



Modern slavery and human trafficking statement 2019

As one of the world's largest green energy developers, acting responsibly and with integrity is deeply rooted in the way we do business at Ørsted.

This statement is published in accordance with the UK Modern Slavery Act 2015. It sets out the policies, procedures, and concrete actions taken by Ørsted and its UK entities in 2019 to prevent, detect, and respond to the risk of modern slavery and human trafficking in all its forms.

1. Who we are

Ørsted's vision is a world that runs entirely on green energy. We develop, construct, and operate offshore and onshore wind farms, solar farms, energy storage facilities, bioenergy plants, and provide energy products to our customers. Ørsted UK focuses on the development, construction, and operation of offshore wind farms and waste-to-energy solutions. Headquartered in Denmark, Ørsted employs over 6,500 people, including over 1,000 in the UK.

To realise our ambitious green energy targets, we work with diverse supply chains, including heavy manufacturing, construction, and maritime services. The geographical distribution of our products and services spend was approximately 88% in Europe, 6% in the USA, and 6% in Asia¹. The increased share of the spend from Asia (up from 0.5% in 2018) reflects our commitment to develop local suppliers in the region.

2. Policy framework to address modern slavery and human trafficking

Ørsted is committed to addressing risks of human trafficking and modern slavery by operating responsibly, safely, and with integrity. We have developed a number of policies to ensure that both we and our suppliers uphold high ethical standards that respect human rights.

¹ Data based on invoicing country

Our approach to business integrity is guided by the United Nations Global Compact, of which we have been a signatory for 14 years. We are furthermore guided by international conventions, principles, and guidelines, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Policies

Our overarching policy on sustainability is described within our [Sustainability Commitment](#). In this document, we describe our commitment to help preserve the environmental, social, and economic assets that are fundamental for society and important to our long-term value creation.

In the Sustainability Commitment we commit to safeguarding and strengthening labour and human rights, and we commit to treating all people with respect, to working against discrimination in all its forms.

Our human resource policy on mitigation of recruitment risks, promotes an open and transparent recruitment process which minimises the risk of forced and trafficked labour.

In Ørsted we have a [Code of Conduct for business partners](#) that we are also fully committed to implementing in our own operations.

Our Code of Conduct for business partners and overall sustainability framework mandates our staff and business partners to take action to identify and to prevent forced labour and human trafficking.

The Code of Conduct for business partners is an integral part of our business relationships, and it is included in all contracts with suppliers. It outlines our expectations regarding compliance with applicable laws and respect for labour and human rights. It includes clear requirements to all our business partners relating to hiring practices, forced labour, and child labour as well as requirements relating to working hours, remuneration, harassment, abuse, and disciplinary measures.

Our [Good business conduct](#) policy promotes good business behaviour and encourages employees to speak up and report non-conformities with laws and internal governance and policies.

Governance

Our Responsible Business Partner Programme (RPP) is set up to manage human rights both in our own operations and in our supply chain. The RPP is implemented by a dedicated team of professionals in close cooperation with the procurement team and other functions across the business, and reports on a biannual basis to the Compliance Committee, chaired by Ørsted's Chief Executive Officer. The RPP team analyses, identifies and mitigates human rights risk across our value chain, and in particular the risk of modern slavery and human trafficking in our supply chains. The RPP team works closely with our procurement functions and is governed by Steering Committees which are comprised of representatives from senior level management.

The RPP is an integral part of our programmatic approach to sustainability that addresses the societal challenges that we and our stakeholders believe are most material to our business. The Board of Directors is the highest authority that oversees our sustainability work, while the Group Executive Management has accountability for our sustainability programmes with specialist support from appointed committees.

Whistleblower hotline

An external provider hosts our whistleblower hotline, which can be used by employees, business partners, and any other stakeholder to report legal, ethical, or human rights concerns, including modern slavery and human trafficking, in a secure and confidential way.

In 2019, we improved the accessibility of our whistleblower hotline. The hotline is now accessible from our homepage, an app, or phone, and is made accessible in all relevant languages. The whistleblower hotline also enables

anonymous communication with those who raise complaints.

Incoming cases are managed by Internal Audit, which is an independent function reporting to the Board of Directors. All reports to the hotline are fully investigated. We ensure timely communication with stakeholders, and, when relevant, we take steps to remedy the situation. After the closure of each report, the Internal Audit team evaluates our management systems and implement improvements to prevent similar adverse impacts in the future, if applicable.

3. Our due diligence and actions to identify and prevent modern slavery

Based on our risk assessment (see section 4), we identified *forced labour* as a salient human rights risk in some parts of our supply chains. With the aim of mitigating these risks, we continue to implement and strengthen our due diligence approach. The approach consists of four steps:

1. All Ørsted suppliers must accept our Code of Conduct for business partners as part of the contractual agreement. The Code of Conduct for business partners is part of all Ørsted contract templates.
2. For projects in high-risk markets risk screening of potential suppliers is carried out before supplier prequalification. Risk screening of contracted suppliers is carried out immediately after contract-signing for projects in other regions. The risk screening takes into account the country risk, the category/sector risk, and the level of spend with the supplier.
3. High-risk and strategic suppliers are assessed against our expectations through desk and site assessments. The purpose of these are to assess if they have policies, procedures, and management systems in place to prevent forced labour, human trafficking, child labour, and all other practices that are not in line with our Code of Conduct for business partners.
4. If adverse findings or compliance gaps are found, we require our contracted suppliers to develop and implement an improvement plan addressing areas of non-compliance to meet the expectations set out in our Code of Conduct for business partners. We follow up with the suppliers to verify the implementation of the improvement plan.

In 2019, we continued the build-out of green energy projects in the US and Taiwan. For some projects, we use one direct supplier who is responsible for hiring multiple sub-suppliers for specific parts of a large project. These contracts have created new types of risk that requires additional measures in our approach. Since our previous statement, we have strengthened our due diligence in three ways:

- We have fully implemented the pre-contract assessment of high-risk suppliers that are providing goods or services to our projects in Taiwan. During each tender, we assess multiple potential suppliers' adherence to our Code of Conduct for business partners. Every supplier receives a score that reflects the adequacy of their management system for living up to our requirements. The score is included in the tender evaluation.
- We have developed a set of criteria for identifying high-risk sub-suppliers. If the direct supplier does not have an adequate supplier due diligence procedure in place, we will apply our own due diligence procedure to their high-risk suppliers. At the same time, we train our direct supplier on conducting supplier due diligence within the scope of our Code of Conduct for business partners.
- We have implemented human rights and labour rights evaluation points in marine inspection. Our inspectors visit about 300 vessels before they start working on our offshore site(s). The inspection covers technical capability as well as safety. Since 2019, the inspectors report violation of human rights and labour rights when noticed. The report is reviewed by the RPP team, and if violations are seen, the RPP team will initiate further assessment of the supplier's management system and, in collaboration with the supplier, develop improvement plans. Depending on the evaluation result, the RPP team may adjust the risk-screening criteria to ensure suppliers of the same risk profile will be prioritised.

4. Risk assessment and management

Together with *twentyfifty*², a human rights consultancy company, we conducted human rights risk and impact assessment of our operations in 2017 and, in 2019, we conducted a review of our RPP programme in relation to the UN Guiding Principles on Business and Human Rights. Our assessment showed that, in our own operation, the risk of modern slavery and human trafficking is low.

Through human rights risk assessments in our supply chain, we identified:

- the Asia-Pacific (APAC) region, including Taiwan, as a focus area
- migrant workers as the main vulnerable group
- suppliers of raw materials (especially minerals and metals) as part of the high-risk category
- forced labour, e.g. through withholding of passports or monetary penalties, as one of the primary salient human rights issues.

We manage the risks by conducting due diligence of the high-risk suppliers and sub-suppliers in line with our due diligence framework.

² www.twentyfifty.co.uk

In 2019, 19 suppliers from the APAC region were assessed. The assessments reveal that a few suppliers use practices that entail risks of modern slavery. The practices, that are often considered normal locally, include withholding workers' passports and using monetary penalties, with the purpose of preventing workers from resigning or leaving for vacation. When issues are identified, we agree with our suppliers that they take immediate remedial actions for all affected workers. Such actions include ensuring that passports are returned and no penalties are charged. All suppliers have improved their management systems to prevent the reoccurrence of these issues. In addition, we further require our suppliers to establish effective grievance mechanisms for workers to raise complaints.

Every year, we analyse our 'top 80% spend' suppliers to evaluate the effectiveness of our screening procedure for capturing high-risk suppliers. Based on the result of this analysis, we can conclude that we have a robust risk screening procedure in place, as all high-risk suppliers with significant spend are already screened or assessed by the RPP team.

We continue to participate in multi-stakeholder collaboration and peer learning groups in order to continuously improve our ability to understand and address modern slavery risks. We participate in the Danish Ethical Trading Initiative's working group on human rights impact assessments, the Global Compact Network Denmark's working group on human rights, the European Responsible Sourcing Council hosted by The Conference Board, the Dutch Wind Covenant, and the Wind Europe Sustainability Working Group.

5. Reporting and training

In 2019, as part of the RPP, we screened 346 suppliers, conducted 18 comprehensive assessments, and 20 desktop assessments. We opened 120 improvement actions, 33 of which concerned human and labour rights. These areas have been addressed in collaboration with the suppliers, and we monitor that corrective actions are implemented and documented.

We continue to strengthen our targeted employee awareness of the need to ensure that human rights are protected within our own business and within our supply chain, and of the need to enforce our Code of Conduct for business partners. In 2019, this was done through face-to-face training and other internal communication platforms. Our face-to-face training was targeted at procurement staff and included training on the risk of forced labour and modern slavery within our supply chain. Approximately 150 procurement employees were trained, which constitutes approximately 50% of all our global procurement staff.

In addition, we see the need to build capability among our suppliers and individual supplier workers. In 2019, we increased awareness of our whistleblower hotline by ensuring that workers contracted to our suppliers working on vessels at Ørsted's sites are made aware of the hotline during their HSE kick-off training.

Our [Sustainability report](#) and [ESG performance report](#) are published annually and present data and performance related to all our sustainability programmes, including the RPP.

This statement was approved by the Board of Directors of:

- Burbo Extension Ltd
- Hornsea 1 Limited
- Lincs Wind Farm Limited
- Ørsted Bioenergy & Thermal Power A/S
- Orsted Burbo Extension Holding Ltd
- Orsted London Array II Limited
- Orsted Power (UK) Limited
- Orsted Power Sales (UK) Limited
- Orsted Race Bank (Holding) Limited
- Orsted Sales (UK) Limited
- Ørsted Salg & Service A/S
- Orsted Walney Extension Holdings Limited
- Orsted West of Duddon Sands (UK) Limited
- Orsted Westernmost Rough Limited
- Ørsted Wind Power A/S
- Race Bank Wind Farm Limited
- Walney (UK) Offshore Windfarms Limited
- Walney Extension (UK) Limited
- Westernmost Rough Limited

Signed on behalf of the board of directions of the abovementioned companies by:



Benjamin Sykes

Date:

23/06/2020

6. References

This statement relates to the financial year ending 31 December 2019. It is published by Ørsted A/S and covers all UK entities.

- Burbo Extension Ltd
- Hornsea 1 Limited
- Lincs Wind Farm Limited
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- Orsted Westernmost Rough Limited
- Ørsted Wind Power A/S
- Race Bank Wind Farm Limited
- Walney (UK) Offshore Windfarms Limited
- Walney Extension (UK) Limited
- Westernmost Rough Limited