A greener planet for a better world
Keeping global warming below 1.5°C is crucial

Global warming caused by increasing concentrations of greenhouse gases in the atmosphere is changing the conditions for life on Earth. As a global society, we must drastically accelerate climate action and the transition from black to green energy to avoid catastrophic consequences for nature, humans, and the economy.

Today, global temperatures are 1.1°C above the pre-industrial period, and average temperatures of the past four years are the highest on record. Already today, sea levels are rising, and weather conditions are becoming increasingly extreme with significant costs to nature, humans, and the economy.

Approx 75% of global carbon emissions come from the use of fossil-based energy. This energy is used for power, heat, industrial processes, and for transportation. The remaining 25% of global emissions come from agriculture, forestry, and other land use.

**Global temperature increase**

<table>
<thead>
<tr>
<th>Year</th>
<th>1.5°C</th>
<th>2.0°C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1970</td>
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<tr>
<td>1990</td>
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<td>2010</td>
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</tr>
<tr>
<td>2030</td>
<td>1.00</td>
<td>1.25</td>
</tr>
<tr>
<td>2050</td>
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<td>2070</td>
<td>1.50</td>
<td>1.75</td>
</tr>
<tr>
<td>2100</td>
<td>1.75</td>
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</tr>
</tbody>
</table>

Today, warming at a maximum of 1.5°C to avoid substantially exacerbating the damaging effects of climate change.

According to the IPCC, staying below 1.5°C of warming is better because the consequences of a 2°C temperature rise are significantly more uncertain. Temperature increases above 2°C could trigger natural processes such as thawing of permafrost that releases methane gas, contraction of the snow cover that reflects heat from the sun, and reduction of the sea’s ability to absorb carbon.

According to the IPCC, this would result in significantly-warmer temperatures and catastrophic consequences for life on Earth.

The concentration of greenhouse gases in the atmosphere has never been higher. After a short period of stagnation, emissions from the use of all types of fossil fuels rose by 1.0% in 2017 and are set to rise by 2.7% in 2018. Scientists estimate that current global emission levels put us on a path towards temperature rises of more than 3°C by 2100. This is clearly not a sustainable trajectory. As a global society, we are not doing what science tells us to do.

At the current emissions trajectory, overshooting the 1.5°C pathway could happen already in 2030. To keep the warming around 1.5°C, global emissions would need to fall by 55% by 2030, compared to current emission levels, and reach net zero around 2050. Such reductions in global carbon emissions will require profound and unprecedented action by all nations around the world.

Source: IPCC
Societal impact from our wind farms

At Ørsted, we have a vision of a world that runs entirely on green energy. As one of the world’s largest green energy developers, sustainability is deeply rooted in what we do and who we are as a company.

In this report, you can read about our work with sustainability and how we contribute to the UN’s Sustainable Development Goals.

Our main contributions to the SDGs

SDG 7 aims to ensure access to clean and affordable energy for all. Today, 87% of global energy consumption is based on fossil fuels. To achieve the goal, societies need to accelerate the transformation of our energy systems from black to green.

How we contribute
- In 2018, 75% of our energy generation was green. By 2023, we target 90%.
- Our offshore wind farms can generate enough green energy to power more than 12 million people. By 2025, we aim to install enough capacity to power more than 30 million people.
- By 2030, we have a target of more than 30GW of green energy generation capacity that comprises on- and offshore wind, solar PV and biomass-based power stations. This is enough to power more than 50 million people.

SDG 8 aims to promote sustainable economic growth and decent work for all. Converting the world’s energy systems from black to green requires significant investments that create economic growth and employment.

How we contribute
- In the past ten years, we have invested DKK 165 billion in green energy. As one of the world’s largest green energy developers, Ørsted runs entirely on green energy. As one of the world’s largest green energy developers, sustainability is deeply rooted in what we do and who we are as a company.

SDG 13 calls for urgent action to fight climate change and its impacts. Since fossil-based energy use accounts for approx 75% of global carbon emissions, creating a world on green energy will be necessary to limit climate change.

How we contribute
- We have reduced the carbon intensity of our energy generation by 72% compared to 2010, aiming for a 98% reduction by 2035.
- Since 2006, power from our offshore wind farms has helped avoid emissions of more than 6.7 million tonnes CO2. In addition, we helped avoid 14 million tonnes CO2 through our sustainable biomass-based generation.
- In comparison, energy generation at our combined heat and power stations and other fuel consumption of e.g. vessels and cars accounted for 3.5 million tonnes of CO2 in 2018. Our carbon emissions from generation and transportation will be close to zero by 2023 as we phase out coal.

A world that runs entirely on green energy starts with ourselves

Legend
- Installed capacity (by 2018)
- People powered (by 2018)
- Avoided emissions (by 2018)
- Under construction
- Awarded

* Our wind farms help avoid carbon emissions by displacing fossil-based energy from the energy mix. We report avoided emissions based on our green generation from wind farms, adjusted for Ørsted ownership stake (after divestments). In 2018, our generation of wind power avoided 6.7 million tonnes CO2. In addition, we helped avoid 14 million tonnes CO2 through our sustainable biomass-based generation.

* Our world runs entirely on green energy by displacing fossil-based energy from the energy mix. We report avoided emissions based on our green generation from wind farms, adjusted for Ørsted ownership stake (after divestments). In 2018, our generation of wind power avoided 6.7 million tonnes CO2. In addition, we helped avoid 14 million tonnes CO2 through our sustainable biomass-based generation.
CEO statement

Climate change is the defining challenge of our time. Scientific reports published in 2018 demonstrate that the world should aim for no more than a 1.5°C temperature increase to limit the most damaging effects from climate change. However, the world is currently on a path towards a more than 3°C temperature rise.

Now is the time to take bold action to avoid irreversible changes to global ecosystems. At Ørsted, we commit to reducing our carbon emissions in line with the scientific recommendation to limit global temperature increases to no more than 1.5°C above pre-industrial levels.

Our dependence on fossil fuels is the biggest cause of climate change. The modern world was built on fossil fuels, which still today make up more than 80% of global energy consumption. To limit climate change and to power the world sustainably, we must drastically accelerate the transformation of the world’s energy systems from black to green.

At Ørsted, our vision is a world that runs entirely on green energy, and we have been and still are on a radical decarbonisation journey ourselves. At the end of 2018, 75% of our energy generation was green, and we will continue to drive out fossil-based energy generation towards our target of 99% green energy by 2025, making our generation of heat and power essentially carbon-free.

Since 2006, we have reduced the carbon intensity of our energy generation by 72%.

A world fully powered by green energy is not only necessary to avoid irreversible change to our planet Earth, it is also possible. Today, green energy is the economic choice, as life-time costs of new renewable energy generation is lower than those of new-built coal, gas and nuclear plants. For offshore wind alone, the cost in Europe has dropped by 60% since 2014. And with the global build-out rate of offshore wind expected to further accelerate in the years to come, the decline in cost is expected to continue so that offshore wind will continue to outcompete fossil fuels across the globe.

In 2018, Ørsted continued to strengthen its offshore wind platform. We were awarded new projects in Germany without subsidies, and we increased our geographic footprint by acquiring the leading US offshore wind developer, Deepwater Wind.

We also expanded our portfolio of green energy technologies by entering the onshore wind and solar markets. We acquired a leading US onshore wind business, Lincoln Clean Energy, and commissioned our first large-scale energy storage project near Liverpool, UK.

The transformation to green energy requires substantial investment. Over the past decade, we have invested approx. DKK 165 billion in green energy together with partners, and in the years to come, we plan to substantially increase our annual investments. By 2030, our ambition is to have installed more than 30GW of renewable energy capacity, enough to power more than 50 million people across the world.

We want Ørsted to be a company where people are safe at work, and where they thrive professionally and personally. In 2018, we achieved a new record-low level of safety incidents at work, and we took important steps to strengthen our commitment to diversity and inclusion. We initiated the ‘Female Spotlight’ talent programme to further encourage our talented women to pursue a career in senior management, and we signed the UN LGBTI Standards of Conduct to reaffirm our commitment to be a company where everyone is acknowledged for who they are, regardless of sexual orientation or other personal characteristics.

The UN Sustainable Development Goals express the greatest challenges that the world must solve towards 2030, and climate change is among the biggest. In Ørsted, we commit to creating tangible progress to help achieve the Sustainable Development Goals. We do so by taking active part in transforming the global energy systems from black to green.

As an active participant of the UN Global Compact, we will also continue to promote the ten principles on human and labour rights, the environment, and anti-corruption. In this report, you can read about how we work with sustainability and our contribution to the UN Sustainable Development Goals. In our ESG performance report, you will find our detailed reporting of sustainability data.
Our sustainability strategy

Our common home, planet Earth, is a beautiful place full of stunning nature, fascinating creatures, and people of all kinds. But our home is under pressure. The United Nations have defined our greatest social, environmental, economic, and institutional challenges towards 2030 in the Sustainable Development Goals (SDGs). With our vision of a world that runs entirely on green energy and through our sustainability programmes, we want to inspire and take real action to help meet the SDGs and make the planet a better, cleaner and more prosperous home for everybody.

The Sustainable Development Goals constitute an ambitious plan to make the planet a better home for nature, wildlife and the people who inhabit it. With a starting point in our vision of a world of that runs entirely on green energy and our commitments to the UN SDGs and Global Compact principles, we want to make a positive contribution to the SDGs while at the same time minimising potential negative impacts. Our sustainability strategy sets the direction for how we take action on our commitment.

Our sustainability strategy builds on the societal challenges that we and our stakeholders believe are most material to our business. Annually, we make an assessment to determine the societal challenges most material to us and to identify new or changing sustainability frameworks and requirements that our stakeholders expect us to implement.

We address the material societal challenges that we identify through sustainability programmes, which all have actions, policies, procedures, performance indicators, and targets, where relevant. All programmes are owned by a member of our senior management.

Addressing societal challenges through sustainability programmes

To address our material societal challenges in 2019, we structure our work on 20 sustainability programmes. We divide our programmes into three overarching priorities that also structure this report:

- Pursuing a world that runs entirely on green energy (SDG 7) and help tackle climate change (SDG 13)
- Enabling sustainable growth (SDG 8)
- Business integrity

On the following page, you can find an overview presenting the three priorities with societal challenges on the left side of each column and the corresponding programmes on the right. Read more about how we identify societal challenges and build sustainability programmes on pages 39-41 in this report.

The most significant change in 2018 is that we have strengthened our programme ‘Green leadership’ that addresses the ‘Climate action’ theme. Previously, the programme had a sole focus on reducing carbon emissions in our energy generation. But with the growing urgency of climate action, expectations of the private sector are increasing.

We have strengthened our ‘Green leadership’ programme by adding three new components. Firstly, we align our practices and reporting with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) that promote integration of climate risks into business strategy and disclosure.

Secondly, we have implemented climate-related performance indicators in the incentive programmes of our Group Executive Board. The indicators focus on the green energy share of our generation and our carbon emission reductions. Previously, climate-related indicators were only rewarded indirectly through green energy build-out targets.

Thirdly, we have strengthened our efforts to increase awareness of climate change, especially among the younger generations to help them advocate for a cleaner and better future. We do this together with our partners in WWF (World Wide Fund for Nature, Denmark).

With our vision of a world of that runs entirely on green energy and our commitment to the UN Sustainable Development Goals, we have given a promise to our stakeholders that we want to be among the global leaders when it comes to sustainability.

Our sustainability programmes help us to continuously advance our sustainability agenda and to work productively to meet the expectations of our stakeholders, and the programme are a collaborative effort that unites our entire organisation. An overview of our 20 sustainability programmes can be found in the relevant chapters of this report.

Reporting on our contribution to the Sustainable Development Goals

The UN Sustainable Development Goals constitute the 17 most pressing economic, social and environmental challenges that the world needs to solve by 2030. Seen from a business perspective, the goals also constitute vast business opportunities. The magnitude and complexity of the challenges posed by the SDGs means that public policy and private sector initiatives must go hand-in-hand to drive the scalable, affordable, and sustainable solutions that are needed to achieve the goals.

Our sustainability programmes help us advance and measure Ørsted’s positive and negative potential impacts on the SDGs. 15 out of our 20 sustainability programmes contribute directly to the SDGs. In our previous sustainability report, the assessment of our SDG contribution was made on an internal and qualitative basis. In 2018, we took part in a pilot project by Trucost that sought to quantify SDG impact in a way that encourages benchmarking between companies.

The Trucost analysis reaffirms that the vast majority of our profits are generated by SDG-related activities, especially offshore wind.

Building on the Trucost analysis, we distinguish between our sustainability programmes that make a positive contribution to the SDGs and programmes that minimise potential negative impacts on the SDGs for the first time in our reporting.

Our main positive SDG contribution is connected to our core business activities that increase the share of green energy in the global energy mix (SDG 7) and help tackle climate change (SDG 13). As a consequence of our investments in green energy, we also contribute substantially to economic growth (SDG 8).

Programmes that minimise potential negative impacts on the achievement of the SDGs focus on growing our green energy portfolio in a sustainable way and ensuring business integrity. The programmes include e.g. sustainability of biomass (SDG 15 on protecting marine and coastal ecosystems) and biodiversity (SDG 14 on protecting marine and coastal ecosystems).

We continue to detail which specific underlying targets we work with under each programme. In our programme status on pages 43-44, you can find our more detailed reporting on the SDGs.
Pursuing a greener and more prosperous world

A world that runs entirely on green energy will be among the key battles that need to be won in the global fight against climate change and its many potential devastating effects. Creating a world on green energy will fuel the green economy, increase energy independence and access to energy across the globe. We have many of the solutions to get there. But we need to radically accelerate the transformation of the world’s energy systems.

The green energy transformation is not happening nearly fast enough. Today, only 12% of global energy consumption comes from renewables, according to the International Energy Agency. Staying below a 1.5°C increase in global warming requires an almost completely decarbonised energy consumption, which today is the cause of approx 75% of global carbon emissions.

For the energy sector, this means that the renewable share of global power generation must increase from 24% in 2018 to 60% by 2030, according to the IPCC. This must rise to 70-85% by 2050. Also, we must rise to 70-85% by 2050. Also, we need to phase out coal by 2050.

Wind and solar will play a key role in a green energy system. The deployment of these technologies at scale has brought down the cost for new-built capacity to a level which in many markets is below the cost of new-built fossil fuel and nuclear capacity. This is a game changer that will be a key driver in the global green energy revolution.

The benefits of a green world are many. There are many benefits from creating a world that runs entirely on green energy. It stimulates economic growth not just in the energy sector but also in other sectors. Increased low-carbon employment is projected to lead to an overall net gain of 37 million jobs globally by 2030, according to the 2018 New Climate Economy report by The Global Commission on the Economy and Climate.

A world on green energy will spur social development where it is needed the most. The almost one billion people who do not have access to electricity today would be able to enjoy the advantages of light at the flick of a switch, refrigerated food, and heating or cooling. It will help clean up the planet with significant health benefits. According to the International Renewable Energy Agency, it is estimated that we can save up to four million lives per year if we double the share of renewables by 2030 in comparison with today.

Taking leadership on green energy

We want to help create a world that runs entirely on green energy by transforming the global energy systems from black to green. A decade ago, we set out to first transform ourselves.

Since then, we have been on a massive journey to transform from an energy company based on fossil fuels to a global leader in renewable energy. Today, 75% of our energy generation is green and in 2025, we aim to reach 99%. By then, we will generate enough green energy to power more than 30 million people worldwide. Consequently, we will have reduced our carbon intensity by 98% in comparison with 2006, making us essentially carbon-free in our energy generation.

We have a carbon emissions reduction target that puts us 27 years ahead of the necessary reduction trajectory of the energy sector. The trajectory is determined by the 2°C temperature rise scenario, established by leading climate scientists in the Science-Based Target initiative and the International Energy Agency. There is currently no trajectory determined for a 1.5°C scenario, but it is clear that our current target will continue to be well within the limits for the energy sector to stay below 1.5°C.

Through the following four programmes at the core of our business, we help create a world that runs entirely on green energy:

1. Green leadership
We increase our share of green energy generation to reduce our carbon emissions, we align with international frameworks on climate, and we run awareness-raising initiatives on climate among youths.

2. Deployment of wind power
We deploy onshore and offshore wind farms as one the world’s largest green energy developers.

3. Greener power stations
We convert our coal- and gas-fired power stations to sustainable biomass.

4. Integration of green energy
We deploy new technologies and optimise our solutions to help balance variable energy generation and consumption.

See programme descriptions in pages 19-20.
Accelerating the global green energy transformation

At Ørsted, we want to help accelerate the transformation away from fossil fuels to green energy. In 2018, we have increased our build-out targets for offshore wind to 15GW by 2025, enough to power more than 30 million people. We have strengthened our presence in the US, where states on the East Coast have set ambitious new green energy targets.

We expanded the scope of our green energy solutions to include onshore wind, solar and storage. As a result, we have set a target for 2030 that comprises all our green energy-generating assets, namely offshore wind, onshore wind, solar PV, and biomass-fired power stations. Our target is 30GW, which is enough to power more than 50 million people.

Realising our green energy targets depends on our ability to bring offshore wind to global markets. Offshore wind is the fastest growing energy technology globally today. Now, countries outside Europe see an opportunity to make offshore wind a key technology in the transformation of their energy systems from black to green. This will reduce their dependence on fossil fuels and benefit the climate.

Bringing offshore wind to new markets poses new challenges. Among the most important is the establishment of an offshore wind supply chain in a short space of time. This is the case in the United States, for instance.

In 2018, we set new targets for our green energy build-out that continues an increasing pace. By 2025, we target 15GW of installed offshore wind, which is enough to power more than 30 million people. This is an increase on our previous target of 11-12GW.

In the US, most of the energy generation comes from fossil fuels. But highly populated states on the US East Coast, such as Massachusetts, New Jersey, and New York, are shifting away from fossil fuels by setting ambitious renewable energy targets.

In 2018, we have increased our build-out targets for offshore wind to 15GW by 2025, enough to power more than 30 million people. We have strengthened our presence in the US, where states on the East Coast have set ambitious new green energy targets.

The world needs to urgently transform from black to green energy. We want to help accelerate this transformation and realise the global potential of green energy.

People powered with green energy (million)

<table>
<thead>
<tr>
<th>Offshore wind capacity</th>
<th>2018</th>
<th>2025 target</th>
<th>2030 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>5GW</td>
<td>&gt;12</td>
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<td>&gt;50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30GW</td>
<td>&gt;30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Helping bring offshore wind to the US

In the US, most of the energy generation comes from fossil fuels. But highly populated states on the US East Coast, such as Massachusetts, New Jersey, and New York, are shifting away from fossil fuels by setting ambitious renewable energy targets.

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Offshore wind can help meet these goals. The East Coast has favourable wind conditions and water depths, making offshore wind a particularly ideal technology to deploy. We want to help the East Coast states meet their targets.

We have been in the US since 2015 and in 2018, we further strengthened our US activities. By acquiring Deepwater Wind, we have created a leading US offshore wind platform.

Deepwater Wind has a promising portfolio of projects along the US East Coast. The company developed the Block Island wind farm, the first and, so far, only operational offshore wind farm in the US. With Deepwater Wind, we have secured the rights to build 954MW offshore wind capacity across projects on the US East Coast by 2023 – enough to provide power to 800,000 people. By merging Deepwater Wind’s development portfolio with Ørsted’s existing portfolio, we now have the potential to build over 7GW of offshore wind across seven states on the US East Coast. These states have already committed to build in total more than 10GW of offshore wind capacity by 2030. This is an ambitious target that we want to help the states meet.

Unleashing the offshore wind potential in the US

Building offshore wind in untapped markets poses a number of challenges for us, including how to help establish local supply chains, support training of skilled labour to work on our offshore wind projects, and promote friendly cohabitation with fishing and local communities that depend on the sea for their livelihoods.

We rely on skilled labour to construct and operate our wind farms, but today, very few people outside Europe have experience working with offshore wind farms. To help build expertise and develop training courses for offshore wind, we have established memoranda of understanding with universities and technical colleges in the states where we are active, and we are committed to working with these organisations to develop vocational training programmes.

Many fishermen are active in and around the sites that have been designated for offshore wind. It is essential that our offshore wind farms do not impact the livelihood of the fishermen and that we can have a good mutual understanding.

As the first offshore wind company, we have partnered with The Responsible Offshore Development Alliance (RODA). The aim of our partnership is to improve communication with the commercial fishing industry. Through a joint industry task force, we explore improved approaches to project siting, design and operations. We also have fishermen onboard survey vessels when we do site investigations, so they can serve as a liaison between the fishing industry and our surveying activities.

The US has great potential in offshore wind as well, a strong manufacturing history and a well-established labour base. We want to help unlock this potential and make offshore wind an important part of the nation’s diverse and flexible energy portfolio.
Our investments in green energy bring tangible benefits to society

Accelerating the transformation from black to green energy requires significant investments, and the investments bring tangible value to the societies that benefit from them. At Ørsted, our investments have helped power millions of people with green energy, fight climate change by displacing energy derived from fossil fuels with green energy, and boost economic growth and job creation.

Since our first offshore wind farm was inaugurated in 1991, we have built 29 wind farms with a total capacity of more than 5.6GW. We have three large offshore wind farms under construction, which will add another 3.4GW of installed capacity to our portfolio. Each wind farm we build is a step in transforming our societies to run on green energy.

Over the past decade, we and our partners have invested approx DKK 165 billion in green energy. 90% of these investments have gone into offshore wind, but we have also invested large amounts in phasing out coal from our power stations by converting them to sustainable biomass.

Towards 2025, we expect to invest up to DKK 200 billion in green energy. As the global leader in offshore wind, we will continue to invest 75-85% in building more green energy from offshore wind. But we also aim to spend 15-20% of our investments on realising the potential of our new onshore business. Finally, we aim to spend up to 5% on our Customer Solutions and Bioenergy businesses.

Offshore wind helps avoid carbon emissions

The offshore wind farms we have built can provide green power to people whose energy use has previously been based on coal or natural gas. The green energy we provide displaces the carbon emissions that would have come from conventional fossil-based energy generation. Annually, generation of power from our offshore wind farms help avoid the emission of 6.3 million tonnes of CO₂, equal to taking more than three million cars off the streets every year.

Our green energy investments 2009–2018

DKK 165 billion

90% Offshore
4% Onshore
6% Bioenergy

Our green energy investment programme 2019–2025

DKK 200 billion

75-85% Offshore
0-5% Bioenergy and Customer Solutions
15-20% Onshore

Avoided CO₂ emissions

6.3 million tonnes

Cars

>3 million

* In our ESG performance report 2018, page 17, we elaborate on the methodology for calculating avoided emissions. Please read more in the section ‘Accounting policies’.
Our investments in wind farms bring thousands of new job opportunities in our value and supply chain to the benefit of countries and local communities.

In addition to building green energy, politicians, regulators and other stakeholders expect us to create local jobs and economic growth. A good case is in the UK, where we have built 3.2GW of offshore wind capacity, making the country our largest market. Here, we have helped take advantage of the favourable wind and seabed conditions and built the world’s largest offshore wind farms off the east and west coasts of the country.

The Humber region in the eastern UK is a great example of the impact that the offshore wind industry can have on local communities. The region has become one of the most important global hubs for offshore wind. In 2016, one of our largest suppliers, Siemens Gamesa Renewable Energy, invested approx DKK 1.4 billion to open a large wind turbine blade factory here. The combined investments in the factory and extension of a dock in the harbour of the city of Hull are estimated by Siemens Gamesa to create up to 1,000 jobs, with additional jobs during construction and in the supply chain. In just a few years, our offshore wind activities in the region have contributed to the regeneration of the Humber region, leading to several positive economic impacts, such as more jobs, higher salaries, and local economic growth.

A wind farm is a complex engineering project. It requires labour during the labour-intensive construction and installation of the wind farm, operation and maintenance, and decommissioning, as well as in the supply chain manufacturing its components. Based on the International Renewable Energy Agency’s (IRENA) method, we have estimated the job creation from our own and joint partner investments in offshore wind. Our analysis shows that the offshore wind farms we have installed in combination with the offshore wind farms we have under construction create 180,000 job years in their lifetimes. This job effect corresponds to employing more than 21% of the population of Amsterdam for a year or ensuring 5,000 average European citizens lifelong employment.

Our analysis only covers jobs directly associated with construction, operation and maintenance, and decommissioning of our offshore wind farms. The job benefits from our wind farms go beyond creating jobs in the wind industry. Every wind farm we build supports several thousand jobs in local communities. The jobs are typically in hotels, restaurants and other services.

Case: the Humber region

One of our UK operations and maintenance bases is in the Humber region, where one of our largest suppliers, Siemens Gamesa, has opened a blade production facility. Our offshore wind activities have contributed to economic growth in the region.
Waste is a resource for green energy

Increasing waste levels is a major global challenge. At Ørsted, we see waste as a valuable resource where the organic content can be turned into biogas, which is a green alternative to natural gas. We invest in developing waste solutions that can help utilise the many resources that waste has.

Global waste levels are increasing and are expected to reach 2.59 billion tonnes in 2030, up 29% from 2016 which is the latest publicly available data. Today, merely 19% of all waste is recycled or composted. The rest is incinerated (11%), sent to landfills (37%) or openly dumped (33%).

With increasing waste levels also come increasing carbon emissions from incineration and methane emissions from the decay of organic waste. In total, solid waste is estimated to account for about 5% of global greenhouse gas emissions.

Insufficient waste management is a missed opportunity to extract materials and energy from the valuable resources in waste. At Ørsted, we see waste from households and industrial production as an important resource.

Partnering with industry leaders to fuel a circular economy

Industrial production accounts for about 21% of global waste. To dump or dispose the waste in landfills is – frankly – a waste. There is an apparent and growing challenge in making the best use of waste. This challenge requires companies across industries to work together and find solutions to reduce their environmental footprint. At Ørsted, we see great value in supporting these collaborative partnerships, and we are pleased to join forces with other corporate leaders.

Inaugurated in 2018, the Kalundborg industrial biogas plant in Denmark is our first co-owned industrial waste plant. Kalundborg Bioenergi handles industrial waste from two large corporate partners, Novo Nordisk and Novozymes. The plant can annually process 300,000 tonnes of waste from insulin and enzyme production and produce enough biogas to cover the gas consumption of 5,000 households.

Kalundborg Bioenergi handles industrial waste from insulin (Novo Nordisk) and enzyme (Novozymes) production.

The plant converts the industrial waste into enough biogas to cover the heating needs of approx 110,000 UK households. Metals to produce 3,700 cars every year. We are constructing a full-scale plant based on the Renescience technology in Northwich, UK. Once operational, it has the potential to convert 120,000 tonnes of waste annually, equal to the waste from approx 110,000 UK households. Metals and plastics are sold for recycling, and the generated biogas can be used either as a substitute for natural gas to generate power or as transport fuel. The produced biogas will generate 5MW electricity, enough to power up to 9,500 households, and the processed recyclable material will enable recovery of enough metals to produce 3,700 cars every year.

We expect the Northwich plant to be commissioned during first half of 2019, which is a significant delay compared to our initial expectations. The plant has confirmed that the core enzymatic sorting process in large scale works as expected, but we have had to undertake a programme to enhance flexibility and redundancy in the sorting hall. We are currently finalising the optimisation of the plant’s mechanical operations.

‘Kalundborg Bioenergi’ converts industrial waste to biogas

The plant is expected to have the potential to treat waste from

Households (annually)

Household waste

Renescience

Electricity

Recyclable materials

The produced biogas has the potential to generate electricity for

UK households (annually)

Cars (annually)

The processed recyclable material can potentially enable recovery of enough metals to produce

110,000

9,500

3,700

Making energy of household waste with Renescience

The concept behind our waste treatment technology, Renescience, is to prevent household waste from going to landfills. Renescience has the potential to convert household waste into biogas and recyclable materials, such as metals and plastics, through enzyme treatment and mechanical sorting.

We are constructing a full-scale plant based on the Renescience technology in Northwich, UK. Once operational, it has the potential to treat 120,000 tonnes of waste annually, equal to the waste from approx 110,000 UK households. Metals and plastics are sold for recycling, and the generated biogas can be used either as a substitute for natural gas to generate green power or as transport fuel. The produced biogas will generate 5MW electricity, enough to power up to 9,500 households, and the processed recyclable material will enable recovery of enough metals to produce 3,700 cars every year.

We expect the Northwich plant to be commissioned during first half of 2019, which is a significant delay compared to our initial expectations. The plant has confirmed that the core enzymatic sorting process in large scale works as expected, but we have had to undertake a programme to enhance flexibility and redundancy in the sorting hall. We are currently finalising the optimisation of the plant’s mechanical operations.

Kalundborg Bioenergi’ handles industrial waste from insulin (Novo Nordisk) and enzyme (Novozymes) production.

The plant converts the industrial waste into enough biogas to cover the heating needs of approx 110,000 UK households. Metals to produce 3,700 cars every year. We are constructing a full-scale plant based on the Renescience technology in Northwich, UK. Once operational, it has the potential to convert 120,000 tonnes of waste annually, equal to the waste from approx 110,000 UK households. Metals and plastics are sold for recycling, and the generated biogas can be used either as a substitute for natural gas to generate green power or as transport fuel. The produced biogas will generate 5MW electricity, enough to power up to 9,500 households, and the processed recyclable material will enable recovery of enough metals to produce 3,700 cars every year.

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Refrigeration entrepreneurship is scalable and a good fit for companies and countries dealing with significant industrial biowaste that is not being put to use.

The plant is expected to have the potential to treat waste from

Households (annually)

Cars (annually)

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Kalundborg Bioenergi is a recent example of how businesses can work together to find innovative ways of solving environmental challenges. The process of turning waste into biogas and using the residuals as fertiliser in farmland (thus replacing artificial fertiliser) makes our biogas plant a contributor to a circular economy. The solution is scalable and a good fit for companies and countries dealing with significant industrial biowaste that is not being put to use.

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### 1. Green leadership

**Societal challenge**
Overheating 1.5°C can happen as early as 2030, and awareness and behavioral changes at every level of society will be needed to limit climate change. Within this context, corporate action to halt emissions is imperative. Demonstrating resilience towards potentially irreversible effects of climate change is also becoming more important.

**Actions to become future-fit**
- We have raised our target for the green share of our energy generation to reach 99% by 2025: in 2018, we reached 75%.
- We have raised our target for deployment of offshore wind by 2025 to 15GW.
- We have commissioned three new offshore wind farms, Riso Bank, Vidley Extension and Bankum (Rogngrund 2).
- We will help provide green energy from offshore and onshore wind to the US through the acquisitions of Deepwater Wind and Lincoln Clean Energy (LCCE).
- We are also increasing our capacity in Europe. In 2018, we were awarded the rights to build 11GW in Germany.
- In Taiwan, we have been awarded 14GW during 2018, but due to uncertainties about the power purchasing agreement, we have decided to pause and revisit all our Taiwanese project activities.

**Our approach**
We take action by increasing the green share of our energy generation, reducing our carbon intensity 27 years faster than science demands, working to disclose climate-related risks and opportunities, and by contributing to awareness-raising on climate change.

**Our progress**
- We have raised our target for the green share of our energy generation to reach 99% by 2025: in 2018, we reached 75%.
- We have reduced the carbon intensity of our generation by 72% since 2006, and aim to reach a 94% reduction by 2025.
- We have begun implementing the Task Force on Climate-Related Financial Disclosure (TCFD) guidelines to further improve our disclosure of climate-related risks and opportunities. See our annual report.
- In partnership with WWF Denmark, we held a Climate Safari in Denmark, the first of several initiatives to raise climate awareness among youths.
- We have incorporated climate performance KPIs in the compensation schemes of our Executive Board.

**Our governance**
Accountability lies with our CEO.

### 2. Deployment of wind power

**Green energy deployment**
Global energy demand grew above its 10-year average in 2017 and is expected to grow 30% by 2040. The world’s energy generation from renewables has never been higher than today, but the world’s fossil fuel generation also remains high. We need to accelerate the deployment of scalable, reliable, and affordable green energy.

**Actions to become future-fit**
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- In 2018, we commissioned three new offshore wind farms, Riso Bank, Vidley Extension and Bankum (Rogngrund 2).
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**Our progress**
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- In Taiwan, we have been awarded 14GW during 2018, but due to uncertainties about the power purchasing agreement, we have decided to pause and revisit all our Taiwanese project activities.

**Our approach**
We aim to grow deployment of offshore wind in Europe, US and Asia Pacific, and onshore wind in US. We want to ensure an active footprint in development, construction, operation and ownership of wind farms.

**Our governance**
Accountability lies with the EVP of Bioenergy.

### 3. Greener power stations

**Green energy deployment**
Cost is the most carbon-emitting fossil fuel, and after two years of decline, global consumption has increased again. The use of coal must be stopped to effectively limit climate change.

**Actions to become future-fit**
- Five of our seven CHP stations have already been converted from coal or gas to sustainable biomass.
- Conversion of Aamias CHP station is in progress and expected to be completed by the end of 2019.
- The seventh CHP station, located in Esbjerg, will be closed by the end of 2022 as we have not been able to secure an agreement to convert the CHP-station to run on sustainable biomass.
- In 2018, our coal consumption increased in comparison with 2017 as we experienced high demand for power in periods where we were not generating heat. In these periods, fossil fuels are normally used.

**Our progress**
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- In 2018, our coal consumption increased in comparison with 2017 as we experienced high demand for power in periods where we were not generating heat. In these periods, fossil fuels are normally used.

**Our approach**
We phase out the use of coal in our operations through conversion of our combined heat and power (CHP) stations in Denmark from coal and gas to sustainable biomass.

**Our governance**
Accountability lies with the EVP of Onshore and the EVP of Distributed Solutions.

### 4. Integration of green energy

**Green energy integration and flexibility**
A world that runs entirely on green energy will rely on a power grid that can balance fluctuating energy generation and consumption patterns. Battery storage and integrated green solutions can help balance supply and demand.

**Actions to become future-fit**
Develop programme to address carbon emissions across our value chain.
Perform life-cycle assessment to support management, mitigation and disclosure of environmental risks across value chain.
Successfully phase out coal by 2023.
Manage and mitigate supply-chains impacts in the production of battery storage.

**Our progress**
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**Our approach**
We promote flexibility of supply and consumption through integrated energy solutions combining various technologies, including onshore wind, battery storage and solar PV.

**Our governance**
Accountability lies with the EVP of Offshore and Onshore respectively.

### Programme overview
- **1. Green leadership**
- **2. Deployment of wind power**
- **3. Greener power stations**
- **4. Integration of green energy**
Meeting the future’s green energy needs in a sustainable manner

A world on green energy will limit climate change, improve human health, and create economic growth. But the pursuit of this vision must take place sustainably. We work to address sustainability challenges that can impact our ability to build more green energy.

At Ørsted, we want to go beyond ensuring that the energy we generate is sustainable. We also want to build and operate our energy-generating assets in a sustainable manner. Our transformation from black to green energy means that we are facing different challenges today than we did a decade ago.

We are ending the use of coal, the most carbon-emitting source of energy, by 2023. We are replacing it with biomass, and we must document that the biomass we use is sustainable, so that it significantly reduces carbon emissions compared with coal and gas.

When we build offshore wind farms, there are unique ecosystems of flora and fauna that we must protect. It is a fundamental step in the preparations for construction that we conduct environmental impact assessments identifying areas of concern and allowing for early fine-tuning of our projects to avoid potential negative impact on the natural environment.

In the communities where we operate, we strive to meet the needs and expectations of the local population. We want to be appreciated as a positive influence on society, and in each project, we liaise with community representatives to understand their expectations, provide transparency on our activities and find common solutions.

Our ability to grow sustainably depends on the people we employ. We want our company to reflect the societies we recruit talent from, and we see diversity and inclusion as a crucial part of attracting, developing, and retaining all talent.

We promote sustainable environmental practices in our operations by improving energy efficiency and the reuse and recycling of waste.

We aim to turn sustainability challenges into enablers for our vision by addressing the challenges through the following eight sustainability programmes:

5. Sourcing of certified sustainable biomass
We document the sustainability of the forest-based biomass we source.

6. Local communities
Through dialogue we engage with stakeholders in local communities to address local needs and expectations.

7. Protecting biodiversity
Through environmental impact assessments and support to scientific-knowledge building, we strive to avoid and reduce negative impacts on biodiversity.

8. Employee development
We seek to attract, develop and retain the best talents to stay competitive as we continue our journey to expand renewable energy.

9. Employee satisfaction
We want our employees to thrive by creating a good and healthy working environment.

10. Employee diversity and inclusion
We work to create equal opportunities for everyone and a culture for inclusiveness in the workplace.

11. Energy savings
We improve the energy efficiency of our own businesses and cover 100% of our energy consumption with green certificates.

12. Resource management
We aim to improve the reuse and recycling of waste generated in our operations and reduce hazardous waste.

See programme descriptions in pages 27-30.
Coal is the most carbon-emitting source of energy. We have decided to phase out coal completely by 2023 and are converting our combined heat and power stations to run on sustainable biomass.

Our seven largest combined heat and power stations cover a fourth of Denmark’s demand for district heating. The power stations are all originally built for fossil fuels, but we convert them to run on sustainable biomass to phase out fossil fuels at our power stations. So far, five power station units have been converted, enabling us to reduce our coal consumption by 82% since 2006. One of our remaining two coal-fired power stations is being converted to sustainable biomass, and the other will be closed by the end of 2022 to meet our objective of fully exiting coal by 2023.

Using residues of wood to produce green heat and power

The biomass we source is a residue from the production of high-value timber, mainly sourced from Europe. It is primarily made from forest and wood-working residues as well as damaged timber, and timber with no other commercial use. The forest owner maximises the commercial value of the forest by selling as much timber as possible to sawmills to be used in construction and furniture. The residues which have no commercial value in the timber market are then used to produce climate-friendly heat and power.

Burning coal releases carbon dioxide that has been geologically stored in the ground for millions of years. Contrary to coal, biomass is part of the short natural carbon cycle where plants and trees naturally grow, mature, die, and decompose. When using sustainable biomass as energy instead of coal, we therefore reduce the total amount of carbon emissions released to the atmosphere. The emissions will never exceed the amount of carbon dioxide absorbed by the trees during their growth. Therefore, compared to coal, no additional carbon dioxide is released to the atmosphere.

To ensure that the biomass we source is sustainable, we rely on globally recognised independent third-party certification schemes, such as FSC®, SBP, and PEFC, which ensure replanting as well as protection of biodiversity and areas worthy of preservation.

Goal to reach 100% certified biomass

In 2018, 83% of the sustainable biomass sourced by Ørsted was certified by a third party in accordance with the Danish Industry Agreement, compared to 72% in 2017. We have a target of sourcing only certified sustainable biomass by 2020. To achieve this goal, we work with our suppliers and their sub-suppliers to get all non-certified sustainable supply chains certified.

In addition to the benefit of third-party assurance, we hope that our demand for certified biomass, together with increased demand for certified wood from other industries, such as construction and furniture, will result in more forests being certified and sustainably managed.

When 2,000 trees are planted in an area comparable to a football field, only approx 15-20% will remain for final harvesting to be sold off to a sawmill after 60 to 70 years. The rest of the trees are harvested during regular thinning of the forest — improving the quality by removing rotten, diseased and damaged wood. A large portion of the thinning volume won’t have the quality needed to produce timber and furniture, but it can be used as biomass. The residual wood would decompose and release carbon dioxide if it wasn’t used for a commercial purpose, such as biomass.

Michael Gehlert
Head Forester, Forest Owner Association – Western Jutland, Denmark

Supply chain for sustainable forest-based biomass
Taking care of the rich diversity of life on Earth

All energy infrastructure is built in a unique environment where we have to do our utmost to protect the natural ecosystems. It is key that we manage environmental impacts on these ecosystems well to obtain permission to build wind farms.

Ørsted has a responsibility to protect the rich diversity of life as an integral part of the way we operate. Our expertise and reputation for protecting biodiversity help us win new contracts, deliver green energy and ensure that wildlife can coexist alongside our developments.

In 2018, we adopted a new offshore wind biodiversity policy. The policy is built on our long-term experience and understanding of the biodiversity challenges we face when building offshore wind farms. The core philosophy of the policy is prevention before mitigation whenever possible. This approach remains key as we enter new markets.

Putting principles into practice

On all of our offshore wind projects, we work closely with regulators, NGOs and other stakeholders to ensure the protection and enhancement of biodiversity. We have a global team of 60 environmental experts who work on our projects to study and monitor the potential impacts on the flora and fauna both offshore and on land. By engaging with our stakeholders, we determine the best measures and actions required to protect the seabird, fish, marine mammals, seabirds, and plants.

In new and emerging offshore wind markets, we have a responsibility to develop local know-how and insight by sharing our experience with the governments and stakeholding partners we partner with.

Our funding of a study tagging lesser black-backed gulls from colonies in the Northwest of England is a good example. Finalised in 2018, we undertook this study to further understand how the gulls interact with our UK West Coast wind farms. The impact of wind farms on particular bird species is likely to be influenced by the altitude at which they fly, notably in relation to wind turbine blade height. The tags used for this study will help to inform us of how they behave around wind turbines over a three-year period from 2016 to 2018. We will use the study to further our understanding of collision risk and incorporate into future collision risk modelling.

WWF and Ørsted join forces to mitigate impacts of climate change

As the first energy company globally, we entered into a partnership with the environmental organisation World Wide Fund for Nature (WWF), Denmark, in 2018. Our new biodiversity policy was launched in collaboration with WWF. The collaboration also includes raising awareness on climate change mitigation, especially among the younger generations. As our first joint initiative, we invited schools and families to a ‘climate safari’ with a view to inspire them as to how they can help build the green society of tomorrow.

In 2019, we will extend our partnership activities with WWF. The plan is two-fold to provide school classes with educational material on fighting climate change, and to initiate a study on the consequences of climate change on nature and biodiversity in Denmark. WWF will also continue to advise Ørsted on our sustainability strategy and biodiversity initiatives.

As our business diversifies and expands to new markets, we will continue to build on our knowledge of protecting the home of all the fascinating creatures we came across on planet Earth.

A workplace where everyone feels acknowledged

With a global footprint and 6,000 employees, we need a diverse workforce to pursue our vision of a world that runs entirely on green energy. To attract the best talent, we put great efforts into ensuring an inclusive culture for all our employees.

A cornerstone of our organisational culture is the belief in equal rights and opportunities. To us, being respected and valued for who you are is a fundamental right. Therefore, we want to ensure an inclusive workplace for all employees.

A prerequisite for creating a culture that embraces diversity is that our employees feel acknowledged and included, regardless of their individual background and personal characteristics. As a company, we want our workforce to reflect the societies we are part of — including gender, sexual orientation, cultural background, and age.

Spotlight on future female leaders

There are areas within the diversity agenda where we — and society at large — need to improve. Among the most apparent is gender balance in our workforce, not least in senior roles.

Women make up one third of all employees in Ørsted, but the gender balance is not reflected in the top management layers. Today, only 10% of our Top 100 leaders are female. We are determined to improve this number. Our goal is for 22% of the top 100 to be women by 2023.

In 2018, we introduced a new ‘Female Spotlight’ initiative for experienced female managers. The initiative aims to identify and further develop female leadership talent that are able to progress into senior leadership positions. Based on an individual assessment of the female managers’ experience, potential, and opportunities, we lay out a detailed development plan to help them move towards the next step in their career.

Diversity beyond gender

Diversity and inclusion matters are multi-faceted by nature and include many other important aspects beyond gender. In 2018, Ørsted sponsored Copenhagen Pride to reinforce our support for diversity beyond gender and to celebrate diversity and inclusion within our company.

We also joined more than 200 of the world’s largest companies expressing support for the UN LGBTI Standards of Conduct for Business. The standards put focus on businesses’ responsibility to secure LGBTI (lesbian, gay, bisexual, trans, and intersex) rights and fight discrimination against LGBTI people.

These initiatives reaffirm our commitment to secure a work environment characterised by an inclusive and recognising mindset and respect for all people. Not just because it’s the only right thing to do, but because we rely on highly motivated and talented people to stay competitive and challenge the status quo. This is even more important as our company expands globally.
We document the sustainability and supply-chain emissions of the forest-based biomass, i.e., wood pellets and wood chips, used for our CHP stations through independent third-party certification and in accordance with the Danish Industry Agreement. We communicate openly on the sustainability of our biomass.

Our progress
- 83% of the forest-based woody biomass we sourced this year has been certified as sustainable in accordance with the Danish Industry Agreement.
- Our sourcing of certified sustainable forest-based woody biomass has grown over the years, and we are on track to reach our goal of 100% certified biomass sourced by 2020.
- We have committed to sourcing only FSC®-certified forest-based biomass from countries with a score of 50 or less in the Transparency International Corruption Perception Index to further ensure the sustainability of biomass from less mature countries.

Our approach
- In the UK, community development funds and local content plans are in place and under execution. See the UK CSR report.
- In the US, proactive engagement with relevant trade unions and local communities is taking place.

Our governance
- The EVP of Bioenergy oversees our policy and programme for sustainable biomass sourcing. Implementation lies with the Fuels & Logistics department. Compliance with the Danish Industry Agreement is ensured through an annual compliance audit by an independent auditor.

International frameworks of reference
- EU Renewable Energy Directive
- UN Guiding Principles on Business and Human Rights

Actions to become future-fit
- Ensure our programme for sustainable biomass sourcing meets the requirements for forest-based biomass in the EU Renewable Energy Directive (i.e., when it enters into force in 2021.
- Quantify socio-economic contribution of our green energy development projects.

SDG contribution
- We minimise our negative impacts on forests and seek to promote sustainable forest management in line with SDG 15.2.
- We minimise our negative impacts on local communities and support their economic, social, and environmental development in line with SDG 17.

Certified renewable woody biomass sourced (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2020 target</th>
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<tr>
<td></td>
<td>72</td>
<td>83</td>
<td>100</td>
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Local community engagement
- Open dialogue with communities is a natural part of how we do business across our markets. Our business footprint varies in every market and so do commitments and expectations of local communities. We engage in dialogue with workers, local governments, community leaders, and NGOs, and we work with stakeholder expectations in various ways, including local development funds, training programmes, and local supplier development.

Our progress
- In 2018, we have published our offshore wind biodiversity policy, summarising Ørsted’s priorities globally.
- We have also been reporting on the protected areas or areas of high biodiversity value and the number of species in the International Union for Conservation of Nature’s ‘Red List of Threatened Species’ in areas with Ørsted’s offshore wind operations (see sections 2.13 and 2.14 of our 2018 ESG performance report).
- We conduct studies to understand how species interact with our wind farms. In the US, we have implemented specific measures to protect the endangered North Atlantic right whale, including vessel speed restrictions.

Our approach
- In 2018, we have introduced a new forward-looking development policy for offshore wind in the UK, community development funds and local content plans are in place and under execution. See the UK CSR report.
- In 2018, we have introduced two new high-potential programmes, for senior specialists and for female leaders with executive potential.
- We have introduced a new forward-looking development policy for offshore wind in the US, with specific measures to protect the endangered North Atlantic right whale, including vessel speed restrictions.

Our governance
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International frameworks of reference
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Actions to become future-fit
- Ensure our programme for sustainable biomass sourcing meets the requirements for forest-based biomass in the EU Renewable Energy Directive (i.e., when it enters into force in 2021.
- Develop priorities and targets for continuous improvement in line with Ørsted’s biodiversity policy commitments and as we expand our operations.

SDG contribution
- We minimise our negative impacts on marine and coastal ecosystems in line with SDG 14.2, and natural habitats and biodiversity in line with SDG 15.5.

Indicators and targets
- Critically endangered
- Endangered
- Vulnerable
- Near threatened

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

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<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2020 target</th>
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<td></td>
<td>76</td>
<td>76</td>
<td>80</td>
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Enabling sustainable growth

**9. Employee satisfaction**

**Talent development**

Satisfied and motivated employees thrive in their workplaces and contribute to a collaborative and inclusive working environment. Higher retention rates of talented employees mean that organisations are in a better position to drive positive change and transition into the low-carbon economy.

**Our approach**

We want our employees to thrive and support our business growth. Therefore, we measure their satisfaction and motivation through an annual employee engagement survey. Among other areas, we measure the perception of Ørsted as a workplace, daily workload and tasks, and relationships with managers. The responses are actively used to identify actions at department and company level to improve our workplace.

**Our progress**

- We maintain a score of 76 in terms of overall satisfaction and motivation. This puts us at best in class among similar companies which have a score of 76 on average.
- The result demonstrates high levels of motivation and commitment, meaning that we are on track to reach our target of 77 by 2020.
- 95% of our employees have responded to the 2018 survey, providing a very strong foundation for the results.

**Our governance**

The SVP for People & Development oversees our actions for diversity and inclusion and for women in management. Implementation is tied by the People & Development team.

**International frameworks of reference**

- UN Convention on Discrimination Against Women
- UN-LGBTI Standards of Conduct for Business

**Actions to become future-fit**

- Maintaining high levels of satisfaction and motivation among employees will be key to retaining and attracting talents in a market where the demand for talented employees is on the rise.

**SDG contribution**

**Employee satisfaction and motivation**

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<thead>
<tr>
<th>Index 0-100</th>
<th>2017</th>
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<td>76</td>
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**Women in Leadership Conference (%)**

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<td>13</td>
<td>10</td>
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**Women in middle management (%)**

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<th>2018</th>
<th>2023 target</th>
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<td>25</td>
<td>25</td>
<td>30</td>
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**10. Employee diversity and inclusion**

**Diversity and equal opportunity**

Non-discrimination and equal opportunities enable people to realise their full potential. In the workplace, respect for diversity through an inclusive culture that accepts and values difference has the potential to unlock innovative thinking while driving business growth.

**Our approach**

We work to ensure equal opportunities and promote diversity and inclusion through transparent recruitment processes, talent development with focus on female leadership, unconscious bias training, and a corporate culture for inclusiveness.

**Our progress**

- The percentage of women in our Leadership Conference, which comprises our top 100 managers, is not progressing satisfactorily and has gone down from last year. Nevertheless, we remain focused in our ambition with new initiatives, including the Female Spotlight Initiative and quota for women participation in all Ørsted’s talent programmes.
- With the aid of Equal Approach, Ørsted UK is reviewing recruitment and onboarding processes with the aim to improve inclusiveness.
- We have adopted the UN-LGBTI Standards of Conduct for Business.

**Our governance**

The QHSE Committee oversees the progress of our energy efficiency initiatives. Business units are responsible for implementing energy efficiency initiatives and targets with the support of our energy consultants.

**International frameworks of reference**

- Paris Agreement
- EU Energy Efficiency Directive 2012/27/EU

**Actions to become future-fit**

- Continue efforts to create an inclusive workplace through communication campaigns, training, and mindset, to support Ørsted’s internationalisation strategy.

**SDG contribution**

**Employees in leadership (%)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2023 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>92</td>
<td>77</td>
<td></td>
</tr>
</tbody>
</table>

**11. Energy efficiency**

Global energy needs could grow by 30% between today and 2040, according to the IEA World Energy Outlook. Given current and expected growth in global energy demand, deployment and integration of green energy must be supported by energy efficiency improvements across industries and societies.

**Our approach**

We aim to continuously increase the energy efficiency of our own activities. In January 2018, we formalised our work in a Climate Partnership committing Ørsted to 100% renewable electricity consumption and energy savings of 15GWh realised by 2022.

**Our progress**

- This year, 100% of our electricity consumption comes from renewable sources, except for power sourced for electric boilers generating heat. This has been achieved through the purchase of renewable certificates. The vast majority of certificates are from Ørsted's offshore wind farms.

**Our governance**

The QHSE Committee oversees the progress of our energy efficiency initiatives. Business units are responsible for implementing energy efficiency initiatives and targets with the support of our energy consultants.

**International frameworks of reference**

- UN Convention on the Rights of the Child

**Actions to become future-fit**

- Expand energy-efficiency programme to include fuel consumed in company vehicles and vessels.

**SDG contribution**

**Share of power purchased for own operations covered by green energy (%)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2023 target</th>
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<tbody>
<tr>
<td>100</td>
<td>92</td>
<td>77</td>
<td></td>
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</tbody>
</table>

**12. Resource management**

The global consumption of materials continues to increase, and the UN estimates that by 2050, we could need almost three planets to produce enough water, food, and energy for humans. By reducing wastes, reusing and recycling materials, organisations can contribute to a more efficient use of natural resources and further lower carbon emissions.

**Our approach**

We aim to decrease company impacts on the environment and associated resource management costs by improving the reuse and recycling of waste generated in our operations and reducing hazardous waste rates. Our main waste is generated through operations and maintenance activities at our CHP stations and wind farm sites as well as at our corporate office facilities.

**Our progress**

- We have aligned monitoring and reporting of waste and water with the Global Reporting Initiative Guidelines.
- Business units are in the process of defining site-specific initiatives to reduce hazardous waste.
- The significant reduction in the proportion of waste for recycling in 2018 is due to the fact that the 2017 data included more than 12,000 tonnes of non-hazardous waste for recycling from the decommissioning of the world’s first offshore wind farm, VindDel. See Section 212 in our ESG performance report for more information.
- All our operational sites work in accordance with ISO 14001.

**Our governance**

The QHSE Committee oversees waste management throughout Ørsted. The implementation is carried out by the business units with support from the QHSE department.

**International frameworks of reference**

- UN Convention on the Rights of the Child

**Actions to become future-fit**

- Develop plan for decommissioning of large wind farms.

**SDG contribution**

**Share of recycled waste (%)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019 target</th>
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<tbody>
<tr>
<td>100</td>
<td>92</td>
<td>77</td>
<td></td>
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</tbody>
</table>
In a nutshell, integrity is about doing the right thing, even when no one is watching. At Ørsted, we want to operate responsibly, safely and with integrity. This includes upholding high ethical standards in our business practices by being accountable and transparent, respecting human rights and having a solid governance.

Integrity is one of the defining principles for our company. It’s about striking a balance between not only doing things right but also doing the right thing. Every day, we deal with complex challenges facing our company and the societies where we do business. We want to address these challenges and meet the expectations of our stakeholders with integrity.

Acting responsibly, locally and globally
As a company, we work towards a sustainable future in close collaboration with partners across our value chain. Business integrity is key for us. Our approach to business integrity is guided by the UN Global Compact, of which we have been a signatory for 13 years. We are furthermore guided by international conventions, principles and guidelines, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We also comply with national laws, such as the Danish Financial Statements Act on CSR and the UK Bribery and Modern Slavery Acts.

It is a priority for us to work with our more than 22,000 suppliers on their environmental, social, and ethical impacts. We base our collaboration on a code of conduct that expresses our expectations towards them. Entering new markets outside Europe, where the offshore wind industry is still limited, demands a focus on building a strong and healthy supply chain that operates in accordance with our code of conduct.

Another important area for us is cyber security, because the impact of a successful cyberattack can be very damaging.

We want our employees to thrive both at work and away from work. In the last few years, we have increased our focus on how we can support our employees in creating a meaningful balance that, rather than draining their energy, gives them energy.

We have eight sustainability programmes that advance business integrity in our operations:

13. Workplace safety
We strive to create a safe workplace for employees and contractors alike and seek to embed safety in business processes by moving from reactive to proactive safety indicators.

14. Employee health and well-being
We promote personal health and well-being at the workplace and encourage employees to take action for a balanced life.

15. Good business conduct
We have zero-tolerance for bribery, corruption, and other types of fraudulent behaviour.

16. Responsible business partner programme
We manage and mitigate social, ethical, and environmental risks in our supply chain and encourage suppliers to operate responsibly.

17. Information and cyber security
We protect the integrity of our energy information and infrastructure.

18. Customer experience
We ensure that customers are satisfied with the services we provide.

19. Responsible tax practices
We are transparent in our approach to tax and communicate about our tax policy and tax payments in a timely, transparent, and relevant manner.

20. Personal data protection
We respect the privacy of employees, suppliers, and residential customers by protecting their personal data in accordance with the GDPR.

See programme descriptions in pages 35-38.
Cyber security is a social responsibility

Energy is vital for all parts of society, but increasingly, critical infrastructure such as energy supply is threatened by cyber espionage, cybercrime and hackers. At Ørsted, we operate vital infrastructure and have a strong responsibility to protect our IT systems.

Our societies are highly dependent on a reliable energy supply to power and heat our homes and run our businesses. Ørsted owns and runs interconnected infrastructure, allowing us to generate heat and power for millions of people across geographies. That is why we have a responsibility to ensure that we do everything we can to protect our systems.

Keeping infrastructure networks and energy supply safe and secure is vital for daily life and national security. International energy companies and suppliers have been targets of cybercrime in recent years, and we know that cyberattacks happen every day and that they can paralyse businesses across industries. As we expand our activities into new markets further from home, our ability to protect our energy assets. But these technological advancements also add to the interconnectivity of the systems we own and operate, which potentially increases the vulnerability of these systems.

We strengthen cyber security measures

We have mitigated our risks with a number of measures, including building stronger defence mechanisms and educating all Ørsted employees in cyber awareness.

We continuously test our systems to detect potential security breaches. We have also scaled up our level of surveillance and governance by mapping out threats and patterns and anticipate scenarios that could eventually target us. In this way, cyberattacks can be detected and avoided, or their effects contained or minimised. Our protection system blocks thousands of malicious emails every year.

We know that human error accounts for most of the cyber security breaches in companies worldwide. In 2018, we launched an internal “2 feet principle” security information campaign aimed at helping employees to identify and prevent cyberattacks. This forms part of our dedicated and continuous efforts to ensure a high information security level and to build a strong information security mindset with our employees.

We have a strong responsibility to safeguard our supply of energy by protecting Ørsted from unauthorised access to information systems.

In a modern fast-paced culture, it is crucial to actively support employees to counter stress and burnout. In 2018, we introduced our Ørsted Life programme – a new, holistic effort to support the health and well-being of our employees.

Striking the right balance between working and time off is an evolving priority in modern working life. Our brains are challenged by the demands of modern working lives, which increases the risk of mental overload, leading to stress and anxiety. Everyone needs a break from work, but it can be a challenge as IT and smartphones allow us to work anywhere at any time.

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Sticking the right balance between working and time off is an evolving priority in modern working life. Our brains are challenged by the demands of modern working lives, which increases the risk of mental overload, leading to stress and anxiety. Everyone needs a break from work, but it can be a challenge as IT and smartphones allow us to work anywhere at any time.

An important aspect of securing a good psychological working environment is to proactively try to alleviate or ideally prevent stress. Stress occurs when people experience a mental overload over an extended period of time. To us, one of the most important ways of preventing stress is to ensure good management. Therefore, we will train managers in preventing stress among employees.

A new mental health policy

An important aspect of securing a good psychological working environment is to proactively try to alleviate or ideally prevent stress. Stress occurs when people experience a mental overload over an extended period of time. To us, one of the most important ways of preventing stress is to ensure good management. Therefore, we will train managers in preventing stress among employees.

A new global policy on mental health, aimed at promoting well-being as well as preventing and dealing with stress and other mental health issues. With our new policy, we aim to actively promote well-being with our employees instead of waiting for potential imbalances to be visible.

We believe that our continuous focus on preventing mental overload is key to ensure long and sustainable working lives for all our employees.
Business integrity

35

13. Workplace safety

Our progress

- We have launched a new QHSE culture programme to further embed our safety culture.
- Our TRIR performance of 4.7 in 2018 is very good. Actually, it corresponds to our employees or contractors working more than 100 years in average without experiencing incidents requiring medical treatment or resulting in absence.
- All our operational sites operate in accordance with OHSAS 18001.
- We have launched Ørsted Life, our new health and well-being programme with four pillars: we move, we focus, we work, and we care.
- More than 2,500 of our total of 6,000 employees have made use of readily-accessible services, including stress-prevention training and fitness-wellness facilities.
- More than 2,000 of our 4,500 office-based employees have participated in initiatives promoting physical activity.

Our governance

The QHSE Committee is accountable for our safety policy. Responsibility for the overall direction and implementation of our safety management systems lies with the Health & Safety management team.

International frameworks of reference

- OHSAS 18001
- ISO 45001
- WHO 'Healthy workplaces: a model for action'

Actions to become future-fit

- Maintain a high-performance safety culture and a record of zero fatalities and no life-changing events as we grow the size of our operations and enter into less mature markets.
- Continue inspiring employees to take care of themselves and one another to keep a balanced life in a dynamic working environment.

SDG contribution

We contribute to SDG 8.9 on promoting safe working environments with our safety approach and targets.

We contribute to SDG 3.4 on promoting mental health and well-being through Ørsted Life.

Indicators and targets

Total recordable injury rate (TRIR) (per million hours worked)

<table>
<thead>
<tr>
<th>Year</th>
<th>TRIR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6.4</td>
</tr>
<tr>
<td>2018</td>
<td>4.7</td>
</tr>
<tr>
<td>2025 target</td>
<td>3.3</td>
</tr>
</tbody>
</table>

14. Employee health & well-being

Programme overview

Personal health and well-being are fundamental for a balanced life. They also are key enablers of good performance at work as they increase employee engagement and cohesiveness.

Our approach

We strive to create a safe workplace for employees and contractors alike and achieve a best-in-class safety standard. We aim to sustain and mature a high safety performance by moving from reactive to proactive safety indicators, working on par with contractors to incorporate learnings, promoting a unified safety approach across all our business units, and embedding safety in relevant business processes.

Our progress

- We have launched Ørsted Life in 2018 to support Ørsted’s further globalisation.
- Following the review, we are developing measures to strengthen the programme.
- We are conducting compliance workshops on site in the new markets we enter.

Our governance

The Health Strategy Steering Committee, including the SVPs of People & Development and Stakeholder Relations and the VP of QHSE, oversees Ørsted Life. Implementation is led by the People & Development team.

International frameworks of reference

- Anti-corruption regulation in the countries where we operate, including the UK Bribery Act and the US Foreign Corrupt Practices Act.
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises

Actions to become future-fit

- Continue inspiring employees to take care of themselves and one another to keep a balanced life in a dynamic working environment.
- Continue to strengthen our good business conduct programme to support Ørsted with its internationalisation strategy.

SDG contribution

We strive to contribute to tackling corruption and bribery in line with SDG 16.5, through due diligence, training compliance, and misconduct reporting.

We contribute to SDG 3.4 on promoting mental health and well-being through Ørsted Life.

Indicators and targets

We have launched Ørsted Life in 2016

Programme overview

15. Good business conduct

Programme overview

Business ethics

Competition, bribery, and other fraudulent practices can impact society by destabilising institutions and reducing transparency and opportunities for citizens. In most cases, these practices are illegal, they undermine competition and create an unequal playing field for companies.

Our approach

We have zero-tolerance for bribery, corruption, and other fraudulent behaviour. We promote compliance through due diligence, employee training and channels to report misconduct, including a Whistleblower hotline. When entering new markets, we conduct due diligence assessments, due diligence on business partners, and follow applicable regulations for engagement with authorities. In our dialogue with political stakeholders, we follow the principles in our stakeholder engagement policy to support the development of stable and transparent institutions conducive of the transition to a low-carbon economy.

Our progress

- We have reviewed our good business conduct programme to support Ørsted’s further globalisation.
- The Board of Directors is accountable for our policy on good business conduct. Our in-house legal department is overall responsible for implementation of the policy and programme with support from compliance officers in the business units.

Our governance

The Responsible Business Partner team is responsible for implementation in close cooperation with procurement functions.

International frameworks of reference

- UK Bribery Act
- OECD Guidelines for Multinational Enterprises
- ILO Core Conventions
- UN Guiding Principles on Business and Human Rights
- UN Convention against Corruption

Actions to become future-fit

- Improve commodity risk-assessments and ensure that new suppliers meet our CoC standards when we enter new markets and invest in new technologies with higher social, environmental, and ethical risks.
- We aim to minimise potential negative impacts on labour rights, modern slavery, safety, corruption, and bribery in our supply chains in line with SDG 8.9.

SDG contribution

We strive to contribute to tackling corruption and bribery in line with SDG 16.5, through due diligence, training compliance, and misconduct reporting.

We apply a risk-based approach to assess our 22,000 suppliers and business partners. The approach is thorough and consists of a known-your-counterparty (KYC) screening of suppliers and business partners in mergers and acquisitions, joint ventures, and other partnerships, as well as code of conduct (CoC) assessments of high-risk suppliers, if relevant in connection with on-site visits. Through KYC screenings, we perform background checks on corruption and trade sanctions. Through CoC assessments, we assess the performance of high-risk suppliers within environment, human and labour rights, and anti-corruption.

Value-chain impacts and business partner conduct

We are conducting due diligence assessments of our business partners, if relevant in connection with on-site visits. Through CoC assessments, we assess the performance of high-risk suppliers within environment, human and labour rights, and anti-corruption.

Business integrity

36

16. Responsible business partner programme

We have zero-tolerance for bribery, corruption, and other fraudulent behaviour. We promote compliance through due diligence, employee training and channels to report misconduct, including a Whistleblower hotline. When entering new markets, we conduct due diligence assessments, due diligence on business partners, and follow applicable regulations for engagement with authorities. In our dialogue with political stakeholders, we follow the principles in our stakeholder engagement policy to support the development of stable and transparent institutions conducive of the transition to a low-carbon economy.

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Our progress

- We have developed our CoC to align with Wind Europe Industry Principles for supply chain sustainability, the Maritime Labour Convention, and new internal commitments to diversity.
- We have strengthened our processes in high-risk markets and will engage earlier with suppliers to incorporate improvement plans in contracts.
- We have screened 248 suppliers and through 24 assessments identified 10 improvement actions. An improvement relates to the strengthening of supplier monitoring of sub-contractor compliance with labour rights for temporary and migrant workers.

Our governance

The Responsible Business Partner team is responsible for implementation in close cooperation with procurement functions.

International frameworks of reference

- UK Bribery Act
- OECD Guidelines for Multinational Enterprises
- ILO Core Conventions
- UN Guiding Principles on Business and Human Rights
- UN Convention against Corruption
- UK Modern Slavery Act and UK Bribery Act
- Wind Europe Industry Principles
- ISO 45001

Actions to become future-fit

- Improve commodity risk-assessments and ensure that new suppliers meet our CoC standards when we enter new markets and invest in new technologies with higher social, environmental, and ethical risks.
- We seek to minimise potential negative impacts on labour rights, modern slavery, safety, corruption, and bribery in our supply chains in line with SDG 8.9.

SDG contribution

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We contribute to SDG 3.4 on promoting mental health and well-being through Ørsted Life.

Indicators and targets

We have launched Ørsted Life in 2016

Programme overview

14. Employee health & well-being

Health and well-being

Personal health and well-being are fundamental for a balanced life. They also are key enablers of good performance at work as they increase employee engagement and cohesiveness.

Our approach

We believe that well-being and job satisfaction are very important to live a fulfilling life. Through the Ørsted Life programme, employees can access offers, services, and initiatives for mental and physical well-being, including professionally-managed fitness centres, inspirational podcasts on sleep, stress and collaboration at work, and options for physical and mentally-active breaks throughout the workday. Finally, we conduct stress-prevention training for all managers and provide stress-prevention services to our employees.

Our progress

- We have reviewed our good business conduct programme to support Ørsted’s further globalisation.
- The Health Strategy Steering Committee, including the SVPs of People & Development and Stakeholder Relations and the VP of QHSE, oversees Ørsted Life. Implementation is led by the People & Development team.

Our governance

The Board of Directors is accountable for our policy on good business conduct. Our in-house legal department is overall responsible for implementation of the policy and programme with support from compliance officers in the business units.

International frameworks of reference

- UK Bribery Act
- OECD Guidelines for Multinational Enterprises
- ILO Core Conventions
- UN Guiding Principles on Business and Human Rights
- UN Convention against Corruption
- UK Modern Slavery Act and UK Bribery Act
- Wind Europe Industry Principles
- OECD Guidelines for Multinational Enterprises

Actions to become future-fit

- Continue inspiring employees to take care of themselves and one another to keep a balanced life in a dynamic working environment.
- Continue to strengthen our good business conduct programme to support Ørsted with its internationalisation strategy.

SDG contribution

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We contribute to SDG 8.9 on promoting safe working environments with our safety approach and targets.

Indicators and targets

Total recordable injury rate (TRIR) (per million hours worked)

<table>
<thead>
<tr>
<th>Year</th>
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<tbody>
<tr>
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<td>6.4</td>
</tr>
<tr>
<td>2018</td>
<td>4.7</td>
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<tr>
<td>2025 target</td>
<td>3.3</td>
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</table>

Substantiated whistleblower cases (number)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases transferred to the police</th>
<th>CoC assessments</th>
<th>CoC opened improvement actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3</td>
<td>268</td>
<td>93</td>
</tr>
<tr>
<td>2018</td>
<td>2</td>
<td>248</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
<td>247</td>
<td></td>
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</table>
Information and cyber security

The integrity of energy infrastructure is highly critical to national security, the economy, and daily life. With the increased digitilisation of the economy, cyberattacks have been on the rise and generating headlines, with several reported cyberattacks in Europe and the US.

**Our approach**
We aim to provide information and infrastructure protection in line with their criticality and following applicable regulation where we operate. Our approach is designed to build a mature security set-up that follows a risk-based approach and creates employee awareness. With growing security threats, collaboration to provide faster and more efficient responses to cyber security incidents is becoming more important. As such, we are part of FIRST, an international federation of trusted computer incident response teams from government, commercial and educational organisations cooperating on incident prevention and response.

**Our progress**
- We have experienced no major information security incidents this year.
- We have established Ørsted’s Information Security Board to oversee progress with our initiatives.
- We have launched a group-wide information security culture and awareness programme to increase employee engagement on protecting our information assets.
- In Denmark, the authorities have performed an audit of our information security systems. We are preparing for a similar audit in the UK.
- We have become members of FIRST.

**Our governance**
The Information Security Board oversees progress with the information security project portfolio and strategy. Day-to-day implementation is headed by Ørsted’s Chief Information Security Officer. The EVP for Customer Solutions oversees progress.

Customer experience

Customers around the world are becoming increasingly aware of the impact of climate change and as a result, there is a growing demand for green energy. Energy providers must offer good customer service while adapting to the growing customer demand for green energy.

**Our approach**
We lead the smart-energy transformation in Danish homes by empowering residential customers to interact with their energy consumption through smart meters, data, and actionable advice. We guarantee that all Danish residential customers are exclusively powered by green energy at no extra cost by procuring green certificates equal to the amount of power sold. Moreover, we aim to increase the digital share of service interactions and simplify the digital experience of our customers.

**Our progress**
- We have migrated almost all of our residential electricity customers to a new platform supporting full digitalisation of the customer base.
- Following the system migration, customers have experienced service delays, and this has impacted the customer satisfaction level this year, compared to last year. Nevertheless, customers already operating on the new platform are experiencing more user-friendly services, and we expect this will have a positive impact on customer satisfaction levels going forward.

**SDG contribution**

| Indicators and targets | No major IT security incidents in 2018 |

**Customer satisfaction (Index 1-100)**

| B2C | 74 |
| B2C Power distribution | 81 |
| B2C Grid | 75 |
| B2C | 280 |

<table>
<thead>
<tr>
<th>2018</th>
<th>2020 target</th>
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<tbody>
<tr>
<td>74</td>
<td>280</td>
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<tr>
<td>81</td>
<td>280</td>
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<tr>
<td>75</td>
<td>280</td>
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| SDG | 3.4 |

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<tr>
<th>2018</th>
<th>2016</th>
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<tr>
<td>74</td>
<td>280</td>
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<td>81</td>
<td>280</td>
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<td>75</td>
<td>280</td>
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| 3.4 | We have aligned practices with the GDPR in 2018 | 38 |

**Programme overview**

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<thead>
<tr>
<th>Programme challenge</th>
<th>Information security and cyberattacks</th>
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<tr>
<th>Programme overview</th>
<th>Customer satisfaction</th>
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<tr>
<td>SDG</td>
<td>3.4</td>
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<table>
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<tr>
<th>Programme overview</th>
<th>Responsible tax practices</th>
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<tr>
<td>2019</td>
<td>3.4</td>
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**Programme overview**

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<th>Programme overview</th>
<th>SDG contribution</th>
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<td>Programme overview</td>
<td>Data privacy</td>
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<th>Programme overview</th>
<th>Business integrity</th>
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<tr>
<td>Programme overview</td>
<td>Sustainability report 2018</td>
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<table>
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<tr>
<th>Programme overview</th>
<th>Ørsted</th>
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<tbody>
<tr>
<td>Programme overview</td>
<td>Business integrity</td>
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</table>
At Ørsted, we translate relevant societal challenges into programmes that address stakeholder expectations and drive sustainability performance.

We live in a world of shifting cultural norms, new technologies, and environmental change that influence the expectations that stakeholders have of businesses.

Materiality steps

1. Understand societal challenges

We learn about stakeholder expectations of how we should address societal challenges through dialogue and engagement with various stakeholder groups.

2. Assess relevance of societal challenges

Understanding stakeholder expectations enables us to assess how societal challenges are relevant to our business. We identify the most material societal challenges by assessing their importance to stakeholders and their relevance to our business.

3. Address relevant societal challenges through programmes

Our 20 sustainability programmes address the most relevant societal challenges and are organised according to three priorities. The programmes include performance measures and targets where relevant, and a governance structure to ensure accountability, implementation, and reporting. An overview of the programmes is included on pages 43-44.

Employees

Our sustainability efforts are a collaborative effort. Our employees are motivated by our vision and also expect that we reduce their environmental footprint at work, including impacts from air travel, road transportation, food, and plastics.

Investors

We discuss our environmental, social and governance (ESG) performance with investors and use ESG ratings to drive sustainability performance. For example, the CDP helps drive some of the climate actions supporting our Green leadership programme, including our carbon reduction target and our new effort to tie executive compensation to our climate targets on green energy share and carbon emission.

NGOs and multi-stakeholder networks

We are in continuous dialogue with NGOs, for instance to discuss biomass sustainability and human rights. We also engage in partnerships, as we do with the World Wide Fund for Nature (WWF) Denmark, and participate in multi-stakeholder networks such as the Danish Ethical Trading Initiative (DIEH). Within the DIEH network, we talk with NGOs, unions and peers about our responsible business partner programme.

Local communities

We interact with local community stakeholders throughout the development, construction and operation of our wind farms. For example, in connection with the Hornsea projects 1 and 2 in the UK, we support the growth of local skills and education through community benefit funds and our Environment & Consents team engages with environmental groups and bodies in a collaborative way.

Political stakeholders and authorities

We engage with political stakeholders and authorities to support the development of conditions conducive to the deployment of green energy.
International frameworks

To help design our programmes, we seek practical guidance in international frameworks, which are based on the expectations that stakeholders have institutionalised over time.

We use the SDGs and the UNI Global Compact principles as overarching frameworks for our sustainability work.

We also use specific frameworks for given societal challenges. For example, we are aligning our practices and reporting on climate-related risks and opportunities with the Task Force on Climate-related Financial Disclosures (TCFD) Guidelines.

Labour and human rights in Ørsted

Labour and human rights are addressed through the relevant programmes covering the highest risk areas in our operations and supply chains as identified in the risk screenings we conduct, latest in 2017. For employees, this includes workplace safety, employee diversity and inclusion, and employee well-being. For customers, we run our personal data protection programme, and for local communities and suppliers, we apply our local communities and responsible business partner programmes. This means that we do not report on labour and human rights separately.

Societal challenges not addressed through programmes

In our assessment of societal challenges, we deem some less material for addressing and reporting through programmes in our sustainability report.

As a large amount of our water consumption is linked to our combined heat and power stations in Denmark, in areas with a low-baseline water stress, we do not include programme reporting on this specific matter in our sustainability report. Our separate ESG performance report includes indicators on water withdrawal and wastewater discharge.

Air emissions of NO\textsubscript{x} and SO\textsubscript{2} also occur primarily in our combined heat and power stations in Denmark, where we comply with detailed regulatory requirements regarding emissions and reporting. Our ESG performance report includes data on air emissions.

Overseeing sustainability performance through governance

The Board of Directors is the highest accountable body, providing strategic guidance, approving strategic targets, and overseeing the progress of these targets. Group Executive Management is responsible for the sustainability programmes with support from the Sustainability Committee and other appointed committees.

In addition, every sustainability programme has its own governance, including a programme owner that oversees performance, and a responsible person for day-to-day implementation of policies, targets, as well as monitoring and reporting on progress.

Labour and human rights in Ørsted

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Sustainability programmes and SDG contributions

In addition to our key contribution to SDGs 7, 8 and 13, we have an impact on more SDGs through our sustainability programmes.

### SDG 11: Sustainable cities and communities
- **SDG contribution:** We contribute to SDG 11 by taking action to address climate change.
- **Societal challenge:** Climate action

### SDG 14: Life below water
- **SDG contribution:** We contribute to increasing the share of renewable energy in the global energy mix in line with SDG 7.
- **Societal challenge:** Green energy deployment

### SDG 15: Life on land
- **SDG contribution:** We promote greater adoption of clean and environmentally sound technologies in line with SDG 11.4.
- **Societal challenge:** Green energy integration and flexibility

#### Business integrity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Performance 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace safety</td>
<td>Total recordable injury rate (TRIR) (per million hours worked)</td>
<td>2025 target: 3.5</td>
</tr>
<tr>
<td>Health and well-being</td>
<td>We have launched Ørsted Life in 2018.</td>
<td></td>
</tr>
<tr>
<td>Business ethics</td>
<td>Substantiated Whistleblower cases (number)</td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Customer satisfaction (index 0-100)</td>
<td></td>
</tr>
<tr>
<td>Responsible tax</td>
<td>Global income tax paid (total EUR billion)</td>
<td></td>
</tr>
</tbody>
</table>

#### Customer satisfaction

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</tbody>
</table>

#### Data privacy

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<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Performance 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Privacy and confidentiality</td>
<td>Data privacy</td>
<td></td>
</tr>
<tr>
<td>Responsible tax</td>
<td>Global income tax paid (total EUR billion)</td>
<td></td>
</tr>
</tbody>
</table>
Our business model

Key resources

Financial capital
We finance our investments through cash flow from operations, debt and divestment of ownership interests.

Energy assets
We invest in scalable, innovative green technologies and solutions.

Natural resources
We rely on natural resources, such as construction materials, biomass, as well as locations with attractive wind speeds and seaward conditions.

Human resources
We rely on a highly skilled workforce to operate our business.

Innovative culture
We continuously innovate our energy solutions to drive competitiveness.

Stakeholder engagement
We depend on constructive relations with our key stakeholders to ensure supportive framework conditions for our business.

Core activities

Offshore
- Develops, owns, builds, and operates offshore wind farms (three wind farms are under construction).
- Owns 26 offshore wind farms of which we operate 22.
- Development projects in progress in the UK, Germany, Taiwan, and the US.
- Additional new markets being developed in Asia and Europe.

Onshore
- Develops, owns, builds, and operates onshore wind farms.
- Three wind farms in operation, one wind farm is under construction and two wind farms are under development.
- Explore opportunities within solar PV and storage.

Bioenergy
- Converts our CHP stations to biomass.
- Owns and operates ten CHP stations in Denmark.
- Enters into long-term contracts with our heat customers and sells power to the market.
- Explores opportunities within biogas and waste recycling.

Customer Solutions

Route-to-market services for our own and partners’ power, gas and certificates.

Manage the Group’s energy portfolio risks.

Value created

Society
We address profound societal challenges by developing green, independent, and economically viable energy systems that reduce greenhouse gas emissions, and stimulate local growth and job creation.

Customers
We fulfill our customers’ energy needs through green, innovative, and efficient energy solutions.

Employees
We are committed to a sustainable working life and keep a constant focus on being a great and safe place to work with motivated and satisfied employees.

Shareholder return
We create value for our shareholders in the form of competitive total returns.

Sustainability ratings and memberships

UN Global Compact
Ørsted is a participant in the UN Global Compact and member of the Action Platform ‘Pathways to Low-Carbon and Resilient Development’. Through the action platform, we aim to serve as a catalyst for enhancing action to meet the ambitions of the Paris Agreement and the UN Sustainable Development Goals (SDGs).

Memberships

Rating agencies

Elaboration and benchmark

Score

GLOBAL100
Ørsted is the most sustainable energy-generating company in the world and fourth most sustainable company overall in the Global 100 index.
No. 4

MSCI
Ørsted awarded highest possible rating
AAA

CDP
Improved our C rating from 2017 to a B on a scale from D- to A. Our CDP report is publicly available, and we aim to achieve an A rating.
8

SUSTAINANLSTICS
Ørsted rated as “leader”, placed in the 97th percentile among 188 utilities and no. 1 among direct peers.
83

Ørsted has been awarded a gold medal as a recognition of being among the top 5% performers evaluated by EcoVadis.
77

GrEenSeal
Ørsted ranked as no. 1 ‘Sector leader’ in diversified infrastructure with highest possible 5-star rating.
84

Ørsted in top 3 of 104 electric utilities and awarded ‘prima’ status.
8