


# A sustainable build-out of green energy

The background features a stylized illustration of a wind farm. In the foreground, a large white wind turbine stands on a green patch of land. Behind it, several other turbines are visible, receding into the distance. The sky is a mix of light and dark grey, suggesting a clear or slightly overcast day. The overall aesthetic is clean and modern, using a palette of blues, greens, and greys.

**Ørsted**  
Sustainability report  
2020

# Challenges to a sustainable build-out of green energy

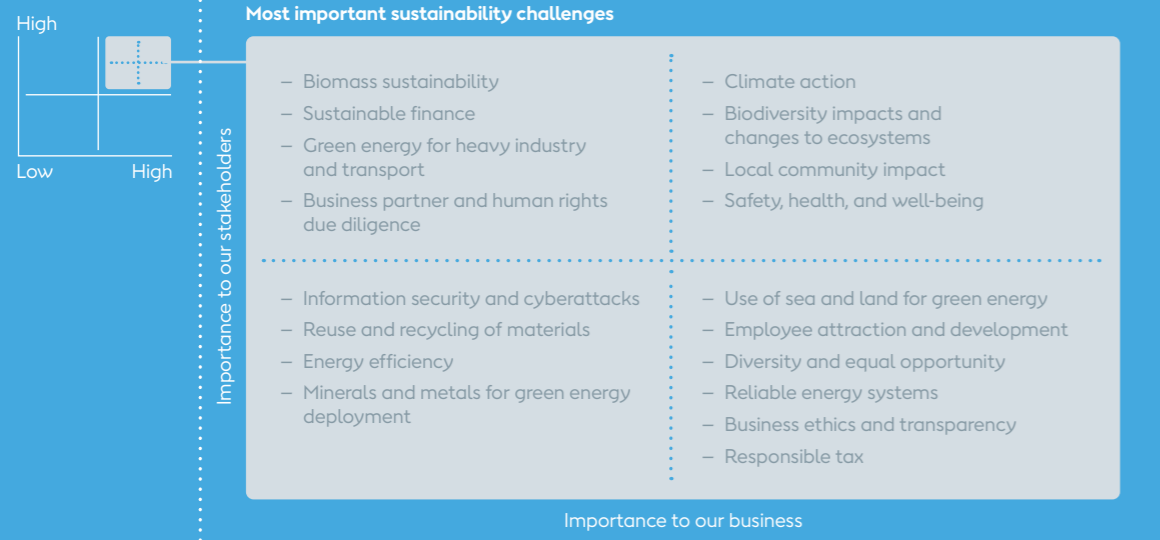
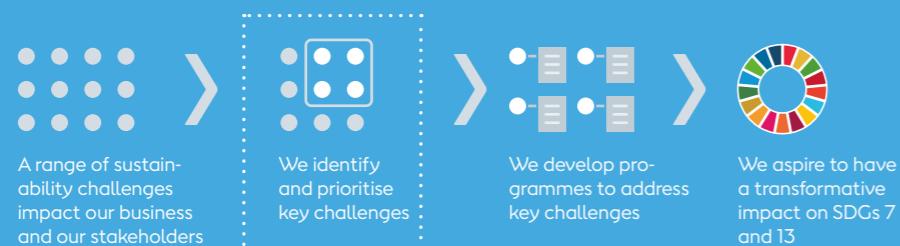
The world is on the cusp of an unprecedented build-out of renewable energy. In the coming years, we as an energy industry will have to address a number of challenges to drive a rapid and sustainable build-out.

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



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### Other annual reports 2020



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

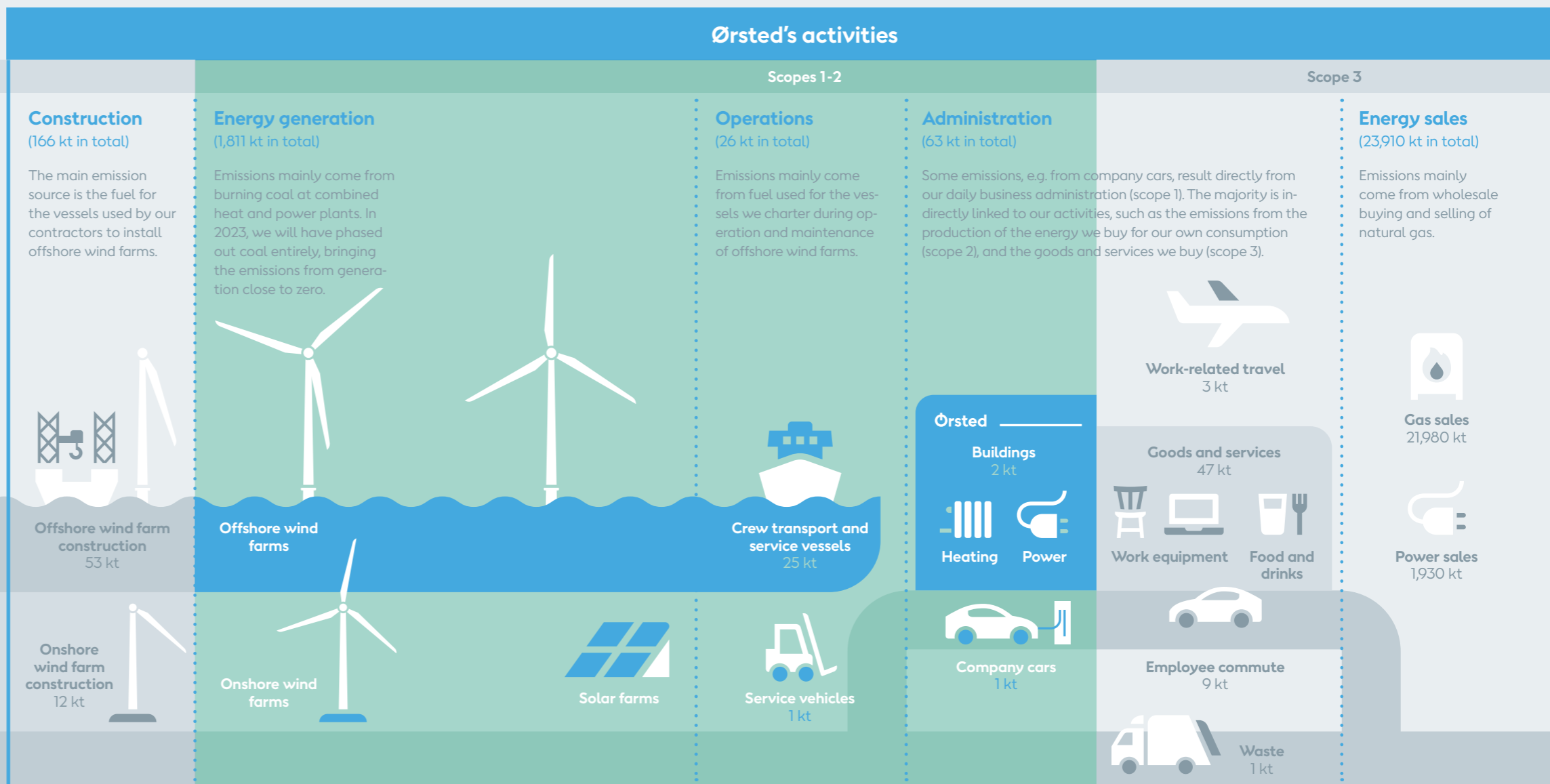
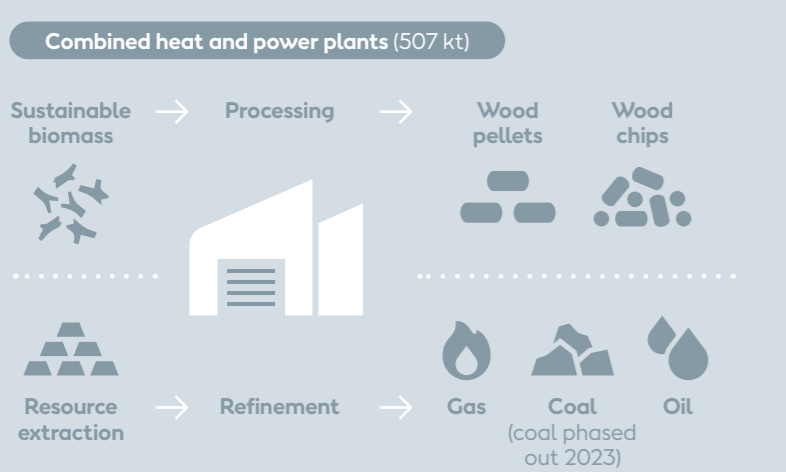
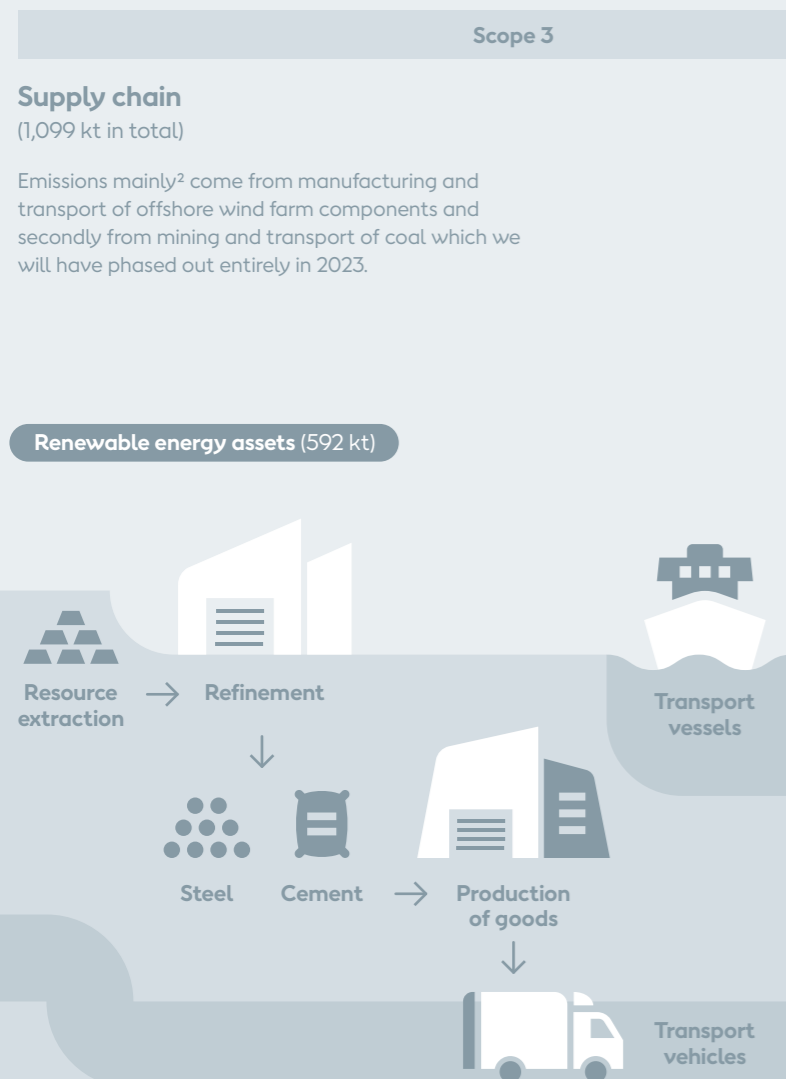
We welcome feedback on its contents.

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

# Decarbonising our total carbon footprint

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).

2020 data<sup>1</sup> (1 kt = 1,000 tonnes of CO<sub>2</sub> equivalents)



- **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).
- **50 % carbon reduction in 2032**  
**Scope 3:** Indirect emissions from our supply chain, construction contractors, wholesale buying and selling of natural gas, and administration.
- **Carbon-neutral by 2040**  
**Scopes 1-3:** All direct and indirect emissions from our business.

<sup>1</sup> 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.  
<sup>2</sup> 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 ruin millions of homes in India and South and East Asia. According to the UN's 'United in Science 2020' report, the concentration of greenhouse gasses in the atmosphere reached record levels in 2020, and the world is set to see its warmest five years on record.

The need to build a more sustainable world has never been greater. To avoid catastrophic and irreversible consequences of climate change, science tells us that global warming must be limited to 1.5 °C above pre-industrial levels. This requires the world to reach net-zero emissions by 2050.



## 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 73 % 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.

To reach net-zero emissions, we need to create a world that runs entirely on green energy. And the 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.

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 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.

### 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.

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 in-

vest in carbon-removal projects that are verified and certified to remove carbon from the atmosphere.

The main driver for reducing emissions from our energy generation is to eliminate our use of coal. We are on track to phase out coal in 2023. However, 2020 showed a marginal increase in our absolute scope 1 carbon emissions due to a temporary increase in our use of coal at our power stations in Esbjerg and Studstrup, Denmark. Our legal service obligations in Denmark require us to provide ancillary services that maintain a reliable electricity system at the lowest possible cost. When coal is the cheaper alternative to sustainable biomass, we are legally required to use coal to ensure reliability. Our commitment to end our use of coal by 2023 remains unchanged, and we are on track. Until then, we may see fluctuations in coal consumption driven by market and weather conditions.

Since we are fully on track to become carbon-neutral by 2025, we launched the next major phase of our decarbonisation journey: Reaching net-zero emissions in our entire carbon footprint (scopes 1-3) by 2040. Our scope 3 emissions primarily relate to activities in our supply chain and our wholesale of buying and selling natural gas. Today, we are gradually reducing our wholesale activities towards a 50 % reduction in absolute scope 3 emissions from 2018 to 2032, and, consequently, we will not renew or enter into new long-term natural gas purchase agreements. Also, we are working to reduce emissions from our supply chain. Later in this report, you can read more about how we do so.

### The challenges to a sustainable build-out

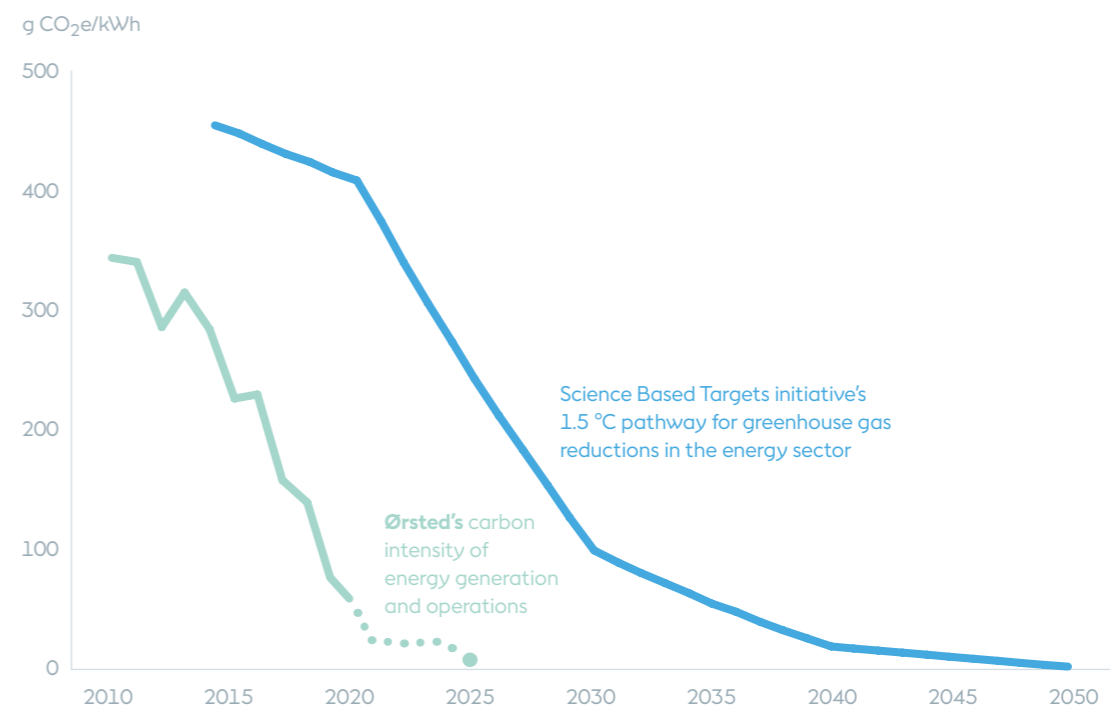
The deployment of renewable energy has gathered speed globally over the past decade – with 1,600 GW, excluding hydro, of renewable capacity installed by the end of 2020 – and is expected to almost triple in the next decade, totalling more than 4,300 GW. But even though renewable energy is the key solution 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 of the sea with the needs for deploying renewable energy infrastructure and manage impacts on natural habitats and local species; and thirdly, how to work

## We are on track to becoming carbon-neutral already in 2025

Carbon intensity of energy generation and operations (scopes 1 and 2)



with local communities in a collaborative way that realises the shared benefits of renewable energy.

None of these three challenges have a convenient or complete 'quick fix', 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 ranked 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.

While last year's report laid out our action plan for achieving carbon neutrality in 2025, this year, our sustainability team has made a great effort to break down exactly how we work on sustainability.

Assessing, prioritising, and effectively integrating sustainability challenges and opportunities into business strategy and operations is no simple task. It is still a field in its infancy. We believe that only by sharing and engaging in dialogue about company practices, we can help each other advance how we work on sustainability. That is why we chose, this year, to provide a much greater level of detail on our approach to sustainability than in our previous reports.

### We must realise a decade of delivery

At Ørsted, we are committed to taking a leading role in fundamentally reshaping how the world produces and consumes energy. As such, all our work is informed by a strategic commitment to the UN Sustainable Development Goals and based on the United Nations Global Compact's (UNGC) ten principles for corporate sustainability. In 2020, among a select group of companies, we obtained status as Global Compact LEAD, as a recognition of our commitment to and high engagement with the goals of the UN Global Compact.

As the new CEO of Ørsted, I greatly look forward to working with the dedicated and talented Ørsted team to help create a world that runs entirely on green energy. It is my aspiration that Ørsted will be a catalyst for change and inspire climate action beyond our own company. While we may not have all the answers or full visibility of the path ahead, it should not prevent us from taking decisive action now to create a better tomorrow. After all, that is what leadership is about. And one day, we will look back and realise that we were able to accomplish much more than what we thought possible.

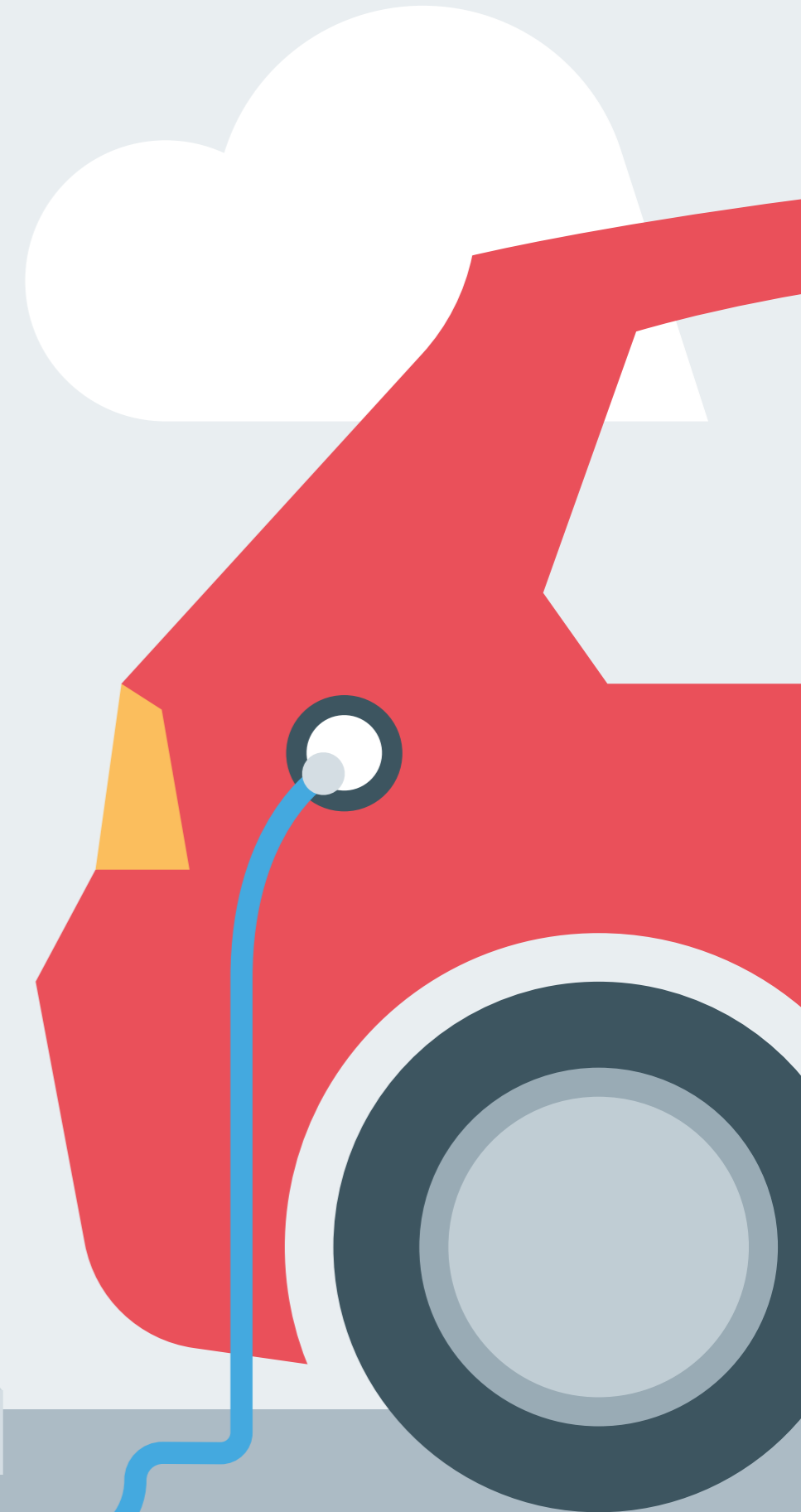
**Mads Nipper**  
Group President and CEO

# Our sustainability compass: Understanding the world around us

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.



We want to make our company car fleet 100 % electric by 2025, and, from the beginning of 2021, we will only acquire electric vehicles.



# 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, and NGOs to local communities, all expect companies to take an active role in delivering sustainable societies. Listening and engaging with their concerns often provide a rich indication of what is to come, from customer expectations and hard law to international frameworks defining best practice.

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 and our internal expertise 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 this 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 clarify how regulators and NGOs see the opportunities and challenges for building renewable energy in balance with nature and how local communities expect our renewable energy projects to contribute to local job creation. Likewise, we engage with researchers and business associations to ensure that the biomass we use for energy generation is sustainable. And we closely follow the scores in our ESG ratings to understand what investors and ESG rating agencies are asking about and whether there are any new emerging themes we should address.

Every year, we conduct a systematic assessment to map the sustainability themes encountered in these stakeholder dialogues. This work translates into

an updated overview of sustainability themes that could affect our stakeholders or our business.

### Prioritising sustainability themes

Having mapped our sustainability themes, we evaluate the importance of each theme from stakeholder 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 issues such as the intensity of attention the theme receives from NGOs, civil society, or policymakers, the level of investor interest, and whether any international frameworks have been developed describing best practice. To gauge the potential impact on our business, we assess when the theme could impact our business, the degree and type of impact the theme could have if not addressed adequately or quickly enough, and our ability to influence 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 team then uses 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 of prioritised sustainability themes for 2020 on page 2.

## Our approach to working on sustainability



**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 16.

**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.

# 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.

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

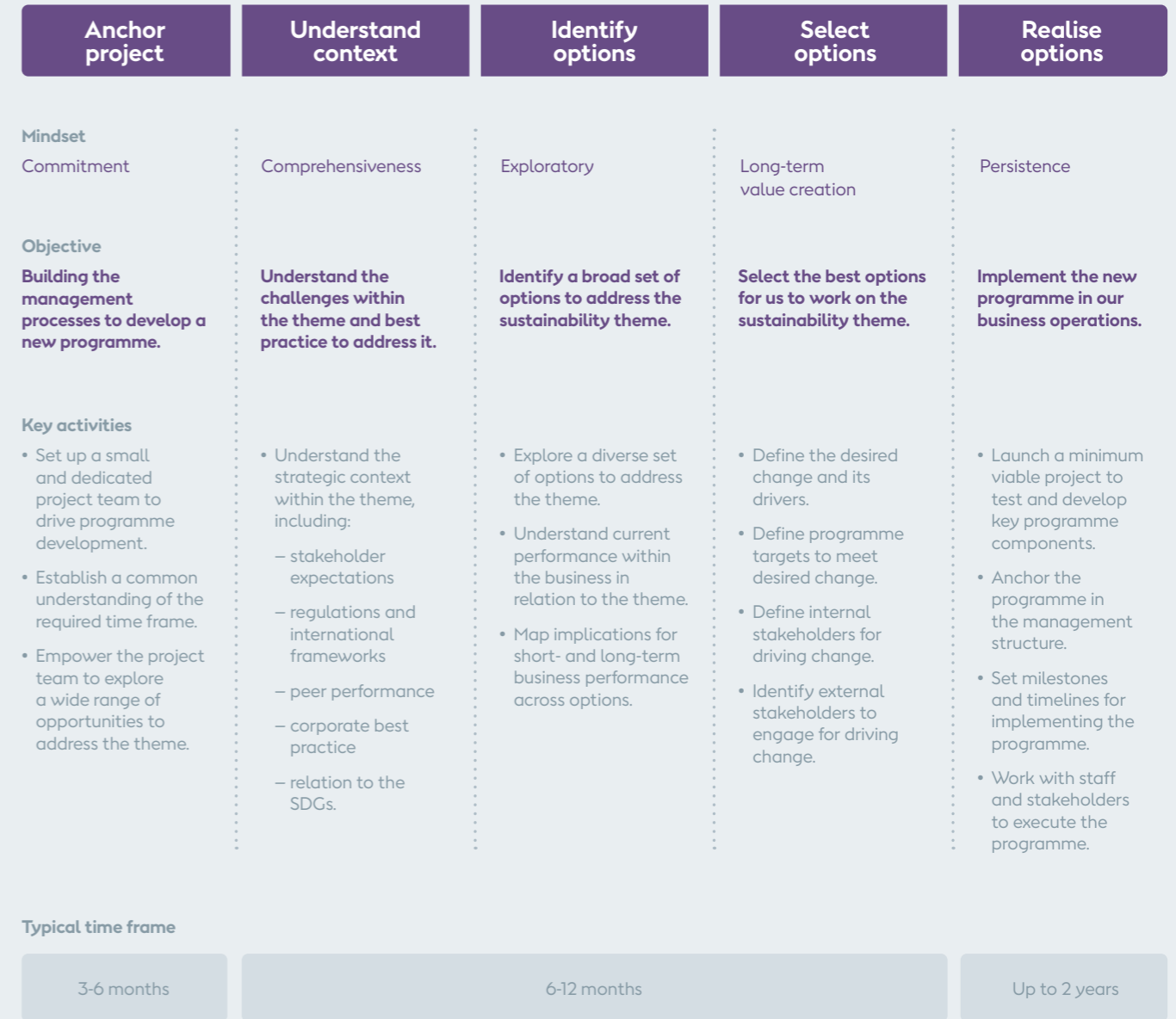
If we identify the need for a new programme, we spend some time anchoring a programme project internally in the business. In phase 1, we often set up a small project team to develop the programme. This team typically works part-time on the project and takes on the programme development as part of its 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 over time, 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**

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.

## How we develop new sustainability programmes



**Output**  
A full sustainability programme consists of:












# 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

Sustainability challenge	Programme	Our impact on the SDGs
Climate action Energy efficiency	<b>1. Decarbonisation of energy generation and operations</b>	As a world-leading renewable energy company, our main contributions are to SDGs 7 and 13 where we aspire to have a transformative impact.   
Climate action	<b>2. Decarbonisation of our supply chain and wholesale buying and selling of natural gas</b>	
Climate action	<b>3. Deployment of offshore wind</b> <b>4. Deployment of onshore renewables</b> <b>5. Greener combined heat and power plants</b>	
Reliable energy systems	<b>6. Green energy utilisation and integration</b>	
Sustainable finance	<b>7. Financing green</b>	

## To address the sustainability impacts of the green energy transformation

Biomass sustainability	<b>8. Sourcing certified sustainable biomass</b>	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	<b>9. Marine biodiversity</b>	
Local community impacts	<b>10. Local communities</b>	
Reuse and recycling of materials	<b>11. Resource management</b>	

## To ensure responsible business practices

Safety, health, and well-being	<b>12. Workplace safety</b> <b>13. Employee health and well-being</b>	We conduct our business with responsibility, accountability, and respect for our employees, business partners, and suppliers.     
Employee attraction and development	<b>14. Employee development</b> <b>15. Employee satisfaction</b>	
Diversity and equal opportunity	<b>16. Inclusion of diversity</b>	
Business ethics and transparency	<b>17. Good business conduct</b>	
Business partner and human rights due diligence	<b>18. Human rights &amp; responsible business partners programme</b>	
Information security and cyberattacks	<b>19. Information and cyber security</b>	
Responsible tax	<b>20. Responsible tax practices</b>	

# 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.** Constructing 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

Head to pages 20-25 to read more about how we address these challenges.

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 credible 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.

- Sourcing sustainable biomass.** Sustainable biomass remains the best option for phasing out coal from existing power plants and delivering significant carbon reductions. To realise the positive climate impact of biomass for energy generation and protect biodiversity, we must continue to ensure that the biomass we use is sustainably produced and that the quality of documentation lives up to our expectations, in line with Danish and EU legislation.

- Managing human rights issues in new supply chains.** As the green energy build-out and supply chains accelerate to parts of the world where human rights risks are more prominent, we need to strengthen our due diligence and stakeholder engagement to continue to ensure that human rights are respected wherever we operate.

- Enabling inclusion of diversity.** Inclusion of diversity 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 our programme reporting on pages 32-43 to read more about how we approach 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.

Marine mammals live in an underwater world full of noise – both natural and man-made. Installing wind turbine foundations in the seabed may cause loud noise in the water that can affect marine mammals. Various technologies exist to reduce this noise. One of them is the bubble curtain, a long circular tube releasing a dense curtain of bubbles surrounding the turbine foundation, helping to protect marine wildlife.

# 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 lifetime 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 2020 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.

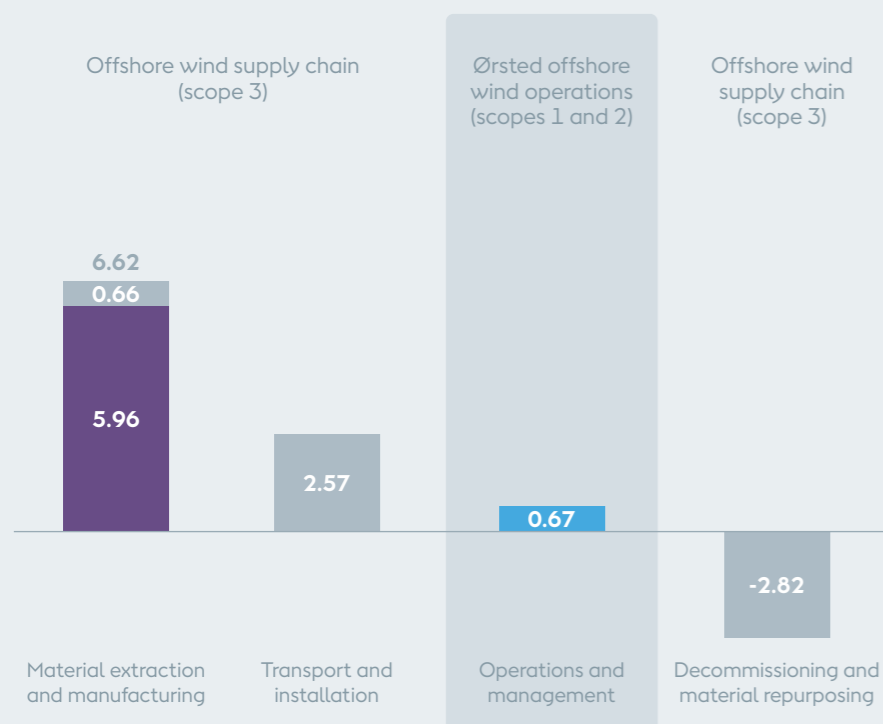
Our programme currently focuses on engaging our key strategic suppliers who directly supply us with products and services and account for approx. half of our total procurement spend. We have strong relationships with all these suppliers, and, together, we are focusing our dialogue on three specific areas.

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

### Average emissions across the lifecycle of an Ørsted wind farm (g CO<sub>2</sub>e/kWh)

● Ørsted ● Direct suppliers (tier 1) ● Indirect suppliers (beyond tier 1)



### Key progress across our focus areas



#### Disclose emissions and set science-based targets

Improve carbon accounting practices across the industry and establish a baseline for tracking and reporting supply chain emissions.

- We have established dialogues on decarbonisation with our top strategic suppliers in the most carbon-intensive parts of our supply chain.
- We have partnered with the Carbon Disclosure Project (CDP) and asked suppliers to disclose their emissions and climate strategy to the CDP in a uniform way.
- Of our 28 top strategic suppliers, 26 have successfully reported data to the CDP, and the remaining two have committed to do so in 2021. Prior to our programme, only 12 reported to the CDP.



#### Use 100 % green electricity in the manufacturing of wind turbines, foundations, cables, and substations

Though not applicable to all manufacturing processes, the use of green electricity is a readily available solution for reducing emissions.

- We have set a firm expectation for our strategic suppliers to manufacture their products using 100 % green electricity by 2025, at the latest.



#### Optimise vessel fleets and develop roadmaps to power vessels with renewable energy

Since the shipping sector cannot be easily electrified, reducing carbon emissions remains a big challenge, but optimisation of transport routes and the use of sustainable biofuels are relevant first steps.

- In the short term, biofuels can help reduce emissions. Since not all biofuels are sustainable alternatives to fossil fuels, we have developed guidelines to help guarantee biofuel sustainability. We have also implemented these guidelines as criteria in our new framework agreement for fuels in our supply chain.
- In the medium and long term, new green fuels, such as ammonia produced from renewable hydrogen and battery-driven vessels, will be key technologies in driving the decarbonisation of shipping. In 2020, we joined the Getting to Zero Coalition – an initiative that unites think tanks, IGOs, and over 100 stakeholders across and beyond the shipping industry – where we contribute to an ambition of launching commercially viable net-zero emission vessels by 2030.

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 all 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 which 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 Climate Group's SteelZero initiative as founding member. This is a new global initiative that seeks to drive market demand for low-carbon and net-zero emissions steel. With SteelZero, we want to make it clear to the steel industry that we are ready to be part of an innovative and collaborative journey to realise our shared goal of making carbon-free steel.

### 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 2100. 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 in water. 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, and 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 promoting the UN 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 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 advance research on the detection of North Atlantic right whales and characterisation 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, regulations, 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 strong-

er 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.

Underwater structures can create the artificial reef effect.



# 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 EEW 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 fisheries 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.

## Our local stakeholders and the topics we engage on

### Local stakeholder groups

Our neighbours

Local elected officials

Local industry and suppliers

Local educational institutions

Environmental NGOs

Fisheries and other users of the sea

Indigenous populations

### Examples of topics

Noise levels, visual impacts, location of transmission cables

Tax revenue, job creation, general skills development

Supply chain opportunities, focused skills development

Curriculum additions, apprenticeships, attracting talent

Minimising negative environmental impacts, creating positive impacts

Coordinating ongoing use of the sea

Ancestral lands, cultural heritage

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 stakeholder 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 examine 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.

## Forging educational partnerships

A large-scale green energy build-out relies on people with advanced technical skills, typically those with a background in science, technology, engineering, or maths (STEM). We are keen to source these skills locally. Local officials, business groups, and educational institutions are, in turn, interested in building the necessary skills in the local community to stimulate the local economy.

We currently support skills development through initiatives such as apprenticeships and educational programmes, which today include:

- our partnership with the Grimsby Institute and Furness College in the UK to deliver a three-year wind turbine technician apprenticeship scheme

- our offshore wind apprenticeship programme with Dayeh University in Taiwan
- our relationship with community colleges that provide wind technician training, including Western Texas College, a community college near Snyder, Texas, the site of the Amazon Wind Farm

- a national partnership with KidWind, a US non-profit that provides curriculum and training opportunities to teachers about the wind and solar industry

- funding the Wind Energy Master Class with the Technical University of Denmark to enable knowledge sharing between their wind energy experts and universities close to our offshore wind projects.

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

When building new offshore wind farms, we often develop in waters that are also used for commercial fishing purposes, and 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 as early as possible 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 coexist peacefully with thriving local fisheries. However, where issues relating to marine spatial planning and regional fisheries management arise, solutions may need to be shaped politically by local or national governments.

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.

Ørsted

## Our progress across sustainability programmes

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.

# 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)

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

## 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.

Reduction in GHG intensity (% reduction in g CO<sub>2</sub>e/kWh, base year 2006)

Green energy share (%)



### 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.

Reduced carbon emissions in scope 3 (% , base year 2018)



## Levers to decarbonise our company

### Programme 3

#### Deployment of offshore wind

We deploy offshore wind farms globally.

Installed offshore wind capacity (GW)



### Programme 4

#### Deployment of onshore renewable energy capacity

We deploy onshore renewable energy technologies, including onshore wind and solar PV.

Installed onshore wind and solar capacity (GW)



### Programme 5

#### 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.

Coal consumption (million tonnes)



## Levers to support wider green energy transition

### 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.

Strong commitment to engage in the development of green hydrogen technologies and pursue storage projects that allow us to optimise our generation assets.

#### 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.

### Programme 7

#### Supporting green financing

Green financing proceeds allocated to offshore wind projects, total (DKK billion)



Avoided emissions potential from allocated green bond proceeds annually<sup>1)</sup> (million tonnes CO<sub>2</sub>e)



Our target is to exclusively use green financing instruments

<sup>1)</sup> 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 (%)



## 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)



## 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) - (%)



# 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)\*



\*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 (%)



## 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)



## Programme 15 Employee satisfaction

Employee 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)



## 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 (%)



The share of women in positions of directors, senior managers, managers, and team leads (%)



## 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)



## 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)



## 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.

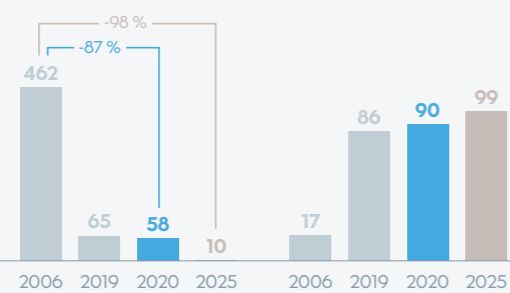
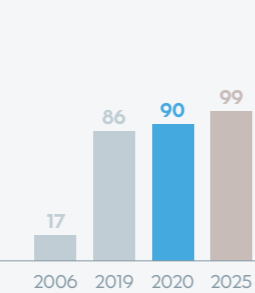
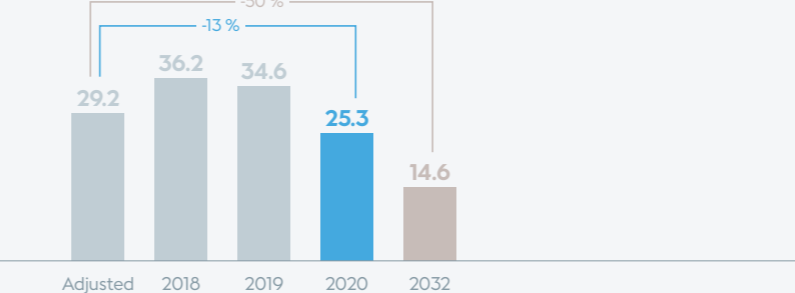
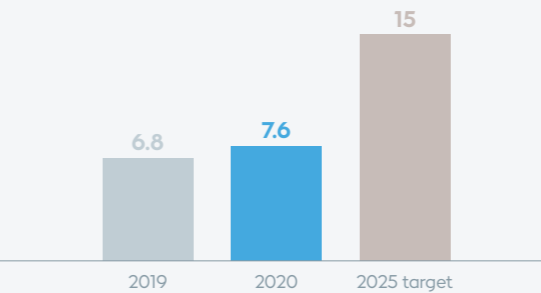
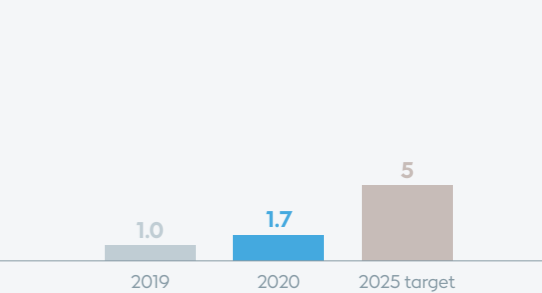
## Programme 20 Responsible tax practices

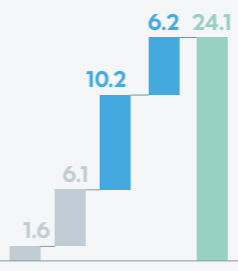
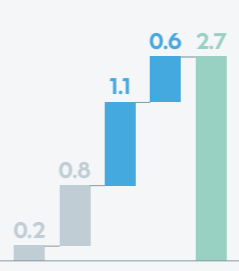
We are transparent in our tax reporting and voluntarily disclose country-specific information about our tax position in our annual report.

Global corporate income tax paid in 2020 (billion DKK)





Programme overview	1 Decarbonisation of energy generation and operations	2 Decarbonisation of supply chain and wholesale buying and selling of natural gas	Programme overview	3 Deployment of offshore wind	4 Deployment of onshore renewables
<b>Sustainability challenge</b>	<b>Climate action and energy efficiency:</b> 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.	<b>Climate action:</b> 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.	<b>Societal challenge</b>	<b>Green energy deployment:</b> 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.	
<b>Our approach</b>	We increase our total share of green energy and work to reduce emissions to achieve carbon neutrality in our energy generation and operations by 2025. This covers the emissions from the generation 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 reduce emissions from our supply chain and from wholesale buying and selling of natural gas and fossil fuel-based power (scope 3) in line with scientific requirements and we work to achieve carbon neutrality by 2040 (scopes 1-3). We work with our suppliers to reduce emissions from offshore wind farm components and logistics.	<b>Our approach</b>	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 drive 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.	We deploy onshore renewable energy 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 30 GW across all green energy technologies by 2030.
<b>Our progress</b>	<ul style="list-style-type: none"> <li>We have reduced the carbon intensity of our energy generation and operations by 87 % since 2006, to 58 g CO<sub>2</sub>e/kWh in 2020. We are on track to deliver a 98 % reduction by 2025.</li> <li>The build-out of green energy is a key driver, and we have reached a 90 % share of green energy generation.</li> <li>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.</li> <li>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.</li> <li>We cover 100 % of our own power consumption with green certificates, mainly from our offshore wind farms.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>We have set an interim target towards 2040 of reducing emissions from our supply chain and gas sales (scope 3) by 50 % by 2032. We updated our 2018 base year as we divested our LNG business that accounted for 20 % of the total 2018 base year scope 3 emissions. We are currently on track with a 13 % reduction of emissions since 2018.</li> <li>We have established dialogue on decarbonisation with our key strategic suppliers in the most carbon-intensive categories in offshore wind.</li> <li>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.</li> <li>Of our 28 key strategic suppliers, 26 have successfully disclosed to the CDP, and the remaining two have committed to do so next year.</li> <li>We have decided that our strategic suppliers shall produce and deliver their products and services to us using 100 % green electricity by 2025, at the latest.</li> <li>We have co-founded the Climate Group's SteelZero initiative, with the aim to drive the cross-sectoral innovation journey needed to decarbonise steel.</li> <li>We continue to integrate green requirements in tenders for office supplies and administrative services.</li> </ul>	<b>Our progress</b>	<ul style="list-style-type: none"> <li>We have installed our 1,500th wind turbine, and are well on track to meet our target of 15GW installed offshore wind capacity by 2025, with a current capacity of 7.6 GW.</li> <li>We have commissioned the 752 MW Borssele 1 &amp; 2 Offshore Wind Farm in the Netherlands, the biggest offshore wind farm in the country.</li> <li>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.</li> <li>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:                         <ul style="list-style-type: none"> <li>We have signed the world's largest renewables CPPA with TSMC in Taiwan, securing an offtake of the full production from our 920 MW Greater Changhua 2b &amp; 4 Offshore Wind Farm.</li> <li>We have signed the largest offshore wind CPPA in Europe with the technology company Amazon, which will buy the output of 250 MW from the Borkum Riffgrund 3 Offshore Wind Farm.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We have increased our installed onshore energy generation capacity to 1.7 GW, and are on track to meet our 2025 target of 5 GW.</li> <li>We have expanded our portfolio of onshore wind 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.</li> <li>We have also completed the Plum Creek project in Nebraska, a 230 MW onshore wind farm consisting of 82 wind turbines.</li> <li>We have expanded our solar energy portfolio in the US by acquiring the 227 MW Muscle Shoals project in Alabama.</li> <li>We have taken final investment decisions on both the 367 MW Western Trail project, our largest onshore wind project to date, and the Old 300 Solar Center, a new 430 MWac Houston solar PV project in Texas.</li> </ul>
<b>Actions to become future-fit</b>	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, a decade earlier than science demands.	<b>Actions to become future-fit</b>	Work with governments, companies, and international organisations to accelerate the global green energy build-out.	
<b>Our governance</b>	Accountability lies with the Executive Committee.	Accountability lies with the Executive Committee.	<b>Our governance</b>	Accountability lies with the Executive Vice President (EVP) of our Offshore business unit.	Accountability lies with the EVP of our Onshore business unit.
<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>Ørsted Sustainability commitment</li> <li>ESG performance report: Section 2.7</li> </ul>	<ul style="list-style-type: none"> <li>ESG performance report: Section 2.8</li> </ul>	<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>ESG performance report: Section 2.1</li> <li>Annual report, pages 23-25</li> </ul>	<ul style="list-style-type: none"> <li>ESG performance report: Section 2.1</li> <li>Annual report, page 26</li> </ul>
<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>Paris Agreement</li> <li>Greenhouse Gas Protocol &amp; Science Based Targets initiative</li> <li>IPCC Special Report: Global Warming of 1.5 °C</li> </ul>	<ul style="list-style-type: none"> <li>Paris Agreement</li> <li>Greenhouse Gas Protocol &amp; Science Based Targets initiative</li> <li>IPCC Special Report: Global Warming of 1.5 °C</li> </ul>	<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>Paris Agreement</li> <li>IPCC Special Report: Global Warming of 1.5 °C</li> </ul>	
<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>EV100, the Climate Group</li> <li>World Wildlife Foundation DK</li> <li>Energy Transitions Commission</li> </ul>	<ul style="list-style-type: none"> <li>The Climate Group's SteelZero Initiative</li> <li>Getting to Zero Coalition</li> <li>Natural Capital Partners</li> </ul>	<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>Ocean Renewable Energy Action Coalition, spearheaded by Ørsted and Equinor</li> <li>North America's Building Trades Unions (NABTU)</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>SDG contribution</b>	13: We will become carbon-neutral to help limit climate change.		<b>SDG contribution</b>	7.2: We are increasing the share of renewable energy in the global energy mix.	
<b>Targets and indicators</b>	<p><b>GHG intensity (g CO<sub>2</sub>e/kWh)</b></p>  <p><b>Green energy share (%)</b></p> 	<p><b>Carbon emissions (scope 3) (Mt CO<sub>2</sub>e)</b></p> 	<b>Targets and indicators</b>	<p><b>Installed offshore wind capacity (GW)</b></p> 	<p><b>Installed onshore wind and solar capacity (GW)</b></p> 

Programme overview	5 Greener combined heat and power plants	6 Green energy utilisation and integration	Programme overview	7 Financing green																																	
<b>Sustainability challenge</b>	<b>Green energy deployment:</b> Coal continues to be the most widely used fuel for power generation globally even though it is the most carbon-intensive fossil fuel. To limit climate change, coal must be phased out.	<b>Green and reliable energy system:</b> To help balance supply and demand of green energy, store energy, and use green power to decarbonise industries where emissions are particularly hard to abate, new technologies must be tested, piloted, and scaled to fully decarbonise the world's energy consumption.	<b>Societal challenge</b>	<b>Sustainable finance:</b> The IPCC estimates a USD 2.4 trillion annual shortfall in clean energy investment through 2035 to meet the goals of the Paris Agreement. Mobilisation of institutional and private capital will be necessary to meet this challenge.	<b>Green share of revenue</b>																																
<b>Our approach</b>	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. 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.	<b>Our approach</b>	We exclusively use green financing instruments, including green bonds and green loans, to progress our green transformation and build-out of green energy.	In the space of a decade, we have become a global green energy company. Today, our business strategy is focused on a large renewable energy build-out. We invest all of our capital in green energy projects, and our earnings (EBITDA) are predominantly green. Yet, in our product portfolio, we still have legacy business that is not green.																																
<b>Our progress</b>	<ul style="list-style-type: none"> <li>This year, we saw an increase in coal consumption at three of our combined heat and power plants due to our provision of ancillary services in Denmark, contributing to stable grid operations.</li> <li>We are still on track to complete our coal-to-biomass conversion programme, with the last remaining coal-fired CHP plant, located in Esbjerg, Denmark, closing by 1 April 2023, at the latest. Therefore, we will completely stop using coal from 1 April 2023. Until then, fluctuations in our coal consumption are expected.</li> <li>We have inaugurated our new wood chip-fired unit at Asnæs Power Station. Today, the power plant can supply green district heating, as well as green process heat to Novo Nordisk and Novozymes – thus lowering the city and district's carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>We have taken important steps towards growing our current pipeline of projects within Power-to-X solutions:                             <ul style="list-style-type: none"> <li>We have entered into a landmark partnership in Denmark with A.P. Møller - Maersk, DSV Panalpina, DFDS, SAS, and Copenhagen Airport for the development of a large-scale power-to-hydrogen facility in Copenhagen aimed at decarbonising sectors in industry, heavy transport, and shipping.</li> <li>Together with ten partner organisations, we have secured funding for the Westküste 100 project, the first offshore wind power-to-hydrogen conversion project in Germany.</li> <li>We have partnered with the world's leading fertiliser company, Yara, to replace fossil hydrogen with renewable hydrogen in the production of green ammonia in the Netherlands.</li> </ul> </li> </ul>	<b>Our progress</b>	<ul style="list-style-type: none"> <li>This year, we have been exploring how to best align with the upcoming EU taxonomy, which will help investors 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.</li> <li>We have continued our green debt financing by allocating proceeds of DKK 24.1 billion to eligible green bond projects.</li> <li>In the annual report, we have built further on our TCFD implementation by introducing a TCFD reference table in our ESG performance report, section 5.3.</li> </ul>	<p>Firstly, we have one last remaining fossil-based combined heat and power (CHP) plant in Esbjerg, Denmark. In 2023, we will close this CHP plant and fully retire the use of coal in our business.</p> <p>Additionally, due to long-term legacy gas contracts, we still buy wholesale natural gas in the energy markets which we sell in the European gas markets to industrial customers who depend on it. These gas contracts were signed many years ago. Some were signed in the 1980s with the Danish Underground Consortium (DUC). Under these agreements, we are committed to buy the natural gas produced by DUC. We also have a long-term supply contract with Gazprom.</p>																																
<b>Actions to become future-fit</b>	Phase out coal in 2023 and substitute the remaining use of natural gas and fossil oil with sustainable alternatives.	Take an active role in testing and scaling new energy technologies that can enable an acceleration of the green energy build-out.	<b>Actions to become future-fit</b>	Continue to use only green financing instruments for all our future financing and align business activities and reporting with EU taxonomy.	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 scope 3 emissions, due to the emissions linked to the end-use of the natural gas we buy and sell.																																
<b>Our governance</b>	The EVP of our Markets & Bioenergy business unit is accountable for the conversion and operations of our heat and power plants.	Accountability for hydrogen projects lies with the EVP of our Offshore business unit. For storage projects, it lies with the EVP of our Onshore business unit.	<b>Our governance</b>	Accountability for green financing lies with our CFO. Our Sustainability Committee approves allocation of green bond proceeds.	With our target to have net-zero emissions across our carbon footprint by 2040, we have decided to phase out our activities to buy and sell natural gas. As an interim target, we want to halve our emissions by 2032 compared to 2018. This means that we will not renew or enter into new long-term gas purchase agreements. From 2019 to 2020, we divested our liquefied natural gas (LNG) business and have seen a 28 % decline in our volume of gas sales. Towards 2032, we expect to see similar step-by-step reductions in our wholesale volume as our gas contracts expire.																																
<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>ESG performance report: Section 2.10</li> </ul>	<ul style="list-style-type: none"> <li>Annual report, pages 21-25, 30-31</li> </ul>	<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>TCFD table in ESG performance report: Section 5.3</li> <li>Annual report, page 21 (EU taxonomy)</li> <li>Green bond impact report 2020</li> </ul>																																	
<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>Paris Agreement</li> <li>IPCC Special Report: Global Warming of 1.5°C</li> </ul>	<ul style="list-style-type: none"> <li>Paris Agreement</li> <li>IPCC Special Report: Global Warming of 1.5°C</li> </ul>	<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>Green Bond Principles (ICMA)</li> <li>Green Loan Principles (ICMA)</li> <li>EU Sustainable Finance Taxonomy</li> <li>TCFD recommendations</li> </ul>																																	
<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>Powering Past Coal Alliance</li> </ul>	<ul style="list-style-type: none"> <li>IRENA Coalition for Action</li> <li>Green Hydrogen Catapult</li> <li>WEF - Accelerating Clean Hydrogen initiative</li> </ul>	<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>Corporate Forum on Sustainable Finance</li> <li>Nasdaq ESG Data Portal</li> <li>Green Bond Principles</li> </ul>																																	
<b>SDG contribution</b>	7.2: We are increasing the share of renewable energy in the global energy mix.	7.1: We explore new technologies to decarbonise the world's energy consumption - especially in sectors where emissions are hard to abate 9.4: We are developing and adopting a greater range of clean and environmentally sound technologies.	<b>SDG contribution</b>	7.1: We promote investment in energy infrastructure and clean energy technology.																																	
<b>Targets and indicators</b>	<p><b>Coal consumption</b> (million tonnes)</p>  <table border="1"> <tr><th>Year</th><th>Coal consumption (million tonnes)</th></tr> <tr><td>2019</td><td>0.6</td></tr> <tr><td>2020</td><td>0.6</td></tr> <tr><td>2023 target</td><td>0</td></tr> </table>	Year	Coal consumption (million tonnes)	2019	0.6	2020	0.6	2023 target	0	<p><b>Strong commitment to engage in the development of green hydrogen technologies and to deploy energy storage solutions where meaningful.</b></p> 	<b>Targets and indicators</b>	<p><b>Green financing proceeds allocated to offshore wind projects</b> (DKK billion)</p>  <table border="1"> <tr><th>Year</th><th>Green financing proceeds (DKK billion)</th></tr> <tr><td>2017</td><td>1.6</td></tr> <tr><td>2018</td><td>6.1</td></tr> <tr><td>2019</td><td>10.2</td></tr> <tr><td>2020</td><td>6.2</td></tr> <tr><td>Total</td><td>24.1</td></tr> </table> <p><b>Avoided emissions potential from allocated green bond proceeds</b> (million tonnes CO<sub>2</sub>e)</p>  <table border="1"> <tr><th>Year</th><th>Avoided emissions potential (million tonnes CO<sub>2</sub>e)</th></tr> <tr><td>2017</td><td>0.2</td></tr> <tr><td>2018</td><td>0.8</td></tr> <tr><td>2019</td><td>1.1</td></tr> <tr><td>2020</td><td>0.6</td></tr> <tr><td>Total</td><td>2.7</td></tr> </table>	Year	Green financing proceeds (DKK billion)	2017	1.6	2018	6.1	2019	10.2	2020	6.2	Total	24.1	Year	Avoided emissions potential (million tonnes CO <sub>2</sub> e)	2017	0.2	2018	0.8	2019	1.1	2020	0.6	Total	2.7	
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Programme overview	8 Sourcing certified sustainable biomass									
<b>Sustainability challenge</b>	<b>Biomass sustainability:</b> To ensure significant carbon savings compared to coal, the biomass used for energy generation must meet strict sustainability criteria.	<b>New biomass regulations set common industry standards</b>								
<b>Our approach</b>	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.	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 retire 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.								
<b>Our progress</b>	<ul style="list-style-type: none"> <li>This year, we have reached our target to procure 100 % third party-certified sustainable biomass. We will maintain this level going forward.</li> <li>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.</li> <li>With the inauguration of our new sustainable biomass-fired unit at Asnæs Power Station, we marked the completion of our coal-to-biomass conversion programme, moving one step closer in the decarbonisation of our CHP operations in Denmark.</li> </ul>	<p>Ørsted owns seven Danish CHPs. They all used to run on coal and gas, but we have converted six of seven CHPs to run on certified sustainable biomass to deliver significant carbon reductions in a Danish energy system centred around CHPs. The last of our CHPs running on coal will be closed in 2023, marking our complete retirement of coal.</p> <p>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 sustainable forestry that is not in demand for long-lifetime products should be used in CHPs. This is supported by several scientific reports, including a recent study from the University of Copenhagen. These reports highlight that the right biomass will deliver significant carbon reductions in the short term. Yet, if that biomass could have been used for construction or furniture, which would store carbon and replace carbon-intensive materials like steel or concrete, the climate benefit would be significantly less.</p> <p>Therefore, the energy industry must have strict and well-defined standards for the biomass they use to ensure real carbon reductions. We strongly support this, and, as such, only source biomass which is 100 % certified, made from forests with an ongoing reforestation or from residues that are not in demand from the building or furniture industry. Consequently, we are very pleased that the Danish government has now decided to implement sustainability criteria that, by law, require companies importing or using biomass for energy to clearly document its sustainability, type, carbon savings, and impact on biodiversity. This sets a necessary common standard for biomass for energy generation that is stricter than the European Union's current requirements.</p>								
<b>Actions to become future-fit</b>	Strengthen the tools used to ensure short carbon-payback time of the wooden biomass we use.									
<b>Our governance</b>	The EVP of our Markets & Bioenergy business unit is accountable for our policy and programme. Implementation lies with our Fuels & Logistics department with assistance of the Bioenergy Sustainability department.									
<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>Ørsted Sustainable biomass policy</li> <li>ESG performance report: Section 2.2</li> <li>Status report for sustainable biomass (only in Danish)</li> </ul>									
<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>EU Renewable Energy Directive</li> <li>Convention on Biological Diversity</li> <li>Danish industry agreement on sustainable wooden biomass</li> </ul>									
<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>Sustainable Biomass Programme (SBP)</li> <li>Forest Stewardship Council® (FSC®)</li> </ul>									
<b>SDG contribution</b>	15.2: We minimise our potential negative impacts on forests and promote sustainable forest management.									
<b>Targets and indicators</b>	<p><b>Certified sustainable biomass sourced (%)</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>2019</td> <td>96</td> </tr> <tr> <td>2020</td> <td>100</td> </tr> <tr> <td>2020 target</td> <td>100</td> </tr> </tbody> </table>	Year	Percentage (%)	2019	96	2020	100	2020 target	100	
Year	Percentage (%)									
2019	96									
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2020 target	100									

Programme overview	9 Marine biodiversity	10 Local communities										
<b>Societal challenge</b>	<b>Impact on natural ecosystems and biodiversity:</b> With the accelerated deployment of offshore wind, we must find solutions to build in balance with marine ecosystems. Healthy seas are important for keeping global warming within 1.5 °C and right now, due to a rapid decline in biodiversity, marine health is under intense pressure.	<b>Creating shared value with local communities:</b> Wind and solar PV farms are large, complex infrastructure projects. As we continue to grow, we will impact more local communities. The green build-out must happen in balance with the expectations of local communities and live up to international human rights standards.										
<b>Our approach</b>	We avoid and reduce impacts on ecosystems throughout the development, construction, and operation of all our offshore wind farms. We conduct detailed environmental assessments, we engage in dialogue with relevant stakeholders, and collaborate to identify best practice to manage the biodiversity impacts of the future build-out of offshore wind.	We want to develop our renewable energy projects so that they create benefits for local communities and address community concerns and expectations. Our projects must be built in line with international human rights standards. We continue to develop and refine tools to guide our approach across our projects.										
<b>Our progress</b>	<ul style="list-style-type: none"> <li>We have established a cross-functional project to take a stronger programmatic approach to our biodiversity management. We want to define specific biodiversity objectives, track our progress, and report transparently.</li> <li>We have committed to work with the Science Based Targets Network to contribute to the development of methods and guidance for science-based targets.</li> <li>We are founding members of the Offshore Coalition for Energy and Nature, a multi-stakeholder group working to further the coexistence of offshore wind with marine industries and healthy marine ecosystems.</li> <li>In the US, we operate in areas where the endangered North Atlantic right whale and the vulnerable fin whale are found. Accordingly, we sail and operate in compliance with the US Marine Mammal Protection Act, employ marine biologists to support our environmental permitting teams, and invest in marine mammal tracking software.</li> </ul>	<ul style="list-style-type: none"> <li>This year, we have engaged with local elected officials, suppliers, educational institutions, NGOs, and commercial fisheries. For example:                             <ul style="list-style-type: none"> <li>We have established the Pro-NJ Grantor Trust to bolster economic opportunities and support small, women-owned and minority-owned businesses in New Jersey.</li> <li>We joined forces with the network Onside and set up a new partnership that will invest GBP 1 million in a Youth Zone in the UK.</li> <li>We have signed crew transfer vessels (CTV) contracts to charter five ships and form a Taiwan-flagged CTV fleet, in collaboration with local companies, for the construction of the Greater Changhua 1 &amp; 2a Offshore Wind Farm.</li> <li>We allocated more than USD 420,000 in economic and medical supply-relief donations to non-profit organisations to support rural project host communities in Texas, San Diego, and Nebraska, US.</li> </ul> </li> </ul>										
<b>Actions to become future-fit</b>	Explore potential positive impacts of offshore wind farms, and expand our biodiversity programme to cover all business units.	Enhance shared benefits with local communities by strengthening tools to identify stakeholders early and share knowledge across projects. Full implementation of the UN Guiding Principles on Business and Human Rights focusing on processes for due diligence, remediation, and reporting.										
<b>Our governance</b>	The heads of our four Offshore market regions are accountable for our policy on biodiversity. Environmental specialists support implementation through the lifetime of our offshore wind farms.	The heads of our four Offshore market regions and our Onshore EVP are accountable for progress regarding stakeholder and local community engagement. Public and regulatory affairs in the respective markets are responsible.										
<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>Ørsted Offshore wind biodiversity policy</li> <li>ESG performance report: Sections 2.14 and 2.15</li> </ul>	<ul style="list-style-type: none"> <li>Ørsted Stakeholder engagement policy</li> <li>Ørsted Local community engagement policy</li> </ul>										
<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>The EU Birds and Habitats Directive</li> <li>UN 2020 Aichi Biodiversity Targets</li> <li>UNGC Sustainable Ocean Principles</li> </ul>	<ul style="list-style-type: none"> <li>UN Guiding Principles on Business and Human Rights</li> </ul>										
<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>World Wildlife Foundation DK</li> <li>UNGC Action Platform for Sustainable Ocean Business</li> <li>Offshore Energy and Nature Coalition</li> </ul>	Pro-NJ Grantor Trust, US • Onside - Horizon Youth Zone, UK • Dayeh University, Taiwan										
<b>SDG contribution</b>	14.2 and 15.5: We work to mitigate our impacts on marine and coastal ecosystems and take action to halt the loss of biodiversity and natural habitats.	8.3, 8.5 and 11.A: We support decent job creation and positive economic, social, and environmental development of local communities in the markets where we operate.										
<b>Targets and indicators</b>	<p><b>Red-List species recorded in areas with Ørsted offshore operations</b></p> <table border="1"> <thead> <tr> <th>Category</th> <th>Count</th> </tr> </thead> <tbody> <tr> <td>Critically endangered</td> <td>1</td> </tr> <tr> <td>Endangered</td> <td>0</td> </tr> <tr> <td>Vulnerable</td> <td>6</td> </tr> <tr> <td>Near-threatened</td> <td>8</td> </tr> </tbody> </table>	Category	Count	Critically endangered	1	Endangered	0	Vulnerable	6	Near-threatened	8	<p><b>Local communities engagement</b></p> <ul style="list-style-type: none"> <li>Local suppliers</li> <li>Education</li> <li>NGOs</li> <li>Fishers</li> <li>Local community and minority groups</li> </ul>
Category	Count											
Critically endangered	1											
Endangered	0											
Vulnerable	6											
Near-threatened	8											

Programme overview	1.1 Resource management	1.2 Workplace safety	Programme overview	1.3 Employee health and well-being																						
<b>Sustainability challenge</b>	<b>Consumption and recycling of resources:</b> Natural resources are currently being used faster than their reproduction rate. This impacts natural ecosystems, eg. through water scarcity and waste pollution. To reduce consumption and ensure availability, it is crucial to use resources sustainably.	<b>Safety, health, and well-being:</b> Valuing and protecting the physical safety of our employees and contractors can positively influence the welfare of individuals and the communities where we operate.	<b>Societal challenge</b>	<b>Health and well-being:</b> Companies have a responsibility to provide the physical, social, and psychological working conditions that allow people to lead whole and healthy lives.																						
<b>Our approach</b>	We strive to minimise our consumption of resources, including water in our operations and supply chain through action plans and targets. We collaborate with our peers, suppliers, and contractors to improve recycling rates and reduce landfill disposal.	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.	<b>Our approach</b>	We implement a holistic approach to physical, social and psychological health and mental well-being through our Ørsted Life framework. We train and support managers in science-based stress prevention, and use data and research to develop health and well-being initiatives. We offer employees access to services, also while they are working from home.																						
<b>Our progress</b>	<ul style="list-style-type: none"> <li>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, Renaissance, offshore wind operations, and administration, and reuse or recycling of it is more challenging.</li> <li>We commissioned Renaissance, 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.</li> <li>We have created new waste and water management policies, and improved reporting frameworks complying with GRI standards.</li> <li>All our fully operational sites work in accordance with ISO 14001.</li> </ul>	<ul style="list-style-type: none"> <li>We have achieved our best-ever safety performance, expressed by a TRIR (total reportable injury rate) of 3.6. This corresponds to a 27 % decrease of recordable injuries since 2019.</li> <li>We have 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.</li> <li>We are in the process of getting our new QHSE management system certified according to ISO 14001 and ISO 45001.</li> <li>We are implementing an Enterprise Risk Management concept to further ensure the prioritisation of safety issues and allocation of our resources and attention.</li> <li>All our fully operational sites operate in accordance with the ISO 45001 standard for occupational health and safety.</li> </ul>	<b>Our progress</b>	<ul style="list-style-type: none"> <li>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.</li> <li>During the COVID-19 pandemic, our People &amp; 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.</li> <li>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.</li> <li>We are piloting the Howdy app in our Offshore business to mitigate stress and provide early stress interventions.</li> <li>We are revising our harassment and bullying policy to provide easier and more accessible guidance on how to handle cases of bullying and harassment.</li> <li>The Danish harassment policy has been updated according to new legislative requirements in Denmark.</li> <li>All employees have been offered flu vaccines as preventive measures for physical health.</li> </ul>																						
<b>Actions to become future-fit</b>	Collaborate with peer companies and governments to improve blade recycling and establish circular-focused decommissioning plans for our offshore wind farms. Partner with our suppliers to minimise our resource consumption.	Continue to embed QHSE in our working culture through joint efforts with our contractors and suppliers.	<b>Actions to become future-fit</b>	Continue to develop services to improve the health and well-being of our employees, gather health data across locations, and strengthen our digital service offerings.																						
<b>Our governance</b>	The QHSE Committee oversees progress, while implementation is carried out by the individual business units with support from the QHSE department.	The Vice President of QHSE is accountable for safety, while the QHSE Committee oversees progress. The QHSE management team is responsible for the overall implementation of our safety management systems.	<b>Our governance</b>	Accountability lies with the Chief Human Resources Officer.																						
<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>Ørsted QHSE policy, management policy, and water management policy</li> <li>ESG performance report: Sections 2.11 and 2.12</li> </ul>	<ul style="list-style-type: none"> <li>Ørsted QHSE policy</li> <li>ESG performance report: Section 3.4</li> <li>Annual report, pages 14, 33, and 39</li> </ul>	<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>Anti-bullying and harassment policy</li> <li>Whistle-blower Hotline</li> <li>ESG performance report: Section 3.1</li> </ul>																						
<b>International frameworks of reference</b>	• N/A	• ISO 45001	<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>WHO Healthy Workplaces: A model for action</li> <li>The NIOSH Total Worker Health Programme</li> </ul>																						
<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>Kalundborg Symbiosis – the world's first industrial symbiosis. Equinor receives our excess flue gas condensate.</li> <li>DecomBlades, partly funded by Innovation Fund Denmark</li> </ul>	• N/A	<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>In Denmark, PFA for health insurance, and health and well-being activities. Globally, health and well-being service providers, and fitness facilities.</li> </ul>																						
<b>SDG contribution</b>	12.4 and 12.5: We work to minimise our resource consumption, including hazardous waste. 6.4 and 6.5 We improve water quality by reducing pollution and increasing water-use efficiency.	8.8: We contribute to safe working environments through our safety approach and targets.	<b>SDG contribution</b>	3: We promote the health and well-being of our employees by actively creating the space for all to live healthy lives.																						
<b>Targets and indicators</b>	<p><b>Other waste from production and administration reused or recycled</b> (excluding wastewater from the oil pipeline) - (%)</p> <table border="1"> <tr><th>Year</th><th>Value (%)</th></tr> <tr><td>2019</td><td>84</td></tr> <tr><td>2020</td><td>78</td></tr> </table>	Year	Value (%)	2019	84	2020	78	<p><b>Total recordable injuries per million hours worked (TRIR)</b> (per million hours worked)</p> <table border="1"> <tr><th>Year</th><th>Value</th></tr> <tr><td>2019</td><td>4.9</td></tr> <tr><td>2020</td><td>3.6</td></tr> <tr><td>2025 target</td><td>2.9</td></tr> </table>	Year	Value	2019	4.9	2020	3.6	2025 target	2.9	<b>Targets and indicators</b>	<p><b>Share of employees that have recorded incidents of stress – both light and heavy cases (%)</b></p> <table border="1"> <tr><th>Year</th><th>Value (%)</th></tr> <tr><td>2018</td><td>9.7</td></tr> <tr><td>2019</td><td>9.4</td></tr> <tr><td>2020</td><td>11</td></tr> </table>	Year	Value (%)	2018	9.7	2019	9.4	2020	11
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**Mental health during the pandemic**

COVID-19 has left its mark on our business, as with countless others. Thanks to our hard-working and robust staff, we have not experienced any decrease in business performance or productivity so far. However, the physical, social, and mental health of our employees has been affected – as expressed through signs of anxiety and a general sense of decreased well-being.

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.

We take our responsibility for employee mental health very seriously. Throughout 2020, our leadership 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.

Programme overview	14 Employee development	15 Employee satisfaction	Programme overview	16 Inclusion of diversity																																
<b>Sustainability challenge</b>	<b>Employee development and retention:</b> As global competition for the best talent intensifies, businesses must improve the development and retention of existing staff and engage new talent from different backgrounds.	<b>Employee satisfaction and retention:</b> Creating a work environment where all employees thrive and are motivated to help create a sustainable business is essential for sustaining long-term value creation.	<b>Societal challenge</b>	<b>Inclusion of diversity:</b> Respecting diversity and promoting an inclusive workplace culture and diversity in management is key to encouraging and valuing individual characteristics.																																
<b>Our approach</b>	We are building a culture of continuous learning 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 tailored programmes for selected early-career talents, senior specialists, managers, and executives.	We measure employee satisfaction and motivation through an annual employee engagement survey to monitor whether employees are thriving in their work environment. We measure the perception of Ørsted as a workplace, including daily tasks, workload, and relationships with managers. We use responses to identify areas of improvement at managerial, departmental, and company levels.	<b>Our approach</b>	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 organisational behaviour in management and in general.																																
<b>Our progress</b>	<ul style="list-style-type: none"> <li>We have established a leadership role in our Global Talent function (a Head of Talent Identification &amp; Deployment).</li> <li>We have increased investment in our learning platform, Ørsted Academy (in-person, virtual, and digital training).</li> <li>We have launched several new virtual initiatives for employee development, including webinar sessions on career development, a new learning management system, and a global learning week for employees to learn about Ørsted's business from internal and external speakers.</li> <li>We have missed our 2020 target despite significant investments in 2019 and 2020 in employee learning resources and programmes and in enabling managers to develop their talent. In 2020, employees' perception of their opportunities to develop improved. We appreciate that cultural change takes time, and our efforts are reflected in our overall employee development score, which primarily focuses on the embedding of learning and development in the organisational culture.</li> <li>In 2021, we will continue our determined efforts on developing our learning culture and resources, on building manager capability, and ensuring employees understand how they can be accountable for their development.</li> </ul>	<ul style="list-style-type: none"> <li>We have improved our overall employee satisfaction and motivation score from the annual employee engagement survey by one point, bringing it to 78.</li> <li>We have maintained our position in the top 10 % among our peer benchmarking companies for employee satisfaction.</li> <li>95 % of our employees responded to the annual employee engagement survey – an increase from previous years – which provided a strong foundation for the results.</li> </ul>	<b>Our progress</b>	<ul style="list-style-type: none"> <li>We have appointed a new Head of Global Inclusion &amp; Well-being to build a team to further strengthen our inclusion and well-being efforts.</li> <li>We launched a company-wide 'Inclusion of diversity insights survey', which provided actionable insights from 4,000 employees on opportunities and challenges to improving inclusion of diversity at Ørsted.</li> <li>For the third year in a row, Ørsted was a sponsor of Copenhagen Pride, which is one of a series of global events to celebrate LGBT+ pride.</li> <li>In September, we supported the UK-based LGTB+ rights organisation Stonewall by signing a letter to the British government declaring our support for the legislative rights of transgender individuals.</li> <li>We launched a series of inclusion awareness activities and panel events across the company.</li> <li>Our inclusion networks were merged, supported by management, and, now, we have a global platform for all inclusion networks at Ørsted.</li> <li>We hosted a virtual 'Girls' day in Science', introduced the Ørsted STEM Troops, and collaborated with the 'Above and Beyond' role models to promote gender balance in STEM.</li> </ul>																																
<b>Actions to become future-fit</b>	Continue the capability building of managers and support employees to take ownership of their own development.	Our Executive Committee will continue to engage directly with our organisation, so all employees understand how their work contributes to our company vision.	<b>Actions to become future-fit</b>	Include more inclusive leadership training, embed inclusion of diversity in our People & Development processes, develop flexible working conditions and build inclusive teams.																																
<b>Our governance</b>	Accountability for our talent strategy lies with the Executive Committee, while the People & Development team spearhead implementation.	Accountability lies with the Chief Human Resources Officer. The Group Cooperation Committee, comprised of employee representatives, and the Executive Committee oversee the results of the engagement survey. Our P&D function conducts the survey and oversees improvement actions.	<b>Our governance</b>	Accountability lies with the Chief Human Resources Officer and the Executive Committee. In the UK, a Steering Committee oversees and approves activities and a People Leadership Team endorses activities driven globally.																																
<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>ESG performance report: Section 3.1</li> </ul>	<ul style="list-style-type: none"> <li>ESG performance report: Section 3.1</li> </ul>	<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>Ørsted Global inclusion &amp; diversity policy</li> <li>ESG performance report: Section 3.2</li> </ul>																																
<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>UN Convention on Discrimination Against Women</li> <li>UN LGBTI Standards of Conduct for Business</li> <li>UN Women Working Group</li> </ul>																																
<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>World Pride for 2021</li> <li>EMEA D&amp;I network</li> <li>The Association New Dane</li> </ul>																																
<b>SDG contribution</b>	N/A	3: We contribute to the good health and well-being target through our focus on engaging employees in their work life.	<b>SDG contribution</b>	5: We conduct business with accountability and responsibility, ensuring respect for employees, partners, and suppliers.																																
<b>Targets and indicators</b>	<p><b>Employee learning and development</b> (index 0-100)</p> <table border="1"> <tr><th>Year</th><th>Score</th></tr> <tr><td>2019</td><td>77</td></tr> <tr><td>2020</td><td>77</td></tr> <tr><td>2020 target</td><td>80</td></tr> </table>	Year	Score	2019	77	2020	77	2020 target	80	<p><b>Employee satisfaction</b> (index 0-100)</p> <p>We aim to remain in the top 10 % in a benchmark of peer companies.</p> <table border="1"> <tr><th>Year</th><th>Score</th></tr> <tr><td>2019</td><td>77</td></tr> <tr><td>2020</td><td>78</td></tr> <tr><td>Target top 10 %</td><td>-</td></tr> </table>	Year	Score	2019	77	2020	78	Target top 10 %	-	<b>Targets and indicators</b>	<p><b>Share of women in Leadership Conference (%)</b></p> <table border="1"> <tr><th>Year</th><th>Share (%)</th></tr> <tr><td>2019</td><td>13</td></tr> <tr><td>2020</td><td>20</td></tr> <tr><td>2023 target</td><td>22</td></tr> </table> <p><b>Share of women in middle management (%)</b></p> <table border="1"> <tr><th>Year</th><th>Share (%)</th></tr> <tr><td>2019</td><td>25</td></tr> <tr><td>2020</td><td>26</td></tr> <tr><td>2023 target</td><td>30</td></tr> </table>	Year	Share (%)	2019	13	2020	20	2023 target	22	Year	Share (%)	2019	25	2020	26	2023 target	30
Year	Score																																			
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**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 of 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.

Programme overview	17 Good business conduct	18 Human rights & responsible business partners	Programme overview	19 Information and cyber security	20 Responsible tax practices
<b>Sustainability challenge</b>	<b>Business ethics and transparency:</b> Corruption, bribery, and other fraudulent practices can impact society by destabilising institutions and undermining fair business competition.	<b>Business partner conduct:</b> Risks in supply chains to labour and human rights, corruption, and environment must be managed to mitigate impacts on workers, communities, and the natural environment.	<b>Societal challenge</b>	<b>Information security and cyberattacks:</b> As information and cyber security threats increase, companies must understand the associated risks and continue to improve security to protect critical infrastructure and information assets.	<b>Responsible tax:</b> By paying tax and supporting international tax reform, companies contribute to the development of the societies they operate in and the creation of well-functioning tax systems and institutions conducive to business.
<b>Our approach</b>	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.	<b>Our approach</b>	We work to ensure the security of corporate information and critical infrastructure through a risk-based approach in close collaboration with our stakeholders. We provide them with tailored compliance support as well as training and awareness so they can incorporate and apply security measures in their daily operations.	Our tax reporting is transparent, and we voluntarily disclose country-specific information about our tax position. We aim to comply with the letter of the law and the underlying intent to ensure we pay the right amount of tax on time in the countries we operate in. We engage with stakeholders and cooperate with authorities to support effective tax systems.
<b>Our progress</b>	<ul style="list-style-type: none"> <li>We continue to make efforts to strengthen our 'Know your counterparty' screening programme, including updating sanction risk procedures to mitigation, US and EU sanctions exposure, and performance of risk-based due diligence of business partners.</li> <li>In selected dominions, we have introduced country-specific compliance procedures to supplement our policy on good business conduct.</li> <li>We have adopted a new global policy to mitigate the risk of conflict of interests among our employees.</li> <li>The number of substantiated whistle-blower cases increased this year, and we are following up on this development.</li> </ul>	<ul style="list-style-type: none"> <li>We have developed a project to strengthen our implementation of the UN Guiding Principles on Business and Human Rights. This includes strengthening our human rights policy commitment in our own operations and our local community engagement programme.</li> <li>We have continued to implement our anti-sexual harassment campaign for vessel suppliers and have held meetings with relevant suppliers to understand their approach.</li> <li>We have developed our ESG reporting set-up to better reflect all supplier-faced due diligence activities.</li> <li>We have identified and prioritised minerals and metals in our supply chain where salient human rights and environmental risks are greatest.</li> <li>We have identified workers in dormitories during COVID-19 as a key risk and have initiated dialogue with selected suppliers in Singapore on how they manage this.</li> </ul>	<b>Our progress</b>	<ul style="list-style-type: none"> <li>We have established a Global Information Security Management function that governs and manages global policies and processes, quantifies security risks, and provides support for the entire organisation.</li> <li>We have established a Global Defence Function that detects and responds to information and cyber security incidents.</li> <li>We are managing an information security programme that drives various security enhancements and risk mitigation initiatives for information and operational technologies.</li> <li>Via 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.</li> </ul>	<ul style="list-style-type: none"> <li>We have enhanced our reporting of tax practices in the Annual report, inspired by the new GRI indicator, GRI207.</li> <li>We have participated in dialogue with the Danish Parliament on the implementation of new CFC rules, with OECD on CBC Reporting, with BIAC on Pillar II, and with various NGOs in the Tax Dialogue Framework.</li> <li>We have operationalised our tax policy in a tax strategy.</li> <li>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.</li> <li>We were ranked the best company in Denmark on tax transparency and governance by the Danish financial magazine Økonomisk Ugebrev.</li> <li>Our in-house tax department was ranked the best in-house tax team in Europe by International Tax Review.</li> </ul>
<b>Actions to become future-fit</b>	We will continuously strive to improve our compliance set-up to meet regulatory obligations and align with best practice in the countries where we operate.	To improve our adherence to the UN Guiding Principles, we will implement our human rights project as well as our minerals and metals project developing actions to mitigate the negative impacts of sourcing minerals and metals.	<b>Actions to become future-fit</b>	To be equipped for an ever-changing cyber landscape, we are driving four strategic themes to improve current security levels: (i) Anchor scalable security governance (ii) embed a security mind-set, (iii) advance security operations, detection and response, and (iv) enhance global business resiliency.	To meet increasing compliance and reporting requirements, we will maintain focus on transparency and accountability in tax payments and reporting.
<b>Our governance</b>	The Board of Directors has approved our Good Business Conduct Policy. A Compliance Committee, comprised of our Executive Board and compliance officers, oversees the implementation compliance programme and activities. Accountability for the policy lies with our Chief Executive Officer, as risk owner and risk responsible.	Accountability lies with the Head of Group Stakeholder Relations, who also chairs the Responsible Business Partners Programme (RPP) Steering Committee. The Committee has approved our Code of Conduct for business partners. Implementation is carried out by our RPP team in collaboration with procurement professionals.	<b>Our governance</b>	Accountability lies with the Chief Information Security Officer as per the risk appetite of the Executive Committee. The Audit & Risk Committee monitors and performs supervision of key security indicators and the risk exposure. The Information Security Board endorses the security strategy and is an important liaison across the organisation.	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.
<b>Policy and link to more information</b>	<ul style="list-style-type: none"> <li>Good business conduct policy</li> <li>Code of Conduct</li> <li>Stakeholder engagement policy</li> </ul>	<ul style="list-style-type: none"> <li>Ørsted Code of Conduct for business partners</li> <li>UK Modern Slavery Act statement 2019</li> <li>ESG performance report: Section 4.5</li> </ul>	<b>Policy and link to more information</b>	• N/A	<ul style="list-style-type: none"> <li>Ørsted Global tax policy</li> <li>ESG performance report: Section 4.4</li> <li>Annual report, pages 37, 38, and 70</li> </ul>
<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>Anti-corruption regulations in the countries where we operate, including the UK Bribery Act and the US Foreign Corrupt Practices Act.</li> <li>OECD Guidelines for Multinational Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>UN Guiding Principle on Business and Human Rights, OECD Guidelines for Multinational Enterprises, IFC Performance Standards, and ILO Core Conventions</li> <li>UK Modern Slavery Act and UK Bribery Act</li> <li>Wind Europe Industry Principles</li> </ul>	<b>International frameworks of reference</b>	<ul style="list-style-type: none"> <li>International standards, NIST 800-53 &amp; 800-82, ISO 27001 &amp; 27002, and IEC 62443.</li> <li>Regulatory requirements in the countries where we operate, including EU NIS, UK NIS, and NERC CIP.</li> </ul>	<ul style="list-style-type: none"> <li>OECD BEPS</li> <li>EU Directives, e.g. ATAD, DAC6</li> <li>Applicable local and international tax legislation</li> </ul>
<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>Confederation of Danish Industry's Anti-Corruption Working Group</li> </ul>	<ul style="list-style-type: none"> <li>Wind Europe Sustainability Working Group</li> <li>Danish Initiative for Ethical Trade</li> <li>Better Coal</li> </ul>	<b>Examples of partnerships and collaborations</b>	<ul style="list-style-type: none"> <li>World Economic Forum</li> <li>UK Cyber Security Task Group (E3CC)</li> <li>Danish Energy</li> </ul>	<ul style="list-style-type: none"> <li>The Danish Confederation of Enterprises' Tax Panel</li> <li>The Tax Dialogue</li> </ul>
<b>SDG contribution</b>	16.5: We strive to tackle corruption and bribery through due diligence, training, compliance, and misconduct reporting.	8.7, 8.8, and 16.5: We seek to minimise potential negative impacts on labour rights, modern slavery, safety, corruption, and bribery in our supply chains.	<b>SDG contribution</b>	N/A	16.6: We seek to contribute to effective, accountable, and transparent tax institutions at all levels.
<b>Targets and indicators</b>	<p><b>Substantiated whistle-blower cases</b> (number)</p> <p>3      4</p> <p><b>Substantiated cases transferred to the police</b> (number)</p> <p>0      1</p> <p>2019      2020</p>	<p><b>Screenings on all sourcing contracts above DKK 3 million and assessments opened</b> (number)</p> <p>Risk screenings: 384 Desktop and site assessments: 51</p>	<b>Targets and indicators</b>	<p><b>We carry out ongoing global campaigns for safe behaviour in the workplace.</b></p>	<p><b>Global corporate income tax paid in 2020</b> (DKK billion)</p> <p>1.1</p>

## 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.  
Assigns 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.

Programme 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.

WE SUPPORT  
**Caring for Climate**



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

### Elaboration and benchmark

### Score



Ørsted ranked the 2<sup>nd</sup> most sustainable company in the world in Corporate Knights' 2021 Global 100 index.

2nd place



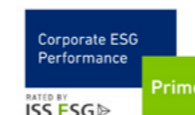
Ørsted awarded the highest possible CDP rating for two consecutive years and recognised as a global leader on climate action.

A



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

AAA



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

B+



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

80 of 100



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

1st place

