

1 February 2018

Report on corporate governance pursuant to Art. 107b of the Danish Financial Statements Act

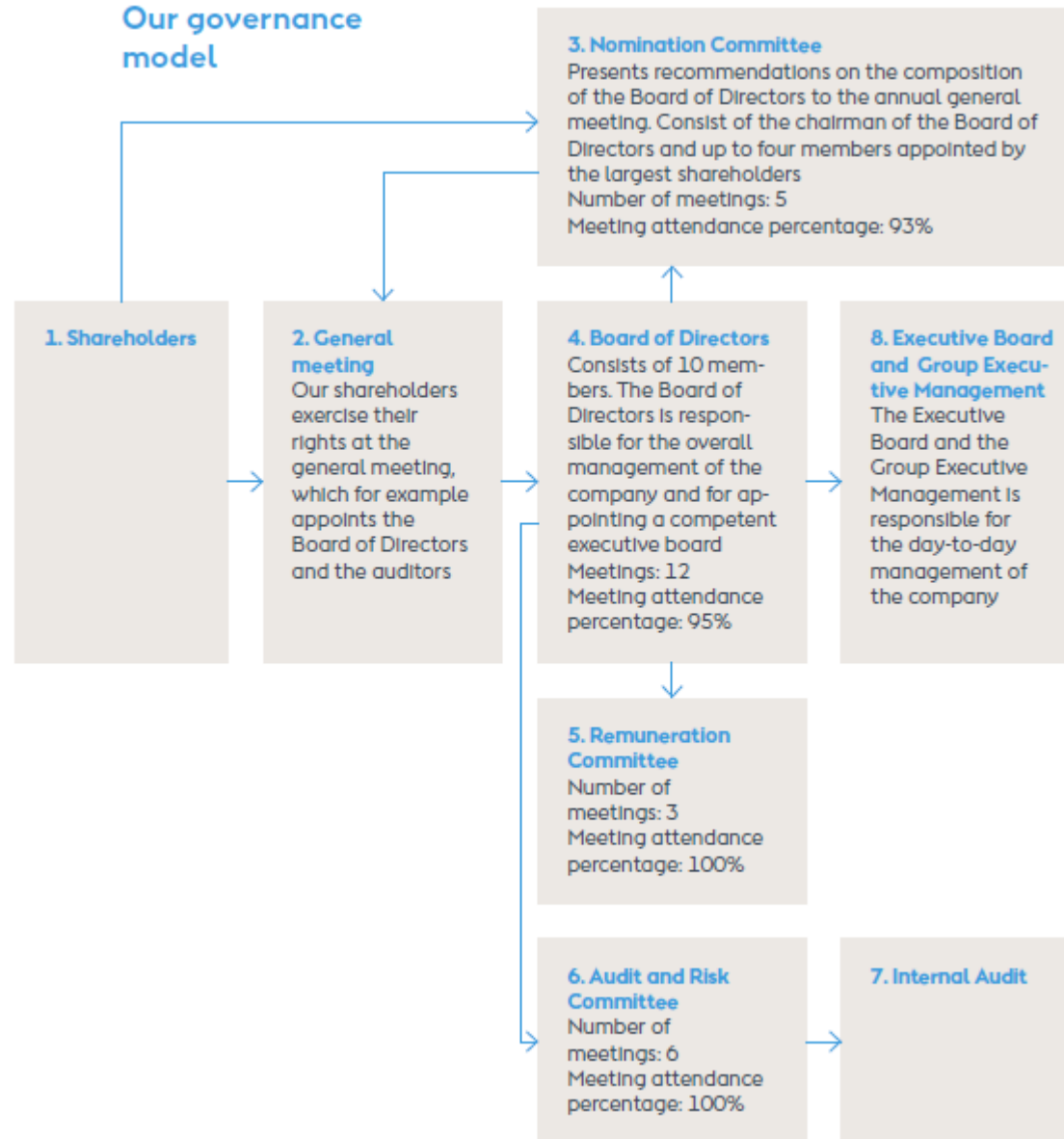
Each year, we consider the recommendations from the Danish Committee on Corporate Governance.

This statement forms part of the management review in the annual report of Ørsted A/S for the period 1 January 2017 to 31 December 2017.

I. The composition of the management boards and committees and their function

Our governance model is illustrated in the figure on the next page and explained below.

Our governance model



1. Shareholders

Our shareholders exercise their rights at the general meeting, which for example appoints the Board of Directors and the auditor.

2. General meeting

The general meeting adopts decisions in accordance with the standard rules set out in the Danish Companies Act. However, for the general meeting to be able to approve proposals to amend the Articles of Association or to dissolve the company, the Danish State as majority shareholder must participate in the general meeting and vote in favour of the proposal.

3. Nomination Committee

Members and duties

The Nomination Committee has been appointed in accordance with the Articles of Association and consists of the Chairman and Deputy Chairman of the Board of Directors and up to four members appointed by the largest shareholders every autumn. If one of the four largest shareholders does not want to sit on the committee, the right of appointment is transferred to the fifth largest shareholder and so on.

Current members of the committee are Thomas Thune Andersen, Lene Skole, Peder Lundquist (elected by the Danish Ministry of Finance), Jesper Hjulmand (elected by the Danish energy company SEAS-NVE), Claus Wiinblad (elected by the Danish pension fund ATP) and Anders Damgaard (elected by the Danish pension fund PFA Pension).

The committee's work results in recommendations for the re-election or new election of board members. We publish and submit the recommendations to the shareholders before the general meeting. The committee does not perform any other duties for the company.

The Nomination Committee's duties, meetings, etc., are described in its rules of procedure, which you can find at orsted.com/en/About-us/Corporate-Governance.

Special tasks in 2017

Claus Wiinblad, Poul Arne Nielsen and Martin Hintze stepped down from the Board of Directors in connection with the annual general meeting in 2017.

In February 2017, the Nomination Committee recommended re-election of the other board members and election of Peter Korsholm as a new member of the Board. Peter Korsholm strengthens the Board of Directors' corporate finance competences.

After the annual general meeting in March 2017, the committee continued the process of finding a new board member with audit and accounting experience. In July 2017, the committee decided to recommend Dieter Wemmer as a new board member at the annual general meeting in March 2018.

In the autumn of 2017, the Nomination Committee decided to search for an additional board member with experience from Ørsted's primary business areas. In January 2018, the committee recommended Jørgen Kildahl as a new board member and reelection of the existing six members of the Board of Directors.

4. Board of Directors Members and duties

The annual general meeting elects six to eight members each year, and the employees elect a number of members every four years, corresponding to half of the board members elected by the general meeting. The Board of Directors currently has ten members. The general meeting has elected six members, and the employees have elected four members. An election of employee representatives for the Board of Directors will be held in 2018, where the employees will have the right to elect three members. The reduction is attributable to the number of external board members being six at the time the election commenced.

Information about the members of the Board of Directors, their other supervisory and executive positions, independence and special competences can be found on pages 61-62 of the 2017 Annual Report.

The Board of Directors is responsible for the overall management of the company. The Board of Directors lays down the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, control and audit matters, risk management and significant operational issues. The Board of Directors appoints the Executive Board.

The Board of Directors has appointed two committees from among its members, an Audit and Risk Committee and a Remuneration Committee.

The rules of procedure of the Board of Directors describe the work and duties of the Board of Directors and the two committees. Each year, the Board of Directors assesses the need to update the rules of procedure. You can read the rules of procedure for the two committees at orsted.com/en/About-us/Corporate-Governance.

Special tasks in 2017

Key tasks for the Board of Directors have been the divestment of our upstream oil and gas business, investment in the offshore wind farm project Hornsea 2, the build-out of our project portfolio in Germany, the USA, Taiwan and the Netherlands, farm-down of offshore wind farms in the UK and Germany as well as our name change.

The Board of Directors conducted its annual self-assessment in December 2017. All members responded to an anonymous questionnaire before the Board of Directors discussed the results. At the meeting, the Board of Directors also considered the follow-up items from last year's self-assessment.

Important tasks for the Board of Directors in 2017

Investments and divestments

- Investment in the offshore wind power project Hornsea 2 in the UK.
- Investment in Taiwan's first offshore wind power project, Formosa 1.
- Investment in the biomass conversion of Asnæs Power Station in Denmark.
- Divestment of the upstream oil and gas business.
- Sale of ownership interests in A2SEA.
- Farm-down of offshore wind farms Borkum Riffgrund 2 in Germany and Walney Extension in the UK.

Other tasks

- Development of our offshore wind project portfolio after 2020, including the German authorities' grant of the right to construct three offshore wind projects in Germany, submission of bid on the Bay State Wind project in Massachusetts in the USA in cooperation with Eversource as well as development of the project portfolio in Taiwan.
- Conclusion of the partnership agreement with Dominion Energy on a development project in the USA.
- Settlement of the contract on the construction of the Hejre platform and repair of the Siri platform.
- Decision on a new organisation to support green growth and to change name to Ørsted.
- Completion of the annual strategy process.
- Issuance of subordinated green hybrid bonds and green unsecured senior bonds as well as buy-back of senior bonds.

Remuneration

Each year, the general meeting approves the remuneration for the members of the Board of Directors for the coming year. In the section on remuneration on page 57 of the 2017 Annual Report, you can read more about the remuneration of the Board of Directors.

5. Remuneration Committee

Members and duties

Thomas Thune Andersen (Chairman), Lene Skole and Pia Gjellerup are the members of the Remuneration Committee.

The committee assists the Board of Directors in preparing and implementing the remuneration policy. The committee assesses and prepares recommendations on Group Executive Management's salary adjustments, bonuses, the application of retention schemes for key employees, the use of one-off payments and introduction of new compensatory elements.

In 2017, the Remuneration Committee discussed, among other things, payment of retention bonuses granted in connection with the divestment of our upstream oil and gas business.

6. Audit and Risk Committee

Members and duties

Benny D. Loft (Chairman), Lene Skole and Peter Korsholm are the members of the Audit and Risk Committee.

The committee assists the Board of Directors in overseeing the financial and non-financial reporting process, the capital structure development, financial and business-related risks, compliance with statutory and other requirements from public authorities and the internal controls.

Moreover, the committee approves the framework for the work of the company's external and internal auditors, evaluates the external auditors' independence and qualifications as well as monitoring the company's whistleblower scheme.

Special tasks in 2017

In 2017, the Audit and Risk Committee focused especially on the divestment of our upstream oil and gas business, IT/cyber security and our preparations for the implementation of the new General Data Protection Regulation in May 2018.

Important tasks for the Audit and Risk Committee in 2017

Audit and accounting

- Review of the recognition and presentation of the divestment of our upstream oil and gas business.
- Supervision of the work involved in the early implementation of IFRS 9 as well as preparation for IFRS 15 implementation in 2018.
- Review of expectations for market prices, exchange rates, discount rates and risk-free interest rates.
- Review of significant provisions and warranties in the Group related to both continuing and discontinued operations.
- Monitoring of capital structure development.
- Monitoring of the voluntary limit for non-audit services as well as preliminary approval hereof.

Risk

- Review of IT security in operational and administrative areas as well as cybersecurity.
- Assessment of liquidity reserve and redemption of bonds as well as the basis for issuance of new green bonds and hybrid capital.
- Review and assessment of our exposure to inflation.

- Monitoring of currency and energy hedging mandates.
- Supervision of the work involved in ensuring compliance with the requirements of the future General Data Protection Regulation.

Meeting attendance

| Member of the board | Board of Directors | Audit and Risk Committee | Remuneration Committee | Nomination Committee* |
|-----------------------------|--------------------|--------------------------|------------------------|-----------------------|
| Thomas Thune Andersen | 12/0 | | 3/0 | 5/0 |
| Lene Skole | 12/0 | 6/0 | 2/0 | 4/1 |
| Hanne Steen Andersen | 12/0 | | | |
| Lynda Armstrong | 10/2 | | | |
| Poul Dreyer | 12/0 | | | |
| Pia Gjellerup | 12/0 | | 3/0 | |
| Benny Gøbel | 12/0 | | | |
| Benny D. Loft | 11/1 | 6/0 | | |
| Jens Nybo Stilling Sørensen | 10/2 | | | |
| Peter Korsholm | 10/1 | 5/0 | | |
| Martin Hintze | 1/0 | | 1/0 | |
| Poul Arne Nielsen | 1/0 | | | |
| Claus Winblad | 1/0 | 1/0 | | |

*The Nomination Committee is made up of four members in addition to the members from the Board of Directors.



The numbers indicate how many meetings the members have attended and not attended respectively.

7. Internal Audit Employees and duties

Internal Audit reports to the Audit and Risk Committee and is therefore independent of our administrative management structures. Internal Audit evaluates and suggests ways of improving and streamlining our processes and control environment.

Internal Audit is primarily involved in reviewing and advising on our central and critical processes, governance, risk management and IT security.

The chairman of the Audit and Risk Committee is responsible for our whistleblower scheme. The Internal Audit function receives and considers any reports submitted.

Special tasks in 2017

Internal Audit undertook special audit and consultancy tasks within the following areas: Prevention of the risk of cybercrime, ensuring adequate IT security in connection with investments in major new IT systems, tests of our crisis control setup at Group level, investment management, commodity and currency hedging, ensuring adequate compliance and continuous monitoring as well as screening our suppliers' compliance with relevant international standards.

Whistleblower scheme

Our employees and other associates may report serious offences, such as cases of bribery, fraud and other criminal offences, to our whistleblower scheme or through our management system. In 2017, the reports resulted in three substantiated cases. Two concerning violation of employment policies and one concerning conflict of interest. The cases had consequences for the individuals involved. None of the cases reported were critical to our business, nor have they impacted on our financial results. We take such cases very seriously and do what we can to avoid that similar cases occur again.

8. Executive Board and Group Executive Management Members and duties

Henrik Poulsen (CEO) and Marianne Wiinholt (CFO) are the members of the Executive Board of Ørsted A/S.

The Executive Board undertakes the day-to-day management through the Group Executive Management, which from 1 February 2018 will consist of seven members. In addition to Henrik Poulsen and Marianne Wiinholt, the Group Executive Management comprises the Executive Vice Presidents of our three business units Martin Neubert (Wind Power), Thomas Dalsgaard (Bioenergy & Thermal Power) and Morten H. Buchgreitz (Distribution & Customer Solutions) together with Executive Vice President of Wind Power Engineering, Procurement & Construction (EPC) Anders Lindberg and Executive Vice President of Wind Power Partnerships, M&A and Asset Management Ole Kjems Sørensen.

The Board of Directors has laid down guidelines for the work of the Executive Board, including the division of work between the Board of Directors and the Executive Board and the Executive Board's powers to enter into agreements on behalf of the company. The Board of Directors regularly discusses the CEO's performance, for example by following up on developments seen in relation to our strategy and objectives.

The Chairman of the Board of Directors and the CEO also regularly discuss the cooperation between the Board of Directors and the Executive Board.

You can find information about the members of the Executive Board, including their previous employment and other executive functions, on page 60 of the 2017 Annual Report. We describe the remuneration of the Executive Board in the section on remuneration on page 55 of the 2017 Annual Report.

How we relate to the Recommendations on Corporate Governance

We consider the Recommendations on Corporate Governance prepared by the Danish Committee on Corporate Governance on an annual basis. You can find the recommendations at www.corporategovernance.dk.

We do not comply with or comply partially with three out of 47 recommendations.

Our shareholders have decided that our Nomination Committee should have other members and duties than what is assumed in the recommendations, and that our Articles of Association should not stipulate a retirement age for members of the Board of Directors. From 2018, a fixed retirement age will no longer be part of the recommendations. We also have a share programme for the Executive Board with a slightly shorter first vesting period (2½ years) than the recommended three years, as the programme was issued in continuation of our IPO. The vesting period of future allotments is three years in accordance with the recommendations.

In November 2017, revised recommendations for corporate governance were announced, which will apply from 2018. We will review these and we expect to adjust our policies and procedures during 2018, so we can report on these in the 2018 Annual Report. We will present a proposal to update our remuneration policy at the general meeting in March 2018, enabling it to comply with the revised recommendations.

II. Internal controls and risk management in relation financial and environmental, social and governance (ESG) reporting

The purpose of internal controls is to help Ørsted to respond to the financial and non-financial risks of doing business, to ensure reliable and transparent reporting and to uphold high ethical standards.

Internal controls assist Ørsted in achieving its financial objectives by ensuring that material misstatements or irregularities in relation to financial and ESG reporting are prevented or detected and corrected.

In 2017, the internal control setup was strengthened further by implementation of a Model Risk Management policy and guidelines supporting management of risks related to critical models. Further, we are in the process of updating governance on user accesses in our ERP-system, including introducing new processes and systems to support and control the user accesses.

Governance, culture and internal control environment

The governance, culture and internal control environment in Ørsted are defined by policies, guidelines, internal processes and organisational structures that provide the basis for carrying out internal controls across Ørsted.

The Board of Directors and the Executive Committee are responsible for Ørsted’s internal controls and risk management setup and approve the general policies within these areas. In this respect, important elements are ethics and integrity which are evidenced in our five guiding principles. The guiding principles are available on orsted.com.

The Audit and Risk Committee supports the Board of Directors in its supervision of the reporting process and the most important risks associated with the reporting. Furthermore, the Audit and Risk Committee oversees developments in the internal control and risk management systems as well as the business’ ongoing reporting on assessed risks and internal controls.

The Executive Committee and the Finance management team are responsible for the effectiveness of the internal control and risk management systems and for implementing controls aimed at mitigating the risks associated with the reporting. This division of responsibilities provides Ørsted with an effective control environment.

| Governance, culture and internal control environment – examples | |
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| <p>Our five guiding principles</p> <p>The way we work is based on five guiding principles. The principles set the tone at the top to ensure trustworthy and sufficient reporting and high ethical standards.</p> | <p>Good Business Conduct Policy</p> <p>We have zero tolerance of corruption, fraud and other types of improper business conduct. The policy deals with good business behaviour and sets out principles that applies to all our staff and all Ørsted’s business dealings in the countries in which we operate.</p> |

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| <p>The Internal Control Policy The policy includes detailed directions for our internal control activities. The policy establishes our objectives of internal controls, how the policy is enforced, whom it affects and who is in charge.</p> | <p>Authorisation Rules Transactions of major economic or strategic importance are to be approved in accordance with the Authorisation Rules issued by our Board of Directors. The rules specify approval rights and monetary limits.</p> |
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Objectives and risk assessment

To detect and prevent possible risks of material misstatements in the reporting, we carry out an annual risk assessment which forms the basis for determining how risks will be managed and mitigated by the internal controls and thus help Ørsted achieve its financial objectives.

The risk assessment focuses on the items, processes and objectives which are associated with a significant risk. First, Ørsted's objectives are set for the group and then a risk assessment is performed. Based on this, an assessment is then carried out to establish which risks are material to Ørsted's reporting.

The items and risk areas which are believed to represent the greatest risk of material misstatements in the reporting are included in the internal control reporting to Finance management and the Audit and Risk Committee. As part of the risk assessment, the risk of fraud and the steps taken to mitigate this risk are considered. In this context, any possibilities for the day-to-day management to override the controls and manipulate the reporting are also assessed.

| Key reporting risk in 2017 | Key control activities in 2017 |
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| <p>Construction contracts Processes are complex and manual and involve a high degree of estimates in relation to degree of completion, value of incentive agreements, liabilities assumed, share of total costs associated with offshore transmission systems etc.</p> | <ul style="list-style-type: none"> • Monthly monitoring of physical progress • Use of recognised project management models • Project and finance controlling • High degree of management involvement |

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| <p>Divestments Divestments of activities are considered non-routine and implies a risk of incorrect recognition of divestments of assets and businesses including risk of misstatements in respect of contingent considerations, warranties and calculations of gains/losses.</p> | <ul style="list-style-type: none"> • Reviews of calculations and assumptions pre- and post the transaction • High degree of management and specialist involvement |
| <p>Provisions incl. onerous contracts Provisions may be affected by a number of uncertainties, including litigation, contractual claims, market developments, complex contracts etc. The provisions are based on management judgement and are inherently subjective.</p> | <ul style="list-style-type: none"> • Quarterly update of overview of liabilities based on e.g. financial reporting, contract archive, legal case list etc. • Reviews of estimates and assumptions for provisions |
| <p>Financial derivative transactions Consists of complex instruments, high number of transactions and complex IT systems. When the life of the contracts is beyond the liquid market period, judgements are used to assess the value. Prices in derivative markets are known to be volatile. Ørsted uses Business Performance in addition to IFRS.</p> | <ul style="list-style-type: none"> • Established processes for test of new instruments and evaluation of open financial derivatives • Monthly analytical review of the valuation and recalculation of financial instruments performed by specialists • Regulatory reporting to authorities • IT-setup supporting segregation of duties and Business Performance reporting |
| <p>Administrative IT systems Inadequate controls over access to IT systems, IT security, back-up, system development, change management, system interfaces and use of complex it-models and spreadsheets result in risk of misstated information in the financial reporting.</p> | <ul style="list-style-type: none"> • Controls to mitigate unauthorised access to IT systems, physical security controls, data back-up and recovery controls, system development and change management controls and manual controls related to system interfaces. |

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| <p>Decommissioning provisions High degree of estimates related to the future cost of decommissioning of offshore wind farms and combined heat and power plants with long useful lives including lack of guidance from authorities and experience in decommissioning.</p> | <ul style="list-style-type: none"> • Annual calculations based on information and assumptions from internal specialists or third parties • Assessment of discount rates, benchmark data and industry practice • Method and technology are updated if significant assumptions change • High degree of management involvement |
| <p>Impairment assessment Risk of failing to identify impairments losses due to uncertainties regarding key assumptions, future cash flow forecasts or recoverable amount, complex estimates and subjective judgements.</p> | <ul style="list-style-type: none"> • Centralised impairment test process • Frequent evaluation of key assumptions and estimates, including sensitivity analysis • Model review and testing • High degree of management involvement |
| <p>Revenue recognition Accrued revenue in relation to unread and unbilled power and gas revenue and revenue from commercial gas contracts is subject to uncertainty due to complex calculation models and contracts and high level of estimates.</p> | <ul style="list-style-type: none"> • Monthly analysis, including sanity checks of data in calculation models • Follow-up analyses where estimates are back-tested to actual revenue • Reconciliation of open positions, outstanding confirmations and controls over volume and price |
| <p>Tax, duties and VAT Risk of claims towards Ørsted from tax authorities concerning transfer pricing. Further, there is judgement involved in accessing uncertain tax positions and valuation of deferred tax assets.</p> | <ul style="list-style-type: none"> • High degree of management and specialist involvement • Close dialogue with tax authorities in countries where we operate |

Non-financial data

Risk of data being inaccurate or incomplete, e.g. due to data collection from external parties and immature accounting policies due to lack of non-financial GAAP.

- Reconciliations and validations
- Monthly analysis including sanity checks of data
- Use of international standards and guidelines.

Performance and control activities

Our control activities are designed and aimed at preventing or detecting and correcting material misstatements in the reporting, thereby reducing the risk to an acceptable level. The implementation of controls is based on a risk assessment. Control includes approvals, segregation of duties and functions, analysis, reconciliation, assessment, follow-up on KPI's, controls concerning IT applications, general IT controls and IT security.

We use an internal reporting tool to ensure proper documentation of the relationship between the identified key risks and key controls and to support the monitoring activities.

Information, communication and reporting

Our information and communication systems in Ørsted are designed to meet the reporting requirements applicable to listed companies. An accounting manual, reporting instructions and guidelines on internal controls have been prepared to ensure that the reporting is carried out on a uniform basis and is of a high quality. These documents are available on our intranet.

Ørsted has an Investor Relations policy that prescribes the communication and reporting to investors, analysts and other stakeholders in the capital market.

Monitoring and revision

Finance's monthly internal reporting is analysed and monitored by controllers and management. Further, monitoring of the reporting on internal controls is performed by the Internal Controls team. Finance's internal monthly reporting and the overall interim and yearly consolidated financial statements are controlled at local respectively corporate level.

Finance and IT report regularly on the performance and maturity of Ørsted's key controls. The people responsible for the reporting monitor the performance of the internal controls and each quarter submit a summary confirmation in the internal

reporting tool to the Internal Controls team. The summary confirmation is supplemented by action plans for any identified weaknesses.

Major changes to the internal controls and risk management setup, weaknesses and action plans are reported to the Audit and Risk Committee.

III. Status on compliance with recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance

In the sections below, our Board of Directors sets out its comments to each of the recommendations.

| Recommendation | Ørsted complies | Ørsted complies partially | Ørsted does not comply | Explanation |
|---|-----------------|---------------------------|------------------------|--|
| 1. Communication and interaction by the company with its investors and other stakeholders | | | | |
| 1.1.1 THE COMMITTEE RECOMMENDS that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company. | X | | | <p>We have an investor relations function, who organizes investor meetings based on investor relations material, which is available on our website.</p> <p>We hold regular meetings with the Ministry of Finance in accordance with the recommendations in the Ownership Policy from the Danish State.</p> |
| 1.1.2. THE COMMITTEE RECOMMENDS that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the stakeholders are respected in accordance with company policies. | X | | | <p>We have adopted an investor relations policy. The policy is available on our website.</p> <p>We have a responsibility policy. The policy defines how we engage with stakeholders and address societal challenges. The policy is available on our website. Our Audit and Risk Committee supervises the sustainability reporting.</p> |

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| <p>1.1.3. THE COMMITTEE RECOMMENDS that the company publish quarterly reports</p> | <p>X</p> | | | <p>We publish quarterly interim financial reports. We prepare the reports in accordance with IAS 34 "Interim Financial Reporting" and the Danish rules for listed and state-owned companies.</p> |
| <p>1.2.1. THE COMMITTEE RECOMMENDS that, when organising the company's general meeting, the board of directors plans the meeting to support active ownership.</p> | <p>X</p> | | | <p>We use a web-based Shareholder Portal to communicate with our shareholders in connection with general meetings.</p> <p>Four of our largest shareholders are members of our Nomination Committee. The committee prepares recommendations regarding election of new board members by the general meeting.</p> |
| <p>1.2.2. THE COMMITTEE RECOMMENDS that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.</p> | <p>X</p> | | | <p>No supplemental information.</p> |
| <p>1.3.1. THE COMMITTEE RECOMMENDS that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent</p> | <p>X</p> | | | <p>We have implemented procedures regarding takeover bids.</p> |

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| the shareholders from deciding on the takeover bid themselves. | | | | |
| 2. Tasks and responsibilities of the board of directors | | | | |
| 2.1.1. THE COMMITTEE RECOMMENDS that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities. | X | | | Our Board of Directors carries out an annual self-evaluation. We conducted the annual self-evaluation in December 2017. We reviewed the Rules of Procedure for the Board of Directors in November 2017. |
| 2.1.2. THE COMMITTEE RECOMMENDS that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company. | X | | | In addition to the ongoing strategy work, our Board of Directors holds an annual strategy seminar. We held our annual strategy seminar in December 2017. |
| 2.1.3. THE COMMITTEE RECOMMENDS that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website. | X | | | We refer to pages 118-128 of the 2017 Annual Report. |

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| <p>2.1.4. THE COMMITTEE RECOMMENDS that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.</p> | X | | | We reviewed the instructions to the Executive Board in November 2017. |
| <p>2.1.5. THE COMMITTEE RECOMMENDS that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.</p> | X | | | No supplemental information. |
| <p>2.1.6. THE COMMITTEE RECOMMENDS that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.</p> | X | | | <p>As we have equal representation on the Board of Directors in accordance with the Danish regulation, we have no targets for gender representation on the board.</p> <p>We refer to the 2017 Annual Report (page 153 – non-financial statements).</p> |
| <p>2.2.1. THE COMMITTEE RECOMMENDS that the board of directors adopt policies on corporate social responsibility.</p> | X | | | The Board of Directors has approved our responsibility policy. The policy is available on our website. |

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| <p>2.3.1. THE COMMITTEE RECOMMENDS appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.</p> | <p>X</p> | | | <p>Our general meeting annually appoints a Deputy Chairman.</p> |
| <p>2.3.2. THE COMMITTEE RECOMMENDS ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains it's independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.</p> | <p>X</p> | | | <p>The situation has not occurred. Should the situation occur, we intend to comply with the recommendation.</p> |

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| 3. Composition and organisation of the board of directors | | | | |
| 3.1.1. THE COMMITTEE RECOMMENDS that the board of directors annually accounts for <ul style="list-style-type: none"> • the skills it must have to best perform its tasks, • the composition of the board of directors, and • the special skills of each member. | X | | | <p>We have a high-level description in the Rules of Procedure of our Nomination Committee (Clause 2.1) of the skills that our Board of Directors must have to perform its tasks.</p> <p>In December 2017, the Board of Directors approved an updated competency overview for our board members, which is available on our website.</p> <p>Our 2017 Annual Report describes the composition of our board members, including their special skills (pages 61-62 of the 2017 Annual Report).</p> |
| 3.1.2. THE COMMITTEE RECOMMENDS that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender. | X | | | <p>Our Nomination Committee prepares recommendations regarding election of candidates for the Board of Directors as described in our Articles of Association and Rules of Procedure of the committee.</p> |

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| <p>3.1.3. THE COMMITTEE RECOMMENDS that the notice convening the general meeting when election of members to the board of directors is on the agenda be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, among these memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises • demanding organisational tasks, and information about • whether candidates to the board of directors are considered independent. | X | | | No supplemental information. |
| <p>3.1.4. THE COMMITTEE RECOMMENDS that the company's articles of association stipulate a retirement age for members of the board of directors.</p> | | | X | <p>Our shareholders have decided not to include a retirement age in the Articles of Association as a retirement age could potentially reduce the recruitment base and competence level of the Board of Directors.</p> <p>We note that the recommendation has been left out in the updated corporate governance recommendations, which will apply from 2018.</p> |

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| <p>3.1.5. THE COMMITTEE RECOMMENDS that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p> | X | | | Board members elected by our general meeting are up for election every year and re-election is possible, cf. 10.2 of our Articles of Association. |
| <p>3.2.1. THE COMMITTEE RECOMMENDS that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate, • within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors, • represent the interests of a controlling shareholder, | X | | | We consider that a majority of the board members elected by our general meeting are independent in accordance with the recommendation. |

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| <ul style="list-style-type: none"> • within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate. • be or within the past three years have been employed or partner at the external auditor, • have been chief executive in a company holding cross-memberships with the company, • have been member of the board of directors for more than 12 years, or • have been close relatives with persons who are not considered independent. | | | | |
| <p>3.3.1. THE COMMITTEE RECOMMENDS that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p> | X | | | No supplemental information. |

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| <p>3.3.2. THE COMMITTEE RECOMMENDS that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the board of directors of the member, • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and • demanding organisational tasks, and • the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year. | X | | | <p>We refer to pages 57 and 61-62 in our 2017 Annual Report.</p> |
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| <p>3.4.1. THE COMMITTEE RECOMMENDS that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • The terms of reference of the board committees, • the most important activities of the committees during the year, and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. | X | | | <p>We have established a Remuneration Committee and an Audit and Risk Committee.</p> <p>We describe the committees and their most important activities during the year in our 2017 Annual Report (page 53).</p> <p>The terms of reference for the two committees are available on our website.</p> |
| <p>3.4.2. THE COMMITTEE RECOMMENDS that a majority of the members of a board committee be independent.</p> | X | | | <p>We consider that a majority of the members of our Audit and Risk Committee and our Remuneration Committee are independent in accordance with the corporate governance recommendations.</p> |
| <p>3.4.3. THE COMMITTEE RECOMMENDS that the board of directors set up a formal <u>audit committee</u> composed such that</p> | X | | | <p>We consider that, between them, the members of our Audit and Risk Committee possess the relevant financial, accounting, audit and sector skills.</p> |

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| <ul style="list-style-type: none"> the chairman of the board of directors is not chairman of the audit committee, and between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market. | | | | |
| <p>3.4.4. THE COMMITTEE RECOMMENDS that prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:</p> <ul style="list-style-type: none"> significant accounting policies, significant accounting estimates, related party transactions, and uncertainties and risks, including in relation to the outlook for the current year. | X | | | No supplemental information. |
| <p>3.4.5. THE COMMITTEE RECOMMENDS that the audit committee:</p> <ul style="list-style-type: none"> annually assesses the need for an internal audit, and in such case, makes recommendations on | X | | | <p>We have an internal audit function.</p> <p>The terms of reference of the Audit and Risk Committee describes the responsibilities of the internal audit function.</p> |

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| <p>selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</p> <ul style="list-style-type: none"> • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. | | | | |
| <p>3.4.6. THE COMMITTEE RECOMMENDS that the board of directors establish a <u>nomination committee</u> chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined, • annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors, • annually assess the competences, | | X | | <p>Our shareholders have decided to establish a Nomination Committee with representatives from our Board of Directors (the Chairman and Deputy Chairman) and four of our largest shareholders.</p> <p>The Nomination Committee prepares recommendations to the general meeting of Ørsted regarding election of board members.</p> <p>The Nomination Committee is not involved in the appointment or assessment of our Executive Board or in the other matters included in the recommendation.</p> |

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| <p>knowledge and experience of the individual members of management, and report to the board of directors in this respect,</p> <ul style="list-style-type: none"> • consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and • propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. | | | | |
| <p>3.4.7. THE COMMITTEE RECOMMENDS that the board of directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, • make proposals to the board of directors on remuneration for | X | | | We refer to the terms of reference for our Remuneration Committee available on our website. |

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| <p>members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</p> <ul style="list-style-type: none"> • recommend a remuneration policy applicable for the company in general. | | | | |
| <p>3.4.8. THE COMMITTEE RECOMMENDS that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p> | X | | | No supplemental information. |
| <p>3.5.1. THE COMMITTEE RECOMMENDS that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant</p> | X | | | Our Board of Directors performed their annual self-evaluation in December 2017. |

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| <p>changes deriving from the evaluation should be included in the management commentary or on the company's website.</p> | | | | |
| <p>3.5.2. THE COMMITTEE RECOMMENDS that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p> | <p>X</p> | | | <p>As part of the self-evaluation of the Board of Directors, the board considers whether the number of members is appropriate.</p> |
| <p>3.5.3. THE COMMITTEE RECOMMENDS that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.</p> | <p>X</p> | | | <p>The Board of Directors regularly discusses the work and performance of the Executive Board, including in connection with the annual settlement of the Executive Board's performance agreements.</p> |

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| <p>3.5.4. THE COMMITTEE RECOMMENDS that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.</p> | <p>X</p> | | | <p>The Chairman and the CEO regularly discuss the cooperation between the Board of Directors and the Executive Board.</p> |
| <p>4. Remuneration of management</p> | | | | |
| <p>4.1.1. THE COMMITTEE RECOMMENDS that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p> | <p>X</p> | | | <p>We have a remuneration policy approved by the Board of Directors and the general meeting.</p> <p>The policy is available on our website.</p> |

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| <p>4.1.2. THE COMMITTEE RECOMMENDS that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms, • there be clarity about performance criteria and measurability for award of variable components, • there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and • an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated. | X | | | No supplemental information. |
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| <p>4.1.3. THE COMMITTEE RECOMMENDS that remuneration of members of the board of directors does not include share options.</p> | X | | | No supplemental information. |
| <p>4.1.4. THE COMMITTEE RECOMMENDS that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p> | | X | | <p>In 2016, we established a share program for the Executive Board.</p> <p>As we implemented the program in the autumn of 2016 and the first exercise under the program will occur in the spring of 2019, we have a first vesting period, which is slightly shorter than the recommended three years. As from 2017, the grants under the program take place in the Spring to ensure a full three-year vesting period.</p> |
| <p>4.1.5. THE COMMITTEE RECOMMENDS that agreements on termination payments should not amount to more than two years' annual remuneration.</p> | X | | | If we dismiss our CEO or CFO, he/she is entitled to 24 months' salary in the form of salary during the notice period (12 months) and a severance payment (12 months). |
| <p>4.2.1. THE COMMITTEE RECOMMENDS that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.</p> | X | | | We will include comments regarding the remuneration policy in the Chairman's statement at the general meeting, if this is relevant. |

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| <p>4.2.2. THE COMMITTEE RECOMMENDS that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.</p> | X | | | We refer to section 7.2 (item no. 8) of our Articles of Association. |
| <p>4.2.3. THE COMMITTEE RECOMMENDS that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.</p> | X | | | We refer to the 2017 Annual Report (pages 55 and 57). |
| <p>5. Financial reporting, risk management and audits</p> | | | | |
| <p>5.1.1. THE COMMITTEE RECOMMENDS that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</p> | X | | | We refer to the 2017 Annual Report (page 47). |

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| <p>5.2.1. THE COMMITTEE RECOMMENDS that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.</p> | X | | | We have established a whistleblower hotline as described in the 2017 Annual Report (page 53). |
| <p>5.3.1. THE COMMITTEE RECOMMENDS that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.</p> | X | | | No supplemental information. |
| <p>5.3.2. THE COMMITTEE RECOMMENDS that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.</p> | X | | | No supplemental information. |