

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

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

This statement forms part of the management review in the annual report of Ørsted A/S for the period 1 January 2018 to 31 December 2018.

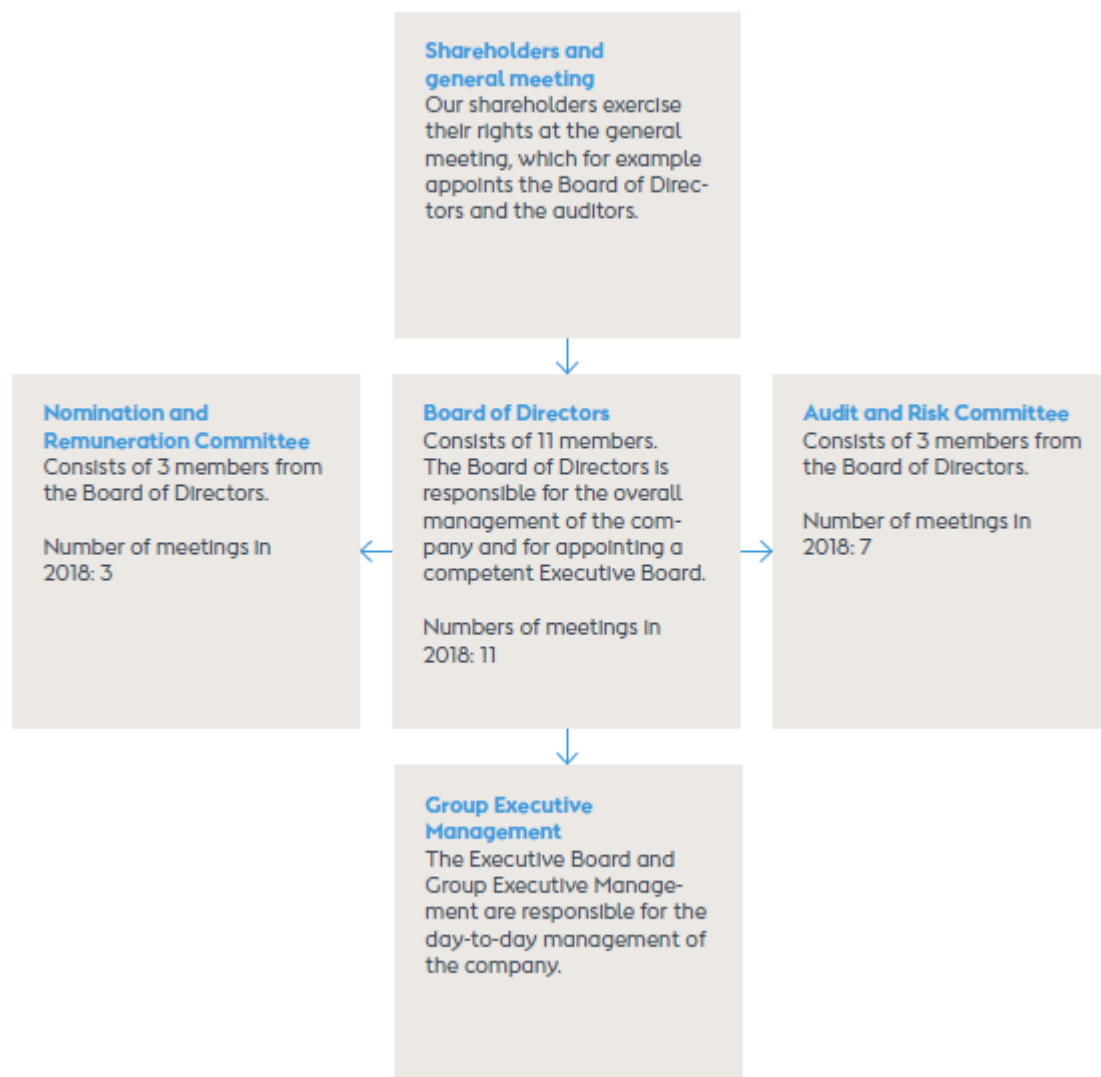
I. The composition of the management boards and committees and their function

Our governance model has its offspring in our Scandinavian roots and our listing on the Nasdaq Copenhagen Stock Exchange.

The overall and strategic management of the company is anchored in a board of non-executive directors appointed by the shareholders. The Board of Directors has appointed an Executive Board for handling the day-to-day management. None of the members of the Executive Board are members of the Board of Directors.

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

Our governance model



Shareholders and general meeting

Our shareholders exercise their rights at the general meeting. The general meeting adopts decisions, such as the appointment of the Board of Directors and the auditor, in accordance with the standard Danish rules. However, the approval of a proposal to amend the Articles of Association or dissolve the company requires that the Danish State as majority shareholder participate in the general meeting and vote in favour of the proposal.

Board of Directors

Members and duties

Each year at the annual general meeting, the shareholders elect six to eight board members. In addition, our employees may elect members corresponding to half of the board members elected by the general meeting pursuant to Danish mandatory rules. Employee elections are typically held every four years.

Our Board of Directors currently comprises eleven members, eight members elected by the general meeting and three members elected by the employees.

In 2018, Dieter Wemmer and Jørgen Kildahl joined the Board of Directors as new members elected by the general meeting.

The Board of Directors has prepared an overview of the competences required on the board. The list of required competences can be found on orsted.com/en/About-us/Management/Competences-overview. In the table on page 7, we have illustrated how the current board members compare against the required competences.

The Board of Directors 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, control and audit matters, risk management and significant operational issues.

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

The rules of procedure of the Board of Directors describe the work and duties of the Board of Directors. Terms of reference are also in place for the two committees.

Information about the members of the Board of Directors, their other supervisory and executive positions and independence can be found on pages 56-57 of the 2018 Annual Report.

The green transformation is on the board agenda

Since climate change is fundamental to Ørsted's business strategy and all our investments, climate-related issues are directly or indirectly an agenda item at all board meetings. As such, climate-related issues are integrated in reviewing and guiding our strategy, in setting performance objectives, and in overseeing major investments, acquisitions and divestments. The Board of Directors monitors and oversees progress related to Ørsted's strategic ambitions and targets for addressing climate-related issues.

Special tasks in 2018

Key tasks for the Board of Directors have been the build-out of our offshore wind project portfolio after 2020, the establishment of a new onshore wind platform in the US through the acquisition of Lincoln Clean Energy, the acquisition of the US wind developer Deepwater Wind, the farm-down of Hornsea 1 in the UK and the initiation of a structured divestment process for our Danish power distribution, residential customer and city light businesses.

The Board of Directors conducted its annual board effectiveness assessment in December 2018. The assessment was conducted with assistance from an external adviser, who conducted a survey and interviewed all board members. The input from the survey and interviews was processed and analysed with international benchmarking. The external adviser also acted as an observer during a board meeting.

The external adviser concluded that the Board of Directors has evolved in many dimensions and was in good shape for the challenges ahead. The Board of Directors has a strong and relevant composition with a breadth of skills, competences and perspectives and solid financial knowledge. Although many board members are relatively new, the Board of Directors is well aligned in relation to strategic priorities and its modus operandi, which is steered effectively by the Chairmanship.

Important tasks for the Board of Directors in 2018

Investments, acquisitions and divestments

- Acquisition of the US onshore wind developer Lincoln Clean Energy.
- Acquisition of the US offshore wind developer Deepwater Wind.
- Farm-down of the offshore wind farm Hornsea 1 in the UK.
- Initiation of divestment of our Danish power distribution and residential customer and city light businesses.

Other tasks

- Preparation of new ambitious targets for our long-term strategic and financial development with an ambition to lead the green transformation.
- Appointment of new CEO for Offshore.

- Establishment and appointment of CEO for Onshore.
- Development of our offshore wind project portfolio in the UK, Germany, the Netherlands, Taiwan and the US.
- Development of our onshore wind project portfolio in the US.
- Review of overall IT security.
- Preparation of a Global Diversity & Inclusion Policy.

Remuneration

Each year, the general meeting approves the remuneration for the members of the Board of Directors for the coming year. In the section on remuneration on page 65 of the 2018 Annual Report, you can read more about the remuneration of the Board of Directors.

Nomination and Remuneration Committee

Members and duties

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

The committee assists the Board of Directors in matters regarding the composition, remuneration and performance of the Board of Directors and Group Executive Management.

You can read more about the Nomination and Remuneration Committee and the terms of reference for the committee at orsted.com/en/About-us/Management/Nomination-and-Remuneration-Committee.

Special tasks in 2018

In 2018, the committee discussed, among other matters, payment of retention bonuses granted in connection with the planned divestment of our Danish power distribution, residential customer and city light businesses as well as retention bonuses to individual business-critical employees in companies acquired during the year.

Additionally, the committee discussed a share-based retention tool which was introduced in 2018 and targeted at a limited number of employees responsible for critical long-term projects.

The committee also reviewed an update of the compensation model and governance for our top 100 employees.

Audit and Risk Committee

Members and duties

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

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

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

Our Internal Audit function reports to the Audit and Risk Committee and is independent of our administrative management structures. Internal Audit enhances and protects the organisational value by providing risk-based and objective assurance, advice and insight. Further, Internal Audit is primarily involved in auditing and advising on our core processes, governance, risk management, control processes and IT security.

The Chairman of the Audit and Risk Committee is responsible for managing our whistleblower scheme. Internal Audit receives and handles reports submitted. Our employees and other associates may report serious offences, such as cases of bribery, fraud and other inappropriate or illegal conduct, to 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 an awareness campaign was conducted to avoid similar cases.

You can read more about the Audit and Risk Committee and the terms of reference for the committee at orsted.com/en/About-us/Management/Audit-Risk-Committee.

Special tasks in 2018

In 2018, the Audit and Risk Committee focused on the two acquisitions of Lincoln Clean Energy and Deepwater Wind in the US, IT/cybersecurity together with the implementation of the new General Data Protection Regulation (GDPR) and the inflation exposure management policy adopted in 2018.

Internal Audit undertook special audit and consultancy tasks within the following areas: prevention of cybercrime, GDPR, compliance, internationalisation, asset management, commodity and currency hedging, compliance monitoring and business conduct.

Important tasks for the Audit and Risk Committee in 2018

Audit and accounting

- Review of the accounting policy applied for US subsidies and tax attributes.
- Review of the principles and disclosures related to the two acquisitions (business combinations) and divestments.
- Review of the implementation of IFRS 15 as well as supervising the preparation for IFRS 16 implementation in 2019.
- Review of expectations for market prices, exchange rates, discount rates and risk-free interest rates.
- Review of significant provisions and warranties in the Group.
- Monitoring of capital structure development.
- Monitoring of the voluntary limit for non-audit services as well as preliminary approval thereof.

Risk

- Monitoring of business and emerging risks.
- Review and assessment of the principles applied for the adopted inflation exposure management policy.
- Review of IT security in operational and administrative areas as well as cybersecurity.
- Assessment of liquidity reserve and capital structure.
- Monitoring of currency and energy hedging mandates.
- Monitoring of currency and energy hedging mandates.

Competences

Member of the board	Energy sector	General management	Safety management	Financial management	Risk management	Project management	Stakeholder management	Human resources management	IT, technology and digitalisation	Investor and capital markets relationships
Thomas Thune Andersen	✓	✓	✓		✓	✓	✓			
Lene Skole		✓		✓	✓		✓	✓		✓
Lynda Armstrong	✓	✓	✓		✓	✓	✓	✓		
Pia Gjellerup		✓					✓	✓		
Jørgen Kildahl	✓	✓	✓		✓	✓	✓		✓	✓
Peter Korsholm		✓		✓	✓		✓			✓
Benny D. Loft	✓	✓	✓	✓	✓		✓	✓	✓	✓
Dieter Wemmer		✓		✓	✓		✓		✓	✓
Hanne Sten Andersen ¹	✓	✓						✓		
Poul Dreyer ²	✓									
Benny Gøbel ¹	✓									
Jens Nybo Stilling Sørensen ^{1,2}										

¹ Employee representative

² Resigned in March 2018

Meeting attendance

Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee
●	●	●	●	
7/0	4/0			3/0
7/0	4/0	2/0	0/1	3/0
7/0	3/1			
6/1	4/0			3/0
6/0	2/2			
7/0	2/2	5/1	1/0	
7/0	4/0	7/0	1/0	
5/1	4/0	5/0	0/0	
7/0	4/0			
7/0	4/0			
7/0	4/0			
1/0	n.a.			

● Ordinary ● Extraordinary

The numbers indicate how many meetings in 2018 the members have attended and not attended, respectively, during the year.

Executive Board and Group Executive Management

Members and duties

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

The Executive Board undertakes the day-to-day management through Group Executive Management, which consists of seven members. In addition to Henrik Poulsen and Marianne Wiinholt, Group Executive Management comprises the executive vice presidents of our four business units: Martin Neubert (Offshore), Ole Kjems Sorensen (Onshore), Thomas Dalsgaard (Bioenergy) and Morten H. Buchgreitz (Customer Solutions) together with Anders Lindberg, Executive Vice President of Offshore EPC and QHSE.

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

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

You can find information about the members of the Executive Board, including their previous employment and other executive functions, on page 58 of the 2018 Annual Report. We describe the remuneration of the Executive Board in the section on remuneration on pages 63-65 of the 2018 Annual Report.

Our corporate governance positions

We comply or partly comply with all 47 recommendations prepared by the Danish Committee on Corporate Governance as last updated in November 2017 (please see www.corporategovernance.dk).

Our only deviation is that the first grant under the share programme for the Executive Board has a slightly shorter vesting period than the recommended three years. Upon vesting of the first grant in May 2019, we will comply with all 47 recommendations.

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

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

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

Governance, culture and internal control environment

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

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

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

The Executive Board and our Finance management team are responsible for the effectiveness of the internal control and risk management systems and for implementing controls aimed at mitigating the risks associated with the reporting.

This division of responsibilities provides us with an effective overall control environment.

Governance, culture and internal control environment – examples

Our five guiding principles

The way we work is based on five guiding principles. The principles set the tone at the top to ensure trustworthy and sufficient reporting and high ethical standards.

Good business conduct policy

We have zero tolerance of corruption, fraud and other types of improper business conduct. The policy deals with good business behaviour and sets out principles that apply to all

	our staff and all our business dealings in the countries where we operate.
The internal control policy The policy includes detailed directions for our internal control activities. The policy establishes our objectives of internal controls, how the policy is enforced, whom it affects, and who is in charge.	Authorisation rules Transactions of major economic or strategic importance are to be approved in accordance with the authorisation rules issued by our Board of Directors. The rules specify approval rights and monetary limits.

Objectives and risk assessment

We carry out an annual business and legal compliance risk assessment (reference is made to pages 66-69 of the 2018 Annual Report). In addition, we perform a more specific risk assessment which forms the basis for determining how risks of material misstatements in the financial and ESG reporting will be managed and mitigated by the internal controls and thus help us achieve our financial- and ESG reporting objectives.

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

The items and risk areas which are believed to represent the greatest risk of material misstatements in the reporting are included in the internal control reporting to our Finance management, the Executive Board and the Audit and Risk Committee. As part of the risk management, key accounting estimates and judgements, material changes to accounting policies and the risk of fraud, including internal controls to mitigate this risk, are considered.

Key reporting risks in 2018	Key control activities in 2018
Divestments and acquisitions Divestments of activities are considered non-routine and implies a risk of incorrect recognition of divestments of assets and businesses, including risk of misstatements in respect of contingent considerations, warranties,	<ul style="list-style-type: none"> • Impact on account assessments • Reviews of the calculations and assumptions before and after the transaction • High degree of management and specialist involvement

<p>classification of partnerships and calculations of gains/losses, including their split between share purchase agreements and construction agreements.</p> <p>Acquisitions are considered non-routine and implies a risk of incorrect recognition and measurement in the opening balances. Generally acceptable accounting principles (GAAP) adjustments and special subsidy regimes are also considered non-routine.</p>	
<p>Construction contracts Processes are complex and manual and involve a high degree of estimates in relation to degree of completion, value of incentive agreements, liabilities assumed, forecasted costs and share of total costs associated with offshore transmission systems.</p>	<ul style="list-style-type: none"> • Monthly monitoring of physical progress • Use of recognised project management models • Project and finance controlling • High degree of management involvement
<p>Decommissioning provisions High degree of estimates related to the future cost of decommissioning of offshore wind farms and combined heat and power plants with long useful lives including lack of guidance from authorities and experience in decommissioning.</p>	<ul style="list-style-type: none"> • Annual calculations based on information and assumptions from internal specialists or third parties • Assessment of discount rates, benchmark data, and industry practice • Update of method and technology if significant assumptions change • High degree of management involvement
<p>Tax, duties and VAT Risk of claims towards us from tax authorities concerning transfer pricing. Assessing uncertain tax positions include judgement.</p>	<ul style="list-style-type: none"> • High degree of management and specialist involvement • Close dialogue with tax authorities in countries where we operate.

<p>Financial derivative transactions</p> <p>These transactions include complex instruments, a high number of transactions and complex IT systems. When the contracts extend beyond the liquid market period, judgements are used to assess the valuation. Prices in derivative markets are known to be volatile. We use Business Performance reporting in addition to IFRS.</p>	<ul style="list-style-type: none"> • Established processes for test of new instruments and evaluation of open financial derivatives • Monthly analytical review of the valuation and recalculation of financial instruments performed by specialists • Regulatory reporting to authorities • IT-set-up supporting segregation of duties and business performance reporting.
<p>Administrative IT systems</p> <p>Inadequate control in terms of access to IT systems, IT security, back-up, system development, change management, system interfaces and use of complex IT models and spreadsheets result in risks of misstated information in the financial reporting.</p>	<ul style="list-style-type: none"> • Controls to establish segregation of duties and mitigate unauthorised access to IT systems, physical security controls, data back-up and recovery controls, system development and change management controls, model risk management framework and manual controls related to system interfaces.
<p>Provisions, including onerous contracts and lawsuits</p> <p>Provisions may be affected by uncertainties, including litigation, contractual claims, market developments, complex contracts, etc. The provisions are based on management judgement and are inherently subjective.</p>	<ul style="list-style-type: none"> • Quarterly update on overview of liabilities based on e.g. financial reporting, contract archive, legal case list, etc. • Review of estimates and assumptions for provisions.
<p>ESG reporting</p> <p>Risk of ESG reporting being inaccurate or incomplete, e.g. due to data collection from external parties and immature accounting policies due to lack of ESG GAAP.</p>	<ul style="list-style-type: none"> • Reconciliations and validations • Monthly analysis, including sanity checks of data • Use of international standards and guidelines.

The scope for the financial and ESG reporting risk management and internal controls in place is approved annually by our Audit and Risk Committee.

Performance and control activities

Our control activities are designed to prevent or detect and correct material misstatements in the reporting, thereby reducing the risk to an acceptable level. The implementation of internal controls is based on a risk assessment. Internal controls include e.g. preventive and detective controls, reporting requirements, segregation of duties and functions, authorisation rules, controls concerning IT applications, general IT controls, and IT security.

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

Information, communication and reporting

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

Monitoring

The monthly internal reporting is analysed and monitored by controllers and management. Furthermore, monitoring of the reporting on internal controls is performed by Systems & Processes, Ørsted Business Services. Finance's internal monthly reporting and the overall interim and yearly consolidated financial statements are controlled at local and shared functions levels, respectively.

Finance and IT report regularly on the performance and maturity of our key controls. The people responsible for the reporting monitor the performance of the internal controls and each quarter, they submit a summary confirmation in the internal reporting tool to our Systems & Processes, Ørsted Business Services. The summary confirmation is supplemented by action plans for any identified weaknesses.

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

The auditors elected by the general meeting and Internal Audit will inform the Board of Directors on any identified material weaknesses in the internal control set-up related to the financial and ESG reporting. Minor irregularities are reported in management letters, and Internal Audit reports to the Executive Board and Finance Management.

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

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

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
1. Communication and interaction by the company with its investors and other stakeholders				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.	X			<p>We have an investor relations function, which organises investor meetings based on material available on our website.</p> <p>We hold regular meetings with the Ministry of Finance in accordance with the recommendations in the Ownership Policy of the Danish State.</p>
1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with	X			<p>We have adopted an investor relations policy. The policy is available on our website.</p> <p>We have an overarching Sustainability Commitment that commits us to engage with our stakeholders to better understand how we</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
company policies.				can continuously improve our sustainability performance. We also have a Stakeholder Engagement Policy. It lays out the principles and defines how we engage with our stakeholders in practice. The policies are available on our website. Our Audit and Risk Committee supervises the sustainability reporting.
1.1.3. The Committee recommends that the company publish quarterly reports	X			We publish quarterly interim financial reports. We prepare the reports in accordance with IAS 34 "Interim Financial Reporting" and the Danish rules for listed and state-owned companies.
<i>1.2. General meeting</i>				
1.2.1. The Committee recommends that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	X			We use a web-based shareholder portal to communicate with our shareholders in connection with general meetings.
1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to	X			No supplemental information.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
consider each individual item on the agenda.				
<i>1.3. Takeover bids</i>				
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.	X			We have implemented procedures regarding takeover bids.
2. Tasks and responsibilities of the board of directors				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.	X			We conducted an annual board effectiveness assessment during the period from September to December 2018 with assistance from an external adviser.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
2.1.2. The Committee recommends that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.	X			No supplemental information.
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company's website.	X			We refer to pages 134-144 of the 2018 Annual Report.
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.	X			The Board of Directors has prepared instructions to the Executive Board, which were last reviewed in October 2018.
2.1.5. The Committee recommends that at least once annually, the board of directors discuss the	X			No supplemental information.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
composition, developments, risks and succession plans of the executive board.				
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	X			<p>The Board of Directors has approved our Sustainability Commitment, which commits us to operate our business in a way that contributes to the UN Sustainable Development Goals. We also have other agenda-specific policies, for instance a Code of Conduct for Business Partners that lays out our expectations regarding governance, human rights and the environment.</p> <p>The policies are available on our website.</p>
<i>2.3. Chairman and vice-chairman of the board of directors</i>				
2.3.1. The Committee recommends appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	X			<p>We have a deputy chairman of the Board of Directors, who is appointed each year by the general meeting.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>2.3.2. The Committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.</p>	X			<p>The situation has not occurred. Should the situation occur, we intend to comply with the recommendation.</p>
<h3>3. Composition and organisation of the board of directors</h3>				
<h4>3.1. Composition</h4>				
<p>3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary account for</p> <ul style="list-style-type: none"> • the competencies that it must have to best perform its tasks, • the composition of the board of directors, and • the special competencies of each member. 	X			<p>The Board of Directors has prepared an overview of the competences required for our board members, which is available on our website.</p> <p>Our 2018 Annual Report describes the composition of our board members, including the individual board member's special skills</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
				(pages 56-57 and 60 of the 2018 Annual Report).
3.1.2. The Committee recommends that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.	X			The Board of Directors annually discusses diversity at management levels. We have a Global Diversity & Inclusion Policy, which is available on our website.
3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.	X			Our Nomination and Remuneration Committee prepares recommendations regarding election of candidates for the Board of Directors as described in the terms of reference of the committee available on our website.
3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of	X			No supplemental information.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and • demanding organisational tasks. <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>				
<p>3.1.5. The Committee recommends that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>	X			No supplemental information.
<p>3.1.6. The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	X			Board members elected by our general meeting are up for election annually and re-election is possible, cf. 10.2 of our Articles of Association.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>3.2. Independence of the board of directors</p>				
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company, • within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company. • be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting, 	<p>X</p>			<p>It is our assessment that all board members elected by our general meeting are independent in accordance with the recommendation.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> • be part of the executive management in a company with cross-management representation in the company, • have been a member of the board of directors for more than 12 years, or • be a close relative with persons who are not considered independent. <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>				
<i>3.3. Members of the board of directors and the number of other management functions</i>				
3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.	X			No supplemental information.
3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following	X			We refer to pages 56-57 and 65 in our 2018 Annual Report.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the person in question, • the person’s competencies and qualifications that are relevant to the company • whether the member is considered independent, • the member’s date of appointment to the board of directors, • expiry of the current election term, • the member’s participation in the meetings on the board of directors and committee meetings, • other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and • the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member’s portfolio of the mentioned securities which have occurred during the financial year. 				
<p>3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for</p>	X			No supplemental information.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.				
<i>3.4. Board committees</i>				
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference of the board committees, • the most important activities of the committees during the year and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies. 	X			<p>We have established a Nomination and Remuneration Committee and an Audit and Risk Committee.</p> <p>The information about the two committees on our website is in line with the recommendation.</p>
3.4.2. The Committee recommends that a majority of the members of a board committee be independent.	X			<p>We consider that all members of our Audit and Risk Committee and our Nomination and Remuneration Committee are independent in accordance with the corporate governance recommendations.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>3.4.3. The Committee recommends that the members of the board of directors set up an <u>audit committee</u> and that a chairman is appointed who is not the chairman of the board of directors.</p>	X			<p>We have established an Audit and Risk Committee and the committee chairman is not the chairman of the Board of Directors.</p> <p>The terms of reference of the committee are available on our website.</p>
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	X			<p>No supplemental information.</p>
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function, 	X			<p>We have an internal audit function. No further supplemental information.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> ensure that if an internal audit has been established, a description of its functions is available and approved by the board of directors, ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 				
<p>3.4.6. The Committee recommends that the board of directors establish a <u>nomination committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies, annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors, annually assessing the competencies, knowledge, experience and succession of the individual 	X			<p>We have established a Nomination and Remuneration Committee.</p> <p>The terms of reference of the committee are available on our website.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>members of management and report to the board of directors in this respect,</p> <ul style="list-style-type: none"> recommending candidates for the board of directors and the executive board, and proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 				
<p>3.4.7. The Committee recommends that the board of directors establish a <u>remuneration committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> recommending the remuneration policy (including the “General Guidelines for incentive-based Remuneration”) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from 	X			<p>We have established a Nomination and Remuneration Committee.</p> <p>The terms of reference of the committee are available on our website.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>other companies in the group,</p> <ul style="list-style-type: none"> recommending a remuneration policy applicable for the company in general and assisting with the preparation of the annual remuneration report. 				
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	X			No supplemental information.
<p><i>3.5. Evaluation of the performance of the board of directors and the executive board</i></p>				
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> contribution and results, cooperation with the executive board, the chairman’s leadership of the board of directors, the composition of the board of directors (including 	X			<p>The Board of Directors performed its annual board effectiveness assessment during the period from September to December 2018. The assessment was conducted with assistance from an external adviser.</p> <p>The evaluation procedure and the general conclusions are described in the 2018 Annual Report (pages 60-61) and on the company’s website.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>competencies, diversity and the number of members),</p> <ul style="list-style-type: none"> the work in the committees and the committee structure, and the organisation and quality of the material that is submitted to the board of directors. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company's website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.</p>				
<p>3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.</p>	X			<p>The Board of Directors regularly discusses the structure, composition, work and performance of the Executive Board, including in connection with the annual settlement of the Executive Board's performance agreements.</p>
<p>3.5.3. The Committee recommends that the executive</p>	X			<p>The Chairman and the CEO regularly discuss</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.</p>				<p>the cooperation between the Board of Directors and the Executive Board. Furthermore, the cooperation between the Board of Directors and the Executive Board is also covered by the Board of Director’s annual self-assessment, to which the Executive Board also provides input.</p>
<p>4. Remuneration of management</p>				
<p><i>4.1. Form and content of the remuneration policy</i></p>				
<p>4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, • a description of the criteria that form the basis for the balance between the individual components of the remuneration, and • an explanation for the correlation between the remuneration policy and the company’s long-term 	<p>X</p>			<p>We have a remuneration policy, which was last reviewed and approved by the Board of Directors and the general meeting in Q1 2018.</p> <p>The policy is available on our website.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>value creation and relevant related goals.</p> <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>				
<p>4.1.2. The Committee recommends that if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term, • clarity be established about performance criteria and measurability for the award of variable components, • it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three 		X ¹		<p>In 2016, we established a share program for the Executive Board.</p> <p>As we implemented the program in the autumn of 2016 and the first exercise under the program will occur in the Spring of 2019, we have a first vesting period which is slightly shorter than the recommended three years. As from 2017, the grants under the program take place in the Spring to ensure a full three-year vesting period.</p>

¹ As from April 2019, we fully comply with the recommendation.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>years, and</p> <ul style="list-style-type: none"> it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect. 				
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.</p>	X			No supplemental information.
<p>4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>		X ²		<p>In 2016, we established a share program for the Executive Board.</p> <p>As we implemented the program in the autumn of 2016 and the first exercise under the program will occur in the Spring of 2019, we have a first vesting period which is slightly shorter than the recommended three years. As from 2017, the grants under the program take place in the Spring to ensure a full three-year vesting period.</p>

² As from April 2019, we fully comply with the recommendation.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.	X			If we dismiss our CEO or CFO, he/she is entitled to salary during the notice period (12 months) and a severance payment (12 months' fixed salary).
<i>4.2. Disclosure of remuneration</i>				
4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	X			We will include comments regarding the remuneration policy in the Chairman's statement at the general meeting, if this is relevant.
4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	X			We refer to section 7.3 (item no. 8) of our Articles of Association.
4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the	X			The remuneration report is available on our website.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
<p>group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company's website.</p>				
5. Financial reporting, risk management and audits				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
<p>5.1.1. The Committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</p>	X			<p>We refer to the 2018 Annual Report (pages 66-69).</p>
<i>5.2. Whistleblower scheme</i>				
<p>5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for</p>	X			<p>We have established a whistleblower hotline as described in the 2018 Annual Report (page</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	The explanation for complying partially/not complying with the recommendation
expedient and confidential notification of serious wrongdoing or suspicions thereof.				61).
<i>5.3. Contact to auditor</i>				
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	X			No supplemental information.
5.3.2. The Committee recommends that the audit agreement and auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	X			No supplemental information.