

REMUNERATION POLICY FOR THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD OF ØRSTED A/S

1. Purpose and remuneration principles

This Remuneration Policy describes the principles for remuneration of the Board of Directors and the Executive Board of Ørsted A/S (the Company). The Executive Board means the executive officers registered with the Danish Business Authority as executive officers of the Company.

The overall objective of this Remuneration Policy is to support the Ørsted Group's strategy, long-term interests and sustainability. To attain this objective, the policy is designed to attract and retain qualified members of the Board of Directors and the Executive Board, and to guide the priorities of the Executive Board as described further in the relevant sections.

2. The Board of Directors

2.1 General comments

The remuneration for the Board of Directors should be competitive, but not market-leading, compared to the remuneration paid in other major Danish listed companies with international activities.

2.2 Fixed annual remuneration

Each member of the Board of Directors will receive a fixed annual base fee while the Chairman and the Deputy Chairman will receive a multiple thereof as set out below.

Board of Directors	
Ordinary members	1 time fixed annual base fee
Deputy Chairman	2 times fixed annual base fee
Chairman	3 times fixed annual base fee

Each member of the Audit & Risk Committee and the Nomination & Remuneration Committee will receive an additional fixed annual fee as set out below.

Audit & Risk Committee	
Chairman	0.60 times fixed annual base fee
Ordinary members	0.30 times fixed annual base fee

Nomination & Remuneration Committee	
Chairman	0.40 times fixed annual base fee
Ordinary members	0.25 times fixed annual base fee

2.3 Incentive-based remuneration

The remuneration of the Board of Directors does not include any incentive-based remuneration.

3. The Executive Board

3.1 General comments

The remuneration for the Executive Board should be competitive, but not market-leading, compared to the remuneration paid in other major Danish listed companies with international activities.

The remuneration consists of (i) a fixed base salary, (ii) a cash-based short-term incentive scheme, (iii) a share-based long-term incentive scheme and (iv) other benefits.

The members of the Executive Board will receive no remuneration for executive positions or directorships held in the Company's subsidiaries or associated companies.

The individual remuneration components are described in further detail below.

3.2 Fixed base salary

The fixed base salary supports the Company's ability to attract and retain qualified executives due to the value of stable remuneration. The fixed base salary level will be considered by the Board of Directors when appointing new members of the Executive Board and annually thereafter.

3.3 Incentive-based remuneration

3.3.1 Cash-based short-term incentive scheme

The short-term incentive scheme ('STI') for the Executive Board is a 12 months' variable cash-based incentive scheme which supports the Ørsted Group's strategy. The STI will be assessed, paid and renewed on an annual basis.

The STI consists of targets that are updated annually to reflect the Ørsted Group's strategy within three different performance areas:

- 1) The Ørsted Group's financial performance
- 2) The Ørsted Group's safety performance
- 3) The Executive Board members' individual business and leadership performance including environmental, social and governance (ESG) performance

Any payment under the STI is subject to the full or partial achievement of defined performance targets. The target bonus and maximum bonus under the STI amount to 15% and 30%, respectively, of the fixed base salary of the individual members of the Executive Board. Maximum bonus will only be paid in case of full achievement of all performance targets. Assessment of financial and safety performance is based on established accounting policy and methods whereas the assessment of individual business and leadership performance is based on a discretionary evaluation by the Board of Directors.

3.3.2 Other cash-based short-term incentive schemes

At the discretion of the Board of Directors, the individual member of the Executive Board may in very extraordinary circumstances be offered further cash incentive schemes of up to an additional 20% of the individual member's annual fixed base salary. Such cash schemes will be linked to specific performance targets.

3.3.3 Share-based long-term incentive scheme

The individual members of the Executive Board may participate in the Ørsted Share Programme ('ØSP'), which is a share-based long-term incentive scheme.

The aim of ØSP is to support the strategy, long-term interests and sustainability of the Ørsted Group by using total shareholder return ('TSR') in absolute value as well as TSR relative to peers in the energy industry as indicators of the Ørsted Group's performance. ØSP is a revolving programme where each member of the Executive Board may have up to three unvested grants at any given point in time, which supports a continued focus on the Ørsted Group's long-term interests and sustainability. The Ørsted Group's strategy is developed to drive shareholder value and is thereby also supported by the design of the share-based incentive scheme.

Under ØSP, the individual members of the Executive Board have the opportunity to be granted restricted performance share units ('PSUs') each year. Each PSU represents a right to receive one share in the Company upon vesting. The PSUs will vest after three years and at vesting the shares will be granted free of charge.

To avoid disproportionate willingness to take risk, participants in ØSP are required to invest in shares of the Company. The amount of shares that the individual member of the Executive Board is required to hold to participate in ØSP is determined in connection with each grant. The Chief Executive Officer must hold shares with a value equal to 75% of the Chief Executive Officer's annual fixed base salary, and other members of the Executive Board must hold shares with a value equal to 50% of the individual member's annual fixed base salary.

The members of the Executive Board need to fulfil at least 1/3 and 2/3 of the full shareholding requirement to be eligible for the first and second grant, respectively. Thereafter, the full shareholding requirement applies. If members of the Executive Board are prevented from buying shares in the market due to insider restrictions, the shareholding requirement is temporarily suspended until such restrictions no longer apply.

Conditional upon fulfilment of the shareholding requirement at the time of the grant of the PSUs, the individual member of the Executive Board will each year be granted a target number of PSUs representing a value of 20% of the individual member's annual fixed base salary at the time of the grant.

In case of any dividend payments from the Company before the granted PSUs have vested, each individual member of the Executive Board will be granted a number of PSUs ('Dividend PSUs') to compensate for such dividend payments. Dividend PSUs will be granted on the basis of the total number of PSUs held by each individual member of the Executive Board (including already granted Dividend PSUs). The Dividend PSUs will vest at the same time as the PSUs that they relate to.

At vesting, the number of shares to be granted to each member of the Executive Board will be determined based on the TSR of the Company compared to a number of other energy companies. The vesting factor will vary from 0% to maximum 200% of the number of PSUs granted, which means that the number of shares is capped at twice the number of PSUs and dividend PSUs granted which at the time of each initial grant corresponds to a cap of 40% of the fixed annual base salary for each individual member of the Executive Board. The Board of Directors may decide to settle the PSUs in cash.

If a member of the Executive Board leaves the Company as a "bad leaver" before the time of vesting, such member will forfeit the right to PSUs that have not vested at the termination date. If a member of the Executive Board leaves the Company as a "good leaver" before the time of vesting, such member will keep the right to PSUs already granted, which will vest in accordance with the programme.

3.3.4 Clawback

The Executive Board's incentive-based remuneration is subject to clawback in the event that (i) the circumstances and data that the remuneration was based on are erroneous and (ii) the Executive Board member knew or should have known about this. The Executive Board member must in this event repay any amount of the incentive pay received in excess of the incentive pay calculated, applying the correct data.

Notwithstanding the foregoing, shares in the Company (or cash) received due to vesting of PSUs are under the detailed terms of the ØSP subject to clawback during the first six months after vesting of the PSU's whether or not condition (ii) above is fulfilled.

Furthermore, shares in the Company (or cash) received due to vesting of PSUs may under certain circumstances set out in the detailed terms of ØSP be subject to clawback after the first six months following vesting of the PSUs.

3.4 Pension

Pension contribution to the members of the Executive Board is considered included in the fixed base salary. Each individual member of the Executive Board may decide to participate in the Company's country specific employer-operated pension scheme, which has been set up as a defined contribution scheme.

3.5 Benefits

A number of common work-related benefits are available to the members of the Executive Board, including but not limited to company car, free telephone and other devices, domestic broadband access, relevant newspapers and business magazines and insurance schemes.

Dependants of members of the Executive Board, defined as cohabiting spouse/cohabitant registered at the same address of registered residence, alternatively children under the age of 25, are furthermore guaranteed 6 months' post-service salary in aggregate in the event that the member of the Executive Board dies during the employment.

3.6 Termination

The Company is entitled to terminate the employment of a member of the Executive Board on 12 months' notice. Each member of the Executive Board is entitled to terminate the employment with the Company on 6 months' notice. As a general rule, the employment of the members of the Executive Board is not time-limited.

3.7 Severance pay

The individual members of the Executive Board are covered by a severance pay scheme providing payment of an amount equal to 12 months' fixed base salary in the event of dismissal by the Company without breach of contract by the relevant member of the Executive Board.

4. Alignment with general remuneration policy in the Ørsted Group

The remuneration of the Executive Board set out in the Remuneration Policy is aligned with the general remuneration policy applied to other employees in the Company and the Ørsted Group, who are not covered by the Remuneration Policy. Differences in remuneration occur across position types, position levels and geographies but are generally based on the principles below.

	Employees in the Company and the Ørsted Group – remuneration set out in general remuneration policy	Executive Board of Ørsted A/S – remuneration set out in Remuneration Policy
Remuneration level	Competitive but not market-leading	Competitive but not market-leading
Review of salary	Annually	Annually
Cash-based incentive scheme	Top ~10% in the Ørsted Group is enrolled as well as selected position types	Enrolled with potential upside moderately above broadly applied maximum for other eligible employees
Share-based incentive scheme	Top ~2% in the Ørsted Group is offered participation	Offered participation with potential upside moderately above broadly applied maximum for other eligible employees and significantly higher exposure to risk compared to other eligible employees

	Employees in the Company and the Ørsted Group – remuneration set out in general remuneration policy	Executive Board of Ørsted A/S – remuneration set out in Remuneration Policy
Pension	Pension contribution or equivalent offered	Included in fixed base salary
Benefits	<p>Top ~5% in the Ørsted Group is offered company car or car allowance</p> <p>+95% in the Ørsted Group is offered health insurance and minor benefits</p>	<p>Offered company car</p> <p>Offered health insurance and minor benefits</p>

5. Decision process

In accordance with the Articles of Association of the Company, the annual remuneration for the Board of Directors is to be approved at the annual general meeting of the Company each year under a separate agenda item. The approval covers the year in which the annual general meeting is held.

The Nomination & Remuneration Committee will make proposals for the remuneration of the Executive Board, which are subject to approval by the Board of Directors. This includes the annual review of fixed base salary, settlement of short-term incentive scheme for the preceding year and targets for short-term incentive scheme for the coming year. Further, the Nomination & Remuneration Committee reviews the peer group for ØSP and recommends changes, if any, to be approved by the Board of Directors.

The Remuneration Policy will be reviewed annually by the Nomination & Remuneration Committee. Any changes are to be approved by the Board of Directors and material changes shall also be approved by the general meeting of the Company. In any event, the Board of Directors shall at least every fourth year present the Remuneration Policy to the general meeting of the Company for approval.

The Board of Directors has implemented general procedures to avoid conflicts of interest on the Board of Directors or board committees.

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This Remuneration Policy has been prepared in accordance with Sections 139 and 139a of the Danish Companies Act and is available on www.ored.com.

This Remuneration Policy was approved at the annual general meeting of Ørsted A/S held on 2 March 2020. At the general meeting, 345,325,185 valid votes of 345,325,185 shares corresponding to 82.15% of the total sharecapital were cast. Of the valid votes, 343,617,155 votes were for the approval of the Remuneration Policy (corresponding to 99.51% of the total sharecapital) and 1,530,863 votes were against the approval of the Remuneration Policy. 177,167 votes were abstentions.