The background of the top half of the page is a photograph of an offshore wind farm. In the foreground, a large white wind turbine is partially visible, with its nacelle and part of its tower. The nacelle has the Orsted logo on it. In the background, several other wind turbines are visible, extending into the distance over a vast blue ocean under a clear sky.

Orsted

Green Bonds

Framework

October 2017

1. Introduction

Climate change is one of the biggest challenges for life on Earth. Today, the world mainly runs on fossil fuels. We need to transform the way we power the world; from black to green energy.

At Ørsted, our vision is a world that runs entirely on green energy. We want to revolutionise the way we power people by developing green, independent and economically viable energy systems. By doing so, we create value for the societies that we're a part of and for all our stakeholders.

Ørsted creates value by serving the energy needs of our customers and the societies that we are part of. As part of our activities, we develop, construct and operate offshore wind farms, bioenergy plants, innovative waste-to-energy solutions and provide smart energy products to our customers.

Headquartered in Denmark, we employ 5,600 people. Ørsted's shares are listed on Nasdaq Copenhagen [Orsted]. At the end of year 2016, the company's total assets made up DKK 136bn (EUR 18.3bn) while revenue for the financial year 2016 was DKK 61 billion (EUR 8.2 billion).

Our key markets are Denmark, the United Kingdom, Germany and the Netherlands, with the offshore wind business currently expanding beyond Europe, primarily to the United States and Taiwan.

Ørsted is the energy company in Europe that has come the furthest in the green transformation. By 2020, we expect to almost double our installed offshore wind capacity relative to 2016 from 3.6GW to 6.7GW, exceeding our strategic target of 6.5GW for 2020. In 2017, we divested our upstream oil and gas business and changed name from DONG Energy to Ørsted, cementing our strategic shift towards renewable energy.

Our strategic targets include:

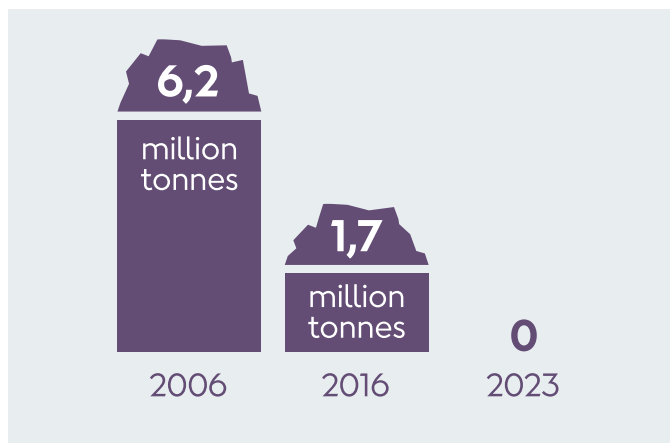
- Ambition to install 11-12 GW of offshore wind by 2025 – enough to power around 30 million people. In 2016, we had installed 3.6 GW which is enough to power 9.5 million people.
- Stop using coal at our power stations by 2023, replacing it with sustainable biomass. In 2016, we had reduced coal consumption by 73% since 2006.
- Science-based target to reduce GHG emissions from power and heat generation by 96% by 2023, compared with 2006. In 2016, we had reduced GHG emissions by 52% since 2006.
- Share of our green energy generation to reach 80% by 2020 and >95% by 2023. In 2016, green energy made up 50% of our power production.

With our Sustainability Commitment, we commit to operating in a way that creates progress towards the UN Sustainable Development Goals. We want sustainable energy to be the source of power to people, businesses and societies, helping them to unleash their potential without having to worry about harming the planet or reducing the opportunities for future generations. We want to help preserve the environmental, social and economic assets that are fundamental for society and important to the company's long-term value creation.

This Green Bonds Framework is developed in alignment with the Green Bond Principles 2017. It is our intention to follow best practices in the market as the standards develop.

2. Use of Proceeds

The net proceeds from Green Bonds issued by Ørsted can be used to finance the acquisition, development and construction of new Eligible Projects (including projects finalized/taken into operation up to 12 months prior to approval for Green Bond financing by Ørsted Sustainability Committee (see section 3 below)), to renovate and upgrade existing Eligible Projects. The split of Green Bond proceeds between new projects and refinancing will be included in the annual Green Bond Investor Letter - see section 5 below.



We're bidding
farewell to
coal in 2023



The legal documentation for each individual Green Bond issued by Ørsted shall provide a reference to this Green Bond Framework.

"Eligible Projects" means a selected pool of projects, funded in whole or in part, by Ørsted (including any subsidiary belonging to the Ørsted group) that promote the transition to low carbon and climate resilient growth and a sustainable economy as determined by Ørsted.

Eligible Projects:

- **Offshore Wind farms and other renewable energy production types**
 - o Investment activities related to development, construction and installation of offshore wind farms. Investments can be related to wind turbines, blades, foundations, cables, transmission assets and any other element relating to the completion of an offshore wind project. Offshore wind represents a scalable and efficient green technology and is a key element in the green transformation. To ensure limited negative impacts on surroundings, environmental impact assessments are conducted by specialists before new offshore wind farms are licensed and constructed.
 - o Other renewable energy production types.

- **Bioenergy**
 - o Conversion of central power stations by replacing coal and gas with sustainable biomass. Biomass must be sustainable so that the incineration is CO₂ neutral and biodiversity is protected. At Ørsted, we have developed our own Programme for Sourcing of Sustainable Biomass whereby we live up to the Danish Industry Agreement on sourcing of sustainable biomass. We are members and co-founders of the Sustainable Biomass Partnership (SBP). Our target is to source 100% certified biomass by 2020 from a level of 61% end of 2016.
 - o Projects that extract energy and valuable products from waste, including the development and construction of projects based on the REnescience technology, a technology that separates waste into fractions, enabling recycling and energy generation from organic material.

- **Energy storage, smart grid and other energy solutions**
 - o Investments in energy storage and smart grid solutions to accommodate the build-out and integration of renewable energy into the system. For society to be able to run entirely on green energy, the grid and consumption patterns need to be developed and managed to ensure optimal cohesion between generation and consumption of energy.
 - o Investments will cover storing of energy, power hub systems, installing smart meters with consumers and other investments accommodating the build-out of green energy production or reduces energy demand.

Ørsted will not finance nuclear or fossil energy generation projects through Green Bonds.



3. Process for Project Evaluation and Selection

Eligible Projects to be financed with proceeds from Ørsted's Green Bonds will be evaluated, selected and prioritized in co-operation between the Sustainability department and the Treasury department at Ørsted. Prioritized projects will, on a quarterly basis, be presented to Ørsted Sustainability Committee for final approval of allocation of Green Bond proceeds. Proceeds from the Green Bonds will be used exclusively to projects that meet the criteria specified in section 2 above and that are evaluated to deliver long term positive net environmental effects. Our Sustainability Commitment is the basis of all we do.

4. Management of Proceeds

The net proceeds from any Green Bond issuance will be managed by the Treasury department in Ørsted. An amount equal to the net proceeds will be credited to a separate account ("Green Account") that will support and document Ørsted's funding of Eligible Projects.

As long as Ørsted has any Green Bonds outstanding and the Green Account has a positive balance, funds will, on a quarterly basis, be allocated from the Green Account to Ørsted's Green Project portfolio in respect of financing and/or refinancing Eligible Projects as approved by Ørsted's Sustainability Committee.

Until all net Green Bond proceeds have been allocated to Eligible Projects, the balance of the Green Account will be included in Ørsted's liquidity reserve and managed in accordance with our cash management policies and investment mandates.

If, for any reason, a financed Eligible Project no longer meets the eligibility criteria, it will be removed from the Green Project Portfolio.

5. Reporting and Transparency

To enable investors to get insight into the prioritization of Eligible Projects and follow the allocation of Green Bond proceeds, Ørsted will provide an annual Green Bond Investor Letter which will include:

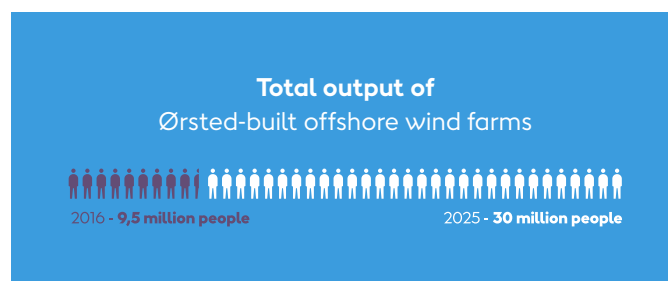
- a) a list of the Eligible Projects financed including a description of the projects, allocated amounts and their main environmental impacts;
- b) information about the allocation of Green Bond proceeds between new projects and refinancing and any unallocated balance standing to the credit of the Green Account;
- c) any developments in Ørsted's Green Bond reporting.

We recognize the importance of transparency and investors' interest in impact reporting on Eligible Projects financed with Green Bonds. It is our ambition to report on for example renewable energy capacity installed and negative environmental impacts avoided and/or reduced.

The internal tracking method, the allocation of funds from the Green Bond proceeds as expressed in the Investor Letter will be verified by an external auditor appointed by Ørsted with the relevant expertise and experience.

At Ørsted, our Green Bonds Framework has been reviewed by the Centre for International Climate and Environmental Research – Oslo (CICERO) who have issued a Second Opinion. The Second Opinion as well as this Green Bonds Framework is publicly available on our website.

The annual Investor Letter and the opinion of the external auditor will also be publicly available on our website.



DISCLAIMER

This Green Bonds Framework is provided for information purposes only, and cannot be relied upon in connection with and does not constitute, or form part of, any offer to sell or offer to buy securities of Ørsted (including any subsidiary belonging to the Ørsted Group).