construction

Allocated proceeds

Total amounts allocated by bond

The table below provides details on Ørsted's eleven outstanding green bonds, including total allocated amounts.

Ørsted A/S

ISIN	Bond type	Face value	Coupon	Issue date	Maturity	Net proceeds DKKm	Proceeds allocated 2020 DKKm	Total allocated proceeds DKKm	Unallocated proceeds DKKm
XS1721760541	Senior	EUR 750 m	1.50 %	24-11-2017	26-11-2029	5,499	0	5,499	0
XS1720192696	Hybrid	EUR 500 m	2.25 %	24-11-2017	24-11-3017	3,674	0	3,674	0
XS1997070781	Senior	GBP 350 m	2.125 %	16-05-2019	17-05-2027	2,968	568	2,968	0
XS1997070864	Senior	GBP 300 m	2.50 %	16-05-2019	16-05-2033	2,518	418	2,518	0
XS1997071086	Senior CPI-linked	GBP 250 m	0.375 %	16-05-2019	16-05-2034	2,128	200	1,800	328
XS2010036874	Hybrid	EUR 600 m	1.75 %	09-12-2019	09-12-3019	4,424	2,600	2,800	1,624
Total						21,211	3,786	19,259	1,952

Ørsted Wind Power TW Holding A/S

ISIN	Bond type	Face value	Coupon	Issue date	Maturity	Net proceeds DKKm	Proceeds allocated 2020 DKKm	Total allocated proceeds DKKm	Unallocated proceeds DKKm
TW000F156013	Senior	TWD 4,000 m	0.92 %	19-11-2019	19-11-2026	882	0	882	0
TW000F156021	Senior	TWD 8,000 m	1.50 %	19-11-2019	19-11-2034	1,765	265	1,765	0
TW000F156039	Senior	TWD 4,000 m	0.60 %	13-11-2020	13-11-2027	882	500	500	382
TW000F156047	Senior	TWD 3,000 m	0.70 %	13-11-2020	13-11-2030	661	661	661	0
TW000F156054	Senior	TWD 8,000 m	0.98 %	13-11-2020	13-11-2040	1,763	1000	1,000	763
Total						5,953	2,426	4,808	1,145

Bond allocations by project

By January 2021, a total of DKK 24,067 million green bond proceeds had been allocated to seven offshore wind projects in the period 2017-2020. In 2020, the green bond proceeds were allocated to four offshore wind projects: Hornsea 1 and Hornsea 2 in the UK, Borssele 1 & 2 in the Netherlands, and Greater Changhua 1 & 2a in Taiwan.

Allocated green bond proceeds can amount to maximum 50 % of project CAPEX in order to not exceed Ørsted's ownership share after potential farm-down.

Allocated proceeds

DKKm

ISIN	Bond	Offshore project	2017	2018	2019	2020	Total
XS1721760541	Senior EUR 750 m issued 2017	Hornsea 2		100			100
		Hornsea 1		2,200	150		2,350
		Walney Extension	500				500
		Race Bank	400				400
		Borkum Riffgrund 2		2,149			2,149
XS1720192696	Hybrid EUR 500 m issued 2017	Borssele 1 & 2		500			500
		Hornsea 1	200	400	1,324		1,924
		Walney Extension		750			750
		Borkum Riffgrund 2	500				500
XS1997070781	Senior GBP 350 m issued 2019	Hornsea 2			400	368	768
		Hornsea 1			2,000	200	2,200
XS1997070864	Senior GBP 300 m issued 2019	Hornsea 2			100	318	418
		Hornsea 1			2,000	100	2,100
XS1997071086	Senior CPI-linked GBP 250 m issued 2019	Hornsea 2			100	100	200
		Hornsea 1			1,500	100	1,600
XS2010036874	Hybrid EUR 600 m issued 2019	Hornsea 2			100	600	700
		Hornsea 1			100		100
		Borssele 1 & 2				2,000	2,000
TW000F156013	Senior TWD 4,000 m issued 2019	Greater Changhua 1 & 2a			882		882
TW000F156021	Senior TWD 8,000 m issued 2019	Greater Changhua 1 & 2a			1,500	265	1,765
TW000F156039	Senior TWD 4,000 m issued 2020	Greater Changhua 1 & 2a				500	500
TW000F156047	Senior TWD 3,000 m issued 2020	Greater Changhua 1 & 2a				661	661
TW000F156054	Senior TWD 8,000 m issued 2020	Greater Changhua 1 & 2a				1,000	1,000
Total			1,600	6,099	10,156	6,212	24,067

Avoided emissions and people powered

We measure the impact of allocated green bond proceeds by calculating the avoided emissions and the number of people powered by green energy.

The net proceeds from our green financing instruments can be used to finance, or refinance, the development, construction, or installation of our offshore wind projects. With our allocated green bond proceeds, we and our investors support progress towards the Paris Agreement and aspire to have a transformative impact on the UN Sustainable Development Goals #7 on affordable and clean energy and #13 on climate action.

Avoided emissions

Avoided emissions are the carbon emissions avoided each year by replacing an equal quantity of electricity generated using fossil fuels with generation from offshore

wind. The total avoided emissions are based on total allocations and includes both projects under construction and projects in operation. The annual avoided emissions for each bond are calculated as the sum of avoided emissions for the projects attributable to the allocated green bond proceeds. The calculation is updated annually with the current fossil fuel mix in each country where the individual wind farms are placed. The lifetime of a wind farm is expected to be at least 25 years.

People powered

The number of people powered represents the number of people which an offshore wind farm will be able to provide power for. This is an illustrative average based on a project's actual or expected power generation and country-specific power consumption per person.

The impact indicators in this report are reviewed by PwC as part of our separate ESG performance report.

For detailed accounting policies, please refer to Appendix I.

Avoided emissions potential t CO₂e / year

Avoided emissions from allocated green bond proceeds 2,709,000

XS1721760541	Senior EUR 750 m issued 2017	632,000
XS1720192696	Hybrid EUR 500 m issued 2017	423,000
XS1997070781	Senior GBP 350 m issued 2019	346,000
XS1997070864	Senior GBP 300 m issued 2019	283,000
XS1997071086	Senior CPI-linked GBP 250 m issued 2019	198,000
XS2010036874	Hybrid EUR 600 m issued 2019	413,000
TW000F156013	Senior TWD 4,000 m issued 2019	76,000
TW000F156021	Senior TWD 8,000 m issued 2019	152,000
TW000F156039	Senior TWD 4,000 m issued 2020	43,000
TW000F156047	Senior TWD 3,000 m issued 2020	57,000
TW000F156054	Senior TWD 8,000 m issued 2020	86,000

Avoided emissions from allocated green bond proceeds per DKK 1 m 113

People powered potential People / year

People powered by the green bond offshore wind projects 15,527,000



15.5 million people

can be powered annually by the seven green bond projects in operation and under construction



2.7 million tonnes CO₂

avoided emissions potential from allocated green bond proceeds annually

113 tonnes CO₂

avoided emissions potential per DKK 1 million allocated proceeds annually

Green financing governance

In January 2021, our Sustainability Committee approved our green bond allocations and impact reporting for 2020.

Following the approval, we are publishing this impact report with the allocation of proceeds and project impacts. The impact report is published each year along with our other annual financial and sustainability reporting.

Our 'Green finance framework' sets out the criteria for our green financing instruments, including green bonds, green loans, and other debt instruments to finance eligible green projects. The framework has been developed in alignment with the 'Green Bond Principles' and the 'Green Loan Principles'.

To provide a second opinion, the framework was reviewed by CICERO Shades of Green and was awarded a dark green shading, which is the highest grading a framework can receive.

In line with our framework, our green financing will purely finance offshore wind projects. Most projects will only be partially funded by green bond proceeds, and allocations

can never exceed Ørsted's ownership share of the total investment. The allocation of funds, as described in this impact report, and the internal tracking of the green bond proceeds have been verified by PwC with limited assurance. PwC's assurance report is included in this impact report on pages 16-17.

The two impact indicators 'green bond proceeds allocated to offshore wind projects' and 'avoided emissions from allocated green bond proceeds' are reviewed by PwC as part of our separate ESG performance report.

Our 'Green finance framework' and CICERO's second opinion are available at orsted.com



→ Ørsted 'Green finance framework'



→ Second opinion by CICERO

Annual green bond governance process



Green bond proceeds are allocated to eligible projects



Sustainability Committee approves green bond allocations and reporting



Reporting is published on allocated proceeds and project impacts

Assurance report of the independent auditor

To the green bond investors and the Board of Directors of Ørsted A/S and Ørsted Wind Power TW Holding A/S.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the 2020 reporting year has not been prepared, in all material aspects, in accordance with Ørsted's 'Green finance framework'.

This conclusion is to be read in the context of what we state in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information presented in Ørsted's 'Green bond impact report 2020', section 'Allocated proceeds' on pp 12 and 13 (the 'Selected Information'), comprise total amounts allocated by bond and bond allocations by project.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (revised), 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and additional requirements under Danish auditor regulation to obtain limited assurance in respect of our conclusion. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of relevant Ørsted management to assess to whether the reporting has been prepared in accordance with the Ørsted 'Green finance framework';
- accessed the design of the processes and internal controls for managing, recording and reporting the Selected Information;
- performed analytical review of the Selected Information, including the allocation of amounts as presented in the Ørsted 'Green bond impact report 2020'; and
- evaluated the evidence obtained.

Management's responsibility

The Board of Directors of Ørsted A/S and Ørsted Wind Power TW Holding A/S are responsible for:

- designing, implementing and maintaining internal control over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective criteria for preparing the Selected Information as described in the Ørsted 'Green finance framework';
- measuring and reporting the Selected Information based on the Ørsted 'Green finance framework'; and
- the content of the Selected Information.

Auditor's responsibility

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error and are prepared, in all material respects, in accordance with the Ørsted 'Green finance framework';
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Directors of Ørsted A/S and Ørsted Wind Power TW Holding A/S and the green bond investors.

This report, including our conclusions, has been prepared solely for the Board of Directors of Ørsted A/S and Ørsted Wind Power TW Holding A/S and the green bond investors in accordance with the agreement between us, to assist the Board of Directors in reporting on Ørsted's green bonds. We permit this report to be disclosed online at Ørsted A/S' homepage in respect of the 2020 reporting year, to assist Ørsted A/S in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information.



Hellerup, 3 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Lars Baungaard

State Authorised Public Accountant

Rasmus Friis Jørgensen

State Authorised Public Accountant

Sustainability ratings and memberships

UN Global Compact LEAD participant



Member of the action platform 'Business Ambition for Climate and Health'. Through this, we aim to serve as a catalyst for enhancing action to meet the ambitions of the Paris Agreement and the UN SDGs.

Member of the action platform 'Sustainable Ocean Business'. Through this, we aim to contribute to ensuring that an accelerated use of ocean-based solutions takes place sustainably to meet the ambitions of the Paris Agreement and the UN SDGs.

WE SUPPORT
Caring for Climate



Memberships and alliances



Ratings and rankings

Elaboration and benchmark

Score



Ørsted ranked the 2nd most sustainable company in the world in Corporate Knights' 2021 Global 100 index

2nd place



Ørsted awarded the highest possible CDP rating for two consecutive years and recognised as a global leader on climate action

A



Ørsted awarded the highest possible rating by MSCI for four consecutive years

AAA



Ørsted placed as no. 1 among all utilities and awarded Prime status by ISS ESG

B+



Ørsted awarded a Platinum Medal for being among the top 1 % of companies assessed by EcoVadis

80 of 100



Ørsted ranked the most influential electric utility company in the world by World Benchmarking Alliance for contributing to a low-carbon economy

1st place

Appendix I:

Accounting policies

Accounting policies for all Ørsted's sustainability indicators are disclosed in our 'ESG performance report 2020' which is available at our website: orsted.com/ESGperformance2020

Avoided emissions

The avoided carbon emissions due to generation from offshore wind farms are calculated assuming that the generation from wind farms replace an equal quantity of electricity generated using fossil fuels. The carbon emissions factor from fossil fuels is based on an average fossil fuel-mix in the specific country where the wind farm is located and is updated on an annual basis.

Data is extracted from the International Energy Agency, IEA. Power generation from wind does not have any direct carbon emissions (scope 1), and no secondary effects (scopes 2-3) are included. The avoided carbon emissions are calculated as the offshore wind farm's generation or expected generation multiplied by the emissions factor.

The total avoided emissions potential from allocated proceeds includes both projects under construction and projects in operation. For projects under construction or commissioned, we use the capacity of the wind farm as the basis for the calculation, with an average load factor from business cases for offshore wind, onshore wind, and solar power to calculate the expected energy generation. For projects in operation for at least one full year, we use the actual energy generation from the wind farm as the basis for the calculation.

The annual avoided emissions potential for each bond are the sum of avoided emissions for the projects attributable to the allocated green bond proceeds. This is calculated as the relative share of green bond allocation to total CAPEX for a project multiplied by the avoided emissions for the project. For competitive reasons, we do not disclose total CAPEX or other figures which may indicate this at project level.

The accounting policies for avoided carbon emissions follow the principles of the GHG Project Protocol and the UNFCCC methodology.

Avoided emissions from allocated green bond proceeds are reviewed by PwC as part of the ESG performance report.

Energy generation

Energy generation from wind farms is determined as sold power generation. The indicator is calculated based on the full generation from each wind farm, independent of Ørsted's ownership share. Energy generation is reported when the individual wind farm has been in operation for at least one full year.

Energy generation is reviewed by PwC as part of the annual report.

People powered

The figures for people powered are calculated using the wind farm's power generation and country- or state-specific power consumption per person, which is updated on an annual basis. The indicator is calculated based on the full generation from each wind farm, independent of Ørsted's ownership share.

The total number of people powered shows the projects' potential and includes both projects under construction and projects in operation. For projects under construction or commissioned, we use the capacity of the wind farm as the basis for the calculation, using an average load factor from business cases for offshore wind, onshore wind, and solar power to calculate the expected energy generation. For projects in operation for at least one full year, we use the actual energy generation from the wind farm as the basis for the calculation.

The calculation method for people powered is reviewed by PwC as part of the ESG performance report.



Ørsted A/S

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