



# Our local community engagement

Building new energy infrastructure is an important element of continually renewing the systems we rely upon to provide energy to modern society. As a major developer of new energy infrastructure, not least in offshore wind, Ørsted recognises the value of engaging with the local communities we work in.

This policy sets out the guidelines for our local community engagement and will apply to all future decided investment projects.

All initiatives must naturally be in compliance with applicable laws and regulations, our Policy on Good Business Conduct, our Responsibility Policy, and our Sponsorship Policy.

## Local impact assessment

When Ørsted enters into development of new energy infrastructure projects, we consider it our responsibility and, in some markets, our obligation to assess the impact from any new construction project on its local community. Therefore, we engage in an early dialogue with relevant local stakeholders to understand their perspectives on the project and its local impact.

On this basis Ørsted determines how to engage with local community for each project to ensure that local community views are taken into account, and that the opportunities brought about by the project development can be accessed by the local community. This could be initiatives such as:

- Ensuring that local suppliers are aware of and have access to tenders that may be run for goods and services to the project.
- Training initiatives aimed at qualifying the local workforce to apply for jobs created by the project.
- Supporting local initiatives through targeted sponsorships.
- Providing long-term support for local development projects through the establishment of a Community Benefit Fund.

After due consideration of the needs and opportunities in the region and the impact of the project on the local community, Ørsted will make an assessment of the right set of initiatives in compliance with tender rules.

It will always be our preference to engage in initiatives that create opportunities for long-term economic benefits to a region. However, if such initiatives are not possible or feasible, we will explore the options for engaging in targeted local sponsorship initiatives or Community Benefit Funds.

If Ørsted decides to establish a Community Benefit Fund, the following guidelines must be followed:

## Guidelines for Community Benefit Funding

Community Benefit Funds (CBF) are established to benefit the local communities hosting large construction projects and for which other sources of local community benefits will be limited. As such, they represent a discretionary, charitable support to private stakeholders of the local community.

Ørsted may establish a CBF if other options to support the local community are limited. The size and commitment of the fund will be determined proportionately with the project's impact on the local community and will consider aspects such as the project's visual impact on the local community, the disruptive impact of the construction process, and the long-term effect for the local community.

- Community Benefit Funds can be established in the areas of our foot print where the use of CBFs is customary and where appropriate structures and guidelines have been established.

- Community benefit funding must be targeted charity benefiting the local area.
- The decision of community benefit funding must in no way be seen to influence the political or administrative decisions related to the planning process of the project.
- The dialogue with local community representatives on the CBF should be completed as an independent process in parallel to the project's planning process.
- Funds can be transferred to a CBF no earlier than the time of the related project's final investment decision (FiD) and can only be implemented if the project is realised.
- Each CBF must explicitly define and communicate the geographical funding zone and other eligibility criteria to be determined in consultation with the local community.
- The third party fund manager must be chosen in a transparent and competitive tender procedure.
- Ørsted is entitled to audit the third party fund manager and the funding made to the community and will do so from time to time, to ensure that funds are spent as agreed.

### Level and disclosure of contributions

- A project's total amount of community benefit funding will be decided on a case-by-case basis. The designated amount should be in proportion with the size of the investment.
- The amount of funding will be communicated openly and up front with a specified ceiling and/or expiry date.
- To ensure that any contributions made to Community Benefit Funds are completely transparent, it must be ensured that all agreements are publicly available so that there is no doubt as to the purpose of the contribution, the recipients, the time of payment or the conditions.
- On an annual basis, Ørsted will disclose the total spend on community benefit funds.
- All decisions regarding whether or not to agree on community benefit funding for a project are subject to approval by Ørsted's Compliance Committee, which will also monitor the execution of all CBF's.

### Management of a Community Benefit Fund

- A CBF must be managed by a third party in charge of ensuring that administration of the fund is at arm's length of Ørsted and local beneficiaries.
- Decisions on the specific donations of a CBF should be made after consultation with an advisory panel comprising representatives from the local community and up to one Ørsted representative. The Ørsted representative will not chair the advisory panel.
- Funding awards should be made against specific, pre-agreed criteria aligned with Ørsted's values and policies.
- The recruitment and replacement of panel members must be managed entirely by the third party fund manager.

**Approved by**  
 Ørsted's Board of Directors  
 May 2014