Annual General Meeting 2025

Question

We are one of your shareholders, and I was wondering if you could clarify the recent changes in the executive remuneration metrics, specifically the STIP element.

It was noted in the annual report and elsewhere that the STIP metric will be split 90%[1] financial and 20% ESG from 2025 onwards. These were previously 30% individual and 70% shared KPIs (the 70% split between 45% financial and 25% ESG targets). The individual KPIs will also be replaced with the new 80/20 split, where all KPIs are shared. As we understand, the STIP will not contain individual targets for the executives from 2025 onwards. We would appreciate clarity on what drove this change to eliminate individual targets, the goals/milestones this aims to achieve, and how shareholders should think about the visibility in executive performance.

Additionally, given that a substantial majority of executive pay remains fixed salary, could you please elaborate on how this structure aligns executive interests with total shareholder return, especially in light of the recent share price performance?

Answer

The Board of Directors is recommending an adjustment to the Remuneration Policy whereby the short-term incentive scheme (STI) includes shared metrics for financial, safety, and environmental, social, and governance (ESG) performance. In any given year, the financial targets will constitute a minimum of 80 % of the total targets, and in combination, the financial targets for the STI and the long-term share-based incentive scheme will constitute a minimum of 80 % of the total targets. As noted, the majority of executive pay remains fixed, and the adjustment is recommended to ensure that the variable pay is focused on the most relevant and important value drivers for Ørsted and our stakeholders, which is the objective of executive performance.

The long-term share-based incentive scheme will continue with a minimum of 75 % financial targets (currently defined as total shareholder return relative to peers in the energy industry). Additionally, a two-year lock-up period of 40 % of vested shares under the scheme will be introduced, further aligning executive interests with total shareholder return.

[1] Based on the context, Ørsted has assumed that this number should read 80 %