Ørsted

ESG performance report 2021

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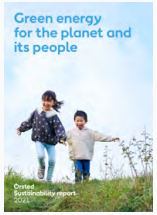

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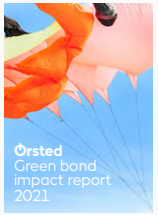


Green bond impact report 2021

Statutory corporate governance report 2021

1. Introduction

1.1 CFO's review

New 2040 SBTi-approved net-zero target and first full-year EU taxonomy reporting

- Our total installed renewable capacity increased by 15 % to 13.0 GW in 2021
- Our green share of energy continued to be at 90 % in 2021
- Scope 1 and 2 greenhouse gas intensity was 58 g CO_2e/kWh in 2021, just as in 2020
- Scope 3 greenhouse gas emissions decreased by 28 %
- EU taxonomy-eligible revenue was 66 %, EBITDA 90 %, CAPEX 99 %, and OPEX 80 %.

Renewable energy capacity

In 2021, we acquired and commissioned 996 MW new onshore wind capacity with the onshore wind farms from Brookfield Renewable Ireland (Q2), Western Trail (Q3), and Lincoln Land (Q4). We also commissioned 647 MW_{AC} of solar PV capacity with Permian Energy Center (Q2) and Muscle Shoals (Q3) as well as 40 MW_{AC} battery capacity from Permian Energy Center (Q2). This brought our total installed energy capacity up to 13.0 GW, a 15 % increase in 2021 compared to 2020.

Energy generation

Total generation increased by 15 % in 2021 compared to 2020.

Offshore wind power generation decreased by 9 % to 13.8 TWh in 2021, mainly due to significantly lower wind speeds.

Onshore wind power generation increased by 28 % to 7.3 TWh in 2021 compared to 2020 due to the new onshore wind capacity aquired and installed. In addition, our two new solar farms installed in 2021 generated 1.0 TWh.

Thermal heat generation increased by 19 % to 7.9 TWh, primarily due to the colder weather in 2021, compared to the same period last year.

Thermal power generation increased by 55 % to 6.9 TWh in 2021 compared to 2020. The increase was driven by higher condensing power generation due to high power prices and increased generation of combined heat and power due to the higher heat demand and power generation from delivering ancillary services to the grid.

Green share of energy

Our green share of heat and power generation was 90 % in 2021, just as in 2020.

The share of generation from offshore wind was 10 %-points lower in 2021 due to the lower than normal wind speeds and the increased generation from other energy sources.

The share of generation from sustainable biomass increased by 6 %-points due to the increased heat demand and higher power prices.

In addition, our new solar PV assets accounted for 3 % of total generation, and the onshore wind-based generation increased by 2 %-points compared to 2020.

The total fossil-based energy generation remained unchanged at 10 %.

Greenhouse gas emissions

In coordination with the launch of the new Net-Zero Corporate Standard by the Science Based Targets initiative (SBTi) in October 2021, our 2040 net-zero target was approved as science-based. The target covers all emissions across scope 1-3, it is aligned with limiting global warming to 1.5 °C, and it includes a set of emissions reduction targets and a commitment to limit the use of carbon removal projects to below 5-10 % of the total reduction from the base year 2018 to 2040.

Our greenhouse gas intensity (scope 1 and 2) in 2021 did not improve compared to the 2020 level of 58 g CO_2e/kWh due to the low wind speeds in 2021.

Our scope 3 emissions decreased by 28 % in 2021, mainly due to a 32 % decrease in natural gas sales following the divestment of our LNG activities in 2020, partly offset by increased scope 3 emissions from our new onshore wind and solar assets.

EU sustainability taxonomy

The taxonomy-eligible share of our revenue and EBITDA was 66 % and 90 %, respectively, in 2021. The taxonomy-eligible share of CAPEX was 99 %, whereas OPEX was 80 %. The taxonomy-non-eligible part of our revenue primarily concerned our long-term legacy activities related to sourcing and sale of natural gas.

In 2021, we started assessing our taxonomy alignment by comparing our company processes with the EU criteria for taxonomy alignment. Provided our current taxonomy alignment interpretation and approach align with future guidance and emerging best practice, we assess that all our taxonomy-eligible activities can be reported as taxonomy-aligned in 2022.

Marianne Wiinholt, CFO

1.2 ESG target overview

Note	Indicator	Unit	Target	2021	2020	Δ	2019	Review[1]
	Strategic targets							
3.1	Installed renewable capacity	MW	~50 GW (2030)	12,980	11,318	15 %	9,891	⊙
3.1	– Installed offshore capacity	MW	~15 GW (2025), ~30 GW (2030)	7,551	7,572	(0 %)	6,820	⊙
3.1	– Installed onshore capacity	MW	~17.5 GW (2030)	3,351	1,668	101 %	1,017	⊙
3.1	– Installed other (incl. PtX) capacity	MW	~2.5 GW (2030)	2,078	2,078	0 %	2,054	⊙
4.1	Green share of energy generation	%	95 (2023), 99 (2025)	90	90	0 %p	86	⊙
4.3	Greenhouse gas emissions (scope 3)	Million tonnes CO_2e	50 % reduction (2032)	18.2	25.3	(28 %)	34.6	⊙
4.3	Greenhouse gas emissions (scope 3: use of sold products (natural gas sales))	Million tonnes CO_2e	90 % reduction (2040)	14.2	22.0	(35 %)	30.4	⊙
4.4	Greenhouse gas intensity (scope 1 and 2)	g CO_2e/kWh	20 (2023), 10 (2025), 1 (2040)	58	58	0 %	65	⊙
4.4	Greenhouse gas intensity (scope 1, 2, and 3)	g CO_2e/kWh	2.9 (2040)[2]	165	162	2 %	214	⊙
5.1	Employee satisfaction	Index 0-100	Top 10 % (ongoing)[3]	77	78	(1)	77	⊙
5.4	Total recordable injury rate (TRIR)	Per million hours worked	2.5 (2025)	3.0	3.6	(17 %)	4.9	⊙
	Additional sustainability targets							
4.5	Certified sustainable wooden biomass sourced	%	100 (ongoing)	100	100	0 %p	96	⊙
4.5	Coal consumption	Thousand tonnes	0 (from Q2 2023)[4]	803	629	28 %	588	⊙
4.5	Own power consumption covered by renewable energy certificates	%	100 (ongoing)	100	100	0 %p	100	⊙
4.5	Electric vehicles in the company vehicle fleet	%	100 (2025)	41	38	3 %p	21	⊙
4.7	Total wind turbine blade waste directed to landfill	%	0 (ongoing)	0	0	0 %p	0	⊙
5.2	Gender with lowest representation (female)	%	40 (2030)[5]	31	30	1 %p	31	⊙

[1] All ESG data in this report marked with a '⊙' has been reviewed by PwC.
[2] Our GHG intensity (scope 1, 2, and 3) target excludes scope 3 emissions from use of sold products (natural gas sales).
[3] Our target is to have an employee satisfaction survey result in the top ten percentile every year compared to an external benchmark group.
[4] Our target is to stop using coal in 2023. Our plan is to close the last unit (Esbjerg Power Station) at the end of Q1 2023.
[5] Our new 2030 gender diversity ambition will be measured and assessed against three scopes: (1) senior directors and above, (2) people managers, and (3) all employees.

Net-zero greenhouse gas emissions (scope 1, 2, and 3) target for 2040

Our 2040 science-based target for net-zero greenhouse gas (GHG) emissions has been approved by the Science Based Targets initiative (SBTi) and is comprised of five GHG reduction targets (two near-term and three long-term targets). We will neutralise the residual emissions through certified carbon-removal projects.

Near-term targets:

1. A 50 % reduction in total scope 3 emissions by 2032 (from the base year 2018).
2. A reduction in GHG intensity (own operations) to less than 10 g CO_2e/kWh by 2025.

Long-term targets:

1. A 90 % reduction in scope 3 emissions from wholesale buying and selling of natural gas by 2040 (from the base year 2018).
2. A reduction in GHG intensity (scope 1-3) to 2.9 g CO_2e/kWh by 2040. This excludes scope 3 emissions from use of sold products (natural gas sales).
3. A reduction in GHG intensity (own operations) to less than 1 g CO_2e/kWh by 2040.

Wind turbine blade waste target

Our new waste target is to not landfill any wind turbine blades from our offshore and onshore wind farms in operation and upon decommissioning, effective from 2021.

Net-positive biodiversity impact target

Our new target for biodiversity is that no later than 2030, all newly commissioned projects must have a net-positive biodiversity impact.

1.3 Overview by business unit

Note	Indicator	Unit	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations	2021	2020	Δ	Review
AR 2.1	Revenue	DKK million	50,791	995	32,390	(6,503)	77,673	52,601[1]	48 %	◉
AR 2.1	EBITDA	DKK million	18,021	1,349	4,747	179	24,296	18,124[1]	34 %	◉
3.1	**Installed renewable capacity**	**MW**	**7,551**	**3,351**	**2,078**	**-**	**12,980**	**11,318**	**15 %**	◉
3.1	– Offshore wind power	MW	7,551	-	-	-	7,551	7,572	(0 %)	◉
3.1	– Onshore wind power	MW	-	2,654	-	-	2,654	1,658	60 %	◉
3.1	– Solar PV power	MW	-	657	-	-	657	10	6470 %	◉
3.1	– Battery storage	MW	-	40	21	-	61	21	190 %	◉
3.1	– Thermal biomass-based heat	MW	-	-	2,054	-	2,054	2,054	0 %	◉
3.1	– Biogas power (Renescience)	MW	-	-	3	-	3	3	0 %	◉
3.1	**Decided (FID'ed) renewable capacity**	**MW**	**3,386**	**1,337**	**2**	**-**	**4,725**	**4,068**	**16 %**	◉
3.1	**Awarded and contracted renewable capacity**	**MW**	**8,435**	**-**	**-**	**-**	**8,435**	**4,996**	**69 %**	◉
3.1	**Firm capacity (installed, FID'ed, and awarded/contracted capacity)**	**MW**	**19,372**	**4,688**	**2,080**	**-**	**26,140**	**20,382**	**28 %**	◉
3.2	Power generation capacity	MW	3,970	3,296	2,543	-	9,809	8,884	10 %	◉
3.2	Heat generation capacity, thermal	MW	-	-	3,353	-	3,353	3,487	(4 %)	◉
3.3	Power generation	GWh	13,808	8,352	6,890	-	29,050	25,424	14 %	◉
3.3	Heat generation	GWh	-	-	7,907	-	7,907	6,671	19 %	◉
4.1	Green share of energy generation	%	100	100	76	-	90	90	0 %p	◉
4.2	Greenhouse gas emissions (scope 1 and 2)	Thousand tonnes CO_2e	26	0	2,115	1	2,142	1,853	16 %	◉
4.3	Greenhouse gas emissions (scope 3)	Thousand tonnes CO_2e	170	1,722	16,262	25	18,179	25,333	(28 %)	◉
4.3	Greenhouse gas emissions (scope 3: use of sold products[2])	Thousand tonnes CO_2e	-	-	14,206	-	14,206	21,980	(35 %)	◉
4.4	Greenhouse gas intensity (scope 1 and 2)	g CO_2e/kWh	2	0	143	-	58	58	0 %	◉
4.4	Greenhouse gas intensity (scope 1, 2, and 3)[3]	g CO_2e/kWh	14	206	282	-	165	162	2 %	◉
5.1	Number of employees (as of 31 December)	FTEs	3,471	265	939	2,161	6,836	6,179	11 %	◉
5.4	Total recordable injury rate (TRIR)	Injuries per million hours worked	2.5	5.7	5.7	1.0	3.0	3.6	(17 %)	◉

◉ This financial statement line item is included in the audited financial statements for 2021.
[1] 2020 financial figures are based on the business performance principle.
[2] Scope 3 emissions from wholesale buying and selling of natural gas.
[3] Excludes scope 3 emissions from use of sold products (natural gas sales).

1.4 Overview by country

Note	Indicator	Unit	Denmark	The UK	Germany	The Netherlands	The US	Taiwan	Poland	Other countries	2021	2020	Δ	Review
3.1	**Installed renewable capacity**	**MW**	**3,061**	**4,400**	**1,346**	**752**	**3,054**	**45**	**-**	**322**	**12,980**	**11,318**	**15 %**	
3.1	– Offshore wind power	MW	1,006	4,372	1,346	752	30	45	-	-	7,551	7,572	(0 %)	
3.1	– Onshore wind power	MW	-	5	-	-	2,327	-	-	322	2,654	1,658	60 %	
3.1	– Solar PV power	MW	-	-	-	-	657	-	-	-	657	10	6470 %	
3.1	– Battery storage	MW	1	20	-	-	40	-	-	-	61	21	190 %	
3.1	– Thermal biomass-based heat	MW	2,054	-	-	-	-	-	-	-	2,054	2,054	0 %	
3.1	– Biogas power (Renescience)	MW	-	3	-	-	-	-	-	-	3	3	0 %	
3.1	**Decided (FID'ed) renewable capacity**	**MW**	**2**	**1,382**	**1,166**	**-**	**1,246**	**900**	**-**	**29**	**4,725**	**4,068**	**16 %**	
3.1	– Offshore wind power	MW	-	1,320	1,166	-	-	900	-	-	3,386	2,286	48 %	
3.1	– Onshore wind power	MW	-	62	-	-	566	-	-	29	657	665	(1 %)	
3.1	– Solar PV power	MW	-	-	-	-	680	-	-	-	680	1,117	(39 %)	
3.1	– Hydrogen	MW	2	-	-	-	-	-	-	-	2	-	-	
3.1	**Awarded and contracted renewable capacity**	**MW**	**-**	**-**	**-**	**-**	**4,972**	**920**	**2,543**	**-**	**8,435**	**4,996**	**69 %**	
3.1	**Firm capacity (installed, FID'ed, and awarded/contracted capacity)**	**MW**	**3,063**	**5,782**	**2,512**	**752**	**9,272**	**1,865**	**2,543**	**351**	**26,140**	**20,382**	**28 %**	
3.2	**Power generation capacity**	**MW**	**3,103**	**2,331**	**673**	**376**	**3,004**	**-**	**-**	**322**	**9,809**	**8,884**	**10 %**	
3.2	– Offshore wind	MW	563	2,328	673	376	30	-	-	-	3,970	4,379	(9 %)	
3.2	– Onshore wind	MW	-	-	-	-	2,327	-	-	322	2,648	1,658	60 %	
3.2	– Solar PV	MW	-	-	-	-	647	-	-	-	647	-	-	
3.2	– Thermal	MW	2,540	3	-	-	-	-	-	-	2,543	2,847	(11 %)	
3.2	**Heat generation capacity, thermal**	**MW**	**3,353**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,353**	**3,487**	**(4 %)**	
3.3	Power generation	GWh	8,806	7,882	2,022	1,904	8,099	-	-	337	29,050	25,424	14 %	
3.3	Heat generation	GWh	7,907	-	-	-	-	-	-	-	7,907	6,671	19 %	
4.1	Green share of energy generation	%	79	100	100	100	100	-	-	-	90	90	0 %p	
4.2	Greenhouse gas emissions (scope 1 and 2)	Thousand tonnes CO_2e	2,119	14	6	3	0	0	0	0	2,142	1,853	16 %	
4.4	Greenhouse gas intensity (scope 1 and 2)	g CO_2e/kWh	127	2	3	1	0	0	0	0	58	58	0 %	
5.1	Number of employees (as of 31 December)	FTEs	4,002	1,154	251	57	453	170	282	467	6,836	6,179	11 %	

1.5 Basis of reporting

About this report

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

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

- annual report 2021, consolidated ESG statements
- sustainability report 2021.

This report contains Ørsted's statement on the underrepresented gender in accordance with section 99 b of the Danish Financial Statements Act (Årsregnskabsloven). See note 5.2 'Gender diversity'.

ESG data quality and consolidation

All our ESG data are reported to the same consolidation system, and we apply the same processes and tools to our ESG reporting as to our financial reporting. The data is consolidated according to the same principles as the financial statements. Thus, the consolidated ESG performance data comprises the parent company Ørsted A/S and subsidiaries controlled by Ørsted A/S. Joint operations are also included with Ørsted's proportionate share.

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

The scoping and consolidation of health, safety, and environment (HSE) incidents deviate from the above-described principles. HSE incident data is collected using an operational scope. This means that irrespective of our ownership share, we include 100 % of injuries, environmental incidents, hours worked, etc., from all operations where Ørsted is responsible for HSE, including safety for our external suppliers.

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

ESG data selection and frameworks

We aim to develop our ESG data set in order to support our business and to disclose relevant and transparent information to our stakeholders. Several international ESG reporting frameworks are used as guidance in the data selection process (see notes 7.2-7.5 for more details).

Business changes impacting ESG data

There were no material business changes impacting the ESG data in 2021.

New ESG indicators in 2021

- Taxonomy-eligible revenue, OPEX, EBITDA, and CAPEX.
- Load factor and availability, solar PV.
- Greenhouse gas intensity (scope 1, 2, and 3).
- Water withdrawal: produced water.
- Total blade waste.
- Total blade waste directed to landfill.

Discontinued ESG indicators

- Energy efficiency, thermal generation.
- Wastewater from the oil pipeline.
- Other waste from production and administration.
- Learning and development indicator.
- Job years created by offshore wind farm value chain.

Revised ESG indicators

- Installed offshore wind power capacity.
- Offshore wind speed.

Financial scope

We use a financial scope for our data collection. Thus, the consolidated ESG performance data comprises data from the parent company Ørsted A/S and subsidiaries controlled by Ørsted A/S.

Financial consolidation

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

External review

All data in this report covered by the ESG review is marked with a '◎' in the tables. See the auditor's limited assurance report on page 41 for information about the external review.

2. EU taxonomy KPIs

2.1 Taxonomy-eligible KPIs

Economic activities, 2021	Revenue DKKm	Revenue %	OPEX DKKm	OPEX %	EBITDA DKKm	EBITDA %	CAPEX[1] DKKm	CAPEX[1] %	Review
Taxonomy-eligible activities	**51,326**	**66**	**4,586**	**80**	**21,803**	**90**	**49,960**	**99**	
– Electricity generation using solar PV (4.1) and wind power (4.3)	43,700	56	4,080	71	19,314	80	49,165	97	
– Cogeneration of heat/cool and power from bioenergy (4.20)	7,626	10	506	9	2,489	10	795	2	
Taxonomy-non-eligible activities	**26,347**	**34**	**1,174**	**20**	**2,493**	**10**	**455**	**1**	
– Gas sales	16,270	21	-	-	1,846	8	-	-	
– Coal-based activities	1,790	2	-	-	560	2	-	-	
– Other activities[2]	8,287	11	-	-	87	0	-	-	
Total	**77,673**	**100**	**5,760**	**100**	**24,296**	**100**	**50,415**	**100**	

[1] The taxonomy-eligible ratio for CAPEX additions is also used to calculate taxonomy-eligible gross investments (39,307 DKKm) (see annual report 2021, p. 98).
[2] Other activities primarily consist of non-eligible power sales (incl. end customer sales), gas- and oil-based generation at the CHPs, oil distribution, and trading.

Taxonomy-eligible revenue

Our share of revenue associated with taxonomy-eligible activities in 2021 was 66 %. This proportion mainly included revenue from our offshore wind, onshore wind, and solar farms (56 %) and from our sustainable biomass-based activities at our Danish combined heat and power (CHP) plants (10 %).

Our share of revenue from taxonomy-non-eligible activities was primarily associated with our long-term legacy activities related to the sourcing and sale of natural gas (21 %). Furthermore, our coal-based heat and power generation from the CHP plants accounts for 2 % of the non-eligible revenue. As planned, coal will be phased out completely in 2023.

Taxonomy-eligible OPEX

Our taxonomy-eligible share of OPEX in 2021 was 80 % and mainly related to the maintenance of our offshore wind, onshore wind, and solar farms.

Taxonomy-eligible EBITDA

Our taxonomy-eligible share of EBITDA in 2021 was 90 % and primarily included earnings from our offshore and onshore wind farms, including divestment gains, and our solar farms (80 %). Heat and power generation from our CHP plants using sustainable biomass also contributes to the share (10 %). The taxonomy-non-eligible share primarily concerned the gas sales business (7 %) and the coal-based part of our CHP activities (2 %).

The higher share of taxonomy-eligible EBITDA compared to the share of taxonomy-eligible revenue is primarily due to the nature of our gas business and the sale of power to end customers, which have a significantly lower margin than our wind power generation and construction agreements. It is also due to farm-down gains on our wind farms.

Taxonomy-eligible CAPEX

Our taxonomy-eligible share of CAPEX in 2021 was 99 % and mainly related to the construction of our offshore wind, onshore wind, and solar farms.

Taxonomy-eligible indicators development

Our strategic targets, including our build-out of new renewable capacity (documented with a taxonomy-eligible CAPEX of 99 %) and continued phase-out of the fossil-based legacy part of the business (coal-based energy generation capacity in 2023 and natural gas sales towards 2040), will all drive an increase in our eligible revenue in the years to come.

Towards taxonomy alignment

The Taxonomy Regulation sets out a three-step approach towards taxonomy alignment of economic activities:

1) Substantially contribute to one or more of the six environmental objectives, of which we have selected 'climate change mitigation' as most relevant for Ørsted.
2) Do no significant harm to the other five environmental objectives.
3) Comply with the minimum safeguards covering social and governance standards.

We have begun our taxonomy alignment process by assessing and documenting compliance with steps 1-3 for all our eligible activities. To do so, we have based our work on the relevant company processes we have in place for each EU-defined criterion relevant to our activities. By describing and documenting existing processes to manage environmental and social risks, we ensure a company-wide compliance approach and get a clear overview of which processes are central to ensure taxonomy alignment.

The Climate Delegated Act will enter into force in 2022, with expected further guidance from the European Commission. We will continue to be part of industry best practice and will update our approach as it evolves. Provided our current taxonomy alignment interpretation and approach align with such guidance and emerging best practice, we expect all our taxonomy-eligible activities to be reported as taxonomy-aligned at the latest by the end of the financial year 2022.

2.1 Taxonomy-eligible KPIs – continued

Accounting policies

Our accounting policies for these calculations are based on our best interpretation of the EU Taxonomy Regulation and delegated acts and the currently available guidelines from the European Commission.

Taxonomy-eligible and non-eligible activities
Three primary activities have been identified in the taxonomy that are currently relevant for Ørsted: electricity generation using solar PV technology (4.1) and from wind power (4.3) and cogeneration of heat/cool and power from bioenergy (4.20). Taxonomy-non-eligible activities are classified into gas sales, coal-based activities, and other activities.

Taxonomy-eligible KPIs
The revenue, OPEX, EBITDA, and CAPEX associated with these taxonomy activities are determined.

Taxonomy-eligible revenue
The share of Ørsted's taxonomy-eligible revenue is calculated as the revenue derived from products or services associated with taxonomy-eligible economic activities as a proportion of Ørsted's total net revenue (see annual report 2021, p. 90).

Revenue associated with electricity generation using solar PV technology (taxonomy activity 4.1) is derived from selling power (including hedging) generated at our own solar farms that we construct and operate as well as from balancing third-party solar farms.

Revenue associated with electricity generation from wind power (taxonomy activity 4.3) is derived from selling power (including hedging and trading) and associated renewable certificates from our own offshore and onshore wind farms, from balancing third-party wind farms, and from subsidies granted for offshore and onshore wind power generation. It is also from constructing, operating, and maintaining offshore wind farms on behalf of partners.

Revenue associated with cogeneration of heat/cool and power from bioenergy (taxonomy activity 4.20) is derived from selling heat and power (including hedging) and residual products generated at our combined heat and power (CHP) plants when using sustainable biomass as an energy source and from subsidies granted for biomass-based generation at our CHP plants.

Taxonomy-eligible OPEX and CAPEX
The share of Ørsted's taxonomy-eligible OPEX is calculated as the OPEX related to assets or processes associated with taxonomy-eligible economic activities as a proportion of Ørsted's OPEX that is included in 'Other external expenses' (see annual report 2021, p. 73).

The share of Ørsted's taxonomy-eligible CAPEX is calculated as the CAPEX related to assets or processes associated with taxonomy-eligible economic activities as a proportion of Ørsted's CAPEX that is accounted for based on IAS 16 (73: (e) (i) and (iii)), IAS 38 (118: (e) (i)), and IFRS 16 (53: (h)) and thereby included in 'Additions' (see annual report 2021, p. 101).

Taxonomy-eligible EBITDA
This is a voluntary disclosure that builds on the same principles applied to taxonomy-eligible revenue.

The share of Ørsted's taxonomy-eligible EBITDA is calculated as the EBITDA derived from products or services associated with taxonomy-eligible economic activities as a proportion of Ørsted's total net EBITDA (see annual report 2021, p. 73). EBITDA is split into the three taxonomy activities based on the same activities as listed for revenue.

Key assumptions

In light of the current lack of guidance and industry alignment, we have had to define a set of key assumptions to practically implement the taxonomy. We believe these key assumptions are currently most correct to apply for our business, but we are aware that these assumptions may need to be adjusted in 2022 if they differ from new official guidance expected from the European Commission or from industry standard practices.

Linkage principle
In calculating each taxonomy-eligible proportion, a 'linkage principle' has been applied, stipulating that any revenue, EBITDA, OPEX, or CAPEX that can be justifiably linked to an identified taxonomy economic activity can be classified as taxonomy-eligible.

Using this principle, we believe we can justifiably link revenue and EBITDA from our balancing activities, hedging, and trading to our taxonomy-eligible activities when the activity is undertaken to directly support the eligible activities. Therefore, when we are responsible for balancing renewable assets that have activities in the taxonomy, and when we hedge power price exposures for power sales from wind and solar PV generation, it is assumed that any associated revenue or EBITDA is taxonomy-eligible.

Proxies
Where the financial numbers are not appropriately split into the correct activity in the financial account set-up, proxies have been used to split the numbers.

Two proxies have been used:
1) The ratio of purchased power volumes from renewable versus non-renewable assets – applied to revenue and EBITDA from balancing activities.
2) The green share of energy generation for Bioenergy & Other (see note 4.1 'Green share of energy generation', p. 19) – applied to revenue and EBITDA from heat and power generation and related activities at the CHP plants and to OPEX and CAPEX for the CHP plants.

Materiality
There are other taxonomy activities in Ørsted's portfolio, but their associated financial numbers are currently below certain materiality thresholds that we have defined, so these are not separated out in the split of activities. For example, our activities related to battery storage are included in taxonomy activity 4.1, and our balancing activities of third-party biogas plants are included in taxonomy activity 4.3. For the same reason, activities at our Renescience facility that can be found in the taxonomy are not separated out, but instead categorised as non-eligible.

OPEX scope
As the defined scope of OPEX included in the Article 8 Disclosures Delegated Act is open to interpretation, and as specific industry guidance on what to include in the calculation is not yet available, we have chosen to use 'Other external expenses', as this is our best-aligned number to the OPEX definition in the Delegated Act.

3. Business drivers

3.1 Renewable capacity

Indicator	Unit	Target	2021	2020	Δ	2019	Review
Installed renewable capacity	**MW**	**~50 GW (2030)**	**12,980**	**11,318**	**1,662**	**9,891**	
Offshore, wind power	MW	~30 GW (2030)[1]	7,551	7,572	(21)	6,820	
Onshore	MW	~17.5 GW (2030)	3,351	1,668	1,683	1,017	
– Wind power	MW		2,654	1,658	996	987	
– Solar PV power[2]	MW		657	10	647	10	
– Battery storage[2]	MW		40	-	40	20	
Other (incl. PtX)	MW	~2.5 GW (2030)	2,078	2,078	-	2,054	
– Biomass, thermal heat	MW		2,054	2,054	-	2,053	
– Biogas power	MW		3	3	-	-	
– Battery storage[2]	MW		21	21	-	1	
Decided (FID'ed) renewable capacity	**MW**		**4,725**	**4,068**	**657**	**4,129**	
Offshore, wind power	MW		3,386	2,286	1,100	3,038	
Onshore	MW		1,337	1,782	(445)	1,091	
– Wind power	MW		657	665	(8)	671	
– Solar PV power[2]	MW		680	1,077	(397)	420	
– Battery storage[2]	MW		-	40	(40)	-	
Other (incl. PtX), hydrogen	MW		2	-	2	-	
Awarded and contracted renewable capacity	**MW**		**8,435**	**4,996**	**3,439**	**4,996**	
Offshore, wind power	MW		8,435	4,996	3,439	4,996	
Sum of installed and FID'ed capacity	**MW**		**17,705**	**15,386**	**2,319**	**14,020**	
Firm capacity (installed, FID'ed, and awarded/contracted)	**MW**		**26,140**	**20,382**	**5,758**	**19,016**	

[1] Additional target is ~15 GW in 2025. [2] Both the solar PV and battery storage capacities are measured in megawatts of alternating current (MW_{AC}).

Additions for the last 12 months

● Installed capacity ● Decided (FID'ed) capacity ● Awarded (offshore) and contracted (onshore) capacity

Q1 2021

Helena Energy Center, onshore wind (268 MW)
Helena Energy Center, solar PV (250 MW_{AC})

H2RES demo project, renewable hydrogen (2 MW)

Q2 2021

Permian Energy Center, solar PV (420 MW_{AC})
Permian Energy Center, battery storage (40 MW_{AC})
Lincoln Land, onshore wind (302 MW)
Ocean Wind 2, offshore wind (1,148 MW)

Brookfield Renewable, onshore wind (322 MW)

Brookfield Renewable, onshore wind (5 MW)
Brookfield Renewable, onshore wind (62 MW)

Baltica 2 & 3, offshore wind (2,543 MW)

Q3 2021

Western Trail, onshore wind (367 MW)
Muscle Shoals, solar PV (227 MW_{AC})

Q4 2021

Lincoln Land, onshore wind (302 MW)
Skipjack Wind 2, offshore wind (846 MW)

Borkum Riffgrund 3, offshore wind (913 MW)
Gode Wind 3, offshore wind (253 MW)

Lisheen 3, onshore wind (29 MW)

Accounting policies

Installed renewable capacity
The installed renewable capacity is calculated as renewable gross capacity installed by Ørsted accumulated over time. We include all capacities after commercial operation date (COD) has been reached, and where we had an ownership share and an EPC role (engineering, procurement, and construction) in the project. Capacities from acquisitions are added to the installed capacity. For installed renewable thermal capacity, we use the heat capacity as heat is the primary outcome of thermal energy generation, and as bioconversions of the combined heat and power plants are driven by heat contracts.

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

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

3.2 Generation capacity

Indicator	Unit	2021	2020	Δ	2019	Review
Power generation capacity	**MW**	**9,809**	**8,884**	**925**	**7,489**	
Offshore wind	MW	3,970	4,379	(409)	3,627	
– Denmark	MW	563	563	-	563	
– The UK	MW	2,328	2,342	(14)	2,342	
– Germany	MW	673	692	(19)	692	
– The Netherlands	MW	376	752	(376)	-	
– The US	MW	30	30	-	30	
Onshore wind	MW	2,649	1,658	991	987	
– The US	MW	2,327	1,658	669	987	
– Ireland and the UK	MW	322	-	322	-	
Solar PV, the US	MW	647	-	647	10	
Thermal	MW	2,543	2,847	(304)	2,865	
– Denmark (CHP plants)	MW	2,540	2,844	(304)	2,865	
– The UK (Renescience)	MW	3	3	-	-	
Heat generation capacity, thermal	**MW**	**3,353**	**3,487**	**(134)**	**3,560**	
Based on biomass	MW	2,032	2,022	10	2,053	
Based on coal	MW	1,300	1,300	-	1,385	
Based on natural gas	MW	1,617	1,761	(144)	1774	
Heat generation capacity, electric	**MW**	**25**	**25**	**-**	**25**	
Power generation capacity, thermal	**MW**	**2,543**	**2,847**	**(304)**	**2,865**	
Based on biomass	MW	1,228	1,228	-	1,216	
Based on coal	MW	991	991	-	1,019	
Based on natural gas	MW	951	995	(44)	1,010	
Based on biogas (Renescience)	MW	3	3	-	-	

Our power generation capacity increased by 10 % to 9,808 MW in 2021.

Offshore wind power generation capacity decreased by 409 MW due to the divestment of 50 % of Borssele 1 & 2 in Q2 2021. Onshore wind power generation capacity increased by 991 MW due to the acquisition of Brookfield Renewable (322 MW) and Lincoln Land (302 MW) and the commissioning of Western Trail (367 MW).

Solar PV power generation capacity increased to 647 MW_{AC} due to the commissioning of Permian Energy Center (420 MW_{AC}) and Muscle Shoals (227 MW_{AC}).

Thermal heat generation capacity was reduced by 134 MW, primarily due to the natural gas-fired unit 7 at H.C. Ørsted Power Station being taken out of operation on 1 July 2021.

Thermal power generation capacity was reduced by 304 MW. This was due to the oil-fired back-up unit 21 at Kyndby Power Station (260 MW) and the power part of the natural gas-fired combined heat and power unit 7 at H.C. Ørsted Power Station (44 MW) both being taken out of operation on 1 April 2021 and 1 July 2021, respectively.

Accounting policies

Power generation capacity
Power generation capacity from an offshore wind farm is calculated and included from the time when the individual wind turbine has passed a 240-hour test. Power generation capacity for onshore wind and solar PV is included after commerical operation date (COD) has been reached. The offshore wind farms Gunfleet Sands 1 & 2 and Walney 1 & 2 have been consolidated according to ownership interest. Other wind farms, solar farms, and CHP plants have been financially consolidated.

Heat and power generation capacity, thermal
Thermal heat and power generation capacity is a measure of the maximum capability to generate heat and power. The capacity can change over time with plant modifications. For each CHP plant, the capacity is given for generation with the primary fuel mix. Overload is not included. CHP plants which have been taken out of primary operation and put on standby are not included.

Fuel-specific thermal heat and power generation capacities measure the maximum capacity using the specified fuel as primary fuel at the multi-fuel plants. They cannot be added to total thermal capacity, as they are defined individually for each fuel type for our multi-fuel plants. All fuels cannot be used at the same time. Therefore, the total sum amounts to more than 100 %.

3.3 Energy generation

Indicator	Unit	2021	2020	Δ	2019	Review
Power generation	**GWh**	**29,050**	**25,424**	**14 %**	**20,118**	
Offshore wind	GWh	13,808	15,248	(9 %)	11,965	
– Denmark	GWh	1,918	2,165	(11 %)	2,209	
– The UK	GWh	7,880	9,456	(17 %)	7,416	
– Germany	GWh	2,022	2,300	(12 %)	2,220	
– The Netherlands	GWh	1,904	1,207	58 %	-	
– The US	GWh	84	120	(30 %)	120	
Onshore wind	GWh	7,334	5,731	28 %	3,498	
– The US	GWh	6,997	5,731	22 %	3,498	
– Ireland and the UK	GWh	337	-	-	-	
Solar PV, the US	GWh	1,018	7	14,443 %	15	
Thermal	GWh	6,890	4,438	55 %	4,640	
Heat generation	**GWh**	**7,907**	**6,671**	**19 %**	**8,312**	
Total heat and power generation	**GWh**	**36,957**	**32,095**	**15 %**	**28,430**	
– Of which, wind and solar PV power generation	GWh	22,160	20,986	6 %	15,478	
– Of which, thermal heat and power generation	GWh	14,797	11,109	33 %	12,952	
– Of which, thermal heat and power generation	%	40	35	5 %p	46	

Offshore wind power generation decreased by 9 % to 13.8 TWh in 2021 relative to 2020. The decrease was mainly due to significantly lower wind speeds and the divestment of 50 % of Borssele 1 & 2 in May 2021, only partly offset by ramp-up of generation from Borssele 1 & 2.

Onshore wind power generation increased by 28 % in 2021 relative to 2020. The increase was primarily due to additional generation from the new onshore assets acquired and installed during 2021, partly offset by slightly lower wind speeds.

Solar PV generation amounted to 1.0 TWh from our two new solar assets commissioned in Q2 and Q3 2021.

Thermal power generation increased by 55 % in 2021 compared to 2020, primarily due to higher power prices and higher combined heat and power generation, driven by higher heat demand as well as power generation from delivering ancillary services to the grid.

Heat generation was 19 % higher in 2021 relative to 2020 due to colder weather in 2021.

Accounting policies

Power generation
Power generation from wind and solar farms is determined as generation sold. The offshore wind farms Gunfleet Sands 1 & 2 and Walney 1 & 2 have been consolidated according to ownership interest. Other wind farms, solar farms, and CHP plants have been financially consolidated.

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

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

3.4 Energy business drivers

Indicator	Unit	2021	2020	Δ	2019	Review
Offshore wind						
Wind speed	m/s	9.1	10.0	(9 %)	9.2	
Wind speed, normal wind year	m/s	9.7	9.7	0 %	9.2	
Availability	%	94	94	0 %p	93	
Load factor	%	39	45	(6 %p)	42	
Onshore wind, the US						
Wind speed	m/s	7.4	7.6	(3 %)	7.3	
Wind speed, normal wind year	m/s	7.6	7.5	1 %	7.5	
Availability	%	96	96	0 %p	98	
Load factor	%	42	45	(3 %p)	45	
Onshore wind, Ireland						
Wind speed	m/s	5.1	-	-	-	
Availability	%	96	-	-	-	
Load factor	%	20	-	-	-	
Solar PV, the US						
Availability	%	96	-	-	-	
Load factor	%	24	-	-	-	
Other						
Degree days, Denmark	Number	2,820	2,432	16 %	2,399	

Offshore wind

Offshore wind speeds in 2021 were below a normal wind year and 9 % lower than in 2020. Availability in 2021 was at the same level as in 2020. The lower wind speeds resulted in a 6 %-points decrease of the load factor in 2021 compared to 2020.

Onshore wind, the US

Onshore wind speeds in 2021 were 3 % below a normal wind year and 3 % below 2020.

Availability was at the same level in 2021 as in 2020. This led to a 3 %-points lower load factor in 2021 compared to 2020.

Other

The number of degree days in 2021 was 16 % higher than in 2020, reflecting that the weather in 2021 was significantly colder than in 2020.

Accounting policies

Wind speed
Wind speeds for the areas where Ørsted's offshore and onshore wind farms are located are provided to Ørsted by an external supplier, except for our new Irish onshore assets where wind speeds are measured on site. Wind speeds are weighted on the basis of the capacity of the individual wind farms and consolidated to an Ørsted total for offshore and onshore, respectively. 'Normal wind speed' is a historical wind speed average (over a minimum 20-year period).

Availability
Availability is calculated as the ratio of actual production to the possible production, which is the sum of lost production and actual production in a given period. The production-based availability (PBA) is impacted by grid and wind turbine outages, which are technical production losses. PBA is not impacted by market-requested shutdowns and wind farm curtailments as these are due to external factors. Total availability is determined by weighting the individual wind farm's availability against its capacity.

Load factor
The load factor is calculated as the ratio between actual generation over a period relative to potential generation, which is possible by continuously exploiting the maximum capacity over the same period. The load factor is commercially adjusted. This means that the offshore wind farm has been financially compensated by the transmission system operators when it is available for generation, but the output cannot be supplied to the grid due to maintenance or grid interruptions. New offshore wind turbines are included in the calculations of availability and load factor once they have passed a 240-hour test. Onshore wind turbines are included once they have passed commercial operation date (COD).

Degree days
The number of degree days expresses the difference between an average indoor temperature of 17 °C and the outside mean temperature for a given period. It helps compare the heat demand for a given year with a normal year.

3.5 Energy sales

Indicator	Unit	2021	2020	Δ	2019	Review
Gas sales	**GWh**	**61,349**	**90,347**	**(32 %)**	**124,951**	
Power sales	**GWh**	**25,020**	**29,152**	**(14 %)**	**27,615**	
– Green power to end customers[1]	GWh	4,062	7,452	(45 %)	8,908	
– Regular power to end customers[2]	GWh	3,044	2,935	4 %	4,156	
– Power wholesale	GWh	17,914	18,765	(5 %)	14,551	

[1] Power sold with renewable certificates.
[2] Power sold without renewable certificates.

Accounting policies

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

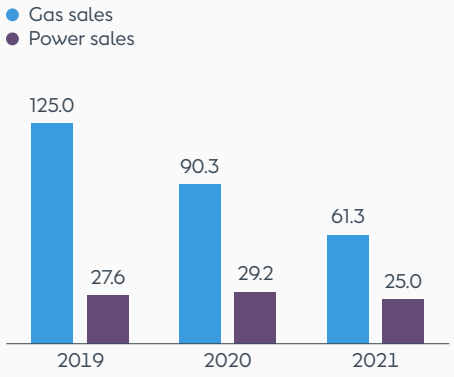
Gas sales decreased by 32 % to 61.3 TWh in 2021 compared to 2020. This was primarily due to the divestment of the LNG business in December 2020.

Power sales decreased by 14 % at 25.0 TWh in 2021 compared to 2020. This was due to a 45 % decrease in green power sales to end customers to 4.1 TWh in 2021, primarily due to decreased power volumes in our UK B2B business following a partial divestment of these activities in April 2021 and the divestment of the Danish B2C customers in August 2020.

The decrease in power sales in 2021 was also due to a 5 % decrease in power wholesale to 17.9 TWh. This was primarily due to a decrease in the sale of our partners' share of generation from our wind farms due to lower wind speeds, partly offset by an increase in wholesale in the UK after the partial divestment of our B2B customers.

After the divestment, we will, for a limited time period, continue to sell the same power volumes to the company that acquired our B2B customers (i.e. wholesale), instead of selling directly to end customers.

Gas and power sales, TWh



4. Environment

Climate

19 Green share of energy generation
20 Greenhouse gas (GHG) emissions, scope 1 and 2
21 Greenhouse gas (GHG) emissions, scope 3
22 Greenhouse gas (GHG) intensity
23 Energy consumption

Nature

24 Biodiversity – protected areas
25 Biodiversity – endangered species
26 Waste
27 Water
28 Environmental incidents, NO_X, and SO_2

4.1 Green share of energy generation

Indicator	Unit	Target	2021	2020	Δ	2019	Review
Total heat and power generation	**%**		**100**	**100**	**0 %p**	**100**	
– From offshore wind	%		37	47	(10 %p)	42	
– From onshore wind	%		20	18	2 %p	13	
– From solar PV	%		3	0	3 %p	0	
– From sustainable biomass	%		30	24	6 %p	31	
– From other renewable energy sources	%		0	1	(1 %p)	0	
– From coal	%		8	7	1 %p	9	
– From natural gas	%		2	3	(1 %p)	5	
– From other fossil energy sources	%		0	0	0 %p	0	
Green share of energy generation	**%**	**95 (2023), 99 (2025)**	**90**	**90**	**0 %p**	**86**	
– Offshore	%		100	100	0 %p	100	
– Onshore	%		100	100	0 %p	100	
– Bioenergy & Other	%		76	71	5 %p	68	

In 2021, we maintained the green share of energy generation at 90 %, in line with 2020.

The share of generation from offshore wind decreased by 10 %-points as offshore generation was reduced by 9 %, whereas onshore and thermal generation increased by 28 % and 55 %, respectively.

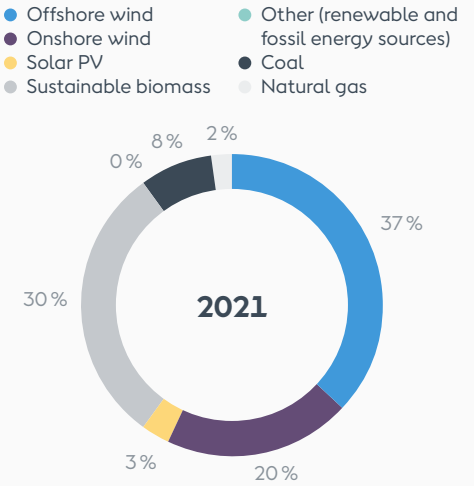
The share of onshore wind generation increased by 2 %-points due to new onshore generation capacity. Solar PV power accounted for 3 % of the total energy generation in 2021.

The share of generation based on sustainable biomass increased by 6 %-points due to higher heat generation because of the cold weather in 2021 and due to sustainable biomass being more cost-competitive than coal for power generation in part of 2021, including during the summer period where heat generation was low.

The share of coal-based generation was up 1 %-point in 2021, and natural gas-based generation was down 1 %-point.

We are regulatorily obliged to make all of our energy capacity available to the market in the most cost-efficient way, and until our coal-based generation capacity is fully phased out in 2023, we may see fluctuations in coal consumption driven by supplier obligations, market conditions, and weather conditions.

Total heat and power generation by energy source



Accounting policies

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

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

The percentage shares of the individual energy sources are calculated by dividing the generation from the individual energy source by the total generation.

The following energy sources and fuels are considered to be renewable energy: wind, solar PV, sustainable biomass, biogas, and power sourced with renewable energy certificates. The following energy sources are considered to be fossil energy sources: coal, natural gas, and oil.

4.2 Greenhouse gas (GHG) emissions, scope 1 and 2

Indicator	Unit	2021	2020	Δ	2019	Review
Direct GHG emissions (scope 1)						
Total scope 1 GHG emissions	Thousand tonnes CO_2e	2,142	1,851	16 %	1,846	
– Covered by the EU Emissions Trading System	%	97	97	0 %p	96	
Indirect GHG emissions (scope 2)						
Location-based	Thousand tonnes CO_2e	53	111	(52 %)	123	
Market-based	Thousand tonnes CO_2e	1	2	(50 %)	4	
Avoided carbon emissions	Million tonnes CO_2e	**15.1**	**13.1**	**15 %**	**11.3**	
– From wind generation, offshore	Million tonnes CO_2e	7.3	8.1	(10 %)	7.6	
– From wind and solar PV generation, onshore	Million tonnes CO_2e	5.4	3.5	54 %	2.3	
– From biomass-converted generation	Million tonnes CO_2e	2.4	1.5	60 %	1.4	

Scope 1 greenhouse gas (GHG) emissions increased by 16 % from 2020 to 2021. The main driver was the increase in the use of coal at Esbjerg and Studstrup power stations due to the increased heat and power demand and the delivery of ancillary services, partly offset by a decrease in the use of natural gas.

In 2021, fossil fuel-based heat and power generation was accountable for 98 % of the total scope 1 emissions. The remaining 2 % of scope 1 emissions originated from other fuel consumption, including gas combustion, cars, and vessels.

The main source of location-based scope 2 emissions was power purchased for the generation of heat in boilers at our CHP plants. Other sources were power consumption during standstill and shutdown periods at our CHP plants and wind farms as well as heat and power for office buildings.

All power purchased to cover our own consumption is certified green power. Therefore, our market-based scope 2 GHG emissions from power consumption amounted to 0 tonnes CO_2e and the remaining 1000 tonnes CO_2e came from our heat consumption.

The avoided carbon emissions increased by 15 % due to the increase in onshore wind, solar PV, and sustainable biomass generation, partly offset by lower avoided emissions from offshore wind power generation due to lower wind speeds.

Accounting policies

Direct GHG emissions (scope 1)
The reporting of direct scope 1 emissions is based on the Greenhouse Gas Protocol and covers all direct emissions of greenhouse gases from Ørsted: carbon dioxide, methane, nitrous oxide, and sulphur hexafluoride. The direct carbon emissions from the combined heat and power plants are determined on the basis of the fuel quantities used in accordance with the EU Emissions Trading System (ETS). Carbon dioxide and other greenhouse gas emissions outside the EU ETS scheme are, for the most part, calculated as energy consumption multiplied by emission factors.

Indirect GHG emissions (scope 2)
The reporting of indirect scope 2 emissions is based on the Greenhouse Gas Protocol and includes the indirect GHG emissions from the generation of power, heat, and steam purchased and consumed by Ørsted. Scope 2 emissions are primarily calculated as the power volumes purchased multiplied by country-specific emission factors. Location-based emissions are calculated based on average emission factors for each country, whereas market-based emissions take the green power purchased into account and assume that the regular power is delivered as residual power where the green part has been taken out.

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

The carbon emission factor from fossil fuels is based on an average fossil-fuel mix in the specific country or US state. Data is extracted from the International Energy Agency (IEA) and the US Environmental Protection Agency (EPA).

Power generation at a wind farm does not have direct carbon emissions, and indirect emissions from a wind farm are not included. The avoided carbon emissions are calculated as the wind farm's generation multiplied by the emission factor.

The avoided carbon emissions due to the conversions of the CHP plants and the subsequent switch from fossil fuels to sustainable biomass are calculated on the basis of the energy content of the fuel used at the CHP plants. It is assumed that the use of 1 GJ of sustainable biomass fuel avoids the use of 1 GJ of fossil fuels. The upstream carbon emissions from production, manufacture, and transport of sustainable biomass are included in the calculation.

The accounting policies for avoided carbon emissions follow the principles of the GHG Project Protocol and the United Nation's Framework Convention on Climate Change (UNFCCC) methodology.

4.3 Greenhouse gas (GHG) emissions, scope 3

Indicator	Primary source of emission	Unit	Target	2021	2020	Δ	2019	Review
Indirect GHG emissions (scope 3)		Thousand tonnes CO_2e	**50 % (2032)[1]**	**18,179**	**25,333**	**(28 %)**	**34,604**	
C1: purchased goods and services		Thousand tonnes CO_2e		324	242	34 %	244	
C2: capital goods	Installed assets	Thousand tonnes CO_2e		1,621	657	147 %	740	
C3: fuel- and energy-related activities	Regular power sales	Thousand tonnes CO_2e		2,011	2,437	(17 %)	3,217	
C4: upstream transportation and distribution		Thousand tonnes CO_2e		1	1	0 %	1	
C5: waste generated in operations		Thousand tonnes CO_2e		1	1	0 %	0	
C6: business travel		Thousand tonnes CO_2e		3	3	0 %	13	
C7: employee commuting		Thousand tonnes CO_2e		9	9	0 %	9	
C9: downstream transport and distribution		Thousand tonnes CO_2e		3	3	0 %	3	
C11: use of sold products	Natural gas sales	Thousand tonnes CO_2e	90 % (2040)[2]	14,206	21,980	(35 %)	30,377	

[1] Our target is a 50 % reduction in total scope 3 emissions from the base year 2018.
[2] Our target is a 90 % reduction in scope 3 emissions from wholesale buying and selling of natural gas from the base year 2018.

Scope 3 greenhouse gas emissions decreased by 28 % from 2020 to 2021, primarily driven by the 32 % reduction in gas sales.

Scope 3 emissions from capital goods increased by 147 % due to the commissioning of Permian Energy Center (solar PV) in Q2, Western Trail (onshore wind) in Q3, Muscle Shoals (solar PV) in Q3, and Lincoln Land (onshore wind) in Q4 2021.

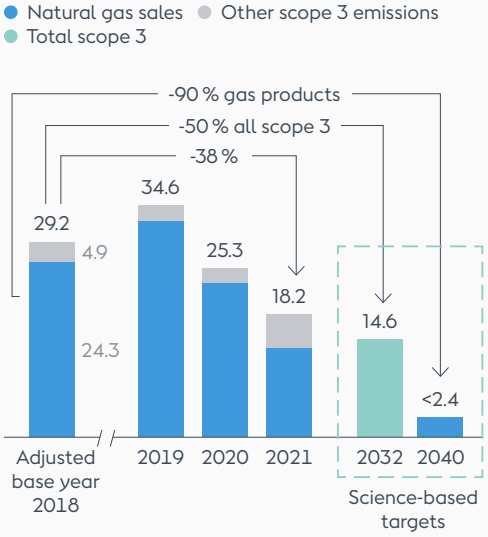
Scope 3 emissions from fuel- and energy-related activities decreased by 17 %, primarily due to lower emissions from power sales following the regular update of power sales emission factors in 2021. The new emission factors used for power sales had a significantly lower emission per volume sold. This impact was partly offset by an increase in non-green (regular) power sales to end customers and an increase in the use of fuels at the CHP plants.

The 35 % decrease in scope 3 emissions from sold products in 2021 was solely due to the 32 % reduction in natural gas sales.

Our scope 3 emissions were reduced by 38 % from the adjusted base year 2018. We are on track to meeting our target of a 50 % reduction in total scope 3 emissions between 2018 to 2032.

We have set a new target of reducing our scope 3 emissions from wholesale buying and selling of natural gas by 90 % between 2018 and 2040.

Scope 3 GHG emissions
Million tonnes CO_2e



Accounting policies

Indirect GHG emissions (scope 3)
The reporting of indirect scope 3 emissions is based on the Greenhouse Gas Protocol, which divides the scope 3 inventory into 15 subcategories (C1-C15).

GHG emissions from:
- C1 is categorised spend data multiplied by relevant spend-category-specific emission factors
- C2 includes upstream GHG emissions from acquired and installed wind and solar farms in the month when the wind or solar farm has reached commercial operation date (COD). Carbon emissions are included from cradle to operations
- C3 is calculated based on actual fuel consumption and power sales, multiplied by relevant emission factors. We include all power sales to end customers and use separate emission factors for green and regular power sales
- C4 only includes fuel for helicopter transport. Emissions from other transport types are included in the emission factors we use for purchased goods and services
- C5 is calculated based on actual waste data multiplied by relevant emission factors
- C6 is calculated based on mileage allowances for employee travel in own cars and GHG emissions from plane travel provided by our travel agent
- C7 is calculated based on estimates of the distance travelled and travel type (e.g. car or train)
- C9 is calculated based on volumes of residual products, estimated distances transported, and relevant GHG emission factors for transport
- C11 is calculated based on actual sales of gas to both end users and wholesale as reported in our ESG consolidation system. The total gas trade is divided into natural gas, LNG, and biogas, which have specific up- and downstream emission factors.

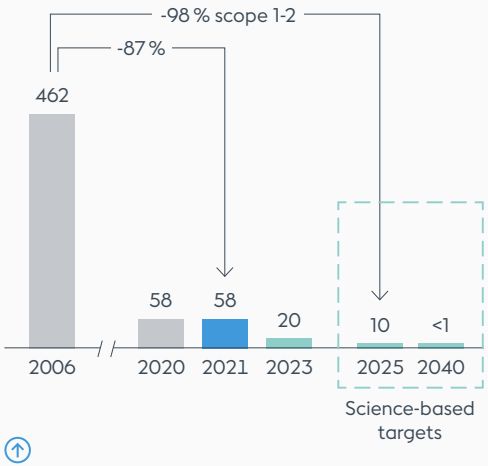
The subcategories C8, C10, and C12-C15 are not relevant for Ørsted, as we have no greenhouse gas emissions within these categories.

4.4 Greenhouse gas (GHG) intensity

Indicator	Unit	Target	2021	2020	Δ	2019	Review
GHG intensity (scope 1 and 2)							
GHG intensity, energy generation	g CO_2e/kWh	10 (2025)[1], 1 (2040)	58	58	0 %	65	
– Offshore	g CO_2e/kWh		2	2	0 %	3	
– Onshore	g CO_2e/kWh		0	0	0 %	0	
– Bioenergy & Other	g CO_2e/kWh		143	164	(13 %)	140	
GHG intensity, revenue	g CO_2e/DKK		28	35[2]	(20 %)	27[2]	
GHG intensity, EBITDA	g CO_2e/DKK		88	102[2]	(14 %)	106[2]	
GHG intensity (scope 1, 2, and 3)	**g CO_2e/kWh**	**2.9 (2040)[3]**	**165**	**162**	**2 %**	**214**	

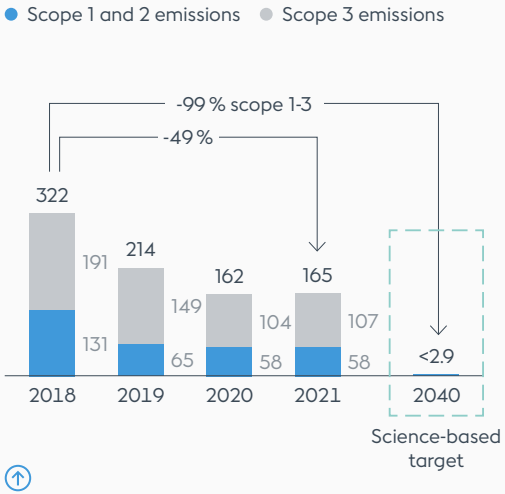
[1] Additional target: 20 g CO_2e/kWh (2023).
[2] 2020 and 2019 financial figures are based on the business performance principle.
[3] Excludes scope 3 emissions from use of sold products (natural gas sales).

Greenhouse gas intensity, scope 1 and 2
g CO_2e/kWh



Our GHG intensity (scope 1 and 2) was at the same level as in 2020. However, we are well on track to meeting our GHG intensity targets of no more than 20 g CO_2e/kWh in 2023 and 10 g CO_2e/kWh in 2025.

Greenhouse gas intensity, scope 1, 2, and 3
g CO_2e/kWh



Our GHG intensity (scope 1, 2, and 3) was reduced by 49 % from the base year 2018. We have a new GHG intensity (scope 1-3) target of no more than 2.9 g CO_2e/kWh in 2040, excluding natural gas sales.

Our scope 1 & 2 greenhouse gas (GHG) emission intensity was unchanged from 2020 to 2021 at 58 g CO_2e/kWh due to an approx. 15 % increase in both scope 1 and 2 greenhouse gas emissions (numerator) and energy generation (denominator).

The GHG emission intensity at the power stations in Bioenergy & Other was reduced by 13 % due to the increased sustainable biomass-based generation and reduced natural-gas based generation, partly offset by increased coal-based generation.

The GHG emission intensity of revenue and EBITDA was reduced by 20 % and 14 %, respectively, from 2020 to 2021.

Accounting policies

GHG intensity (scope 1 and 2)
GHG intensity (scope 1 and 2) is calculated as total scope 1 and scope 2 (market-based) emissions divided by total heat and power generation, revenue, and EBITDA, respectively.

GHG intensity (scope 1, 2, and 3)
GHG intensity (scope 1, 2, and 3) is calculated as total scope 1, scope 2 (market-based), and scope 3 emissions (excluding natural gas sales) divided by total heat and power generation.

4.5 Energy consumption

Indicator	Unit	Target	2021	2020	Δ	2019	Review
Direct energy consumption (GHG, scope 1)	GWh		**21,729**	**15,452**	**41 %**	**16,889**	
Fuels used in thermal heat and power generation	GWh		21,559	15,306	41 %	16,668	
– Sustainable biomass	GWh		14,976	9,440	59 %	10,628	
– Coal	GWh	0 (Q2 2023)[1]	5,471	4,444	23 %	3,929	
– Natural gas	GWh		920	1,229	(25 %)	1,960	
– Oil	GWh		192	193	(1 %)	151	
Other energy usage (oil, gas, and diesel for vessels and cars)	GWh		170	146	24 %	221	
Coal used in thermal heat and power generation	Thousand tonnes	0 (Q2 2023)[1]	803	629	28 %	588	
Certified sustainable wooden biomass sourced	%	100 (ongoing)[2]	100	100	0 %p	96	
Indirect energy consumption (GHG, scope 2)	GWh		**314**	**554**	**(43 %)**	**669**	
Power sourced for own consumption	GWh		303	534	(43 %)	648	
Own power consumption covered by renewable energy certificates	%	100 (ongoing)[3]	100	100	0 %p	100	
Heat sourced for own consumption	GWh		11	20	(45 %)	21	
Total direct and indirect energy consumption	**GWh**		**22,043**	**16,006**	**38 %**	**17,558**	
Green share of total direct and indirect energy consumption	**%**		**69**	**62**	**7 %p**	**64**	
Internal energy savings, accumulated from 2018	**GWh**	**15 (2023)**	**22**	**10**	**120 %**	**9**	
Electric vehicles in the company vehicle fleet	**%**	**100 (2025)**	**41**	**38**	**3 %p**	**21**	

[1] Our target is to stop using coal in 2023. Our plan is to close the last unit (Esbjerg Power Station) at the end of Q1 2023.
[2] Our target is to source 100 % certified sustainable wooden biomass every year.
[3] Our target is to have our own power consumption 100 % covered by renewable energy certificates every year.

Total fuel consumption used for heat and power generation increased by 41 % in 2021 compared to 2020, driven by the 55 % increase in thermal power generation and the 19 % increase in heat generation (see note 3.3). The consumption of sustainable biomass increased by 59 %, driven by increased heat generation in 2021 and periods with sustainable biomass-fuelled condensing power generation during 2021.

Coal consumption increased by 23 % in 2021 compared to 2020 due to generation at our two remaining coal-based units at Esbjerg and Studstrup power stations, driven by higher power prices and higher combined heat and power generation due to heat demand from the colder weather and power demand from the low wind speeds in 2021.

The power sourced for own consumption by Ørsted decreased by 43 % in 2021 due to the divestment of the Danish power distribution business in Q3 2020, which needed to source power to make up for grid losses.

We have reached our target for energy savings two years ahead of plan due to large energy savings projects at the CHP plants in 2021.

Accounting policies

Direct energy consumption (GHG, scope 1)
Direct energy consumption includes all energy consumption, including energy consumption that leads to scope 1 GHG emissions. Energy consumption includes all fuels used at CHP plants (lower caloric values) and other energy usage (oil, natural gas, and diesel).

Certified sustainable wooden biomass sourced
Certified sustainable wooden biomass sourced is calculated as the amount of certified sustainable wooden biomass sourced divided by the total amount of sourced wooden biomass, i.e. wood pellets and wood chips, delivered to individual CHP plants within the reporting period.

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

Indirect energy consumption (GHG scope 2)
Heat and power purchased and consumed by Ørsted are reported for CHP plants, other facilities, and administrative buildings. Heat and power consumption excludes consumption of own generated heat and power at our CHP plants. For consumption related to administration and other processes, we calculate direct consumption on the basis of invoices.

Green share of total direct and indirect energy consumption
The green share is calculated as renewable energy sourced (biomass and certified green power) for own consumption divided by total energy sourced for own consumption.

Internal energy savings
In 2018, Ørsted A/S signed a five-year climate partnership agreement with a target of 15 GWh energy savings. The scope of the energy savings covers both heat and power consumption. Projects are included when they are fully implemented and operational.

Electric vehicles in the company vehicle fleet
Ørsted has joined the global EV100 initiative.
The statement is prepared on the basis of the EV100 guidelines.

4.6 Biodiversity – protected areas

Indicator	Unit	Affected length or area	Position in relation to protected area	Type of protection[1]	Review
The United Kingdom					
Wind farms and substations	km²	147	Inside	MPA, SPA, SAC, MCZ	
Wind farms and substations	km²	151	Partially inside	MPA, SPA, SAC, MCZ	
Cable routes	km	24	Inside	MPA, SPA	
Cable routes	km	152	Partially inside	MPA, Ramsar, SAC, SPA, SSSI	
The US					
Wind farms and substations	km²	2	Inside	Closure Area, State Trap/Pot Waters Area, Trap/Pot Waters Area, Gillnet Waters Area	

[1] MPA: marine protected area (OSPAR); SPA: special protection area (Birds Directive); SAC: special area of conservation; MCZ: marine conservation zone; SSSI: site of special scientific interest; Ramsar (Ramsar Convention on Wetlands).

Our wind farms in European waters and in APAC do not currently overlap with any protected areas for nature conservation.

Compared with 2020, no additions requiring assessment have been made to our portfolio of offshore wind farms in operation in 2021.

Accounting policies

Biodiversity data only covers offshore wind farms.

Offshore wind farm lease or agreement areas cover large footprints. The wind farm is comprised of a range of infrastructure, including offshore wind turbines and cables. The physical footprint of this infrastructure, however, makes up a relatively small proportion of a total wind farm area. Nonetheless, the reporting here considers total wind farm areas for completeness and to recognise relevant interactions with protected habitats and species.

In some markets, we install transmission assets for the offshore wind farm which includes onshore and offshore export cables and substations. However, these are usually required to be divested near to or at commissioning of the wind farm, as required by national legislation. Therefore, the data for export cables represents transmission assets not yet divested on some wind farms and does not include onshore parts of offshore wind farms.

Protected areas
Protected areas and areas of high biodiversity value follow the Global Reporting Initiative (GRI) standards, disclosure 304-1. This includes the list of protected areas described, such as IUCN Protected Area Management Categories, the Ramsar Convention, and national legislation.

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

4.7 Biodiversity – endangered species

Indicator	Unit	Critically endangered	Endangered	Vulnerable	Near threatened	Least concern	Review
Total, all countries, all species in 2021	**Number**	**1**	**0**	**10**	**9**	**80**	
The United Kingdom, red-list species, total	**Number**	**0**	**0**	**5**	**8**	**54**	
– Birds	Number	0	0	5	7	39	
– Fish	Number	0	0	0	0	7	
– Mammals	Number	0	0	0	1	7	
– Amphibians	Number	0	0	0	0	1	
The US, red-list species, total	**Number**	**1**	**0**	**1**	**0**	**1**	
– Mammals	Number	1	0	1	0	1	
The Netherlands, red-list species, total	**Number**	**0**	**0**	**4**	**1**	**25**	
– Birds	Number	0	0	4	1	21	
– Mammals	Number	0	0	0	0	4	

As outlined in our 'Offshore wind biodiversity policy', we carry out detailed environmental consenting processes and ongoing environmental monitoring in compliance with local regulations on protection of nature conservation to ensure species are considered carefully.

Our wind farms in Germany and APAC do not currently overlap with any protected or known areas of critical importance for vulnerable species.

The United Kingdom
Since Hornsea 1 went into operation, the overall number of potentially impacted vulnerable and near-threatened bird species has increased. The kittiwake, a designated feature of the Flamborough and Filey Coast SPA, is one such additional vulnerable species, and the offshore wind farm Hornsea 1 is located within the mean-maximum foraging range from the SPA. At Hornsea 1, we completed a comprehensive habitat regulations assessment that fully assessed the potential impact on kittiwakes, and the Secretary of State concluded that there was no adverse effect on the species. The Atlantic puffin is another designated species of this area. However, the Secretary of State also concluded that Hornsea 1 would have no adverse effect on this vulnerable species.

The US
In the US, our offshore wind farm Block Island is located within an area through which the critically endangered North Atlantic right whale and the vulnerable fin whale are known to migrate and aggregate. We sail and operate in compliance with the US Marine Mammal Protection Act for the protection of marine mammals and their habitats. Additionally, we work closely with relevant local interest organisations, authorities, and other stakeholders as well as the academic community, for instance the ecosystem and passive acoustic monitoring (ECO-PAM) project, to better understand the presence, distribution, and seasonality of North Atlantic right whales.

The Netherlands
Since Borssele 1 & 2 went into operation, we found that there are four bird species (black-legged kittiwake, Leach's storm-petrel, velvet scoter, and Atlantic puffin) that are classified as vulnerable, and one species classified as near threatened (sooty shearwater). The birds have been sighted within the wind farm during preliminary environmental impact assessments (EIAs), but as the wind farm is not located within any protected areas, no further action has been taken regarding these species.

Accounting policies

Biodiversity data only covers offshore wind farms and only the protected areas described in note 4.6 'Biodiversity – protected areas'.

Offshore wind farm lease or agreement areas cover large footprints. The wind farm is comprised of a range of infrastructure, including offshore wind turbines and cables. The physical footprint of this infrastructure, however, makes up a relatively small proportion of a total wind farm area. Nonetheless, the reporting here considers total wind farm areas for completeness and to recognise relevant interactions with protected habitats and species.

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

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

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

4.8 Waste

Indicator	Unit	Target	2021	2020	Δ	2019	Review
Hazardous waste	**Thousand tonnes**		**3**	**20**	**(85 %)**	**127**	
– Diverted from disposal[1]	Thousand tonnes		2	19	(89 %)	126	
– Directed to disposal[2]	Thousand tonnes		1	1	0 %	1	
Non-hazardous waste	**Thousand tonnes**		**77**	**51**	**51 %**	**11**	
– Diverted from disposal[1]	Thousand tonnes		52	40	30 %	9	
– Directed to disposal[2]	Thousand tonnes		25	11	127 %	2	
Total waste	**Thousand tonnes**		**80**	**71**	**13 %**	**138**	
– Diverted from disposal[1]	%		67	82	(15 %p)	98	
– Directed to disposal[2]	%		33	18	15 %p	2	
Total wind turbine blade waste	**Thousand tonnes**		0	0	0 %	0	
– Of which, directed to landfill	%	0 (ongoing)[3]	0	0	0 %p	0	

[1] Reuse, recycling, composting, and recovery.
[2] Energy recovery, incineration, and landfill.
[3] Our target is to not landfill any wind turbine blades from our wind farms in operation and upon decommissioning, effective from 2021.

The total volume of hazardous waste decreased by 85 % from 2020 to 2021. The primary driver was the continued reduction in the amount of oil-containing wastewater from the oil terminal in Fredericia, as we have installed a cleaning reactor to treat the oil-containing wastewater. After cleaning, the previously oil-contaminated wastewater does not have to be treated as waste, and the water can be discharged to the municipal wastewater treatment plant in Fredericia.

The 51 % increase in non-hazardous waste was a combination of increased waste volumes from thermal heat and power generation and from increased treatment capacity at the Renescience plant which treats waste generated by households in the UK. The waste from the CHP plants was primarily ashes from our use of sustainable biomass. The volumes increased as we have increased our sustainable biomass-based generation.

This year, we have set a new target to not landfill any wind turbine blades from our global portfolio of offshore and onshore wind farms in operation and upon decommissioning. Instead, we will seek to either reuse, recycle, or recover 100 % of the blades, including allowing for temporary on-land storage, if necessary, before finding a proper solution. Today, between 85 % and 95 % of all wind turbine materials are recyclable, but the circulation of the blades at their end-of-life remains a challenge due to their composition of composite materials.

For more information about how we strive to extend the lifetime of our blades during operations to prevent them from becoming waste, and what we do to meet our target, see Ørsted's sustainability report, p. 46.

Accounting policies

Waste by type and disposal method
The Global Reporting Initiative (GRI) standard 306, disclosures 306-3, 306-4, and 306-5, have been used as guidance in developing the reported indicators.

Waste is generally reported on the basis of invoices received from waste recipients, supplemented with plant-specific measuring methods for commercial facilities, including construction activities.

Part of the oil-contaminated wastewater from the North Sea oil pipeline is treated as waste and therefore reported as waste and not wastewater.

Waste treated at the Renescience plant, which converts household waste into biogas, recyclables, and waste fuel, is included as well as ashes from the CHP plants.

Residual products, e.g. gypsym from the CHP plants, which are not handled as waste, but sold as products are not included.

Soil from excavation projects is not included.

Blade waste is defined as wind turbine blades including large composite materials found in the nacelle. Blade waste includes all blades taken down due to decommisioning, repowering, and malfunctioning during their operational lifetime.

4.9 Water

Indicator	Unit	2021	2020	Δ	2019
Water withdrawal					
Total volume of water withdrawn	Thousand m³	1,033,303	822,474	26 %	1,164
– Surface water	Thousand m³	649	844	(23 %)	-
– Ground water	Thousand m³	977	867	13 %	783
– Seawater	Thousand m³	1,031,087	820,351	26 %	-
– Produced water	Thousand m³	209	-	-	-
– Third-party water	Thousand m³	381	412	(8 %)	381
Water withdrawal from water-stressed areas					
– From areas with low stress levels	%	1	1	0 %p	76
– From areas with low to medium stress levels	%	47	47	0 %p	24
– From areas with medium to high stress levels	%	52	52	0 %p	0
– From areas with high stress levels	%	0	0	0 %p	0
– From areas with extremely high stress levels	%	0	0	0 %p	0
Wastewater discharge					
– Directly to recipient	Thousand m³	146	219	(33 %)	321
– To recipient after own treatment	Thousand m³	107	176	(39 %)	130
– To water treatment facility	Thousand m³	546	570	(4 %)	391
– To facility after own treatment	Thousand m³	8	30	(73 %)	40

The 26 % increase in the water withdrawal from 2020 to 2021 was primarily driven by the increase in thermal heat and power generation as more than 99 % of all water withdrawal is done at the power stations.

Seawater is used for cooling water in the CHP plants. It is circulated in a closed system and returned to the sea with no other impact than a slight increase in temperature. We also use seawater as process water at one power plant to reduce our consumption of groundwater from the municipality.

Accounting policies

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

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

Surface water and seawater is used for cooling at the power plants. Produced water is water extracted as part of the processing of wood chips and used instead of third-party water.

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

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

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

4.10 Environmental incidents, NO_x, and SO_2

Indicator	Unit	2021	2020	Δ	2019
Environmental incidents					
Massive environmental incidents	Number	0	0	0	0
Major environmental incidents	Number	2	2	0	4
Other air emissions: nitrogen oxides (NO_x) and sulphur dioxide (SO_2)					
Nitrogen oxides emissions	Tonnes	2,045	1,584	29 %	1,910
Sulphur dioxide emissions	Tonnes	625	491	27 %	517
Nitrogen oxides emission intensity	g NO_x/kWh	0.14	0.14	0 %	0.15
Sulphur dioxide emission intensity	g SO_2/kWh	0.04	0.04	0 %	0.04

The number of envionmental incidents was at the same level in 2021 as in 2021.

In 2021, we registered two major environmental incidents.

One incident was an oil spill due to an overrun from a tank in a truck from an external contractor who was hired to empty one of the site oil tanks. The oil did not enter the ground as the soil was frozen at the time of the incident. All the contaminated soil was removed and cleaned.

The second incident was at Kyndby Power Station where diesel oil-contaminated water ran into the nearby fjord due to an overrun. The emergency response team reacted by setting up a floating barrier to contain and subsequent clean up the oil from the fjord.

The increase in absolute NO_x and SO_2 air emissions was due to the increased thermal heat and power generation in 2021.

Accounting policies

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

We report environmental incidents using operational scopes, such as safety incidents.

We register all environmental incidents at facilities where we are responsible for operations in terms of environmental management

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

Other air emissions: nitrogen oxides (NO_x) and sulphur dioxide (SO_2)
Nitrogen oxides and sulphur dioxide emissions are only reported for combined heat and power plants. Nitrogen oxides and sulphur dioxide emissions from other combustions are not included. Nitrogen oxides and sulphur dioxide are primarily measured by continuous measurement, but may also be based on plant-specific emission factors.

5. Social

5.1 Human capital

Indicator	Unit	Target	2021	2020	Δ	2019	Review
Number of employees							
Total number of employees (as of 31 December)	FTEs		6,836	6,179	11 %	6,526	
– Denmark	FTEs		4,002	3,854	4 %	4,547	
– The UK	FTEs		1,154	1,057	9 %	1,029	
– The US	FTEs		453	314	44 %	216	
– Malaysia	FTEs		343	274	25 %	190	
– Poland	FTEs		282	233	21 %	202	
– Germany	FTEs		251	219	15 %	205	
– Taiwan	FTEs		170	126	35 %	89	
– Other	FTEs		181[1]	102	77 %	48	
Average number of employees during the year	FTEs		6,508	6,429	1 %	6,329	
Sickness absence	%		1.8	1.9	(0.1 %p)	2.4	
Turnover							
Total employee turnover rate	%		10.6	8.4	(2.2 %p)	11.6	
Voluntary employee turnover rate	%		7.7	5.0	(2.7 %p)	7.2	
Employee satisfaction survey results							
Employee satisfaction	Index 0-100	Top 10 % (ongoing)[2]	77	78	(1)	77	
Employee loyalty	Index 0-100		85	86	(1)	85	
Employees experiencing stress	%		12.4	11.0	1.4 %p	9.4	
Employees experiencing bullying, harassment, threats, or violence	%		2.1	2.0	0.1 %p	2.0	

[1] FTE distribution in other countries: Ireland (81), the Netherlands (57), Japan (17), Korea (12), Singapore (8), and Sweden (6) in 2021.
[2] Our target is to have an employee satisfaction survey result in the top ten percentile every year compared to an external benchmark group.

The number of employees was 11 % higher at the end of 2021 compared to 2020. Denmark, the US, and the UK are the main contributors to the absolute increase in number of FTEs.

Compared to 2020, where we reached a historically low turnover, Ørsted's rolling total turnover rate has increased by 2.2 %-points to 10.6 % in 2021 and voluntary turnover rate has increased by 2.7 %-points to 7.7 % in 2021.

The scores for employee satisfaction in the yearly employee survey decreased from 78 in 2020 to 77 in 2021. The score is above Ennova's benchmark of 74, but just below our top 10 % target.

Employees experiencing stress increased by 1.4 %-points to 12.4 % in 2021 compared to 2020. We take a holistic and preventive approach to employee well-being and try to prevent stress before it occurs. We work with teams to determine the root cause of stress and offer targeted stress mitigation initiatives. If an employee is experiencing stress, we have both internal and external processes and tools to support them.

Accounting policies

Number of employees, sickness absence, and turnover
Employee data is recognised based on records from the Group's ordinary registration systems. The number of employees is determined as the number of employees at the end of each month converted to full-time equivalents (FTEs). Employees who have been made redundant are recognised until the expiry of their notice period, regardless of whether they have been released from all or some of their duties during their notice period. Sickness absence is calculated as the ratio between the number of sick days and the planned number of annual working days. The employee turnover rate is calculated as the number of permanent employees who have left the company relative to the average number of permanent employees in the financial year.

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

5.2 Gender diversity

Statement on the underrepresented gender in accordance with section 99 b of the Danish Financial Statements Act (Årsregnskabsloven)

Indicator	Unit	Target	2021	2020	Δ	2019	Review
Board of Directors, Ørsted A/S	**Number**		**8**	**6**	**2**	**6**	
Female	Number		3	2	1	2	
Male	Number		5	4	1	4	
Gender with lowest representation (female)	%		38	33	5 %p	33	
Executive Committee	**Number**		**6**	**7**	**(1)**	**7**	
Gender with lowest representation (female)	%		33	29	4 %p	29	
Leadership Conference	**Number**		**150**	**132**	**14 %**	**121**	
Gender with lowest representation (female)	%		19	20	(1 %p)	13	
Middle management	**Number**		**1,054**	**912**	**16 %**	**900**	
Gender with lowest representation (female)	%		27	26	1 %p	25	
All employees	**Number**		**6,836**	**6,179**	**11 %**	**6,526**	
Gender with lowest representation (female)	%	40 (2030)[1]	31	30	1 %p	31	

[1] In November 2021, we replaced our former 2023 gender targets with a new 2030 ambition of 40 % for the lower represented gender (female). Progress on the new target will be measured using the three scopes: (1) senior directors and above, (2) people managers, and (3) all employees. In 2022, we will update our reporting categories to support the new target scopes.

We seek to ensure that globally, everyone at Ørsted, regardless of their demography or location, has equal opportunity to help deliver on our vision.

Since we started our global work on inclusion of diversity at the end of 2019, we have made clear progress. We have made some progress in gender balance among nominees for our high-potential development programmes, in our graduate cohort, among new hires, and across all employees.

In 2021, Ørsted launched a new gender diversity ambition of at least 40 % women across Ørsted by 2030. We will track this at three levels: senior director and above, people managers, and all employees.

Meeting this ambition requires attracting, recruiting, developing, sponsoring, engaging, and including female and all talent at every level, every step of the way. It also requires us to revisit our culture and leadership values, to ensure they include behaviours that help women thrive. To support our gender diversity goals, we reached a 66/34 gender balance among participants in our high-potential development programmes.

To bring in more diverse talent, we encourage all candidates to apply, regardless of gender, race, age, and cultural background. We have introduced a new format for our job ads, with the specific aim of making them more appealing to diverse candidates. Recruitment processes include an expectation of diverse shortlists, reduction of bias in interviews, and a diverse interview panel.

High-potential diverse talent are identified in the annual people review process and have a structured dialogue about development wishes and possibilities in the following people development dialogue.

Ørsted has joined 'the UN Convention on the Elimination of All Forms of Discrimination against Women'.

Accounting policies

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

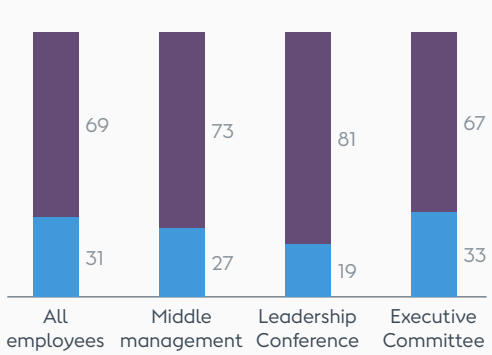
Executive Committee
Consists of the CEO, CFO, Deputy Group CEO and CCO, CEO of Onshore, COO, and CHRO.

Leadership Conference
Consists of the Executive Committee, the senior vice presidents, the vice presidents, and the senior directors.

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

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

Gender distribution, management levels, 2021, %



5.3 Gender pay gap

Indicator	Unit	2021	2020	Δ	2019
Gender pay gap					
Gender pay gap, median	%	12	14	(2 %p)	14
Gender bonus pay gap, median	%	39	37	2 %p	43
Gender bonus distribution					
Proportion of women receiving bonus	%	28	20	8 %p	19
Proportion of men receiving bonus	%	29	23	6 %p	21

We are committed to equal pay and have a constant focus on ensuring equal pay for equal positions and competences in relation to all aspects of the salary-relevant processes from hiring to promotion.

The presented 2021 gender pay data are based on data from Denmark (69 %), Malaysia (6 %), the UK (20 %), and the US (5 %) as there were more than 250 employees in each of these countries by 31 May 2021 when the annual salary review was finished. Malaysia was not included in the 2020 results, and both Malaysia and the US were not included in the 2019 results as there were less than 250 FTEs in these countries at the time of reporting.

The differences in pay between men and women are highly impacted by differences in gender mix across levels in the organisation. There is a trend towards women comprising a smaller part of the population in higher management positions (see note 5.2 'Gender diversity', p. 31).

Equal pay analysis 2021

In 2021, we conducted an analysis of pay levels to look closer into equal pay. This confirmed that pay is predominantly impacted by factors aligned with our compensation model and philosophy, such as career level and experience.

However, it also indicated that in Denmark and the UK, gender is associated with a difference in pay levels of 5-8 % in disfavour of women. We cannot conclude this represents any bias, but we take these findings seriously as we are committed to ensuring equal pay for work of equal value. Therefore, we will continously monitor pay, investigate any pay differences, and further strengthen communications and guidance on salary setting.

In addition, we are working with leaders, managers, and employees to ensure that salaries are aligned with our internal pay guidance, and employees at similar career levels are assessed in accordance with their skills and experience. This will enable us to design targeted interventions in areas that need the most attention and ensure and sustain equity in pay across our organisation.

In 2023, we plan to conduct our next equal pay analysis to track our progress.

Indicator	Unit	2021
Equal pay difference		
Denmark	%	(4.9)
Malaysia	%	Not significant[1]
The UK	%	(8.0)
The US	%	Not significant[1]

[1] No statistically significant difference.

Pay difference associated with female gender after accounting for relevant factors impacting pay levels (e.g. career level and work experience).

Accounting policies

Our gender pay reporting is inspired by the mandatory gender pay reporting requirements in the UK.

Countries with more than 250 FTEs per country are included in the statement.

The annual general salary adjustment is finished by 31 May. Countries with more than 250 FTEs on that day are included in the year's reporting.

Gender pay gap is showing the pay gap between men and women without adjusting for other factors impacting pay levels (e.g. career level and work experience).

Definitions:
Gender pay gap: The percentage men earn more in salary than women.

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

Gender bonus distribution: The percentage of men and women in the workforce who receive bonusses.

5.4 Safety

Indicator	Unit	Target	2021	2020	Δ	2019	Review
Total recordable injuries (TRIs)	**Number**		**74**	**77**	**(4 %)**	**106**	
– Own employees	Number		28	19	47 %	35	
– Contractor employees	Number		46	58	(21 %)	71	
Lost-time injuries (LTIs)	**Number**		**32**	**36**	**(11 %)**	**45**	
– Own employees	Number		16	10	60 %	17	
– Contractor employees	Number		16	26	(38 %)	28	
Hours worked	**Million hours worked**		**24.8**	**21.5**	**15 %**	**21.7**	
– Own employees	Million hours worked		10.8	10.8	0 %	10.6	
– Contractor employees	Million hours worked		14.0	10.7	31 %	11.1	
Total recordable injury rate (TRIR)	**Injuries per million hours worked**	**2.5 (2025)**	**3.0**	**3.6**	**(17 %)**	**4.9**	
– Own employees	Injuries per million hours worked		2.6	1.8	44 %	3.3	
– Contractor employees	Injuries per million hours worked		3.3	5.4	(39 %)	6.4	
Lost-time injury frequency (LTIF)	**Injuries per million hours worked**		**1.3**	**1.7**	**(24 %)**	**2.1**	
– Own employees	Injuries per million hours worked		1.5	0.9	67 %	1.6	
– Contractor employees	Injuries per million hours worked		1.1	2.4	(54 %)	2.5	
Fatalities	**Number**		**0**	**0**	**0 %**	**1**	
Permanent disability cases	**Number**		**0**	**0**	**0 %**	**0**	

The overall safety performance developed positively in 2021 compared with 2020.

Total recordable injuries in 2021 decreased by 4 % (three recordable injuries less), and the lost-time injuries decreased by 11 % (four lost-time injuries less) compared with 2020.

The total number of hours worked in 2021 was 15 % higher than in 2020.

The total recordable injury rate (TRIR) was 17 % lower than in 2020, and the lost-time injury frequency (LTIF) was 24 % lower than in 2020.

The decline in our safety indicators was driven by both an overall improvement in our workplace safety and by the full-year effect of the divestment of the Danish power distribution, residential customer, and city light businesses in 2020.

As we almost achieved our previous TRIR target of 2.9 in 2025, we have raised our ambition to a target of 2.5 by 2025.

Accounting policies

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

The lost-time injury frequency (LTIF) is calculated as the number of lost-time injuries per one million hours worked. The number of hours worked is based on 1,667 working hours annually per full-time employee and monthly records of the number of employees converted into full-time employees. For suppliers, the actual number of hours worked is recognised on the basis of data provided by the supplier, access control systems at locations, or estimates. LTIF includes lost-time injuries defined as injuries that result in an incapacity to work for one or more calendar days in addition to the day of the incident.

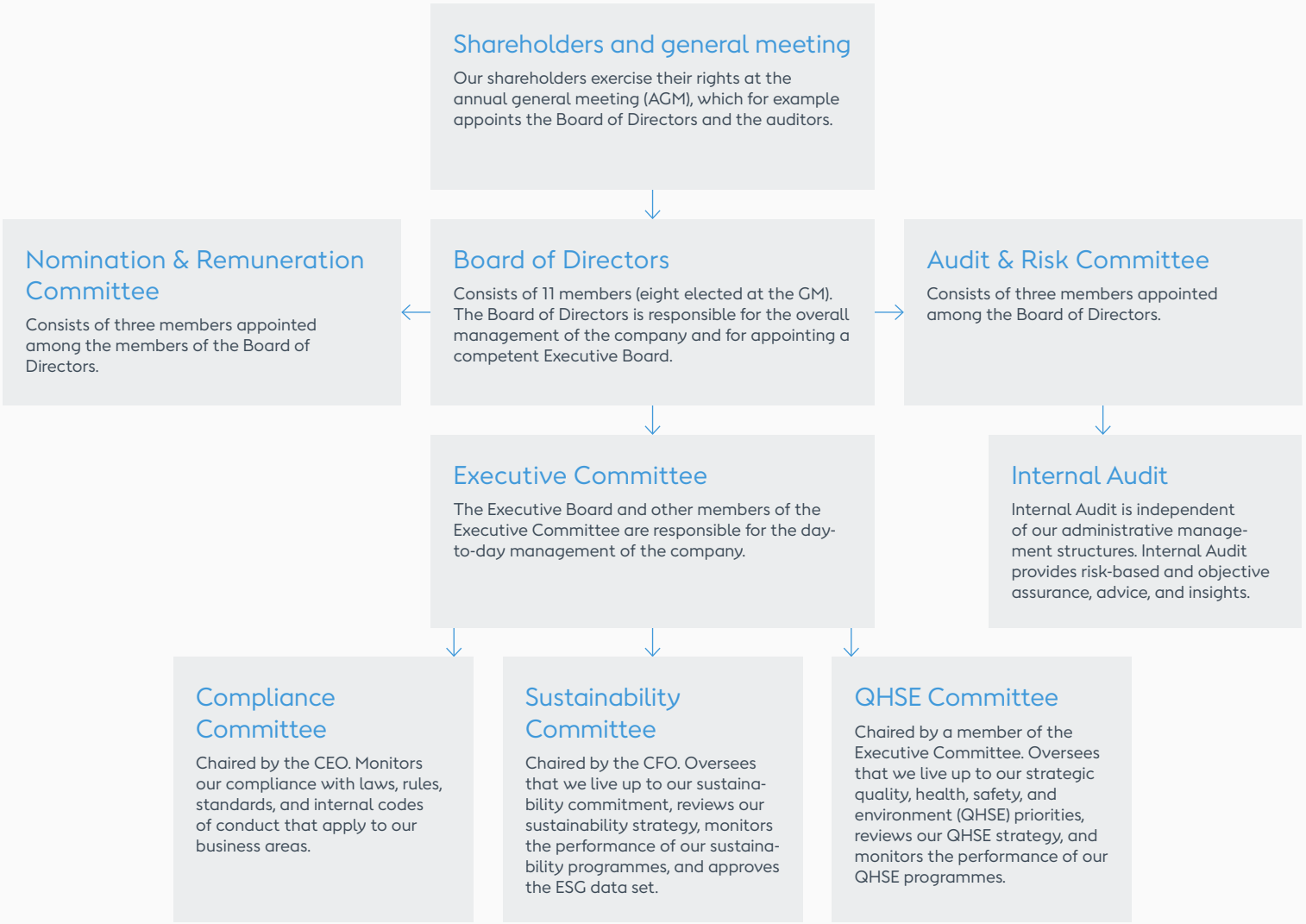
Total recordable injury rate (TRIR) is calculated in the same way as LTIF, but in addition to lost-time injuries, TRIR also includes injuries where the injured person is able to perform restricted work the day after the accident as well as injuries where the injured person has received medical treatment.

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

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

6. Governance

6.1 Our governance model



The governance model to the left combines the high-level governance model from the annual report (p. 61 'Corporate governance') with the governance model focused on sustainability in the sustainability report (p. 56 'Sustainability governance').

In notes 6.2 and 6.3, you can find additional information about the Board of Directors, the Executive Committee, and other committees on criteria such as gender, age, nationality composition, number of meetings, and descriptions of responsibilities.

6.2 Board of Directors

Indicator	Unit	2021	2020	Δ	2019	Review
Board of Directors, Ørsted A/S						
Members	Number	8	6	2	6	◎
– Danish	Number	4	3	1	3	◎
– Non-Danish	Number	4	3	1	3	◎
– Female	Number	3	2	1	2	◎
– Male	Number	5	4	1	4	◎
Gender with lowest representation (female)	%	38	33	5 %p	33	◎
Average age	Years	62	61	1	60	
Average seniority	Years	4	4	0	3	
Independent board members	%	88	100	(12 %p)	100	◎
Board meetings	Number	17	17	0	13	
– Attendance	%	97	99	(2 %p)	97	
Remuneration for the Board of Directors	DKK thousand	6,306	4,593	37 %	4,779	
Nomination & Remuneration Committee						
Members	Number	3	3	0	3	
Meetings	Number	3	5	(2)	3	
Attendance	%	89	100	(11 %p)	100	
Audit & Risk Committee						
Members	Number	3	3	0	3	◎
Meetings	Number	6	8	(2)	6	◎
Attendance	%	100	100	0 %p	100	◎

[1] For more information on the remuneration of the Board of Directors, see our remuneration report 2021, p. 14.

Accounting policies

Board of Directors
In this section, the Board of Directors only covers the members elected at the general meeting (GM), with the exception of remuneration for the Board of Directors which also includes employee representatives.

For independents, we follow the Recommendations on Corporate Governance.

Gender with lowest representation is reported under 3.2 'Gender diversity'.

The Board of Directors chaired by Thomas Thune Andersen is responsible for the overall and strategic management of the company and for appointing 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 monitors and oversees progress related to our sustainability and climate change strategy, including our ambitious net-zero carbon reduction targets for scope 1-3 emissions.

The Nomination & Remuneration Committee assists the Board of Directors in matters regarding the composition, remuneration, and performance of the Board of Directors and the Executive Committee.

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

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

6.3 Executive Committee

Indicator	Unit	2021	2020	Δ	2019	Review
Executive Committee						
Members	Number	6	7	(1)	7	
– Danish	Number	2	3	(1)	3	
– Non-Danish	Number	4	4	0	4	
– Female	Number	2	2	0	2	
– Male	Number	4	5	(1)	5	
Gender with lowest representation (female)	%	33	29	4 %p	29	
Average age	Years	52	52	0	51	
Average seniority	Years	4	4	0	3	
Remuneration[1]						
CEO pay ratio	Ratio	27	21	29 %	21	
Remuneration of the Executive Committee	DKK million	73	74	(2) %	77	
Incentivised pay directly ascribed to ESG targets (safety)[2]	%	10	10	0 %p	10	

[1] For more information on the remuneration of the Executive Committee, see our remuneration report 2021, pp. 7-8, and our annual report 2021, p. 95.
[2] In addition to the safety target for all of the Executive Committee, our CEO, CFO, and CCO also have targets for delivering on our path towards our targets for the green share of energy and greenhouse gas reductions (scope 1-3) as part of their personal targets. You can find more details in our remuneration report 2021 on p. 9.

Accounting policies

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

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

The Executive Board, consisting of Mads Nipper (Group President and CEO), Marianne Wiinholt (CFO), and Martin Neubert (Deputy Group CEO and CCO), undertakes the day-to-day management of Ørsted through the Executive Committee, which consists of an additional three members.

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.

In addition to the safety target that makes up 10 % of the cash-based bonus target for the Executive Board, climate-related performance indicators are part of the Executive Board's individual business targets and leadership targets, which in total make up 60 % of the cash-based bonus target. The indicators focus on the green energy share of our generation and our greenhouse gas emissions reductions. Furthermore, climate-related indicators are rewarded indirectly through our green energy build-out targets.

You can find information about the members of the Executive Board, including their previous employment and other executive functions, in our annual report on page 69 and in our remuneration report.

6.4 Supplier due diligence

Indicator	Unit	2021	2020	Δ	Review
Risk screenings					
Risk screenings (all contracts above DKK 3 million)	Number	326	303	8 %	
Extended risk screenings	Number	75	81	(7 %)	
Procurement spend that is risk-screened	%	80	86	(6 %p)	
Know-your-counterparty (KYC) screenings	Number	1,099	843	30 %	
Procurement spend that is KYC-screened	%	88	92	(4 %p)	
Due diligence activities conducted					
Code of conduct (COC) desktop assessments	Number	31	45	(31 %)	
Code of conduct (COC) site assessments	Number	1	6	(83 %)	
Health, safety, and environment (HSE) desktop assessments	Number	265	290	(9 %)	
Health, safety, and environment (HSE) site assessments	Number	16	21	(24 %)	
Desktop vessel inspections	Number	53	58	(9 %)	
Physical vessel inspections	Number	336	339	(1 %)	

The number of screenings and due diligence activities conducted is determined by the time schedule of the individual construction projects and the procurement priorities from year to year.

In 2021, the number of risk screenings increased by 8 % to 326 risk screenings. This amounted to 80 % of the total procurement spend being risk-screened. A further 75 extended risk screenings were carried out with additional risk parameters. The 7 % decrease in extended screenings in 2021 was due to a decrease in high-risk contracts.

The number of know-your-counterparty (KYC) screenings increased by 30 % in 2021 to 1,099 KYC screenings due to our continous effort to improve the KYC assessment process. The high number of screenings amounted to 88 % of the total procurement spend being KYC-screened.

Similar to 2020, the implementation of supplier assessments has been impacted by COVID-19, and it was not possible to conduct the planned number of site assessments in 2021. Subsequently, only one code of conduct (COC) site assessment was conducted in 2021, and there was a 24 % decrease in 2021 in health, safety, and environment (HSE) site assessments, although assessments continued to be conducted physically and virtually.

The number of COC desktop assessments decreased by 31 % due to the decrease in high-risk contracts, and the number of HSE desktop assessments decreased by 9 % in alignment with the current sourcing strategy.

For vessel inspections, there was no significant change in the number of desktop or physical vessel inspections, but more inspections were performed physically instead of virtually.

The results from the assessments are managed through the different programmes, and improvement plans are developed and implemented in collaboration with the suppliers.

Accounting policies

ESG supplier and business partner due diligence is carried out by different departments in Ørsted.

Risk screenings
The Responsible Business Partner Programme (RPP) team apply a risk-based due diligence framework to identify areas within our code of conduct (COC) for business partners where relevant suppliers need to improve their adherence to the code.

Risk screenings are conducted by the RPP team on all new sourcing contracts above DKK 3 million based on country and category risk. Based on the risk screening evaluation, RPP conducts extended risk screenings of selected contracts with additional parameters. Screenings and extended screenings also take place for suppliers of coal and sustainable biomass as well as top-spend suppliers.

The Business Ethics Compliance (BEC) team conducts know-your-counterparty (KYC) screenings of all new suppliers and business partners to ensure legal compliance.

Risk-screened procurement spend and KYC-screened procurement spend are both calculated on an annual basis for the reporting year.

Due diligence activities conducted
Due diligence activities are carried out by our RPP, Health, Safety & Environment (HSE), and Marine Inspection teams, based on the results of individual screenings and risk assessments.

The activities are conducted either as desktop assessments or inspections or as on-site assessments or physical inspections which often include a visit to the production facilities by Ørsted or a third party.

Assessments also include potential suppliers (i.e. no signed contracts yet) as part of the tender process.

6.5 Whistle-blower cases, green bonds, and tax

Indicator	Unit	2021	2020	Δ	2019	Review
Whistle-blower cases						
Substantiated whistle-blower cases	Number	5	4	1	3	◉
– Cases transferred to the police	Number	0	1	(1)	0	◉
Good business conduct						
Employees who have completed a course in good business conduct	%	90	70	20 %p	96	
Green bonds[1]						
Total green bond proceeds allocated to offshore wind projects	DKK million	30,795	24,068	28 %	17,855	◉
Proceeds allocated to offshore wind projects during the year	DKK million	6,727	6,213	8 %	10,156	◉
Total avoided emissions from green bond proceeds	**Million tonnes CO_2e**	**3.2**	**2.7**	**19 %**	**2.1**	◉
– Avoided emissions from wind farms in operation	Million tonnes CO_2e	1.4	1.6	(13 %)	0.6	◉
– Avoided emissions potential from wind farms under construction	Million tonnes CO_2e	1.8	1.1	64 %	1.5	◉
Tax						
Global income tax paid, total[2]	DKK million	1,380	1,118	23 %	4,800	◉
– Income tax paid, Denmark	DKK million	575	1,034	(44 %)	4,741	◉
– Income tax paid, UK	DKK million	745	120	521 %	8	◉
– Income tax paid, other countries	DKK million	60	(36)	(267 %)	51	◉

◉ This financial statement line item is included in the audited financial statements for 2021.
[1] For more information on our green bonds proceeds, see our green bond impact report 2021.
[2] For a full picture of current and paid taxes per country, we refer to the annual report 2021, section 4 'Tax'.

In 2021, five substantiated cases of inappropriate or unlawful behaviour were reported through our whistle-blower scheme. Four cases related to the workplace environment, and one case concerned IT security. None of the reported cases were critical to our business, nor caused adjustments to our financial results. None of the cases required a police report.

The share of employees who have completed a course in good business conduct increased by 20 %-points to 90 % in 2021.

In 2021, green bond proceeds were allocated to three offshore wind projects: Hornsea 1 and Hornsea 2 in the UK and Greater Changhua 1 & 2a in Taiwan, resulting in a 22 % increase in total avoided emissions from green bond proceeds. Avoided emissions from wind farms in operation decreased by 6 % as previous allocations to Borssele 1 & 2 were partly reallocated to Hornsea 2 in 2021.

We have made significant investments in offshore wind farms in the UK, Germany, the Netherlands, the US, and Taiwan, resulting in the accumulation of large tax assets in recent years. As our offshore wind farms are being commissioned and start generating positive taxable income, it is resulting in paid taxes in the UK, Germany, and Taiwan. We expect to start paying corporate tax in the Netherlands in 2022. We are also continuously investing in the US. However, we do expect to pay material tax in the US going forward due to the change in tax incentives from 2025 and the structure of the commercial set-up in the US.

In 2021, we have acquired operating activities in Ireland, and we expect to pay corporate taxes regarding these operating activities going forward.

Accounting policies

Whistle-blower cases
Ørsted's whistle-blower hotline is available for internal and external reporting of suspected cases of inappropriate or illegal behaviour. Whistle-blower cases are received and handled by the Internal Audit function, which also receives similar reports through the management system and from compliance officers. All reports are managed in accordance with the guidelines for the handling of whistle-blower reports approved by the Audit & Risk Committee, which is ultimately responsible for the whistle-blower scheme. Only cases which are closed during the financial year, and which have been reported to the Audit & Risk Committee as fully or partially substantiated, are reported.

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

Green bonds and avoided emissions
The net proceeds from green financing instruments can be allocated to the financing, or re-financing (up to 2 years after COD), of a pool of eligible projects, including the acquisition, development, and construction of eligible projects. Avoided emissions from allocated green bond proceeds are calculated using the same assumptions and calculations as for avoided emsissions from our total energy generation (see note 4.2), except that the green bond calculations are made using the full capacity of the wind farm before divestments. Wind farms are included as 'in operation' after one full year of operation. Note that avoided emissions potential from wind farms under construction are calculated as if they were in operation in the current reporting year.

Tax
Our accounting policy can be found in section 4 'Tax' in our annual report 2021.

7. Appendix

7.1 Independent limited assurance report on the selected ESG data

To the stakeholders of Ørsted A/S
Ørsted A/S engaged us to provide limited assurance on the selected environmental, social, and governance (ESG) data described below for the period 1 January to 31 December 2021 set out in Ørsted's ESG performance report 2021.

Our conclusion
Based on the procedures we performed, and the evidence we obtained, nothing came to our attention that causes us not to believe that the selected ESG data marked with a 'blue eye' are free of material misstatements and are prepared, in all material respects, in accordance with the accounting policies as stated on pages 8-39.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected data in scope
The scope of our work was limited to assurance over ESG data marked with a 'blue eye' in the ESG performance report 2021.

Professional standards applied and level of assurance
We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the reported greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements'. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gasses.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control
We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies
The selected ESG data marked with a 'blue eye' need to be read and understood together with the accounting policies, which Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure ESG information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed
We are required to plan and perform our work in order to consider the risk of material misstatement of the ESG data. In doing so and based on our professional judgement, we:
- made inquiries and conducted interviews with Group functions to assess consolidation processes, use of company-wide systems, and controls performed at Group level
- checked ESG data on a sample basis to underlying documentation and evaluated the appropriateness of quantification methods and compliance with the accounting policies for preparing the selected ESG data
- conducted an analytical review of the data and trend explanations submitted by all business units for consolidation at Group level
- considered the disclosure and presentation of the selected ESG data; and
- evaluated the obtained evidence.

Management's responsibilities
Management of Ørsted A/S is responsible for:
- designing, implementing, and maintaining internal controls over information relevant to the preparation of data in the ESG performance report 2021 that are free from material misstatement, whether due to fraud or error
- establishing objective accounting policies for preparing the selected ESG data
- measuring and reporting data in the ESG performance report 2021 based on the accounting policies and evidencing the data; and
- preparing the content of the ESG performance report for 2021.

Our responsibility
We are responsible for:
- planning and performing the engagement to obtain limited assurance about whether the selected ESG data marked with a 'blue eye' for the period 1 January - 31 December 2021 are free from material misstatements and are prepared, in all material respects, in accordance with the accounting policies
- forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- reporting our conclusion to the stakeholders of Ørsted A/S.

Hellerup, 2 February 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Rasmus Friis Jørgensen
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State Authorised Public Accountant
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7.2 ESG data selection and framework approach

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

The process behind our ESG indicator selection is guided by Ørsted's annual materiality assessment, investor requests, ESG ratings, and sustainability reporting standards and guidelines. The interrelationship between Ørsted's business-driver ESG data and financial performance is also central to this process. The resulting data set aims to show Ørsted's impact on society and the environment, but also the increasing impact that society and the environment have on Ørsted's business performance and value creation.

Approach to using sustainability frameworks
Part of the process for data selection involves using international sustainability frameworks and reporting standards as a guidance. There are several frameworks with which we align partially (i.e. we use the framework as a starting point from which to develop accounting practices) or fully (i.e. we fully comply with the framework requirements).

EU taxonomy
We disclose our taxonomy-eligible revenue, OPEX, and CAPEX, in line with the EU Taxonomy Regulation requirements for 2022.

Task Force on Climate-related Financial Disclosures (TCFD)
We are aware of the transitional and physical impacts of climate change on the resilience of our business as recommended by the TCFD. By endorsing and aligning our practices and reporting with the TCFD recommendations over the past four years, we have crystallised our understanding and disclosure of climate-related risks and opportunities. Our TCFD implementation is integrated in our strategy, risk management, governance practices, and reporting. For more details, see our one-page overview with references to our TCFD alignment (p. 43).

Sustainability Accounting Standards Board (SASB)
Currently, we do not report in accordance with SASB, but we have conducted a cross-referencing exercise to identify where our current reporting aligns with topics and metrics from the 'Electric Utilities and Power Generators' Standard relevant for Ørsted (see p. 44 for details).

Greenhouse Gas (GHG) Protocol
We are in full compliance with the corporate accounting and reporting standards of the GHG Protocol for scope 1, 2, and 3.

CDP
We use the data requests from the CDP questionnaire process to help inform which data to measure and disclose in our report. Our latest CDP report can be found on CDP's website.

Sustainable Development Goals (SDGs)
Ørsted's 19 sustainability programmes address the most important sustainability challenges affecting our business and stakeholders and contribute to several of the SDGs. Our SDG cross-reference overview on page 45 focuses on those SDGs on which we aspire to have a transformative impact, namely SDGs 7 and 13. For more information regarding our work with the SDGs, see Ørsted's sustainability report 2021.

Global Reporting Initiative (GRI)
We use the GRI Standard as foundation for some of our ESG data. We do not strive for full GRI-based disclosure (see p. 45 for details).

Other ESG frameworks
We will continue to monitor other developing ESG frameworks closely, such as the EU sustainability reporting standards drafted by the European Financial Reporting Advisory Group (EFRAG) as part of the Corporate Sustainability Reporting Directive (CSRD). We will also closely follow the developments of the IFRS Foundation's International Sustainability Standards Board (ISSB) in their aim of establishing global sustainability disclosure standards. We aim to grow our use of ESG frameworks as they further harmonise their work into a comprehensive, global platform for corporate sustainability reporting.

Ørsted's annual ESG reporting

Annual report
Our annual report provides full details on strategic ESG targets and business drivers, complete with a consolidated ESG statement.

Sustainability report
Our sustainability report focuses on the company's sustainability strategy and includes ESG data related to the sustainability programmes.

ESG performance report
Our ESG performance report includes the full ESG statement, disclosing all of Ørsted's ESG data.

7.3 Alignment with TCFD recommendations

Theme	Recommended disclosures	Ørsted report	Section	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities	Annual report 2021 Sustainability report 2021	Corporate governance Sustainability governance	pp. 61-62 p. 56
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability report 2021 Remuneration report 2021	Sustainability governance Summary of remuneration policy; Remuneration of the Executive Board	p. 56 pp. 5-6 and pp. 7-9
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Annual report 2021	Our business	pp. 17-34
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Annual report 2021 Sustainability report 2021	Our business Science-based net-zero emissions by 2040; Achieving net-zero supply chains	pp. 17-34 pp. 20-24
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario	Annual report 2021 Sustainability report 2021	A catalyst for change We can make green energy a force for positive change	p. 17 pp. 6-9
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks	Annual report 2021 Sustainability report 2021	Our risks and risk management Integrating sustainability throughout our business	pp. 31-34 pp. 12-13
	b) Describe the organisation's processes for managing climate-related risks	Annual report 2021 Sustainability report 2021	Our risks and risk management Integrating sustainability throughout our business	pp. 31-34 pp. 12-13
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Annual report 2021 Sustainability report 2021	Our risks and risk management Integrating sustainability throughout our business	pp. 31-34 pp. 12-13
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Annual report 2021	Our markets and customer landscape Our strategic aspiration and growth platform Our risks and risk management	pp. 18-20 pp. 21-24 pp. 31-34
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks	Annual report 2021 ESG performance report 2021 Sustainability report 2021	Performance highlights Greenhouse gas emissions, scope 1 and 2; Greenhouse gas emissions, scope 3 Decarbonising our total carbon footprint	p. 10 pp. 20-21 pp. 4-5
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Annual report 2021 ESG performance report 2021 Sustainability report 2021	Our strategic targets ESG target overview Science-aligned climate action	pp. 27-28 p. 5 pp. 42-44

7.4 Alignment with SASB Standards

The SASB's industry standard 'Electric utilities and power generators' is the primary SASB standard relevant for Ørsted. The tables on this page contain the data points in Ørsted's current ESG reporting that align with this standard. In addition, we have identified five codes in the standard for which it could also be relevant for Ørsted to disclose data, but they are not included in our current reporting (IF-EU-110a.2, IF-EU-140a.2, IF-EU-140a.3, IF-EU-150a.1, and IF-EU-000.E). All other codes are omitted due to lack of applicability.

Electric utilities and power generators: sustainability disclosure topics & accounting metrics

Topic	Code	Metric	Unit	2021	Comments	Ørsted report and page
Greenhouse Gas Emissions & Energy Resource Planning	IF-EU-110a.1	Gross global scope 1 emissions	Thousand tonnes CO_2e	2,142	Our scope 1 emissions are covered by the EU Emissions Trading System (EU ETS)	ESG performance report, p. 20
		Percentage covered under emission-limiting regulations	%	97		
		Percentage covered under emission-reporting regulations	%	97		
	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	n.a.	n.a.	See 'A catalyst for change' and 'Our strategic targets' See 'Science-based net-zero emissions by 2040' See '1.2 ESG target overview'	Annual report, p. 17 and p. 28 Sustainability report, pp. 20-21 ESG performance report, p. 5
Air Quality	IF-EU-120a.1	NO_X (excluding N_2O) emissions	Tonnes	2,045	We only disclose SO_2. We do not disclose particulate matter, lead, and mercury, nor the percentage of each in or near areas of dense population	ESG performance report, p. 28
		SO_X emissions	Tonnes	625		
Water Management	IF-EU-140a.1	Total water withdrawn	Thousand m^3	1,033,303	We do not disclose total water consumed (only withdrawn and discharged)	ESG performance report, p. 27
		Percentage in regions with high or extremely high baseline water stress	%	0		
Workforce Health & Safety	IF-EU-320a.1	Total recordable incident rate (TRIR)	Per million hours worked	3.0	We use per million hours worked as the rate for TRIR, and we disclose the number of fatalities. We do not disclose the near-miss frequency rate	Annual report, p. 10 and p. 155 ESG performance report, p. 33
		Fatality rate	Number	0		

Electric utilities and power generators: activity metrics

	IF-EU-000.B	Total electricity delivered to residential customers, commercial customers, industrial customers, and all other retail customers	GWh	7,106	We disclose sales to end customers, but not split into the specific categories listed	ESG performance report, p. 17
		Total electricity delivered to wholesale customers	GWh	17,914		
	IF-EU-000.D	Total electricity generated	GWh	29,050	We include heat generation when we calculate the breakdown by energy source. Other major energy sources listed in the standard (nuclear, petroleum, hydropower, and other gases) are not applicable to Ørsted. We do not disclose percentage of total electricity generated in regulated electricity markets	ESG performance report, p. 15 and p. 19
		Percentage by major energy source:				
		– Wind (offshore and onshore)	%	57		
		– Solar PV	%	3		
		– Other renewables	%	30		
		– Coal	%	8		
		– Natural gas	%	2		

7.5 Alignment with the SDGs and GRI Standards

Framework	Details	Approach	Ørsted report	Section	Page
Sustainable Development Goals (SDGs)	 Goal 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services	Significant contribution	ESG performance report 2021 Sustainability report 2021	6.5 Whistle-blower cases, green bonds, and tax Programme 6: integrated and reliable energy systems	p. 39 p. 45
	 Goal 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix	Significant contribution	ESG performance report 2021 Sustainability report 2021	4.3 Greenhouse gas (GHG) emissions, scope 3 Programme 3: deployment of offshore wind and onshore renewables Programme 4: greener combined heat and power plants	p. 21 p. 43 p. 44
	 Goal 13: Take urgent action to combat climate change and its impacts	Significant contribution	ESG performance report 2021 Sustainability report 2021	4.2 Greenhouse gas (GHG) emissions, scope 1 and 2 Programme 1: decarbonisation of energy generation and operations Programme 2: decarbonisation of supply chain and wholesale buying and selling of natural gas	p. 20 p. 42 p. 43
Global Reporting Initiative (GRI)	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Full alignment	ESG performance report 2021	4.6 Biodiversity – protected areas	p. 24
	304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations	Full alignment	ESG performance report 2021	4.7 Biodiversity – endangered species	p. 25
	306-3: Waste generated	Partial alignment	ESG performance report 2021	4.8 Waste	p. 26
	306-4: Waste diverted from disposal	Partial alignment	ESG performance report 2021	4.8 Waste	p. 26
	306-5: Waste directed to disposal	Partial alignment	ESG performance report 2021	4.8 Waste	p. 26

7.6 Calculation factors

Table reference	Indicator	Factor	Comment	Reference	Publication name
Table 4.2	Scope 1 emissions	Global warming potential of greenhouse gases	CO_2, CH_4, N_2O, SF_6	Intergovernmental Panel on Climate Change (IPCC)	Fifth Assessment Report, The Physical Science Basis, 2013
Table 4.2	Scope 1 emissions	Carbon emissions from fossil fuels at CHP plants	Coal, oil, natural gas	Danish Energy Agency	Standardfaktorer for brændværdier og CO_2-emissioner (Standard factors for calorific value and carbon emissions), 2020
Table 4.2	Scope 1 emissions	Carbon emissions from fossil fuels outside CHP plants	Diesel, petrol, fuel oil, jet fuel	American Petroleum Institute (API)	Compendium of greenhouse gas emission methodologies for the oil and natural gas industry, 2009
Table 4.2	Scope 2 emissions	Carbon emissions from power purchased	In Denmark	EnerginetDK, 2020	Generel deklaration og Miljødeklaration, 2019 (General declaration and environmental declaration, 2019)
Table 4.2	Scope 2 emissions	Carbon emissions from power purchased	In other European countries	Association of Issuing Bodies (AIB)	European Residual Mixes, 2020 (2019 data)
Table 4.2	Scope 2 emissions	Carbon emissions from power purchased	In countries outside Europe	Institute for Global Environmental Strategies (IGES)	List of grid emission factors, 2020
Table 4.3	Scope 3 emissions	Use of sold products. Fuel- and energy-related activities	Emissions from end use of gas. Upstream supply chain of fuels	UK Department for Environment, Food & Rural Affairs (DEFRA)	UK government GHG conversion factors for company reporting, 2020
Table 4.3	Scope 3 emissions	Capital goods	Wind farms	Siemens	Environmental Product Declaration, swt-6-0-154 and swt-7.0-154, 2016 and 2017
Table 4.3	Scope 3 emissions	Capital goods	Solar farms	Aalborg University, Department of development & planning	Comparative Life Cycle Assessment of selected renewable electricity generation technologies, 2015
Table 4.3	Scope 3 emissions	Purchased goods and services	Supply chain emission factors depend on product categories	UK Department for Environment, Food & Rural Affairs (DEFRA)	Indirect emissions from the supply chain, 2014
Table 4.3	Scope 3 emissions	Business travel in private car	Assumption: 'average car', 'unknown fuel type'	UK Department for Environment, Food & Rural Affairs (DEFRA)	UK government GHG conversion factors for company reporting, 2020
Table 4.2	Avoided emissions	Carbon emissions from average fossil-fuel mix	Average of coal, gas, and oil (countries and US states)	International Energy Agency (IEA) US Environmental Protection Agency (EPA)	IEA Emissions Factors, 2020 (2018 data) US EPA 2020, eGRID2018 Data File
Table 4.6	Water stress	Baseline water stress	Measured at site level, baseline water stress is the ratio of total water withdrawals to available renewable supply	World Resources Institute (WRI)	Aqueduct Water Risk Atlas v3.0, 2019

Note: The table shows references for calculation factors used in the 2021 data set.

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