

Remuneration report

Remuneration report

The overall objective of our remuneration policy is to attract, motivate and retain qualified members of our Board of Directors and our Executive Board and to align the interests of our Board of Directors and our Executive Board with the interests of our shareholders.

In addition, the policy aims to strike the right balance between the Executive Board's fixed and incentive-based remuneration with the target of awarding the members in relation to their achieved results for the company and individually.

The remuneration policy is available at orsted.com/en/About-us/Corporate-Governance.

Remuneration for the Executive Board Remuneration 2017

The remuneration paid to our CEO totalled DKK 15.9 million in 2017, representing an increase of 17% compared to 2016. His fixed salary increased by 6.4% to DKK 10.0 million (63% of the total remuneration in 2017). The cash bonus (STI) made up DKK 2.7 million, corresponding to 88% of the maximum bonus. The bonus percentage reflects a performance in excess of expectations as regards the Group's financial targets and our safety target. The score for the CEO's personal targets also exceeded expectations. The score was, among other things, affected by strong progress for our off-shore wind farms under construction, auctions won, business development in new markets

Remuneration structure and remuneration for the Executive Board

Element	Henrik Poulsen			Marianne Wiinholt			Objective	Remuneration level	Performance measure
	2017	2016	2015	2017	2016	2015			
Fixed salary	10,024	9,425	9,112	5,255	5,062	4,876	Attract and retain qualified managers.	Competitive but not market leading, compared to the level in similar major listed Danish companies with international activities.	n/a
Cash-based incentive schemes (STI)	2,656	2,135	1,815	1,348	1,239	1,186	Ensure shared ownership of the entire company's performance and a clear link between value creation and payment.	Target of 15% of the fixed annual salary. The maximum bonus amounts to 30% and will be paid in case of full achievement of all performance targets.	The performance reward agreement consists of three targets: — financial target (30%) — safety target (10%) — personal targets (60%).
IPO Executive Retention Bonus	1,848	616	-	964	321	-	Retain the Executive Board after the IPO. Phasing in to a long-term incentive scheme	20% of the fixed annual salary as per 1 July 2016.	Employment at 1 September 2018.
Share-based incentive scheme (LT)	1,367	1,427	2,784	713	889	1,790	Reward long-term value creation and align the Executive Board's interests with those of the shareholders.	Target of 20% of the annual fixed salary at the date of grant. After three years, shares will be allocated at 0-200%, depending on Ørsted's return compared to peers	The final number of shares will be determined on the basis of Ørsted's total shareholder return benchmarked against ten peers.
Pension incl. social security	2	2	2	2	2	2	n/a	The members of the Executive Board are not entitled to pension contribution, only social security	n/a
Severance pay	-	-	-	-	-	-		If a member of the Executive Board is terminated by the company, the person is entitled to 24 months' salary, composed of salary during the notice period (12 months) and a severance pay.	n/a
Total, DKK '000	15,897	13,605	13,713	8,282	7,513	7,854			

Amount of PSUs and shares owned by the Executive Management

	Henrik Poulsen	Marianne Wiinholt
Maximum amount of PSUs per 31 December 2017	28,838	15,150
Number of Ørsted shares owned	130,500	83,916
Owned shares in percentage of fixed salary	441%	541%



Number of shares

The table shows that both members of the Executive Board meet the share capital requirement.

as well as farm-downs of offshore wind farms. Moreover, the score was positively affected by the divestment of our Oil & Gas business.

The remuneration paid to our CFO totalled DKK 8.3 million, representing an increase of 10% compared to 2016. The fixed salary increased by 3.8% to DKK 5.3 million (63% of the total remuneration in 2017). The cash bonus (STI) made up DKK 1.3 million, corresponding to 86% of the maximum bonus. The bonus percentage reflects the same general targets that apply to the CEO. The score for the CFO's personal targets was above expectations. Among other things, the score was affected by the divestment of our Oil & Gas business and the handling of derived consequences in relation to our insurance captive, funding structure and the internal reorganisation of Ørsted, especially of the finance organisation. Moreover, the score was positively affected by the work done to establish a digital strategy and make our IT organisation more supportive of our business.

In 2017, the remuneration under the share-based incentive programme consisted of the market value of the scheme at the time of granting, distributed over the vesting period.

Both members of the Executive Board are covered by the share programmes from September 2016 and April 2017. The IPO retention bonuses for 2017 and 2018 constitute the phase-in to the first share programme, the vesting period of which ends in spring 2019. The increases in the IPO retention bonuses are attributable to the fact that the scheme covered only four months of 2016.

Remuneration structure

In February, the Board of Directors decided to keep the remuneration structure unchanged for 2017. The remuneration structure and the remuneration for the Executive Board are shown in the table. The two incentive schemes are described in more detail below.

Cash-based incentive schemes (STI)

The cash-based incentive scheme is an annual bonus with a target of 15% of the fixed annual remuneration and may not exceed 30%. The agreement is based on three elements – two general targets, and one individual target. The general targets relate to the Group's financial performance (weighting of 30%) and safety record (weighting of 10%). The individual target consist of personal performance targets related to the strategy (weighting of 60%).



The Remuneration Committee sets bonus targets and assesses the performance of the CEO. The Chairman of the Board of Directors and the CEO set bonus targets and assess the performance of the CFO.

Share-based incentive scheme (LTI)

The Executive Board is covered by the leader share programme in Ørsted. It is a condition for being granted performance share units (PSUs) under the programme that the participant holds a number of Ørsted shares representing a value equal to a share of each participant's fixed annual remuneration. For the CEO, this share is 75% of his fixed salary, and for the CFO 50%.

If the participants fulfil the shareholding requirement at the time of granting, they will each year be granted a number of PSUs representing a value equal to 20% of their fixed annual remuneration on the date of granting.

The granted PSUs have a vesting period of three years, after which each PSU entitles the holder to receive a number of shares free of charge, corresponding to 0-200% of the number of granted PSUs. The final number of shares for each participant will be determined on the basis of the total shareholder return delivered by Ørsted, benchmarked against ten comparable European energy companies.

If a member of the Executive Board leaves Ørsted as a result of his or her own resignation or due to breach of his/her employment, the entitlement to shares is lost.

Remuneration for the Board of Directors

Remuneration 2017

In March, the general meeting decided to keep the Board of Directors' fixed annual fee of DKK 320 thousand for the coming year until the general meeting in 2018.

Remuneration structure

The members of the Board receive a fixed fee each year. The Chairmanship and the members of the committees also receive a multiple of the fixed fee for their extra work. None of the members receives separate fees for consultancy work for Ørsted. The members' travel costs are covered by the company.

The remuneration for the Board of Directors comprises a fixed fee only. However, employee-elected board members may, based on their employment, be covered by general incentive schemes applicable to the Group's employees. Members of the Board of Directors are not entitled to severance payments.

Remuneration multiple 2017, Board of Directors and committees

	Board of Directors	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Chairman	3.0	0.6	0.4	-
Deputy Chairman	2.0	n/a	n/a	n/a
Member	1.0	0.3	0.25	-

Remuneration for the Board of Directors

DKK '000	Annual fee	Audit and risk Committee	Remuneration Committee	2017	2016
Thomas Thune Andersen	960	-	128	1,088	1,088
Lene Skole	640	96	67	803	688
Hanne Steen Andersen ¹	320	-	-	320	320
Lynda Armstrong	320	-	-	320	320
Poul Dreyer ¹	320	-	-	320	320
Pia Gjellerup	320	-	80	400	400
Benny Gøbel ¹	320	-	-	320	320
Benny D, Loft	320	192	-	512	512
Jens Nybo Stilling Sørensen ¹	320	-	-	320	320
Peter Korsholm ¹ (joined in March 2017)	267	80	-	347	-
Martin Hintze ² (resigned in March 2017)	-	-	-	-	-
Poul Arne Nielsen (resigned in March 2017)	80	-	-	80	320
Claus Wiinblad (resigned in March 2017)	80	24	-	104	416
Total	4,267	392	275	4,934	5,024



Remuneration for the Board of Directors

The table shows the remuneration paid to the members of the Board of Directors and committees. No remuneration is paid to the members of the Nomination Committee.

¹ Per 31 December 2017, the board members own the following number of shares in Ørsted A/S: Peter Korsholm 4,500, Hanne Steen Andersen 3,187 (2016: 837), Poul Dreyer 837 (2016: 837), Benny Gøbel 837 (2016: 837) and Jens Nybo Stilling Sørensen 837 (2016: 837). No other board members own shares in Ørsted A/S.

² Martin Hintze has waived his right to receive Directors' remuneration.