

The Orsted logo, featuring a stylized white 'O' with a vertical line through it, followed by the word 'rsted' in a white, sans-serif font.

# Orsted

# Report on corporate governance 2022

Pursuant to Art. 107b of the  
Danish Financial Statements Act



# Statutory report on corporate governance, cf. section 107 b of the Danish Financial Statements Act

The report forms a part of the management commentary of the annual report of Ørsted A/S concerning the financial year 1 January – 31 December 2022.

## I. Message from the Chair

We continued strengthening our corporate governance model for the next step in Ørsted's growth journey.

In the Board, we firmly believe that corporate governance is fundamental for Ørsted's growth journey towards becoming the world's leading green energy major. In 2022, the Board continued to strengthen the corporate governance model, which is based on three pillars: enabling the right decision-making, having the right competences in the right places, and fostering a company culture of inclusiveness and integrity. These pillars are the foundation for our ways of working across the organisation. As part of our commitment to continuously improve our ways of working, the Board completed its evaluation with the support from an external advisor in 2022. This evaluation highlighted development areas, which we consolidated into two primary projects going forward: revisiting our approach to the split of responsibilities between the Board and leadership team and strengthening our processes for talent management and retention.

### *Strengthening decision-making across our footprint*

In 2022, we implemented a new organisational structure with three regions: the Americas, Europe, and APAC, complemented by global capabilities. Our aim is to strengthen simpler and faster decision-making, to secure customer and market centricity, and to realise synergies between our onshore and offshore businesses. The Board is confident that this new structure will assist Ørsted in seizing unprecedented market opportunities while meeting customer demands for integrated energy solutions. We formed a new executive leadership team, the Group Executive Team (GET), which reflects the new organisational set-up and consequently includes the Americas, Europe, and APAC regions, P2X, Legal, and Global Stakeholder Relations. The Board welcomed new senior executives, who bring varied skills and experiences to the team. In early 2023, we will implement new delegated authorities across the organisation to scale our governance model for future growth while supporting simpler and faster decision-making.

### *Securing the right competences*

We want to ensure the right competences to successfully drive our business forward. To further improve talent management and retention, we have introduced a recurring 'People' update on the agenda for each ordinary meeting, an annual update on GET member successors with opportunities for the Board to meet talents, and a process for better involvement of all Board members in recruitment to the Board. We welcomed the four employee-elected Board members, who won the elections early in 2022 for employees based in Denmark. The election process had a high level of engagement and a diverse representation of nationalities, backgrounds, ages, and genders. Following approval at our annual general meeting in 2022, the 2024

election will be open to all employees across our footprint. This will further solidify our global presence and bring perspectives from all locations where we are present.

#### *Fostering a culture of inclusiveness and integrity*

Diversity was among the key criteria when filling the leadership positions of the new Ørsted organisation. This resulted in a more diverse leadership composition in terms of nationality, ethnicity, background, age, and gender. We recognise that we need to move our diversity, equity, and inclusion (DE&I) efforts further and farther, and this will continue to be a priority area for the Board. We believe that all Board members should be role models for integrity. We do so by being open and trustworthy while upholding high ethical standards. In the Board, we will continue to promote a good culture, purpose, and sound values through our meetings and offsite activities. Efforts for the future We welcome and follow the recommendations prepared by the Danish Committee on Corporate Governance. In Section II below, you can read more about our corporate governance and our continued efforts to strengthen Ørsted's governance procedures and culture.

/Thomas Thune Andersen, Chair

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

The overall and strategic management of the company is anchored in a board of non-executive directors appointed by the shareholders.

The Board of Directors appoints the Executive Board, consisting of the Group President and CEO, the CFO, and the Chief HR Officer (CHRO), who undertake the day-to-day management of Ørsted through the Group Executive Team. None of our executives are members of the Board of Directors.

#### *Shareholders and general meeting*

Ørsted is a publicly listed company with the Danish State as majority shareholder with a 50.1 % ownership share. The Danish State exercises its ownership interest in Ørsted in accordance with the ordinary governance set-up in Danish companies, where a board of non-executive directors (the Board of Directors) and executive directors (the Executive Board) are responsible for the management of the company. The Danish State exercises its interest at the general meeting. The Danish State's ownership policy is available here (only in Danish): [fm.dk/udgivelser/2015/april/statens-ejerskabspolitik/](https://fm.dk/udgivelser/2015/april/statens-ejerskabspolitik/).

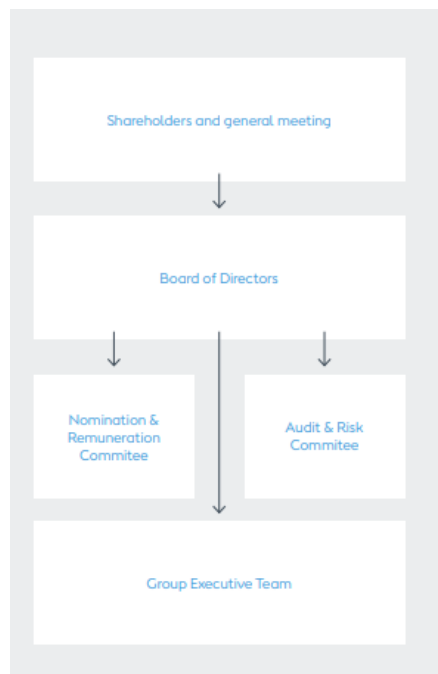
All our shareholders may exercise their rights and vote at the general meeting through a one-share-one-vote principle. The general meeting adopts decisions, such as the election of the Board of Directors and the auditor, in accordance with the ordinary Danish rules. Due to our majority ownership by the Danish State, we have a bespoke quorum requirement, as proposals to amend our articles of association or dissolve the company require that the Danish State participates in the general meeting and supports the proposals.

### *Board of Directors*

Each year at the annual general meeting, the shareholders elect six to eight board members. In addition, our employees may elect members corresponding to half of the board members elected by the general meeting pursuant to Danish mandatory rules. Employee elections are ordinarily held every four years, most recently in 2022. As our general meeting after the employee election in 2022 approved to expand our scheme for employee-elected board members to also cover employees outside Denmark, the current election period is only two years to allow for the first international election to be held already in 2024. For the time being, our Board of Directors comprises 12 members, eight members elected by the general meeting and four members elected by the employees.

The Board of Directors is responsible for the overall and strategic management of the company. The Board of Directors lays down the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, control and audit matters, risk management, and significant operational issues.

### *Our governance model*



**Important tasks 2022**  
— managed by the Board of Directors

**Investments, acquisitions, and divestments**

Build-out of our offshore wind portfolio, including bids into seabed, project, or transmission auctions and tenders in the US, the UK, Denmark, and the Netherlands.

Final investment decision on the South Fork Offshore wind farm.

Signing of an agreement to divest 50 % of the Hornsea 2 Offshore Wind Farm to AXA IM Alts and Crédit Agricole Assurances.

Build-out of our onshore portfolio in the US, including final investment decisions on the Sunflower Wind, Mockingbird Solar Center, and Eleven Mile projects.

Acquisition of the onshore wind and solar platform in Germany and France from Ostwind and the Ford Ridge wind project in the US from Ares.

Divestment of 50 % of a portfolio of four US onshore wind and solar projects to Energy Capital Partners.

Acquisition of Public Service Enterprise Group's (PSEG) 25 % equity stake in the 1,100 MW offshore wind energy project Ocean Wind 1.

Strategic discussions on development of the P2X business and FID on the Swedish FlagshipONE e-methanol project.

Decision to seek to divest our Renaissance business.

**Other tasks**

Approval of new organisational structure, including formation of the Group Executive Team to drive global growth.

Discussion of social responsibility and biodiversity.

Issuance of green senior bonds to finance global build-out of renewable energy and green growth ambition and refinancing of green and hybrid capital securities.

Approval of new hedging framework for merchant price exposure

Oversight of our financial results and guidance.

Oversight of the impacts of the Russian invasion of Ukraine, including the contractual relationship with Gazprom Export.

Oversight of the results from the 2022 employee satisfaction survey, including the focus areas identified by the Group Executive Team.

Oversight and discussion of the development of our consolidated environmental, social, and governance (ESG) statements.

The Board of Directors monitors and oversees progress related to our sustainability and climate change strategy, including our ambitious net-zero carbon reduction targets for scope 1-3 emissions. We routinely integrate climate change considerations when setting our strategic direction, reviewing

sustainability risks, setting performance objectives, deciding on our capital allocation, and when approving and overseeing major investments, acquisitions, and divestments.

The Board of Directors has prepared an overview of the competences required on the board. The list of required competences can be found at [orsted.com/competences-overview](https://orsted.com/competences-overview). We have a diverse Board of Directors. With three female board members out of the eight elected by the general meeting, we have equal representation as defined under Danish law. The age of our board members spans from 51 to 72 years old among board members elected by the general meeting and from 28 to 55 years old among board members elected by the employees.

Our board members have different educational backgrounds within finance, economics, geophysics, and engineering and professional experience from the energy or other industries, private equity, private investments, and academia. A description of the individual board members, including their other executive positions, independence, and how the individual board members contribute to the required competences can be found in our 2022 annual report.

Their meeting attendance during 2022 can be found below.

#### Meeting attendance

Member of the board	Board of Directors		Audit & Risk Committee	Nomination & Remuneration Committee
	Ordinary	Extraordinary		
Thomas Thune Andersen	6/1 <sup>1</sup>	6/0		6/0
Lene Skole	7/0	6/0		5/1
Lynda Armstrong	7/0	4/2		5/1
Jørgen Kildahl	7/0	6/0	7/1	
Julia King	7/0	6/0		
Peter Korsholm	7/0	6/0	8/0	
Henrik Poulsen	7/0	5/1		
Dieter Wemmer	7/0	6/0	8/0	
Benny Gebel	7/0	6/0		
Leticia Francisca Torres Mandiola <sup>2</sup>	6/0	2/0		
Alice Florence Marion Vallienne <sup>2</sup>	6/0	2/0		
Anne Cathrine Collet Yde <sup>2</sup>	6/0	2/0		

The numbers indicate how many meetings in 2022 the members have attended or not attended, respectively, during the year.

1 Due to illness.

2 Joined the Board of Directors on 8 April 2022.

In the first half of 2022, the Board of Directors performed its annual evaluation of the Board of Directors with the assistance of an external advisor, Leadership Advisor Group.

The evaluation was based on input from board members and executives. It consisted of in-depth personal interviews, a customised online questionnaire, an analysis of how time is spent during board meetings, board composition mapping, and board composition benchmarking.

The external advisor also observed a board meeting. As part of the evaluation, board members and executives were provided with feedback on their individual performance regarding how they add value to the board. The board evaluation was discussed at a board meeting in June 2022.

The Board of Directors was evaluated by the external advisor to be a very well-functioning board. The board members are highly professional, knowledgeable, and passionate about the company purpose. They understand their stewardship role and cooperate with the Executive Committee (now Group Executive Team) in an engaged and transparent way. Led by the Chair, the tone is open, respectful, and very encouraging. Meetings are run in a structured way, board members feel they can say what they mean, and the operation of the board meetings and the committees works well. Going forward, the external advisor suggested that the board first and foremost reviews how it spends its time. While the number of investment projects continue to increase, there will be a delicate balance to strike, ensuring investments will continue to be appropriately discussed, while also allocating sufficient time for discussing other key strategic questions.

Each year, the general meeting approves the remuneration for the members of the Board of Directors for the coming year. In the separate remuneration report, you can read more about the remuneration of the Board of Directors.

Furthermore, we have considered the recommendations prepared by the Danish Committee on Corporate Governance. As further described in the overview below, we comply with all recommendations except that we, due to lack of shareholder interest in observing general meetings virtually, do not offer this option to our shareholders unless special circumstances require it, like COVID-19 (recommendation 1.2.1).

See link to the remuneration report and the statutory report on data ethics prepared in accordance with the Danish Financial Statements Act, section 99 d:

[orsted.com/remuneration2022](https://orsted.com/remuneration2022)

[orsted.com/dataethics2022](https://orsted.com/dataethics2022)

#### *Board committees*

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



### *Audit & Risk Committee*

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

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

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

In 2022, the committee reviewed the continued material impact from the volatile energy prices on the risk management procedures and the financial statement, the current and future hedging framework, the financial impact of the acquisition of Ostwind, impairment on our property, plant and equipment, as well as the continued implementation of the EU taxonomy reporting framework. Furthermore, the committee continued to assess the claim made by the Danish Tax Agency requiring further Danish taxation of certain of our British offshore wind farms, and lastly, it reviewed the progress in IT security.

Our Internal Audit function reports to the Audit & Risk Committee and is independent of our administrative management structures. Internal Audit enhances and protects the organisational value by providing risk-based and objective assurance, advice, and insight. The focus for Internal Audit is to audit and advise on our core processes, governance, risk management, control processes, and IT security.

The Chair of the Audit & Risk Committee is responsible for managing our whistle-blower scheme. Internal Audit receives and handles any reports submitted. Our employees and other associates may report serious offences, such as cases of bribery, fraud, and other inappropriate or illegal conduct, to our whistle-blower scheme or through our management system. In 2022, eight substantiated cases of inappropriate or unlawful behaviour were reported through our whistle-blower scheme. Six cases related to good business conduct policy violations, while one case concerned IT security, and one case concerned the workplace environment. None of the reported cases were critical to our business, nor caused adjustments to our financial results. One case required a police report. Whistle-blower cases are taken very seriously, and we continuously enhance the awareness of good business conduct through education and awareness campaigns to minimise future similar cases.

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

### *Nomination & Remuneration Committee*

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



The committee assists the Board of Directors in matters regarding the composition, remuneration, and performance of the Board of Directors and the Group Executive Team.

In 2022, the committee reviewed the remuneration policy for the Board of Directors and the Executive Board and proposed certain updates to the policy, which were approved at our annual general meeting in April 2022. The updates of the remuneration policy include an amendment of the short-term incentive scheme (STI) for the Executive Board by increasing the weight of shared KPIs, including an explicit link to our sustainability ambitions, an extension of the shareholding build-up period in respect of our share-based long term incentive scheme from three to five years, and a board authorisation to temporarily deviate from the remuneration policy by offering a compensation to new external executives for any former incentive-based remuneration forfeited upon joining Ørsted. The committee also discussed the appointments of Daniel Lerup as new CFO, of CHRO Henriette Fenger Ellekrog as new member of the Executive Board, and of a new 'Group Executive Team' replacing the previous 'Executive Committee'.

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

#### *Group Executive Team*

The 11 members of the Group Executive Team undertake the day-to-day management.

Mads Nipper (Group President and CEO), Daniel Lerup (CFO), and Henriette Fenger Ellekrog (CHRO) constitute the members of the Executive Board of Ørsted A/S.

The Group Executive Team comprises Rasmus Errboe (CEO of Region Europe), David Hardy (CEO of Region Americas), Per Mejnert Kristensen (President of Region APAC), Neil O'Donovan (Head of Strategy, Portfolio & Partnerships), Olivia Breese (Head of P2X), Richard Hunter (COO), Anders Zoëga Hansen (Head of Legal), and Ingrid Reumert (Head of Global Stakeholder Relations).

The Board of Directors has laid down guidelines for the work of the Executive Board, including the division of work between the Board of Directors and the Executive Board, and the Executive Board's powers to enter into agreements on behalf of the company. The Board of Directors regularly discusses the Group President and CEO's performance, for example by following up on developments seen in relation to our strategy and objectives. The Chair of the Board of Directors and the Group President and CEO also regularly discuss the cooperation between the Board of Directors and the Executive Board. We describe the remuneration of the Executive Board in the separate remuneration report. You can also find information about the members of the Executive Board on our website.

### **III. Internal controls and risk management in relation to our financial and environmental, social and governance (ESG) reporting process**

The purpose of internal controls is to reduce the risk of material errors and omissions in the financial and ESG reporting process to an acceptable level and, through that, ensure reliable and transparent reporting.

Internal controls assist us in achieving our objectives by ensuring that material misstatements or irregularities in relation to financial and ESG reporting are prevented or detected and corrected.

#### *Governance, culture, and internal control environment*

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

Our Board of Directors and Executive Board are responsible for our internal controls and risk management set-up and approve the general policies within these areas. In this respect, an important element is integrity, which is one of our five guiding principles. Our guiding principles are available on [orsted.com](http://orsted.com).

Our Audit & Risk Committee supports our Board of Directors in its supervision of the reporting process and the most important risks associated with the reporting. Furthermore, our Audit & Risk Committee oversees developments in the internal control and risk management systems as well as the business' ongoing risk reporting and internal controls.

Our Executive Board and finance management team are responsible for the effectiveness of the internal control and risk management systems, and for implementing controls aimed at mitigating the risks associated with the reporting.

This division of responsibilities provides us with an effective overall control environment.

#### *Objectives and risk assessment*

We carry out an annual risk assessment which forms the basis for determining how risks of material misstatements in the financial and ESG reporting will be managed and mitigated by the internal controls. Decisions on measures to reduce or eliminate risks are based on an assessment of materiality and probability of errors and omissions.

The scope of our internal controls and risk management set-up in respect of our financial and ESG reporting is approved annually by our Audit & Risk Committee.

### *Control activities*

Our control activities are designed to reduce the risk of material misstatements in the financial and ESG reporting to an acceptable level. Relevant control activities include preventive and detective controls, general IT controls, IT application controls, IT security controls, segregation of duties and functions and authorisation rules.

### *Information, communication and reporting*

Our information and communication systems are designed to meet the reporting requirements applicable to listed companies. An accounting manual, reporting instructions and relevant policies, procedures and guidelines on internal controls have been prepared to ensure that the reporting is consistent and of a high quality. We use an internal reporting tool to ensure proper documentation of the relationship between the identified key risks and key controls, and to support our communication, monitoring, and reporting activities.

### *Monitoring*

We monitor the key internal controls in place over Ørsted's consolidated financial and ESG reporting. Those responsible for the performance of key controls report on the performance of those controls, and internal controls are tested on an ongoing basis for compliance. Significant changes to the internal controls and risk management set-up, as well as potential weaknesses, if any, are reported to our Audit & Risk Committee.

The auditors elected by the general meeting and our internal audit function inform our Board of Directors of any identified material weaknesses in the internal control set-up related to the financial and ESG reporting. Minor irregularities are reported in management letters.

## Danish Recommendations on Corporate Governance

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		<i>why</i>	<i>how</i>
<b>1. Interaction with the company's shareholders, investors and other stakeholders</b>			
<b>1.1. Communication with the company's shareholders, investors and other stakeholders</b>			
<p><b>1.1.1. The Committee recommends</b> that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.</p>	<p>YES</p> <p><i>We have established an investor relations function which organises investor meetings based on material available on our website. We hold regular meetings with our majority shareholder, the Danish State, in accordance with the Owner Policy of the Danish State. We have recurring interactions with other stakeholders in different fora across our footprint.</i></p>		
<p><b>1.1.2. The Committee recommends</b> that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p>	<p>YES</p> <p><i>We have adopted an investor relations policy, a stakeholder engagement policy and a local engagement stakeholder policy. All policies are available on our website.</i></p>		

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		<i>why</i>	<i>how</i>
<b>1.1.3. The Committee recommends</b> that the company publishes quarterly reports.	YES  <i>We publish quarterly reports prepared in accordance with IAS 34 Interim Financial reporting and the Danish rules for listed and state-owned companies. We also publish quarterly ESG reports.</i>		
<b>1.2. The general meeting</b>			
<b>1.2.1. The Committee recommends</b> that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.	PARTLY  <i>It is possible to attend general meetings by proxy, including to vote and raise questions to management prior to the general meetings.</i>	Ørsted has previously tested shareholder interest for webcasting of general meetings. As very few shareholders followed the webcast, Ørsted has, for the time being, decided not to conduct full/partly electronic general meetings or webcast general meetings.	Shareholders, who are unable to participate at the general meeting, can subsequently download detailed minutes of the meeting from our website.
<b>1.2.2. The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.	YES  <i>No additional comments.</i>		
<b>1.3. Takeover bids</b>			

**Recommendation**

**The company complies**

**The company explains**

*why*

*how*

**1.3.1. The Committee recommends** that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.

YES  
*No additional comments.*

**1.4. Corporate Social Responsibility**

**1.4.1. The Committee recommends** that the board of directors adopts a policy for the company’s corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company’s website. The Committee recommends that the board of directors ensures compliance with the policy.

YES  
*We have made a sustainability commitment, which has been approved by our Board of Directors. It commits us to operate our business in a way that contributes to the UN Sustainable Development Goals. In addition, we have adopted more specific policies, for example, a code of conduct for business partners that lays out our expectations towards suppliers and other business*

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		<i>why</i>	<i>how</i>
	<i>partners regarding governance, human rights, and the environment. The sustainability commitment and the other policies are available on our website.</i>		
<b>1.4.2. The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company's website.	YES  <i>No additional comments.</i>		
<b>2. The duties and responsibilities of the board of directors</b>			
<b>2.1. Overall tasks and responsibilities</b>			
<b>2.1.1. The Committee recommends</b> that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.	YES  <i>Reference is made to Section I above, pages 17, 18 and 26 of the 2022 Annual Report and out website.</i>		
<b>2.1.2. The Committee recommends</b> that the board of directors at least once a year discusses and on a regular basis follows up	YES		



Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		<i>why</i>	<i>how</i>
on the company's overall strategic targets in order to ensure the value creation in the company.	Our Board of Directors revisits our strategy and reviews the strategic progress annually. In addition, it does strategic deep dives into specific topics on an ongoing basis.		
<b>2.1.3. The Committee recommends</b> that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.	<p style="text-align: center;">YES</p> <p><i>We refer to the 2022 Annual Report, pages 122-125.</i></p>		
<b>2.1.4. The Committee recommends</b> that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	<p style="text-align: center;">YES</p> <p>Our Board of Directors has issued instructions to the Executive Board. The instructions were last reviewed in December 2022.</p>		

Recommendation	The company <u>complies</u>	The company <u>explains</u> <i>why</i> <i>how</i>	
<b>2.2. Members of the board of directors</b>			
<p><b>2.2.1. The Committee recommends</b> that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson’s close sparring partner.</p>	<p>YES</p> <p><i>No additional comments.</i></p>		
<p><b>2.2.2. The Committee recommends</b> that the chairperson in cooperation with the individual members of the board of directors ensures that the members update and supplement their knowledge of relevant matters, and that the members’ special knowledge and qualifications are applied in the best possible manner.</p>	<p>YES</p> <p><i>No additional comments.</i></p>		
<p><b>2.2.3. The Committee recommends</b> that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily</p>	<p>YES</p> <p><i>The situation has not occurred. Should the situation occur, we intend to comply with the recommendation.</i></p>		

Recommendation	The company <u>complies</u>		The company <u>explains</u>	
			why	how
management, including the expected duration thereof.				
<b>3.1. Composition</b>				
<p><b>3.1.1. The Committee recommends</b> that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> <li>• which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the board of directors.</li> </ul>	<p>YES</p> <p><i>Our Board of Directors has prepared a board competency profile. The profile is reviewed annually. The profile is available on our website.</i></p> <p><i>Our 2022 Annual Report describes the composition of our Board of Directors, including board diversity and the individual board member's competences (pages 60-63 of the 2022 Annual Report).</i></p>			
<p><b>3.1.2. The Committee recommends</b> that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	<p>YES</p> <p><i>Our Board of Directors annually discusses our activities to ensure relevant diversity at different management levels.</i></p> <p><i>We have a global diversity and inclusion policy. The policy is available on our website.</i></p>			

Recommendation	The company <u>complies</u>		The company <u>explains</u>	
			<i>why</i>	<i>how</i>
<p><b>3.1.3. The committee recommends</b> that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>	<p>YES</p> <p><i>Our Nomination &amp; Remuneration Committee prepares recommendations regarding election of candidates for our Board of Directors as described in the terms of reference of the committee available on our website.</i></p>			
<p><b>3.1.4. The Committee recommends</b> that the notice convening general meetings, where election of members to the board of directors is on the agenda – in addition to the statutory items – also includes a description of the proposed candidates’</p> <ul style="list-style-type: none"> <li>• qualifications,</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organisational assignments and</li> <li>• independence.</li> </ul>	<p>YES</p> <p><i>No additional comments.</i></p>			
<p><b>3.1.5. The Committee recommends</b> that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>	<p>YES</p> <p><i>No additional comments.</i></p>			

**Recommendation**

**The company complies**

**The company explains  
*why* *how***

**3.2. The board of directors' independence**

**3.2.1. The Committee recommends** that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests. In order to be independent, the member in question may not:

- be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,
- within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors,
- represent or be associated with a controlling shareholder,
- within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,

YES

*Except for Henrik Poulsen, who is not considered independent due to his former role as CEO of Ørsted, it is our assessment that all board members elected by the general meeting are independent.*

**Recommendation**

**The company complies**

**The company explains**

*why*

*how*

- be or within the past three years have been employed with or a partner in the same company as the company’s auditor elected in general meeting,
- be a CEO in a company with cross-memberships in the company’s management,
- have been a member of the board of directors for more than twelve years, or
- be closely related to persons, who are not independent, cf. the above-stated criteria.

Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.

**3.2.2. The Committee recommends** that members of the executive management are not members of the board of directors and that members retiring from the executive management do not join the board of directors immediately thereafter.

YES

*None of the members of the Executive Board are members of the Board of Directors.*

**Recommendation**

**The company complies**

**The company explains  
*why* *how***

**3.3. Members of the board of directors and the number of other managerial duties**

**3.3.1. The Committee recommends** that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.

YES  
*As part of the most recent board evaluation in 2022, the Board of Directors discussed and concluded that each of the board members allocates the necessary time to the board work.*

**3.3.2. The Committee recommends** that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:

- position, age and gender,
- competencies and qualifications relevant to the company,
- independence,
- year of joining the board of directors,
- year of expiry of the current election period,
- participation in meetings of the board of directors and committee meetings,
- managerial duties in other commercial undertakings, including

YES  
*We refer to the 2022 Annual Report (pages 60-63) and the 2022 Remuneration Report, both of which are available on our website.*



Recommendation	The company <u>complies</u>		The company <u>explains</u>	
			<i>why</i>	<i>how</i>
<p>board committees, and demanding organisational assignments, and</p> <ul style="list-style-type: none"> <li>the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.</li> </ul>				
<b>3.4. Board committees</b>				
<p><b>3.4.1. The Committee recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>the board committees' most significant activities and number of meetings in the past year, and</li> <li>the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	<p>YES</p> <p><i>We refer to the 2022 Annual Report (page 64) and the terms of reference for our Audit &amp; Risk Committee and our Nomination &amp; Remuneration Committee, all of which are available on our website.</i></p>			
<p><b>3.4.2. The Committee recommends</b> that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	<p>YES</p> <p><i>No additional comments.</i></p>			

**Recommendation**

**The company complies**

**The company explains**

*why*

*how*

**3.4.3. The Committee recommends** that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:

- supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,
- reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,
- assessing the need for internal audit,
- performing the evaluation of the auditor elected by the general meeting,
- reviewing the auditor fee for the auditor elected by the general meeting,
- supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and
- ensuring regular interaction between the auditor elected by the

YES

*We have established an Audit & Risk Committee, which is chaired by Dieter Wemmer, who is not the chair of the Board of Directors. The roles and responsibilities of the committee are set out in the terms of reference, which are available on our website.*

*We have established an internal audit function. Our Audit & Risk Committee complies with the recommendation in terms of assessing, ensuring and monitoring the matters set out in the recommendation in respect of the internal audit function.*

**Recommendation**

**The company complies**

**The company explains**

*why*

*how*

<p>general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.</p> <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> <li>• prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,</li> <li>• ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>• supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>			
<p><b>3.4.4. The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describing the required qualifications for a given member of</li> </ul>	<p>YES</p> <p><i>We have established a Nomination &amp; Remuneration Committee. The roles and responsibilities of the committee</i></p>		

**Recommendation**

**The company complies**

**The company explains**

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*how*

the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,

- on an annual basis evaluating the board of directors and the executive management’s structure, size, composition and results and preparing recommendations for the board of directors for any changes,
- in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members’ competencies, knowledge, experience and succession as well as reporting on it to the board of directors,
- handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors’ approval,
- ensuring that a succession plan for the executive management is in place,
- supervising executive managements’ policy for the

*are set out in the terms of reference, which are available on our website.*

Recommendation	The company <u>complies</u>		The company <u>explains</u>	
			<i>why</i>	<i>how</i>
engagement of executive employees, and <ul style="list-style-type: none"> <li>• supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>				
<p><b>3.4.5. The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>• providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>• providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>• ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>• assisting in the preparation of the annual remuneration report for the board of directors' approval prior to</li> </ul>	<p>YES</p> <p><i>We have established a Nomination &amp; Remuneration Committee. The roles and responsibilities of the committee are set out in the terms of reference, which are available on our website.</i></p>			

Recommendation	The company <u>complies</u>		The company <u>explains</u>	
			<i>why</i>	<i>how</i>
the presentation for the general meeting's advisory vote.				
<b>3.5. Evaluation of the board of directors and the executive management</b>				
<p><b>3.5.1. The Committee recommends</b> that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> <li>• the composition of the board of directors with focus on competencies and diversity</li> <li>• the board of directors and the individual member's contribution and results,</li> <li>• the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>• the chairperson's leadership of the board of directors,</li> <li>• the committee structure and the work in the committees,</li> </ul>	<p>YES</p> <p><i>We conduct and annually report on the evaluation of the Board of Directors in accordance with the recommendation, and we engage external assistance at least every three years, last time in 2022.</i></p>			

Recommendation	The company <u>complies</u>		The company <u>explains</u>	
		<i>why</i>	<i>how</i>	
<ul style="list-style-type: none"> <li>the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>				
<p><b>3.5.2. The Committee recommends</b> that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	<p>YES</p> <p><i>We conduct and annually report on the evaluation of the Board of Directors in accordance with the recommendation.</i></p>			
<p><b>3.5.3. The Committee recommends</b> that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>	<p>YES</p> <p><i>Our Board of Directors regularly discusses the structure, composition, work and performance of our Executive Board, including in connection with the annual settlement of the members of the Executive Board's performance agreements.</i></p>			



**Recommendation**

**The company complies**

**The company explains**

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**4. Remuneration of management**

**4.1. Remuneration of the board of directors and the executive management**

<p><b>4.1.1. The Committee recommends</b> that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.</p>	<p>YES</p> <p><i>We refer to the Remuneration Policy for the Board of Directors and the Executive Board, which is available on our website.</i></p>		
<p><b>4.1.2. The Committee recommends</b> that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p>	<p>YES</p> <p><i>We refer to the description of the share-incentive program for the Executive Board in the Remuneration Policy for the Board of Directors and the Executive Board, which is available on our website.</i></p>		
<p><b>4.1.3. The Committee recommends</b> that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.</p>	<p>YES</p> <p><i>We refer to the Remuneration Policy for the Board of Directors and the Executive Board and the 2022 Remuneration Report, both of which are available on our website.</i></p>		

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		<i>why</i>	<i>how</i>
<p><b>4.1.4. The Committee recommends</b> that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.</p>	<p>YES</p> <p><i>If we dismiss a member of our Executive Board, the member is entitled to salary during the notice period (12 months) and a severance payment (12 months' fixed salary).</i></p>		
<p><b>4.1.5. The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.</p>	<p>YES</p> <p><i>Under the Remuneration Policy for our Board of Directors and the Executive Board, it is not possible to remunerate members of the Board of Directors with share options and warrants.</i></p>		
<p><b>4.1.6. The Committee recommends</b> that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which</p>	<p>YES</p> <p>Our possibility to reduce variable pay before it has been paid out (malus) or after it has been paid out is described in our Remuneration Policy for the Board of Directors and the Executive Board, in the employment contracts of the</p>		

**Recommendation**

**The company complies**

**The company explains**

*why*

*how*

implied payment of a too large variable remuneration.

Executive Board and in the detailed terms of our long-term share incentive program. Generally, we do not differ between malus and clawback situations. If the company may reclaim variable remuneration, this applies irrespective of whether the variable pay in question has been paid out or not. Clawback in the event of erroneous information generally requires that the recipient knew or should have known this. However, clawback under our long-term share incentive program may in certain events take place until six months after vesting, even if the recipient did not know or should have known about the claw-back event. Ørsted considers that this is a balanced mechanism, which complies with the recommendation.

**Recommendation**

**The company complies**

**The company explains**

*why*

*how*

**5.1. Identification of risks and openness in respect of additional information**

**5.1.1. The Committee recommends** that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.

YES  
*We refer to pages 134-149 of the 2022 Annual Report.*

**5.1.2. The Committee recommends** that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.

YES  
*No additional comments.*