

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 2019 to 31 December 2019.

I. Letter from the Chairman

The Board believes that good corporate governance is fundamental in meeting Ørsted's strategic objectives and maintaining the highest standards of integrity.

Our corporate governance model has its offspring in our Danish roots, which builds on a strong tradition for integrity and transparency. As a consequence, we have incorporated and follow all the recommendations prepared by the Danish Committee on Corporate Governance.

Climate change is fundamental to our business strategy, and climate-related issues are an integral part of our board agendas. In the Board, we monitor and oversee progress related to Ørsted's strategic ambitions, including our ambitious targets for addressing climate-related issues. We seek to integrate considerations for climate protection when setting our strategic direction, reviewing sustainability risks, setting performance objectives, deciding on our capital allocation, and when approving and overseeing major investments, acquisitions and divestments.

In 2019, the Board of Directors discussed and took a number of key business decisions to take further action against climate change and to strengthen our ambition of becoming a global green energy major. The decisions covered, among other things, investments in new offshore and onshore wind and solar projects and an agreement to divest our Danish power distribution, residential customer and city light businesses as well as our LNG business.

The Board decided to update our targets for greenhouse gas emission reductions from our energy generation and other in-house operational activities (scope 1 and 2 emissions) and decided to set an ambitious target for reducing the emissions related to our value chain (scope 3 emissions). Both of these decisions will help us in becoming carbon neutral.

Furthermore, we decided to merge two of our business units, made an adjustment to our long-term financial targets and have prepared an updated remuneration policy and report according to the Shareholder Rights Directive II, which we will present at the annual general meeting in March this year. Finally, we conducted an audit tender, leading to a proposal at the general meeting to re-elect PwC as auditor from 2020.

To facilitate a more dynamic and focused dialogue at our board meetings, we have reduced the number of members from twelve to nine over the past couple of years. In 2019, we updated the split of responsibilities between the Board of Directors and the Executive Board to reflect the company's transformation in recent years and ensure that we spend our time on the right things in the Board. This included, among other things, an increase in the monetary thresholds, stating when to seek Board approval of for example investments and M&A projects.

In the Board, we appreciate the opportunity to meet the company's employees and key stakeholders. During the year, we visited Siemens Gamesa Renewable Energy's Danish blade and nacelle factories and the Østerild test centre for large wind turbines. We held board meetings at our offices in Gentofte, Skærbæk and Boston and also met with some of our key stakeholders during the trip to the US.

I look forward to continuing serving the Board in the coming year.

Thomas Thune Andersen
Chairman

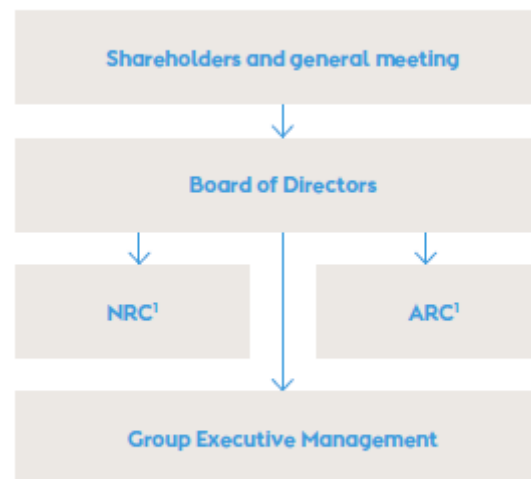
II. The composition of the management boards and committees and their function

Our overall and strategic management of the company is anchored in a board of nonexecutive directors appointed by the shareholders.

The Board of Directors has appointed an Executive Board to handle the day-to-day management. None of our executives are members of the Board of Directors.

Our governance model is illustrated in the figure below and explained on the following pages.

Our governance model



1 NRC stands for Nomintion & Remuneration Committee and ARC stands for Audit & Risk Committee

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. Due to our majority ownership by the Danish state, we have a bespoke quorum requirement, as proposals to amend the Articles of Association or dissolve the company require that the Danish state participates in the general meeting and supports the proposals.

Board of Directors

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 held every four years.

For the time being, our Board of Directors comprises nine members, six members elected by the general meeting and three members elected by the employees.

The Board of Directors conducted its annual board evaluation in November 2019. The basis for the evaluation was a questionnaire that the individual members of the Board of Directors and Group Executive Management had been asked to complete. The evaluation was a follow-up on the assessment carried out in 2018 with external assistance which focused on board structure, board governance and team and people dynamics in the board. The evaluation showed a high degree of satisfaction among the members of the Board of Directors and Group Executive Management. During 2020, the Board of Directors will, among other things, continue its focus on organisational development, succession and diversity.

The Board of Directors has prepared an overview of the competences required on the board. In 2019, we added environmental, social and governance (ESG), to the list of required competences. The list of required competences can be found on orsted.com/competences-overview.

A description of the individual board members, including their other executive positions and independence, can be found on pages 54-55 of the 2019 Annual Report. In the table on page 7, you can see how the individual board members contribute to the required competences and their meeting attendance during 2019.

The Board of Directors is responsible for the overall management of the company. The Board of Directors lays down the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, control and audit matters, risk management and significant operational issues. You can see the most important tasks in 2019 on the following pages.

The Board of Directors has appointed two committees from among its members: An Audit & Risk Committee and a Nomination & Remuneration Committee, which assist the Board of Directors within selected areas.

Each year, the general meeting approves the remuneration for the members of the Board of Directors for the coming year. In the separate remuneration report available on orsted.com/remuneration2019, you can read more about the remuneration of the Board of Directors.

Important tasks managed by the Board of Directors in 2019

Investments, acquisitions and divestments

- Build-out of our offshore wind project portfolio after 2020, including taking final investment decision on the Greater Changhua 1 & 2a offshore wind project in Taiwan, bids into auctions and tenders and entry into revenue contracts related to the awarded Ocean Wind and Sunrise Wind offshore projects in the US.
- Select GE as new wind turbine supplier for certain offshore wind projects.
- Divest 50% of certain US offshore wind projects to Eversource and take first steps to potentially divest 25% of Ocean Wind to PSEG.
- Build out our onshore wind portfolio, including final investment decisions on the Sage Draw, Willow Creek and Plum Creek projects.
- Take final investment decision on Permian Energy Center, our inaugural large-scale solar and storage project in the US, and acquire the solar and storage developer unit of Coronal Energy.
- Enter into agreement to divest our Danish power distribution, residential customer and city light businesses to SEAS-NVE.
- Enter into agreement to divest our LNG activities.
- Divest our biogas activities and enter into agreement to divest Stigsnæs Power Station and Harbour.
- Decide to divest majority of B2B activities.

Other tasks

- Update our long-term financial targets based on a downwards adjustment of our offshore wind production forecasts and certain key positive and negative developments since the Capital Markets Day in 2018.
- Update our decarbonisation strategy, including a revised target for scope 1 and 2 carbon emissions, set a new target for reducing our supply chain emissions (scope 3) and to become carbon neutral.
- Issue green senior bonds in Europe and Taiwan to finance our green growth ambition towards 2025 and refinance hybrid capital securities.
- Start up of trading activities in the US.
- Merge Bioenergy and Customer Solutions following downscaling of activities in each of the business units.
- Oversee investigation and actions taken following the fatal accident at Avedøre Power Station and in general enforce focus on HSE activities.
- Update our internal authorization rules to reflect the company's transformation in recent years.

- Prepare the remuneration policy and report according to the Shareholder Rights Directive II.
- Oversee the court case concerning the usage of the Ørsted name.
- Perform an audit tender and re-elect PwC as auditor from 2020.

Audit & Risk Committee

Dieter Wemmer (Chairman), Jørgen Kildahl and Peter Korsholm are the members of the Audit & Risk Committee.

The committee assists the Board of Directors in overseeing the financial and ESG reporting process (including key accounting estimates and judgements), the liquidity and capital structure development, financial and business-related risks, compliance with statutory and other requirements from public authorities, the internal controls as well as IT security in operational and administrative areas as well as cybersecurity.

Moreover, the committee approves the framework for the work of the company's external and internal auditors (including voluntary limits for non-audit services), evaluates the external auditors' independence and qualifications as well as monitors the company's whistle-blower scheme.

In 2019, the committee performed an audit tender and presented its proposal to re-elect PwC as auditor from 2020 to the Board, which approved it and will present it at the general meeting in March. It also reviewed the implementation of IFRS 16 'Leases', the new reporting on scope 3 greenhouse gas emissions, changes to the reportable segments and discussed the risk framework and the implementation of a US trading floor. Furthermore, it reviewed the progress within IT security and met with the Danish Business Authorities in connection with their ordinary supervision of compliance in Danish audit committees.

Our Internal Audit function reports to the Audit & 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. The main focus for Internal Audit is auditing and advising on our core processes, governance, risk management, control processes and IT security.

The Chairman of the Audit & Risk Committee is responsible for managing our whistle-blower 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 whistle-blower scheme or through our management system. In 2019, three substantiated cases of inappropriate or unlawful behavior were reported through our whistle-blower scheme. Two cases concerned violation of good business conduct policies, and one case concerned conflict of interest between a third party representative and Ørsted. The cases had consequences for the individuals involved. None of the reported cases were critical to

our business or impacted our financial results. Whistle-blower cases are taken very seriously, and we continuously enhance the awareness around good business conduct e.g. through education as well as awareness campaigns to minimize future similar cases.

You can read more about the Audit & Risk Committee and the terms of reference for the committee at orsted.com/audit-risk-committee.

Nomination & Remuneration Committee

Thomas Thune Andersen (Chairman), Lene Skole and Lynda Armstrong are the members of the Nomination & 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.

In 2019, the committee discussed, among other matters, the implementation of the EU Shareholder Rights Directive II into Danish legislation. In this context, the remuneration policy for the Board of Directors and the Executive Board was reviewed together with the remuneration report and the terms of reference for the committee. The committee decided to pre-implement the requirement to publish the remuneration report separately from the annual report already for the 2019 report.

Additionally, the committee discussed gender pay gap reporting which is disclosed in the ESG performance report based on countries with more than 250 employees.

Finally, the committee discussed the appointment of Declan Flanagan as executive vice president (EVP) for Onshore (previously CEO of subsidiary Lincoln Clean Energy) and the appointment of Morten H. Buchgreitz as EVP for the merged business unit, Markets & Bioenergy (previously EVP for Customer Solutions).

You can read more about the Nomination & Remuneration Committee and the terms of reference for the committee at orsted.com/nomination-remuneration-committee.

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	ESG
Thomas Thune Andersen	✓	✓	✓		✓	✓	✓				✓
Lene Skole		✓		✓	✓		✓	✓		✓	✓
Lynda Armstrong	✓	✓	✓		✓	✓	✓	✓			✓
Pia Gjellerup ²											
Jørgen Kildahl	✓	✓	✓		✓	✓	✓		✓	✓	✓
Peter Korsholm		✓		✓	✓		✓			✓	✓
Benny D. Loft ²											
Dieter Wemmer		✓		✓	✓		✓		✓	✓	✓
Hanne Sten Andersen ¹	✓	✓						✓			
Poul Dreyer ¹	✓										
Benny Gøbel ¹	✓										

¹ Employee representative

² Resigned in March 2019. Competences not included in above overview.

Meeting attendance

	Board of Directors		Audit & Risk Committee	Nomination & Remuneration Committee
	● Ordinary	● Extraordinary		
Thomas Thune Andersen	7/0	6/0		3/0
Lene Skole	7/0	5/1		3/0
Lynda Armstrong	7/0	6/0		1/0
Pia Gjellerup ²	1/0	2/0		2/0
Jørgen Kildahl	7/0	6/0	5/0	
Peter Korsholm	7/0	5/1	6/0	
Benny D. Loft ²	1/0	2/0	1/0	
Dieter Wemmer	7/0	6/0	6/0	
Hanne Sten Andersen ¹	7/0	6/0		
Poul Dreyer ¹	7/0	5/1		
Benny Gøbel ¹	7/0	5/1		

● Ordinary ● Extraordinary

The numbers indicate how many meetings in 2019 the members have attended and not attended, respectively, during the year.

Executive Board and Group Executive Management

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 the Group Executive Management, which consists of seven members. In addition to Henrik Poulsen and Marianne Wiinholt, Group Executive Management comprises the EVPs of our three business units: Martin Neubert (Offshore), Declan Flanagan (Onshore), Morten H. Buchgreitz (Markets & Bioenergy) together with the EVPs Henriette Fenger Ellekrog (Chief Human Resources Officer (CHRO)) and Anders Lindberg (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.

We describe the remuneration of the Executive Board in the separate remuneration report available on orsted.com/remuneration2019. You can also find information about the members of the Executive Board on page 56 of the 2019 Annual Report.

Our corporate governance positions

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

III. 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 reduce the risk of errors and omissions in the financial and ESG reporting process to an acceptable level and through that ensure reliable and transparent reporting.

Internal controls assist us in achieving our 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

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

Our board of directors and executive board are responsible for our internal controls and risk management set-up and approve the general policies within these areas. In this respect, an important element is integrity which is one of our five guiding principles. Our guiding principles are available on orsted.com.

Our audit & risk committee supports our board of directors in its supervision of the reporting process and the most important risks associated with the reporting. Furthermore, our audit & risk committee oversees developments in the internal control and risk management systems as well as the business' ongoing risk reporting and internal controls.

Our executive board and 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.

Objectives and risk assessment

We carry out an annual risk assessment, and as part of this 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. Decisions on measures to reduce or eliminate risks are based on an assessment of materiality and probability of errors and omissions.

The scope of our risk management and internal controls in respect of our financial and ESG reporting is approved annually by our audit & 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 internal controls include for example 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 internal monthly financial reporting and the overall interim and yearly consolidated financial and ESG statements are controlled by local and shared functions, respectively.

Local and shared functions report regularly on the performance and maturity of our key controls, and the employees responsible for the reporting monitor the performance of the internal controls. Major changes to the internal controls and risk management setup and weaknesses and action plans, if any, are reported to our audit & risk committee.

The auditors elected by the general meeting and our internal audit function inform our 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.

IV. Status on compliance with the 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	How does Ørsted comply 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 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 company policies.	X			<p>We have adopted an investor relations policy. The policy is available on our website.</p> <p>We have a sustainability commitment that commits us to engage with our stakeholders to better understand how we can continuously improve our sustainability</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
				<p>performance. We also have a stakeholder engagement policy and a local engagement stakeholder policy that lay out the principles and define how we engage with our stakeholders in practice. Our board of directors discusses the policies as part of their ordinary board work. The policies are available on our website.</p> <p>Our audit & risk committee supervises the sustainability reporting.</p>
1.1.3. The Committee recommends that the company publish quarterly reports.	X			<p>We publish quarterly interim financial reports.</p> <p>We prepare the reports in accordance with <i>IAS 34 Interim Financial Reporting</i> and the Danish rules for listed and state-owned companies.</p> <p>We also publish quarterly environmental, social and governance (ESG) reports.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<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. It is also possible to register participation at the general meetings via our website or via direct contact to our share registrar.
1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	X			Our proxy and postal vote forms allow shareholders to 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.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
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 our annual board evaluation in Q4 2019 in connection with which we considered the matters that should be included in the board of directors' performance of its work.
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			Our board of directors discussed our overall strategy at our strategy seminar in November 2019.
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 125-134 of our 2019 Annual Report.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
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			Our board of directors has prepared instructions to our executive board, which were last reviewed in November 2019.
2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	X			On a recurring basis, our board of directors discusses the composition, developments, risks and succession plans of our 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			Our 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 example a Code of Conduct for Business Partners that lays out our expectations to suppliers and other business partners regarding governance, human rights and the environment. The

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
				policies are available on our website.
<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			We have appointed a deputy chairman of our board of directors. The deputy chairman is appointed each year by the general meeting.
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.	X			The situation has not occurred. Should the situation occur, we intend to comply with the recommendation.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
3. Composition and organisation of the board of directors				
<i>3.1. Composition</i>				
3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary account for <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			Our board of directors has prepared a board competency profile, which is available on our website. Our 2019 Annual Report describes the composition of our board of directors, including the individual board member's special skills (pages 54-55 and 58 of the 2019 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			Our board of directors annually discusses our activities to ensure relevant diversity at management levels. We have a global diversity and 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	X			Our nomination & remuneration committee prepares recommendations regarding election of candidates for our board of directors as described in the terms of reference of the

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<p>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.</p>				<p>committee available on our website.</p>
<p>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 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>	X			<p>Our notice to the annual general meeting is prepared in accordance with the recommendation.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
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.	X			None of the members of our executive board are members of our board of directors. We have not had instances where a resigning chief executive officer was elected as chairman or deputy chairman of our board of directors.
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.	X			Board members elected by our general meeting are up for election every year at the annual general meeting, see 10.2 of our Articles of Association.
3.2. Independence of the board of directors				
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. To be considered independent, this person may not: <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 	X			It is our assessment that all board members elected by our general meeting are independent in accordance with the recommendation.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<p>remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,</p> <ul style="list-style-type: none"> • 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, • 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>				

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<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			Each member of our board of directors is asked to assess the expected time commitment for each function before taking on the responsibility. We have assessed the expected time commitment for each function, which can guide board candidates and board members.
3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors: <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, 	X			We refer to pages 54-55 in our 2019 Annual Report and the separate remuneration report available on orsted.com/remuneration2019 .

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<ul style="list-style-type: none"> 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 the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	X			<p>As part of the annual board evaluation in Q4 2019, our board of directors discussed and concluded that each of the board members allocates the necessary time to the board work, when taking their managerial positions outside Ørsted into consideration.</p>
<p>3.4. Board committees</p>				
<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 	X			<p>We have established a nomination & remuneration committee and an audit & risk committee.</p> <p>The information outlined in the recommendation is available on our website.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
each committee, and <ul style="list-style-type: none"> 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. 				
3.4.2. The Committee recommends that a majority of the members of a board committee be independent.	X			We consider all members of our audit & risk committee and our nomination & remuneration committee independent in accordance with recommendation 3.2.1.
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.	X			We have established an audit & risk committee and the committee chairman is not the chairman of our board of directors. The terms of reference of the committee are available on our website.
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: <ul style="list-style-type: none"> significant accounting policies, 	X			Prior to the approval of our annual report, our audit & risk committee monitors and reports to our board of directors about, among other things, the matters covered by the recommendation.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<ul style="list-style-type: none"> significant accounting estimates, related party transactions, and uncertainties and risks, including in relation to the outlook for the current year. 				
<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, 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. 	X			<p>We have established an internal audit function.</p> <p>Our audit & risk committee complies with the recommendation in terms of assessing, ensuring and monitoring the matters set out therein.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<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 members of management and report to the board of directors in this respect, • 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. 	X			<p>We have established a nomination & 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	How does Ørsted comply with the recommendation
<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 other companies in the group, recommending a remuneration policy applicable for the company in general and assisting with the preparation of the annual remuneration report. 	X			<p>We have established a nomination & 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	How does Ørsted comply with the recommendation
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.	X			If our nomination & remuneration committee engages external advisors, we ensure that the committee does not use the same advisors as our executive board.
<i>3.5. Evaluation of the performance of the board of directors and the executive board</i>				
<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 competencies, diversity and the number of members), • 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. 	X			<p>Our board of directors performed its annual board evaluation in Q4 2019.</p> <p>The evaluation procedure and the general conclusions are described in our 2019 Annual Report (pages 57-58) and on our website.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
<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>Our board of directors regularly discusses the structure, composition, work and performance of our executive board, including in connection with the annual settlement of the members of the executive board's performance agreements.</p>
<p>3.5.3. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.</p>	X			<p>Our chairman and chief executive officer regularly discuss the cooperation between our board of directors and executive board.</p> <p>Furthermore, the cooperation between our board of directors and executive board is covered by our board of directors' annual</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
				board evaluation, to which our executive board also provides input.
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				
<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 value creation and relevant related goals. <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</p>	X			<p>To align with the new requirements under the Shareholder Rights Directive II, we will, at the general meeting in March 2020, present an updated remuneration policy.</p> <p>Our current remuneration policy, which satisfies the recommendation, is available on our website.</p>

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
on the company's website.				
<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 years, and • 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. 	X			Our share program for the executive board, which was established in 2016, complies with the recommendation.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.	X			The remuneration of the members of our board of directors does not include share options or warrants.
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.	X			Our share program for the executive board complies 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 chief executive officer or chief financial officer, 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	X			We will include comments regarding the remuneration policy in our chairman's statement at the annual general meeting, if this is relevant.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
statement at the company's general meeting.				
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			A proposal for approval of remuneration for the board of directors for the current financial year is part of our ordinary agenda at the annual general meeting. We refer to section 7.3 (item no. 8) of our Articles of Association.
<p>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 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>	X			We prepare a remuneration report in line with the recommendation, which is available on our website.

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
5. Financial reporting, risk management and audits				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
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.	X			We refer to our 2019 Annual Report (pages 60-63).
<i>5.2. Whistleblower scheme</i>				
5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	X			We have established a whistle-blower hotline as described in our 2019 Annual Report (page 59). You can find more information about the hotline on our website.
<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	X			The auditor elected by our general meeting participates in all meetings of our audit & risk committee. The auditor meets with our board of directors when relevant and at least once a

Recommendation	Ørsted complies	Ørsted complies partially	Ørsted does not comply	How does Ørsted comply with the recommendation
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.				year.
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			The fee to the auditor elected by our general meeting is assessed annually by our audit & risk committee and presented to our board of directors for approval.