Green energy for the planet and its people
Building green energy holds unprecedented opportunities for positive change – for creating growth in economies, revitalising local communities, and making a net-positive contribution to biodiversity

Mads Nipper, CEO
Decarbonising our full value chain

2021 data¹ (1 kt = 1,000 tonnes of CO₂ equivalents)

Supply chain (2,099 kt in total)
Emissions primarily² come from manufacturing and transporting renewable energy components, and secondarily from mining and transporting coal, which we will phase out completely at the end of Q1 2023.

Resource extraction → Refinement → Production of goods
Steel → Cement → Transport vehicles

Construction (198 kt in total)
The main emission source is the fuel for the vessels used by our contractors to install offshore wind farms.

Energy generation (2,099 kt in total)
Emissions mainly come from burning coal at combined heat and power plants. We will phase out the use of coal at the end of Q3 2023.

Operations (30 kt in total)
Emissions mainly come from fuel used for the vessels we charter during the operation and maintenance of offshore wind farms.

Administration (65 kt in total)
Some emissions, e.g. from company cars, result directly from our daily business administration (scope 1). The majority are indirectly linked to our activities, such as the emissions from the production of the energy we buy for our own consumption (scope 2), and the goods and services we buy (scope 3).

Energy sales (15,657 kt in total)
Emissions mainly come from wholesale buying and selling of natural gas.

Renewable energy assets (5,538 kt)

Sustainability report 2021
The role of businesses is undergoing a radical shift.

Today, people across society—from customers and investors to local communities and NGOs—expect businesses to fundamentally do good, rather than only making a profit. At Ørsted, our experience is that doing good business and solving environmental and social challenges go hand in hand. We have proven this over the last decade, where our work to transform our business from a traditional fossil-intensive energy company to a green energy leader established a new business platform for us.

At COP26 in Glasgow, Scotland, in November 2021, I witnessed how businesses are becoming still more engaged in making things better. The sheer appetite from businesses across sectors to help solve the global climate crisis was striking—as was the unprecedented engagement from a wide range of societal groups, spanning companies, NGOs, investors, indigenous leaders, activists, and, not least, the younger generation, which will need to endure the consequences of the decisions we make today.

The COP26 outcomes kept the hope to avoid the catastrophic, uncontrolable, and irreversible consequences of global warming alive—but just barely. Despite some progress, national leaders fell short of making all the necessary decisions to heed the unequivocal warning from the UN’s IPCC 2021 report that, unless we take profound and immediate action, we are heading towards a global temperature increase significantly above 1.5 °C.

Rapid emissions reductions, please

We have no time to waste if we are to deliver the emissions reductions the world so desperately needs. Greater national decarbonisation pledges backed by clear action plans are urgently needed. As companies, we have tremendous responsibility and the power to help deliver the critical 1.5 °C pathway. The proliferation in corporate net-zero targets over the past three years is a positive sign and absolutely necessary. However, it is how we get to net-zero that makes the difference.

With the new Net-Zero Standard launched by the Science Based Targets initiative (SBTi), we now have a global framework and a leading standard for aligning corporate net-zero targets with climate science. The standard spells out that rapid action is needed to halve emissions before 2030 and that businesses need to start concentrating on reducing emissions rather than being overly reliant on offsets.

Taking science-aligned climate action

Since more than 73 % of global greenhouse gas emissions come from the production and use of fossil fuel-based energy, shifting to renewable energy is the most effective action that global society can take to reduce emissions and fight climate change. At Ørsted, we want to help create a world that runs entirely on green energy. We see our role as that of a core contributor and catalyst for changing the way the world is powered.

Our science-based emissions reduction targets enable us to do just that. Over the past 15 years, we have transformed from a fossil fuel-based energy company to a global leader in renewable energy. We are well on track to become carbon-neutral in our energy generation and operations (scope 1-2) by 2025, and we will see our greenhouse gas emissions intensity reduced by at least 96 % compared to 2006. In 2021, we became the first energy company in the world—and one of only seven companies globally—to have our target of reaching net-zero emissions across our full value chain (scope 1-3) by 2040 validated by the SBTi as science-based.

Our underlying carbon-reduction targets allow us to continue scaling our renewable energy business while working to decarbonise our supply chain, phase out trading in and sale of natural gas, and, in doing so, help businesses and governments realise their net-zero ambitions.

Green energy for the planet and its people

The scale of green energy needed to fight global warming is massive. Estimates by the International Renewable Energy Agency (IRENA) suggest that the installed base of renewable energy capacity will have to grow more than tenfold by 2050 to drive the decarbonisation of global energy systems. This will be a colossal undertaking impacting global ecosystems and people, both locally and throughout supply chains. If done right, we believe the green build-out holds unprecedented opportunities for positive change—opportunities to create growth in economies, revitalise local communities, and make a net-positive contribution to biodiversity.
We want to create a world that runs entirely on green energy – in a way that works for the planet and its people.
Sustainability at our core

In this section, we unfold the backbone of our sustainability work. We present our systematic approach for understanding how our business is interlinked with nature and society and for integrating the most important sustainability themes into our business. And we discuss the sustainability impacts of green energy projects, which is a topic of critical importance to our stakeholders.
Integrating sustainability throughout our business

Our approach to sustainability reflects how our business is interlinked with nature and society. In our experience, adopting a stakeholder perspective is the best way to inform and prioritise our strategic direction on sustainability.

The sustainability landscape is dynamic, with themes constantly evolving as the importance of specific challenges increases and knowledge around each theme changes. Over the years, we have developed a systematic approach for identifying sustainability themes and underlying challenges, and for integrating sustainability into our business through dedicated sustainability programmes. The illustration to the right shows the different steps of our approach.

Our strategic radar
Each year, we undertake a sustainability themes analysis to build a focused world view of strategic sustainability themes. In our experience, adopting a stakeholder perspective is the best way to understand the many complex ways our business is interlinked with society and nature.

In our analysis, we map and prioritise the sustainability themes important to them and our business. The prioritisation clearly reflects how our business is impacted by stakeholders, and how our success and long-term resilience depends on us delivering value to our stakeholders.

The illustration to the right highlights the main insights from our sustainability themes analysis in 2021, which we also elaborate on the following pages. In addition, it lays out the elements of a sustainability programme. The full results of our 2021 analysis can be found on our website, and you can read about our 2021 programme performance on pp. 38-55.

To gauge the potential impact on our business, we also assess when a theme could impact our business, the degree and type of impact it could have if not addressed adequately or quickly enough, and our ability to influence this.

The analysis provides a clear overview of the sustainability themes that we find are impacting the market dynamics of renewable energy – or will do so in the short to medium term – and our Board of Directors and Executive Committee use it to inform and prioritise Ørsted’s strategic direction on sustainability.

Our approach to working with sustainability

Mapping
We continuously engage with our stakeholders to map sustainability themes important to them and our business.

Prioritising
Once a year, we assess how each theme affects our business and stakeholders and priorities accordingly.

Anchoring
The prioritised sustainability themes are then anchored in our governance through top management review and approval.

Reporting
We publish an annual sustainability report to communicate the progress of our programmes and strategic direction.

Realising
The sustainability programmes are integrated into our daily business practices, with concrete actions for realising our desired impact.

Developing
We update our portfolio of sustainability programmes to address priority themes.

Main insights from 2021

Mapping
While green energy is paramount to limiting global warming, there are derived impacts on nature and society from manufacturing, installing, and operating green energy assets. This year, our mapping clearly revealed five key impact areas of crucial importance to our stakeholders:

• Carbon emissions in renewable energy supply chains
• Local ecosystems and biodiversity
• Circular use of natural resources
• Human rights in global supply chains
• Impacts on local communities

Explore each of these impact areas on pp. 14-15.

Prioritising
Across themes, we have identified four overall challenges:

• Taking science-aligned climate action
• Delivering green energy in balance with nature
• Ensuring a green transformation that works for people
• Building governance that enables the right decisions

These challenges define our strategic sustainability priorities. We address each challenge through our dedicated sustainability programmes to ensure we have the right governance and practices in place to continue advancing sustainability.

Learn more on pp. 18-19 and throughout the report.

Developing
We have updated our programme portfolio to reflect the results of our 2021 analysis and changes to our business. We added two dedicated programmes to address the impacts of extracting minerals and metals and to strengthen our efforts on human rights in global supply chains.

Each programme consists of the following components:

• Understanding the key challenges within the theme
• Targets and indicators
• Concrete actions towards targets
• Governance structure and policies
• Continued reporting on progress
• Defined desired impact on SDGs

Learn about our 10 programmes on pp. 38-55.
The sustainability impacts of green energy projects

Our sustainability themes analysis has identified five impact areas of critical importance to our stakeholders that we need to take into consideration when building green energy assets. Through our strategic priorities, we seek to advance our approach to each of these. If managed right, we can deliver tangible sustainability benefits from the green energy transition far beyond generating zero-emissions energy.

Carbon emissions in renewable energy supply chains
From a life cycle perspective, wind energy emits 99% less greenhouse gas emissions than coal power. Yet, there are still emissions tied to the manufacturing and transportation of components for green energy assets, meaning that scaling green energy will increase the total supply chain emissions from renewables. In order to maximise the climate benefits of green energy and ensure that the energy industry delivers the carbon reductions needed to align with the 1.5 °C pathway, everyone in the industry has to play their part to reduce their emissions across scope 1-3.

Learn how we are working to reduce our supply chain emissions on pp. 22-27 and 43.

Human rights in global supply chains
The acceleration of the green energy build-out risks adversely impacting people throughout supply chains, specifically those in regions and industries where regulations are weak and the implementation of local legislation is defective. Migrant workers are a particularly vulnerable stakeholder group in relation to hiring practices and general working conditions – with risks including poor living conditions, insufficient wage levels, excessive working hours, poor health and safety practices, and recruitment practices that create forced labour situations.

Learn how we are managing potential impacts on human rights in our global supply chains on pp. 34-35, 50, and 53.

Impacts on local communities
In addition to transforming our energy systems, green energy projects have the potential to revitalise local communities at dramatic scale. Over the next decade, renewable energy structures will become a part of many local communities. To ensure a just green transition, each project must be built in balance with the needs and expectations of these communities. Expectations vary, especially depending on geographies, but they often revolve around economic development opportunities, improved community health, and educational opportunities.

See how we are strengthening our approach to creating shared benefits with local communities on pp. 34-35 and 49.

Local ecosystems and biodiversity
Constructing and operating green energy assets can impact the local environment wherever they are built. Such impacts can either be temporary, such as the noise from offshore piling, which can disturb marine mammals, or they can be permanent, such as foundations and cables that can affect the seabed and existing underwater habitats. If not managed correctly, there is a risk of negatively impacting biodiversity and local ecosystems wherever green energy assets are built.

See how we take action to ensure our energy projects contribute positively to nature on pp. 28-33 and 45.

Circular use of natural resources
Building green energy assets at the scale and speed required by the middle of the century risks increasing pressure on natural resources, including those that are already scarce. This will be driven by increased water usage and the mining and processing of minerals, metals, and raw materials used in the development of renewable assets. As a result, scarcity bottlenecks may occur, and the risk of impacting local natural environments during mining could only increase. If not handled with care, the green build-out can disturb habitats and deplete vital natural resources.

Discover how we are working to build a circular approach to resource usage on p. 46.
In this section, we outline our strategic sustainability priorities for accelerating a green build-out that works for the planet and its people. We elaborate on our decarbonisation journey and efforts to reduce supply chain emissions, our ambition to deliver a net-positive biodiversity impact from all new renewable energy projects from 2030 at the latest, and the role our company should play in driving a build-out of green energy that works for people.
Green energy for the planet and its people

Science-aligned climate action

Challenge
The world is still not on track to deliver the carbon reductions needed to keep global warming below 1.5 °C. Science tells us that this is the limit to avoid the catastrophic and uncontrollable consequences of climate change.

Aspiration
By scaling our green energy business while delivering science-aligned carbon reductions, we enable and inspire others to take science-aligned climate action.

Programmes
1. Decarbonisation of energy generation and operations
2. Decarbonisation of supply chain and wholesale buying and selling of natural gas
3. Deployment of offshore wind and onshore renewables
4. Greener combined heat and power plants
5. Integrated and reliable energy systems

Green energy in balance with nature

Challenge
Nature, and its variety of species and habitats, regulates the well-being of our planet, and it is in crisis. Building green energy is a lifeline for nature – but it also involves environmental impacts that we need to manage.

Aspiration
We want to lead a build-out of green energy where each energy project contributes positively to a thriving nature.

Programmes
6. Biodiversity
7. Circular resource use
8. Minerals and metals
9. Sustainable biomass

A green transformation that works for people

Challenge
The green transformation will involve and impact the lives of millions of people across supply chains and local communities, as well as the employees working to make it happen.

Aspiration
We want to lead a build-out of green energy that is inclusive and enabling, with the ability to create local benefits.

Programmes
10. Local communities
11. Human rights
12. Inclusion of diversity
13. Employee safety, health, and well-being
14. Employee development and satisfaction

Governance that enables the right decisions

Challenge
To make business a force for good, all decisions and processes across the organisation need to pull in the same direction. This requires carefully considered business governance.

Aspiration
We want sustainability and integrity to be integrated into processes and decision-making across the organisation.

Programmes
15. Responsible business partners
16. Good business conduct
17. Responsible tax practice
18. Sustainable finance
19. Information and cyber security

Accelerating the global build-out of green energy is the most important thing we can do to limit climate change. At Ørsted, our vision is to help build a world that runs entirely on green energy, and our aspiration is to become the world’s leading green energy major by 2030. But we have to deliver the accelerated build-out in a way that works for the planet and its people. Our sustainability priorities have been selected to ensure exactly that.
Ørsted is the first energy company in the world to have its net-zero target validated as ‘science-based’ by the Science Based Targets initiative (SBTi). By 2040, we aim to have net-zero emissions across our entire value chain. With plans already in place for phasing out fossil fuels from our energy generation, operations, and sales, the main challenge now is reducing our supply chain emissions.

Since 2000, we have reduced our scope 1-2 emissions intensity by 87%. To drive emissions down further, we will close our remaining coal-based unit at Studstrup Power Station at the end of Q1 2022, and our only remaining coal-based CHP plant, Esbjerg Power Station, will close at the end of Q1 2023 at the latest. We have implemented a systematic approach for reducing emissions from our offshore logistics through efficiency initiatives, including route optimisations and sailing at fuel-saving speeds. At the same time, we continue to push for the use of renewable energy through optimised vessel designs. Most recently in Grimsby, we inaugurated a state-of-the-art hybrid service operation vessel with batteries installed to reduce fuel consumption. We cover 100% of our own power consumption with green certificates, mainly from our offshore wind farms, and we are on track to meet our target of a 100% electric car fleet by 2025. In addition, we are exploring ways to further reduce emissions from the remaining gas use at our power plants.

The next frontier for us is to decarbonise our full value chain, and our target is to have net-zero emissions by 2040. In October 2021, SBTi launched its Corporate Net-Zero Standard, which provides a credible and independent assessment of whether companies with net-zero targets align their near- and long-term climate action with limiting global warming to 1.5 °C. We are proud that in 2021, Ørsted became the first energy company – and one of only seven companies worldwide – to have our target of reaching net-zero emissions across our full value chain (scope 1-3) by 2040 approved by the SBTi. This is a decade earlier than the global target for net-zero emissions required by climate science to limit global warming to 1.5 °C – and has since been defined by the SBTi as the general requirement for any energy company.

Climate change remains the defining challenge of our era. Since the beginning of the industrial age, global greenhouse gases have skyrocketed, and despite repeated and profound warnings from climate scientists, the global community has yet to manage to break the trend of rising emissions.

With fossil fuels being the major contributor to global warming, the renewable energy industry holds the key to science-aligned climate action. At Ørsted, we have transformed from one of Europe’s most fossil-fuel- and carbon-intensive energy companies to a global leader in renewable energy, undertaking the fastest decarbonisation journey of any energy company in the world.

As a result, we are on track to meet our industry-leading emissions reduction targets and become carbon-neutral in 2025 in our energy generation and operations (scope 1-2). We will see our greenhouse gas emissions intensity reduced by at least 98% compared to 2006 – the equivalent of <10 g CO₂e/kWh – and residual emissions will be offset through high-quality projects that are certified to remove carbon from the atmosphere. One such project is our mangrove conservation and reforestation project in Gambia, which will benefit local communities and wildlife. We will support the Gambian government, local NGOs and local communities in the implementation of the project.
Achieving net-zero supply chains

Supply chain decarbonisation is the main challenge of meeting our net-zero target for 2040. And the challenge is twofold. Firstly, we have limited influence on those emissions as they come from our suppliers, our suppliers’ suppliers, and so on. Secondly, the emissions are linked to sectors that are hard to abate, such as offshore logistics, steel, and other heavy manufacturing sectors. Therefore, our success depends on succeeding with others. In the realm of decarbonisation, there are no competitors, only partners.

Working strategically to decarbonise our supply chain

Through our supply chain decarbonisation programme, we engage with our strategic suppliers, who account for more than 65% of our total procurement spend. We work with suppliers across our offshore and on-shore portfolios of wind and solar assets, and we primarily focus on our offshore wind supply chain as offshore wind is currently our largest business area and the source of most of our supply chain emissions. We have three main focus areas, and this year we have made significant progress across all three.

- Disclose emissions and set science-based targets
- Use 100% green electricity in the manufacturing of wind turbines, foundations, cables, and substations.
- Optimise vessel fleets and develop road maps to power vessels with renewable energy.

Disclose emissions and set science-based targets

Developing a baseline for emissions across scope 1, 2, and 3 is a prerequisite for informed target setting and action planning. Since the launch of our programme in early 2020, our suppliers have strengthened their reporting of emissions data; in 2021, 97% of our strategic suppliers disclosed their emissions data to the CDP, and 26% had either set or committed to set a science-based emissions reduction target. Prior to the launch of the programme, only 36% reported to the CDP, and no one had set a science-based emissions reduction target.

- The towers at our wind farm Walney Extension in the UK are 120 metres high, and the 51 wind turbines generate enough power for 330,000 homes. The towers are installed with the help of a crane on the jack-up vessel and the hands-on help of several wind technicians standing by on the transition piece.
Establishing good accounting practices is a journey and can be continuously refined. Supplier data is often of uneven and inadequate quality. That is why we use the CDP supply chain programme as a tool to help disclose emissions in a uniform and standardised way across the industry. We are also in dialogue with supplier HQSE managers on improving data quality.

To track emissions performance across our supply chain towards 2040, we are currently developing a ‘levelised CO2’ model. The model will enable us to track our performance by combining supplier CDP data with generic carbon data from life cycle analyses of offshore wind farm components.

**Use 100% green electricity**

Green electricity is a readily available solution for reducing emissions. We have set the clear expectation for our strategic suppliers to use 100% green electricity in the manufacture of wind turbines, foundations, cables, substations, and other components by 2025.

There are different ways of covering your electricity consumption with green electricity, which, in turn, have different climate effects. These solutions range from generic green electricity certificates from renewable assets in operation to solutions that clearly contribute to realising new green electricity capacity, such as smaller on-site green electricity assets or power purchase agreements (PPAs) tied to green energy projects, whose realisation depends on securing financing. Therefore, we have introduced green electricity guidelines to clarify what we expect from suppliers in 2025, as well as our expectations to current engagements.

**Optimise vessel fleets and develop road maps to power vessels with renewable energy**

We rely on breakthrough technologies for most of our supply chain emissions, especially for offshore logistics and steel. Steel manufacturing happens further down our supply chain, and we therefore take additional measures to find solutions to this challenge. See the following page for more details.

Within offshore logistics, we ask our suppliers to develop road maps to transition to green energy. More short-term solutions include optimising transport routes and using sustainable biofuels. We have established sustainability criteria for the biofuels we source, which we have shared with our suppliers to inspire their work. Not all biofuels are equally sustainable, and, from a life-cycle perspective, fuels from crop feedstocks carry the risk of indirect land use changes and low greenhouse gas (GHG) savings. For this reason, our sustainability guidelines prioritise certified sustainable biofuels produced from waste feedstocks that also meet relevant thresholds for GHG savings.

In addition, we joined the Getting to Zero Coalition to collaborate across sectors on advancing commercially viable net zero emissions vessels by 2030. It is a strategic focus area for us to build a global leadership position in renewable hydrogen and green fuels, which are key to decarbonising vessels and heavy manufacturing, and we already have a pipeline of projects that we will deliver with key partners to accelerate this.

On the following pages, you can explore how we address emissions challenges together with some of our key strategic suppliers.

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**Our road map to net-zero steel**

At Ørsted, steel accounts for nearly half of the life cycle emissions from our offshore wind farms, which is why it remains a key focus of our decarbonisation efforts towards net-zero by 2040 – even though our steel production occurs further out in our supply chain. In 2021, we developed a systematic road map with three strategic areas of action to help accelerate a transition to green steel.

1. To lower emissions from production, we currently encourage steel suppliers to pursue incremental efficiencies, e.g. through more efficient processes and/or reducing the share of coke. In 2022, we will also be collecting emissions intensity data to document the effects. According to the World Economic Forum’s Net-Zero Steel Initiative, incremental efficiencies can bring about 15-20% emissions reductions.

2. In the medium term towards the 2030s, we are leveraging our expertise in designing offshore wind foundations to integrate circular approaches. Over the years, we have reduced the amount of steel used in our foundations, and in 2022, we will assess options for further circular leviers across the life cycle.

3. Reaching net-zero steel in the long term relies on breakthrough technologies. According to the Net-Zero Steel Initiative, breakthrough technologies such as renewable hydrogen and green electricity in production have the potential to realize up to 99% of emissions reductions in the long term.

We are helping to pave the way for a scale-up of breakthrough technologies like renewable hydrogen. Since steel is such a critical part of many sectors’ supply chains, we are leading cross-sector efforts to create early market demand for these technologies as founding members of the Climate Group’s SteelZero initiative and the World Economic Forum’s First Movers Coalition. We have also committed to procuring 100% net-zero steel by 2040, and 50% from suppliers with SBTi targets or low-carbon technologies by 2030. In addition, we have an interim commitment to make at least 10% of the volume of all steel procured per year have near-zero emissions by 2030. Finally, we want to grow our current pipeline of projects within renewable hydrogen through ambitious partnerships on breakthrough technologies.

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**Strategic actions to net-zero steel**

**Current emissions**

**20%**

Up to 20% CO₂ reduction through use of incremental efficiencies

**1 billion**

tonnes of CO₂ saved per year when using circular approaches

**99%**

Up to 99% CO₂ reduction through use of break-through technologies

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1. Net-Zero Steel (2021)
2. Ellen MacArthur (2021): Completing the picture: How the circular economy tackles climate change
Decarbonising renewable energy supply chains is a challenge no company can solve by itself. For any company, the journey starts with a clear overview of your emissions and with developing an understanding of what it will take to get to net-zero. At Ørsted, we firmly believe that collaboration inside and outside the energy industry is the key to success. We caught up with three of our strategic suppliers to get their perspectives on supply chain decarbonisation.

What’s the biggest challenge you face, and how are you addressing it?
We produce wind turbines, and when it comes to decarbonisation, our biggest challenge is the manufacturing of the wind turbines themselves. Steel makes up most of the tower and is used in other components, too, fully decarbonised steel would halve the carbon footprint of a wind turbine.

When you’re facing a big challenge, you need a target, and in 2021, we moved our net-zero emissions target forward by a decade, with an aim to reach net-zero by 2040 instead of 2050. One reason for this was our engagement with Ørsted. It’s very important for us to meet the expectations of our customers, not just in terms of the product, but in terms of sustainability across our entire value chain.

Of course, targets are nothing without actions. Our aim is to develop steel based on renewable hydrogen and green electricity, thereby eliminating carbon emissions. We see early signs that this can be done, but it needs to be proven on a commercial scale.

How do you collaborate with others to achieve your decarbonisation goals?
Most importantly, we collaborate with our suppliers, and our approach draws on Ørsted’s supply chain decarbonisation programme. With each commodity, we’re introducing sustainability-oriented measures to drive the transition towards decarbonisation. And we’re asking 30% of our supply chain by spend to set science-based targets across all our activities and cover scope 1, 2, and 3.

Looking at it more broadly, I think that collaboration between companies and governments is critical. In particular, it would be great to see decarbonisation as a criterion in renewable energy auctions so that those who’re investing in decarbonisation solutions aren’t losing out because of a potential impact on the price.

Van Oord Offshore Wind
Theo De Lange, Director

We must all embed sustainability in our procurement processes

What’s the biggest challenge you face?
We’re a steel contractor, and we specialise in producing offshore structures. For Ørsted, we supply monopiles, which are the foundations securing wind turbines to the ocean floor. So, we’re literally the foundation of the transition.

What will help you decarbonise?
Not many people realise this, but the green transformation is going to be an industrial effort beyond belief. Renewable energy structures don’t come from nowhere. It’s industrial work; it involves drilling, casting, cutting, and bending.

All this industry requires a lot of energy, which currently comes from fossil fuels. The furnaces that make the steel we buy, for instance, require more energy than it takes to power the city of Düsseldorf. And steel is a necessary part of the transition. Still, we must all do everything we can to make the transition as green as possible.

What’s needed for you to reach your goals?
Firstly, we need to find synergies between companies. For example, we help build offshore wind farms for Ørsted who can use the electricity to produce green methanol, which can be used as fuel for our ships.

Secondly, we all need to embed sustainability criteria in our procurement processes. In 2020, we introduced an emissions reduction programme for our 100 largest suppliers asking them to report their emissions, and we’re making that reporting part of our tendering requirements. If our suppliers don’t report their emissions and set targets, they run the risk of losing us as their customer.

Finally, we hope that governments and our customers will do the same and embed decarbonisation criteria in tenders so that we can be rewarded for the investments we’re making for a greener future.

Bladt Industries
Anders See-Jensen, CEO

Low-cost green steel requires everyone to step up

What’s the biggest challenge you face?
We’re a steel contractor, and we specialise in producing offshore structures. For Ørsted, we supply monopiles, which are the foundations securing wind turbines to the ocean floor. So, we’re literally the foundation of the transition.

What will help you decarbonise?
There’s some low-hanging fruit for Bladt. For example, last year we switched to using only green electricity. We hope that Ørsted’s supply chain decarbonisation programme will help us continue on our journey. It’s always good to have a partner who both points the way and kicks you in the behind occasionally, giving you the motivation to continue your efforts.

Ultimately, though, most of our emissions are linked to the steel we procure. As a sub-supplier in an industry under extreme pressure, our manoeuvring space is relatively limited as we lack cost-competitive solutions for green steel. To push this agenda forward, we need action from the wider industry. What we can do is raise awareness of what’s possible. We talk to our suppliers about the potential for producing green steel, for example, and we explain our ambitions.
Building renewables in harmony with nature

The global build-out of green energy must enhance biodiversity in habitats and among wildlife instead of diminishing it. Our ambition is to deliver a net-positive biodiversity impact from all new renewable energy projects we commission from 2030 at the latest.

Climate change is projected to be the biggest driver of biodiversity loss in the coming decade. Already, the variety of life found on land and at sea is facing extreme threat, with many species extinct or endangered. Over the past 50 years, rapid population growth, human consumption, and associated activities such as deforestation, overfishing, and pollution have caused biodiversity and ecosystems to degrade more rapidly than at any other time in human history.

Biodiversity supports all forms of life on our planet, and we have a fundamental responsibility to protect it. As we move to accelerate the global build-out of green energy to limit global warming to 1.5 °C, our work must enhance biodiversity in habitats and among wildlife instead of diminishing it. To ensure that our planet continues to be a healthy home for future generations, we need to take decisive action on both climate and nature.

Towards a net-positive impact on biodiversity

At Ørsted, we are leveraging our experience to achieve our industry-leading goal of ensuring that all renewable energy projects have a net-positive impact on biodiversity. We have already started this process, and our ambition is to guarantee a net-positive impact from every new asset we commission from 2030 at the latest.

With some of the renewable industry’s most experienced environmental specialists on our team, our approach is always to avoid, mitigate, and address the potential biodiversity impacts of our projects. With the net-positive biodiversity ambition that we set in 2021, we are raising the bar further and are exploring new territory. We do not yet have all the answers on how to deliver on this ambition, but we know first-hand that ambitious, public commitments serve to motivate and spur action – both from us and from the wider industry.

We have already undertaken several biodiversity initiatives, providing us with experience to build on as we start to systematically implement initiatives that support our journey towards an overall net-positive contribution to natural ecosystems, habitats, and species in and around all our new renewable energy projects. To honour our commitment, we have established a dedicated and cross-organisational programme. See the following page for more details.
Oceans as mitigators of climate change

Ocean-based infrastructure plays a critical role in all paths to a net-zero world. Since the current scale of biodiversity loss is weakening the ocean’s vital ability to act as a global climate regulator and life source for coastal communities, halting the loss of marine biodiversity is particularly urgent. To limit global warming to 1.5°C, we need to improve the health of our oceans.

As we embark on this journey, we need to appreciate the complexity of the road ahead and how biodiversity intersects with other ocean-related sustainability challenges. In most scenarios, reaching net-zero emissions, improving food security, and creating shared prosperity involves increasing the use of marine space, which can create additional environmental pressure on the ocean if not managed properly. We must take sufficient measures to protect and restore the health of our ocean if it is to deliver on its potential to mitigate climate change.

As a global community, how do we ensure that increased use of the ocean and increased protection of biodiversity are mutually supportive rather than mutually exclusive? Solving this requires a renewed approach that supports holistic planning of the different uses of the ocean. This approach needs to be based on multi-stakeholder engagement and driven by increased collaboration between ocean actors, including fisheries, shipping, energy, local communities, nations, NGOs, and international organisations. Ørsted is actively engaged in these efforts through initiatives such as the UN Global Compact Ocean Stewardship Coalition and Ocean 100.

It is critical that we solve the challenge of marine spatial planning and develop industry-wide, standardised approaches for measuring biodiversity impacts on offshore environments where it is so hard to establish a baseline.

Combining our expertise

Without concerted effort, global biodiversity will come under even greater pressure until it is no longer able to sustain itself – or us. At Ørsted, we remain optimistic that setting bold ambitions for net-positive biodiversity impacts is an important first step in making material progress. We will likely make mistakes along the way as we learn, but if we make ambitious commitments, innovate together, and move quickly, we are convinced that we can improve biodiversity and restore balance between human activity and nature.
On the front lines of biodiversity

We caught up with passionate biologist Birte Hansen – one of our experienced in-house environmental specialists – to better understand the importance of biodiversity initiatives in offshore wind projects.

Hi, Birte. What led you into the world of biology? Growing up on a farm in Northern Jutland, I was always out in nature – and loved it. By the age of ten, I could name all the plants in Denmark. As a teenager, I even spent all my pocket money on memberships to WWF and Greenpeace. So, I decided to study biology and landscape management at university, and afterwards I joined a consultancy firm focused on EU nature conservation directives and getting countries up to speed on the topic. When I joined Ørsted in 2007, offshore wind was still an up-and-coming technology, and we were focused on making it a competitive source of energy. We didn’t pay much attention to the many opportunities to support marine life. Since then, a lot has happened with the way nature is valued in our assets.

You’ve experienced our biodiversity journey first-hand. How has it changed?

When I first started, our industry was more reactive than proactive on biodiversity and nature conservation matters. Fortunately, our mindsets have changed since then, but the biodiversity challenges we face have stayed the same for many years.

When we build offshore wind farms, we must attempt to avoid areas where birds, fish, or marine mammals are either feeding or resting, or at the very least find ways to mitigate our impacts. In my department, we perform environmental impact assessments to identify locations with no environmental obstacles, but over the years, we’ve increasingly been finding solutions that can positively stimulate local ecosystems.

I first experienced this approach at our Danish wind farm near the island of Anholt in 2012, where we solved a technical problem with artificial reefs. The site had large boulders scattered on the seabed, which made it difficult for us to place the foundations and cables for our wind turbines. The authorities wouldn’t allow us to relocate the boulders outside the wind farm area due to principles of conservation, so we came up with the idea of stacking the boulders together in piles to create reef-like structures. This became an important example of biodiversity efforts adding value to our projects.

On artificial reefs – have other authorities been receptive to these kinds of innovations?

Yes, many – in fact, many authorities stipulate them in permits, as in the case of the artificial reefs we constructed at our offshore wind farm Borssele 1 & 2 in the Netherlands. This was the first offshore wind project in our portfolio where ecological enhancement was an obligation built into the permit by the Dutch government. It really forced us, as a developer, to rethink parts of our solution with nature in mind. I believe that including such requirements in permits is a powerful tool for governments to achieve positive impact – both in the oceans and on land.

The learnings from Anholt and Borssele are invaluable for our journey towards net-positive impacts.

How exactly do these reefs support local biodiversity?

At our Borssele 1 & 2 Offshore Wind Farm, we’ve decided to focus on improving habitat conditions for the Atlantic cod, since its declining in population and is at the same time an “umbrella species” – meaning that its presence benefits other species in the local ecosystem. The reefs are made from pipes to allow cod to hide and shelter. These pipes are all sourced locally – in fact, they’re faulty plumbing pipes which would otherwise have been thrown away. So, there’s also an element of circular resource use to the project.

We’re collaborating with Wageningen Marine Research in the Netherlands, who’s responsible for monitoring the cod and measuring the effect the project has on biodiversity. The data collected will be made publicly available so that others may learn from our findings on building with nature. Knowledge sharing is critical in the fight against climate change and biodiversity loss.

We’ve gained valuable experience and learnings from the cod pipe reefs installed at Borssele 1 & 2, which we now use to feed into new initiatives and ultimately support our journey towards an overall net-positive contribution to natural ecosystems, habitats, and species in and around all of our new renewable energy projects.

What more can be done to help solve the biodiversity crisis?

Nature certainly is in crisis, with huge amounts of biodiversity being lost, but I believe we can still do something about the core issues.

While our thinking on biodiversity at Ørsted has radically progressed, the renewable energy industry can’t solve these issues alone. To ensure the positive impacts on biodiversity that we so urgently need, governments and other regulators must create conditions that support the development of biodiversity initiatives. This can be done through legal requirements and funding, and by making ecological enhancement a clear criterion in tenders or permits.

To me, Ørsted is on the right track. We’re taking important steps in our work with biodiversity, and more and more of our projects across the globe are starting to include such initiatives. So, I’m optimistic about the future of our nature.
Driving a just, local, and enabling transition

Green energy must work for the many, not the few. To succeed in building a world that runs entirely on green energy, we must lead an energy build-out that benefits people.

To date, global climate action has mainly focused on lowering carbon emissions and developing new green technologies. Yet, climate action also concerns people. It is about empowering people to take part in shaping a greener tomorrow, and it is about strengthening the resilience of local communities.

Towards 2030, the energy sector will need a much bigger workforce, supply chains will expand to more parts of the world, and renewable energy structures will become part of many local communities. Unless we drive a build-out that works for people, we will not be able to source critical skills, accelerate the transformation through our supply chains, or create the shared benefits necessary to forge stronger, more resilient communities. Done right, the build-out of renewable energy can be a force for good, with the power to fundamentally reshape how our societies look and operate.

We understand how the green energy transformation impacts people

We already have sustainability programmes in place to safeguard the people we work with. Our safety standards are well-developed and remain a key priority for us, as we are adamantly about our employees’ health and well-being, and our Responsible Business Partner team does rigorous due diligence to ensure that human rights are respected across our supply chain. Yet, to fulfi...
Building a culture where we can all thrive

As a global organisation, we know talent is diverse by nature. Different perspectives are key to finding solutions to complex global challenges. Ørsted IN – our employee-driven inclusion networks – plays an instrumental role in building a culture where it is both encouraged and safe for everyone to speak up and bring their whole self to work.

Achieving diversity in an organisation is difficult, especially in industries that have traditionally attracted and hired employees belonging to certain demographics. And if you have a diverse organisation, it will only last and bring value if you also have a culture that is inclusive of that diversity – so that everyone, no matter their background or demographics, can contribute, thrive, perform, and grow.

At Ørsted, our employees are a key driver in building a culture that supports exactly that. In 2016, a small women’s networking group developed into our first employee-driven inclusion network. Since then, the Ørsted IN networks have significantly bolstered our inclusion work. Today, there are globally connected regional networks addressing gender, LGBTQ+, disability, and race & ethnicity. With over 1,000 active participants and sponsorship from senior leaders, they contribute to making diversity a company-wide dialogue.

In 2021, we were corporate partners to WorldPride Copenhagen, and during the week, we celebrated by putting spotlight on the values and challenges of inclusion. We had an internal virtual conversation where we asked our LGBTQ+ networks to share their experiences of inclusivity at Ørsted. Here is what four representatives had to say about what they feel is working, and where we still have work to do.

Learn more about our wider inclusion of diversity efforts on pp. 50-51.

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David King (He/Him)
Lead Environment & Consents Specialist, UK, nine years at Ørsted

Analysis of diversity data is a crucial next step

While I’ve never been openly discriminated against at Ørsted, I’ve felt significant anxiety around how colleagues might respond to who I really am. There was little visibility around inclusion when I joined, and without those signals, you hold back elements of your life. For me, that’s really improved in the last couple of years, and it’s lovely to see senior leaders saying, “This is important.”

Yet, it’s a learning journey. We need to better understand who our workforce community is. Through collection and analysis of anonymous diversity data, we can tell if we’re representative of the communities we operate in, which groups represent the majority, and which might be under-represented. Crucially, it can tell us if our initiatives have impact and aid our understanding of where further action is needed.

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Max Cohen (He/Him)
Market Analyst, North America, one year at Ørsted

This isn’t just a social club – we’re here to make real changes

I’ve had a positive experience at Ørsted from the get-go. I talked about my husband on my first calls with colleagues, and no one batted an eyelash; it wasn’t an issue. Just as I was wondering if there was an LGBTQ+ group, the Ørsted IN initiative launched. It really helped me establish a sense of community and meet colleagues I wouldn’t otherwise have interacted with.

While I’ve never been openly discriminated against at Ørsted, I kept playing out scenarios in my head in case the question of partners ever came up – trying to respond to – regional challenges.

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Caitlin Tze-Yin Chen (She/Her)
User Experience Designer, Malaysia, one and half years at Ørsted

We have a responsibility to practise the values we want to see

I’m heartened and inspired to hear other Ørsted employees say they’ve seen a progressive shift towards a culture that actively engages and practises LGBTQ+ inclusion. It does make a real positive difference to host events which encourage people to be curious, open-minded, and think about these things more deeply – especially in a place like Malaysia, where anti-LGBTQ+ sentiment is still so prevalent.

Ørsted’s commitment to inclusivity adds another layer of meaning to a company involved in green energy and sustainability. The culture we create internally should be a reflection of the values we hope to preserve and practise in the world. While progress has been made, it will be increasingly challenging to continue efforts to practise inclusivity in a meaningful way as Ørsted grows as a global organisation.

---

Alice Vallienne (She/Her)
Senior Business Developer, Denmark, three and half years at Ørsted

‘Onlyness’ at work can be a tremendous strength

As the only woman in my team, I was nervous to share another layer of my diversity when I first joined Ørsted. I kept playing out scenarios in my head in case the question of partners ever came up – trying to work out how to handle it, how to deflect it. Constantly thinking like that creates anxiety; you can’t focus fully on work because you’re always worrying.

But it’s not just a social club, we want to have a real impact on recruitment, retention, benefits, and employee engagement. Intersectionality will be key to that – we need to ensure the conversation isn’t dominated by cis-gender, white, or male voices, even in the LGBTQ+ groups. To that end, the LGBTQ+ group is working with the Race & Ethnicity group to think harder about how we can help Ørsted recruit a more diverse set of colleagues. The North America team is growing rapidly, so we want to now determine the office culture for years to come. We can’t miss that opportunity.

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Our progress across sustainability programmes

In this section, we outline our progress across all of our 19 sustainability programmes, which help us advance towards our four strategic sustainability priorities. We present a dashboard of our key performance indicators and lay out the components of each of our programmes.
Overview of our programme performance

Here, you can see how we progress on our main performance indicators in our 19 programmes across four categories – climate, nature, people, and governance.

Science-aligned climate action

Programme 1
Decarbonisation of energy generation and operations
- Reduction in GHG intensity (scope 1-2) (% reduction in CO₂eq/kWh, base year 2006)
  - 87.9% in 2020, target 98%
- We reduce emissions across our energy generation and operations to become carbon neutral in scope 1 and 2 by 2023, with a target of reducing our emissions intensity by at least 98%.

Programme 2
Decarbonisation of our supply chain and wholesale buying and selling of natural gas
- Reduction in carbon emissions (scope 3) (% reduction in MTCO₂e, base year 2018)
  - 13% in 2020, target 50%
- We reduce emissions from our supply chain and from wholesale buying and selling of natural gas to achieve net-zero across all scopes by 2043.

Programme 3
Deployment of offshore wind and onshore renewables
- Installed offshore and onshore capacity (GW) – excl. hydrogen and green fuels
  - 20.6 GW in 2020, target 50 GW
- We deploy offshore and onshore renewable energy technologies globally, including wind and solar PV.

Green energy in balance with nature

Programme 4
Green combined heat and power plants
- Coal consumption (million tonnes)
  - 0.6 in 2020, target 0
- 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.

Programme 5
Integrated and reliable energy systems
- Build a global leadership position in renewable hydrogen and green fuels.
- We support new technologies that can help balance supply and demand of green energy and that use green energy to decarbonize industry.

Programme 6
Circular resource use
- Total amount of waste diverted from disposal (%)
  - 82 in 2020, target 100%
- We work to reduce, reuse, and recycle waste materials where possible and have introduced a ban on the landfilling of wind turbine blades.

Programme 7
Minerals and metals
- We have mapped and identified critical elements, silicon, tellurium.

Programme 8

Programme 9
Certified sustainable biomass
- We have an ongoing target of only using certified sustainable biomass at our CHP plants.

Programme 10
Sustainable biomass
- Certified sustainable wooden biomass sourced (%) 100% in 2020, target 100%

Programme 11
Local communities
- Based on frequent engagement with our local stakeholders, we strive to deliver our local initiatives to the needs of local communities, including community benefit funds, apprenticeships and scholarships, and local supplier development.
- We want to develop our renewable energy projects so that they create benefits for local communities and address community concerns and expectations.

Programme 12
Inclusion of diversity
- Gender balance in total workforce (%)
  - 50.2% in 2020, target 49%
- We promote, encourage, and advocate for a culture where different perspectives are valued and leveraged, and where it is safe to speak up.

Programme 13
Employee safety, health, and well-being
- Total recordable injury rate (TRIR) per million hours worked
  - 3.6 in 2020, target 2.5
- We are committed to creating a healthy, safe, and inclusive workplace and promoting a sustainable approach to the working lives of our employees.

Programme 14
Employee development and satisfaction
- Employee satisfaction (index 0-100)
  - 77 in 2020, target 80%
- We promote, engage, and advocate for a culture where different perspectives are valued and leveraged, and where it is safe to speak up.

Programme 15
Responsible business partners
- Risk screenings on all sourcing contracts above DKK 3 million and assessments conducted (number)
  - 100% in 2020, target 90%
- We conduct responsible sourcing, ensuring that, no later than 2030, all new commissioned projects must have a net-positive biodiversity impact.

Programme 16
Good business conduct
- We want to ensure that human rights are respected in our own operations, by our suppliers, and by our joint venture partners.

Programme 17
Sustainable finance
- Global corporate income tax paid (DKK billion)
  - 1.4 in 2020, target 0%
- We are transparent in our tax reporting and voluntarily disclose country-specific information about our tax position in our annual report.

Programme 18
Information and cyber security
- We carry out ongoing, global security communication on secure behaviour in the workplace.

Programme 19

A green transformation that works for people

Certified sustainable wooden biomass
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Science-aligned climate action

The world urgently needs to deliver carbon reductions to keep global warming within 1.5°C Celsius – the limit required to avoid the catastrophic and uncontrollable consequences of climate change.

The following five sustainability programmes address the challenges we are tackling to get there. By scaling our green energy business while delivering carbon reductions, we enable and inspire others to take science-aligned climate action.

Globally, we are the first energy company to have our 2040 net-zero target and underlying reduction targets for scope 1-3 approved as ‘science-based’ by the Science Based Targets initiative (SBTi).

Programmes
1. Decarbonisation of energy generation and operations
2. Decarbonisation of supply chain and wholesale buying and selling of natural gas
3. Deployment of offshore wind and onshore renewables
4. Greener combined heat and power plants
5. Integrated and reliable energy systems

You can find the full programme reporting on our website. For further information on our underlying data for programme targets and indicators, please see our ESG performance report 2021, pp. 13, 19-23.

1. Decarbonisation of energy generation and operations

Sustainability challenge
Science-aligned climate action and energy efficiency
Since 73 % of global greenhouse gas emissions come from the production and use of fossil fuel-based energy, decarbonising energy generation and improving energy efficiency are the most important actions for limiting climate change.

Our approach
We have set a science-based target of reducing the emissions intensity in our energy generation and operations with at least 88 % from 2006 to become a carbon-neutral company in 2025. This covers emissions from generating heat and power and our operations, including the vessels servicing our wind farms, our vehicles, and our sites (scope 1 and 2). We will offset any residual emissions through carbon removal projects to become carbon-neutral in 2025.

Our progress
• We have reached the GHG intensity of our energy generation and operations by 87 % since 2006 to 58 g CO2e/kWh in 2021. We are on track to reach our target of at least 98 % reduction by 2025.
• We no longer buy or lease fossil-fuelled cars, and by 2025, our entire vehicle fleet, including site and operational vehicles, will be fully electric. Currently, we have a 41 % share of electric vehicles (including plug-in hybrids) in our fleet.
• We cover 100 % of our own power consumption with green certificates, mainly from our offshore wind farms.
• We are mainstreaming our portfolio of carbon removal projects to ensure that we offset any residual emissions through certified, high-quality nature-based solutions and reach our 2025 carbon-neutral target (scope 1-3). In 2021, we agreed with the Gambian government and local NGOs to develop a mangrove conservation and reforestation project.

Actions for the future
To drive out emissions across scope 1-2, beyond our 98 % reduction target.

Targets and indicators
<table>
<thead>
<tr>
<th>GHG intensity (scope 1-3) (g CO2e/kWh)</th>
<th>Green share of energy generation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>462</td>
<td>54</td>
</tr>
</tbody>
</table>

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

Sustainability challenge
Carbon footprint responsibility
To enable a net-zero world, the energy industry and its suppliers must reduce supply chain emissions for renewables and phase out fossil fuel-based activities such as wholesale buying and selling of natural gas.

Our approach
We reduce emissions from our supply chain and from wholesale buying and selling of natural gas (scope 2) in line with the Science Based Targets initiative (SBTi) 1.5 °C pathway to achieve net-zero emissions by 2040 (scope 1-3). We work with our suppliers to reduce emissions from offshore wind farm components and logistics.

Our progress
• We are the first energy company in the world to have a science-based net-zero target verified by the SBTi. With our 2040 net-zero target, we have set clear reduction targets across all scopes. In our supply chain, we have progressed across our strategic levers to bring down emissions:
  – We have partnered with CDP (formerly the Carbon Disclosure Project) to promote a transparent and uniform way of measuring and disclosing emissions in our supply chain. Of our 34 key strategic suppliers, 97 % have successfully disclosed to the CDP this year.
  – We have decided that our strategic suppliers should produce and deliver their products and services to us using 100 % green electricity by 2025 at the latest. In 2021, 44 % of our suppliers used 100 % green electricity.
  – Additionally, a growing number of our suppliers have committed to having science-based targets, and four targets have been approved by the SBTi.
  – We are co-founders of the Climate Group’s ScaleZero initiative and the World Economic Forum’s (WEF) First Movers Coalition, with the aim to drive the cross-sectoral innovation journey needed to decarbonise steel.

Actions for the future
Take an active approach in enabling suppliers and others to accelerate supply chain decarbonisation in our industry.

Targets and indicators
<table>
<thead>
<tr>
<th>Reduction in carbon emissions (scope 2) (MtCO2e, base year 2018)</th>
<th>Reduction in GHG intensity (scope 1-3) (g CO2e/kWh, base year 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.3</td>
<td>25.3</td>
</tr>
</tbody>
</table>
Sustainability report 2021

4. Greener combined heat and power plants

Sustainability challenge
Green energy deployment
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, a complete phase-out of coal is urgently needed.

Our approach
We are phasing out coal from our combined heat and power (CHP) plants by replacing it with certified sustainable biomass and by closing down coal-fired capacity. We aim to completely phase out our use of coal at the end of Q1 2023.

Our progress
• We have completed our coal-to-biomass conversion programme on six of our seven CHP plants in Denmark, but we have two remaining units running on coal at our plants in Esbjerg and Stubudpark in Denmark.
• Our coal-based unit at Studstrup will close at the end of Q1 2023, and our CHP plant (375 MW) located in Esbjerg will close at the end of Q1 2023 at the latest. With these closures, we will have completely phased out use of coal.
• Until April 2023, fluctuations in our coal consumption are expected due to our obligation to provide ancillary services in Denmark and contribute to stable grid operations.
• In 2021, we saw an increase in coal consumption at our two remaining coal-based units. The increase was driven by higher power prices and higher CHP generation due to increased heat and power demand from colder weather and low wind speeds.

5. Integrated and reliable energy systems

Sustainability challenge
Green energy for heavy industry and transport, and reliable energy systems
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.

Our approach
We explore and develop solutions to produce renewable hydrogen to replace fossil fuels in sectors that are difficult to electrify, such as heavy industry and transport.

Our progress
• We have taken important steps towards growing our current pipeline of projects within Power-to-X solutions:
  – Three of our Power-to-X projects (Lingen Green Hydrogen, Westfalen/SyCaL and Green Fuels for Denmark) were shortlisted to participate in the European IPCEI process for hydrogen. We expect the outcome of the IPCEI process to be announced in the first half of 2022.
  – With the Westfalen project, we are working on a 1 GW renewable hydrogen production facility to decarbonise the production of ammonia, steel, ethylene, and fuels in the Dutch-Flemish North Sea Port cluster.
  – In Denmark, we further matured our flagship Power-to-X project Green Fuels for Denmark by signing an MoU with HOFOR to offset power from its offshore wind farm Aflandshage. Additionally, we identified the straw boiler at Avedøre Power Station as the best source of sustainable CO₂ for the production of e-fuels.
  – In 2021, we also commenced construction of the pioneering HORES project in Denmark, an electrolysis plant which will produce renewable hydrogen for road transport in the Greater Copenhagen area.

Actions for the future
Zero coal from Q2 2023 and investigate potential to substitute the remaining use of natural gas and fossil oil with sustainable alternatives.

Targets and indicators
Coal consumption (million tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.6</td>
</tr>
<tr>
<td>2021</td>
<td>0.6</td>
</tr>
<tr>
<td>Q2 2023</td>
<td>0</td>
</tr>
</tbody>
</table>

Green energy in balance with nature

Nature, and its variety of species and habitats, regulates the well-being of our planet, and it is in crisis. Building green energy is a lifesaver for nature – but it also involves impacts on nature that we need to manage.

With the following four sustainability programmes, we address the challenges linked to the impact our business has on biodiversity and natural resources.

Our aspiration is to lead a build-out of green energy where each energy project contributes positively to a thriving nature.

Programmes
6. Biodiversity
7. Circular resource use
8. Minerals and metals
9. Sustainable biomass

You can find the full programme reporting on our website. For further information on our underlying data for programme targets and indicators, please see our ESG performance report 2021, pp. 24-26.

6. Biodiversity

Sustainability challenge
Biodiversity impacts and change in ecosystems
The consequences of climate change are already impacting our ecosystems negatively; with water scarcity, habitat destruction, and biodiversity loss occurring all around the world. Halting the loss of biodiversity is key to maintaining the healthy ecosystems which we depend on, as well as combating climate change.

Our approach
We commit to ensuring that all projects commissioned from 2030 must have a net-positive biodiversity impact. We conduct detailed environmental assessments, engage in dialogue with relevant stakeholders, and provide support for scientific knowledge-building and R&D.

Our progress
• We have set an ambition for biodiversity and commit to ensuring that all projects commissioned from 2030 must have a net-positive biodiversity impact.
• We have joined the Science Based Targets Network’s (SBTN) Corporate Engagement Program to help develop and advance tools for measuring our impact and dependency on biodiversity.
• At our Borssele 1 & 2 Offshore Wind Farm in the Netherlands, we are creating artificial reefs for the Atlantic cod, which plays a key role in the food chain and local ecosystem.
• We have partnered with WAFP and deployed ten buoys in the Port of Grenaa to help preserve the cod stock in Denmark’s Kattegat straits, where population numbers are critically low, negatively impacting ecosystems.
• We are leading the WAFP’s Coalition Linking Energy and Nature for Action, which unites leading international organisations involved with energy and nature issues, government representatives, NGOs, and businesses.

Actions for the future
Measure our biodiversity impacts across all of our operations and build a systematic approach for integrating net-positive biodiversity initiatives into our development of green energy projects. Ensure that our approach is science-based and continuously working with SBTN’s Corporate Engagement Program.

Targets and indicators
Red List species recorded in areas with Ørsted offshore operations (number)

<table>
<thead>
<tr>
<th>Year</th>
<th>Species recorded</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

SDG contribution
UN SDG No. 12: Programmes 7 and 8
UN SDG No. 14: Programme 6
UN SDG No. 15: Programmes 6 and 9

with nature.
7. Circular resource use

Sustainability challenge
Circular use of resources and water scarcity
The world’s resources are used almost twice as fast as they can be reproduced. This overconsumption impacts our ecosystems through biodiversity loss, climate change, scarcity, and pollution on land and at sea. To meet increasing resource demand while lowering our global environmental footprint, it is paramount that we reuse and recycle our resources.

Our approach
To achieve a more sustainable use of resources, we are transitioning to become a company with a circular economy based on three strategic pillars: (i) We will use resources better and for longer; (ii) We will recycle resources upon end of life.

Our progress
- In 2021, we performed a full-scale life cycle assessment of our Changhua projects in Taiwan to get an updated overview of the environmental footprint across all components of an Ørsted offshore wind farm. This will form the basis of an in-house tool to support our strategy on resource use for future projects.
- We constantly strive to improve our recycling rates from all waste fractions. This year, we have made a commitment to immediately ban landfilling of all our offshore and onshore portfolio. In practice, this applies to blades being replaced due to malfunction in the operational phase, and to blades taken down when we begin to decommission wind farms.
- What is Ørsted then doing to live up to its commitment? We always do what is within our reach to prevent blades from being discarded and considered as waste in the first place. We do this by taking good care of them throughout their life, of course, and also by repairing them, if possible, when they become damaged. In 2021, we sent one blade to repair and thus saved approx. 15 tonnes of composite materials from becoming waste.

Actions for the future
We will start looking at how we can implement circularity into either our design or sourcing of wind farm components (foundations and wind turbine generators) while establishing practices for performing lifetime extensions and for circular decommissioning of full wind farms.

<table>
<thead>
<tr>
<th>Targets and indicators</th>
<th>Total amount of waste diverted from disposal (%)</th>
<th>Total amount of blade waste directed to landfill (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>82</td>
<td>0</td>
</tr>
<tr>
<td>2021</td>
<td>67</td>
<td>0</td>
</tr>
</tbody>
</table>

8. Minerals and metals

Sustainability challenge
Minerals and metals for green energy deployment
The build-out of renewable energy will increase mining activities for certain rare materials and metals. Since a significant share of the global extraction and production of those resources takes place in countries with high likelihood of negative social and environmental impacts, there is an increased risk of adverse impacts on supply chains.

Our approach
- The mining of minerals and metals takes place deep within supply chains, and Ørsted does not have direct control over how these activities are performed. To help shape solutions in this space, we are engaging with key suppliers based on the first three steps of the OECD Guidelines: (i) Establish strong company management systems, (ii) identify and assess risks in the supply chains, and (iii) design and implement a strategy to respond to identified risks. We are also addressing the topic through industry initiatives, including WindEurope and the Dutch Wind Covenant.

Our progress
- We have mapped and prioritised ten metals which are being used in our offshore and onshore operations.
- We have started a dialogue with ten key suppliers to understand the current level of supply chain transparency for priority metals, and whether social and environmental risks within these networks have been identified.
- We have joined the cross-industry initiative for Responsible Mining Assurance (RMA), which focuses on responsible mining practices. With our membership, we want to promote responsible mining practices in our supply chains and learn how other RMA members are addressing societal and environmental risks in their supply chains.

Actions for the future
To be able to address specific societal and environmental risks in our metal supply chains, we need a clearer understanding of how priority metals used in our renewable energy are sourced. We will continue to investigate this in collaboration with our first-tier suppliers and industry initiatives.

Targets and indicators
- The ten metals mapped and prioritised in our offshore and onshore operations: cadmium, cobalt, copper, iron, nickel, manganese, rare earth elements, silicon, tellurium.

9. Sustainable biomass

Sustainability challenge
Biomass sustainability
To ensure sustainable carbon savings compared to coal, the biomass used for energy generation must meet strict sustainability criteria and be sourced from certified sustainable forests.

Our approach
We only source sustainable biomass certified by independent, third-party certification bodies, in line with Danish legislation. Our biomass is sourced from sustainably managed production forests with ongoing reforestation. The wood pellets and chips we use are made from residues and low-grade wood in low demand from sawmills and other wood industries, most often from sawdust, regular thinning of forests, or diseased or crooked trees.

Our progress
- We only procure 100 % third-party-certified sustainable biomass and will maintain that level going forward.
- We report annually on the biomass feedback types we use, countries of harvest, and the carbon emissions from production and transport to ensure transparency in our biomass supply chains.
- This year, a new Danish law on biomass has been passed which sets higher standards for companies to document traceability, carbon reductions, third-party certifications, etc. We will abide by this law and fully support the need for it.

Actions for the future
Achieve carbon-negative emissions from our combined heat and power plants through carbon capture and storage technologies.

Targets and indicators
- Certified sustainable wooden biomass sourced (%): 2020 100, 2021 100, 2021 Ongoing target 100
A green transformation that works for people

The green transformation will involve and impact the lives of millions of people across supply chains and local communities, as well as the employees working to make it happen.

With the following five sustainability programmes, we address the challenges associated with the transformation, and our aspiration is to lead a build-out of green energy that is inclusive, enabling, and creates local benefits.

Programmes
10. Local communities
11. Human rights
12. Inclusion of diversity
13. Employee safety, health, and well-being
14. Employee development and satisfaction

You can find the full programme reporting on our website. For further information on our underlying data for programme targets and indicators, please see our ESG performance report 2021, pp. 30-33.

High standards for sustainable biomass make a difference for the climate

Denmark has a central district heating system with combined heat and power (CHP) plants. Six out of Ørsted’s seven plants have been converted from using coal to using certified sustainable biomass, delivering significant carbon emission reductions. Using certified sustainable biomass for energy generation has historically been an effective solution for retiring coal, making Denmark almost independent of fossil fuels. Ørsted is set to phase out coal completely and will close the last coal-based CHP plant at the end of Q1 2023.

When we use wood for energy, we only use certified sustainable biomass, which is characterised as residual products derived from sustainably managed production forests. These forests produce wood for timber used for furniture and buildings to replace other carbon-emitting products. We only use the residues that cannot otherwise be used – namely, twigs, skewed or rotten timber, and saw dust. These residues would typically be left to rot or be burnt locally in the forest as waste products without harnessing their energy.

Using biomass for energy production emits carbon. However, using sustainable biomass ensures that production forests continue to grow or maintain size. This enables forests to absorb the equivalent amount of carbon produced by the harvested trees in a short period of time.

This year, the Danish Parliament passed a law that requires companies using biomass for energy to clearly document its sustainability, type, carbon savings, and impact on biodiversity. This has set common sustainability standards for energy production based on biomass which are stricter than the EU’s current requirements. We have strongly supported this legislation to ensure that biomass used for energy is 100% certified, made from forests with ongoing reforestation, and from residues that are not in demand from other industries.

CHP plants using biomass play a supporting role in the deployment of wind and solar power by securing electricity and heat for the Danes in the absence of wind and sunshine. As new technologies develop and become cost-competitive, we can phase them in as new sources of heat production. We expect our biomass consumption to decrease significantly towards 2040 due to increased electrification of heat production.

In the future, it will become possible to capture the carbon from our sustainable biomass-fired CHP plants and either store the carbon, creating negative emissions, or use biogenic carbon to help decarbonise hard-to-abate sectors such as heavy transport.

Our contribution to a just transition in Taiwan

We are keen to find ways of building renewable energy solutions which benefit people and local communities. For us, this is about transitioning to a net-zero economy while creating green, decent jobs and supporting thriving communities.

Needs and expectations vary across communities, and most are best addressed through collaboration at an industry level, or with policymakers and educational institutions. It is complex, and we are still exploring the best ways to support a just transition.

We believe that a transition perceived as ‘just’ is more likely to be seen as worthwhile for the local communities whose participation is crucial for the build-out of green energy. In Taiwan, we are taking the first steps.

Talent development is key to supplier development

The Taiwanese government has set ambitious targets to develop a world-class offshore wind supply chain. We want to play our part in making this happen by expanding local supply chains, strengthening the capabilities of local talents, and supporting local innovation.

We have initiated the Wind Power Supply Chain Platform in Taiwan to do so. In collaboration with the Metal Industries Research & Development Centre (MIRDC), the platform aims to match local small- and medium-sized companies with demand for products and services during the construction, operation, and maintenance of offshore wind farms, including engineering consulting, and procurement of safety equipment related to all the offshore wind farms in Taiwan.

However, to develop a local supply chain and contribute to a just transition towards a green economy, it is not sufficient to simply work with suppliers. We believe it is necessary to also take an active part in ensuring that our suppliers have access to a pool of local talent and can upgrade their offshore wind technologies.

Therefore, to complement our collaboration with local suppliers in Taiwan, we seek to develop local talents able to work with us and our suppliers. We are currently doing this through our Offshore Wind Industrial Development Fund (IDF). Through the IDF, we support the training of local people in welding and safety, most of whom work for suppliers to our Greater Changhua wind farms.

We also sponsor the specific research and technology development projects of ten local companies. One of these, Data Surpass, aims to upgrade its unmanned vehicles to weather the powerful waves of the Taiwan Strait.
11. Human rights

Sustainability challenge
Human rights due diligence
Operating in geographies and markets with prominent human rights risks increases a company’s responsibility to ensure that it and its suppliers and business partners operate in line with international human rights standards.

Our approach
We want to ensure that human rights are respected across our operations, suppliers and business partners. We identify our most salient human rights risks through a human rights impact assessment and address any risks identified through improvement initiatives in our operations or with our business partners. Going forward, we will implement human rights impact assessments on an even more regular basis.

Our progress
• We have a Responsible Business Partner Programme (RPP) which we use to manage human rights risks in our supply chain (see programme 15).
• In 2021, we initiated a project to strengthen our human rights approach as we expand into areas and markets with a higher risk of human rights violations.
• We have also developed a new human rights policy covering our own operations and providing links to other programmatic responses already in place which also cover human rights.
• We have anchored our human rights efforts in our Sustainability Committee to assign accountability for our human rights work among top management.

Actions for the future
Strengthen our adherence to the UN Guiding Principles by bolstering our human rights policy commitment, conducting regular human rights impact assessments, and improving our reporting, our grievance mechanism, and access to remedies.

Targets and indicators
Deliver human rights impact assessment (HRIA) of own operations in 2022

12. Inclusion of diversity

Sustainability challenge
Diversity and equal opportunity
Companies have a responsibility to attract and develop their workforce and develop a supply chain that reflects the diversity of the communities in which they operate. This is essential to support an inclusive and equitable build-out of green energy.

Our approach
We want to build an organisation where diversity, equity, and inclusion accelerate our global growth. Our ambition is (i) embedded in our business strategy and all our talent decisions, (ii) central to our sustainability agenda and regulatory requirements, (iii) global in approach and tailored to local needs, (iv) defined broadly around visible and invisible diversity, and (v) informed by data so we act on evidence and track progress.

Our progress
• Our new ambition for gender balance is at least a 40/60 balance across Ørsted by 2030 tracked at three levels: senior director and above; people managers; all employees. We have completed an equal pay analysis across several regions, published a report on the results, and taken steps to address inequity.
• We have introduced employee diversity dashboards to measure gender, nationality, and age across career levels and business areas to increase transparency and strengthen accountability among top management and team leaders.
• We have completed an equal pay analysis across several regions, published a report on the results, and taken steps to address inequity.
• We have matured our inclusion networks into a global movement of more than 1,000 members, with a network in every region supported by senior leaders.
• Our Management Team takes part in training to expand and consolidate its understanding of an inclusive and equitable organisation.
• We were an official partner to WorldPride and EuroGames in Copenhagen in 2011.

Actions for the future
Improve our strategic approach to diversity, equity, and inclusion so that it embeds inclusion of diversity in all our People & Development processes, makes it a core part of how we work with our suppliers, and identifies ways for us to grow and diversify the pool of talent seeking to work within renewable energy.

Targets and indicators
Gender balance in total workforce (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>30/70</td>
<td>31/69</td>
<td>40/60</td>
</tr>
</tbody>
</table>

At Ørsted, we want to run an inclusive and diverse business. We believe that creating an organisation that is inclusive of diversity is necessary to address fundamental inequalities in our society. And we find that it is also good business, as a diverse employee group that feels empowered and enabled leads to more diverse perspectives essential to foster nuanced debates and better business decisions – nuances that are becoming increasingly important as we expand our business across more countries and cultures.

To us, increasing the inclusion of diversity in our organisation is about creating fair and transparent hiring and promotion practices free from unconscious bias. It is about creating a culture where inclusion and diversity are valued from both the top of and across our entire organisation. And it is about having sufficient data to track and evaluate our progress – data that is not always easy to obtain due to either data protection regulation or the sensitivity of the data.

We have begun our journey towards making Ørsted an even better place to work for everyone – a workplace inclusive of diversity of lifestyle, work experience, educational background, ethnicity, age, culture, disability, gender, and sexual orientation.

This year, we made good progress on our ambition to improve our gender balance. In the fall, we renewed our commitment to a greater gender balance. Our new ambition is to have at least a 40/60 balance across Ørsted by 2030. We will track this at three levels: senior director and above; people managers; and all employees. Each business area will contribute to progress, with its own personalised ambitions to match its unique challenges.

Yet, setting new ambitions is one thing. We must also build the database needed to evaluate our progress and assign accountability for our ambitions that ensures steady progress across our organisation.

To do this, we have developed diversity dashboards that enable us to track our gender balance in real time across all career levels and business areas. This helps us to identify our most prominent challenges, which we use to promote gender balance and integrate detailed action plans into our daily business operations. And, as our database develops, we will be able to identify challenges and set new ambitions that go beyond achieving a fair gender balance.

In addition, each member of our Management Team has developed action items in their individual development plan to reach our inclusion of diversity ambitions. And our Executive Committee decided to anchor our new ambitions firmly in our governance structure by linking our inclusion of diversity ambitions directly to its short-term incentive scheme (STI). These decisions effectively assign responsibility and accountability for our new ambitions and ensure that progress is anchored both among our key decision-makers and broadly across our business functions.
13. Employee safety, health, and well-being

Sustainability challenge
Health and well-being, and safe working conditions
Companies have a responsibility to provide the physical, social, and psychological working conditions that allow people to live whole and healthy lives.

Our approach
We take a holistic and preventive approach to employee well-being where mental, physical, and social health are prioritised equally. We are committed to creating a healthy, safe, and inclusive workplace and to promoting a sustainable approach to the working lives of our employees. The well-being of our global workforce is key to how we define success.

Our progress
• We have launched a five-year QHSE strategy focusing on QHSE leadership, supplier engagement, knowledge management, governance, and process excellence, and we have set key QHSE priorities.
• A new QHSE scoreboard focusing on performance monitoring (e.g. occupational incidents) and process monitoring (e.g. audits) allows for more holistic change decisions.
• An increased share of our employees are experiencing stress, likely due to numerous compounding factors, including, but not limited to, organisational changes, rapid global growth, increased workload, and the ongoing COVID-19 pandemic.
• We have launched several initiatives to focus on our employees’ mental and physical health, including:
  – producing new materials for managers on how to work with stress, bullying, harassment, and discrimination
  – rolling out the Howdy well-being monitoring app to all business areas and piloting a supplemental feature that monitors muscular skeletal health
  – launching MOVE, a health initiative to encourage movement to enhance physical and mental well-being.

Actions for the future
Continue to develop resources, tools, and services to improve the safety, health, and well-being of our employees.

Targets and indicators
Total recordable injury rate (TRIR) per million hours worked

<table>
<thead>
<tr>
<th>Year</th>
<th>TRIR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>3.6</td>
</tr>
<tr>
<td>2021</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Employees experiencing stress (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Stress</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>12.4</td>
</tr>
<tr>
<td>2021</td>
<td>11.0</td>
</tr>
</tbody>
</table>

14. Employee development and satisfaction

Sustainability challenge
The future of work
As global competition for the best talent grows, businesses must improve the development and retention of existing talent and engage new diverse talent globally. Creating a work environment where all employees thrive and are motivated to help create a sustainable business is essential to sustaining long-term value creation.

Our approach
We have a strategic aspiration to foster a global, inclusive, and effective organization, and our employees’ development and satisfaction are key components in making this happen. We provide global digital and in-person learning opportunities for all employees, built through our learning platform and programmes tailored to specific business areas and geographies. Learning opportunities are easy to use, scalable, individualised, and transparent, and drive business outcomes.

Our progress
• We have aligned, globalised, and increased the headcount of our QHSE leadership, supplier engagement, knowledge management, governance, and process excellence steering committee.

Actions for the future
Our Executive Committee will continue to engage directly with our organisation on our updated strategy to ensure that all employees understand how their work contributes to our company vision.

Targets and indicators
Employee satisfaction (index 0-100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>77</td>
</tr>
<tr>
<td>2020</td>
<td>78</td>
</tr>
<tr>
<td>2021</td>
<td>77</td>
</tr>
</tbody>
</table>

15. Responsible business partners

Sustainability challenge
Business partner due diligence, and labour rights for contractors
Companies have a responsibility to run their business and supply chain free from labour and human rights violations, corruption, and environmental risks to mitigate adverse impacts on workers, communities, and the natural environment, and to meet legislative requirements.

Our approach
Our Responsible Business Partner Programme (RPP) is based on a systematic due diligence process used by our partners’ suppliers’ adherence to our code of conduct (KOD) for business partners. We identify performance gaps through screenings and assessments, and we act on our findings through supplier-driven corrective and preventive implementations.

Our progress
• We have updated our code of conduct for business partners to better describe requirements and aspirations.
• To further strengthen implementation and reporting, we have established a new ESG Supplier Due Diligence Steering Committee with broader scope and business representation.
• We have piloted a supplier interview process focusing on migrant workers in high-risk countries to improve our workplace assessment.
• We have helped develop a self-assessment questionnaire standard for the wind industry through WindEurope, aiming at reducing the future due diligence burden on suppliers and improving transparency.
• We have implemented onboard training targeting all new employees in Procurement to strengthen programme implementation.
• We have completed the onboarding of our US O+O procurement function in the RPP with new screening principles.
• We have updated our due diligence procedure for biomass suppliers to better reflect supplier risks.

Actions for the future
Strengthen our adherence to the UN Guiding Principles by bolstering our human rights impact assessment of our suppliers and new markets. We must also strengthen our screenings and assessments of business partners where we could be linked to adverse impacts.

Targets and indicators
Risk screenings on all sourcing contracts above DKK 3 million (incl. extended screenings) and CDC assessments conducted (number)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>324</td>
</tr>
<tr>
<td>2021</td>
<td>75</td>
</tr>
</tbody>
</table>

SDG contribution

UN Goal No 8: Programmes 15 and 17
SDG contribution

UN Goal No 10: Programmes 15 and 18
SDG contribution

UN Goal No 11: Programmes 16, 17, and 18
SDG contribution

You can find the full programme reporting on our website. For further information, see our ESG performance report 2021, pp. 10-11, 36-40.
Governance that enables the right decisions

Ørsted

Substantiated cases transferred to the police

Substantiated whistle-blower cases

As we expand our global footprint, we are continuously working with our business partners, and is promoted through policies, procedures, and reporting mechanisms.

Our progress

- We continue to make efforts to strengthen our ‘Know your counterpart’ screening programme against sanctions, government watch lists, adverse media etc., and the performance of risk-based due diligence of business partners, including suppliers, key customers, and joint venture partners.
- As we expand our global footprint, we are continuously assessing how local customs and best practices – in relation to gifts and entertainment, for example – compare to group policies and procedures to ensure continuous adherence to our good business conduct while understanding the local environment.

Actions for the future

We will continuously strive to improve our compliance set-up to meet regulatory obligations as effectively as possible whilst aligning with best practices in the countries where we operate.

Targets and indicators

Substantiated whistle-blower cases (number)

4

5

Substantiated cases transferred to the police (number)

1

0

2020

2021

1.4

16. Good business conduct

Our approach

We have zero tolerance of all forms of bribery, corruption, and kickbacks, given or received, direct or indirect. Adherence to our group business conduct is a key focus, both internally and with our business partners, and is promoted through policies, procedures, and reporting mechanisms.

Our progress

- We have continued to develop our reporting of tax practices in our annual report, inspired by the new indicator GRI 207.
- We have engaged in dialogue with the Danish government and the Danish Ministry of Taxation on the detailed implementation of new CFC rules, with OECD on Pillar II, with HMRC in the UK on revised transfer pricing documentation requirements, and with various NGOs in the Tax Dialogue Framework.
- Our dispute with the Danish Tax Agency relating to the taxation of offshore wind farms in the UK has been extended to an additional wind farm. Ørsted has taken steps to ensure that the two involved tax authorities will initiate double taxation of Ørsted.
- We have made submissions to the OECD on the connection between tax policy and environmental policy in relation to the so-called Pillar II work, where we still have some concerns on the interplay between the proposed global minimum tax and deferred taxes and US tax credits.
- Our Head of Tax was ranked the best in-house tax director in EMEA by International Tax Review for being a leading voice on tax and sustainability. We were also ranked best company in Denmark on tax transparency and governance by the Danish magazine Økonomisk Ugeblad.

Actions for the future

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

Targets and indicators

Global corporate income tax paid in 2021 (DKK billion)

4.3

16. Responsible tax practices

Sustainability challenge

Responsible tax

By paying tax and supporting international tax reform, companies contribute to the development of the societies where they operate as well as the creation of well-functioning tax systems and stable institutions conducive to business.

Our approach

We are transparent in our tax reporting and voluntarily disclose country-specific information on our tax position in our annual report. We aim to comply not only with the law, but also with the underlying intent to ensure that we pay the right amount of tax in the countries where we operate. We engage with stakeholders and cooperate with the authorities in the markets where we operate to support effective tax systems.

Our progress

- We have continued to develop our reporting of tax practices in our annual report, inspired by the new indicator GRI 207.
- We have engaged in dialogue with the Danish government and the Danish Ministry of Taxation on the detailed implementation of new CFC rules, with OECD on Pillar II, with HMRC in the UK on revised transfer pricing documentation requirements, and with various NGOs in the Tax Dialogue Framework.
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Actions for the future

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

Targets and indicators

Global corporate income tax paid in 2021 (DKK billion)

4.3

17. Sustainable finance

Sustainability challenge

Sustainable finance

To reach the goals of the Paris Agreement, the energy sector must double its annual investments in renewable energy towards 2050 as a minimum. Mobilisation of institutional and private capital is necessary to tackle this challenge.

Our approach

We exclusively deploy green and sustainable financing to advance our green transformation and renewable energy build-out, and we align our reporting with recognised ESG frameworks and ratings.

Our progress

- For the first time, we have issued a sustainability-linked revolving credit facility (RCF) together with 17 participating banks and Nordea Bank as coordinator and agent, whereby our sustainability performance will have direct financial effects. The RCF is linked to two strategic sustainability KPIs, namely our science-based target for carbon reductions and our taxonomy-eligible green investments (CAPEX).
- We have reported on our taxonomy-eligible activities, which will provide investors and other stakeholders with a uniform approach for determining the sustainability of our activities.
- We have begun preparing a taxonomy alignment assessment of all our eligible activities by determining if they (i) contribute substantially to climate change mitigation, (ii) do not significant harm to the other environmental objectives, and (iii) comply with minimum safeguards. Provided that our approach aligns with upcoming guidance from the EU and emerging industry best practices, we expect our eligible activities to be reported as aligned in 2022.
- We continuously work to maintain back-end ESG ratings by applying a systematic approach to strengthening ESG performance throughout the business.
- We have continued our green debt financing by allocating proceeds of DKK 31.7 million to eligible green bond projects.

Actions for the future

Continue to use only sustainable financing instruments for all our future financing and align business activities and reporting with relevant ESG frameworks such as the EU taxonomy.

Targets and indicators

EU taxonomy-eligible revenue, OPEX, EBITDA, and CAPEX

66 %

90 %

99 %

18. Information and cyber security

Sustainability challenge

Cyber security

As information and cyber security threats increase, companies must understand the associated risks and continue to improve security to protect critical infrastructure and important information assets.

Our approach

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 provide tailored compliance support, training, and awareness to the businesses so they can incorporate and apply security measures in their daily operations.

Our progress

- Our people are our most important asset, which is why we continue to drive Ørsted’s information and cyber security awareness culture. People represent information and access points for adversaries, so Ørsted’s employees need to stand as a human firewall.
- We continue to drive strategic risk mitigation across IT and operational technology (OT)-based on quantitative risk assessments and to optimise our resource usage related to information and cyber security.
- We work closely with our frontline regional colleagues on various initiatives and activities through our network of regional information security officers.

Actions for the future

Continue to monitor and assess current and emerging cyber security threats and ways to adequately adapt and respond to protect our assets.

Targets and indicators

We carry out ongoing, global security communication on secure behaviour in the workplace.
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 top sustainability themes and our annual sustainability report.
Chair
Thomas Thune Andersen, Chairman of the Board of Directors

Audit & Risk Committee
A board committee appointed by the Board of Directors.
- Supervises the integrity of the sustainability reporting, the presentation thereof in the annual report, and the internal control system for ESG data.
- Approves the ESG performance report.
Chair
Dieter Wemmer, member of the Board of Directors

Executive Committee
Accountable for the implementation of our sustainability programmes.
- Approves annual sustainability themes analysis and portfolio of sustainability programmes.
- Assigns accountability for programmes at executive level.
- Proposes the sustainability programme targets as 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 for all business areas, including within 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 sustainability programmes, and approves our ESG data set.
Chair
Marianne Wiinholt, CFO

QHSE Committee
Appointed by the Executive Committee.
- Oversees our quality, health, safety, and environment (QHSE) strategic priorities.
- Reviews our QHSE strategy and monitors performance of QHSE programmes.
Chair
Lisbeth Fremling, VP QHSE

Business areas 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

Ratings and rankings
Corporate Knights’ 2022 Global 100 Index
- Ørsted ranked the most sustainable energy company in the world for four consecutive years and 7th place across all industries globally in Corporate Knights’ 2022 Global 100 Index.
- Ørsted awarded the highest possible CDP rating for three consecutive years and recognised as a global leader on climate action.
- Ørsted awarded the highest possible rating by MSCI in five consecutive ratings.
- Ørsted awarded a Platinum Medal for being among the top 1% of companies assessed by EcoVadis in 2021.
- Ørsted ranked no. 1 on climate action in the WBA Electric Utilities Benchmark that measures how the world’s 50 most influential electric utilities companies are powering the transition to a low-carbon economy.
- Ørsted ranked in the 1st decile among electric utilities and has maintained ‘Prime’ status in the CDP ESG Rating 2021.
- Ørsted classified as a ‘low risk’ company, and placed as no. 1 among direct utility peers measured by market cap by Sustainalytics. A low score indicates good performance.

Elaboration and benchmark
- Ørsted ranked 1st place (sector) and 7th place (all).
- Ørsted awarded the highest possible rating by MSCI.
- Ørsted ranked in the 1st decile among electric utilities and has maintained ‘Prime’ status in the CDP ESG Rating 2021.
- Ørsted ranked no. 1 on climate action in the WBA Electric Utilities Benchmark.
- Ørsted ranked 5th place in the Renewable Energy & Human Rights Benchmark, published by the BHRRC. We perform strongly on core UN Guiding Principles indicators, and will work to improve on sector-specific indicators.

Memberships and alliances
- Ørsted ranked 5th place in the Renewable Energy & Human Rights Benchmark, published by the BHRRC. We perform strongly on core UN Guiding Principles indicators, and will work to improve on sector-specific indicators.

Footnotes:
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