

Ørsted

A world that
runs entirely on
green energy



Sustainability report
2017

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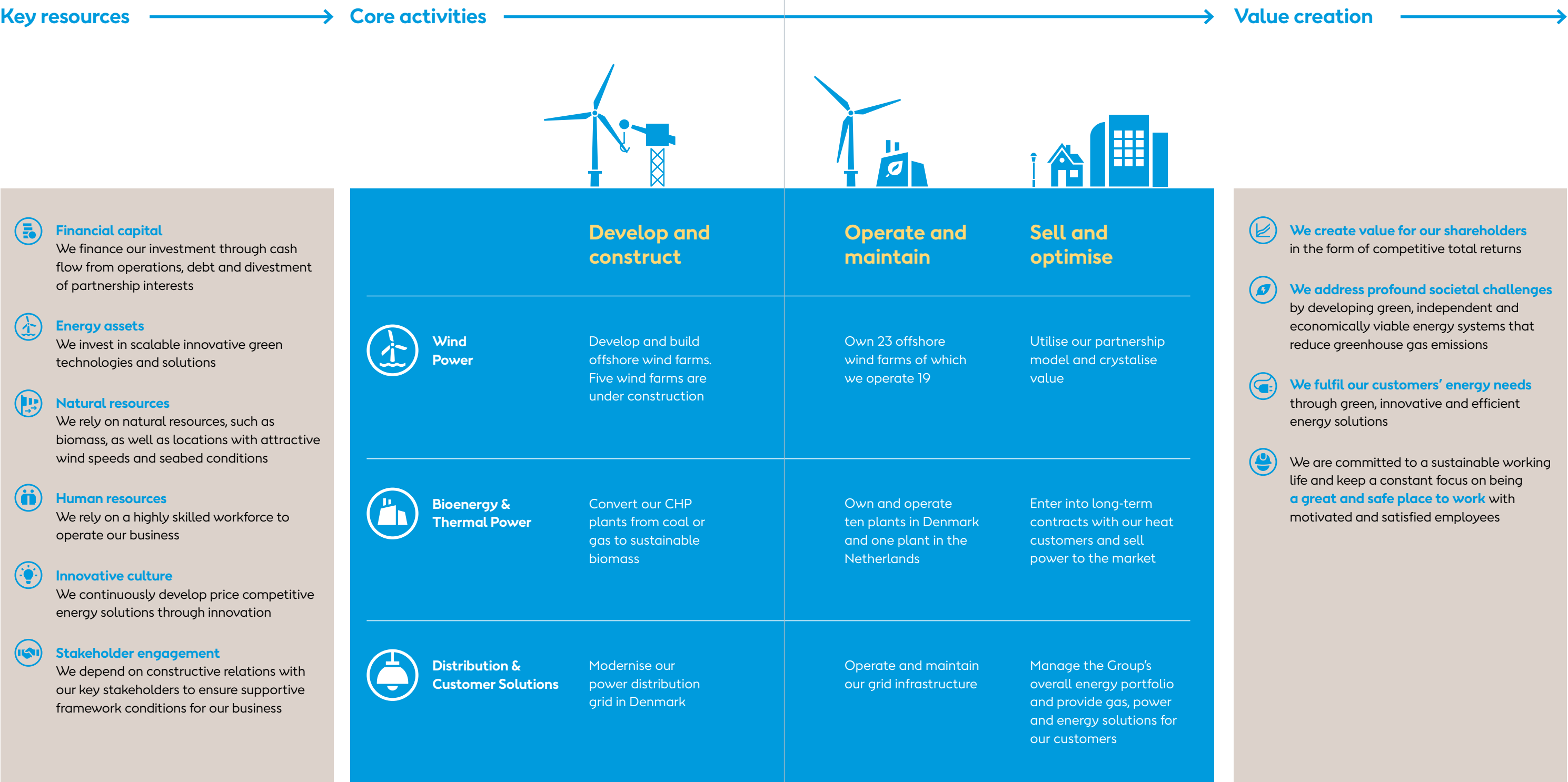
Our contribution to the SDGs

The world's governments have defined the greatest challenges for our societies towards 2030 through the UN Sustainable Development Goals (SDGs). At Ørsted, we are committed to run our business in a way that contributes to the SDGs. Our sustainability programmes contribute to 12 of the 17 SDGs – below you can read which SDGs and underlying targets. We have also assessed to which degree we contribute to the different SDGs. Read more about how our programmes contribute to the SDGs in the back of the report.

	SDG	Targets
Very high	<div>7 AFFORDABLE AND CLEAN ENERGY</div>	7.2
	<div>13 CLIMATE ACTION</div>	7.3 13.3
High	<div>3 GOOD HEALTH AND WELL-BEING</div>	3.4
	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>	3.9
		8.7
		8.8
	<div>15 LIFE ON LAND</div>	15.2
	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>	15.5 16.5 16.6
Moderate	<div>5 GENDER EQUALITY</div>	5.5
	<div>6 CLEAN WATER AND SANITATION</div>	6.4
	<div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div>	9.4
	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>	11.A
	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>	12.5
	<div>14 LIFE BELOW WATER</div>	14.2
Low	<div>1 NO POVERTY</div>	
	<div>2 ZERO HUNGER</div>	
	<div>4 QUALITY EDUCATION</div>	
	<div>10 REDUCED INEQUALITIES</div>	
	<div>17 PARTNERSHIPS FOR THE GOALS</div>	

Our business model

How we create a world that runs entirely on green energy



CEO statement letter

The world is in the middle of a global climate crisis. It is not a distant threat. The planet is already feeling the grave impact of climate change. And truth be told, we are still not doing enough to secure the planet for generations to come. We need to transform the global energy systems from black to green energy at a higher pace than the current trajectory.

Our vision is a world that runs entirely on green energy. It is deeply rooted in what we do, and who we are as a company. We want to be a company that provides real, tangible solutions to one of the world's most difficult and urgent problems.

Becoming Ørsted

Over the past decade, we have been on a massive journey to transform from an energy company based on fossil fuels to a global leader in renewable energy. In 2017, we completed the divestment of our upstream oil and gas business. In 2023, we will completely stop the use of coal, the most polluting fossil fuel.

As a consequence, we have changed our name to Ørsted as our old name no longer reflected the company we have become. Our new name is inspired by one of Denmark's leading scientists of all time, Hans Christian Ørsted. In 1820, he discovered electromagnetism, laying the foundation for the way we produce power today. Curiosity, dedication and interest in nature were some of Hans Christian Ørsted's many qualities. And these are qualities that this company also stands for. Traits that are needed to succeed with the green transformation.

Our green transformation is well underway. We are one of the largest green energy developers in the world. We have significantly expanded our offshore wind business and converted power plants from fossil fuels to sustainable biomass. In 2017, we decided that our Danish residential customers should also directly benefit from our transformation – we have secured 100% green power to these customers at no extra cost.

Our transformation has resulted in a dramatic reduction of our carbon emissions. By 2023, our heat and power generation will essentially be carbon-free. Our carbon emission reduction target has been approved by leading climate organisations as science based and in line with the Paris Agreement on climate change – in fact, we are 27 years ahead of the necessary reduction trajectory for our sector.

We are leading the way

2017 will be remembered as the year when newly built offshore wind became cheaper than black energy. It has never been more clear that it is indeed possible to create a world that runs entirely on green energy. It is the right time for us to send a clear message that we want to help create such a world. It will not be easy. We, at Ørsted, can only cover a corner of the total solution, but it is important that we are ready to lead the way forward and inspire others to join.

Changing the energy systems is not only about fighting climate change. For the countries we operate in, it is also about building independent energy systems, harvesting local, sustainable resources, like the wind at sea. It reduces reliance on imported fossil fuels and drives local growth and job creation.

In 2017, the safety of our employees and contractors has continued to be in focus. Through dedicated efforts from the whole company, we have now gone five years without fatalities, and we have improved our safety performance markedly again to achieve our target for 2017. We will not rest on our laurels, but continue to make safety and well-being key focus areas in our work.

We only have one planet; it is our home, so we should treat it well. Future generations depend on our actions today. This is reflected in our Sustainability Commitment. We are committed to running our business in a way that supports the United Nations Sustainable Development Goals (SDGs) that express the most pressing global challenges today. As a participant of the UN Global Compact, we promote the four principles on human rights, labour rights, the environment and anti-corruption. In this report, you can read about our sustainability programmes and how we contribute to the UN SDGs.



Henrik Poulsen
CEO, Ørsted



"2017 will be remembered as the year when newly built offshore wind became cheaper than black energy, as demonstrated by the recent auctions for offshore wind in Germany and the UK. It's never been more clear that it's possible to create a world that runs entirely on green energy."



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

This report constitutes Ørsted's compliance with the statutory disclosure on corporate social responsibility, see the Danish Financial Statements act §99a. For the gender distribution of management and compliance with §99b, see our ESG Performance Report 2017.

Our sustainability strategy

Climate change is one of the biggest challenges for life on Earth. We need to transform the way we power the world; from black to green energy. At Ørsted, our vision is a world that runs entirely on green energy.

We want to achieve our vision, while helping to preserve the environmental, social and economic structures that are fundamental for society. In our Sustainability Commitment, we commit to operating in a way that creates progress towards the UN Sustainable Development Goals (SDGs). The SDGs express a global agreement of society's greatest challenges towards 2030.

Our sustainability strategy makes our commitment operational and tangible. It consists of three priorities:

A world that runs entirely on green energy
Through our solutions, we help build a world that runs entirely on green energy. It is our vision and main societal contribution.

Enabling sustainable growth
We address societal challenges embedded in the continued growth of our green energy portfolio. We make it clear what we need to do to grow sustainably and support progress towards a world that runs entirely on green energy.

Business integrity
We uphold high ethical standards in our business practices by

being accountable and transparent, respecting human rights and having a solid governance. We want to demonstrate that we operate a responsible business with high integrity.

Our priorities span 20 sustainability programmes, and it is through our programmes that we take concrete action to contribute to the SDGs.

We have organised this report in accordance with our three priorities. On the following pages, you can learn how we work in practice with each priority. At the back of the report, we describe how we approach sustainability from a practitioner's angle. Here, we also present the progress we have made on our 20 sustainability programmes, including how each of them contribute to the SDGs and the more detailed underlying targets, where relevant.

Our vision in figures
Our vision for a world that runs entirely on green energy reaches far beyond our own operations. It requires a shift in the way we all produce and consume energy. This challenges the energy systems. We do not have all the answers for how we can get to a world of 100% green energy. But we have charted the course for how we, as a company, will make our contribution.



A world that runs entirely on green energy

Programmes

- Green energy generation
- Deployment of offshore wind
- Greener power stations
- Integration of green energy
- Energy savings



Enabling sustainable growth

Programmes

- Sourcing of certified sustainable biomass
- Local communities
- Performance and development
- Employee satisfaction and motivation
- Employee diversity
- Protecting biodiversity
- Resource management



Business integrity

Programmes

- Workplace safety
- Employee health and well-being
- Responsible business partners
- Cyber security
- Good business conduct
- Customer experience
- Responsible tax practices
- Personal data protection

Our vision in figures

A world that runs entirely on green energy	Ørsted's target	Ørsted's current performance
100% Green energy share	≥95% by 2023	64%
100% Carbon reduction* (g CO ₂ e/kWh)	96% by 2023	67%
100% Coal reduction*	100% by 2023	82%
100% Certified sustainable biomass	100% by 2020	72%
100% Green power for our residential customers	100% from 2017	100%

* Compared to 2006



A world that runs entirely
on green energy

"In less than a decade, Ørsted has become an 85% offshore wind company and has divested its oil and gas interests. By 2023, they'll be very close to zero carbon. That's a pretty staggering transformation in a very short space of time."

John Sauven
Director of Greenpeace UK

The future of green energy brightens

To make real change, we need to take real action. In Ørsted, we want to revolutionise the way we power people.

In 2017, global carbon dioxide concentrations and average temperatures again reached record-breaking levels, and we witnessed more frequent tropical storms, harsher droughts and other serious consequences.

Today, more than 80% of global energy supply is based on fossil energy sources, such as coal, oil or natural gas. With energy demand expected to double by 2060, our societies face four challenges for meeting the demand, while reducing carbon emissions: we need to significantly increase the share of green energy, improve energy efficiency and reduce energy consumption, electrify our energy use, and ensure that our energy systems remain in balance.

At Ørsted, our vision directly addresses the challenge of climate change. We used to be one of the blackest energy companies in Europe. Today, we produce 64% green energy, and our target for 2023 takes us beyond 95%.

Green has become cheaper than black

Our solutions focus on two technologies for the generation of green energy, namely offshore wind and biomass-fired power stations. We are also taking a more extensive responsibility for the integration of green energy into the energy systems by exploring new business opportunities in energy storage and customer solutions.

2017 was a breakthrough year for offshore wind. For the first time in history, it has become cheaper to build and operate offshore wind farms than new coal- and gas-fired power stations. In comparison with 2012, the cost of offshore wind

energy has dropped by 60%. As the world's largest offshore wind developer, we have led the change together with our suppliers and business partners.

All our investments are aimed at our green energy portfolio. In 2017, we issued green bonds at a value of DKK 9.4 billion in support of our renewable energy build-out plan – the largest issuance in Denmark yet.

Widespread public backing for green energy

In 2017, we measured the global public's attitude to green energy through The Green Energy Barometer. We asked more than 26,000 people in 13 countries, and the results were clear. The survey showed an overwhelming public support for a shift from black to green: 82% of respondents believe it is important to create a world fully powered by green energy.

Sustainability programmes helping to achieve our vision:

Green energy generation

We increase our share of green energy generation and reduce our carbon emissions.

Deployment of offshore wind

We deploy offshore wind farms as the world's largest developer.

Greener power stations

We convert our coal- and gas-fired power stations to sustainable biomass.

Integration of green energy

We ensure that the grid is capable of balancing variable energy generation and consumption.

Energy savings

We help business and residential customers save energy.

One of the largest green energy developers in the world

Since 2006, we have increased the share of green energy in our heat and power generation from 13% to 64%. We have achieved this by deploying offshore wind and converting power stations from coal and gas to sustainable biomass. Now, we have set a new target of more than 95% green energy by 2023.

To mitigate climate change, we urgently need to move away from fossil-based energy generation. We are the energy company in Europe that has come the furthest in its transition to green energy, and we are now one of the largest green energy developers in the world. Two main drivers have fuelled this development: our deployment of offshore wind and the conversions of our power stations from coal and gas to sustainable biomass.

Offshore wind cheaper than coal and gas

Until now, cost has been a barrier for deploying offshore wind. In 2017, auction and tender prices for offshore wind in Northern

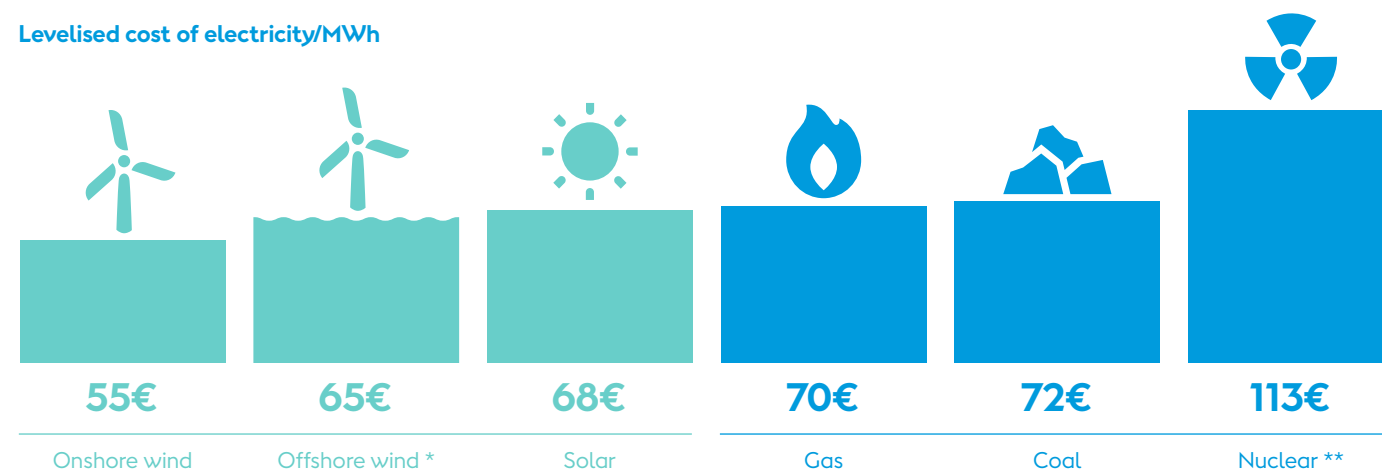
Europe dropped below new conventional coal- or gas-fired power stations for the first time. In fact, the cost of offshore wind has dropped by 60% in just five years. This is a game changer that we think will help inspire a global transition to green energy.

Offshore wind has global potential. In Europe alone, the International Energy Agency expects offshore wind to be the fastest growing renewable energy technology towards 2020 with capacity likely to double in comparison with today. We have a significant pipeline of offshore wind projects in Europe, and beyond 2020 we also expect a breakthrough for offshore wind in markets outside Europe. This includes the US and Taiwan where we are currently preparing projects.

One of our current challenges is to also bring down the cost of offshore wind outside of our traditional markets. We believe that a price development like the one in Northern Europe is possible in new markets over time. We will be able to build on the methodologies we have designed over the years and take advantage of technological advances. But it also requires dedicated efforts to

Cost of newly built power generation technologies

Levelised cost of electricity/MWh



Source: Bloomberg New Finance (2016-prices), Year of FID.

Prices reflect North Western European market conditions, which express a global trend. Specific prices may vary across regions.

* Offshore: Hornsea 2, UK (cost including transmission) ** Nuclear: Hinkley Point, UK

build supply chains, and a workforce that can provide the support we need locally.

It is our aim to supply approx. 30 million people with power from offshore wind by 2025.

Goodbye to coal

We operate seven large combined heat and power plants in Denmark. With the conversion of our gas-fired power station in Skærbæk in 2017, we have converted five of our power stations from coal and gas to sustainable biomass. In 2017, we began the conversion of Asnæs Power Station. Together with our heating customers, we are negotiating the future of our power station in Esbjerg, which is our last power station running on coal.

Coal is the most polluting source of energy, and eradicating it from our energy generation is a key priority for us and our stakeholders. We have reduced our use of coal by 82% since 2006 as a result of the biomass conversions and closure of coal-fired capacity. In the last year alone, we have reduced our coal consumption by 35% as two converted power stations came on line towards the end of 2016. We will be entirely coal-free by the beginning of 2023.

We replace coal and gas with sustainable biomass, which reduces carbon emissions significantly. Biomass can be sustainable and good – or unsustainable. Moving away from coal and gas, we of course need to ensure that the biomass we replace it with is, in fact, sustainable. We have set a number of strict sustainability criteria and document sustainability by forestry certifications through the Sustainable Biomass Partnership.

In 2017, 72% of the sustainable biomass that we sourced was certified by a third party in accordance with the Danish Industry

Agreement. This share is 11 percentage points higher than in 2016. As our total sourced volume of biomass has also gone up from 678,000 tonnes in 2016 to 2.1 million tonnes in 2017, we have significantly increased our sourcing of certified sustainable biomass. We have a target of reaching 100% certified sustainable biomass by 2020.

Choosing the right biomass

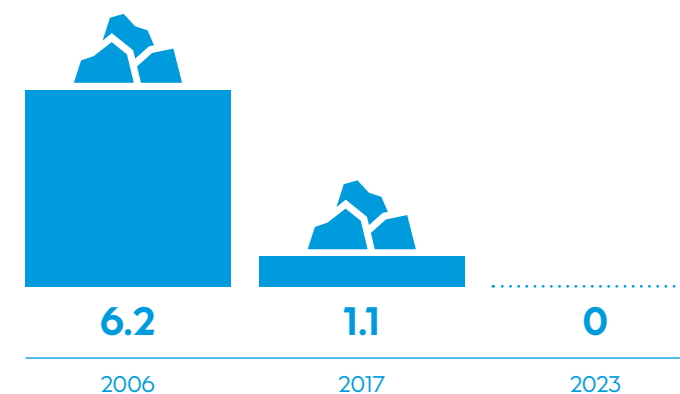
We believe that sustainably managed forests have a big potential in helping to mitigate climate change; however, there is an ongoing discussion among scientists and NGOs about which type of forest-based biomass results in the biggest carbon savings when replacing coal. To help us use the right type of biomass, we fund a research project at Copenhagen University, and we hold regular meetings with NGOs and other stakeholders to get their input and feedback.

There is general agreement among most NGOs and scientists that thinning wood and wood waste from forests and sawmills is the preferred type of forest-based biomass, as it results in the biggest carbon savings when replacing coal. Wood residues and waste make up most of the biomass we use. The quality of the wood is so low that it cannot be used for buildings or furniture. On the other hand, mature logs and other valuable parts of the forest, which bind carbon, should continue to be used for these purposes.

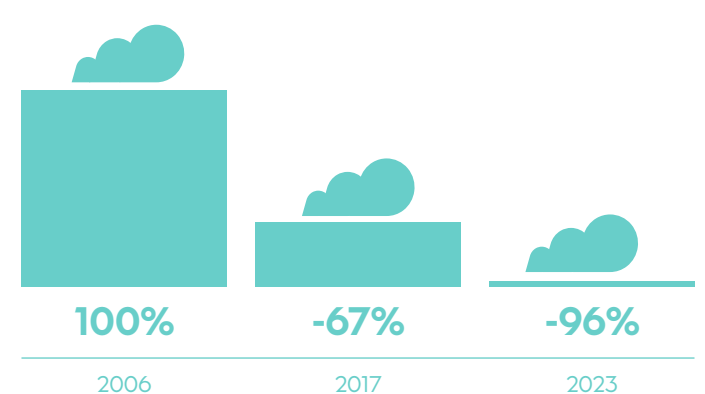
Most researchers also agree that harvested forests have a bigger uptake of carbon than unharvested forests. The carbon is stored in the wooden products like houses, floors and furniture, while the residues like thinning and waste wood can replace coal.

We say goodbye to coal in 2023 ... and to CO₂

Coal (million tonnes)



CO₂ emissions



The great electrification of society

Green energy is now cheaper than black. The next big challenge is to make our energy systems ready for the great electrification of society. Electrification is necessary to take full advantage of green energy and decarbonise our societies. This is good for the environment, it makes our energy use independent, and it saves money.

We want the world to run entirely on green energy because it is abundant, cheaper and clean. Today, more than 80% of the world's energy consumption is black. But changing how our societies consume energy is not something we can do on our own – other sectors must follow suit. It is particularly important in transport and heat generation, as these sectors rely heavily on combustion of fossil fuels in most countries. Our societies must electrify the use of energy to take full advantage of green energy sources, such as wind and solar. Today, we are starting to see that shift. In many ways, it will change how we power our lives.

The electrification of society involves new challenges for the energy systems. The power grid must manage greater demand as well as balance variable energy generation and consumption in an intelligent way. We do not yet have all the solutions, but as we increase generation of green energy, we want to take more extensive responsibility for the future energy systems and a grid in balance. This is not entirely new – for the past decade, we have developed our power stations to operate with flexible capacity levels to match the increased supply from wind power. With our new initiatives, we focus on balancing the power grid with energy storage solutions as well as promoting more flexible consumption.

Batteries for peak shaving

In 2017, we established a new business area and began dedicated efforts within energy storage. Energy storage can help balance



energy supply and demand and contribute to a stable power grid. In the future, storage solutions may also provide a cost-effective way to deliver power when consumption is highest as an alternative to expanding grid capacity to meet peak demand. We currently have two test battery solutions.

At our Burbo Bank offshore wind farm in the UK, we are establishing a first-of-its-kind offshore wind power and battery hybrid system to stabilise delivery frequency to the UK grid. The battery system is expected to become operational in the beginning of 2018. For future offshore wind projects, we are looking at installing significantly larger batteries, which will help ensure that power is available during peak hours.

This is inspired by our battery in Nordhavn, a new residential area in Copenhagen, Denmark. Here, we have installed a battery to test how it can contribute to the future energy systems by helping balance peak demand in the power distribution grid. We use locally stored power to meet demand at peak times – like in the cooking hours when numerous lights, cookers and televisions are being switched on at the same time.

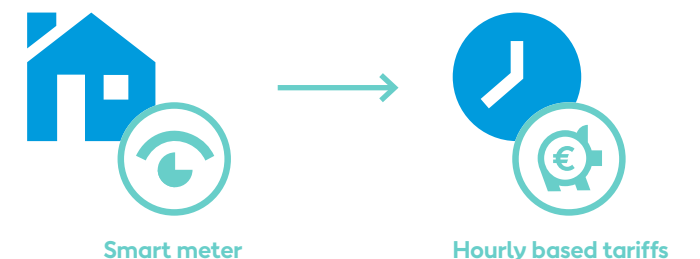
By improving flexibility, our customers can really take advantage of green energy

We help both business and residential customers move energy consumption to periods with lower demand and prices. Our customers benefit from cost savings and carbon footprint reductions. And it helps even out consumption, which reduces the pressure on the power grid.

In 2017, we developed the concept 'Energy as a service' which we offer for major business customers. It is a comprehensive solution to the challenges posed by energy planning, procurement and optimisation. 'Energy as a service' is tailored for each customer and can include installation of energy generation or storage facilities if this benefits the customer's business case.

We also want to support our residential customers in taking advantage of lower power and distribution prices. We are in the process of installing one million smart meters in households in the greater Copenhagen area. In December 2017, our distribution company Radius introduced hourly based tariffs to incentivise the consumption of energy at times when pressure on the grid and thus prices are lower. This will lay the ground for smart appliances that run or charge when power prices are lower and enable a still more efficient use of green energy.

1 million smart meters in households in Copenhagen



Reducing carbon emissions faster than science demands

The increasing concentration of carbon in the atmosphere calls for action. We have a target of reducing carbon emissions by 96% by 2023 compared with 2006. With this, we are 27 years ahead of the International Energy Agency's 2°C scenario for carbon emission reductions in the energy sector.

We have reduced the carbon intensity of our energy generation by 67% and our total carbon emissions by approx. 78% since 2006. There are three key drivers for this, namely our progress in offshore wind build-out, closure of coal-fired energy capacity, and the conversions of our power stations to sustainable biomass. In particular, phasing out the use of coal has had a dramatic effect on our carbon emissions.

A generation ahead

In 2017, the Science Based Targets initiative approved our 2023 carbon emission reduction target. The initiative brings together leading climate organisations to support companies in aligning their targets with the goals of the Paris Climate Agreement. Our target is to produce heat and power at 20g CO₂e/kWh – down from 462g CO₂e/kWh in 2006.

By achieving our 2023 target, we will reach our carbon emission reduction goal 27 years faster than the two-degree temperature rise scenario established by leading climate scientists and the International Energy Agency for the energy sector.

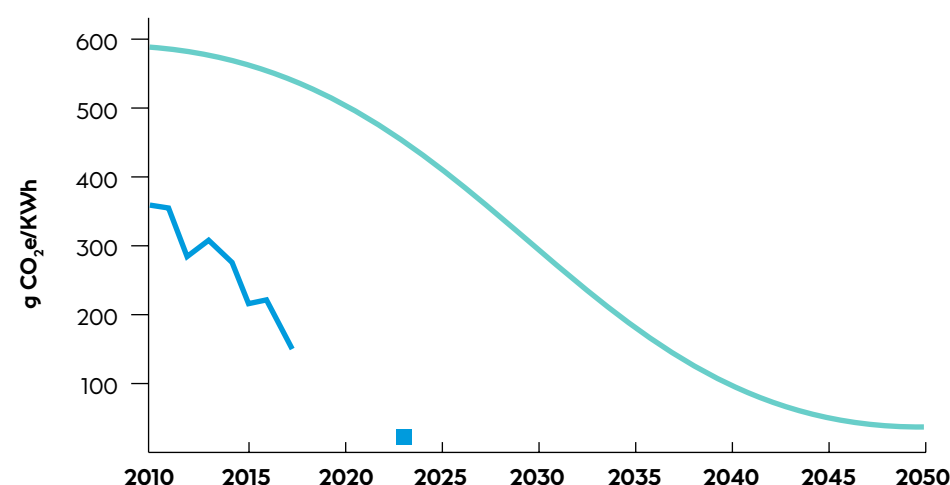
Amongst a handful of energy companies

Our target reflects the transformation of our business model to becoming a green energy company. We want to take real climate action and reduce carbon emissions for the sake of future generations.

In Europe, Ørsted is the energy company which has made the most progress in its transition from fossil-based to green energy. We are the fifth energy company in the world to have set a carbon reduction target which is in line with the scientific recommendations.

Our offshore wind farms not only help reduce the carbon intensity of our own energy generation. They also displace carbon emissions from conventional fossil-based energy generation due to their lower marginal power cost. Since 2006, power generation from our offshore wind assets has helped avoid the emission of more than 24 million tonnes of carbon to the atmosphere. This is the same as taking more than 12 million cars off the streets for a year.

Ørsted is ahead of the curve



— The International Energy Agency's 2°C scenario for greenhouse gas reductions
— Ørsted's green house gas intensity
■ Ørsted's target for 2023

"With its science-based climate target, Ørsted is taking a leading position in the transition to a future with less carbon emissions."

Alberto Carrillo Pineda
Science Based Targets initiative

Renescience enables recycling of household waste

Households around the world produce large amounts of waste, and most of it is deposited in landfills or incinerated. Now, waste can be turned into recyclable metals and plastics as well as biogas.

Our Renescience technology offers a solution to one of the world's fastest growing problems – the amount of waste and excessive use of resources. In Europe alone, inefficient waste resource management means that we lose 600 million tonnes of materials which could have been either recycled or used to generate energy. And waste levels are not going down. Growing and wealthier populations consume more and generate increased amounts of waste – in fact, global waste levels are expected to double towards 2030. The problem is not just the amount of waste itself – increasing consumption also challenges the planet's ability to provide resources for the products we need. It is essential that we find innovative solutions to avoid pollution and the waste of raw materials.

At Ørsted, we have turned what was once a small innovative side project into a full-scale waste treatment and recycling plant. Our Renescience technology prevents household waste from going to landfills by turning the waste into biogas and recyclable materials, such as metals and plastics. The processing is based on enzyme

treatment and a mechanical sorting of fractions. In fact, most of the waste from an average household can be recycled. We are continuously working to increase the recycling rate we can achieve with Renescience.

For the world economy to become truly circular, we need innovative solutions that promote the reuse and recycling of materials instead of the traditional 'take, make and dispose' model. The purpose of Renescience is to do exactly that. Metals and plastics are sold for recycling, and the generated biogas can be used as a substitute for natural gas to generate green power or for transport fuel.

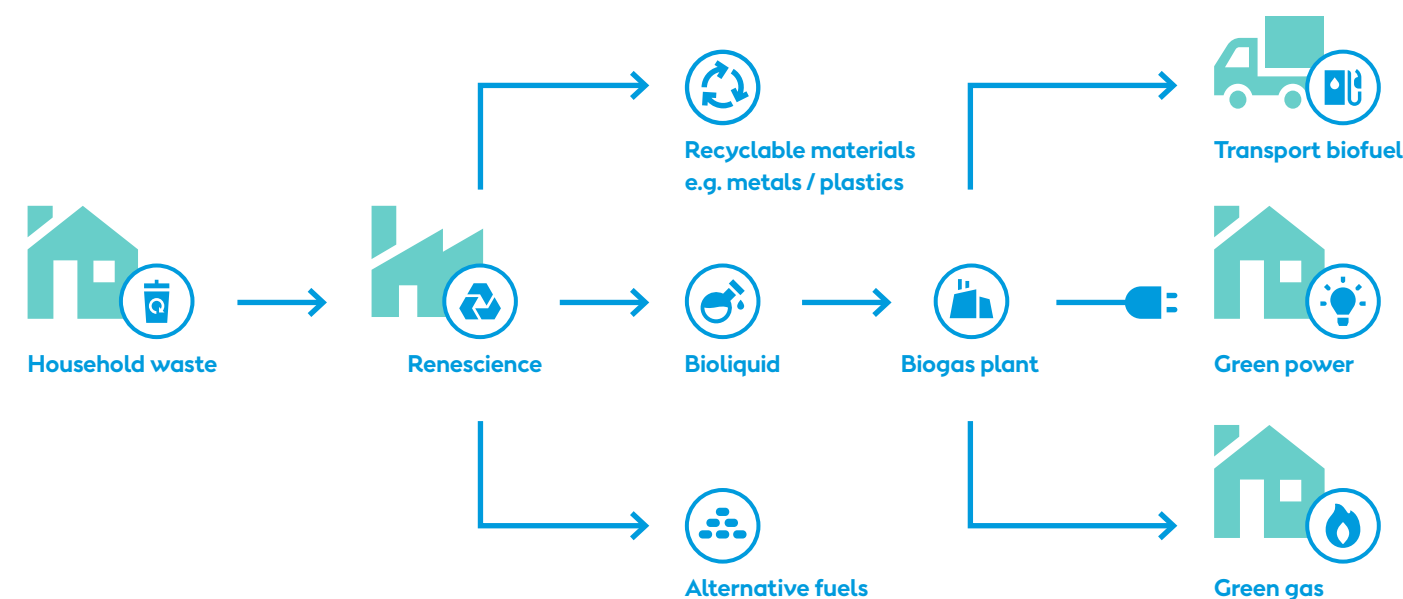
Commercial operation in first half of 2018

In 2017, we completed the construction of our Renescience plant in Northwich, UK. We are currently gaining our first operational experiences with the plant and focus on getting the plant ready for commercial operation in the first half of 2018.

The plant will treat 120,000 tonnes of unsorted household waste per year. This is equivalent to the annual waste from approximately 110,000 UK households.

The Renescience plant will enable recovery of enough metals to produce 3,700 cars every year. Biogas produced by the plant will generate a baseload of 5MWh electricity, enough for 9,500 households.

The Renescience process





Enabling
sustainable growth

Turning challenges into enablers for more green energy

In our transition to a green energy company, we have come to face different societal challenges. Protection of biodiversity offshore and impacts on local communities just to mention a few. To ensure that we grow sustainably, it is necessary that we address these challenges. In short, we try to turn them into enablers for achieving our vision.

Any company that changes course will face new societal challenges that can influence its ability to grow and create value. Take for instance car manufacturers that must replace combustion engines with new sustainable solutions, while ensuring adequate driving ranges.

We want to grow our green energy portfolio in a sustainable way. Our aim is to address the societal challenges that can impact our ability to achieve our vision of a world that runs entirely on green energy.

Facing new challenges

All modes of energy generation have a potential bearing on our society and our environment. We identify key challenges to our business together with our stakeholders.

One example is in our wind power business where the challenges include the need to protect birdlife or marine mammals offshore. We also engage with local communities and establish local supply chains to promote economic growth locally. Having stringent processes for mitigation of potential adverse impacts is necessary to obtain permits for offshore wind farms.

Another example is that retaining a talented, motivated and diverse work force is essential when driving business and societal agendas. Therefore, we have programmes to stimulate learning, collaboration and equal opportunities for our employees.

Sustainability programmes to ensure we work consistently with these challenges:

Sourcing of certified sustainable biomass

We document that the biomass we use, is sustainable.

Local communities

Through dialogue and engagement, we want to minimise impacts on local communities and promote local benefits.

Performance and development

We focus on creating a culture where employees can develop and unfold their potential.

Employee satisfaction and motivation

We wish to increase our employees' satisfaction and motivation by creating a good and healthy working environment.

Employee diversity

We want a workforce that is as representative of wider society as possible, and we focus on creating equal opportunities for all.

Protecting biodiversity

Through environmental assessments and continuous knowledge building, we strive to avoid negative impacts on biodiversity.

Resource management

With initiatives within energy and water efficiency as well as waste management, we reduce our own environmental impact.

Taking good care of wildlife

Climate change is a significant threat to biodiversity. Green energy makes a major contribution to limiting climate change, but at the local level conflicts may arise between green energy and biodiversity conservation.

Every offshore wind farm site has its own unique natural environment with important plants and animals. As the number and scale of our wind farms increase, it is only normal that questions arise as to how they impact the natural environment. Questions such as: Do wind turbine blades pose a risk to seabirds in flight? Or: How do marine mammals respond to the noise from installation of wind turbine foundations?

To answer such questions and minimise the potential environmental impacts from our offshore wind farms, we conduct and support a large number of environmental surveys and build knowledge in collaboration with industry peers and expert stakeholders, such as universities, environmental NGOs and statutory bodies.

Birds and wind turbines

Birds may potentially collide with wind turbines. It is an area of much discussion, as the evidence related to the scale of the impact is still evolving. We work with regulatory and governmental agencies as well as environmental NGOs to try to reduce this uncertainty.

As an example, we funded the tracking of bird flights around offshore wind farms carried out by the NGO 'Royal Society for Protection of Birds' (RSPB). Cutting-edge GPS tags were attached to the back of 20 adult kittiwakes to collect data on their locations as they travel to forage at sea. The kittiwake is in the gull family and is the most numerous of seabirds. In the UK, it is, however, in decline and a conservation priority. The GPS tag was simply glued to the back of each bird and fell off naturally after a few weeks.

During the consenting phase of the Hornsea Project Two in the UK, there were concerns from NGOs and statutory bodies that the kittiwake would potentially collide with wind turbines. Therefore, we have decided to raise the wind turbine blades above the kittiwakes' flight paths, which is expected to significantly reduce the potential for collisions.

Marine mammals and noise

Marine mammals may potentially be disturbed by underwater noise created during the installation of offshore wind turbines. The risk is that they leave their normal habitats, or their communication is disturbed.

"Ørsted and the RSPB are pleased to be working together to improve understanding of the behavior of seabirds around offshore wind farms, which have become an important part of the UK's energy systems. It is hoped that in the longer term, this study will help both wind farm developers and conservationists understand how to best build renewable energy developments in harmony with nature."

Dr. Lucy Wright, Principal Conservation Scientist at the RSPB

In collaboration with noise experts, we continue to develop evidence of how underwater noise travels through water during wind turbine installation. This helps us better predict the potential impact on mammals.

During construction, we implement a range of measures to mitigate the potential impact. For instance, we listen for marine mammals with underwater hydrophones. We also position specialist observers onboard our construction vessels to look out for mammals. If any mammals are identified, the construction will pause.

We have also joined forces with two other wind farm developers to monitor environmental impact in the German North Sea. As part of this joint study, we aim to develop solid scientific conclusions about the impact of offshore activities on the presence of marine mammals. Halfway through the seven-year study, the results show no indication of mammals permanently avoiding the area where wind farms have been installed.

Assessing potential impacts systematically

Winning the rights to develop and construct new wind farms requires thorough environmental impact assessments of the environmental conditions and potential impacts on the environment. Our global team of experts study the wildlife and model potential impacts on the plant and animal species that live in the area. We work with regulators to ensure that we appropriately assess and, if necessary, mitigate the potential impacts of our wind farms. We continue biodiversity monitoring throughout the construction phase and often after the wind farm has been commissioned to assess potential long-term impacts.

A talented and diverse workforce

Innovation is a key factor for the future development of our business. To promote innovation, we need talented people and a diverse workforce.

We want our company to reflect the diversity of the societies we are part of. This means to be diverse across gender, educational and cultural background, age and preferred working style. By promoting diversity and inclusion, we want to make sure that all have equal opportunities to be seen and heard, recruited and promoted. We want it to be a state-of-mind philosophy that permeates the way we think and act in all teams.

Diversity and inclusion are also important for us to promote innovation, which is a key factor for the future development of our business. To promote innovation, we need talented people and a diverse workforce because as research shows diverse and inclusive teams deliver better business performance. Diverse teams promote innovation because they can deliver different inputs and perspectives on solutions.

"In Ørsted, innovation is the bread and butter of our work, so to speak. Diversity helps drive the innovation we rely on so heavily to be able to stay competitive in the markets where we're operating. Therefore, it's so much more important that we work on maintaining an inclusive culture where there's room for diversity."

Hanne Blume
Chief Human Resources Officer

Female leaders hold great potential

Today, 30% of our employees are women, whereas 24% of our managers are women. We need to make an extra effort to improve the gender balance in our workforce and support women in taking on management roles.

We know that the women we employ perform as well as their male peers. Yet, the gender balance in management positions



has not improved in recent years. To understand why and to help change this, Thomas Thune Andersen, our Chairman of the Board, and Hanne Blume, Chief Human Resources Officer, take part in the United Nations' Gender Diversity Roundtable Denmark.

We have set targets for increasing the participation of women in management at all levels. We are working to improve performance, but are not fully on track yet. Amongst the women working at Ørsted, there is a larger leadership potential than what we currently help unleash.

"Attending the talent programme has given me a better understanding of how I react in challenging situations, and I've become more emotionally intelligent. The programme provided me with several tools and not at least confidence to continue my development as a manager." Susanne Bork Klusmann, Director and former participant in the Apollo talent programme for managers.

To support women become managers, we want to make sure that enough women take part in our talent programmes. For our Columbus programme, which is designed to accelerate the development of potential future leaders, we have reserved one third of the seats for women in 2018. For more experienced female managers, we have initiated a new 'Female Spotlight Initiative' which will support talented women in stepping into senior leadership positions.



Business
integrity



Integrity and trust go hand in hand

We changed our name in 2017, but our guiding principles remain – The Ørsted Way. The first guiding principle is integrity. We uphold high ethical standards in our business practices by being accountable and transparent, respecting human rights and having a solid governance.

In Ørsted, integrity is one of our five guiding principles. It is part of how we define ourselves as a company. It is also how we approach dialogue with our stakeholders – we want to build trust by listening to their concerns and communicating transparently about Ørsted.

Trust is no small matter. Surveys show that the public's trust in institutions is lower than ever. This is true for governments, media and businesses alike. At the same time, the role of businesses in society is changing. People expect companies to take more responsibility for solving some of society's greatest challenges.

The greatest challenge we have set our sights on is climate change, and our answer is green energy. To build and maintain the trust of our stakeholders, we have publicly committed ourselves to a set of sustainability principles in our Sustainability Commitment, and we work with a number of sustainability programmes that focus on integrity.

We are guided by national and international frameworks in our approach to business integrity; first and foremost the UN Global Compact, of which we have been a signatory for 11 years. They also include national laws, such as social responsibility reporting in Denmark, or the UK Bribery or Modern Slavery Acts. We rely on international conventions, principles and guidelines, such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Integrity in our own operations – and beyond

Our programmes include one of the highest priorities in our business, namely safety. As an energy company, it is our re-

sponsibility to make sure that our employees and contractors work in a safe environment and return home without injuries. In recent years, we have complemented our work on safety with a range of initiatives that have the purpose of enabling a sustainable working life, both physically and mentally.

Business integrity also reaches beyond our own walls. We collaborate with our suppliers and joint venture partners and help them develop their sustainability practices in accordance with our code of conduct.

Sustainability programmes that contribute to upholding high ethical standards in our business practices:

Workplace safety

We provide a safe working environment and make safety an integrated part of our working culture.

Employee health and well-being

We support our employees in maintaining sustainable working lives, as this is important for their well-being.

Responsible business partners

We contribute to sustainable development, while building a responsible supply chain.

Cyber security

We uphold a high degree of cyber security to minimise the threat of cyber attacks.

Good business conduct

We have zero tolerance towards corruption and provide guidance about ethical behaviour.

Customer experience

We offer services that meet the needs of individual customers.

Responsible tax practices

We comply with tax legislation in the markets where we operate.

Personal data protection

We have processes in place to handle personal data correctly and in accordance with the law.

Early supplier engagement in Taiwan

As we enter new markets, we are evolving our approach to responsible sourcing. This includes establishing sustainability expectations and increasing the capabilities of our potential suppliers through dialogue and training.

From the manufacturing of foundations and wind turbines to the installation of cables, each step of our supply chain presents its own opportunities and risks. In the same way, different markets bring about different challenges. A one-size-fits-all approach to responsible sourcing will not provide a meaningful way to assess and develop supplier capability and performance.

We are developing offshore wind projects in Taiwan where we want to establish local, responsible supply chains to contribute to the local economy and build an agile and high-quality supply chain. Compared with Europe, heavy manufacturing and civil works sectors in Taiwan face higher risks of being associated with unsustainable business practices, especially in cases involving migrant workers. We will work with our suppliers on addressing these challenges to secure the long-term potential of the sector.

In Taiwan, we are engaging our suppliers in our sustainability expectations before we engage with them commercially. By starting this conversation early, we can explain our approach to responsible sourcing and learn about some of the challenges we have not faced in our supply chains before.

In October 2017, we visited three potential suppliers in Taiwan. In our approach, we are:

- involving our suppliers in establishing sustainability expectations and defining goals to improve performance
- encouraging innovation in the construction of new generation facilities to minimise waste and promote resource efficiency
- exploring new opportunities for collaboration on tackling sector-wide challenges in the labour market.

Best practice continues to evolve

We have been running a business partner programme for several years, which we have strengthened along the way. To promote responsible business practice in our supply chain, we have a code of conduct and perform risk-based due diligence. We select a number of suppliers each year for our assessment programme to

promote continuous improvement on sustainability performance. Our assessment process enables us to understand and address performance issues in our supply chains.

Our approach to working in new markets is an additional component to our business partner programme. We will complement our established assessment process by developing new approaches to increase the awareness and capabilities of our potential suppliers through dialogue and training.

Our projects in Taiwan



We want our employees to thrive

In Ørsted, we want to create a culture where people thrive and enjoy sustainable working lives. We are making our approach an integrated part of our working culture.

We want to be a workplace where our employees thrive in their jobs. And we are persistent when it comes to creating a workplace where we take care of ourselves and each other. Just like integrity, it is not something we do for a period of time – it is a way to behave and act in everyday life.

Get out of your chair. Sedentary work also strains your body

We have a high focus on safety and prevention of physical problems. It is relevant for both our employees with hard physical work and for those with sedentary work. Many studies show that too much sedentary work decreases concentration and causes pain in neck and shoulders. The long-term effects of sedentary work are serious with higher risks of diabetes and cardiovascular diseases. Even though we are active in our spare time, when we are at work, we need to get out of our chairs and move around – several times a day.

At Ørsted, we are creating a culture where we can take a break, go for a short walk or in other ways move our bodies during the working day. It is our goal that this becomes just as integrated in our culture as safety already is today.

To promote physical health, we offer our employees exercise opportunities and advice on good working positions. During the last year, we conducted different initiatives to enhance physical health. As an example, we launched the 'Stretch for Strength' initiative where 1,800 colleagues took part – one third of all Ørsted employees.

Our annual survey shows that our employees are satisfied with the health and well-being opportunities they are offered. We can always do more, and future initiatives will focus on how to get physical health even more integrated into our culture.

We must take care of our brains

Mental health is equally important. A modern working life is often without limits, and we can check in everywhere and at all times of the day. Routine tasks are mostly outsourced to computers, and we are bombarded with information, while needing to concentrate, be creative and innovative. We invest time and energy in our jobs. Our work becomes a part of who and what we are, and

we can be caught in a honey trap because our work provides excitement, recognition and social relationships. At Ørsted, we focus on how to prevent that this makes us work too much without the necessary recovery time.

We focus on providing our employees with tools and advice about working habits for strengthening concentration and avoiding disturbances. And we talk openly about the importance of a good night's sleep to recover.



Stress prevention is important

Work is more complex than it was just ten years ago. In large part due to the digital revolution. Information and connectivity is available around the clock. Combined with constant productivity gains, it can be a challenge to balance and maintain a healthy working life.

We ask our employees if they experience stress in our employee satisfaction survey. In 2017, 9% of employees responded that they feel stress 'quite much' or 'much'. While this number is below the Danish average for stress, we find the number to be too high, and we are dedicated to reducing stress. In 2017, we trained more than 600 of our managers in stress prevention.

Our sustainability governance

Responsibility for our sustainability performance is part of our general decision-making structures. 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.

In Ørsted, we consider robust governance to be an essential part of being a transparent and accountable company. Our sustainability practices are based on a five-step process that describes how we ensure progress on our sustainability performance.

1. Foundation

We rely on The Ørsted Way, our Sustainability Commitment and our participation in the UN Global Compact for the values that govern our work.

2. Material themes

We engage stakeholders in continuous dialogue. One output of this is an annual assessment of the sustainability themes that our stakeholders and we consider to be material to our business.

3. Strategy

We address all material sustainability themes through 20 programmes that sit at the core of our sustainability strategy.

4. Performance

The 20 programmes are central to our management of performance. We specify governance, policies, performance indicators and targets where relevant for our programmes.

5. Reporting and communication

Transparency on our performance is important in our continuous dialogue with stakeholders. We communicate in writing through our reporting products, our website, and other media, and we engage in dialogue directly with stakeholders bilaterally and through roundtables.

Sustainability organisation

Board of Directors

Provides strategic guidance on sustainability in Ørsted.

Approves the sustainability targets in our corporate strategy and supervises their achievement.

Approves Sustainability Commitment and annual sustainability report.

Chair

Thomas Thune Andersen, Chairman of the Board

Audit and Risk Committee

A board committee appointed by the Board of Directors.

Supervises the integrity of the sustainability reporting, the presentation hereof in the annual financial report and the internal control system for non-financial data.

Chair

Benny Loft, member of the Board

Group Executive Management

Accountable for sustainability programmes.

Approves themes in annual sustainability materiality assessment and portfolio of sustainability programmes.

Assigns accountability for programmes at executive level.

Proposes the sustainability programme targets that are part of our corporate strategy to the Board and monitors their achievement.

Chair

Henrik Poulsen, CEO

Compliance Committee

Appointed by the Group Executive Management.

Monitors our compliance with laws, rules and standards that apply to our business areas, including within sustainability.

Chair

Henrik Poulsen, CEO

Sustainability Committee

Appointed by the Group Executive Management.

Oversees that we live up to our Sustainability Commitment; reviews sustainability strategy and monitors performance of sustainability programmes.

Chair

Marianne Wiinholt, CFO

Business units and Shared Functions

Conduct annual sustainability materiality assessment, establish sustainability programmes and ensure progress by:

- developing policies and procedures
- setting targets
- defining and measuring performance indicators
- managing and reporting on performance.

Internal Audit

Verifies the effectiveness of our sustainability programmes with particular focus on compliance and validity of data.

Material sustainability themes and human rights

Dialogue with stakeholders is fundamental to understanding which sustainability themes and human rights areas we need to address to maintain good sustainability practices and help preserve a safe, just and fair society.

As an energy company, we perform many functions with societal impact. Most importantly, of course, we generate energy for our customers, which we want to do with respect for our surrounding environment and the societies we are a part of. But we also employ both blue- and white-collar workers and function as a customer in local and global supply chains.

Many aspects of these relationships are determined by international conventions, norms and values that we want to help preserve because they are fundamental to a safe, just, and fair society that safeguards the rule of law and respect for human rights. Other aspects are newer or more complex, and often a consensus has not yet formed among our stakeholders.

In our Sustainability Commitment, we commit ourselves to engaging in dialogue with our stakeholders. This helps us understand how our societal impacts are viewed outside our operations. We use these inputs to calibrate our own world view, and we listen to expert opinions to continuously improve our sustainability practices.

A complementary approach of materiality and human rights

We formalise the insights from our stakeholder dialogue in two concrete projects: a materiality assessment (annual) and a human rights risk screening (every other year). As output, we define a number of material sustainability themes and potential adverse human rights impacts that we and our stakeholders consider important to address. We have sustainability programmes for all material themes, and we add human rights components to relevant programmes to continuously strengthen our practices on human rights.

Identification of material themes

Our annual materiality assessment is based on the dialogue we have with investors, regulators and policy makers, civil society, customers, business partners, and employees. We engage in bilateral meetings, arrange roundtables, and meet at conferences.

Each year, we consolidate the inputs we receive in a materiality assessment where we identify sustainability themes that are

material to our business. We rank the themes according to their importance to stakeholders and to Ørsted. This year, we have placed them in one of the three priorities of our sustainability strategy. By bundling similar themes, we can better compare the relative importance of the themes.

On pages 26-27, you can find our material sustainability themes.

Human rights risk screening

To understand our human rights risks, we conducted 15 interviews with Ørsted employees who lead work that has a direct link to our rights holder groups – our employees, our customers, our communities, and our business partners. During the interviews, we assessed how our business activities could potentially have adverse impacts on the rights holders. The assessment also evaluated our capacity to identify potential risk areas and current mitigation strategies to address them.

The screening concluded that we manage our most significant human rights risks well, and that we mainly operate in low-risk environments. However, new markets represent new focus areas related to human rights. Suppliers continue to be a primary focus area for us. But we can improve our governance by increasing awareness in key business areas on human rights, especially in higher risk markets.

The screening results show where we have potential adverse impacts on human rights. We have listed the focus areas on the next page as well as our policies and sustainability programmes through which we seek to prevent or mitigate adverse impacts.

In 2018, we will focus on supporting internal stakeholders in areas of the business that are key for our human rights performance. In addition, we will continue to engage our stakeholders on our human rights practices in an NGO roundtable.

The UK Modern Slavery Act

In 2017, we published our first statement in accordance with the UK Modern Slavery Act. It sets out the steps we take to prevent acts of modern slavery and human trafficking from occurring in our business and supply chains. You can find it on orsted.com/sustainability

Our commitment

We have a responsibility to ensure that our business follows the rule of law and treats people affected by our operations well. That is why we are committed to business practices that respect internationally recognised human rights and help secure a fair transition to a world that runs entirely on green energy.

As participant in the UN Global Compact, Ørsted is committed to respecting all human rights described in the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social, and Cultural Rights; and the ILO Declaration on Fundamental Principles and Rights at Work.

Our Sustainability Commitment sets the framework for our pledge to safeguard and strengthen human rights across our global operations and supply chains:

“We commit to safeguarding and strengthening labour and human rights, to promoting safe working conditions, mental health and well-being and to giving our employees good learning opportunities in their work. We commit to treating all people with respect, to work against discrimination in all its forms and to be an inclusive organisation which respects individual characteristics, such as gender, age, sexual orientation, nationality as well as religious and political beliefs.”

In 2017, we conducted our second human rights risk screening for our operations as well as a mapping of the human rights risks in our supply chains with the following results:

Rights holder	Human rights focus areas	Human rights article *	Ørsted policy	Sustainability programme
Our employees	<ul style="list-style-type: none"> Discrimination Safe working conditions Overtime and stress-related burn out 	23. Right to equal pay for equal work 23. Right to just and favourable conditions of work	<ul style="list-style-type: none"> Policy on mitigation of recruitment risks Diversity policy Policy on bullying and harassment Senior policy Health and safety of employees 	<ul style="list-style-type: none"> Employee diversity Workplace safety Employee health and well-being
Our customers	<ul style="list-style-type: none"> Privacy of personal data Privacy during installations and maintenance at people's homes 	12. Right not to be subjected to arbitrary interference with one's privacy	<ul style="list-style-type: none"> Privacy policy 	<ul style="list-style-type: none"> Personal data protection
Communities	<ul style="list-style-type: none"> Impact of wind farms on fishing activities Land acquisitions Noise and traffic 	25. Right to a standard of living 27. Right to freely participate in the cultural life of a community	<ul style="list-style-type: none"> Local community engagement policy 	<ul style="list-style-type: none"> Local communities
Our suppliers	<ul style="list-style-type: none"> Health and safety Labour and wage conditions 	4. Right to freedom from slavery or servitude 23. Right to just and favourable conditions of work 23. Right to equal, just, and fair remuneration 23. Right to freedom of association 24. Right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay	<ul style="list-style-type: none"> Code of Conduct for business partners 	<ul style="list-style-type: none"> Responsible business partners

* Universal Declaration of Human Rights

Programme status



A world that runs entirely on green energy

Theme	Theme description
Climate change	Reduce our carbon emissions and build climate change awareness
Green energy deployment	Deployment of clean energy solutions to help meet growing global demand for affordable clean energy
Integration of green energy	Enable more renewable energy in the energy systems through the development of infrastructure, integration of markets and increased demand flexibility
Energy efficiency	Help our customers reduce their energy consumption



Enabling sustainable growth

Sustainability of biomass	Safeguard the sustainability of biomass to ensure carbon emission reductions and protection of biodiversity
Community impacts and local contents	Manage the effects of our business operations on the local society and environment and contribute to communities in which we operate through the procurement of goods and services and local workforce development
Talent development	Foster professional development of employees, develop next-generation leaders, and attract new talent to increase the overall capability and expertise in the company
Diversity	Support development of a more diverse workforce and provide equal access to opportunities
Biodiversity impact	Manage impact on wildlife and ecosystems to meet concern for especially wind farm impact during construction, operation and decommissioning
Waste and resource management	Enable recycling and efficient use of resources to minimise waste and resource use



Business integrity

Safety and well-being	Provide a safe working environment and promote employee health and well-being
Supply-chain impact and business partner conduct	Reduce social and environmental impact in our value chains and promote responsible business practices
Cyber attacks	Safeguard our supply of energy by protecting our company from unauthorised access to IT systems
Business ethics	Prevent corruption and fraud by our employees in their relationships with authorities and business partners
Customer satisfaction	Ensure that customers are satisfied with the services we provide
Tax practices	Provide transparency on tax payments and implement a responsible approach to tax
Data privacy	Handle personal information of customers, business partners and employees responsibly

This overview shows our three strategic sustainability priorities, our sustainability themes, and the corresponding programmes through which we address these themes. We have ranked the themes and programmes in order of materiality within each priority. In the far right column we show the UN Sustainable Development Goals that each programme contributes to and where it is possible the underlying SDG target. On the following pages, we describe how we work with the programmes, which actions we took in 2017, and the ways we contribute to the SDGs.

Programme	Indicator	Our target	Performance	SDG
Green energy generation	Green energy share (%) Greenhouse gas intensity of heat and power generation (g CO ₂ e/kWh)	2023 target: ≥95% 2023 target: 20	64 151	13.3
Deployment of offshore wind	Installed offshore wind capacity (GW)	2025 ambition: 11-12	3.9	7.2
Greener power stations	Coal share in thermal heat and power generation (%) Coal consumption (million tonnes)	2023 target: 0 2023 target: 0	30 1.1	7.2
Integration of green energy	Smart meters in use (number)	2020 target: >1 million	183,000	9.4
Energy savings	Energy savings realised through our energy consultancy services (GWh)	—	176	7.3
Sourcing of certified biomass	Certified wood pellet and wood chips sourced (%)	2020 target: 100	72	15.2
Local communities	We engage in continuous dialogue with stakeholders and invest in community development funds and skills-based initiatives.			11.A
Performance and development	Satisfaction with learning and development (scale 0-100)	2020 target: 80	76	
Employee satisfaction and motivation	Employee satisfaction and motivation (scale 0-100)	2020 target: 77	76	
Employee diversity	Women in leadership positions (%) • Leadership Conference • Middle management	2020 target: 22 2020 target: 30	13 25	5.5
Protecting biodiversity	Significant environmental incidents (number)	—	8	14.2 15.5
Resource management	Waste for recycling (%)	—	99	6.4 12.5
Workplace safety	Total recordable injury rate (TRIR) Accidents with absence per million working hours (LTIF)	2020 target: ≤5.7 —	6.4 1.6	8.8
Employee health and well-being	Satisfaction with health initiatives (scale 0-100)	2020 target: 80	77	3.4
Responsible business partners	Improvement plans. Distribution of opened actions (%) • Sustainability management • Labour and human rights • Environment • Anti-corruption	— — — —	37 35 22 6	3.9 8.7 8.8
Cyber security	We have a comprehensive program to counter cyber security challenges. No major IT security incidents in 2017.			
Good business conduct	Substantiated whistleblower cases (number)	—	3	16.5
Customer experience	Customer satisfaction (scale 1-100) • Residential customers (B2C) • Business customers (B2B) • Distribution customers	2020 target: ≥80 2020 target: ≥80 2020 target: ≥80	76 77 82	
Responsible tax practices	Global income tax paid in 2017 (DKK)	—	2.7bn	16.6
Personal data protection	We have mapped all personal data we handle, and will align practices with EU regulation in 2018.			



A world that runs entirely on green energy

At Ørsted, we want to be a company that provides real, tangible solutions to climate change – one of the world's most difficult and urgent problems.

In the following programmes, we describe how we work to create a world that runs entirely on green energy. By constructing offshore wind farms and converting our power stations from coal to sustainable biomass, we contribute to the green transformation of society. At the same time, we maintain a high reliability of supply for our customers, while helping them reduce their energy consumption.

Green energy generation

SDG: #13 → Target: 13.3

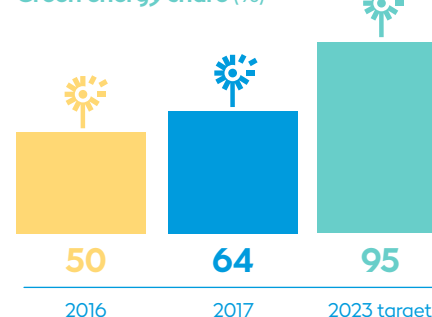
The risks and effects of climate change are becoming increasingly prevalent. We take action to increase the share of green energy in our generation and reduce carbon emissions.

In 2017, the share of green energy in our generation of heat and power was 64%. We have a target to achieve a green energy share above 95% by 2023.

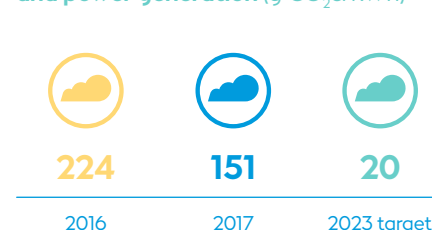
By 2017, we have reduced the greenhouse gas intensity of our heat and power generation by 67% in comparison with 2006. We have a science-based target to bring the intensity level down to 20g CO₂e/kWh in 2023 – a reduction of 96% compared with 2006.

By providing tangible solutions, we help improve the capacity to address climate change. And by positioning our company at the forefront of climate change mitigation, we help raise awareness of the urgent need to address climate change. This way, we contribute to SDG #13.3.

Green energy share (%)



Greenhouse gas intensity from heat and power generation (g CO₂e/kWh)



The performance improvements are both due to increased power generation from wind farms and a higher share of biomass based heat and power generation at the power stations in Skærbæk, Avedøre and Studstrup.

Deployment of offshore wind

SDG: #7 → Target: 7.2

To mitigate climate change and its consequences, we need to build more green energy capacity. Offshore wind represents a scalable and efficient green energy technology.

In 2017, we commissioned Burbo Bank Extension. We also won the rights to construct projects in Germany and UK with a total capacity of 2GW at the lowest price ever – among them the world's largest offshore wind farm, Hornsea 2, which will provide clean power to more than 1.3 million British homes. We expect Hornsea 2 to be operational in 2022 where it will be our first offshore wind farm to generate power at a lower cost than newly constructed coal- and gas-fired power stations.

By 2017, our total offshore wind capacity was 3.9GW. We expect to more than double this to 8.9GW in 2022. It is our ambition to reach a total of 11-12GW by 2025, which equals the annual power consumption of around 30 million people.

Since 2007, our generation from offshore wind has helped avoid 24 million tonnes of carbon dioxide that would have been emitted from conventional fossil-based energy generation. Through our offshore wind activities, we increase the share of renewable energy in the global energy mix and contribute to SDG #7.2.

Installed offshore wind capacity (GW)



Installed offshore wind capacity increased due to installed capacity at Burbo Bank Extension and technical capacity changes at Gode Wind 1 and 2.

Greener power stations

SDG: #7 → Target: 7.2

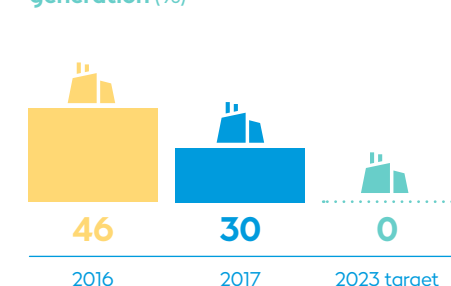
Coal is the fossil fuel that emits most carbon dioxide, which negatively impacts the climate. By phasing out coal, we significantly reduce the carbon emitted from our heat and power generation.

In 2017, we consumed 1.1 million tonnes of coal. This is 82% less than in 2006. We have a target of phasing out the use of coal completely in the beginning of 2023. We do this by closing down coal capacity and converting the remaining capacity to using sustainable biomass.

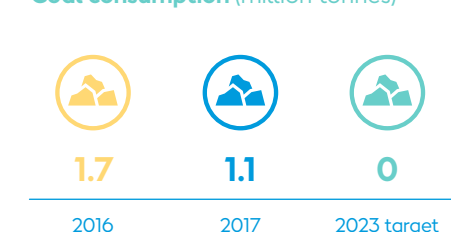
In 2017, we completed the conversion of the Skærbæk Power Station from gas to wood chips. We also made the decision to convert the coal-fired Asnæs Power Station to wood chips. We expect to complete the conversion by late 2019.

Conversions of our power stations in Denmark from coal and gas to sustainable biomass is an efficient way to reduce the carbon emitted from heat and power generation. This increases the share of renewable energy in the global energy mix and contributes to SDG #7.2.

Coal share in thermal heat and power generation (%)



Coal consumption (million tonnes)



The decreased coal share and total consumption is driven by the biomass conversions of Avedøre and Studstrup power stations in late 2016.

Integration of green energy

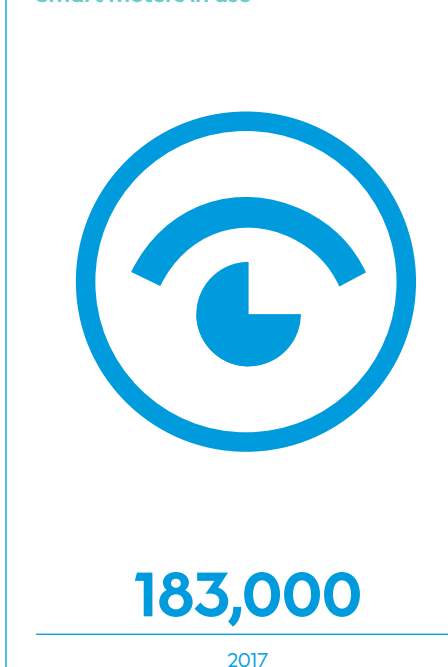
SDG: #9 → Target: 9.4

In a world that runs entirely on green energy, power demand will increase, and generation and consumption will vary. This poses challenges to the energy systems. We focus on balancing the power grid with energy storage solutions as well as promoting more flexible consumption in three main focus areas:

- 1) We will install large batteries that store power for short periods of time. Storage solutions can help maintain a balanced grid. Storage can also be used when there is a peak in demand. This reduces the maximum dimensions that are needed of the grid.
- 2) We install smart meters to enable hourly based tariffs and create incentives to use power when it is abundant and cheap and pressure on the grid is low.
- 3) We offer a new integrated solution to our business customers called 'Energy as a service'. We see a rising demand for new services that include procurement, generation and use of energy. Optimised energy consumption will benefit the energy bill of our customers and help balance the grid.

By upgrading the grid infrastructure and helping to increase resource efficiency and other environmentally sound industry processes, we contribute to SDG #9.4.

Smart meters in use



By the end of 2017, we have installed 183,000 smart meters of a total of 1 million in 2019.

Energy savings

SDG: #7 → Target: 7.3

Globally, there is great potential for improved energy efficiency that enables businesses and households to reduce cost and carbon footprint. We want to unleash this potential.

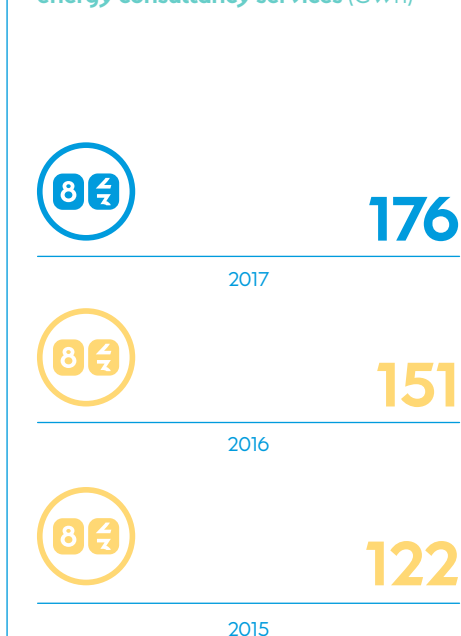
We help customers save energy through our energy consultancy services and through climate partnerships. Our climate partnerships focus both on energy savings and on helping the partner change to green energy.

This year we have helped realise energy savings of 176GWh corresponding to the annual power consumption of 51,600 households. These are the energy savings achieved by companies using our energy consultancy services, including our climate partnership model.

We also help our residential customers reduce their energy bill by offering free remote consultancy services and online practical guidance.

By helping our customers improve their energy efficiency, we contribute to SDG #7.3.

Energy savings realised through our energy consultancy services (GWh)



In 2017, we have intensified our energy consulting. We have also changed the way we calculate energy savings to include only the savings attributable to the work of our energy advisors.



Enabling sustainable growth

We want to grow our green energy portfolio in a sustainable way. Through the following programmes, we address societal challenges to enable our contribution to a world that runs entirely on green energy.

Sourcing of certified sustainable biomass

SDG: #15 → Target: 15.2

We replace coal and gas at our power stations with sustainable biomass, mainly wood pellets and wood chips. Since not all biomass is sustainable, we document the sustainability of our biomass by means of certification in accordance with the Danish Industry Agreement on sourcing of sustainable forest-based biomass.

The certification ensures that tree stock will remain stable or increase, ensuring carbon neutrality in connection with the incineration of biomass. Including transportation and production of biomass, we save more than 90% carbon dioxide compared with coal.

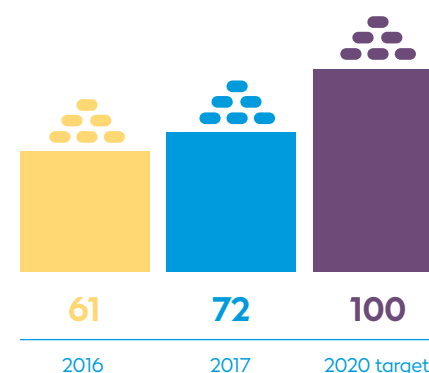
In 2017, 72% of the biomass we sourced was certified sustainable out of a total sourced volume of 2.1 million tonnes. This means that we sourced 1.5 million tonnes certified as sustainable biomass – up from 414,000 tonnes in 2016.

The certification requirement of the agreement is phased in until 2019. We go beyond the industry agreement with our 2020 target that 100% of our sourced forest-based biomass is certified as sustainable.

By ensuring sustainable forest management, we contribute to SDG #15.2.

[Link: orsted.com/biomass](http://link.ored.com/biomass)

Certified wood pellets and wood chips sourced (%)



We have exceeded the Danish industry agreement that requires sourcing of 60% certified sustainable biomass in 2017. We expect our suppliers to continue increasing their share of certified biomass and to reach our target of 75% in 2018 and 100% in 2020.

Local communities

SDG: #11 → Target: 11.A

We want to have a positive impact in the communities where we operate. By engaging communities and using local sources of labour and goods when possible, we strengthen the local support of our business activities.

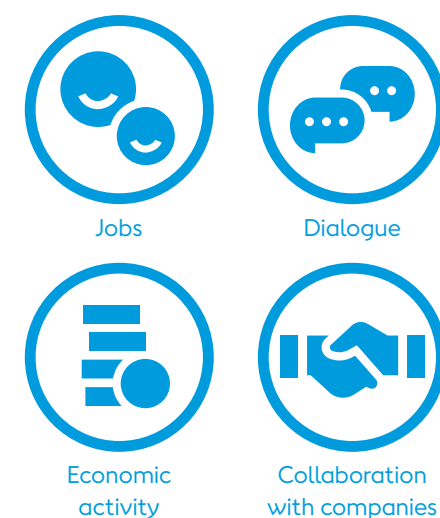
Our activities are based on continuous dialogue with local government, community leaders, business organisations and NGOs. This dialogue enables us to build relations of trust in the communities and prevent or address situations that could otherwise generate disagreement. We support local communities by investing in community development funds and local skills-based initiatives that provide education and skills support to youths in technology and engineering.

In 2017, we developed a best practice catalogue and guidance materials for risk assessment, local stakeholder identification and community engagement in alignment with international standards. This will help us further improve our community engagement as we continue to move into new markets.

By supporting positive economic, social and environmental development in the communities, we contribute to SDG #11.A.

[Link: orsted.com/localengagement](http://link.ored.com/localengagement)

How we engage locally



Performance and development

— We depend on our ability to attract, develop and retain talented employees to develop and supply more green energy to society.

Ørsted runs three different talent programmes across career segments and organisational levels from specialists to senior directors. The talent programmes prepare selected, talented employees to further develop and strengthen our leadership pipeline by preparing high potentials for critical positions in the future.

An analysis of internal career moves for the past three years (2013-2016) shows that almost 65% of our employees who have attended a talent programme have moved one or more levels up in the organisation.

We survey our employees' satisfaction with their opportunities for learning and development annually. In 2017, we had an index of 76 out of 100. Our 2020 target is a satisfaction score of 80 out of 100.

Satisfaction with learning and development (scale 0-100)



In 2017 our employee satisfaction survey showed the same level of satisfaction with learning and development as in 2016.

Employee satisfaction and motivation

— Satisfied and motivated employees thrive and create a positive and collaborative working environment that drives positive change and contributes to sustainable growth in society and our business.

Studies show that employees who can relate to their company's purpose in society and find their work to be personally fulfilling are generally happier, more satisfied, and more likely to stay in their jobs.

We measure satisfaction and motivation in our annual employee survey. In 2017, we had an index of 76 out of 100. Our 2020 target is 77.

Employee satisfaction and motivation (scale 0-100)



In 2017, we maintained the high score of 76 on satisfaction and motivation among Ørsted's employees.

Employee diversity

SDG: #5 → Target: 5.5

A diverse workforce creates a dynamic working environment that stimulates innovative thinking. We focus on diverse recruiting and offering all employees equal opportunities for development. We have a particular focus on attracting more applications from women.

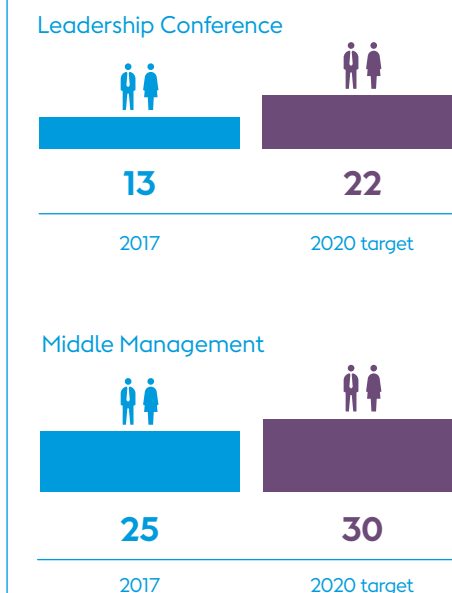
We have a policy and targets for women in management. The topics of diversity and inclusion are fixed parts of the agenda for recruitment workshops, and we ask all hiring managers to interview at least one woman for open positions. We conduct analyses of career progression and possible bottlenecks for female employees and managers.

To increase the proportion of women in management, we will focus more on positioning women for leadership positions. For instance, by reserving seats in our talent programmes to women and through a specific initiative for female managers with senior leadership potential.

In 2018, we will look further into our gender pay rate and define how we most accurately report on this. We will also determine whether additional initiatives to promote more equal pay are required.

By promoting equal opportunities for women, we contribute to SDG #5.5.

Women in leadership positions (%)



As a consequence of the reorganised management levels, we have revised our performance and targets. The numbers are not directly comparable with last year.

Protecting biodiversity

SDG: #14 #15 → Target: 14.2, 15.5

Climate change is the single largest threat to biodiversity loss. Green energy makes a major contribution to limiting climate change, but at a local level, conflicts may arise between green energy and biodiversity conservation.

We operate our business with respect for ecosystems and biodiversity. Our specialists conduct environmental impact assessments before construction and to get operating permits. They assess and document potential impacts on animal species, plants, and habitats. We take preventive measures if our findings indicate the need.

In addition, we also monitor our operations on a continuous basis to minimise our impact on the environment and to prevent incidents that can potentially harm the local environment and biodiversity. All our operational sites and associated offices are certified to ISO 14001. The offices that are not associated with operational sites will be certified during 2018.

By respecting biodiversity in relation to our offshore and onshore based assets, we contribute to SDG #14.2 and #15.5.

Significant environmental incidents (number)



In 2017, we had eight significant environmental incidents. Four of these incidents were spillage of oil products, and four were air emission leakages.

Resource management

SDG: #6 #12 → Target: 6.4, 12.5

We all rely on natural resources, but today our societies use more than what our planet can offer in the long run. We are committed to minimising consumption and pursuing recycling and reuse of resources. Our main focus is energy and water efficiency and waste recycling, for instance through the following initiatives:

In 2017, we developed a new climate partnership with our own energy advisory experts. In 2018, we have decided to source only green power to cover our use.

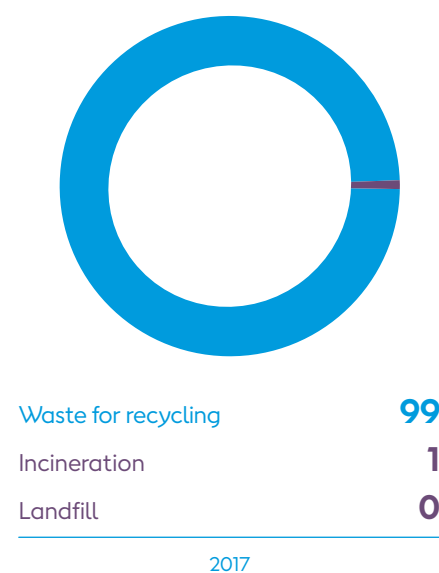
Our main water intake is at our thermal power stations. None of these are placed in water stressed areas, and we use seawater for cooling to protect freshwater resources.

We recycle as much of our waste as possible, including waste from construction, operation and decommissioning of operational sites and offices.

Our first full-scale waste treatment plant based on our Renaissance technology will be inaugurated in the first half of 2018 in Northwich, UK. It treats unsorted household waste to recover recyclables and produce green energy.

By protecting freshwater resources, we contribute to SDG #6.4 and through our efforts to recycle and reduce waste, we contribute to SDG #12.5.

Waste for recycling (%)



Between 2016 and 2017, there are no significant changes to the split between waste for recycling, incineration and landfill.



Business integrity

Integrity is one of our guiding principles. We want to operate a responsible business with high ethical standards by being accountable and transparent, respecting human rights and having a solid governance.

The main reason for the positive trend in LTIF is an improvement for own employees in 2017. It is a result of continued efforts to make safety a responsibility for all, build safety considerations into relevant processes and an on-going strengthening of the safety culture.

Workplace safety

SDG: #8 → Target: 8.8

Safety is a top priority in everything we do as part of our daily business. We have a basic responsibility to ensure and promote a safe working environment and culture among our employees and contractors.

2017 was our fifth year in a row without fatal accidents. We have exceeded our 2017 LTIF target of 1.7 and are very close to achieving our 2020 LTIF target of 1.5, which has been our primary safety target until now.

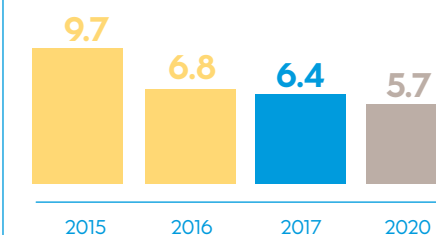
We have introduced a new primary safety target, as our LTIF is now at a level where it is no longer the best indicator for steering performance. The new target is the total recordable injury rate (TRIR), and the TRIR target for 2020 is 5.7. With this, we expect to be able to better monitor more types of injuries, including medical treatment cases and restricted workday cases.

All of our sites and offices operate in accordance with OHSAS 18001.

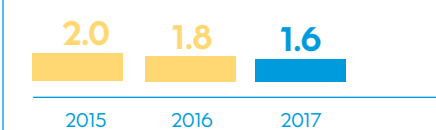
By focusing on safety initiatives and injury prevention, we contribute to SDG #8.8.

[Link: orsted.com/QHSEpolicy](http://orsted.com/QHSEpolicy)

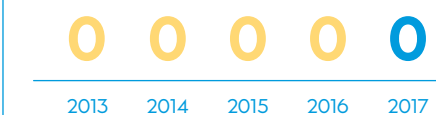
Total Recordable Injury Rate (TRIR)



Accidents with absence per million working hours (LTIF)



Fatal accidents



Employee health and well-being

SDG: #3 → Target: 3.4

We want to create a framework for a sustainable working life that gives our employees energy both at work and outside of work. Our employees' health and well-being is essential for us to succeed – but most importantly for our employees' overall quality of life.

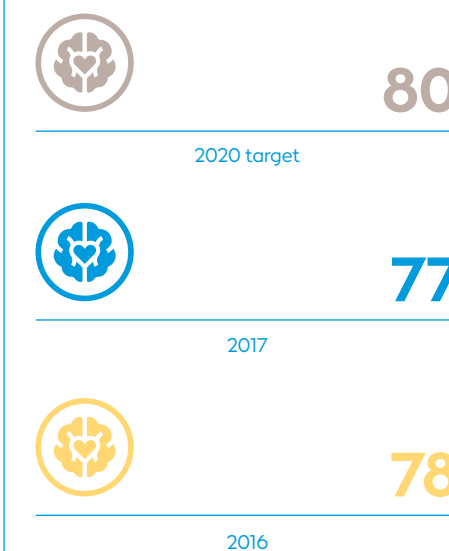
Mental balance and physical well-being increases job satisfaction, motivation, collaboration, and resilience of employees to face everyday challenges. Health and well-being are also important to prevent absence due to illness, e.g. caused by pain or stress. We have implemented and offer multiple health initiatives in the areas of exercise, nutrition, sleep, and mental balance, e.g. stress prevention.

Employees generally agree that the health strategy supports their energy and well-being as this question was rated at index 77 out of 100 in our annual employee survey.

Our 2020 target is a satisfaction rate of our health and well-being initiatives at index 80 out of 100.

Through our initiatives and promotion of mental health and well-being, we contribute to SDG #3.4.

Satisfaction with health initiatives (scale 0-100)



In 2017, we began updating our health initiatives, including how they can become an integral part of our daily work to a higher extent. We hope this will be received positively and be reflected in the satisfaction score for 2018.

Responsible business partners

SDG: #3 #8 → Target: 3.9, 8.7, 8.8

Our more than 22,000 suppliers and joint venture partners globally are part of our social and environmental footprint. Applying a risk-based approach, we support our business partners in improving their ethical, social, and environmental performance. Our aim is to help build sustainable and resilient value chains.

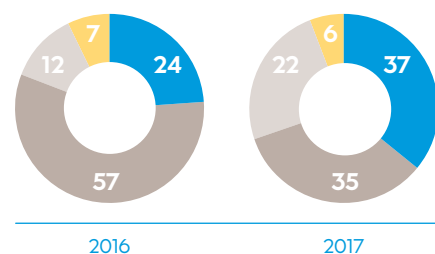
We expect our business partners to accept our code of conduct, which is based on international standards for responsible business conduct. We systematically screen business partners based on their sector and countries of operation. We select a number of business partners for assessment each year. Based on the assessment, we engage the business partner in an improvement plan to close gaps in their performance.

Through our efforts to promote and improve working conditions in our value chain, we contribute to SDGs #3.9, #8.7 and #8.8.

[Link: orsted.com/codeofconduct](https://orsted.com/codeofconduct)

Improvement plans. Distribution of opened actions (%)

- Sustainability management
- Labour and human rights
- Environment
- Anti-corruption



Our 2017 results were largely consistent with 2016, though with fewer opened actions for labour and human rights. This was due to a particular emphasis on fuel suppliers in 2016. Fuel suppliers often have larger workforces and community footprint, increasing the likelihood of improvement actions in this category.

Cyber security

— Cyber-attacks are an increasing threat. Energy companies in the US and Ukraine have already experienced hacker attacks on their energy and IT infrastructure. Any company with a digital presence faces the threat of security breaches. We handle them daily as part of our normal operations.

Our cyber security efforts focus on having appropriate technical solutions in place and ensuring that processes and procedures are in place for countering cyber threats. We are also training our employees to make sure that everyone understands and follows our IT security policy.

We have not experienced any major IT security incidents during the past year.

The SDGs do not address cyber security challenges.

Indicator to be defined in 2018



Good business conduct

SDG: #16 → Target: 16.5

By promoting good business conduct, we are able to handle or completely avoid situations that can lead to inappropriate or illegal behaviour in our relations with authorities and business partners. We want to maintain an ethical company culture among all employees, management and the Board of Directors.

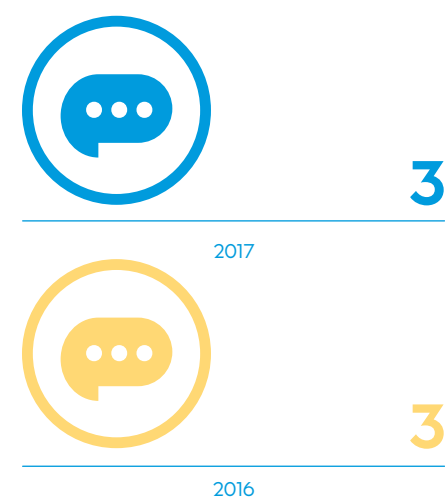
Our policy on good business conduct manifests our zero tolerance of corruption, fraud, bribery, and other types of improper business conduct. To ensure compliance, we have several control mechanisms. We have a Compliance Committee and an independent Internal Audit function that closely monitor the area. Further, employees and business partners can report serious concerns through our whistleblower hotline at any time. We have an e-learning programme which consists of compulsory training for all employees and board members.

When entering new markets, we carefully consider local practices for political engagement. We also ensure due diligence by performing country-risk assessments and checking that an appropriate compliance set-up is adopted and monitored by new joint venture partners.

Through our work to ensure good business conduct, we contribute to SDG #16.5.

[Link: orsted.com/goodbusinessconductpolicy](https://orsted.com/goodbusinessconductpolicy)

Substantiated whistleblower cases (number)



Of the three substantiated cases, two concerned a violation of employment policy and one case concerned a conflict of interest.

None of the reported cases were considered business critical, nor did they impact on our financial results.

Customer experience

— Satisfied customers are key when trying to retain existing customers and attract new ones. Moreover, a high level of satisfaction among our customers is vital to how we, as a company, are perceived in society.

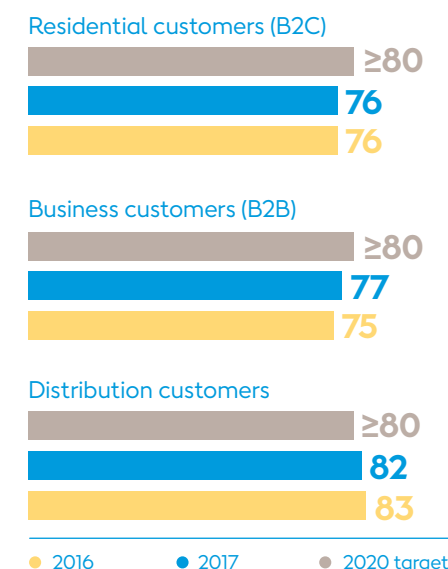
We experience a clear preference for green energy among our customers. Therefore, we have taken the step to guarantee all Danish residential customers that their energy use is covered by green energy at no extra cost. We buy certificates from our own Danish offshore wind farms. They serve as a guarantee that the wind farms produce more than enough green energy needed for our Danish residential customers.

Further, we continue our efforts to ensure that all customers are treated in an open and competent manner. We tailor our communication and self-service solutions to the needs of the individual customer.

The effects of our efforts are measured via multiple surveys for both residential and business customers. Our 2020 target is a customer satisfaction rate of 80 out of 100 for all our customers.

Customer experience does not address any of the SDGs.

Customer satisfaction (scale 1-100)



In 2017, we exceeded our 2020 target for the satisfaction of our distribution customers. For residential customers and business customers our focus has been on continuous improvement of our customer service.

Responsible tax practices

SDG: #16 → Target: 16.6

Taxes are a key economic contribution to society, and a responsible approach to tax is essential to the long-term sustainability of our business in countries where we operate. We are transparent in our approach to tax, and we communicate about our tax policy and tax payments in a timely, transparent, and understandable manner.

At Ørsted, we aim to always comply with the letter of tax law as well as the legislators' intention with the law. We continuously monitor changes in legislation in all markets, assess tax-related risks and train relevant employees on our tax policy.

To develop, societies are highly dependent on taxes. Tax payments contribute both directly and indirectly to most of the SDGs, in particular target #16.6 on the development of effective, accountable and transparent institutions.

[Link: orsted.com/taxpolicy](https://orsted.com/taxpolicy)

Global income tax paid in 2017



DKK 2.7bn

2017

See annual financial report 2017.

Personal data protection

— In a digital world, responsible handling of personal data is becoming more important. Our employees, customers, and business partners have every right to expect that their personal data is handled with respect and processed in accordance with applicable laws. In May 2018, new EU regulation concerning data protection, which further underlines the importance of this matter, will come into force.

In 2017, we mapped all personal data we handle to align how we approach compliance. We are in the process of implementing adequate data privacy practices which include updates to our IT systems to ensure proper data management and IT security.

Personal data protection does not address any of the SDGs.

Indicator to be defined in 2018



Sustainability ratings and memberships

UN Global Compact



Ørsted is participant in the UN Global Compact and member of the Action Platform 'Pathways to Low-Carbon and Resilient Development'. Through the action platform, we aim to serve as a catalyst for enhancing action to meet the ambitions of the Paris Agreement and the UN Sustainable Development Goals (SDGs).

WE SUPPORT
Caring for Climate



Rating agencies	Elaboration & benchmark	Score
	As a Global 100 company, Ørsted represents the top 2% in the world on sustainability performance.	No. 70
	Ørsted awarded the highest possible rating.	AAA
	Ørsted's first publicly available CDP report in 2017. Aim is to achieve A rating.	C
	Ørsted rated as outperformer among utilities and highest among direct peers.	77
	Score results in a 5-star rating for Ørsted, the highest possible rating.	78
	Ørsted in top 3 out of 179 companies in the utilities sector.	B
	Ørsted has satisfied the requirements to become a constituent of the FTSE4Good Index Series.	Selected for index

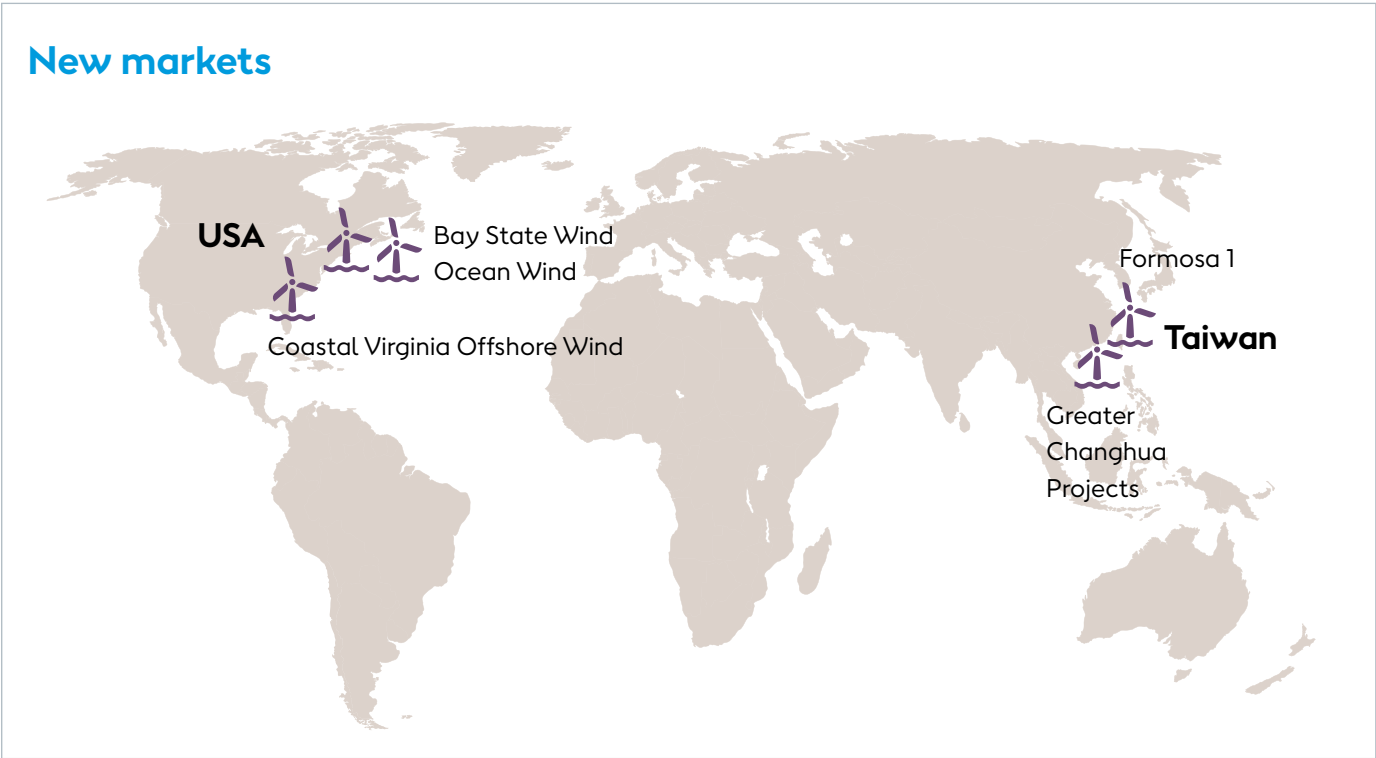
	Ørsted selected as a constituent of Ethisibel Sustainability Index Excellence Europe.	Selected for index
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Memberships



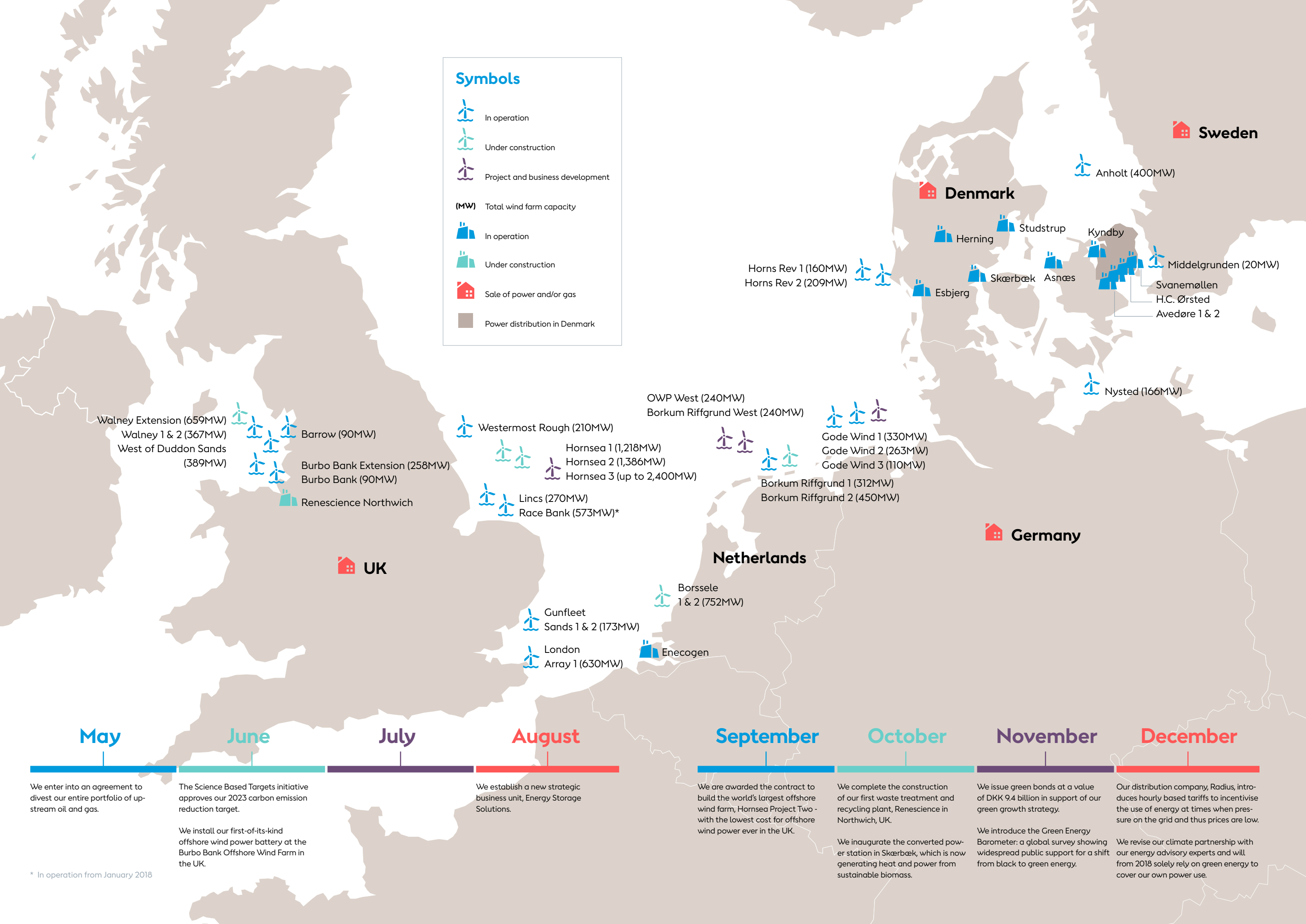
Our geographic footprint

New markets



Timeline 2017

January	February	March	April
We invest in Taiwan's first offshore wind project, Formosa 1.	We decide to say the final goodbye to coal by 2023.	We inaugurate the first giant battery in Copenhagen, Denmark. We start constructing our first biogas plant in Kalundborg, Denmark.	We are awarded the rights to construct three offshore wind projects in Germany, two of which include our first zero-subsidy bids. We buy certificates from our own offshore wind farms to secure 100% green energy to all Danish residential customers at no extra cost.



Thank you for reading our sustainability report.
If you have appetite for more, please visit us at www.orsted.com.