A sustainable build-out of green energy
Challenges to a sustainable build-out of green energy

The world is on the cusp of an unprecedented build-out of renewable energy. In the coming years, we as an energy industry will have to address a number of challenges to drive a rapid and sustainable build-out.

Throughout this report, we spotlight how we work systematically and programmatically to identify and assess the sustainability challenges which are most important to our stakeholders and our business.

"We don’t have all the answers or full visibility of the journey we have ahead of us to create a sustainable society. That shouldn’t prevent us from taking decisive action now to stop climate change and create a better tomorrow. After all, that’s what leadership is about."

Mads Nipper, CEO

Our strategic approach to sustainability

A range of sustainability challenges impact our business and our stakeholders. We identify and prioritize key challenges. We develop programmes to address key challenges. We aspire to have a transformative impact on SDGs 7 and 13.

Most important sustainability challenges

- Business sustainability
- Sustainable finance
- Green energy for heavy industry and transport
- Business partner and human rights diligence
- Information security and cyberattacks
- Reuse and recycling of materials
- Energy efficiency
- Minerals and metals for green energy deployment
- Climate action
- Biodiversity impacts and changes to ecosystems
- Local community impact
- Safety, health, and well-being
- Use of sea and land for green energy
- Employee attraction and development
- Diversity and equal opportunity
- Reliable energy systems
- Business ethics and transparency
- Responsible tax

Importance to our business

High

Low

Importance to stakeholders

High

Low

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Decarbonising our total carbon footprint

2020 data¹ (1 kt = 1,000 tonnes of CO₂ equivalents)

Supply chain (1,099 kt in total)

Emissions mainly² come from manufacturing and transport of offshore wind farm components and secondly from mining and transport of coal which we will have phased out entirely in 2023.

<table>
<thead>
<tr>
<th>Scope 3</th>
<th>Ørsted's activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy generation (1,811 kt in total)</td>
<td>Emissions mainly come from burning coal at combined heat and power plants. In 2023, we will have phased out coal entirely, bringing the emissions from generation close to zero.</td>
</tr>
<tr>
<td>Operations (26 kt in total)</td>
<td>Emissions mainly come from fuel used for the vessels we charter during operation and maintenance of offshore wind farms.</td>
</tr>
<tr>
<td>Administration (63 kt in total)</td>
<td>Some emissions, e.g., from company cars, result directly from our daily business administration (scope 1). The majority is indirectly linked to our activities, such as the emissions from the production of the energy we buy for our own consumption (scope 2), and the goods and services we buy (scope 3).</td>
</tr>
<tr>
<td>Operations (26 kt in total)</td>
<td>Emissions mainly come from fuel used for the vessels we charter during operation and maintenance of offshore wind farms.</td>
</tr>
<tr>
<td>Energy sales (23,910 kt in total)</td>
<td>Emissions mainly come from wholesale buying and selling of natural gas.</td>
</tr>
</tbody>
</table>

A world that runs entirely on green energy starts with ourselves. We work every day to decarbonise our own operations and energy generation (scopes 1 and 2) and to reach carbon neutrality in our total carbon footprint (scopes 1-3).

50 % carbon reduction in 2032

Scopes 1 and 2: Direct emissions from our energy generation, operations, and administration (scope 1), and indirect emissions from our energy consumption (scope 2).

Carbon-neutral by 2025

Scopes 1 and 2: Direct emissions from our energy generation, operations, and administration (scope 1), and indirect emissions from our energy consumption (scope 2).

Carbon-neutral by 2040

Scopes 1-3: All direct and indirect emissions from our business.

5 % carbon reduction in 2032

Scopes 1 and 2: Direct emissions from our energy generation, operations, and administration (scope 1), and indirect emissions from our energy consumption (scope 2).

Carbon-neutral by 2025

Scopes 1 and 2: Direct emissions from our energy generation, operations, and administration (scope 1), and indirect emissions from our energy consumption (scope 2).

Carbon-neutral by 2040

Scopes 1-3: All direct and indirect emissions from our business.

1 Our carbon emissions accounting follows the Greenhouse Gas Protocol. This illustration shows the main sources of emissions per category. Emission sources not illustrated make up 111 kt of our total carbon footprint from a variety of miscellaneous sources. For our detailed emissions accounting, please see our ESG performance report 2020, pages 16–17.

² Supply chain emissions from energy sales activities are accounted for under the ‘Energy sales’ category.
How we transition to a world that runs entirely on green energy

In a year marked by crisis, 2020 has reminded us how forces beyond our immediate control can profoundly shape and impact our lives. It has reinforced the urgency to change 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, more than 80 million people were infected by the virus, almost two million lost their lives, and more than 100 million people were pushed into extreme poverty. There was scarcely an economy or a community in the world that was not impacted by the virus in some way.

Climate change also impacts many lives as it continues to pressure our global ecosystems and threatens to fundamentally change the conditions for life on our planet. 2020 became yet another year in recent history marked by the increased frequency and severity of extreme weather events. We saw the area covered by arctic sea ice reach a historic low. We saw record-breaking wildfires rage through Australia and the West Coast of the United States. We saw unusually heavy monsoon flooding run millions of homes in India and South and East Asia. According to the UN’s United in Science 2020 report, the concentration of greenhouse gases in the atmosphere reached record levels in 2020, and the world is set to see its warmest five years on record.

The need to propel action with policy

To reach net-zero emissions, we need to create a world that runs entirely on green energy. And that action needed is clear: We need to significantly increase the build-out of green power generation, accelerate the phase-out of fossil-fuelled power generation, increase green electrification in sectors currently running on fossil fuels, and continue to increase energy efficiency in all parts of society. Crucially, that action must take place now.

Global climate action in 2020

2020 witnessed increased global climate efforts and progress towards low-emission societies. Some of the world’s biggest emitters set new targets to reduce their carbon emissions: China announced its aim to be carbon-neutral by 2060; Japan announced an ambition to be carbon-neutral by 2050; and, in early 2021, the US re-joined the Paris Agreement. In Europe, the European Union’s heads of state agreed to cut EU’s emissions by 55 % by 2030, paving the way for climate neutrality by 2050.

The acceleration towards a low-carbon society was further helped by the continued decreasing cost of renewable energy, with offshore wind, onshore wind, and solar power outcompeting fossil-based electricity in most parts of the world. At the same time, we see that global capital is increasingly channelled into investments in the global energy transition. More than 30 of the world’s largest pension funds and insurers – representing more than USD 5 trillion of assets under management – are now part of the UN-convened Net-Zero Asset Owner Alliance.

A world that runs entirely on green energy

As a global society, we have 30 years to undertake a systemic shift, on a scale never before seen, to create a net-zero world. Since 75 % of global carbon emissions come from the use of energy, rethinking the way we power our world lies at the centre of this transformation. From power and heat generation systems to cooling, transport, and industrial processes, every technology we use must change its energy source from fossil fuels to renewable energy.

We were also happy to see the increasing number of companies joining the Science Based Targets initiative (SBTi) to take science-based action to reduce their emissions. Over the course of 2020, more than 365 businesses joined SBTi, and more than 1,000 companies now work with the initiative to reduce their emissions. These companies are setting emission reduction targets in line with what is necessary to meet the goals of the Paris Agreement, and, together, they represent an inspiring global movement, making up 20 % of the Global Fortune 500.

The need to propel action with policy

By the end of the year, it was reassuring to learn from the ‘Climate Action Tracker’ that with the new governmental carbon emission reduction targets, the goals of the Paris Agreement are now within reach. However, to limit global warming to 1.5 °C, more commitments are needed, and they must be followed up with decisive action across our society.

More governments around the world must set greenhouse gas emission reduction targets and more governments around the world must set greenhouse gas emission reduction targets that are aligned with what climate science deems necessary to stay within the 1.5 °C threshold. And all long-term 2050 targets must be supported by more immediate ones to ensure emissions are reduced adequately to keep the required pace.

But setting targets alone is, in itself, not a guarantee that they will be delivered on. Meeting the targets requires that companies, investors, and households decide to phase out fossil fuel-based assets and replace them with green energy assets. Today, too often, those decisions are not made because companies, investors, and households all make their decisions in a societal context that in different ways favour fossil fuels over renewables.

Governments can make the right decisions happen. They can identify the specific barriers that favour fossil fuels and hold back green energy. And they can lay out and execute on a detailed policy plan for how to address these barriers. The sooner they develop such a plan, the sooner companies, investors, and households can make sustainable choices, scale green technologies, and bring us closer to a 1.5 °C world.
Companies are instrumental to a global green transformation. They need to transform their business models and ensure that their products and operations contribute positively to limiting global warming to 1.5 °C. At Ørsted, we know first-hand that this transformation is possible. Over the past decade, we have transformed from one of Europe’s most carbon-intensive energy companies to a global green energy leader. We are now on track to becoming carbon-neutral in our energy generation and operations by 2025, making us the first major energy company to transform from fossil fuels and reach net-zero emissions.

To become carbon-neutral across our energy generation and operations, (scopes 1 and 2), we will reduce our carbon emissions by at least 98% by replacing fossil fuels with green energy. The remaining 2% come from a variety of sources where it is currently challenging to make reductions. These include our obligations to ensure security of supply by keeping gas-fired back-up capacity available at our combined heat and power plants. The same goes for our offshore logistics where our vessels still predominantly run on fossil fuels. If we cannot find viable solutions for these cases, we plan to invest in carbon-removal projects that are verified and certified to remove carbon from the atmosphere.

We are transforming our company. Companies are instrumental to a global green transformation. They need to transform their business models and ensure that their products and operations contribute positively to limiting global warming to 1.5 °C. Like governments, they also need to set clear long- and short-term carbon emission reduction targets in line with climate science and take tangible immediate action, shifting capital and talent away from fossil fuels and conventional business, and driving the sustainable business models of the future.

The challenges to a sustainable build-out.

The deployment of renewable energy has gathered speed globally over the past decade – with 1,600 GW, excluding hydropower, of renewable capacity installed by the end of 2020 – and is expected to almost triple in the next decade, totalling more than 4,300 GW. But even though renewable energy is the key solution to climate change, we know that accelerating the deployment of renewable energy poses important sustainability challenges that we, as an energy industry, must find ways to solve. This requires that we balance the climate impacts of the transition to a global green energy system with the impacts it will have on our natural environment and societies.

At Ørsted, we have integrated this responsibility into our business through a systematic annual assessment of our key sustainability challenges. We base our assessment on dialogues with our stakeholders and our own view of the most pressing sustainability challenges. With our plans to decarbonise our energy generation, gradually phase out natural gas from our business portfolio, and significantly scale up renewable energy, we are currently focusing on three sustainability challenges that are at the core of driving a sustainable green energy build-out: Firstly, how to drive decarbonisation throughout our supply chain; secondly, how to balance existing usage with local communities in a collaborative way that realises the shared benefits of renewable energy; and thirdly, how to work with local communities in a collaborative way that realises the shared benefits of renewable energy. None of these three challenges have a simple solution, but by using a programmatic and systematic approach, we will continue to improve the sustainability of our solutions.

Sharing our approach.

It is a tremendous honour to have been named among the world’s most sustainable companies by Corporate Knights for three years in a row. In 2021, we were again named the most sustainable energy company in the world and the second most sustainable of all companies worldwide. This ranking underlines that it is possible to undergo a sustainable business transformation while creating value for stakeholders and shareholders alike. Last year’s progress report laid out our action plan for achieving carbon neutrality in 2025, this year, our sustainability team has made great efforts to break down exactly how we work on sustainability.
We want to make our company car fleet 100% electric by 2025, and, from the beginning of 2021, we will only acquire electric vehicles.

In this section, we lay out our systematic and programmatic approach for understanding sustainability challenges and opportunities and for adjusting our business strategy accordingly. We also present our perspective on the main sustainability challenges the energy industry needs to address to drive a rapid and sustainable green energy build-out.
A systematic and programmatic approach to sustainability

Understanding emerging sustainability themes and how they impact our business continue to be key factors in developing Ørsted as a global leader in renewable energy. Over the years, we have developed a systematic approach for identifying sustainability themes and underlying challenges and integrating sustainability into our business.

A company’s stakeholders, ranging from customers, employees, policymakers, regulators, investors, NGOs to local communities, all expect companies to take an active role in delivering sustainable societies. Listening and engaging with their concerns and expectations is a significant part of our approach to mapping, prioritising, and addressing the sustainability themes affecting us and our stakeholders. Based on our wide range of experiences, we have honed a highly systematic and programmatic approach to mapping, prioritising, and addressing the sustainability themes affecting us and our stakeholders.

At Ørsted, we firmly believe that our resilience and long-term value creation is shaped by our ability to systematically identify and manage the sustainability themes which are important to our stakeholders and business. We benefit tremendously from the exchange between our stakeholders, our internal expertise, and external experts as it helps us identify and address the key sustainability challenges we need to work on.

Here, we set out our approach to our work on sustainability and how we integrate sustainability when defining our business strategy and operations. As it is not an exact science and still a field in development, we hope that other companies will do the same so that we can continuously learn from each other and together advance strong company sustainability practices.

Our approach has five phases

Our transformation journey over the past decade has shaped how we work on sustainability, making sustainability a core part of our strategic thinking and our value proposition to customers and the communities we work with. Over the years, we have honed a highly systematic and programmatic approach to mapping, prioritising, and addressing the sustainability themes affecting us and our stakeholders. Based on five core phases, it enables us to identify sustainability themes that are important, build programmes to address them, and report on the progress we make in each programme.

Mapping sustainability themes

Engaging with our stakeholders starts with developing an acute understanding of the themes that are most important to them. For example, we closely follow the scores in our ESG ratings and solicit feedback from NGOs and other stakeholders. Based on this feedback, the programme development activities are undertaken to achieve our sustainability goals and to identify sustainability themes that are important, build programmes to address them, and report on the progress we make in each programme.

Prioritising sustainability themes

Having mapped our sustainability themes, we evaluate the importance of each theme from the perspective of each of our stakeholders and business perspectives. We assess the importance of each theme from the perspective of our stakeholders and business perspectives. The ranking of importance is based on a variety of factors and is more of a qualitative exercise. For stakeholder importance, we consider the intensity of attention from the theme received from NGOs, civil society, or policymakers, the level of investor interest, and whether any international frameworks have been developed to address best practice. To gauge the potential impact on our business, we assess the potential impact of the theme and our degree of influence on the theme.

We repeat this analysis every year through workshops and interviews with stakeholders, subject-matter experts, and internal staff. The output is a simple matrix of sustainability themes which are ranked based on importance to stakeholders and our business. Our sustainability teams then use this matrix to prioritise the themes that we should actively address and to assess if our current performance is adequate. You can find the matrix in our sustainability report for 2020 on page 2.

Examples of stakeholders involved

- Politicians, experts, regulators, customers, local communities, investors, NGOs, academia, employees, etc.
- Case: Supply chain carbon emissions

- Stakeholders focus on companies reducing emissions beyond their own operations and across their entire supply chain.
- Based on a memo on key themes, our EC mandates a new programme to work strategically to reduce supply chain emissions.

Through our mapping and prioritisation, stakeholders are provided with an overview of the sustainability themes that impact our business and our stakeholders. Our sustainability approach is anchored in our prioritised set of sustainability themes, the portfolio, and our stakeholders.

Anchoring a prioritised set of sustainability themes in our business

Once a year

Anchor prioritised sustainability themes in our management and governance.

Developing sustainability programmes to address priority themes

Ongoing effort

Update our portfolio of sustainability programmes to address priority themes.

Realising and reporting

Ongoing effort

Report and communicate the progress of our programmes and any challenges faced.

- Publish an annual sustainability report to communicate annual performance and our strategic sustainability direction.
- Publish key ESG performance data annually.
- Provide ongoing communication on progress and challenges across our programmes.

Ongoing content on performance and challenges, quarterly ESG performance reports, and annual sustainability report.

- Mostly an internal process with audit of all data in our ESG performance report.

We report openly and transparently about our progress in reducing scope 3 emissions. You can read more on pages 20-21.

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An updated overview of sustainability themes that could affect our stakeholder or our business.

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Anchoring our sustainability themes in our business

Having defined a prioritised set of sustainability themes, we anchor them in our internal governance structure. This gives our senior management and Board of Directors a systematic overview of the most important sustainability themes and enables them to make decisions on how to best address them through sustainability programmes. By anchoring our sustainability programmes in executive accountabilities and responsibilities, we ensure that our sustainability strategy is embedded in our business strategy and daily operations.

In practice, our Sustainability Committee will prepare a recommendation for our Executive Committee detailing the sustainability themes to prioritise, any potential new sustainability programmes to add, and any potential changes to existing programmes. The Executive Committee will then assign executive accountability for each programme, meaning that each Executive Committee member becomes accountable for the practical implementation of a specific programme, including delivering on programme targets. Finally, our Board of Directors will approve the key sustainability themes identified and the programmes selected to address them.

Developing and updating sustainability programmes

We develop sustainability programmes for the sustainability themes that are most important to both our stakeholders and our business strategy. Currently, we have a portfolio of 20 programmes. Based on the outcome of our sustainability themes analysis, we either update existing programmes or develop new ones. Our programmatic work on sustainability themes allows us to firmly integrate our response to them in our daily business processes. In practice, this means developing concrete targets and understanding the actions necessary to reach them as well as assigning clear responsibility for the execution of each programme. Developing new sustainability programmes is a comprehensive process, and you can dive into the details of how we develop them in the following section. You can also find an overview of our 20 sustainability programmes on page 10.

Realising and reporting on progress

Reporting on the progress of each programme and the challenges we face is key to ensuring transparency, giving our stakeholders an opportunity to hold us accountable and scrutinise our sustainability performance. Reporting also serves as the basis for continued dialogue on the sustainability themes that are material to our business. We strive to make our reporting as practical as possible in the hope that it inspires action beyond our company.

Reporting on our sustainability performance is of great interest and importance to our stakeholders, not least our investors. Each quarter, as part of our quarterly financial reporting, we publish a comprehensive ESG performance report with detailed updates on our performance across programmes and other sustainability performance indicators. Once a year, we publish our sustainability report, where we address the broader sustainability agenda we work on and present the challenges and opportunities we see on the horizon. It also provides an overview of our sustainability performance for the year across our programmes.

How we develop new sustainability programmes

The sustainability landscape is dynamic, and themes constantly evolve as the importance of specific challenges increase and knowledge around each theme improves. We continuously update our existing programmes to reflect such changes. When doing so, we use a light version of the full programme development process. If needed, we refresh our understanding of the strategic landscape, for instance in relation to international frameworks, investor expectations, or best practice. Based on this, we identify gaps in the current programme design and ways to close them.

Every year, we update our portfolio of sustainability programmes. We have honed a systematic process for developing new sustainability programmes and updating existing ones.

Establishing a new sustainability programme requires dedicated and sustained effort. To build a full programme, we typically go through five phases.

If we identify the need for a new programme, we spend some time anchoring a programme project internally in the business. In phase 1, we often set up a small project team to develop the programme. The team typically works part-time on the project and takes on the programme development as part of its responsibilities. We then dive into the substance of the sustainability theme in phases 2, 3, and 4, before moving into execution in phase 5. As we develop the full programme, we often launch a minimum viable project to test and refine essential programme components. You can read an example of how this works in practice in the section on our supply chain decarbonisation programme on pages 20-21. The key to success is to get sufficiently deep into the substance of the issue and not jump to conclusions too early in the process. In practice, the phases often overlap, and we move back and forth between them to adjust and test our findings.

Updating existing programmes

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Developing sustainability programmes

Every year, we update our portfolio of sustainability programmes. We have honed a systematic process for developing new sustainability programmes and updating existing ones.
Our 2020 portfolio of sustainability programmes

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. The goals are interconnected and almost all of them are influenced by the climate challenge. We have developed 20 sustainability programmes to systematically address the most important sustainability challenges affecting our business and stakeholders. As a renewable energy company, we aspire to have a transformative impact on SDGs 7 and 13, while contributing to several others as well.

To catalyse the green energy transformation

<table>
<thead>
<tr>
<th>Sustainability challenge</th>
<th>Programme</th>
<th>Our impact on the SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate action</td>
<td>1. Decarbonisation of energy generation and operations</td>
<td>As a world-leading renewable energy company, our main contributions are to SDGs 7 and 13, where we aspire to have a transformative impact.</td>
</tr>
<tr>
<td>Energy efficiency</td>
<td>2. Decarbonisation of our supply chain and wholesale buying and selling of natural gas</td>
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</tr>
<tr>
<td>Biodiversity impacts and changes to ecosystems</td>
<td>3. Deployment of offshore wind</td>
<td></td>
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<tr>
<td>Reliable energy systems</td>
<td>4. Deployment of onshore renewables</td>
<td></td>
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<tr>
<td>Sustainable finance</td>
<td>5. Greener combined heat and power plants</td>
<td></td>
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<tr>
<td>Biomass sustainability</td>
<td>6. Green energy utilisation and integration</td>
<td></td>
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<tr>
<td>Biodiversity impacts and changes to ecosystems</td>
<td>7. Financing green</td>
<td></td>
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<tr>
<td>Local community impacts</td>
<td>8. Sourcing certified sustainable biomass</td>
<td></td>
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<tr>
<td>Reuse and recycling of materials</td>
<td>9. Marine biodiversity</td>
<td></td>
</tr>
<tr>
<td>Safety, health, and well-being</td>
<td>10. Local communities</td>
<td></td>
</tr>
<tr>
<td>Employee attraction and development</td>
<td>11. Resource management</td>
<td></td>
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</table>

To address the sustainability impacts of the green energy transformation

- **Biomass sustainability**: While contributing to a greener world, we advance the positive ripple effects of the green energy transition and manage any negative effects on local communities and the environment.
- **Biodiversity impacts and changes to ecosystems**: Use of the sea and land for green energy.
- **Local community impacts**: Local communities.
- **Reuse and recycling of materials**: Resource management.

To ensure responsible business practices

- **Safety, health, and well-being**: We conduct our business with responsibility, accountability, and respect for our employees, business partners, and suppliers.
- **Employee attraction and development**: Employee satisfaction.
- **Employee attraction and development**: Employee satisfaction.
- **Diversity and equal opportunity**: Inclusion of diversity.
- **Business ethics and transparency**: Good business conduct.
- **Business partner and human rights due diligence**: Human rights & responsible business partners programme.
- **Information security and cyberattacks**: Information and cyber security.
- **Responsible tax**: Responsible tax practices.

Key industry challenges to a sustainable green energy build-out

Accelerating the global deployment of renewable energy is not without its challenges. This year, our sustainability themes analysis reflects how a number of fundamental sustainability challenges are emerging at the intersection of renewable energy, communities, and nature, and these challenges will pick up speed over the coming decade.

To ensure a sustainable transition to green energy, it is decisive to manage the impacts that the green energy build-out potentially have on the environment or society. In our annual sustainability themes analysis, we have identified three key challenges that are especially important to our stakeholders and business:

- **Decarbonising supply chains**: As the renewable energy industry seeks to scale up the green energy build-out, the absolute carbon emissions from renewable energy supply chains will increase. Decarbonising these supply chains is essential for realising a net-zero world.
- **Improving biodiversity protection**: Conceiving renewable energy at sea and on land inevitably impacts local habitats and ecosystems. As we accelerate the build-out of green energy, we will work with a greater number of as well as more diverse ecosystems, which is why we need a stronger and more programmatic approach to manage our biodiversity impacts.
- **Creating shared value with local communities**: While renewable energy projects offer local communities significant economic opportunities, they also bring change that can cause concern among our local stakeholders. To expand green energy in a way that enhances shared local benefits, we need to work with an increasingly large set of local stakeholders across more geographies as we globalise as a company.

In addition, the energy industry must address several other sustainability challenges in the years ahead to ensure a sustainable transition to renewable energy:

- **Offsetting residual emissions**: Our plan to achieve full carbon neutrality by 2025 will reduce our carbon emissions by 98 %, but the remaining 2 % may have to be offset. The market for carbon offsetting solutions that guarantee carbon removal on the scale we need is already under development. We now need to establish a mature strategy to find carbon-removal solutions that are credible, trustworthy, and clearly contribute to carbon removal.
- **Managing human rights risks in new operations**: While renewable energy projects offer local communities significant economic opportunities, they also bring change that can cause concern among our local stakeholders. We expand green energy in a way that enhances shared local benefits, we need to work with an increasingly large set of local stakeholders across more geographies as we globalise as a company.
- **Enabling inclusion of diversity**: Inclusion is important in its own right. As we globalise our company, we want to build a workforce that reflects the societies in which we operate. We are keen to refine how we approach this, creating a more diverse workforce and inclusive company culture that reflects a larger variety of perspectives and enables globalisation.
- **Increasing recyclability from renewable energy technologies**: Wind turbines currently have a recyclability rate of 85-90 %. Yet, wind turbine blades continue to be difficult to recycle. While some technologies exist, scalable solutions are not yet available at a competitive price. In the coming decade, the energy sector plays an important role to facilitate the development of the right solutions to recover or recycle turbine blade materials.
- **Sourcing minerals and metals sustainably**: A green energy transformation requires significant amounts of mineral, and metals, including copper, rare earth, iron, cobalt, manganese, and nickel. A significant share of the global extraction and production of these materials comes from countries with a higher risk of negative social, human rights, and environmental impacts. We need to work carefully with suppliers to ensure traceability, due diligence, and mitigation of risks beyond our immediate control throughout our supply chains. Head to pages 32-43 to read more about how we address these challenges.

Head to pages 20-25 to read more about how we address these challenges.
Our response to three decisive sustainability challenges

In this section, we highlight three challenges which are particularly important to a sustainable green energy build-out and how we will address them programmatically: Decarbonising our supply chain, managing impacts on marine biodiversity, and creating shared value with our local communities.
Supply chain decarbonisation programme picks up speed

While green energy technologies generate power with zero emissions, emissions from the supply chain still remain. And to realise a world that stays within the 1.5 °C limit, we need to reduce supply chain emissions. This will be our next strategic frontier in our decarbonisation journey, and we are already engaging with our suppliers to find sustainable solutions.

The emissions linked to renewable energy technologies throughout their lifecycle are approximately 95% lower than those related to fossil-based energy generation. Most of the emissions are released during the early stages of the renewable energy supply chain, and we need to reduce them if we are to reach net-zero emissions across our entire footprint by 2040.

Today, most of our supply chain emissions come from offshore wind. They are mostly derived from the manufacturing, transport, and installation of the wind turbines, foundations, substations, cables, and other components we buy from our suppliers, who, in turn, buy services and inputs from their suppliers and so on. On average, material extraction, manufacturing, transport, and installation account for 90% of the total lifecycle emissions of an Ørsted offshore wind farm. This is primarily due to the carbon-intensive processes needed to manufacture materials for wind turbines and foundations as well as the fossil fuels used by vessels supporting the installation of our farms.

Our 2030 progress
In January 2020, we launched our supply chain decarbonisation programme to address these carbon emissions and plot the course towards a carbon-neutral footprint. Our programme currently focuses on engaging our key strategic suppliers who directly supply us with products and services and account for approximately half of our total procurement spend. We have strong relationships with all these suppliers, and, together, we are focusing our dialogue on three specific areas.

In 2020, we have made good progress across all three of these focus areas. This will be foundational in developing our programme even further in the coming years when we will look to establish roadmaps and metrics to track our progress towards carbon neutrality by 2040.

However, fully realising our ambitions in all our focus areas is not going to be easy. Firstly, accounting practices within the renewable energy industry are not yet established, and few suppliers disclose their carbon footprint. This makes it difficult to systematically identify, measure, and track carbon emissions across our supply chain. Secondly, some supply chain emissions are particularly hard to abate as they are linked to heavy manufacturing and shipping. Reducing them requires significant technological innovations to be available at a cost-competitive level. Finally, supplier roadmaps for powering vessels with green energy will need to be built incrementally since most of the technologies required are still immature. Roadmaps will also need to be tailored to each supplier category as they are at different stages of their decarbonisation journey and face unique complexities and challenges.

No low-carbon steel, no carbon-neutral supply chain
While our programme, in the beginning, focuses on direct suppliers (tier 1), we are aware that more removed suppliers, who do not directly provide us with equipment and services, contribute significantly to the total emissions across our supply chain. This is in particular the case for the production of steel used in the foundations of our wind turbines, which accounts for roughly 50% of the total emissions in our offshore wind supply chain. Since these emissions originate among suppliers who are not among our direct suppliers, we have met this challenge by forming wider initiatives with companies from other sectors that use steel. In 2020, we joined the Getting to Zero Coalition – an initiative that unites think tanks, NGOs, and over 100 stakeholders across and beyond the steel industry. For more information on both of these initiatives, head to our ‘Resource management’ programmes at the end of this report.

Scope expands to include more suppliers
As we continue to develop our supply chain decarbonisation programme, we will gradually expand its scope to include our onshore wind and solar technologies. In parallel, we will work to reduce emissions from the last two lifecycle stages of our green energy structures: our own operations and decommissioning. We have already in place a strategy to decarbonise our logistics in operations – particularly those offshore – and are exploring solutions to recover or recycle all parts of our wind turbines during decommissioning. For more information on both of these initiatives, head to our reporting on the ‘Decarbonisation of energy generation and operations’ and ‘Resource management’ programmes at the end of this report.
Biodiversity management supports accelerated green build-out

A large-scale build-out of renewable energy will impact our natural environment. For deployment of renewable structures to continue at the fast pace required, it is imperative that we continue to find ways to build in balance with local habitats and species within these ecosystems.

Global biodiversity — the variety of life found on land and at sea — is under pressure. Animal populations worldwide have declined by nearly 70% since 1970, and without decisive action, more than half of the world’s terrestrial and marine species will face extinction by 2050. A decade ago, the majority of the world’s governments adopted 20 biodiversity targets through the Convention on Biological Diversity to halt the accelerating loss of biodiversity on land and at sea. Yet, in 2020, the UN’s Global Biodiversity Outlook report concluded that none of these 20 targets had been fully met at a global level, and only six had been partially met.

As climate change is posing a fundamental threat to biodiversity, scaling up renewable energy needs to play an important role in protecting the world’s ecosystems. However, installing and operating new renewable energy structures at significantly increased scale will also impact our natural environment. These impacts must be considered and managed appropriately.

More renewable energy means more focus on biodiversity

As an energy industry, we seek to deliver accelerated deployment of renewables while supporting biodiversity management through protection, mitigation, or compensation. This starts with developing a comprehensive and strategic approach to biodiversity management.

At Ørsted, building and operating offshore wind is presently our biggest activity, and we work diligently to manage positive and negative impacts across all our offshore activities. Wind farms are large, complex infrastructure projects, and building and operating them can cause adverse impacts on the natural environment. The noise from offshore piling during installation can, for example, temporarily disturb marine mammals; foundations and cables can alter the seabed and existing underwater habitats.

That is why we have started work to systematically address our approach to how we manage impacts on biodiversity, focusing first and foremost on our offshore wind activities. In accordance with our Biodiversity policy, we always carry out a full and detailed assessment when planning new projects and tailor our impact mitigation to the unique marine environment at each of our sites. We are dedicated to building renewable energy in balance with our seas and have already made a corporate commitment to the UN’s Global Compact’s Sustainable Ocean Principles.

Best practices to manage impacts

A substantial evidence base has been developed on the impact that wind farms have on the natural environment, and this evidence base is ever growing as the industry develops. Many of the impacts are temporary, and we strive to avoid, reduce, or mitigate any significant impacts in accordance with regulations and best practice. To that end, we have built substantial in-house environmental expertise, and we conduct detailed assessments of the environmental impact of our wind farms following the mitigation hierarchy, international standards, and country-specific regulations.

Our highly skilled environmental specialists engage with regulators, environmental NGOs, and other important stakeholders across all our projects to find the best solutions to manage our impact on biodiversity. We also undertake a wide range of research on key environmental impacts and mitigation approaches. Among others, this research includes the Ecosystem and Passive Acoustic Monitoring (ECO-PAM) project, which will help researchers on the detection of North Atlantic right whales and characterization of their habitat in offshore wind farm areas. The ECO-PAM project is a partnership with the University of Rhode Island, Woods Hole Oceanographic Institution, and Rutgers, the State University of New Jersey.

Across our wind farms, we have also piloted several cutting-edge initiatives to avoid, reduce, or compensate for significant negative environmental impacts. We develop and use engineering and technological solutions. For example, during the construction phase, a range of measures tailored to the wind farm site can be implemented to manage the impacts of underwater noise caused by foundation installation on marine mammals and fish. In some circumstances, it is possible to reduce the noise that propagates into the marine environment through the use of technology such as a bubble curtain, which can reduce the sound waves spreading within the seabed and water.

Exploring opportunities to support marine biodiversity

Alongside our work to address negative environmental impacts, we are also exploring the potential for offshore wind farms to support marine wildlife.

Firstly, underwater structures can play a role in supporting marine biodiversity. Wind turbine foundations and the scour protection which may be installed to protect foundations and cables can create additional habitats for e.g., seaweed, mussels, shellfish, and fish species to colonise. These can, in turn, attract additional species, increasing biodiversity and productivity in the vicinity, an effect known as the artificial reef effect.

Secondly, wind farms can play a role in supporting marine conservation alongside required future protection of the seas. Less than 10% of the world’s seas are currently designated as ‘marine protected areas.’ According to the United Nations Convention on Biological Diversity, this needs to increase to at least 30% by 2030 to ensure that marine health is maintained and restored for the future. The extensive body of data on physical and natural resources collected to support siting and development of offshore wind farms can play an important role in the identification of future marine protected areas, and there may be instances where co-location of such protected areas within or near wind farms could have mutual benefits.

We are currently piloting projects to explore this potential. At our wind farm off the coast of the island of Anholt in Denmark, we stacked boulders within the wind farm to create stone reefs across the wind farm and restore a rocky reef habitat that had been lost. And at our Borssele wind farms in the Netherlands, we are laying pipes to encourage a nursery ground for cod. With these projects, we are building our knowledge of how offshore wind farms can contribute to thriving marine life near our wind farms.

A more programmatic approach to biodiversity management

Our current project-based approach to biodiversity impact management has allowed us to assess the local needs, expectations, and stakeholder expectations at specific sites, and design solutions accordingly. As we accelerate the build-out of green energy, our work will take place in more diverse marine ecosystems in far greater numbers.

Building on our success with local resources, we are now developing a stronger and more programmatic approach to management of our biodiversity impacts allowing us to define specific biodiversity objectives for our company and identify actions required to meet those objectives; track our progress towards objectives and report transparently on them; and root our programme in a clear cross-organisational governance structure anchored in our Executive Committee. This approach will help us to continuously improve our ability to manage potential adverse impacts and find solutions to realise opportunities within our work, such as the potential for offshore wind farms to support marine biodiversity and conservation.
Systematic engagement to build shared benefits with local communities

When moving into new geographies, we encounter new and diverse local community expectations. To manage these expectations effectively, we must ensure that our approach to support and enable these communities is strongly anchored across our increasingly global company.

As large, complex infrastructure, our renewable energy projects form a very tangible part of the communities in which they are built, raising hopes as well as concerns among local stakeholders. As we seek to expand our installed renewable energy capacity across Europe, North America, and Asia Pacific, these expectations will diversify. While we already have significant experience of working proactively with local communities to realise shared benefits, as we scale up our activities, we must develop a consistent, systematic approach anchored in best practice and in line with international human rights standards.

Collaboration leads to long-term growth for local communities

Green energy projects stimulate long-term economic growth for local communities. Local businesses such as suppliers of components or logistics services can benefit directly from the construction of wind and solar farms, while shops, restaurants, and hotels can experience increased footfall from those using local facilities. The British coastal towns of Grimsby and Hull are examples of how local communities can be reinvigorated in part due to the construction of our nearby offshore wind farms, which involved 8,000 people. And in New Jersey, we partnered with state and local authorities and OEMs to develop a new manufacturing facility for turbine monopiles. This comes with a USD 250 million investment in the state's offshore wind industry, bringing more than 500 high-paying jobs to the area and opportunities for local suppliers.

For onshore projects, in many rural communities, a new wind or solar farm is often the single largest taxpaying entity, generating stable, long-term revenue streams to support county and school services.

To help local communities take full advantage of the job opportunities generated by green energy activities, we collaborate with educational institutions to raise skill levels for local aspiring professionals, so that over time these communities can become powerhouses in the green energy industry.

Early engagement to address local community concerns

Green energy projects also bring change to local communities. Change that can be a cause for concern among our local stakeholders, including concerns about:

- the noise impact of new energy structures, such as anticipated noise from construction or rotating turbine blades
- access to the sea, particularly among local fishermen who seek to clarify how new offshore wind farms will affect ongoing fisheries operations
- changes to the natural environment, including how renewable energy will affect local recreational areas.

Across all our projects, we address the above-mentioned concerns to the greatest extent possible. We work to include stakeholders early to understand their concerns and design projects accordingly.

This dialogue often translates into local solutions to the issues raised. If relevant, we stay engaged throughout the construction and operation of our renewable energy projects. Often our stakeholder engagement is important to winning project bids, securing permits and licences, and earning local support.

Systematic approach to manage diverse local expectations

Today, most of our local community work is developed on a project-by-project basis. Yet, our expansion into US and Asian-Pacific markets has put us in touch with increasingly diverse local communities, a trend that will only continue as we grow our project portfolio further. To manage diverse local expectations effectively, we must ensure that the tools we use to identify and address local community concerns are grounded in a systematic approach which remains consistent across our organisation.

We are currently working to refine and develop the mechanisms guiding our local community work. For example, we have developed a new approach that enables our local staff to systematically assess project impact through a human rights lens. This allows us to remediate and robustly report on any negative human rights impacts, in line with international standards. Additionally, we work on an evolving catalogue of activities that have helped create shared benefits for local communities such as apprenticeship schemes.

As we expand our geographical presence, we will work to embed these tools in every project to guide our local engagement work in a strategic way. Once in place, they will help us strengthen our company-wide reporting on local community engagement activities, which today is not comprehensive enough. Of course, many questions to which we do not yet have answers remain – namely, how to set indicators and produce meaningful reporting for a theme as diverse as local community engagement – but by placing local stakeholder insight and inspiration at the centre of our work, we hope to find the solutions. Also, our programme should be broadened to also include our rapidly growing onshore wind and solar activities.

Working with local fisheries to enable co-use of the sea

When building new offshore wind farms, we often develop in waters that are used for commercial fisheries. This can create concern among the local fisheries regarding both access to fishing grounds and effects on fish stocks. Addressing these concerns largely depends on national legislation, which can differ significantly across our markets. In some markets, fishing vessels are allowed to operate within our wind farms; in others, only certain types of fishing activities are permitted, in others still, all forms of fishing are prohibited.

While these variations increase the complexity of working with local fishing communities, it is often possible for the two sectors to thrive alongside one another. As with other community groups, we tailor our approach to the local context and engage fisheries experts or community groups in new projects. We involve commercial and recreational fisheries in our project planning through a series of community meetings and employ local fishing industry representatives to ensure effective collaboration throughout the development, construction, and operational phases of our projects.

In many cases, our offshore wind farms cannot peacefully coexist with existing local fisheries. However, where issues relating to marine spatial planning and regional fisheries management arise, solutions may need to be shared politically by local or national governments.
In this section, we outline our progress across all of our 20 sustainability programmes. We present dashboards on our key performance indicators and lay out the components of each of our programmes.

Our progress across sustainability programmes

This year, the COVID-19 pandemic affected how and where we work. Many of our colleagues had to work from home most of the year and our work environment was increasingly virtual.
Catalysing the green energy transformation

Our climate targets are designed to align our company and entire carbon footprint with the 1.5 °C pathway. Here, you can see how we progress on our main performance indicators in our seven programmes to align our business with science and catalyse the green energy transformation.

By 2025, we will be carbon-neutral in our own energy generation and operations (scopes 1 & 2)

By 2040, we want to reach carbon neutrality in our total carbon footprint (scopes 1, 2 & 3)

Progress towards our carbon-neutral targets

Programme 1
Decarbonisation of energy generation and operations (scopes 1 and 2)
We reduce the emissions across our energy generation and operations to become carbon-neutral in scopes 1 and 2 by 2025.

<table>
<thead>
<tr>
<th>Reduction in GHG intensity (% reduction in g CO₂e/kWh, base year 2006)</th>
<th>Green energy share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>86</td>
<td>87</td>
</tr>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Target (2025)</td>
<td>Target (2025)</td>
</tr>
<tr>
<td>98</td>
<td>98</td>
</tr>
</tbody>
</table>

Programme 2
Decarbonisation of our supply chain and wholesale buying and selling of natural gas (scope 3)
To achieve carbon neutrality by 2040, we reduce emissions from our supply chain and from wholesale buying and selling of natural gas.

<table>
<thead>
<tr>
<th>Reduced carbon emissions in scope 3 (% base year 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>Target (2025)</td>
</tr>
</tbody>
</table>

Levers to decarbonise our company

Programme 1
Deployment of offshore wind
We deploy offshore wind farms globally.

<table>
<thead>
<tr>
<th>Installed offshore wind capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.8</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>7.6</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>Target (2025)</td>
</tr>
</tbody>
</table>

Programme 2
Deployment of onshore renewable energy capacity
We deploy onshore renewable energy technologies, including onshore wind and solar PV.

<table>
<thead>
<tr>
<th>Installed onshore wind and solar capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>1.7</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>Target (2025)</td>
</tr>
</tbody>
</table>

Programme 3
Greener combined heat and power plants
We phase out coal from our combined heat and power (CHP) plants by replacing coal with certified sustainable biomass and closing down coal-fired capacity.

<table>
<thead>
<tr>
<th>Coal consumption (million tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.6</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>0.6</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>Target (2023)</td>
</tr>
</tbody>
</table>

Programme 4
Deployment of offshore wind
We deploy offshore wind farms globally.

<table>
<thead>
<tr>
<th>Installed offshore wind capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>1.7</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>Target (2025)</td>
</tr>
</tbody>
</table>

Programme 5
Deployment of onshore renewable energy capacity
We deploy onshore renewable energy technologies, including onshore wind and solar PV.

<table>
<thead>
<tr>
<th>Installed onshore wind and solar capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
</tr>
<tr>
<td>2025</td>
</tr>
<tr>
<td>1.0</td>
</tr>
<tr>
<td>2025</td>
</tr>
<tr>
<td>Target (2025)</td>
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</tbody>
</table>

Programme 6
Green energy integration
We support new technologies that can help balance supply and demand of green energy and that use green power to decarbonise industry.

<table>
<thead>
<tr>
<th>Green energy integration</th>
<th>Green financing proceeds allocated to offshore wind projects, total (DKK billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.9</td>
<td>24.1</td>
</tr>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
</tbody>
</table>

Programme 7
Supporting green financing
Our target is to exclusively use green financing instruments.

<table>
<thead>
<tr>
<th>Supporting green financing</th>
<th>Avoided emissions potential from allocated green bond proceeds annually¹ (million tonnes CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>2.7</td>
</tr>
<tr>
<td>2019</td>
<td>2020</td>
</tr>
</tbody>
</table>

Third-party assurance of data
The programme indicators and targets shown on pages 28-31 and in the bottom row on pages 32-43 in this report are part of our ESG performance report 2020 and have been subject to third-party assurance by PwC.

Read about the scope of the assurance in our ESG performance report, page 38.

¹) Total avoided emissions includes both projects under construction and projects in operation. Please refer to our ESG performance report and Green bond impact report.
Addressing the sustainability impacts of the green energy transformation

The green transformation is a driver for positive change beyond mitigating global warming. But it can also have potential negative impacts on, for instance, biodiversity or local communities. Here you can see how we progress on our programmes to ensure a sustainable green transformation.

Programme 8
Sourcing certified sustainable biomass
We use sustainable wooden biomass to phase out coal at our CHP plants.

Share of our biomass that is certified sustainable (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Target (2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>96</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Programme 9
Protecting marine biodiversity
To protect biodiversity, we avoid and reduce impacts on marine ecosystems throughout the development, construction, and operation of all our offshore wind farms.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>84</td>
<td>78</td>
</tr>
</tbody>
</table>

Programme 10
Local communities
We want to develop our renewable energy projects so that they create benefits for local communities and address community concerns and expectations.

Based on frequent engagement with our local stakeholders, we strive to tailor our local initiatives to the needs of local communities, including community benefit funds, apprenticeships and scholarships, and local supplier development.

Programme 11
Resource management
We work to reduce, reuse, and recycle waste materials where possible to limit the impact on natural resources and lower carbon emissions.

Other waste from production and administration reused or recycled (excluding wastewater from the oil pipeline) - (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.6</td>
<td>2.9</td>
</tr>
</tbody>
</table>

Ensuring responsible business practices

We conduct our business with responsibility and accountability, ensuring respect for our employees, business partners, and suppliers. Here you can see how we perform on the key indicators of our nine programmes to ensure responsible business practices.

Programme 12
Workplace safety
We strive to create a safe workplace for employees, contractors, and suppliers.

TRIR (per million hours worked)*

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Target (2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.9</td>
<td>3.6</td>
<td>2.9</td>
</tr>
</tbody>
</table>

*TRIR is the total recordable incident rate, which is the number of recorded incidents divided by the total number of hours worked.

Programme 13
Employee health and well-being
We implement a holistic approach to physical, social and mental health, and well-being to enable good employee performance and engagement.

Share of employees that have recorded incidents of stress – both light and heavy cases (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.4</td>
<td>11.0</td>
</tr>
</tbody>
</table>

Programme 14
Employee development
We are building a culture of continuous learning and development to retain existing talent and engage new talent.

Employee learning and development (index 0-100 where 100 is high learning opportunities)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Target (2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>77</td>
<td>77</td>
<td>80</td>
</tr>
</tbody>
</table>

Programme 15
Employee satisfaction
Employees satisfaction and motivation is important to us, and we aim to remain in the top 10% in a benchmark of peer companies.

Employee satisfaction (index 0-100 where 100 is high satisfaction)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Target (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>77</td>
<td>77</td>
<td>78</td>
</tr>
</tbody>
</table>

Programme 16
Inclusion of diversity
We promote, encourage, and advocate for a culture where different perspectives are valued and leveraged, and where it is safe to speak up.

The share of women in positions as senior directors or higher - Leadership Conference (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Target (2023)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13</td>
<td>20</td>
<td>22</td>
</tr>
</tbody>
</table>

Programme 17
Good business conduct
We prohibit all forms of bribery and corruption. We promote compliance internally and with our business partners through due diligence, training, and reporting of misconduct.

Substantiated whistle-blower cases (number)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Programme 18
Human rights and responsible business partners
Through screenings and assessments, we identify performance gaps in our suppliers’ adherence to our Code of Conduct (CoC) for business partners. We take action to close any gaps.

Screenings on all sourcing contracts above DKK 3 million and assessments opened (number)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>Target (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>384</td>
<td>51</td>
<td></td>
</tr>
</tbody>
</table>

Programme 19
Information and cyber security
We work to ensure the security of corporate information and critical infrastructure through a risk-based approach and in close collaboration with our business partners.

We carry out ongoing global campaigns for safe behaviour in the workplace.

Programme 20
Responsible tax practices
We are transparent in our tax reporting and voluntarily disclose country-specific information about our tax position in our annual report.

Global corporate income tax paid in 2020 (billion DKK)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.1</td>
</tr>
</tbody>
</table>

Global corporate income tax paid in 2020 (billion DKK)
1. Decarbonisation of energy generation and operations

Sustainability challenge
Climate action and energy efficiency: As 73% of global carbon emissions come from the use of fossil fuel-based energy, decarbonising energy generation and improving energy efficiency are essential to limit climate change.

Our progress
• We have reduced the carbon intensity of our energy generation and operations by 2025. This covers the emissions from our operation of heat and power and from our operations and maintenance, including the vessels servicing our wind farms, our vehicles, and our sites (scopes 1 and 2).
• We have initiated a project to identify options for offsetting any residual emissions we may still have by 2025 (scopes 1 and 2). These solutions must be certified and able to document carbon removal.
• We have reduced the carbon intensity of our energy generation and operations by 47% since 2006, to 56 g CO₂e/kWh in 2019. We plan on track to deliver a 98% reduction by 2025.
• The build-out of green energy is a key driver, and we have reached a 90% share of green energy generation.
• We continue to push for optimised vessel designs and the use of biofuels in our vessel portfolio, including hybrid and battery technology, fuel cells, and offshore charging possibilities.
• As of 2021, we will no longer buy or lease fossil-fuelled cars, and, by 2025, our entire fleet of vehicles, including site and operational vehicles, will be fully electric. Currently, we have a 38% share of electric vehicles (including plug-in hybrids) in our fleet.
• We cover 100% of our own power consumption with green certificates, mainly from our offshore wind farms.
• We have initiated a project to identify options for offsetting any residual emissions we may still have by 2025 (scopes 1 and 2). These solutions must be certified and able to document carbon removal.

2. Decarbonisation of supply chain and wholesale buying and selling of natural gas

Climate action: To realise a net-zero world, the energy industry must reduce emissions in the supply chain of renewable energy technologies and phase out fossil fuel-based activities.

Our approach
We increase our total share of green energy and work to reduce emissions through our retail business (scope 3) by 2040 (scopes 1-3).
We work with our suppliers to reduce emissions from offshore wind farm components and logistics.

Our progress
• We have set an interim target towards 2040 of reducing emissions from our supply chain and gas sales (scope 3) by 50% of our 2018 levels. We reached a 90% of 2018 levels, thus devoting our PNG business that accounted for 20% of the 2018 base year scope 3 emissions. We are currently on track with a 13% reduction of emissions since 2018.
• We have established dialogue on decarbonisation with our key strategic suppliers in the most carbon-intensive categories in offshore wind.
• We have partnered with the Carbon Disclosure Project (CDP) to promote a transparent and uniform way of measuring and disclosing emissions in our supply chain.
• Of our 28 key strategic suppliers, 26 have successfully disclosed to the CDP, and the remaining two companies committed to do so by 2023.
• We have decided that our strategic suppliers should produce and deliver their products and services to us using 100% green energy by 2035, at the latest.
• We have co-founded the Climate Group’s SteelZero initiative, with the aim to drive the cross-sectional innovation journey needed to decarbonise steel.
• We continue to integrate green requirements in tenders for office supplies and administrative services.

Actions to become future-fit
Achieve carbon neutrality in our energy generation and operations (scopes 1 and 2) by 2025.
Achieve carbon neutrality across our total carbon footprint (scopes 1-3) by 2040, to drive technology change demands.

Actions to become future-fit
Work with governments, companies, and international organisations to accelerate the global green build-out.

Our governance
Accountability lies with the Executive Committee.
Accountability lies with the Executive Committee.

Policy and link to more information
• Ørsted Sustainability overview
• ESG performance report: Section 2.8

Policy and link to more information
• Ørsted Sustainability overview
• ESG performance report: Section 2.8

International frameworks of reference
• Paris Agreement
• GHG Protocol & Science Based Targets initiative

International frameworks of reference
• Paris Agreement
• IPCC Special Report: Global Warming of 1.5°C

Examples of partnerships and collaborations
• EV100, the Climate Group
• Greenhouse Gas Protocol & Science Based Targets initiative

Examples of partnerships and collaborations
• Ocean Renewable Energy Action Coalition, spearheaded by Ørsted and Equinor
• International Energy Agency

SDG contribution
13.5 We are reducing our indirect carbon emissions across our entire carbon footprint to help limit climate change.

3. Deployment of offshore wind

Societal challenge
Green energy deployment: The deployment of renewable energy technologies must be accelerated to help phase out coal and other fossil fuels from the global energy systems at the pace and scale required by climate science to limit global warming to 1.5°C.

Our approach
We deploy offshore wind farms globally. We want to increase the deployment across our regions — the UK, Continental Europe, North America, and Asia Pacific. Through scale and technological development, we draw down the costs of green electricity in the markets where we operate. Our target is to have built 15 GW of offshore wind capacity by 2025 and 30 GW across all green energy technologies by 2030.

Our progress
• We have installed our 1,500th wind turbine, and are on track to meet our target of 15GW installed offshore wind capacity by 2025, with a current capacity of 7.6 GW.
• We have commissioned the 752 MW Borssele 1 & 2 Offshore Wind Farm in the Netherlands, the largest offshore wind farm in the country.
• As the EPC provider, we have been part of the Coastal Virginia demonstration project, the first ever offshore wind turbine to be installed in US federal waters. With only two wind turbines, the project is intended to show the possibilities of offshore wind in the US.
• Our portfolio of long-term CPPAs (corporate power purchase agreements) is constantly expanding, with large companies wanting to secure their power from renewable sources. Most recently:
  - We have signed the world’s largest renewables CPPA with TSMC in Taiwan, securing an off-take of the full production from our 920MW Greater Changhua 2s & 4 Offshore Wind Farm.
  - We have signed the largest offshore CPPA in Europe with the technology company Amazon, which will buy the output of 250 MW from the Borkum Riffgrund 3 Offshore Wind Farm.

Actions to become future-fit
Achieve carbon neutrality across our total carbon footprint (scopes 1-3) by 2040, to drive technology change demands.

Actions to become future-fit
Work with governments, companies, and international organisations to accelerate the global green build-out.

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Examples of partnerships and collaborations
• EV100, the Climate Group
• Getting to Zero Coalition

Examples of partnerships and collaborations
• Ocean Renewable Energy Action Coalition, spearheaded by Ørsted and Equinor
• International Energy Agency

SDG contribution
7.2 We are increasing the share of renewable energy in the global energy mix.

4. Deployment of onshore renewables

Our approach
We deploy onshore renewable technologies, including onshore wind and solar PV. Our focus is to expand our regional leadership position in the US. Our target is to have built 5 GW of onshore wind capacity by 2025 and 10 GW across all green energy technologies by 2030.

Our progress
• We have installed our onshore wind capacity generation of 1.7 GW and are on track to meet our 2025 target of 5 GW.
• We have expanded our portfolio of onshore farms in the US by purchasing the Haystack project in Nebraska and by completing the Willow Creek project in South Dakota and the Sage Draw project in Texas.
• We have also completed the Plum Creek project in Nebraska, a 250 MW onshore wind farm consisting of 82 wind turbines.
• We have expanded our solar energy portfolio in the US by acquiring the 227 MW Mushara project in Pennsylvania.
• We have taken final investment decisions on both the 367 MW Western Trail project, our largest onshore wind project to date, and the Old Solar Solar Farm, a new 430 MWac Houston solar PV project in Texas.

Actions to become future-fit
Achieve carbon neutrality across our total carbon footprint (scopes 1-3) by 2040, to drive technology change demands.

Actions to become future-fit
Work with governments, companies, and international organisations to accelerate the global green build-out.

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Examples of partnerships and collaborations
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• International Energy Agency

SDG contribution
13.5 We are reducing our indirect carbon emissions across our entire carbon footprint to help limit climate change.

Target and indicators
GHG intensity (g CO₂e/kWh)
Green energy share (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG intensity (g CO₂e/kWh)</th>
<th>Green energy share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>67</td>
<td>25</td>
</tr>
<tr>
<td>2019</td>
<td>58</td>
<td>50</td>
</tr>
<tr>
<td>2020</td>
<td>65</td>
<td>58</td>
</tr>
<tr>
<td>2025 target</td>
<td>50</td>
<td>75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted base year 2016</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2025 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>29.2</td>
<td>36.2</td>
<td>34.6</td>
<td>25.3</td>
<td>14.6</td>
</tr>
<tr>
<td>2019</td>
<td>36.6</td>
<td>34.6</td>
<td>25.3</td>
<td>14.6</td>
<td>10.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Installed offshore wind capacity (GW)</th>
<th>Installed onshore wind and solar capacity (GW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>6.0</td>
<td>1.0</td>
</tr>
<tr>
<td>2020</td>
<td>7.6</td>
<td>1.7</td>
</tr>
<tr>
<td>2025 target</td>
<td>15</td>
<td>5</td>
</tr>
</tbody>
</table>
We phase out coal from our combined heat and power plants by replacing coal with certified sustainable biomass and closing down coal-fired capacity. Our target is to completely phase out our use of coal in 2023.

We explore and develop solutions to produce renewable hydrogen to displace fossil fuels in sectors that are difficult to electrify, such as heavy industry and transport. We also deploy battery storage solutions with some of our green energy projects.

This year, we have been exploring how to best align with the upcoming EU taxonomy, which will help investors to determine the sustainability of the economic activities they invest in. We expect to align with all aspects of the taxonomy when the final version is launched in 2021.

We exclusively use green financing instruments, including green bonds and green loans, to progress our green transformation and build-out of green energy.

In 2020, our wholesale of natural gas operated on low margins, as reflected in our earnings, but it accounted for approximately one third of our total revenue. Gas sales also account for 87% of our revenue. Gas sales also account for 87% of our revenue.
**New biomass regulations set common industry standards**

In Denmark, the majority of homes are heated via district heating, which is a piping system that brings heated water to home heating systems. District heating systems require energy to heat the water, some of which is delivered by combined heat and power plants (CHPs). Today, sustainable biomass is needed to replace the fossil fuels traditionally used in these CHPs and to keep the Danish heating system running. As new technologies like large-scale heat pumps develop and become cost-competitive, we can gradually phase in these new technologies as new sources of heat production.

However, some environmental NGOs question the sustainability of our use of biomass. It is a complex topic, and we understand and recognise some of their general concerns. Among others, these NGOs point out that only biomass derived from sustainably managed production forests with third-party certification bodies, in line with the Danish biomass sustainability: To ensure significant carbon savings compared to coal, the biomass used must meet strict sustainability criteria.

**Our approach**

We only source sustainable biomass certified by independent, third-party certification bodies, in line with the Danish industry agreement on sustainable wooden biomass. Our biomass is from sustainably managed production forests with ongoing reforestation. The wood pellets and chips are made from residues and low-grade wood in low demand, often from sawmills and from sawdust, regular thinning of forests, or diseased or crooked trees.

**Our progress**

- The year, we have reached our target to procure 100% third-party certified sustainable biomass. We will maintain this level going forward.
- We report annually on the biomass feedstock types we use, countries of harvest, and the carbon emissions from production and transport to ensure transparency in our approach. The report is available online.
- With the inauguration of our new sustainable biomass-fired unit at Aaes Power Station, we marked the completion of our coal-to-biomass conversion programme, moving one step closer in the decarbonisation of our CHPs operating in Denmark.

**Activities to become future-fit**

Strengthen the tools used to ensure short carbon-payback time of the wooden biomass we use.

**Our governance**

The EVP of our Markets & Bioenergy business unit is accountable for our policy and programme. Implementation lies with the Bioenergy department with assistance of the Bioenergy Sustainability department.

**Policy and link to more information**

- Ørsted Sustainable biomass policy
- ESG performance report: Section 3.2
- Biomass sustainability: To ensure significant carbon savings compared to coal, the biomass used must meet strict sustainability criteria.

**International frameworks of reference**

- EU Renewable Energy Directive
- Convention on Biological Diversity
- Danish industry agreement on sustainable wooden biomass

**Examples of partnerships and collaborations**

- Sustainable Biomass Programme (SBP)
- Forest Stewardship Council (FSC™)

**SDG contribution**

15.2 We minimise our potential negative impacts on forests and promote sustainable forest management.

**Certified sustainable biomass sourced (%)**

<table>
<thead>
<tr>
<th>Programme overview</th>
<th>8 Sourcing certified sustainable biomass</th>
</tr>
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<tbody>
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</tbody>
</table>
| **Certified sustainable biomass sourced (%)** | ![Bar chart showing certified sustainable biomass sourced (%) for 2019, 2020, and 2020 target.](chart)
We strive to create a safe workplace for employees and contractors working for Ørsted, and we incorporate safety into all our decisions and actions. In our work, we actively pursue a best practice, seeking high efficiency in the way we work.

We continuously work to increase the reuse and recycling rates of all our waste fractions. The majority of our waste is oil-containing wastewater and bioashes from CHPs, and, in 2020, the vast majority of these types of waste were reused or recycled. The remainder of our waste primarily comes from CHP plants, Renewescience, offshore wind operations, and administration, and reuse or recycling of it is more challenging.

We commissioned Renewescience, a waste-to-energy plant in Northwich, UK. The plant has the potential to decarbonise power and heat generation and sort waste into source materials, such as plastic and metal, for recycling.

We have created new waste and water management policies, and improved reporting frameworks complying with GRI standards.

All our fully operational sites work in accordance with ISO 14001.

• We have achieved our best-ever safety performance, expressed by a TRIR (total reportable injury rate) of 2.9. This corresponds to a 27% decrease of recordable injuries since 2019.

• We successfully implemented a new, shared QHSE management system called “way we work.” It contains the processes, policies, and instructions that describe employee tasks and specify job requirements.

• We are in the process of getting our new QHSE management system certified according to ISO 14001 and ISO 45001.

• We are implementing an Enterprise Risk Management concept to further ensure the prioritisation of safety issues and allocation of our resources and attention.

• All our fully operational sites operate in accordance with the ISO 45001 standard for occupational health and safety.

We have developed guidelines and material on best practice in remote working during the COVID-19 pandemic, including physical exercises, psychosocial health guidelines, and safety briefings when working from home.

During the COVID-19 pandemic, our People & Development team has provided managers with additional support on how to be aware of mental pressure in their teams, and how they can address and alleviate such pressure.

For World Mental Health Day, we focused on the COVID-19 situation and encouraged employees to reach out to each other to connect and offer mutual support.

We are piloting the Howdy-app in our offshore business to mitigate stress and provide early stress interventions.

We are revising our harassment and bullying policy to provide easier and more accessible guidance on how to handle cases of bullying and harassment.

The Danish harassment policy has been updated according to new legislative requirements in Denmark.

All employees have been offered flu vaccines as preventive measures for physical health.

We have kept these impacts front of mind throughout the year, establishing a suite of initiatives to address them. For physical health issues, for example, we have developed guidance for tending to physical conditions, accessing fresh air, and maintaining healthy living, and shared it with all employees. Similarly, for social well-being, we have actively changed our ways of working to include more interactive activities and informal virtual get-togethers which support team spirit and create spaces to talk through the ups and downs of the working day. For mental well-being, we have shared resources to ensure all our employees can access support and emergency contacts whenever they need it. Such support is also freely available through our health insurance.

We take our responsibility for employee mental health very seriously. Throughout 2020, our leader- ership has continually emphasised the importance of not simply focusing on achieving our business targets, but, even more importantly, of celebrating efforts which will secure employee health well into 2021. We have also held a series of virtual roundtables to help our managers support and talk about mental health within their teams. In 2021, we will continue our efforts to care for the physical, social, and mental well-being of all our employees.

Mental health during the pandemic

COVID-19 has impacted our employees working from home in different ways and to varying degrees. A lack of proper office equipment, exercise, and movement has affected their physical condition. In the absence of physical collaboration and meetings with colleagues, our employees’ social working environment has been dominated by many virtual meetings. Some have experienced increased levels of disengagement, exhaustion, and fatigue, while others have encountered more serious complications requiring psychiatric or psychological treatment.

We have kept these impacts front of mind throughout the year, establishing a suite of initiatives to address them. For physical health issues, for example, we have developed guidance for tending to physical conditions, accessing fresh air, and maintaining healthy living, and shared it with all employees. Similarly, for social well-being, we have actively changed our ways of working to include more interactive activities and informal virtual get-togethers which support team spirit and create spaces to talk through the ups and downs of the working day. For mental well-being, we have shared resources to ensure all our employees can access support and emergency contacts whenever they need it. Such support is also freely available through our health insurance.

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**Employee development**

We have established a leadership role in our Global Talent strategy and development with individual development as a starting point. We provide development opportunities through on-the-job experience, networks, and formal learning. We provide digital and in-person learning opportunities for all employees. And, we have created programmes for selected early career talents, senior specialists, managers, and executives.

**Employee satisfaction**

Employees satisfaction and motivation through an annual employee engagement survey to measure whether employees are thinking in their work environment. We measure employee satisfaction and motivation through an annual employee engagement survey to monitor whether employees are thinking in their work environment. We measure employee satisfaction and motivation through an annual employee engagement survey – an increase from previous years – which provided a strong foundation for the results.

**Inclusion of diversity**

Inclusion of diversity: Respecting diversity and promoting an inclusive workplace culture and diversity in management is key to encouraging and valuing individual characteristics.

As we grow as a company, we are refining how we create a diverse workplace and diversity in management. Our approach is made up of targeted actions which embed inclusion of diversity in our People & Development processes, comprehensive management training on inclusion of diversity practices, and activities shaping inclusive organizational behavior in management and in general.

**Diversity of perspectives**

Diversity of personality, lifestyle, work experience, educational background, ethnicity, age, culture, disability, gender, and sexual orientation increases the diversity of perspectives in companies. Diverse perspectives are crucial for fostering more nuanced debates and more creative, dynamic, and empathetic workplace environments, which in turn lead to better business decisions and results.

At Ørsted, we strongly believe in the value of a diverse organisation. We aspire to create an environment where everyone can thrive, perform, and grow. In a year marked by global social movements across the world, displaying gender and racial injustices within our societies, 2020 has only sharpened our commitment. We all have the responsibility to take an active role to shape a more open, diverse, and inclusive society.

As we increase our global presence, we want to attract, develop, and retain a workforce that reflects the diversity of the communities we operate in. As part of our inclusion diversity programme, in 2020, we launched a company-wide ‘Inclusion of diversity insights survey’ to gain insights from our employees on opportunities and challenges within Ørsted. It showed that employees take much pride in working at Ørsted, feel a high degree of psychological safety, and that most of them would recommend Ørsted as a great place to work. In addition, the survey provided clear direction on how and where we are to strengthen our approach:

- Maintain our strong commitment to equal opportunities in the workplace and further increase the transparency on equal pay and equal opportunities to employees.
- Create an even more inclusive workplace where all employees feel they can bring their whole selves to work.
- Build on the learnings from working during COVID-19, including that working virtually is a positive driver of inclusion across geographies and providing more flexible work conditions can increase motivation, efficiency, and well-being.

In 2021, to deepen our inclusion of diversity programme, we will introduce an ‘Inclusion Index’ which leaders and teams across the organisation can use to better understand potential challenges, drive initiatives, and track progress. We aspire to make the Inclusion Index an integral part of the continuous dialogue in our teams on employee satisfaction and motivation, enabling everyone to contribute to creating a still more diverse and inclusive culture.
We have zero tolerance of all forms of bribery, corruption, and kickbacks, given or received, direct or indirect. Good business conduct is promoted internally and with our business partners through policies, procedures, and reporting mechanisms, including our whistle-blower hotline.

- We have a due diligence process in place to assess our business partners’ and suppliers’ adherence to our Code of Conduct for business partners (CoC). We identify performance gaps through screenings and assessments, and we act on our findings through supplier-driven corrective and preventive improvement plans.

- We have established a Global Information Security Management Function that governs and manages global policies and processes, and coordinates, security requirements, and support for the Group organisation.

- We have established a Global Defence Function that directs and receives information and cyber security incidents.

- We are managing an information security programme that drives various security enhancements and risk mitigation initiatives for information and operational technologies.

- We are ongoing phishing simulations and communications and customised awareness events for certain employee groups, we have carried out global awareness campaigns to promote safe behaviour in the workplace.

- We have enhanced our reporting of tax practices in the Annual report, inspired by the new GRI indicator, GRI207.

- We have participated in dialogue with the Danish Parliament on the implementation of new CFC rules, with OECD on CBCR, with BIAC on PILAR I, and with various NGOs in the Tax Dialogue Framework.

- We have operationalized our tax policy in a tax strategy.

- We have a dispute with the Danish Tax Agency relating to the taxation of two offshore wind farms in the UK, Ørsted has taken steps to ensure that the two involved tax authorities will initiate negotiations and, if needed, defer the case to arbitration to avoid double taxation of Ørsted. See the Annual report, page 12, for more details.

- We were rated the best company in Denmark on tax transparency and governance by the Danish financial magazine Økonomisk Ugeblad.

- Our in-house tax team was ranked the best in-house tax team in Europe by International Tax Review.

- To meet increasing compliance and reporting requirements, we will maintain focus on transparency and accountability in tax payments and reporting.

- Our Board of Directors has approved the Responsible tax policy. Accountability lies with the CFO. Our global tax team manages the daily implementation of the policy.

- Our tax reporting is transparent, and we voluntarily disclose country-specific information in the creation of well-functioning tax systems and institutions conducive to business.

- To cooperate with authorities to support effective tax systems.

- To ensure we pay the right amount of tax on time in the countries we operate in. We engage with stakeholders and corporate with authorities to support effective tax systems.

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Sustainability governance

**Board of Directors**
Sets the strategic direction for sustainability at Ørsted.
Approves the sustainability targets in our corporate strategy and monitors that they are achieved.
Approves our top sustainability themes and our annual sustainability report.

*Chair*
Thomas Thune Andersen, Chairman of the Board

**Audit & Risk Committee**
A board committee appointed by the Board of Directors.
Supervises the integrity of the sustainability reporting, its presentation hereof in the annual report, and the internal control system for ESG data.
Approves the ESG performance report.

*Chair*
Dieter Wemmer, member of the Board

**Internal Audit**
Verifies the effectiveness of our sustainability programmes with particular focus on compliance and validity of data.

**Executive Committee**
Accountable for the implementation of our sustainability programmes.
Approves portfolio of sustainability programmes.
Assesses accountability for programmes at executive level.
Proposes the sustainability programme targets that are part of our corporate strategy to the Board and monitors that they are achieved.

*Chair*
Mads Nipper, CEO

**Compliance Committee**
Appointed by the Executive Committee.
Monitors our compliance with laws, rules, standards, and internal codes of conduct that apply to our business areas, including the field of sustainability.

*Chair*
Mads Nipper, CEO

**Sustainability Committee**
Appointed by the Executive Committee.
Oversees our Sustainability Commitment, approves our sustainability themes analysis, reviews our sustainability strategy, provides recommendations for programme portfolio, monitors performance of programmes, and approves our ESG data set.

*Chair*
Marianne Wiinholt, CFO

**QHSE Committee**
Appointed by the Executive Committee.
Oversees that we live up to our strategic priorities in terms of quality, health, safety, and environment (QHSE), reviews our QHSE strategy, and monitors performance of QHSE programmes.

*Chair*
Anders Lindberg, EVP

**Business units and global functions**
Conduct annual sustainability themes analysis and establish our sustainability programmes.

Ensure progress by developing policies and procedures for each programme, setting targets, defining and measuring performance indicators, and managing and reporting on performance.

Programmes specific steering committees oversee the strategy, targets, and performance of Ørsted’s most strategic sustainability programmes.

Sustainability ratings and memberships

**UN Global Compact LEAD participant**
Member of the action platform Business Ambition for Climate and Health. Through this platform, 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 platform, 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.

**Memberships and alliances**

**Ratings and rankings**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

**Elaboration and benchmark**

| Ørsted ranked the 2nd most sustainable company in the world | 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 | MSCI | AAA |
| Ørsted awarded the highest possible CDP rating for four consecutive years | MSCI | AAA |
| Ørsted placed as no. 1 among all utilities and awarded Prime status by ISS ESG | MSCI | B+ |
| Ørsted awarded a Platinum Medal for being among the top 1 % of companies assessed by EcoVadis | CDP | 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 | World Benchmarking Alliance | 1st place |