Ørsted

ESG performance report 2018

Contents

1. Introduction

1.1 CFO's review

Ørsted's vision of creating a world that runs entirely on green energy was supported by a strong performance in 2018:

- Our installed renewable capacity increased by 44% to 8.3GW.
- The green share of our generation increased from 64% to 75%.
- Our greenhouse gas intensity decreased by 13% to 131g CO_2e/kWh.
- Our total recordable injury rate (TRIR) was reduced by 27% to 4.7, which significantly exceeded our expectations.

"We generated 26TWh heat and power in 2018, of which 75% was based on renewable energy sources.

Renewable energy

In 2018, we commisioned three new offshore wind farms, Race Bank, Walney Extension and Borkum Riffgrund 2. We also increased our green capacity with three onshore wind farms and one offshore wind farm with the aquisitions of Lincoln Clean Energy and Deepwater Wind in the US.

Our installed renewable capacity increased by 44% in 2018 and totalled 8.3GW. We launched our new strategic ambition of installing more than 30GW of green capacity by 2030.

Since the launch of the Sustainable Development Goals (SDGs) in 2015, we have been committed to being among the leading companies that help make societies progress towards the SDG goals.

Through our green energy investments, we contribute to SDG 8. Together with our partners, we have invested DKK 165 billion in deploying green energy in the past 10 years. In a life-cycle perspective, the investments in offshore wind farms have created 112,000 job years based on the installed renewable capacity.

Towards 2025, we plan to invest DKK 200 billion within renewables, adding significantly to further local economic growth and job creation, not least in our new markets. Our current portfolio of projects where we have taken final investment decision will help create 67,000 job years in a life-cycle perspective.

We generated 26TWh heat and power in 2018, of which 75% was based on renewable energy sources – an increase from last year of 11% points. We contribute to the achievement of SDG 7 by deploying renewable energy at scale. Our strategic target is to increase the green energy share of our heat and power generation to 99% by 2025. By 2025, our installed offshore wind capacity alone will be able to power more than 30 million people.

The decarbonisation of our heat and power generation also helps contribute significantly to SDG 13. The increased share of renewable heat and power generation led to a 13% decrease in our greenhouse gas intensity, which was 131g CO_2e/kWh in 2018. Our target is to reduce the greenhouse gas intensity to 10g CO_2e/kWh or below in 2025.

People and safety

Safety performance improved once more in 2018. The total recordable injury rate was reduced from 6.4 injuries per million hours worked in 2017 to 4.7 in 2018. Following the improvement, we have set a new TRIR target of 3.3 in 2025.

In our annual employee survey, employee satisfaction once again scored 76 on a scale from 0 to 100. The result was well above our benchmark of 70.

ESG reporting

In 2018, we continued the development of our ESG reporting to our management, investors and other stakeholders. As an example, we have started to report on our taxes on a country by country level.

From Q1 2019, we will publish quarterly ESG statements together with our interim financial statements. The green transformation is developing quickly, and we want to provide our stakeholders with updated ESG performance indicators during the year.

We remain satisfied with the ESG performance of the company for 2018 as we continue our strategic development towards our vision of a world that runs entirely on green energy.

Marianne Wiinholt
CFO

1.2 Basis of reporting

About this report

In this report, you will find the complete set of Ørsted's environment, social and governance (ESG) performance indicators. These are the data that we use in our reporting to various investor schemes and as the foundation for our answers to questions from investors and other stakeholders.

A selection of the data in this report is also presented in our:

- Annual report 2018, consolidated ESG statements
- Sustainability report 2018.

This report contains Ørsted's statement on the underrepresented gender in accordance with section 99B of the Danish Financial Statement Act (Årsregnskabsloven). See note 3.3 'Gender diversity'.

ESG data collection and data quality

We continuously seek to develop our ESG data set in order to support our business and to provide our stakeholders with relevant and transparent reporting of our ESG performance.

We work with risk-based controls in our ESG reporting to ensure a high data quality. This means reporting processes are mapped, risks are identified and assessed, and risk-based controls are implemented.

All ESG data are reported to the same consolidation system, and we apply the same processes and tools to our ESG reporting, as to our financial reporting.

Consolidation of ESG data

The ESG performance data is consolidated according to the same principles as the financial statements. The consolidated ESG performance data thus comprises the parent company Ørsted A/S and subsidiaries controlled by Ørsted A/S.

Data from associates and joint ventures is not included in the consolidated ESG performance data.

The consolidation of safety data deviates from the above described principles. Safety data is collected using an operational scope. This means that we, irrespective of our ownership share, include 100% of injuries and hours worked etc., from all operations where Ørsted is responsible for safety, including safety for external suppliers.

All data presented follows the principles above, unless otherwise specified in the accounting policy for the individual indicator. Accounting policies for all our ESG data can be found next to each data table in the E, S and G sections. All calculation factors used in this report are listed at the end of the report together with references.

New ESG indicators in 2018

- Installed renewable capacity.
- Awarded and contracted capacity.
- Onshore wind and solar power generation indicators.
- Water withdrawal from water stressed areas.
- Biodiversity, protected land areas.
- Biodiversity, red-list species.
- Gender pay gap.
- Job creation from offshore wind.
- People powered by offshore wind.
- The governance model.
- Additional Board of Directors and Group Executive Management information.

Discontinued ESG indicators

- Wind energy contenct (replaced by wind speed).

External review

All data in the ESG statement of Ørsted's annual report has been reviewed by PwC. Much of the data in this report is covered by this review.

We have marked all indicators that are covered by the review with a blue circle (●), i.e. the blue circle can be understod as: this indicator has been reviewed as part of the consolidated ESG statement of the 2018 annual report. See the auditor's limited assurance report on page 191 of the annual report 2018.

Financial scope

We use a financial scope for our data collection.

Financial consolidation

We use the same consolidation method and consolidation application for our ESG data as for our financial data.

Risk-based controls

We work with risk-based controls in our ESG reporting to ensure a high data quality.

External review

All ESG data in Ørsted's annual report has been reviewed by PwC. The data covered by the ESG review is marked with a blue circle in the tables.

1.3 Our business model

Key resources

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

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

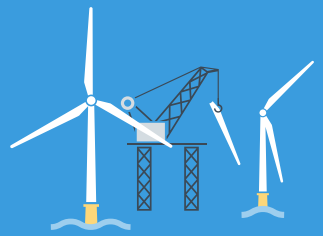
Natural resources
We rely on natural resources, such as construction materials, biomass, as well as locations with attractive wind speeds and seabed conditions

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

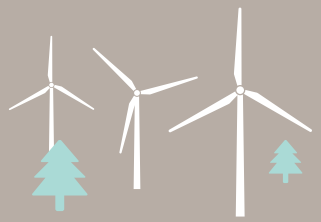
Core activities



Offshore

- Develop, build, own and operate offshore wind farms (three wind farms are under construction)
- Own 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

Capital employed **79%**



Onshore

- Develop, build, own and operate onshore wind farms
- Three wind farms are in operation, one wind farm is under construction, and two wind farms are under development
- Explore opportunities within solar PV and storage

Capital employed **6%**

Bioenergy

- Convert our CHP plants to biomass
- Own and operate ten CHP plants in Denmark
- Enter into long-term contracts with our heat customers and sell power to the market
- Explore opportunities within biogas and waste recycling

Capital employed **2%**

Customer Solutions

- Route-to-market services for our own and partners' power, gas and certificates
- Manage the Group's energy portfolio risks

Capital employed **13%** of which assets we plan to exit **10%**

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 fulfil 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

1.4 Overview by business unit

Note	Indicator	Unit	Offshore	Onshore	Bioenergy	Customer Solutions	Other activities/ eliminations	Total 2018	Total 2017	%
AR 2.1	Revenue ●	DKK million	30,566	80	6,353	47,999	(8,052)	76,946	59,504	29%
AR 2.1	EBITDA ●	DKK million	27,809	44	367	1,970	(161)	30,029	22,519	33%
2.7	Installed renewable capacity ●	MW	5,602	813	1,888	-	-	8,303	5,763	44%
2.7	Decided (FID) renewable capacity (not yet installed) ●	MW	3,356	184	125	-	-	3,665	5,178	(29%)
2.7	Awarded and contracted renewable capacity (no FID yet) ●	MW	3,916	880	-	-	-	4,796	590	713%
2.7	Generation capacity, power ●	MW	3,018	813	2,842	-	-	6,673	5,899	13%
2.7	Generation capacity, heat ●	MW	-	-	3,425	-	-	3,425	3,415	0%
2.1	Power generation ●	TWh	10.0	0.5	6.7	-	-	17.2	16.7	3%
2.1	Heat generation ●	TWh	-	-	8.8	-	-	8.8	9.0	(2%)
2.4	GHG scope 1 and 2 emissions ●	Million tonnes CO_2e	<0.1	<0.0	3.5	0.1	<0.0	3.6	4.0	(10%)
2.6	Greenhouse gas intensity ●	g CO_2e/kWh	-	-	222	-	-	131	151	(13%)
2.2	Green share of energy generation ●	%	100	100	58	-	-	75	64	11%p
3.1	Number of employees ●	Full-time equivalents (FTE)	2,431	40	731	1,254	1,624	6,080	5,638	8%
3.4	TRIR (total recordable injury rate) ●	Number/million hours worked	3.8	10.8	6.4	9.3	2.2	4.7	6.4	(27%)
3.4	LTIF (lost time injury frequency) ●	Number/million hours worked	0.7	0.0	2.1	4.1	1.6	1.5	1.6	(6%)
4.3	Suppliers screened regarding code of conduct	Number	167	0	51	18	12	248	213	16%

● This indicator has been reviewed as part of the consolidated ESG statement of the 2018 annual report. See the auditor's limited assurance report on page 191 of the annual report 2018.
● This indicator has been audited as part of the financial statements of the 2018 annual report.

1.5 Overview by country

Note	Indicator	Unit	Denmark	United Kingdom	Germany	The Netherlands	The US	Other countries	Total 2018	Total 2017	%
2.7	Installed green capacity ●	MW	2,894	3,182	1,384	-	843	-	8,303	5,763	44%
2.7	– of which offshore wind ●	MW	1,006	3,182	1,384	-	30	-	5,602	3,875	45%
2.7	– of which onshore wind ●	MW	-	-	-	-	830	-	830	-	-
2.7	– of which solar ●	MW	-	-	-	-	10	-	10	-	-
2.7	– of which thermal ●	MW	1,888	-	-	-	-	-	1,888	1,888	0%
2.7	Decided (FID) renewable capacity (not yet installed) ●	MW	125	2,604	-	752	184	-	3,665	5,178	(29%)
3.1	Awarded and contracted renewable capacity (no FID yet) ●	MW	-	-	1,142	-	1,834	1,820	4,796	590	713%
2.7	Total renewable capacity (installed + FID + awarded and contracted) ●	MW	3,019	5,786	2,526	752	2,861	1,820	16,764	11,531	45%
2.7	Generation capacity, power	MW	3,405	1,733	692	-	843	-	6,673	5,899	13%
2.7	– of which offshore wind ●	MW	563	1,733	692	-	30	-	3,018	2,508	20%
2.7	– of which onshore wind ●	MW	-	-		-	803		803	-	
2.7	– of which thermal energy ●	MW	2,842	-	-	-	-	-	2,842	3,391	(16%)
2.7	– of which solar energy ●	MW	-	-	-	-	10		10	-	-
2.7	Generation capacity, heat	MW	3,425	-	-	-	-	-	3,425	3,415	0.3%
2.1	Power generation ●	TWh	8.5	6.1	1.7	0.4	0.5	-	17.2	16.7	3%
2.1	Heat generation ●	TWh	8.8	-	-	-	-	-	8.8	9.0	(3%)
2.2	Green share of energy generation ●	%	64	100	100	-	100	-	75	64	11%p
2.6	Greenhouse gas intensity ●	g CO_2e/kWh	190	-	-	357	-	-	131	151	(13%)
2.4	GHG scope 1 and 2 emissions ●	Million tonnes CO_2e	3.5	< 0.0	< 0.0	0.1	< 0.0	-	3.6	4.0	(10%)
3.1	Number of employees (FTE) ●	Number	4,454	964	202	10	115	335	6,080	5,638	8%

● This indicator has been reviewed as part of the consolidated ESG statement of the 2018 annual report. See the auditor's limited assurance report on page 191 of the annual report 2018.
* FTE distribution other countries: Poland 158, Malaysia 135, Taiwan 35, Sweden 7.

1.6 SDG references to our ESG indicators

Note	SDG with high alignment on strategic level for Ørsted	ESG impact[1]
3.9	7. Affordable and clean energy	Green energy to millions of people
2.1, 3.5	8. Decent work and economic growth	Investment programme to date and towards 2025 + safety performance
2.7, 2.8	13. Climate action	Greenhouse gas intensity + avoided greenhouse gas emissions

Note	SDG targets which covers Ørsted's sustainability programmes	Sustainability programme[2]
3.3	5.5. on ensuring women's full and effective participation and equal opportunities	Employee diversity and inclusion
2.1	7.2 on substantially increasing the share of renewable energy in the global energy mix	Deployment of wind power
2.4	7.2 on substantially increasing the share of renewable energy in the global energy mix	Greener power stations
3.8	7.3 on doubling the global rate of improvement in energy efficiency	Energy savings
4.5	8.7 on eradicating modern slavery	Responsible business partner
4.5	8.8 on protecting labour rights and promote safe and secure working environments of all workers	Responsible business partner
3.5	8.8 on protecting labour rights and promote safe and secure working environments of all workers	Workplace safety
2.1	9.4 on upgrading infrastructure for greater adoption of clean and environmentally sound technologies	Integration of green energy
2.12	12.5 on reducing waste generation through prevention, reduction, recycling and reuse	Resource management
2.1	13.3 on improving institutional capacity and awareness on climate change	Green leadership
2.14	14.2 on protecting the marine and coastal ecosystems	Protecting biodiversity
2.9	15.2 on promoting sustainable forest management	Sourcing of certified biomass
2.13	15.5 on reducing degradation of natural habitats and biodiversity	Protecting biodiversity
4.4	16.5 on reducing corruption and bribery	Good business conduct
4.5	16.5 on reducing corruption and bribery	Responsible business partner
4.5	16.6 on developing effective accountable and transparent institutions at all levels	Responsible tax practices

[1] Based on Trucost analysis
[2] Refer to the 2018 sustainability report

Our sustainablity performance is managed through a set of sustainability programmes. You can find more information about the sustainability programmes in our 2018 sustainability report.

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 conclusion was that we had a very significant impact on SDGs 7, 8 and 13 based on our business.

In addition to our main impact, we contribute to other SDG targets through our sustainability programmes. Each programme has one or more ESG indicators attached, which have been mapped against the SDGs. The table shows references to ESG notes in this report which contains ESG indicators that are linked to the SDG targets in question through the respective sustainability programmes.

Our main contributions to the SDGs

UN GLOBAL COMPACT WE SUPPORT

Adopted by all United Nations member states in 2015, the 17 Sustainable Development Goals (SDGs) constitute the most pressing economic, social and environmental challenges that the world needs to solve. In Ørsted, we focus particularly on advancing two of the SDGs, namely 7 (clean and affordable energy) and 13 (fighting climate change), and by consequence we also contribute significantly to SDG 8 (economic growth).

SDG 7 aims to ensure access to clean and affordable energy for all. Today, 81% of global energy consumption is based on fossil fuels. To achieve the goal, societiesneed to accelerate the transformation of our energy systems from black to green.

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.

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

2. Environment

2.1 Renewable capacity

Indicator	Unit	2018	2017	%	2016
Installed renewable capacity	**MW**	**8,303**	**5,763**	**44%**	**4,975**
– Offshore wind power	MW	5,602	3,875	45%	3,591
– Denmark	MW	1,006	1,006	0%	1,006
– The United Kingdom	MW	3,182	1,950	63%	1,691
– Germany	MW	1,384	919	51%	894
– The US	MW	30	-	-	-
– Onshore wind power, US	MW	803	-	-	-
– Solar power, US	MW	10	-	-	-
– Thermal heat, biomass, Denmark	MW	1,888	1,888	0%	1,384
Decided (FID) renewable capacity (not yet installed)	**MW**	**3,665**	**5,178**	**(29%)**	**4,548**
– Offshore wind power	MW	3,356	5,053	(34%)	3,858
– United Kingdom	MW	2,604	3,836	(32%)	2,708
– Germany	MW	-	465	(100%)	450
– The Netherlands	MW	752	752	0%	700
– Onshore wind power, US	MW	184	-	-	-
– Thermal heat, biomass, Denmark	MW	125	125	0%	690
Awarded and contracted (not yet FID) renewable capacity	**MW**	**4,796**	**590**	**713%**	-
– Offshore wind power	MW	3,916	590	564%	-
– Germany	MW	1,142	590	94%	-
– The US	MW	954	-	-	-
– Taiwan	MW	1,820	-	-	-
– Onshore wind power, US	MW	530	-	-	-
– Solar power, US	MW	350	-	-	-
Sum of installed and FID capacity	MW	**11,968**	**10,941**	9%	**6,365**
Sum of installed + FID + awarded and contracted capacity	MW	**16,764**	**11,531**	45%	**6,365**

Accounting policies

Installed renewable capacity
The installed renewable capacity is calculated as the cumulative renewable gross capacity installed by Ørsted before divestments.

For installed renewable thermal capacity, we use the heat capacity, as heat is the primary outcome of thermal energy generation, and as bioconversions of the combined heat and power plants are driven by heat contracts.

Decided (FID) renewable capacity
Decided (FID) capacity is the renewable capacity for which a final investment decision (FID) has been made.

Awarded and contracted renewable capacity
The awarded renewable capacity is based on the capacities which have been awarded to Ørsted in auctions and tenders. The contracted capacity is the capacity for which Ørsted has signed a contract or power purchase agreement (PPA) concerning a new renewable energy plant. Typically, offshore wind farms are awarded, whereas onshore wind farms are contracted. We include the full capacity if more than 50% of PPAs/offtake are secured.

2.2 Generation capacity

Indicator	Unit	2018	2017	%	2016
Power generation capacity	**MW**	6,673	5,899	13%	5,340
– Offshore	MW	3,018	2,508	20%	1,955
– Denmark	MW	563	583	(3%)	588
– The United Kingdom	MW	1,733	1,465	18%	919
– Germany	MW	692	460	50%	447
– The US	MW	30	-	-	-
– Onshore, US	MW	803	-	-	-
– Solar, US	MW	10	-	-	-
– Thermal	MW	2,842	3,391	(16%)	3,385
– Denmark	MW	2,842	2,956	(4%)	2,950
– The Netherlands	MW	-	435	(100%)	435
Heat generation capacity, thermal	MW	3,425	3,415	0%	3,407
Based on biomass	MW	1,888	1,888	0%	1,384
Based on coal	MW	1,384	1,492	(7%)	1,499
Based on natural gas	MW	1,774	1,774	0%	1,827
Power generation capacity, thermal	MW	2,842	3,391	(16%)	3,385
Based on biomass	MW	1,190	1,098	8%	958
Based on coal	MW	1,016	1,130	(10%)	1,124
Based on natural gas	MW	1,012	1,447	(30%)	1,476

Accounting policies

Power generation capacity
Power generation capacity from wind farms is calculated and included from the time when the individual wind turbine has passed a 240-hour test.

The Gunfleet Sands and Walney 1 and 2 offshore wind farms have been consolidated according to ownership interest. Other wind farms and CHP plants are financially consolidated.

Heat and power generation capacity, thermal
The thermal heat and power generation capacity is a measure of the maximum capability to generate heat and power.

The capacity can change over time with plant modifications. For each power station, the capacity is given for generation with the primary fuel mix. Overload is not included.

Fuel-specific capacities measure the maximum capacity using the specified fuel as primary fuel at the multifuel plants. Therefore, the total sum amounts to more than 100%.

Power stations which have been taken out of primary operation and put on standby are not included.

In 2018, we commissioned Race Bank and Walney Extension in the UK and Borkum Riffgrund 2 in Germany, which led to an increase in the offshore generation capacity of 20%.

We added three operating onshore wind farms, Willow Springs, Amazon and Tahoka, to our power capacity as well as the solar PV asset Oak, through the acquisition of Lincoln Clean Energy (LCE) in October 2018.

Thermal power generation capacity decreased by 16%, primarely because of the sale of the Dutch natural gas-fired power plant Enecogen. The other reason was the technical adjustment of the fossil-based heat and power capacity of Asnæs Power Station to comply with emission requirements.

We have added fuel-specific thermal power and heat generation capacities to our table to meet many request for this data. Please note that these capacities cannot be added to total capacity as they are defined individually for our multifuel plants. All fuels cannot be used at the same time.

2.3 Energy generation

Indicator	Unit	2018	2017	%	2016
Power generation, Ørsted total ●	**TWh**	**17.2**	**16.7**	**3%**	**14.4**
Power generation, offshore wind ●	TWh	10.0	8.5	18%	6.0
– Denmark ●	TWh	2.2	2.5	(12%)	2.2
– The United Kingdom ●	TWh	6.1	4.5	36%	3.1
– Germany ●	TWh	1.7	1.5	13%	0.7
– The US ●	TWh	0.02	-	-	-
Power generation, onshore wind, US ●	TWh	0.5	-	-	-
Power generation, onshore solar, US ●	TWh	0.003	-	-	-
Power generation, thermal ●	TWh	6.7	8.2	(18%)	8.4
– Denmark ●	TWh	6.3	6.0	5%	6.8
– The Netherlands ●	TWh	0.4	2.2	(82%)	1.6
Heat generation, Ørsted total, Denmark ●	**TWh**	**8.8**	**9.0**	**(2%)**	**9.2**

Offshore power generation increased by 18% relative to 2017, primarily due to the ramp-up of generation from Race Bank, Walney Extension and Borkum Riffgrund 2. We commissioned Race Bank in January, Walney Extension in May and Borkum Riffgrund 2 in December 2018.

The new onshore wind farms acquired in the last quarter of 2018 generated 0.5TWh.

Thermal power generation was 18% lower than in 2017, driven by the divestment of our Dutch power plant, and amounted to 6.7TWh.

Power generation from our Danish thermal plants increased by 4%, driven by higher power spreads, while heat generation decreased by 2% to 8.8TWh in 2018 due to warmer weather.

Accounting policies

Power generation
Power generation from wind farms is determined as sold generation. The Gunfleet Sands and Walney 1 and 2 offshore wind farms have been consolidated according to ownership interest.

Thermal power generation is determined as net generation sold based on settlements from the official Danish production database. Data for generation from foreign facilities are provided by the operators.

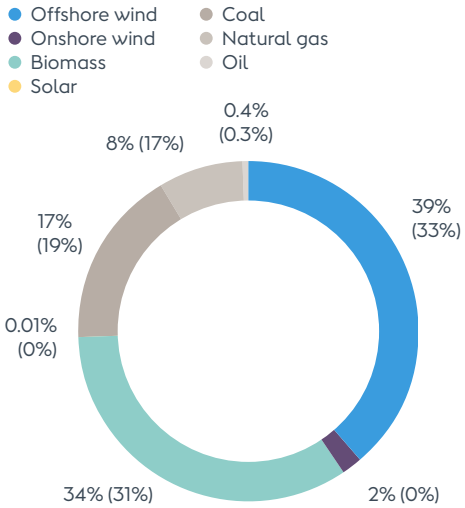
Heat generation
Thermal heat (including steam) generation is measured as net output sold to heat customers.

2.4 Green energy share

Indicator	Unit	2018	2017	%	2016
Ørsted's total power and heat generation	**%**	**100**	**100**	**0%p**	**100**
– From offshore wind	%	39	33	6%p	26
– From onshore wind	%	2	0	2%p	0
– From biomass	%	34	31	3%p	24
– From solar	%	0	0	0%p	0
– From coal	%	17	19	(2%p)	30
– From natural gas	%	8	17	(9%p)	19
– From oil	%	0	0	0%p	1
Green energy share*	**%**	**75**	**64**	**11%p**	**50**

* Target 2020: ≥ 80% and 2023: ≥ 95%

Total heat and power generation 2018 (2017) by energy source



The green energy share increased significantly from 2017 to 2018 as a result of increased generation from wind and biomass and a decrease in natural gas consumption.

The share of generation from offshore and onshore wind farms increased by 8 percentage points as a result of new offshore generation capacity in the UK and Germany as well as the acquisition of Lincoln Clean Energy in October.

The green share of our generation increased from 64% in 2017 to 75% in 2018.

The increase was due to higher generation from offshore and onshore wind combined with increased use of biomass and reduced use of natural gas for thermal generation.

The share of generation based on biomass increased by 3 percentage points, primarily as a result of biomas-based generation at the Avedøre and Skærbæk power stations.

The coal-based share of our generation decreased slightly inspite of an increased use of coal in tonnes as we experienced higher demand for power in periods, where we were not generating heat. In these periods, fossil fuels are normally used.

The reduction of 9 percentage points in the share of generation based on natural gas was due to the divestment of our 50% ownership share in the gas-fired power plant Enecogen in the Netherlands.

Accounting policies

Green energy share
The green (renewable energy) share of our heat and power generation and the distribution of the generation on the individual energy sources and fuels is calculated on the basis of the energy sources used and the energy generated at the different energy plants.

Wind and solar-based generation is computed as the input from the individual plant (wind and solar), as there is only one source of power for each plant.

For CHP plants, the share of the specific fuel (e.g. biomass) is calculated relative to the total fuel consumption for a given plant/unit within a given time period. The specific fuel share is then multiplied with the total heat and power generation for the specific plant/unit in the specific period. The result is the fuel-based generation for the individual unit – for example the biomass-based generation of heat and power from the CHP plant unit within a given time period.

Energy generation based on fuel, wind and solar is added up to a total which tallies with total generation. The percentage share of the individual energy sources is calculated by dividing generation from individual energy source with the total generation.

The following energy sources and fuels are considered renewable energy: wind, solar and biomass. The following energy sources are considered fossil energy sources: coal, natural gas and oil.

2.5 Energy business drivers

Indicator	Unit	2018	2017	%	2016
Offshore wind					
Availability ●	%	93	93	0%p	92
Load factor ●	%	42	44	(2%p)	41
Wind speed ●	m/s	9.1	9.3	(2%)	8.9
Onshore wind					
Availability ●	%	92	-	-	-
Load factor ●	%	41	-	-	-
Wind speed ●	m/s	7.3	-	-	-
Other					
Degree days, Denmark ●	Number	2,526	2,705	(7%)	2,715
Energy efficiency, thermal generation	%	71	69	2%p	69

Offshore wind

The availability of 93% was at the same level as the year before. Wind speeds were 2% lower than in 2017 and amounted to a portfolio average of 9.1m/s, which was in line with a normal wind year.

The wind was lower in both Denmark, Germany and the UK compared with 2017. The lower wind speed impacted the load factor, which was 2 percentage points below the 2017 level.

Onshore wind

Wind speeds averaged 7.3m/s, which was slightly lower than in a normal wind year in Texas.

Other

The number of degree days was 7% higher in 2018, meaning that the weather was warmer than in 2017. This led to a lower need for heat generation, which explains the 2% drop in heat generation in 2018.

Accounting policies

Availability and load factor
The time-based availability factor (availability) is calculated as the ratio of the number of hours the wind farms are available for power generation to the total number of hours in a given period. Total availability is determined by weighting the individual wind farm's availability against the capacity of the offshore wind farm. Availability is commercially adjusted.

The load factor is calculated as the ratio between actual generation over a period relative to potential generation which is possible by continuously exploiting the maximum capacity over the same period. The load factor is commercially adjusted.

Commercially adjusted means that, for Danish and German offshore wind farms, availability and load factor, respectively, are adjusted if the offshore wind farm has been financially compensated by the transmission system operators in situations where the offshore wind farm is available for generation, but the output cannot be supplied to the grid due to maintenance or grid interruptions. Wind farms in other countries are not compensated for non-access to the grid. New wind turbines are included in the calculation of availability and load factor once they have passed a 240-hour test.

Wind speed
Offshore wind speed shows the wind speeds of the areas for Ørsted's offshore wind farms. The wind speeds where the individual offshore wind farms are located are provided to Ørsted by an external supplier. Wind speeds are weighted on the basis of the capacity of the individual offshore wind farms and consolidated to an Ørsted total.

Onshore wind speed is based on wind speed measurements from anemometers on the wind turbines.

Degree days
Degree days are a measure of how cold it has been and thus indicate the amount of energy needed to heat a building. The number of degree days helps to compare the heat demand for a given year with a normal year. The number of degree days expresses the difference between an average indoor temperature of 17°C and the outside mean temperature for a given period. The need for heat increases with the number of degree days.

Energy efficiency, thermal generation
Energy efficiency is calculated as total thermal heat and power generation divided by total energy content of fuels used in the generation of thermal heat and power.

2.6 Greenhouse gas emissions (GHG)

Indicator	Unit	2018	2017	%	2016
Direct GHG emissions (scope 1)					
Total scope 1 GHG emissions	Thousand tonnes CO_2e	3,483	3,949	(12%)	5,325
– Carbon dioxide (CO_2)	Thousand tonnes CO_2e	3,452	3,916	(12%)	5,294
– Methane (CH_4)	Thousand tonnes CO_2e	14	16	(9%)	13
– Nitrous oxide (N_2O)	Thousand tonnes CO_2e	16	16	0%	17
– Sulfur hexaflouride (SF_6)	Thousand tonnes CO_2e	0.6	0.6	0%	0.2
Indirect GHG emissions (scope 2)					
Location based	Thousand tonnes CO_2e	151	101	50%	-
Market based	Thousand tonnes CO_2e	45	223	(80%)	-
Indirect GHG emissions (scope 3)					
Business travel	Thousand tonnes CO_2e	8	7	14%	-

Scope 1

For scope 1 emissions, the main contributor was emissions from the combustion of fossil fuels at power plants. In 2018, the part of the total scope 1 emissions coming from fossil fuel-based heat and power generation was 98%. The 12% reduction of scope 1 was due to reduced consumption of natural gas after the sale of the power plant Enecogen. The remaining part of scope 1 emissions came from other fuel consumption, including cars and vessels.

Sulfur hexaflouride (SF_6) gas is used in transformers for electrical insulation in wind farms and in power distribution. There was no significant change in the emissions of sulfur hexaflouride.

Scope 2

The main source of location-based scope 2 emissions was electricity purchased by Customer Solutions to cover grid losses.
Grid losses account for 58% of the total location-based scope 2 emissions.

Bioenergy and Offshore mainly purchased power during standstill and shutdown periods. Bioenergy also purchased electricity for three heat boilers which generate heat from electricity. This consumption covered 14% of total scope 2 emissions.

The rest of the scope 2 emissions originated from purchased electricity and heat for office buildings.

The market-based scope 2 emissions where reduced by 80%, whereas location-based scope 2 emissions increased by 50%. This was obtained through the purchase of guarantees of origin (GO) from offshore wind farms' power generation.

Scope 3

Scope 3 emissions from business travel increased by 14% due to an increase in employees travelling by planes.

Accounting policies

Direct GHG emissions (scope 1)
The direct scope 1 emissions are all direct emissions of greenhouse gases.

The direct carbon dioxide emissions from the thermal heat and power plants are determined on the basis of the fuel quantities used in accordance with the EU ETS scheme. Carbon dioxide emissions outside the EU ETS scheme are calculated as energy consumptions multiplied with emission factors.

Methane and nitrous oxide emissions from combustion of fuel at thermal power plants are calculated based on the fuel comsumption and a standard factor. The emissions of methane from Fredericia Oil Terminal are calculated based on a specific on-site emission factor and the oil flow. For both methane and nitrous oxide, the emissions are converted into to carbon dioxide equivalents.

Sulfur hexaflourides are measured as kilogrammes refilled sulfur hexaflouride gas at substations operated by Radius. For Offshore, the sulfur hexaflouride gas consumption is calculated based on the generation capacity and a standard factor.

Indirect GHG emissions (scope 2)
The scope 2 emissions include the indirect GHG emissions from the generation of electricity, heat and steam purchased and consumed by Ørsted.
The calculation for Denmark uses the volumes purchased, multiplied by country-specific factors for calculating carbon dioxide equivalents. Only carbon dioxide equivalents are included in our reporting of GHG emissions from countries outside Denmark.

Indirect GHG emissions (scope 3)
Scope 3 emissions only cover business travel with airplanes. Depending on the destination, different emission factors are used and multiplied by distance and the number of trips. Data is delivered by external data providers.

2.7 Avoided carbon emissions

Indicator	Unit	2018	2017	%	2016
Avoided carbon emissions ●	**Million tonnes CO_2e**	**8.1**	**6.7**	**21%**	**4.0**
– Avoided carbon emissions from wind generation, offshore ●	Million tonnes CO_2e	6.3	5.3	20%	3.6
– Avoided carbon emissions from wind generation, onshore ●	Million tonnes CO_2e	0.4	-	-	-
– Avoided carbon emissions from biomass-converted generation ●	Million tonnes CO_2e	1.4	1.4	0%	0.4
Accumulated avoided carbon emissions	**Million tonnes CO_2e**	**34.2**	**26.1**	**31%**	**19.4**
– Accumulated avoided carbon emissions, offshore wind generation	Million tonnes CO_2e	30.6	24.3	26%	19.0
– Accumulated avoided carbon emissions, onshore wind generation	Million tonnes CO_2e	0.4	-	-	-
– Accumulated avoided carbon emissions, biomass-converted generation	Million tonnes CO_2e	3.2	1.8	78%	0.4
Carbon emissions from heat and power generation					
Carbon emissions from heat and power generation	Million tonnes CO_2e	3.4	3.9	(13%)	5.3
Accumulated (2006 to present year) Carbon emissions from heat and power generation	Million tonnes CO_2e	121	118	3%	114

Avoided carbon emissions are the result of installed wind farms and conversions of power stations to using biomass as fuel. If these projects had not been undertaken, other sources would have provided the power generated.

In 2018, the avoided emissions once again far exceeded the carbon emissions from our heat and power generation. The avoided carbon emissions from our renewable energy generation were 240% higher than the actual carbon emissions from our thermal heat and power generation.

By the end of 2018, we have avoided an accumulated total of 34.2 million tonnes carbon dioxide since 2006. This is the result of our wind-based and biomass-converted energy generation and corresponds to 28% of the accumulated carbon emissions from thermal energy generation at Ørsted since 2006.

Accounting policies

Avoided carbon emissions
The avoided carbon emissions due to generation from offshore and onshore wind farms are calculated on the basis of the assumption that the generation from wind farms replaces an equal quantity of electricity generated using fossil fuels.

The carbon emission factor from fossil fuels is calculated as an average fossil fuel mix in a specific country as CO_2/kWh. Data is extracted from the International Energy Agency, IEA. Power generation at a wind farm does not directly emit carbon dioxide, and no secondary effects are included, from either power plants or offshore wind farms. The avoided carbon emissions are calculated as the offshore wind farm's generation multiplied by the emission factor.

The avoided carbon emissions due to conversion of combined heat and power plants and subsequent switch of fuel from fossil to biomass (i.e. biomass from dedicated plantations or biomass residues) are calculated on the basis of the energy content of the fuel used at power plants. It is assumed that the use of 1GJ of biomass fuel avoids the use of 1GJ of fossil fuels.

The following secondary carbon emissions are included in the calculation:
– Fuel used for production of biomass and conversion into wood pellets and wood chips.
– Fuel used for transportation and handling of biomass
– Back-up fuel used together with biomass combustion at the power plant.

The accounting policies for avoided carbon emissions follow the principles of the GHG Project Protocol and the UNFCCC methodology.

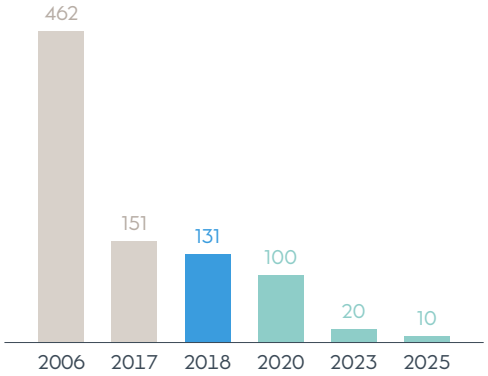
Carbon emissions
Accounting policies are described under 2.6 'Greenhouse gas emissions (GHG)'.

2.8 GHG indicators and other air emissions

Indicator	Unit	2018	2017	%	2016
Greenhouse gas emission intensity ●					
Greenhouse gas intensity, Ørsted total* ●	g CO_2e/kWh	131	151	(13%)	224
Greenhouse gas intensity, thermal generation ●	g CO_2e/kWh	222	226	(2%)	302
CO_2e per revenue, Ørsted	g CO_2e/DKK	47	68	(31%)	87
CO_2e per EBITDA, Ørsted	g CO_2e/DKK	121	180	(33%)	279
European Union emissions trading scheme (EU ETS) for carbon quatas					
Share of direct (scope 1) carbon emissions covered by the EU ETS scheme	%	98	98	(0%p)	99
Nitrogen oxides (NO_x) and sulfur dioxide (SO_2)					
Nitrogen oxide emissions	Tonnes NO_X	2,670	2,800	(5%)	2,754
Sulphur dioxide emissions	Tonnes SO_X	654	555	18%	562
Nitrogen oxide emission intensity	g NO_X/kWh	0.17	0.16	6%	0.16
Sulphur dioxide emission intensity	g SO_x/kWh	0.04	0.03	33%	0.03

* Target 2020: ≤ 100; 2023: ≤ 20 ; 2025: ≤ 10.

Carbon emissions,
g CO_2e / kWh



Ørsted's greenhouse gas emission intensity decreased by 13% due to higher generation from offshore wind farms, new onshore wind farms, a larger biomass-based generation as a result of the conversion of Skærbæk Power Station as well as lower use of gas following the divestment of the Enecogen power plant.

Our greenhouse gas intensity was reduced by 13%. We are well on track to meet our target of a greenhouse gas emission intensity of no more than 20g CO_2e/ kWh in 2023 and 10g CO_2e/kWh in 2025.

The greenhouse gas intensity from thermal generation only decreased by 2%, as we used more coal in our generation reflecting improved power market conditions and a demand for our power stations to supplement the intermittent generation from wind and solar PV, also at times when no heat generation was required. When thermal power plants generate power without generating heat at the same time, fossil fuels are normally used.

Accounting policies

Greenhouse gas emission intensity
Greenhouse gas intensity is defined as the greenhouse gas emissions from the CHP plants divided by the total heat and power generation.

Greenhouse gases comprise greenhouse gas emissions in accordance with the GHG Protocol from the combustion of fuels in thermal heat and power generation. Greenhouse gases thus comprise carbon dioxide (CO_2), nitrous oxide (N_2O) and methane (CH_4).

Carbon dioxide equivalents per revenue and EBITDA are calculated using the sum of emissions from scope 1 and location-based scope 2 (see tabel 2.4) and Ørsted's revenue and EBITDA.

EU ETS scheme
Direct carbon emissions within the EU ETS scheme occur at facilities that are subject to the emissions trading system, and for which Ørsted is responsible in its capacity as operator and thus holds the environmental permit.

Nitrogen oxides (NO_X) and sulfur dioxides (SO_2)
Nitrogen oxides, and sulphur dioxide are only reported for thermal heat and power plants. Nitrogen oxides, and sulphur dioxide emissions from other combustions are not included. Nitrogen oxides and sulphur dioxide are primarily measured by continuous measurement. A few power stations use plant-specific emission factors. The emissions are presented as both absolute emissions and intensity ratios.

2.9 Fuels used in thermal heat and power generation

Indicator	Unit	2018	2017	%	2016
Fuels used in thermal heat and power generation					
Biomass	Thousand tonnes	2,461	2,357	4%	1,560
Coal	Thousand tonnes	1,206	1,100	10%	1,695
Oil	Thousand tonnes	16	17	(6%)	22
Natural gas	Million Nm^3	252	613	(59%)	595
Certified renewable woody biomass sourced*	**%**	**83**	**72**	**11%p**	**61**
Total woody biomass sourced	Thousand tonnes	2,326	2,131	9%	678
– Wood pellets	Thousand tonnes	1,721	1,688	2%	580
– Wood chips	Thousand tonnes	605	443	37%	98
Certified renewable woody biomass sourced	Thousand tonnes	1,921	1,539	25%	414
– Wood pellets	Thousand tonnes	1,462	1,168	25%	361
– Wood chips	Thousand tonnes	459	371	24%	53

* Target 2020: 100

Both biomass and coal consumption increased in 2018. Gas consumption decreased.

The biomass conversion of Skærbæk Power Station contributed to the increase in biomass consumption and to the decrease in gas consumption. The lower gas consumption was also due to the divestment of the Dutch power plant Enecogen.

The coal share of fuels increased in 2018 as we experienced higher demand for power in periods, where we were not generating heat. In these periods, fossil fuels are normally used.

We only want to use certified sustainable biomass at our combined heat and power plants. We have therefore asked our suppliers to obtain certifications in accordance with the Danish industry agreement on sustainable biomass which was introduced in August 2016.

The certified share of renewable woody biomass increased from 72% in 2017 to 83% in 2018. The suppliers are still in the process of introducing certifications in their production and supply chain, and only a few suppliers have certified their entire production. We expect the suppliers to continually increase their share of certification.

Our target is to source all woody forest biomass as certified renewable biomass by 2020.

Accounting policies

Fuels used in thermal heat and power generation
Fuels used in thermal heat and power generation at the power stations are the total of each fuel type used for both heat and power generation.

Biomass covers all kinds of biomass-based fuels used in thermal generation, including wood pellets, wood chips, straw, bio oil and sunflower husk pellets.

Certified renewable woody biomass sourced
Certified biomass is defined as woody biomass, i.e. wood pellets and wood chips. Biomass is measured as sourced woody biomass delivered to the individual combined heat and power plants within the reporting period.

Certified sustainable woody biomass sourced must be certified within at least one of the claim categories accepted by the Danish industry agreement on certified biomass. Accepted claim categories are: FSC 100%, FSC Mix, PEFC 100%, SBP compliant.

Certified biomass is calculated as the amount of sourced woody biomass compared to the total amount of sourced woody biomass delivered to individual power stations within the reporting period.

2.10 Energy consumption

Indicator	Unit	2018	2017	%	2016
Fuels used in thermal heat and power generation	**Million GJ**	**79**	**89**	**(11%)**	**92**
– Biomass	Million GJ	38	38	0%	25
– Coal	Million GJ	30	26	15%	42
– Natural gas	Million GJ	10	24	(58%)	24
– Oil	Million GJ	1	1	(0%)	1
Share of fuels in thermal heat and power generation					
– Biomass	%	49	42	7%p	27
– Coal	%	38	30	8%p	46
– Natural gas	%	12	27	(15%p)	26
– Oil	%	1	1	0%p	1
Other energy usage (oil, natural gas and diesel for vessels and cars)	**Million GJ**	**0.8**	**0.7**	**14%**	**-**
Power and heat purchased and consumed by Ørsted					
Power	GWh	597	493	21%	-
– Green power sourced for own operations	GWh	512	13	3,838%	-
Heat	GWh	21	22*	(5%)	-

* Data has been restated. The previous reported value included heat consumption from own generation (this indicator covers only purchased heat consumed).

Both biomass and coal comsumption increased in 2018 compared to 2017. Natural gas consumption decreased.

The biomass conversion project at Skærbæk Power Station contributed to the increase in biomass consumption and also to the decrease in gas consumption.

The higher coal consumption was due to increased power generation at Esbjerg and Studstrup power stations. The increased use of coal at Studstrup was due to the need for power in periods without a need for heat. As biomass is only used when heat and power are generated at the same time, this led to an increased usage of coal. Esbjerg is run entirely on coal.

In 2018, all of the power purchased and consumed by our own operations has been from green sources as Ørsted has committed to source only green power to cover own consumption in its Climate Partnership.

A part of the power consumption is used for heat generation in electric boilers. The electric boilers are used in situations with simultaneous high power generation and high district heating demand. In this way, the boilers help the Danish transmission system operator, Energinet, to maximise the share of renewable power in the power system. The power purchased and consumed for the electric boilers is not sourced as green power.

Accounting policies

Fuels used in thermal heat and power generation
Fuels used in thermal heat and power generation cover all fuels used at power stations.

Share of fuels in thermal heat and power generation
The share of the different fuels in thermal heat and power generation is calculated as the share of the individual fuel consumption in GJ relative to the total fuel volume in GJ.

Other energy usage
Other energy usage covers usage of oil, natural gas and diesel. This consumption covers, for example oil for small power generators at building sites, gas consumption for heating and diesel for vessels and cars. Consumption of natural gas, flaring and venting carried out for safety or similar purposes are included. For gas treatment and gas storage facilities, the amounts are calculated on the basis of pressure and the dimensions of the process equipment that is emptied as well as by means of accredited measuring of the continous safety flaring.

Heat and power purchased and consumed by Ørsted
Heat and power purchased and consumed by Ørsted is reported for power stations, other facilities and administrative buildings. Power and heat consumption is calculated exclusive of consumption for heat and power generation at the power stations.

For consumption related to administration and other processes, we calculate direct consumption on the basis of invoices.

Green power sourced for own operations covers certificates for renewable energy purchased by Ørsted.

2.11 Water

Indicator	Unit	2018	2017	%	2016
Water withdrawal					
Total volume of water withdrawn	Thousand m³	1,380	1,554	(11%)	1,726
– Ground water	Thousand m³	919	931	(1%)	1,004
– Municipal water supplies or other public or private water utilities	Thousand m³	461	623	(26%)	721
Water withdrawal from water stressed areas					
Water withdrawal from areas with low stress levels	%	74.4	-	-	-
Water withdrawal from areas with low to medium stress levels	%	25.4	-	-	-
Water withdrawal from areas with medium to high stress levels	%	0.1	-	-	-
Water withdrawal from areas with high stress levels	%	0.1	-	-	-
Water withdrawal from areas with extremely high stress levels	%	0	-	-	-
Wastewater discharge					
Total volume of wastewater discharge	Thousand m³	945	969	(2%)	850

Water withdrawal decreased by 11% in 2018 compared to 2017.

The process water needed for generating thermal heat and power is the largest part of our water consumption, amounting to more than 90%.

The decrease in water consumption was primarily due to lower steam and heat generation at the H.C. Ørsted, Svanemølle and Skærbæk power stations.

Accounting policies

Water withdrawal
Water withdrawal includes all water resources that Ørsted either withdraw directly from groundwater or consume from waterworks. This includes:
– water withdrawal for process use (kettles, flue gas cleaning, ash management, etc.)
– water withdrawal converted to steam or hot water and resold to business partners
– water withdrawal for use in offices and other buildings.

The total volume of water withdrawal is measured based on meter readings or invoices from suppliers. An estimated consumption using a corporate standard value is calculated in cases where exact data is not available.

Surface water is out of scope. This means that cooling water consumption from ocean water at power stations is not included.

Water stress
Water stess is measured at site level. The methodology used to assess water stress is WRI's Aqueduct Water Risk Atlas. The calculated output of this accounting practice is Ørsted's total withdrawal of water from water stressed areas.

Wastewater discharge
Wastewater includes all planned and unplanned discharges of water from Ørsted, except cooling water from power plants.

For facilities, wastewater discharges are recorded based on meter readings. Where wastewater is removed by road tanker, discharges are based on invoices. For offices and warehouses, wastewater discharges are presumed to be equivalent to water consumption.

2.12 Waste

Indicator	Unit	2018	2017	%	2016
Total amount of waste	**Thousand tonnes**	**202**	**233**	**(13%)**	**68**
Hazardous waste	**Thousand tonnes**	**193**	**213**	**(9%)**	**56**
– Recycling	Thousand tonnes	193	213	(9%)	55
– Incineration	Thousand tonnes	0.2	0.2	0%	1
– Landfill	Thousand tonnes	0.06	0.04	50%	0.05
Non-hazardous waste	**Thousand tonnes**	**9**	**20**	**(54%)**	**12**
– Recycling	Thousand tonnes	7	19	(63%)	9
– Incineration	Thousand tonnes	2	1	100%	2
– Landfill	Thousand tonnes	0.2	0.2	0%	0.5
Total amount of waste	**Thousand tonnes**	**202**	**233**	**(13%)**	**68**
– Recycling	%	99	99	0%p	95
– Incineration	%	1	1	0%p	4
– Landfill	%	0	0	0%p	1
Total amount of waste (excl. oil-containing wastewater)	**Thousand tonnes**	**10**	**21**	**(52%)**	**13**
– Recycling	%	77	92	(15%p)	82
– Incineration	%	20	7	13%p	14
– Landfill	%	3	1	2%p	4

Accounting policies

Waste by type and disposal method
Waste and recycling of waste from administrative and production facilities are measured on the basis of invoices received from waste recipients and/or using plant-specific measuring methods for commercial facilities, including construction activities.

We use three categories of disposal types for waste: recycling, incineration and landfill.

Incineration includes energy recovery.

The total volume of waste has decreased, both for hazardous waste and non-hazardous waste.

For hazardous waste, the primary reason for the decrease was that the amount of oil-containing wastewater from the oil terminal in Fredericia dropped by 20 thousand tonnes compared to 2017.

In 2017, the world's first offshore wind farm, Vindeby, was decommissioned, resulting in more than 12,000 tonnes of non-hazardous waste for recycling. The decrease in non-hazardous waste from 2017 to 2018 was primarily due to this decommissioning project in 2017.

2.13 Biodiversity – protected areas

Indicator	Unit	Affected length or area	Position in relation to protected area	Type of protection
The United Kingdom				
Wind farms and substations	km²	147	Inside	MPA, SPA, SCI, MCZ
Wind farms and substations	km²	119	Partially inside	MPA, SPA, SCI, MCZ
Cable route	km	28	Partially inside	MPA, SPA, SCI, SSSI, Ramsar
The US				
Wind farms and substations	km²	2	Inside	Closure Area, State Trap/Pot Waters Area, Trap/Pot Waters Area, Gillnet Waters Area

MPA: Marine Protected Area (OSPAR); SPA: Special Protection Area (Birds Directive); SCI: Site of Community Importance (Habitats Directive); MCZ: Marine Conversation Zone; SSSI: Site of Special Scientific Interest; Ramsar (Ramsar Convention on Wetlands)

We have introduced this indicator in 2018, and consequently, we only report on 2018 without historical data. The indicator covers offshore wind farms.

The majority of offshore wind farms in operation are located in the UK, where we also have the largest protected areas.

Accounting policies

Protected areas and areas of high biodiversity value follow the Global Reporting Initiative (GRI) standards, disclosure 304-1.

The indicators are the cumulative square kilometres or length of cables in kilometres covered by our operational sites. The areas reported represent Ørsted's ownership share by year-end. Data is initially recognised from the commercial operation date (COD).

In some markets, we construct onshore substations and install the cables from the offshore substations to the onshore substation. However, under current legislation in the UK, they are divested when the wind farm is commissioned. Given that fact, no data for onshore protected areas is included.

2.14 Biodiversity – protected red-list species

Indicator	Unit	Critically endangered	Endangered	Vulnerable	Near threatened	Least concern
Total, all countries, all species in 2018	**species, total**	**0**	**1**	**1**	**1**	**11**
The United Kingdom, red-list species, total	species, total				1	10
– Birds	species, total				1	8
– Fish	species, total					2
The US, red-list species, total	species, total		1	1		1
– Mammals	species, total		1	1		1
Germany, red-list species, total	species, total	0	0	0	0	0
Denmark, red-list species, total	species, total	0	0	0	0	0

Accounting policies

This indicator follows the Global Reporting Initiative standard, disclosure 304-4, and lists the number of threatened species in areas where Ørsted has offshore operations.

For wind operations located in a protected area, the total number of species, which the area is designated for, is reported.

We report by level of extinction risk according to the International Union for Conservation of Nature (IUCN) 'Red List of Threatened Species' – an inventory of the global conservation status of plant and animal species. Data is initially recognised from commercial operation date of the wind farm.

This indicator is new from 2018, and we only report 2018 and no historical data. The indicator covers offshore wind farms.

Protecting biodiversity is an integral part of the way we work from early project development, through the construction phase and during the operational phase.

We take responsibility for the natural environment, and we actively engage with all relevant stakeholders and operate within all relevant regulations for the protection of species and habitats.

The number of listed species can change when new offshore wind farms come into operation, or if they are decommisioned. It can also change if the official list of red-listed species is changed.

In the US, our 30MW Block Island wind farm is located in an area with protected marine mammals. A seasonal management area is in place in the region and has associated vessel speed restrictions designed specifically to protect the North Atlantic Right Whale.

We sail and operate in accordance with this regulatory requirement in addition to general compliance with the US Marine Mammal Protection Act and the US Endangered Species Act for the protection of marine mammals and their habitats.

2.15 Environmental incidents

Indicator	Unit	2018	2017		2016
Massive environmental incidents	**Number**	**1**	**0**	**1**	**0**
– Offshore	Number	0	0	0	0
– Onshore	Number	0	0	0	0
– Bioenergy	Number	0	0	0	0
– Customer Solutions	Number	1	0	1	0
Major environmental incidents	**Number**	**7**	**8**	**-1**	**8**
– Offshore	Number	2	2	0	1
– Onshore	Number	0	0	0	0
– Bioenergy	Number	2	2	0	3
– Customer Solutions	Number	3	4	-1	4

Accounting policies

An environmental incident is an unintended incident which has a negative impact on the environment.

We register all environmental incidents at facilities for which we are responsible in our capacity as operator, or where we are accountable for operations, including both actual and potential incidents.

The materiality of an incident is determined on the basis of an assessment of the extent, dispersion and impact on the environment. On this basis, all environmental incidents are categorised on a scale from 1 (slight impact) to 5 (massive impact). Actual incidents in categories 4 (major impact) and 5 (massive impact) are reported.

In 2018, Ørsted registered one massive environmental incident and seven major incidents.

The massive incident was an oil leakage from an oil storage facility located in Ørsted's part of the Shell Refinery in Fredericia, Denmark. The incident was initially registered in 2017; however, investigations in 2018 found that the spill was more significant than initially presumed. Cleaning work is ongoing.

Of the seven major incidents, six of them were regarding leakages of greenhouse gases. In the last case, obsolete plastic items were found among our biomass, causing unintentional emissions of greenhouse gases in connection with combustion of plastic.

3. Social

3.1 Employees

Indicator	Unit	2018	2017	%	2016
Number of employees					
Total number of employees (as of 31 December) ●	Number of FTEs	6,080	5,638	8%	5,775
Average number of employees during the year ●	Number of FTEs	5,796	5,738	1%	5,894
Employees by country ●	**%**	**100**	**100**	**0%p**	**100**
Denmark ●	%	73	76	(3%p)	80
The United Kingdom ●	%	16	16	0%p	14
Germany ●	%	3	4	(1%p)	3
USA ●	%	2	0	3%p	0
Taiwan ●	%	1	0	1%p	0
Other ●	%	5	4	0%p	3
Employees by age					
Average age of total workforce	Years	41	42	(2%)	42
Ages 18-35	%	34	32	2%p	32
Ages 36-55	%	55	56	(1%p)	56
Ages 56-70	%	12	12	0%p	12

The number of employees increased by 8% from 2017 to 2018 due to growth in existing and new markets.

Accounting policies

Employees
Our reporting covers contractually employed employees in all Ørsted companies in which Ørsted holds an ownership interest of more than 50%. Employees in associates are not included.

Employee data are recognised based on records from the Group's ordinary registration systems. The number of employees is determined as the number of employees at the end of each month converted to full-time equivalents (FTEs).

Employees who have been made redundant are recognised until the expiry of their notice period, regardless of whether they have been released from all or some of their duties during their notice period.

3.2 Human capital

Indicator	Unit	2018	2017	%	2016
Employee satisfaction survey results					
Employee satisfaction* ●	Index 0-100	76	76	0%	76
Employee loyalty ●	Index 0-100	84	84	0%	83
Learning and development indicator** ●	Index 0-100	76	76	0%	76
Turnover					
Total employee turnover rate	%	11.2	13.2	(2%p)	15.8
Voluntary employee turnover rate	%	7.1	7.2	(0.1%p)	6.7
Employees who have left the company	Number	631	740	(15%)	913
– Voluntary resignation	Number	398	405	(2%)	387
– Redundancy	Number	162	249	(35%)	439
– Mutual agreement	Number	42	54	(22%)	43
– Retirement	Number	22	26	(15%)	40
– Miscellaneous	Number	7	6	17%	4

* Target 2020: 77 ** Target 2020: 80

The scores for 'employee satisfaction and motivation' and 'employee loyalty' are both high among Ørsted's employees. With a satisfaction and motivation score of 76 again in 2018, our 2020 target of reaching a satisfaction and motivation score of 77 continues to be close.

Total employee turnover rate ended at 11.2% in 2018, which is lower than 2017, where we divested A2SEA and CT Offshore.

Voluntary employee turnover rate decreased slightly from 7.2% in 2017 to 7.1% in 2018. We monitor the voluntary employee turnover rate closely to ensure that it continues to stay at a reasonable level.

Accounting policies

Employee satisfaction survey results
Ørsted conducts a comprehensive employee satisfaction survey once a year. All Ørsted employees with a few exceptions are invited to participate in the survey. The following employees are not invited to participate: Employees who joined the company shortly before the employee satisfaction survey, employees who resigned shortly after the employee satisfaction survey, interns, consultants/advisers and external temporary workers who do not have an employment contract with Ørsted.

In the survey, a number of questions are asked. The answers are given on a scale from 1 to 10 and are subsequently converted to index figures on a scale from 0 to 100.

Turnover
The employee turnover rate is calculated as the number of permanent employees who have left the company relative to the average number of permanent employees in the financial year.

3.3 Gender diversity

Statement on the underrepresented gender in accordance to the section 99B of the Danish Financial Statement Act (Årsregnskabsloven)

Indicator	Unit	2018	2017	%	2016
Board of Directors, Ørsted A/S	**Number**	**8**	**6**	**33%**	**8**
Female	Number	3	3	0%	3
Male	Number	5	3	67%	5
Gender with lowest representation	%	38	50	13%p	38
Board of Directors, large enterprises of reporting class C	**Number**	**11**	**9**	**22%**	**10**
Boards with equal gender representation	Number	10	8	25%	8
Boards without equal gender representation	Number	1	1	0%	2
Group Executive Management	**Number**	**7**	**5**	**40%**	**6**
Gender with lowest representation (female)	%	14	20	(6%p)	17
Leadership Conference	**Number**	**98**	**87**	**12%**	**85**
Gender with lowest representation (female)*	%	10	13	(3%p)	16
Middle management	**Number**	**823**	**755**	**9%**	**746**
Gender with lowest representation (female)**	%	25	25	0%p	23
All employess	**Number**	**6,080**	**5,638**	**8%**	**5,775**
Gender with lowest representation (female)	%	31	30	1%p	30

* Target 2023: 22 ** Target 2023: 30

We report consolidated for the subsidiaries that are independently covered by the danish reporting requirements in section 99B of the Danish Financial Statement Act.

Except one company, Ørsted Insurance, all companies fulfil the requirements for equal representation. It is the objective of the Board of Directors to have equal gender representation in Ørsted Insurance no later than by 2020.

We would like to unfold the full potential of all employees and ensure that men and women have the same opportunities for obtaining leadership positions. We have a policy on women in management. We also have targets for increasing the proportion of women at all management levels.

To promote Ørsted as a diverse workplace, we encourage all candidates to apply, regardless of gender, race, age and cultural background. Recruitment processes include required female representation on shortlists, and recruiters and hiring managers have been trained to be aware of – and avoid – unconscious bias in their selection of candidates.

High potential development programmes have had too few female participants, and a decision was made to have 30% females on all of the high potential development programmes from professional level career development to mid-level leadership.

High potential female candidates are identified in the annual People Review process and have a structured dialoque about development wishes and possibilities in the following People Development Dialogue.

For senior female managers, we have initiated a 'Female spotlight initiative' that prepares talented women for senior leadership positions.

Ørsted has joined the UN Convention on Discrimination against Women.

Accounting policies

Board of Directors
Consists of members elected at general assemblies; the employee representatives on the Board of Directors are, however, not included in the data.

Group Executive Management
Consists of the CEO, the CFO and the executive vice presidents (EVP).

Leadership Conference
Consists of the CEO, the CFO, executive vice presidents, senior vice presidents, vice presidents and senior directors.

Middle management
Consists of directors, senior managers, managers and team leads.

All employees
All employees by gender represent the gender distribution of the total workforce in Ørsted. The reporting covers contractually employed employees in all Ørsted companies. The number of employees is determined as the number of employees at the end of the financial year converted to full-time equivalents.

3.4 Gender pay gap

Indicator	Unit	2018	2017	%	2016
Denmark					
Gender pay gap, average	%	16	-	-	-
Gender pay gap, median	%	16	-	-	-
Bonus pay gap, average	%	56	-	-	-
Bonus pay gap, median	%	49	-	-	-
Proportion of women receiving bonus	%	15	-	-	-
Proportion of men receiving bonus	%	21	-	-	-
The United Kingdom					
Gender pay gap, average	%	3	6	(3%p)	-
Gender pay gap, median	%	-3	2	(5%p)	-
Bonus pay gap, average	%	24	27	(3%p)	-
Bonus pay gap, median	%	29	23	6%p	-
Proportion of women receiving bonus	%	31	33	(2%p)	-
Proportion of men receiving bonus	%	20	19	1%p	-

Accounting policies

We report for countries with more than 250 FTEs per country.

The data is collected each year, after the general salary adjustment.

Gender pay gap
The percentage men earn more than women.

Bonus pay gap
The percentage men earn more in bonus payments than women.

Proportion of bonus by gender
The percentages of the workforce who receive bonusses.

Pay quartiles
The percentages of men and women in each quartile of the employer's payroll.

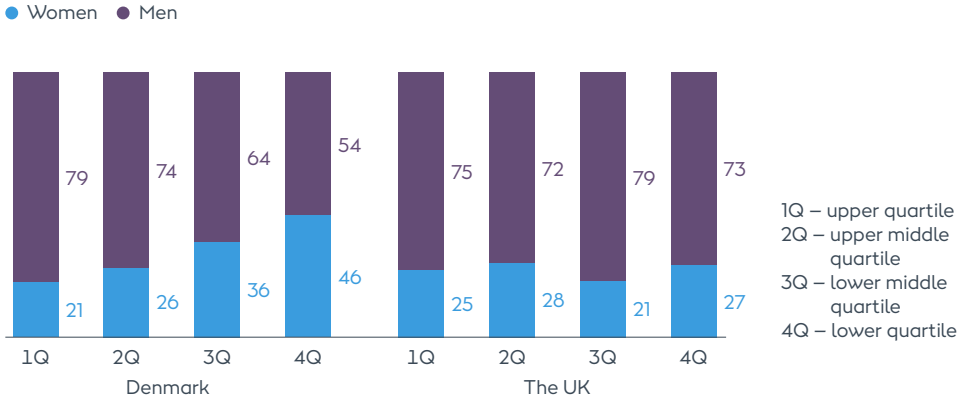
Gender pay per country is reported based on the manadatory reporting requirements in the UK.

We are committed to equal pay and have a constant focus on this area. Differences in pay between men and women are caused by differences in gender mix across levels in the organisation.

For Denmark, there is a clear trend that women comprise a smaller part of the population in higher pay quartiles which relates to the lower share of women in higher positions.

For the UK, the distribution is more uniform across pay quartiles, and the pay gaps are smaller; however, a smaller share of women in higher positions explains the gaps.

Pay quartiles, 2018, %



3.5 Safety

Indicator	Unit	2018	2017	%	2016
Number of lost-time injuries (LTIs)	**Number**	**31**	**32**	**(3%)**	**35**
– own employees	Number	12	7	71%	11
– contractor employees	Number	19	25	(24%)	24
Total recorded injuries (TRIs)	**Number**	**98**	**125**	**(22%)**	**135**
– own employees	Number	37	44	(16%)	49
– contractor employees	Number	61	81	(25%)	86
Hours worked	**Million hours worked**	**21.0**	**19.6**	**7%**	**19.7**
– own employees	Million hours worked	9.7	9.4	3%	9.2
– contractor employees	Million hours worked	11.3	10.2	11%	10.5
Lost-time injury frequency (LTIF)	**Per million hours worked**	**1.5**	**1.6**	**(6%)**	**1.8**
LTIF, own employees	Per million hours worked	1.2	0.7	71%	1.2
LTIF, contractor employees	Per million hours worked	1.7	2.5	(32%)	2.3
Total recordable injury rate (TRIR)*	**Per million hours worked**	**4.7**	**6.4**	**(27%)**	**6.8**
TRIR, own employees	Per million hours worked	3.8	4.7	(19%)	5.3
TRIR, contractor employees	Per million hours worked	5.4	7.9	(32%)	8.2
Fatalities	**Number**	**0**	**0**	**0%**	**0**
Permanent disability cases	**Number**	**0**	**0**	**0%**	**0**

* Target 2025: 3.3

As one of our core values, safety is fundamental in all our activities. We continuosly measure safety performance and act on both the potential and the actual severity of all registered injuries.

We also take responsibility for our contractors' safety and include them in our safety performance.

Both TRIR and LTIF improved from 2017 to 2018. The positive result is mainly the result of fewer injuries in 2018.

Accounting policies

Safety

Occupational injuries are calculated according to operational scope. Data from companies wholly or partly owned by Ørsted, and where Ørsted is responsible for safety, is included. Occupational injuries and lost-time injuries are calculated for both our own employees and suppliers. Data from all Ørsted locations are recognised.

The lost-time injury frequency (LTIF) is calculated as the number of lost-time injuries per one million hours worked. The number of hours worked is based on 1,667 working hours annually per full-time employee and monthly records of the number of employees converted into full-time employees. For suppliers, the actual number of hours worked is recognised on the basis of data provided by the supplier, access control systems at locations or estimates.

LTIF includes lost-time injuries defined as injuries that result in incapacity to work for one or more calendar days in addition to the day of the incident.

In addition to lost-time injuries, TRIR also includes injuries where the injured person is able to perform restricted work the day after the accident as well as accidents where the injured person has received medical treatment.

Fatalities are the number of employees who lost their lives as a result of a work-related incident.

Permanent disability cases are injuries resulting in irreversible damage with permanent impairment, which is not expected to improve.

3.6 Health and well-being

Indicator	Unit	2018	2017	%	2016
Health and well-being					
Sickness absence	%	2.4	2.3	0.1%p	2.3
Employees experiencing stress	%	10	9	1%p	8
Employees experiencing bullying, harassment, threats or violence	%	3	3	0%p	4

The number of employees who answered in the annual employee satisfaction survey that they had experienced stress increased slightly from 2017 to 2018.

To ensure that an occasional feeling of mental overload does not turn into long term, unhealthy stress, we continue to train managers and key persons in stress prevention and encourage the use of stress prevention tools in the dialoque between employees and managers along with individual services, such as an anonymous stress hotline, podcasts and mobile learning.

Accounting policies

Health and well-being
Sickness absence is calculated as the ratio between the number of sick days during the financial year and the planned number of annual working days in the respective country.

We conduct a comprehensive employee satisfaction survey once a year. In the survey, employees are asked a number of questions. Answers are given on a scale of 1-10 and are subsequently converted to average index figures on a scale of 0-100.

The stress indicator is calculated as the percentage of employees answering 'quite much' or 'very much' to the question: 'Do you feel this kind of stress?' Stress means a situation where a person feels tense, restless, nervous, troubled, or unable to sleep at night because his or her mind is troubled all the time.

Employees experiencing bullying, harassment, threats or violence are reported based on the results from the annual employee satisfaction survey. The score is calculated as the percentage of employees who answer yes to one or more of four related questions.

3.7 Customers

Indicator	Unit	2018	2017	%	2016
Customer satisfaction					
Customer satisfaction, B2B* ●	Scale 1-100	75	77	(3%)	75
Customer satisfaction, B2C* ●	Scale 1-100	74	76	(3%)	76
Customer satisfaction, power distribution* ●	Scale 1-100	81	82	(1%)	83
Number of customers					
Gas customers, Denmark, B2C	Thousand customers	102	91	12%	92
Power customers, Denmark, B2C	Thousand customers	725	733	(1%)	733
Power distribution customers	Thousand customers	1,024	1,016	1%	1,007

* Target 2020: ≥ 80

In 2018, some of our private power customers experienced longer response times from our customer service due to a switch in IT systems. As a result, B2C customer satisfaction declined from 76 in 2017 to 74 in 2018.

Accounting policies

Customer satisfaction
Customer satisfaction for residential customers (B2C) in Denmark is measured according to interaction between the customer and Ørsted. The score is therefore not an expression of customers' overall satisfaction with Ørsted, but is rather related to a given situation. The score is calculated as a weighted score based on a number of different types of touch points. The current touch points are customer service for gas and power, outbound sales and web. An external supplier conducts interviews.

Customer satisfaction for business customers (B2B) is determined on the basis of customer satisfaction surveys among Ørsted's business customers in the countries where we have B2B customers. Customer satisfaction is determined on the basis of interviews about customers' satisfaction with Ørsted as a whole.

The survey only comprises active customers with whom Ørsted has been in touch in connection with contracts for the supply of power or gas in the previous month. So-called sleeping customers are therefore not included in the statement. The method follows the ACSI model based on the European customer satisfaction index (EPSI) scale. External agencies conduct the interviews and report absolute and weighted results.

Customer satisfaction for distribution customers in Denmark is determined on the basis of different types of interactions with distribution customers: disruption of supply, replacement of meters as well as customer and market support. Customer satisfaction is measured as the customer's satisfaction in a specific context. Respondents are randomly selected, and the survey is carried out by an external supplier.

Customer satisfaction for residential and distribution customers thus relates to a specific situation, whereas customer satisfaction for business customers is an expression of the customer satisfaction with Ørsted as a whole. We have a number of very large business customers. In respect of these, it is important for us to assess the customer relationship in general and not just the experience of a specific situation.

Number of customers
The number of customers in Denmark is retrieved from Ørsted's internal customer systems. The number of power and/or gas distribution customers is based on readings from Panda, the official system in Denmark.

A B2C power customer is defined as a counterpart receiving billable physical power. The counterpart is defined as a point of delivery (POD). One person can own one or more PODs, and since the person is billed on the basis of the number of PODs, the PODs make up the B2C power customer base.

3.8 Products and services

Indicator	Unit	2018	2017	%	2016
Sales and distribution					
Gas sales ●	TWh	131.1	129.0	2%	143.4
Power sales ●	TWh	35.2	37.5	(6%)	36.5
Power distribution ●	TWh	8.4	8.4	0%	8.5
Energy savings					
Total customer energy savings from our consultancy services	GWh	133	176	(24%)	151
– Energy saved at our climate partners	GWh	33	31	6%	31
Reliability of supply					
System average interruption frequency index (SAIFI), excluding transmission grids ●	Number per customer	0.65	0.42	55%	0.39
SAIFI, including transmission grids	Number per customer	0.65	0.52	25%	0.49
System average interruption duration index (SAIDI)	Minutes per customer	33	33	0%	31

The total customer energy savings decreased by 24%. The completion of several large projects was either cancelled or postponed to 2019 due to other priorities from our customers.

SAIFI was 0.65, both including and excluding transmission grids. This means that all interruptions were on the grids operated by Radius. In 2017, some of the interruptions were on the transmission grids operated by Energinet.

The increase in SAIFI from last year was a result of more interruptions from cable cuts from excavation activities and a higher fault rate on our high voltage grids.

Accounting policies

Sales and distribution
Sales of power and natural gas are calculated as physical sales to retail and wholesale customers and exchanges. Sales of power and gas are based on readings from Ørsted's trading systems. Internal sales to Bioenergy are not included in the statement.

Power distribution is determined on the basis of data from the official system in Denmark, which measures and calculates total area consumption.

Energy savings
Ørsted creates energy savings at other companies through our consultancy services. A climate partner is a company that buys both green power or biogas and energy consultancy services from Ørsted.

Energy savings comprise both power, district heating, biogas, natural gas and other forms of energy. Energy savings are calculated as savings in the first year following implementation. Ørsted may also contribute to the realisation of the energy savings through a number of business partners in relation to fulfilling the energy savings efforts defined in the Danish political agreement 'energiselskabernes spareindsats'.

This statement only includes savings generated by Ørsted's energy consultancy services. It does thus not include energy savings that are created via partners.

Reliability of supply
Reliability of supply is measured in terms of power outage frequency (SAIFI) and duration of outages (SAIDI) for customers.

The system average interruption frequency index (SAIFI) covers the frequency of announced and unannounced power outages for the customer. SAIFI is calculated as the average number of power outages per customer per year.

SAIFI is reported with and without the transmission grids, as these grids are operated by Energinet and therefore do not lie within the responsibility of Radius.

The system average interruption duration index (SAIDI) covers the power outage duration experienced by the customers. SAIDI is calculated as the total duration of planned and unplanned power outages per customer per year. It is calculated as the total duration of customer interruptions divided by the total number of customers served.

3.9 Job creation and people powered

Indicator	Unit	2018	2017	%	2016
Job years created by offshore wind farm value chain ●					
Based on installed capacity* ●	Thousand FTE	112	78	44%	72
Based on installed + FID capacity* ●	Thousand FTE	179	179	0%	149
Based on installed + FID + awarded and contracted capacity* ●	Thousand FTE	258	179	44%	149
People powered by offshore wind farms ●					
People powered (based on installed capacity) ●	Million people	12.5	8.6	45%	7.9

* Over total asset lifespans (25 years)

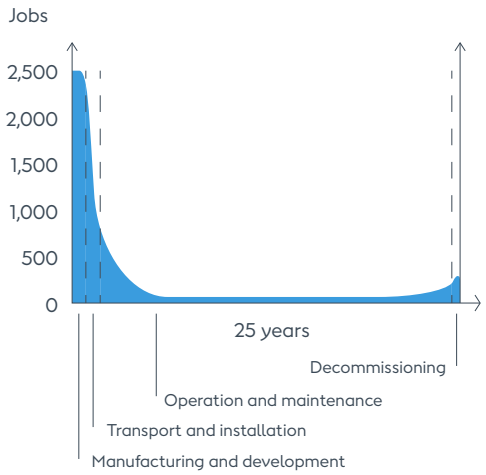
Through our green energy investments, we have stimulated local growth and job creation.

In a lifecycle perspective, our and our partners' investments in deploying green offshore energy have created 179 thousand job years from the installed and decided projects. Towards 2025, we plan to invest DKK 200 billion in renewables, adding significantly to further local economic growth and job creation, not least in our new markets.

The main part of the jobs created in the value chain of offshore wind farms are jobs related to manufacturing, construction and installation.

The increase in job years of 44% from 2017 to 2018 was mainly related to the three wind farms we installed in 2018.

Job years, life span



Accounting policies

Job creation
The number of job years is calculated based on a factor for job years per MW installed from the International Renewable Energy Agency, IRENA. The job year creation factor is based on a 500MW offshore wind farm. The factor is not adjusted for other details, such as when the wind farm was constructed (wind turbine size and other parameters), wind farm size-specific parameters beyond a simple scaling of capacity size, geographical position (i.e. water depths and distance to shore).

The number of job years created relates only to the value chain from procurement and manufacturing, over installation, operation and maintenance, to decommissioning.

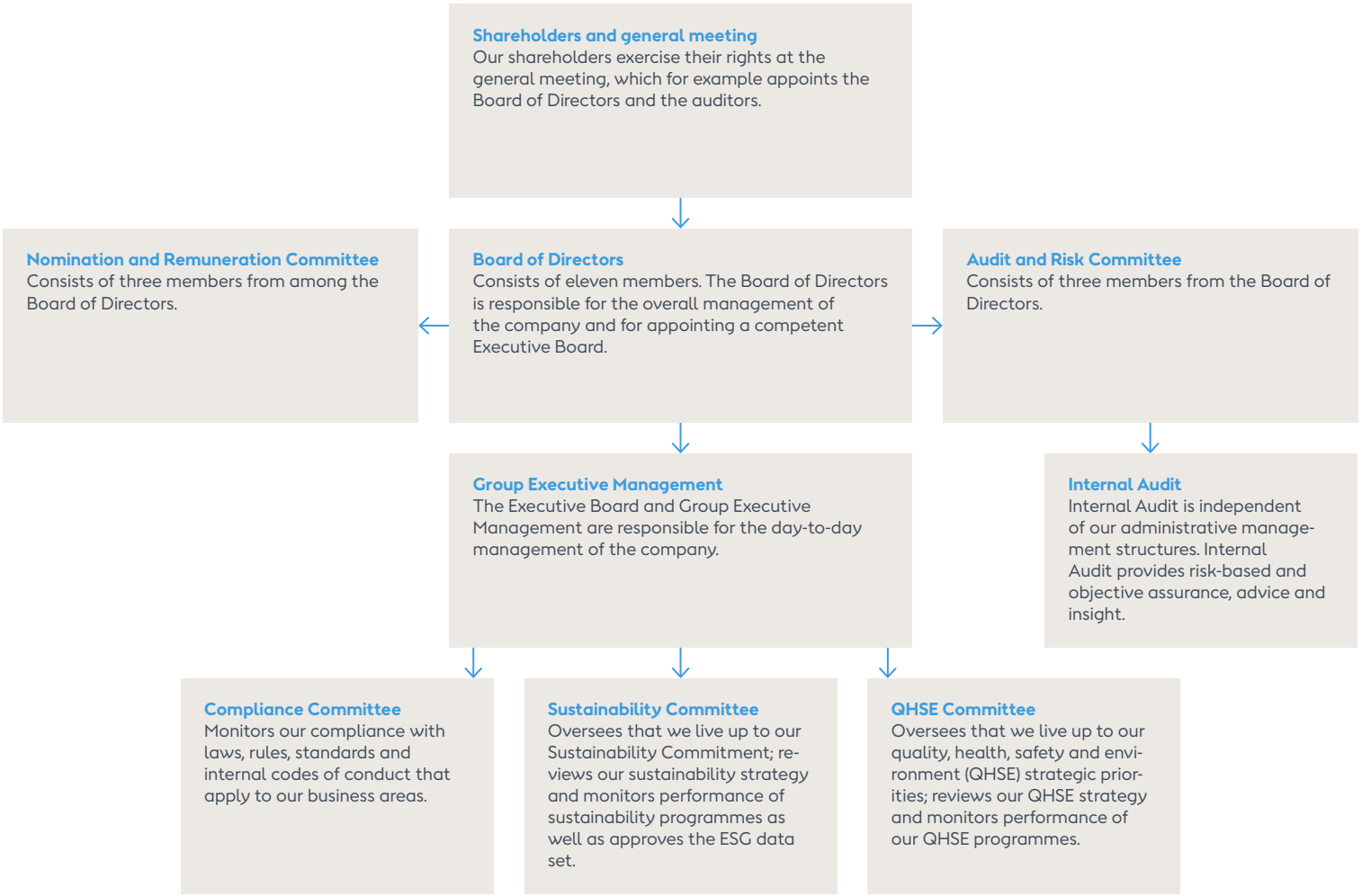
This means that job years related to for example mining and manufacturing of steel and concrete as well as local jobs, such as hotels and dining for people working on local sites, are not included. A lifetime of 25 years for all wind farms is used.

The number of job years relates to the installed capacity, and not Ørsted's ownership share of the wind farm. The number of job years varies during the lifespan, and most of the jobs are created in the beginning during construction and installation.

People powered
The number of people powered is calculated on the basis of capacity, a fixed industrial load factor for offshore wind farms and country-specific power consumption per person. The indicator is calculated based on the full capacities of the wind farms and not Ørsted's ownership share.

4. Governance

4.1 Our governance model



The governance model to the left combines the high-level governance model from the annual report (p. 59 'Corporate governance') with the governance model focussed on sustainability in the sustainability report (p. 42 'Sustainability governance').

In tables 4.2 to 4.4, you can find additional information about the Board of Directors, Group Excecutive Management and our committees, such as gender, age and nationality composition, number of meetings and descriptions of responsibilities.

4.2 Board of Directors

Indicator	Unit	2018	2017	%	2016
Board of Directors, Ørsted A/S ●					
Members ●	Number	8	6	33%	8
– Female ●	Number	3	3	0%	3
– Male ●	Number	5	3	67%	5
Gender with lowest representation ●	%	38	50	(12%p)	38
Average age	Years	58	57	2%	58
Average seniority	Years	3	3	0%	3
Nationality					
– Danish	Number	5	5	0%	6
– Non-Danish	Number	3	1	200%	2
Independent board members	%	100	83	20%	88
Board meetings	Number	11	12	8%	17
– Attendance	%	92	95	(3%p)	89
Remuneration for the Board of Directors	DKK million	5,134	4,934	4%	5,024

Accounting policies

Board of Directors
The Board of Directors in this section only covers the members elected at the general meetings.

For independents, we follow the Recommendations on Corporate Governance.

The share of gender with lowest representation is reported under 3.3 'Gender diversity'.

The Board of Directors, chaired by Thomas Thune Andersen, is responsible for the overall management of the company and appoints the Executive Board.

The Board of Directors lays down the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, controls and audit matters, risk management and significant operational issues.

Since climate change is fundamental to Ørsted's business strategy and all our investments, climate-raleted issues are directly or indirectly an agenda item at all board meetings. As such, climate-related issues are integrated in reviewing and guiding strategy performance and in all aspects of decision-making. Every month, the Board of Directors monitors and oversees progress against Ørsted's strategic goals and targets for adressing climate-related issues.

In 2018, Dieter Wemmer and Jørgen Kildahl joined the board of Directors as new members elected by the general meeting. Dieter Wemmer has worked in leading finance positions for more than two decades and is highly experienced within capital markets, investments and risk mangement. Jørgen Kildahl has a strong international profile within renewable energy and profound knowledge of how energy ecosystems work.

4.3 Group Executive Management

Indicator	Unit	2018	2017	%	2016
Group Executive Management					
Members	Number	7	5	40%	6
– Female	Number	1	1	0%	1
– Male	Number	6	4	50%	5
Gender with lowest representation	%	14	20	(6%p)	17
Average age	Years	50	50	0%	51
Average seniority	Years	3	5	(40%)	5
Nationality					
– Danish	Number	4	3	33%	4
– Non-Danish	Number	3	2	50%	2
Remuneration					
CEO pay ratio	Ratio	23	22	5%	19
Remuneration for the Group Executive Management	DKK million	63	60	5%	53
Incentivised pay directly ascribed to ESG targets (safety)	%	10	10	0%	10

Accounting policies

Remuneration
The CEO pay ratio is calculated as the ratio between the CEO's total remuneration (fixed salary, including personal benefits, such as a company car, free telephone, etc., a variable salary, a retention bonus in connection with the IPO, and share-based payment) and the average FTE salary.

The remuneration of Group Executive Management is the total remuneration of the Executive Board and the other members of Group Executive Management.

The Executive Board, consisting of our CEO Henrik Poulsen and CFO Marianne Wiinholt, undertakes the day-to-day management of the company through Group Executive Management, which consists of an additional five members.

The Board of Directors has laid down guidelines for the work of the Executive Board. The guidelines include a description of the division of work and the powers to enter into agreement on behalf of the company between the Board of Directors and the Executive Board.

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 regularly discuss the cooperation between the Board of Directors and the Executive Board.

In addition to the safety target that makes up 10% of the cash-based bonus target for the Executive Board, we have implemented climate-related performance indicators in the incentive programmes of the 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.

You can find information about the members of the Executive Board, including their previous employment and other executive functions, in our annual report on page 58. We also describe the remuneration of the Executive Board on page 102.

4.4 Committees

Indicator	Unit	2018	2017	%	2016
Nomination and Remuneration Committee					
Members	Number	3	-	-	-
Meetings	Number	3	-	-	-
Attendance	%	100	-	-	-
Audit and Risk Committee					
Members	Number	4	3	33%	3
Meetings	Number	7	3	133%	7
Attendance	%	91	100	(9%)	95
Compliance Committee					
Members	Number	10	9	11%	12
Meetings	Number	2	2	0%	2
Attendance	%	90	85	6%	92
Sustainability Committee					
Members	Number	7	-	-	-
Meetings	Number	5	-	-	-
Attendance	%	94	-	-	-
QHSE Committee					
Members	Number	5	-	-	-
Meetings	Number	8	-	-	-
Attendance	%	98	-	-	-

In 2018, we discontinued the previous Nomination Committee and transferred it's tasks to the Remuneration Committee, which at the same time changed its name to the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee, chaired by the Chairman of the Board of Directors, Thomas Thune Andersen, assists the Board of Directors in matters regarding the composition and performance of the Board of Directors and the Executive Board as well as remuneration.

The Audit and Risk Committee chaired by member of the Board of Directors Benny D. Loft assists the Board of Directors in overseeing the financial and non-financial (ESG) reporting process, the capital structure development, financial and business-related risks, compliance with statutary and other requirements from public authorities and internal controls. The committee was formed in 2018.

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 monitors the company's whistleblower scheme.

The Compliance Committee, chaired by CEO Henrik Poulsen, is appointed by the Group Executive Management. The Compliance Committee monitors our compliance with laws, rules and standards that apply to our business areas.

The Sustainability Committee, chaired by CFO Marianne Wiinholt, is appointed by Group Executive Management. The Sustainability Committee oversees that we live up to our sustainability commitment, reviews our sustainability strategy and monitors the performance of our sustainability programmes.

The QHSE Committee, chaired by member of Group Executive Management Anders Lindberg, monitors implementation, management and performance within the areas of quality, health, safety and environment in Ørsted. The committee was formed in 2018.

4.5 Good business conduct

Indicator	Unit	2018	2017	%	2016
Substantiated whistleblower cases ●	Number	2	3	(33%)	3
– Cases transferred to the police ●	Number	1	0	100%	0
Employees who have completed a course in good business conduct	%	97	98	(1%p)	98
Global income tax paid, total ●	DKK million	3,367	2,660	27%	3,182
- Income tax paid, Denmark ●	DKK million	3,330	-	-	-
- Income tax paid, foreign* ●	DKK million	37	-	-	-

● This indicator has been audited as part of the financial statements of the 2018 annual report.
* For a full picture of current and paid taxes per country, we refer to the annual report section 5 'Tax'.

Our employees and other associates may report serious offences, such as cases of bribery, fraud and other inappropriate or illegal conduct, through our whistleblower scheme or through our management system.

In 2018, two substantiated cases of inappropriate or unlawful behavior were reported through our whistleblower scheme.

One case concerned violation of procure-to-pay policies, and one case concerned misappropriation of assets.

The cases had consequences for the individuals involved. None of the reported cases were critical to our business or impacted our financial results.

Whistleblower cases are taken very seriously, and awareness campaigns are conducted to avoid similar cases.

In terms of taxation, we were affected in Denmark by completed construction agreements in connection with the construction of offshore wind farms in the UK and Germany in 2018.

We have made significant investments in offshore wind farms in the UK, Germany and the Netherlands, resulting in the accumulation of large tax assets in recent years. Accordingly, we have not paid significant taxes in these countries. Going forward, this will change as the offshore wind farms are commissioned and will be generating positive results.

We expect to start paying more significant corporate tax in the UK in 2019, in Germany in 2019 and in the Netherlands in 2021.

We are currently making significant investments in the US, and we do therefore not expect to pay any material corporate income tax in the foreseeable future.

More details about tax can be found in section 5 'Tax' in the annual report.

Accounting policies

Substantiated whistleblower cases
Ørsted's whistleblower hotline is available for internal and external reporting of suspected cases of inappropriate or illegal behaviour. Whistleblower cases are received and handled by the Internal Audit function, which also receives similar reports through the management system and from compliance officers.

All reports are managed in accordance with the guidelines for the handling of whistleblower reports approved by the Audit and Risk Committee, which is ultimately responsible for the whistleblower scheme.

Only cases, which are closed during the financial year, and which have been reported to the Audit and Risk Committee as fully or partially substantiated, are reported in the ESG statement.

Cases transferred to the police
Cases transferred to the police are defined as the number of cases reported in accordance with the above which are transferred to the police.

The number of employees who have completed a course in good business conduct
The number of employees who have completed a course in good business conduct is calculated as the proportion of employees at 31 December who have completed an e-learning course in good business conduct relative to the number of employees invited to take the course.

Global income tax paid
Accounting policy can be found in section 5 'Tax' in our 2018 annual report.

4.6 Responsible partner programme

Indicator	Unit	2018	2017	%	2016
Screenings					
Pre-qualification screenings in high risk countries	Number	22	-		
Risk screenings (all contracts obove DKK 3 million)	Number	160	157	2%	257
Extended risk screenings	Number	66	56	18%	55
Assessments					
Self-assessments	Number	13	10	30%	6
Comprehensive assessments	Number	11	13	(15%)	15
Improvement areas					
Opened improvement areas	Number	93	51	82%	84
– Sustainability management	%	45	37	8%p	24
– Labour and human rights	%	37	35	2%p	57
– Environment	%	4	22	(18%p)	12
– Anti-corruption	%	14	6	8%p	7

Our 2018 results were largely consistent with the 2017 results on risk screenings. However, in 2018, we saw an increase in extended risk screenings, and we have also implemented pre-qualification risk screenings in high-risk countries in new markets. This has added to the total screenings conducted in 2018.

Most improvement actions for our suppliers were on sustainability management and labour rights. This reflects our engagement in new markets and expectations for suppliers to demonstrate performance on sustainability management.

The limited number of actions on health, safety and environment is due to health, safety and environment being partly covered outside the responsible partner programme.

Accounting policies

The responsible business partner programme (RPP) has been integrated into our procurement department's supplier contract screenings from 2015.

The programme applies a risk-based due diligence framework to identify areas within our Code of Conduct where relevant suppliers need to improve their adherence to the code.

Screenings
We do risk screenings on all sourcing contracts above DKK 3 million. Based on the risk screening evaluation, we conduct extended risk screenings of selected suppliers, where additional parameters are included. Furthermore, additional extended screening procedures take place for all fuel suppliers as well as for top-spend suppliers.

Assessments
Based on the results from the extended screenings, several suppliers are asked to complete a self-assessment questionnaire, and/or we decide to conduct a comprehensive assessment, which often includes a visit to their production facilities.

Improvement areas
Based on the results of the assessment, an improvement plan is developed, covering all findings from the assessment.

Other responsible partner programme procedures
A pilot approach has been implemented where suppliers in new markets are screened as part of the pre-qualification phase.

5. Calculation factors

5.1 Calculation factors

Table Reference	Indicator	Factor	Comment	Reference	Publication
Table 2.6	Scope 1 emissions	Global warming potential of greenhouse gases	CO_2, CH_4, N_2O and SF_6	Intergovernmental Panel on Climate Change (IPCC), 2013	Fifth Assessment Report, The Physical Science Basis
Table 2.6	Scope 1 emissions	Carbon emissions from fossil fuels at power plants	Coal, oil, natural gas	Danish Energy Agency, 2017	Standardfaktorer for brændværdier og CO_2-emissioner
Table 2.6	Scope 1 emissions	Carbon emissions from fossil fuels outside power plants	Diesel, petrol, fuel oil, jet fuel	American Petroleum Institute (API), 2009	Compendium of greenhouse gas emissions methodologies for the oil and natural gas industry
Table 2.6	Scope 2 emissions	Carbon emissions from purchased electricity	In DK	EnerginetDK, 2017	Generel deklaration & Miljødeklaration
Table 2.6	Scope 2 emissions	Carbon emissions from purchased electricity	In other European countries	Association of Issuing Bodies (AIB), 2017	European Residual Mixes
Table 2.6	Scope 2 emissions	Carbon emissions from purchased electricity	In countries outside europe	Institute for Global Environmental Strategies (IGES), 2017	List of grid emission factors
Table 2.6	Scope 3 emissions	Business travel in airplanes	Assumption: 'average car', 'unknow fuel type'	UK Department for Environment, Food & Rural Affairs (DEFRA), 2017	UK government GHG conversion factors for company reporting
Table 2.7	Avoided emissions	Carbon emissions from average fossil fuel mix	Average of coal, gas and oil	International Energy Agency (IEA), 2017	Emissions Factors & CO_2 Emissions from Fuel Combustion
Table 2.11	Water stress	Baseline water stress	Measured at site level, baseline water stress is ratio of total water withdrawals to available renewable supply	World Resources Institute (WRI), 2013	Aqueduct Water Risk Atlas
Table 2.7	Avoided emissions	Average load factors for renewable energy	Industry average, value for new generation capacity	International Renewable Energy Agency (IRENA), 2018	Renewable power generation costs in 2017
Table 3.9	People powered	Average electricity consumption of households per capita	Assumption: all power people use in their homes	Enerdata, 2018	Global Energy & CO_2 Data
Table 3.9	Jobs created	Average work-in-person-days per MW offshore wind	Includes only jobs in offshore wind value chain	International Renewable Energy Agency (IRENA), 2018	Renewable energy benefits - leveraging local capacity for offshore wind

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