Ørsted

Annual report 2023

Contents

Management's review*

Sustainability statements*

Financial statements

* Our management report consists of two parts: the management's review and the sustainability statements.

Management's review

→ Hornsea 2, the North Sea, the UK

Annual reporting in 2023

Preparing for the Corporate Sustainability Reporting Directive (CSRD) in our annual report

From 2024, the 'Corporate Sustainability Reporting Directive' (CSRD), a new EU directive, will require companies to report on their environmental and social impact activities. To meet these requirements, a set of European Sustainability Reporting Standards (ESRS) have been adopted by the EU.

In 2023, we decided to develop the 'Sustainability statements', a new section in our annual report for 2023. The sustainability statements have been prepared with reference to the ESRS. In 2023, our aim was to adapt as much as possible of the fundamental structure of the standards and to integrate it with the other parts of the annual report in the best way possible. We have done this by using the 'Incorporation by reference' option.

As a result of the new section, we will no longer publish separate ESG performance or sustainability reports.

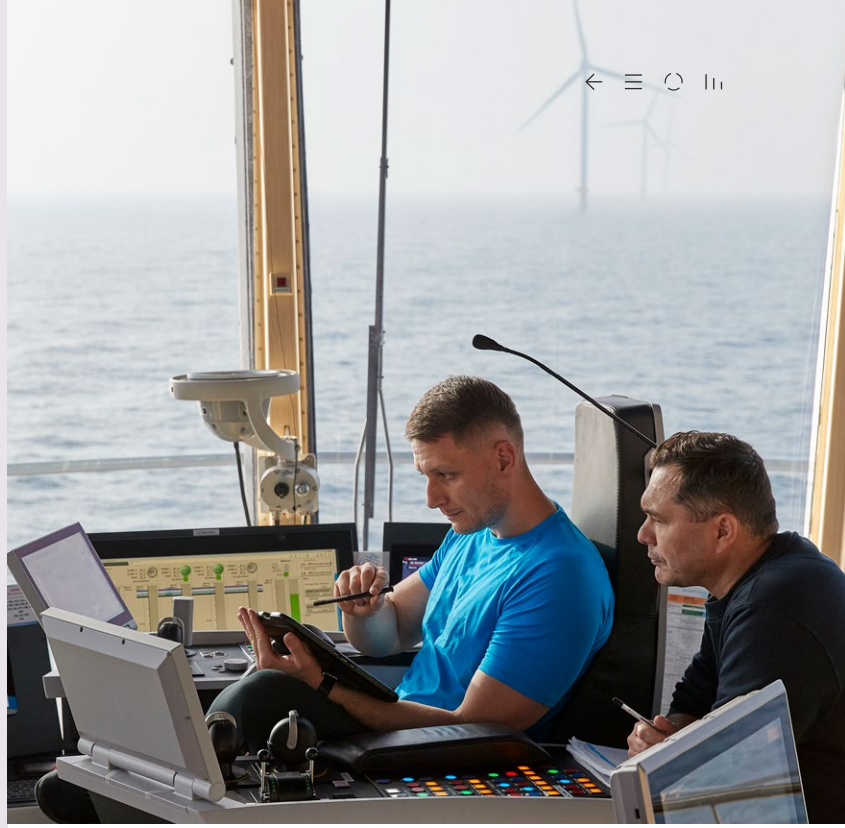
Furthermore, our statutory corporate governance report has been incorporated into the governance section of the annual report.

Get an overview of all of our reporting material by downloading our reports and investor presentations.

In our remuneration report, you will get a transparent and comprehensive overview of the remuneration of our Executive Board and our Board of Directors.

In our green bond impact report, you will get an insight into our green bond portfolio and the sustainability impact from our projects financed with green bonds. Outstanding green bonds and green hybrid bonds currently account for more than 88% of Ørsted's total portfolio of bonds and hybrid capital.

→ See our reports at orsted.com



The cover photo is from our offshore wind farm Hornsea 2 in the North Sea

Hornsea 2 is operated and maintained from our East Coast Hub in Grimsby, the UK, which supports a workforce of over 600 people.

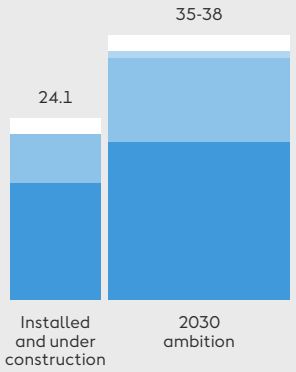
The wind farm spans an area of 462 square kilometres (178 square miles) and powers over 1.4 million UK homes with renewable energy.

→ See more at orsted.com

Overview

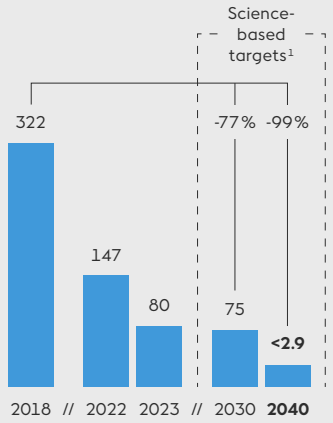
→ Ørsted has taken final investment decision and is ready to build the 920 MW Greater Changhua 2b and 4 offshore wind farms in Taiwan – marking a major step forward in Asia Pacific's decarbonisation journey. Onshore work and component fabrication is underway, with the project set for completion by the end of 2025.

Strategic ambitions



Installed renewable capacity by 2030
Gross capacity, GW

- Offshore
- Onshore
- P2X
- Bioenergy



Science-based 2040 net-zero target, validated by SBTi
CHG emissions intensity, CO_2e/kWh

- Scope 1-3 (excl. natural gas sales)

SCIENCE BASED TARGETS

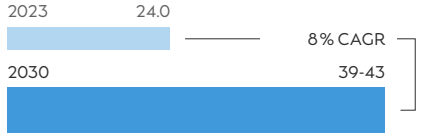
[1] See page 91 in section 'Climate change' for details on the new set of interim 2030 targets currently undergoing SBTi's validation process.

[2] The targeted range is not a hurdle rate, and, consequently, some projects might deviate from the targeted range.

14%

Average ROCE
2024-2030

Dividend pause in 2023-2025
Dividends are paused for the financial years 2023-2025. Target to reinstate dividend payments thereafter.



Group EBITDA (excl. new partnerships and cancellation fees)
DKKbn

150-300 bps

Targeted range for spread to WACC[2] at time of bid/FID (whichever comes first) for individual projects

Net-positive biodiversity impact

On all new renewable energy projects commissioned no later than 2030

WWF The Nature Conservancy

We exclusively deploy green and sustainable long-term financing, and all projects are taxonomy-aligned.

Ban on landfilling
→ Zero wind turbine blades to landfill
→ Zero solar panels to landfill

40:60 women:men

Gender balance in our total workforce by 2030

↓ More on our strategy on pages 22-23.

Performance highlights

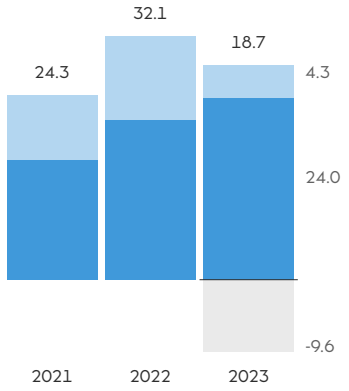
Profits and return

● Excl. new partnerships and cancellation fees ● New partnerships
/// Excl. impairments and cancellation fees ● Cancellation fees

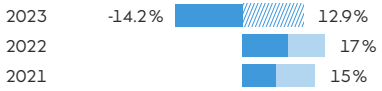
18.7

Operating profit (EBITDA)
DKKbn

EBITDA totalled DKK 18.7 billion. EBITDA excluding cancellation fees (DKK -9.6 billion) and new partnerships (DKK 4.3 billion) amounted to DKK 24.0 billion.



Return on capital employed (ROCE)
%



ROCE was -14.2% for the year. Adjusted for impairments and cancellation fees, ROCE amounted to 12.9% in 2023.

Profit for the year
DKKbn

Profit for the year was DKK -20.2 billion. Profit for the year excluding cancellation fees (DKK -9.6 billion) and impairments after tax (DKK -25.4 billion) amounted to DKK 14.9 billion.

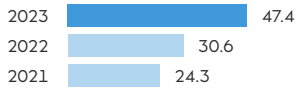
Cash flow and balance sheet

38.5

Gross investments
DKKbn

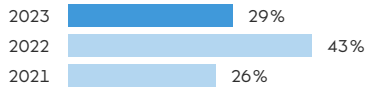
Our gross investments reached DKK 38.5 billion and was driven by our construction of wind and solar assets.

Interest-bearing net debt
DKKbn



Our net debt increased to DKK 47.4 billion.

Credit metric (FFO/adjusted net debt)
%



The credit metric funds from operations (FFO) relative to adjusted net debt amounted to 29% in 2023.

Follow up on outlook announced for 2023

24.0

EBITDA realised
DKKbn

Guidance (1 Feb.): 20-23

With EBITDA excluding new partnerships and cancellation fees totalling DKK 24.0 billion, earnings came in above our original guidance of DKK 20-23 billion.

38.5

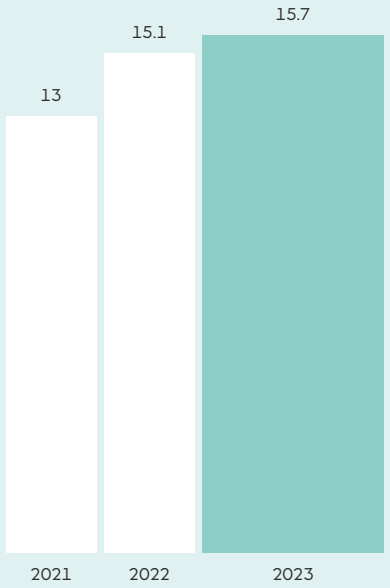
Investments realised
DKKbn

Guidance (1 Feb.): 50-54,
(10 Aug.): 44-48, (1 Nov.): 40-44

Investments were lower than expected at the beginning of the year, primarily due to timing related to our US and Taiwanese portfolios and the decision to cease the development of Ocean Wind 1 and 2.

↓ More on our 2023 guidance follow-up on page 39.

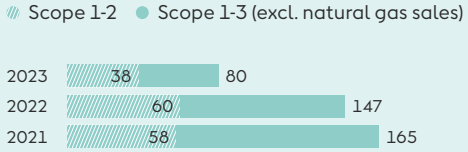
Environment



Installed renewable capacity
GW

Installed renewable capacity increased by 4% to 15.7 GW in 2023, mainly due to the commissioning of the onshore wind farms Sunflower Wind, Lisheen 3, Ballykeel, and Les Dix Huit and 80% of the solar farm Old 300.

Greenhouse gas emissions intensity
CO_2e/kWh



The greenhouse gas intensity from our heat and power generation and other operating activities (scope 1 and 2) was 38 g CO_2e/kWh. Including scope 3 (excl. natural gas), the greenhouse gas intensity was 80 g CO_2e/kWh. The decrease was driven by the lower generation and coal usage at our CHP plants, fewer projects reaching COD, and higher wind and solar generation.

↓ 49%

Greenhouse gas emissions
(scope 3), million tonnes, CO_2e

Our scope 3 greenhouse gas emissions were reduced by 49%, mainly due to a 47% decrease in natural gas sales and a 94% decrease in emissions from commissioning of renewable assets as only four onshore sites reached COD in 2023.

Social

2.8

3.1 in 2022/3.0 in 2021

Safety
Total recordable injury rate (TRIR)

We saw a further improvement in our safety performance in 2023.

34:66

33:67 in 2022/31:69 in 2021

Gender balance
(women:men)

The gender balance in our total workforce was improved in 2023, with 41% of all new hires being women.

Employee satisfaction
Index 0-100, 2021/2022/2023

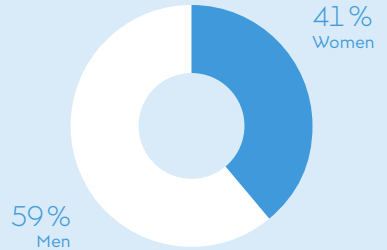
In 2023, our employee satisfaction survey, People Matter, showed a high satisfaction and motivation score of 76, placing us in the top quartile of our benchmark peer group.

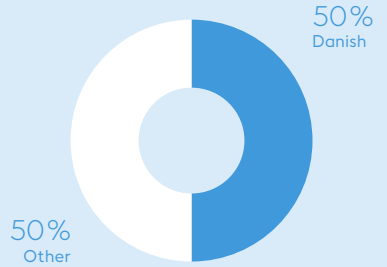
Governance

Nationality and gender

Diversity in the Board of Directors and the Group Executive Team (all members).

In 2024, we will hold our first international election for employee-elected board members.





↓ See more in our 'Corporate governance' section.

Looking ahead to deliver on our updated ambition

Letter to our stakeholders

Despite a year with strong underlying business progress, 2023 marked a year with substantial challenges for Ørsted. In the autumn of 2023, we took the tough but necessary decision to cease development of our Ocean Wind 1 offshore wind project in the US in the form it was awarded by the New Jersey Board of Public Utilities.

In the wake of the COVID-19 pandemic and Russia's invasion of Ukraine, Ocean Wind 1 had been faced with a variety of challenges, such as higher costs of capital (US risk-free rate increasing by approx. 300 bps from the award in 2019), cost inflation, supply chain challenges, and slow permitting. As explained in our interim financial report for the first nine months of 2023, the decision to cease the development was taken after additional supplier delays further impacted the project schedule, which led to an additional significant delay to the project.

In addition, we had updated our view on certain assumptions, including tax credit monetisation and the timing and likelihood of final construction permits. Finally, continued increases to long-dated US interest rates had further deteriorated the business case.

In addition to the impairments we recognised in the third quarter on Ocean Wind 1 and other of our US projects, the decision to cease development of Ocean Wind 1 resulted in significant costs for terminating contracts, driven by high commitments prior to reaching final investment decision (FID).

We have reviewed our Ocean Wind 1 project and are implementing the learnings into our operating model to reduce risks in the development and execution of projects, with a particular focus on monitoring of and updates on project execution, including risk reviews with the Group Executive Team and the Board of Directors, structured external reviews for select projects, internal peer assessments, contingency planning, and monitoring of suppliers. Furthermore, we will prioritise inflation protection in offtake arrangements in future projects.

↑ Mads Nipper and Thomas Thune Andersen.

> In the UK, we reached a significant milestone when our offshore wind farm Hornsea 3 reached FID. With a capacity of 2.9 GW, it will be the world's single largest offshore wind farm.

We will continue our work to manage future breakaway profiles by scrutinising financial commitments before taking final investment decision (FID) to avoid high capital commitments relative to project maturity and by ensuring greater flexibility on project timelines and commissioning dates as well as phasing of CAPEX. We will use the breadth of our execution portfolio and our deep, industry-leading capabilities to ensure greater resilience to external shocks or supply chain weaknesses across the portfolio.

Our fundamental strategic choices on technologies and regions are unchanged. We aim to be the world leader in Offshore and a regional player in Onshore and P2X in Europe and the US. However, we have revisited our portfolio to prioritise growth options with the highest potential for value creation. In the US, our offshore wind portfolio will primarily be focused towards the North-East Atlantic, and to reduce development costs, we are exiting several offshore markets (e.g. Norway, Spain, and Portugal), deprioritising development activities in Japan, and plan for a leaner development within floating offshore wind and P2X. As a result of this, we have updated our ambition for installed renewable capacity to 35-38 GW by 2030, which is more than a doubling of our current installed capacity. By 2026, we expect to have an installed capacity of 23 GW.

For Offshore, the 2026 contribution will be based on projects already under construction or awarded (assuming rebid award to Sunrise Wind), whereas the Onshore contribution will come from a mix of projects under construction and in our pipeline.

We will go beyond decarbonising energy systems and proactively enhance nature through biodiversity initiatives to deliver a sustainable build-out, which is net-positive to society. We are confident we can deliver on this commitment as our underlying business of operating assets remains strong as reflected in our underlying financial performance, which was above our initial guidance.

Capital structure

The costs related to terminating our Ocean Wind 1 project as well as lower forward power prices, further supply chain delays and costs to mitigate this, increasing capital expenditures (per MW) and OPEX due to cost inflation and supply chain bottlenecks have negatively impacted our credit metric (FFO/adjusted net debt) projections in 2023. Therefore, we have taken and will continue to take measures to ensure a robust balance sheet, supporting long-term growth and capital structure resilience towards 2030.

Besides reducing our growth ambition, and thereby reducing capital expenditures and project development costs, we have decided to pause dividends for the financial years 2023-2025 and will accelerate our divestment programme. In addition, we have set a target to reduce our fixed costs by DKK 1 billion by 2026 compared to 2023, on a like-for-like basis, by simplifying our organisation and increasing our efficiency.

We have updated our financial targets to reflect our new strategic ambition for installed capacity by 2030. We maintain our targeted value creation of 150-300 bps spread to WACC when we bid in tenders or take FIDs. Based on the GW ambition and value creation target, we expect our EBITDA to increase to approx. DKK 39-43 billion in 2030, corresponding to an annual growth (CAGR) of 8%. Additionally, we expect to achieve a return on capital employed (ROCE) of 14% on average towards 2030.

In 2026, we expect EBITDA to reach approx. DKK 30-34 billion. To enable our build-out, we have a DKK 270 billion investment programme towards 2030, of which we expect to use approx. DKK 130 billion by 2026.

To support this programme, we expect farm-downs and divestments to contribute with proceeds of approx. DKK 115 billion towards 2030, of which DKK 70-80 billion is expected in 2024-2026.

In 2023, we recycled capital of DKK 8 billion by divesting the remaining 25% of the offshore wind farm London Array to funds managed by Schroders Greencoat and farming down 50% of Gode Wind 3 in Germany to funds managed by Glennmont Partners from Nuveen. We have identified a portfolio of assets, which we aim to farm down or divest in 2024 and the coming years. As of now, we have selected Cathay Life Insurance as preferred bidder for the acquisition of a 50% ownership stake in Greater Changhua 4.

Strategic and operational progress remains strong

While our current situation has required adjustments to our growth trajectory, our traction and underlying momentum remained strong in 2023. Our large portfolio of renewable assets continued to grow within both Offshore and Onshore with several projects reaching COD and FID. Our renewable share of heat and power generation amounted to 93%. In 2023, we advanced three large offshore wind projects with a total capacity of 4.5 GW to FID, one in the UK, the US, and APAC, respectively.

In the UK, we reached a significant milestone when our offshore wind farm Hornsea 3 reached FID. With a capacity of 2.9 GW, it will be the world's single largest offshore wind farm. Hornsea 3 will provide low-cost renewable energy for the UK and deliver thousands of high-quality jobs and billions of pounds of investment in the UK's offshore wind supply chain. Additionally, we received development consent for Hornsea 4

from the British authorities, enabling us to continue the development of the project. The possible future addition would create an offshore wind cluster in excess of 7 GW.

In APAC, another important achievement was reached with the FID of our 0.9 GW offshore wind farms Greater Changhua 2b and 4. We expect completion of the wind farms by the end of 2025. Additionally, we are finalising Greater Changhua 1 and 2a, which are Taiwan's first large-scale offshore wind farms. The last four of the 111 turbines will be installed in the spring of 2024 with subsequent COD in Q2 2024. With a total capacity of more than 1.8 GW, these wind farms represent a significant contribution to Taiwan's transition to new energy sources and its decarbonisation journey.

The US is still an important region for us, and in November, we took FID on our offshore wind farm Revolution Wind, which we own in a 50/50 partnership with Eversource. The 0.7 GW wind farm has an attractive forward-looking value creation and will power more than 350,000 homes across Rhode Island and Connecticut. At South Fork in New York, we are in the final stages of constructing what will be New York's first offshore wind farm. We expect COD in Q1 2024.

In January 2024, we signed an agreement with Eversource to acquire their 50% share of Sunrise Wind. The acquisition is subject to the successful award of Sunrise Wind in the ongoing New York 4 solicitation for offshore wind capacity, signing of an OREC contract with New York's energy agency, NYSERDA, entry into long-form acquisition agreements, receipt of construction and operations plan (COP) approval, and relevant regulatory approvals. If the project is not successful in the solicitation, the existing OREC contract for Sunrise Wind will be cancelled per the state's requirements, and our 50/50 joint venture with Eversource will remain in place. In that scenario, the joint venture will evaluate its next steps.

In Germany, our offshore wind farms Gode Wind 3 and Borkum Riffgrund 3 are progressing according to plan with CODs in 2024 and 2025, respectively. The wind farms will have a total capacity of 1.2 GW once completed.

We continue to explore new value-creating opportunities for offshore wind. In Ireland, we entered into a partnership with ESB, the leading utility company in the country, to jointly develop an Irish offshore wind portfolio.

Furthermore, we were granted a 1.6 GW electricity business license (EBL) by the Korean Ministry of Trade, Industry & Energy for an offshore wind project located 70 km off the coast of Incheon City.

Our Onshore business continues to grow. In 2023, four projects with a total capacity of 0.6 GW reached COD, and we added several new assets to our portfolio.

In the US, we completed the onshore wind farm Sunflower Wind in Kansas, and in Arizona, we began the construction of Eleven Mile Solar Center, a solar and battery energy storage system (BESS) with

Selected events

March

920 MW

FID on offshore wind farms Greater Changhua 2b and 4 (920 MW), Taiwan. COD expected in 2025

May

Construction commenced on carbon capture project, Kalundborg CO_2 Hub, Denmark

August

Divestment completed of remaining 25% of the UK offshore wind farm London Array to funds managed by Schroders Greencoat

September

201 MW

Completion of onshore wind farm Sunflower Wind (201 MW), Kansas, the US

Acquisition of Eversource's share of uncontracted offshore wind seabeds, including Lease Area 500 in the US

November

Development of US offshore wind projects Ocean Wind 1 and Ocean Wind 2 ceased

Impairments on US projects, primarily relating to Ocean Wind 1

FID on US offshore wind farm Revolution Wind, Rhode Island (704 MW)

Implementation of changes to executive management: Daniel Lerup (CFO) and Richard Hunter (COO) stepped down

Grant of 1.6 GW electricity business license for Incheon offshore wind project in Korea

December

50%

Completion of divestment of 50% of German offshore wind farm Gode Wind 3 to funds managed by Glennmont Partners from Nuveen

Partnership with Breakthrough Energy Catalyst, the European Commission, and the European Investment Bank on FlagshipONE in Sweden. Breakthrough Energy Catalyst acquired 15% equity share of the project

FID on Garreenleen Solar Farm, first phase (81 MW_{AC}), Ireland

2.9 GW

FID on UK offshore wind farm Hornsea 3 (2.9 GW). COD expected in 2027

January

Agreement signed to acquire Eversource's 50% share of Sunrise Wind (924 MW), New York

February

35-38 GW

Updated capacity target for 2030

↑ Offshore wind farm construction in progress in the North Sea, Germany.

expected completion in 2024. In Texas, the construction of our 471 MW_{AC} Mockingbird Solar Center is going as plan-ned, with COD expected in the second half of 2024.

We continue to develop our European onshore renewables portfolio. In the UK, we entered our first solar project in 2023, One Earth Solar Farm, a 740 MW_{AC} solar project with associated battery storage. If built, it will be one of the largest solar farms in the country. Additionally, we took FID on phase one of Garreenleen, our first solar project in Ireland, and in January 2024, the onshore wind farm Farranrory in Tipperary reached FID. We secured contracts for both projects in the Irish Government's third onshore auction. Lastly, we entered a partnership with renewable energy developer Terra Solar to develop a portfolio of Irish solar projects with a capacity of up to 400 MW_{AC}.

In our P2X business, the construction of our Flagship-One project has started. It is the largest e-methanol project under construction in Europe, and we expect it to start production in 2025. To support this innovative project, Breakthrough Energy Catalyst will acquire a 15% equity interest in FlagshipONE and provide a grant, subject to the fulfilment of funding conditions. In addition, FlagshipONE is also expected to receive a grant from Horizon Europe and a quasi-equity investment from EIB through InvestEU.

In December, we embarked on the construction of the two carbon capture and storage (CCS) facilities in our project Ørsted Kalundborg CO_2 Hub, which has been awarded a 20-year contract by the Danish Energy Agency (DEA). During 2025, the Asnæs and Avedøre combined heat and power plants will begin to capture and store biogenic carbon.

Financial results

EBITDA totalled DKK 18.7 billion in 2023 compared to DKK 32.1 billion in 2022. EBITDA excluding new partnerships and cancellation fees amounted to DKK 24.0 billion, an increase of DKK 3.0 billion compared to 2022 and above our guidance of DKK 20-23 billion. Earnings in 2023 were impacted by a provision of DKK 9.6 billion for cancellation fees related to ceasing the development of the Ocean Wind 1 project. EBITDA from new partnerships in 2023 contributed with DKK 4.3 billion and was related to the divestment of London Array and the 50% farm-down of Gode Wind 3.

Earnings from sites in operation in Offshore more than doubled to DKK 20.2 billion in 2023 due to ramp-up of generation at Greater Changhua 1 and 2a and Hornsea 2, and as the negative effects from hedges in 2022 were not repeated in 2023. Earnings from Onshore decreased due to lower-than-expected power prices and wind speeds and availability issues at some of our assets in the US.

Similarly, earnings in Bioenergy & Other decreased due to lower power prices and lower optimisation opportunities related to gas storages and sourcing contracts.

In 2023, we recognised impairments of DKK 26.8 billion, with the majority (DKK 19.9 billion) relating to Ocean Wind 1.

"

We have learned from this year's challenges, and we are adapting our operating model to further strengthen our ability to shape and lead our industry.

ROCE was -14.2% for the year. Adjusted for impairments and cancellation fees, ROCE amounted to 12.9% in 2023. Profit for the year amounted to DKK -20.2 billion. Excluding impairments (after tax) and cancellation fees, profit for the year was DKK 14.9 billion.

Employees and safety

We value our employees at Ørsted, and we are pleased that our employee satisfaction measured in our annual employee survey showed 76 in 2023, which is at level with last year and within the top 25% percentile of our external benchmark.

Equally important is our strong safety culture, which is anchored in our organisation. In 2023, we further reduced our total recordable injury rate (TRIR) to 2.8, down from 3.1 last year. We are very pleased with this development and will continue to focus on reducing it even further.

As part of our ambition to reduce our fixed costs and increase our efficiency, we will be reducing a number of positions in the organisation and unfortunately also see redundancies. We are committed to carrying through these redundancies in a fair and respectful manner. Maintaining and improving the motivation and well-being of our remaining employees remain a key priority to us.

Looking ahead

The year 2023 turned out to be a challenging year for the renewable industry in general and for Ørsted in particular. And while the pressures on the renewable industry continue, we have seen positive initiatives from politicians and governments to support a sustainable and viable build-out of the industry. In Europe, the Net-Zero Industry Act proposed by the European Commission and the shared Action Agenda agreed by the North Sea countries and the European Commission are signs of this and supplement the US Inflation Reduction Act from 2022. However, the pace with which it is moving forward needs to be accelerated.

In the offshore industry, awarded prices must reflect the higher cost and interest levels across markets. Recently, the UK government significantly increased the maximum CfD level for the upcoming auction in 2024, and in New York, we saw higher PPA prices in the state's third offshore wind solicitation round. These are positive signs for the industry. Focusing solely on concession payments as key decision criteria in auctions risks putting additional pressure on the supply chain and leaves limited room for investing in scaling manufacturing capacity.

For offshore wind, regaining momentum is crucial to realise the strong value proposition it offers for societies and its key role in the renewable energy transition. We continue to engage stakeholders and partners to jointly overcome challenges to create a renewable, secure, and affordable energy system.

We are dedicated to restoring our capital structure, and we will work disciplined towards our long-term growth ambition for 2030 through prioritised growth options with the highest potential for value creation.

We have learned from this year's challenges, and we are adapting our operating model to further strengthen our ability to shape and lead our industry.

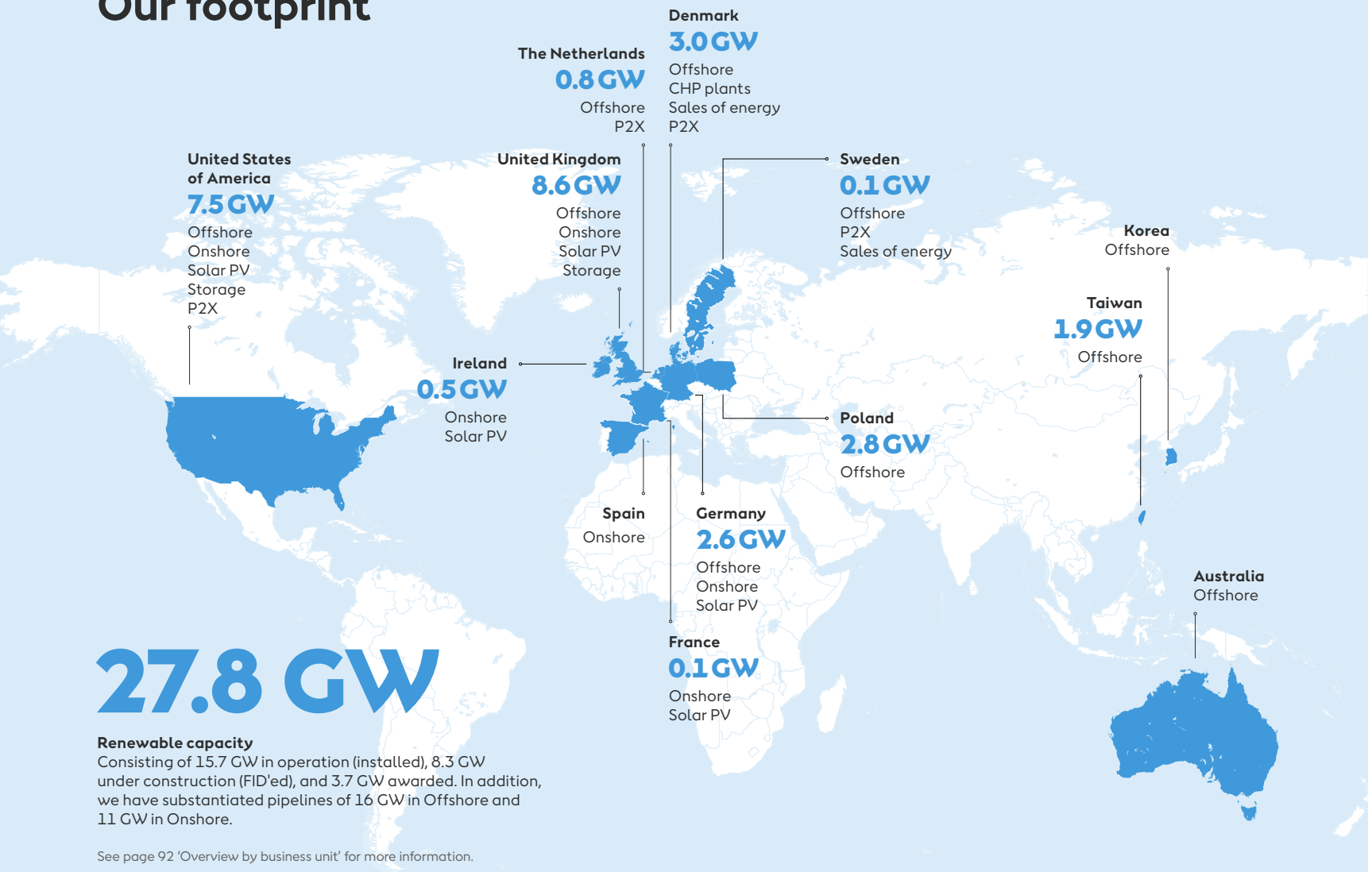
We remain optimistic about the future of the renewable energy industry. The global ambitions for renewable energy have never been higher. Most recently, we saw this at COP28 where more than 130 governments agreed to work together to triple the world's renewable energy capacity by 2030.

We are confident we can be a key contributor in accelerating the renewable build-out in the years to come.

Mads Nipper
Group President and CEO

Thomas Thune Andersen
Chair of the Board of Directors

Our footprint



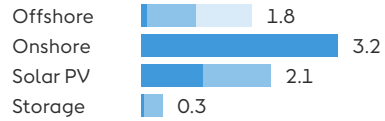
27.8 GW

Renewable capacity
Consisting of 15.7 GW in operation (installed), 8.3 GW under construction (FID'ed), and 3.7 GW awarded. In addition, we have substantiated pipelines of 16 GW in Offshore and 11 GW in Onshore.

See page 92 'Overview by business unit' for more information.

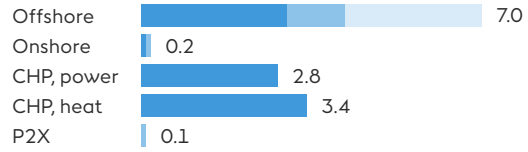
Capacity
GW

United States of America



United Kingdom and Ireland

Continental Europe



APAC

Capacity
- In operation
- Under construction
- Awarded

Outlook

→ In 2023, we became the first energy company to join the Global Offshore Wind Alliance, committing to accelerating offshore wind deployment globally and contributing to the alliance's ambitious targets.

Financial and ESG outlook 2024

Group EBITDA guidance

Our EBITDA guidance does not include earnings from new partnership agreements and also excludes impact from potential changes in cancellation fees relating to ceasing the development of Ocean Wind 1.

Operating profit (EBITDA) excluding new partnership agreements and cancellation fees is expected to be DKK 23-26 billion in 2024.

As in previous years, we could see offsetting effects between the business units compared to our directional guidance.

Offshore – lower

Earnings from sites are expected to increase in 2024 compared to 2023:

- Ramp-up of generation from Greater Changhua 1 and 2a, South Fork, and Gode Wind 3.
- Total power generation expected to increase by approx. 15%.
- Inflation adjustment on ROC and CfD farms, partly offset by lower prices on merchant assets and a step down in subsidy level for our older German assets.
- Partly offset by lower positive impact from reversal of temporary IFRS 9 adjustments.

Earnings from existing partnerships are expected to decrease compared to 2023, mainly driven by:

- positive effects from wake and warranty provisions in 2023 not expected to be repeated in 2024
- higher costs related to M&A activities.

'Other, including project development' in Offshore is expected to increase compared to 2023, mainly due to:

- internal costs related to the close-down of the Ocean Wind 1 project being expensed
- a higher share of costs being expensed rather than capitalised (no increase in underlying cost base).

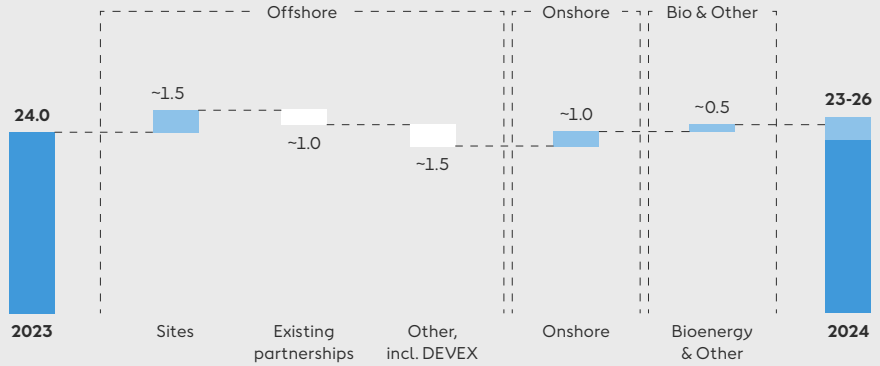
Onshore – significantly higher

Earnings in Onshore (excluding new partnership agreements) are expected to increase compared to 2023.

The positive impact on EBITDA in 2024 is driven by:

- ramp-up of generation from the wind part of Helena Energy Center, Eleven Mile, Old 300, Sunflower Wind, and Mockingbird
- higher expected availability in the US
- total power generation expecting to increase by approx. 30%
- partly offset by slightly lower prices
- project development and general costs expected to be in line with 2023.

Guidance on 2024 EBITDA without new partnerships and cancellation fees
DKKbn



Outlook 2024	2023 Realised	2024 Guidance
Financial outlook, DKK billion		
EBITDA (without new partnerships, excl. cancellation fees)	24.0	23-26
Offshore	19.1	Lower
Onshore	3.0	Significantly higher
Bioenergy & Other	1.5	Significantly higher
Gross investments	38.5	48-52
ESG outlook		
Greenhouse gas emissions intensity (scope 1, 2), CO_2e/kWh	38	Lower
Greenhouse gas emissions intensity (scope 1-3 excl. natural gas sales), g CO_2e/kWh	80	Higher
Greenhouse gas emissions from natural gas sales (scope 3), million tonnes CO_2e	3.9	Higher
Gender balance – gender with lowest representation (female)	34	Higher

Our EBITDA guidance for the Group is the prevailing guidance, whereas the directional earnings development per business unit (and components) serves as a means to support this. Higher and lower indicate the direction of the business unit's earnings relative to the results for 2023.

Bioenergy & Other – significantly higher

Earnings from CHP plants (including ancillary services) and 'Gas Markets & Infrastructure' are expected to increase compared to 2023.

The positive impact on EBITDA in 2024 is driven by:

- earnings from our CHP plants, which are expected to increase as 2023 were negatively impacted by the high costs of biomass and coal relative to the market price of power. This was partly offset by lower prices and market spreads in 2024
- earnings from our offshore oil and gas pipelines in 'Gas Markets & Infrastructure', which are expected to increase due to the anticipated re-opening of the Tyra gas field (not owned by Ørsted) in April.

Gross investments

Gross investments for 2024 are expected to amount to DKK 48-52 billion, mainly driven by:

- Offshore (Greater Changhua 2b and 4, Revolution Wind, Sunrise Wind, South Fork, Hornsea 3, Borkum Riffgrund 3, Gode Wind 3, and Baltica 2)
- Onshore (Mockingbird, Eleven Mile, and projects from our substantiated pipeline in both the US and Europe).

Our gross investments guidance for 2024 assumes that we acquire full ownership of Sunrise Wind in H1 2024.

Uncertainties, prices, and hedges

The most significant uncertainty to the operating profit in 2024 is the power generation, which depends on wind conditions, ramp-up of new wind and solar assets, asset availability, timing of possible farm-downs, and the attractiveness of spreads on our CHP plants.

Our wind and solar PV assets are largely subject to prices that are indexed to inflation or are fixed nominal, implying a high degree of revenue certainty, setting aside the above-mentioned volume risk. This means that we know the price (or minimum price) per generated MWh for most wind farms in Denmark, the Netherlands, the US, and Germany and for the CfD wind farms in the UK. For our British ROC wind farms, we also know the subsidy per generated MWh, which we will receive in addition to the market price.

In 2024, 81 % of our expected revenue from our wind and solar PV assets will be inflation-indexed or fixed nominal. The remaining 19 % will be exposed to fluctuations in power prices. Our hedging approach is to hedge up to 70 % of this remaining merchant exposure. For 2024, we have hedged approx. 60 % of this, leaving Ørsted with an unhedged price exposure of 8 % from generation from our wind and solar PV assets. See note 6.2 'Energy price risks'.

High gas and power price volatility could impact earnings for the year through optimisation possibilities of our gas storage and sourcing contracts as well as higher balancing and intermittency costs. In addition, a delay in the reopening of the Tyra gas field could adversely impact earnings from our gas activities.

Greenhouse gas emissions

The greenhouse gas emissions intensity for scope 1 and 2 is expected to decrease in 2024 due to higher renewable generation, and as we expect to cease coal-based power generation in August. However, as all scope 3 emissions from renewable assets are included from COD, we expect the scope 1-3 emissions to increase as more of our renewable assets reach COD in 2024.

Due to the anticipated reopening of the Tyra gas field in April, we expect more gas delivered under our contract with The Danish Underground Consortium (DUC). Therefore, we expect an increase in our scope 3 emissions from natural gas sales.

§ Forward-looking statements

The annual report contains forward-looking statements, which include projections of our short- and long-term financial performance and targets as well as our financial policies.

These statements are by nature uncertain and associated with risk. Many factors may cause the actual development to differ materially from our expectations.

These factors include, but are not limited to, changes in temperature, wind conditions, wake and blockage effects, precipitation levels, the development in power, coal, carbon, gas, oil, currency, inflation rates, and interest rate markets, the ability to uphold hedge accounting, changes in legislation, regulations, or standards, the renegotiation of contracts, changes in the competitive environment in our markets, reliability of supply, and market volatility and disruptions from geopolitical tensions.

Read more about the risks in the chapter on 'Risks and risk management' and in note 6 'Risk management' in the financial statements.

Furthermore, the proceeds we can realise from our anticipated farm-downs and divestments as part of the measures we take to support a robust capital structure are subject to uncertainty.

Financial targets and policies

Financial targets	Target	Year
Fully loaded unlevered lifecycle spread to WACC at the time of bid/FID[1]	150-300 bps	Continuous
Group EBITDA excluding new partnerships and cancellation fees	DKK 30-34 bn	In 2026
	DKK 39-43 bn	In 2030
Average return on capital employed (ROCE)	~14%	2024-2030

[1] Targeted range for spread to WACC at time of bid/FID (whichever comes first) for individual projects. The targeted range is not a hurdle rate, and consequently, there could be projects that deviate from the targeted range.

Financial policies	Target
Rating	Solid investment grade with Moody's/S&P/Fitch
Capital structure	Above 30% FFO/adjusted net debt
Dividend policy	No dividend payments for the financial years 2023-2025. Target to reinstate dividend from the financial year 2026.

Forward-looking statements are described on page 17.

Capital Markets Update

On 6 February 2024, we have updated our strategic growth ambition and financial targets and policies. The updated targets and policies are presented below.

Financial targets

We have three key financial targets to support our self-funded build-out of approx. 35-38 GW of renewable capacity by 2030. The financial targets cover (see details in the table to the left):

- spread to WACC on investments
- EBITDA
- ROCE.

Financial policies and capital allocation

The Board of Directors has decided to pause dividend payments for the financial years 2023-2025. Hereafter, the target is to reinstate dividend payments.

To ensure we have financial robustness and the strength to operate in the international energy and financial markets, we target a solid investment grade rating with all three major ratings agencies. This includes an FFO/adjusted interest-bearing net debt credit metric above 30%.

We will continue to invest our capital according to the following principles, in order of priority, to ensure a robust balance sheet to support a fully self-funded business plan to 2030:

- We target FFO / adjusted interest-bearing debt above 30%.
- We target to reinstate dividend payments for the financial year 2026.
- We will invest in value-creating growth opportunities.

Strategy and business

→ 2023 saw us expand our Irish solar portfolio, partnering with renewable energy developer Terra Solar to develop a pipeline of projects that now total over 600 MW_{AC}.

We also took final investment decision on phase one of Garreenleen Solar Farm, marking our first solar investment in Ireland. Located outside of Carlow town, this 81 MW_{AC} solar development project is expected to be operational by 2026.

Renewable energy market

The outlook for the renewable energy market is promising. By 2050, it is expected that almost 70 % will come from wind and solar PV alone (IEA). This shift is supported by increasingly larger renewable energy projects and a significant scale-up of transmission infrastructure connecting several markets.

At the COP28 climate change conference in Dubai, more than 130 governments, including the European Union, agreed to work together to triple the world's installed renewable energy capacity by 2030.

Towards 2030, we are anticipating exponential growth in the renewable energy market, with total combined capacity (offshore wind, onshore wind, solar PV, and energy storage) reaching more than 4,200 GW, excluding China (BNEF).

Offshore wind is expected to increase by a combined average growth rate (CAGR) of 21 %. In 2024, we are anticipating up to 40 GW of offshore wind capacity to be auctioned. Forecasts for onshore renewables (wind, solar PV, and energy storage) indicate a CAGR of approx. 12 %, and global targets to meet forecasted demand for P2X now exceed 260 GW of installed electrolyser capacity by 2030. However, reaching the 2030 ambition will require significant acceleration by the industry and governments through a doubling of the current rate of investment, scaling up through a mix of technologies, and addressing current barriers within the industry.

Across the renewables market, we are seeing positive signs of these ambitions, such as rising political momentum, increased support for offtake agreements, new sources of demand, and improved system integration and flexibility management.

In September, the European Union updated its Renewable Energy Directive to reach 42.5 % renewable energy consumption by 2030, requiring a massive increase in installed renewable capacity. Following this, the European Commission presented a European Wind Power Action Plan in 2023 to help maintain a healthy and competitive wind energy supply chain. Additionally, the European Commission proposed a Net-Zero Industry Act to strengthen the European manufacturing capacity of net-zero technologies and overcome barriers to scaling up the capacity. Some initiatives are already on the table, which will provide significant opportunities for the renewable energy sector. However, to reach the ambition, the pace in which it is being moved forward needs to be accelerated.

In November, the North Sea countries and the European Commission agreed on a shared Action Agenda to coordinate offshore auctions in the North Sea to increase the predictability of demand in the wind power supply chain, which will help facilitate investment in new capacity.

In the UK, the government has further enhanced its commitment to the British Energy Security Strategy established in 2022 by announcing its 2023 Energy Security Plan (ESP). For the renewables industry, a key element is the contract for difference (CfD) auctions, which are now held annually. Furthermore, the government significantly increased the administrative strike price for the upcoming auction in 2024. This is a strong signal from the government, recognising the true cost of delivering offshore wind at scale in the current supply chain constrained environment.

In the US, we have seen positive support through the Inflation Reduction Act (IRA), which was put forward in 2022. The IRA provides USD 0.4-1.2 trillion in funding for investments in climate and renewable energy. However, while offshore wind projects commissioned towards the end of the decade will benefit from the IRA as intended, projects with earlier construction and commission schedules are experiencing challenges in qualifying for the support for domestic content due to the short-term lack of an established US supply chain, which is a prerequisite for getting the highest levels of support.

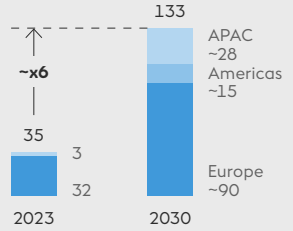
Offshore wind industry

Offshore wind remains a high growth industry and an important part of the global energy transition. As the only variable baseload power generation technology,

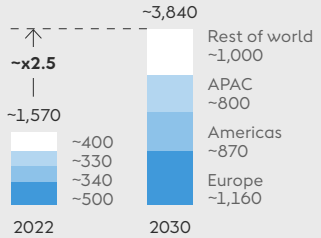
[1] Estimated electrolyser capacity required to meet forecasted renewable H2 demand of 21 Mtpa, based on IEA's Announced Pledges Scenario (APS) H2 balance. Regional split indicates location of expected demand (which may differ from supply) and is based on internal estimates applied to IEA data.

Source: BNEF (2022, 2023).

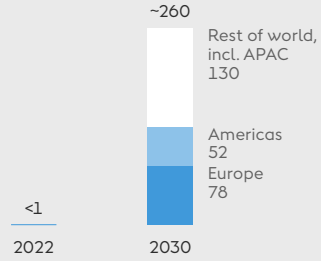
Offshore wind
Installed capacity (excl. China)
GW



Onshore renewables
Installed capacity (excl. China)
GW



P2X
Electrolyser capacity
GW[1]



Political initiatives
Governments are implementing initiatives to meet ambitious future energy targets

POLICIES AND LEGISLATION IN 2023

EU **Net-zero Industry Act**
Strengthen the European manufacturing capacity of net-zero technologies

DK / BE / NL / DE / NO / FR / IR / SE / LU / EU
North Sea Action Agenda
Integrated energy system by 2050, a sustainable and resilient supply chain in Europe, and a better balance between energy and nature in the North Sea

UK **Energy Security Plan**
Compliment British Energy Security Plan from 2022

UK **FuelEU Maritime and ReFuel EU**
Require heavy transport energy consumers to decarbonise their energy supply with a minimum obligation for green fuels, such as e-methanol and e-ammonia

SELECTED TARGETS AND INITIATIVES IN PREVIOUS YEARS

EU **Renewable Energy Directive**
Sets an overall renewable energy target of at least 42.5 % binding at EU level by 2030, aiming for 45 %.

US **Inflation Reduction Act**
Tax credits to incentivise investment in renewable energy, P2X, and energy storage in the US

UK **British Energy Security Strategy**
Up to 50 GW installed offshore wind capacity by 2030

DK / BE / NL / DE **Esbjerg declaration (North Sea)**
65 GW installed offshore wind capacity by 2030
20 GW renewable hydrogen production capacity by 2030
150 GW installed offshore wind capacity by 2050

TW **Offshore wind capacity build-out target**
20 GW installed offshore wind capacity by 2035

KR **Green New Deal**
12 GW installed offshore wind capacity by 2030

European Wind Power Action Plan
Help maintain a healthy and competitive wind energy supply chain

the benefits from offshore wind include high availability factors, the ability to serve land-constrained communities, and the continuous improvement of technology. It serves as a crucial lever for governments and industry to reach their renewable energy targets.

The importance of offshore wind and its fundamental value proposition have never been stronger; however, several industry challenges must first be addressed to realise the required build-out.

Over the last years, we have seen rising LCoE levels due to changing macroeconomic factors and supply chain challenges. While there have been some price increases to power purchase agreements (PPA) and inflation-indexed agreements in certain markets, awarded prices do not yet reflect the higher cost and interest rate levels across all markets. Where prices are not reflective, the developers behind many of the awarded projects are seeking to renegotiate offtake agreements. If unsuccessful, projects may ultimately be terminated. While there has been increased alignment on expectations, the conditions to date have challenged developers to move forward with projects.

In the current market, the gigawatts auctioned by governments does not meet the demand from developers. As a consequence, some governments choose to conduct auctions based on concession payments as the key decision criteria. To compensate for the upfront payments, developers must put additional pressure on the supply chain, which leaves limited room to invest in scaling manufacturing capacity. Moreover, it limits project-specific solutions that create a positive impact on biodiversity, advance social sustainability, and stimulate innovation and system integration.

Navigating and shaping the future of renewable energy

The current market conditions require a new approach and joint industry action. At Ørsted, we are working to navigate and shape the future of renewable energy by engaging the right stakeholders and partners to jointly overcome challenges and create a secure and affordable renewable energy system. Close collaboration between governments and industry has been critical for the industry's maturation to date.

For offshore wind, regaining momentum is of mutual interest to realise the strong value proposition it offers for societies and its key role in the green energy transition.

Therefore, among our initiatives, we have developed a seven-point plan as an advice for governments and the industry to build momentum and navigate the challenges facing the offshore wind industry. The seven points are to:

1 acknowledge the challenges and mobilise political commitment to overcome them to instil market confidence and attract capital

2 build a bridge from development to operation for existing projects to enable the all-important 'next wave' of projects to drive industry investment

3 bring volumes to market and create foresight for demand to unlock supply chain growth

4 design tenders for sustainable industry growth to de-risk the build-out for both developers and energy consumers

5 introduce strong non-price criteria to ensure delivery and value creation while addressing long-term structural barriers to offshore wind build-out

6 ensure predictable, transparent, and fast permitting without compromising on environmental or social sustainability

7 enable and empower a global and sustainable industry by carefully balancing domestic industrial policies with the needs for a level playing field and the potential synergies of global supply chains.

We believe that governments and industry can work together to weather the current challenges and facilitate future offshore wind deployment.

Strategic aspiration and growth platform

Our vision is to help create a world that runs entirely on green energy.

Our aspiration is not about gigawatt capacity. Rather, it means reaching leading positions across five pillars: 1) to be one of the world's largest green electricity producers, 2) to be one of the world's largest and most value-creating deployers of capital to the green energy transformation, 3) to be the world's leading talent platform in renewable energy, 4) to be a globally recognised sustainability leader, and 5) to be a core contributor and catalyst for change towards reaching our vision of a world that runs entirely on green energy.

As with the rest of the industry, we have felt the impact of market challenges over the past few years. This was made especially clear in August when we announced anticipated impairments on our US offshore wind portfolio, in particular attributable to supply chain challenges as well as lack of favourable progress on tax credit guidance and increased interest rates.

We have learnt from these challenges and are adapting to changing market conditions.

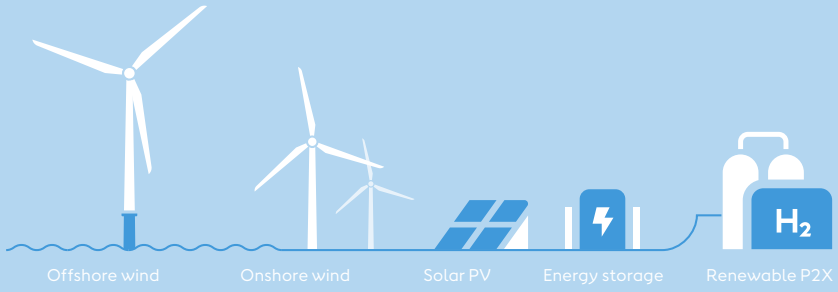
Our fundamental strategic choices on technologies and regions are unchanged. We aim to be the world leader in offshore wind and a regional player in onshore renewables and P2X in Europe and the US. However, we have accelerated an adaption of our operating model to better match our rapid expansion into the US and Taiwan and the broader market conditions. We have strengthened our risk processes and expanded regular reviews by senior executives and the Board of Directors.

Based on our portfolio review and given our financial position, we have revised our GW ambition for installed renewable energy capacity. Our ambition is to reach 35-38 GW by 2030, which is more than double our current installed capacity of 15.7 GW. We aim to reach an installed capacity of 23 GW by 2026.

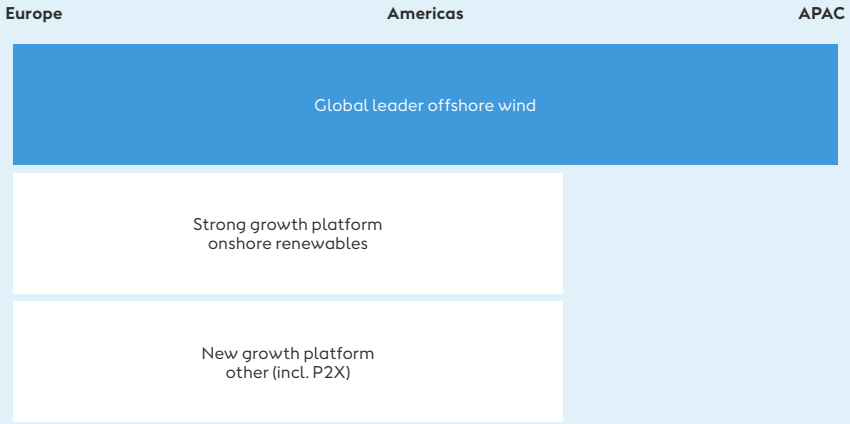
Vision

Let's create a world that runs entirely on green energy

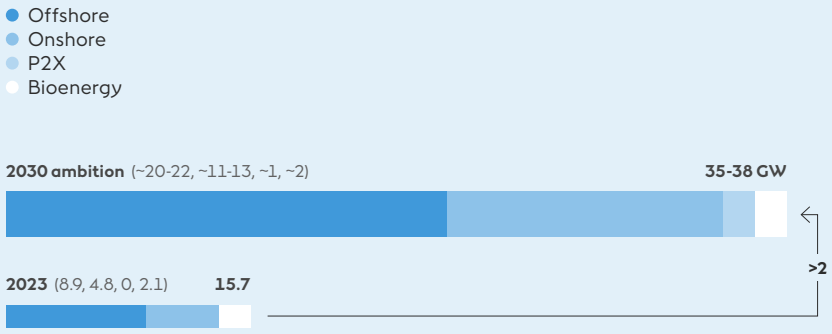
Growth platform



Our growth platform



Gross installed capacity
GW



In offshore wind, we aim to remain a global leader in Europe, the Americas, and APAC, working towards our 2030 ambition of 20-22 GW. In the US, we have refocused our portfolio towards the Northeast Atlantic, and to reduce development costs, we are exiting several markets (e.g. Norway, Spain, and Portugal), deprioritising development activities in Japan, and planning for a leaner development within floating wind. Towards 2026, the growth contribution will largely be based on projects already under construction or awarded.

In onshore renewables, we are growing our platform across the US and Europe, working towards our 2030 ambition of 11-13 GW. Towards 2026, the contribution will come from a mix of projects under construction and in the pipeline. In the US, we are prioritising projects in select energy markets with an eye towards maximising value creation, while we focus on four core markets in Europe (Germany, Spain, the UK, and Ireland).

In P2X, we plan for a more lean development and are working towards our 2030 ambition of ~1 GW, with projects in development in the US and Scandinavia.

To enable the build-out, we plan to invest DKK 270 billion in 2024-2030, of which we plan to invest DKK 130 billion trough to 2026. The investments will be distributed between technologies with approx. 70 % within offshore, 25 % within onshore, and 5 % within P2X and Bioenergy.

We are also taking action to enhance our capability set. We remain confident in our industry-leading scale, execution abilities, and commercial capabilities, but we want to make sure we stay ahead of competition. To enhance our competitiveness, we are adapting our operating model to fit the more unpredictable market and to increase the effectiveness of our organisation. We are also working on improving our revenue capabilities to take advantage of more and more auctions becoming merchant.

We will continue to collaborate on developing robust integrated solutions with our strategic partners, including leading the structural shift towards corporate demand at scale to deliver electrons at the right place, at the right time, and with the right profile. These efforts are important steps to continue to be a leader within renewable energy.

Despite the current industry headwinds, we believe the future of renewables is bright, and we remain fully confident that we can ensure consistent value creation in the years to come while driving forward the green energy transformation.

The financial targets and policies and the sustainability ambitions supporting our strategic ambition are highlighted on pages 6 ‘Strategic ambitions’ and 18 ‘Financial targets and policies’.

Executing our strategy

Across our business, we have made considerable strategic progress during 2023. In the following sections, we have outlined some of our concrete achievements in the past year.

Offshore wind

In 2023, we took final investment decisions (FIDs) on three development projects, one in each of our three regions: Europe, the US, and APAC, and we further advanced construction of three projects in the regions. We formed valuable partnerships that will help us accelerate the development of offshore wind on the Irish coast and began the deployment of floating offshore wind technologies in Scotland.

We are the world leader in offshore wind, having developed around a quarter of the global capacity installed, excluding China. We have played a key role in maturing the industry and have built more offshore wind farms worldwide than any other company. By the end of 2023, we had 8.9 GW of capacity installed, 6.7 GW of capacity under construction, and a further 3.7 GW of capacity awarded, resulting in a total capacity of 19.2 GW.

Our commitment to offshore wind is highlighted by our status as the first energy company to join the Global Offshore Wind Alliance (GOWA) to accelerate offshore wind deployment and create a global community of action, consisting of governments and companies. Another important milestone has been reached through a pioneering sustainability partnership between Ørsted and Vestas, both recognised as global leaders in renewable energy. Under this partnership, we commit to source low-carbon steel wind turbine towers and blades made from recycled materials from Vestas for all joint offshore wind projects, advancing the agenda for net-zero wind farms.

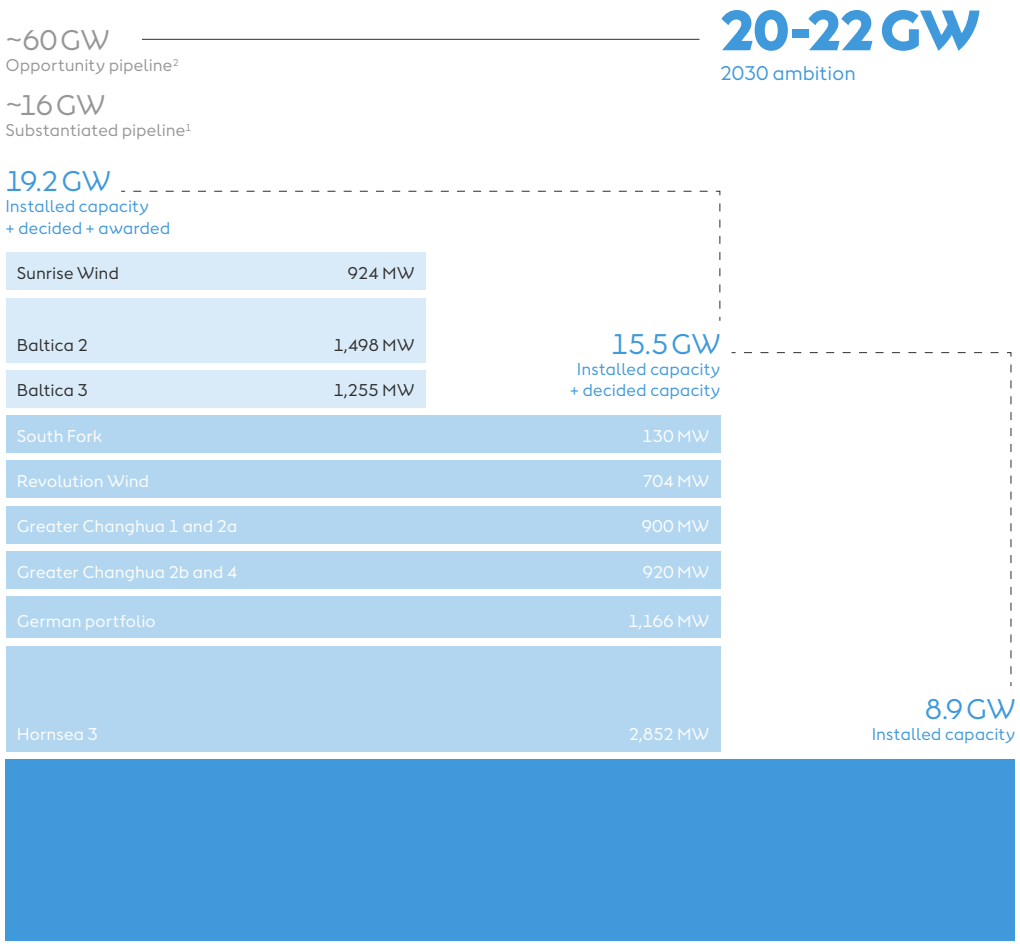
Strategic progress and expansion of our portfolio

In the UK, a significant milestone was achieved, as our offshore wind farm Hornsea 3 reached FID. With a capacity of around 2.9 GW, the wind farm will become the world's single largest offshore wind farm. Hornsea 3 will provide low-cost, green energy for the UK and deliver thousands of high-quality jobs and billions of pounds of investment in the UK's offshore wind supply chain. For Hornsea 4, we received development consent from the British authorities to continue the development of the project. The possible future addition would create an offshore wind cluster in excess of 7 GW, making it the largest offshore wind zone in the world.

In Asia Pacific, we took FID on Greater Changhua 2b and 4 with expected CODs in 2025. Additionally, we are finalising the construction of Taiwan's first large-scale offshore wind farms, Greater Changhua 1 and 2a. The final four of the 111 turbines are expected to be installed in the spring of 2024, and the wind farm will then reach COD, expectedly in Q2 2024.

↑ Looking up at Hornsea 2 offshore wind farm in the North Sea, the UK.

Offshore wind build-out plan
Gross renewable capacity



With a total capacity of more than 1.8 GW, these construction projects represent a significant contribution to Taiwan's transition to new energy sources and its decarbonisation journey.

In the US, we took FID on the 704 MW Revolution Wind project, which we own in a 50/50 partnership with Eversource Energy. Onshore construction has started, and offshore construction will start in 2024, with the completion of the project expected in 2025.

Construction of our German portfolio is progressing. We have finalised installation of foundations for our offshore wind farm Gode Wind 3, and at Borkum Riffgrund 3, the installation of foundations has commenced. The wind farms have expected CODs in 2024 and 2025, respectively. Once completed, the wind farms will have a total capacity of 1.2 GW.

At our 130 MW South Fork project in the US, we have installed the first turbines which will send power directly to Long Island, New York. When fully complete, the project will consist of 12 turbines and generate enough renewable energy to power 70,000 US households. Furthermore, we acquired Eversource's 50 % stake in Lease Area 500 adjacent to the associated operational assets, and we now own 100 % of the area.

In Ireland, we have entered into a partnership with ESB, the leading utility company in the country, to jointly develop an Irish offshore wind portfolio. With a maritime area more than ten times the size of its landmass, Ireland is well-positioned to grow a strong offshore sector. The partnership also encompasses an agreement to explore opportunities from renewable hydrogen produced from the projects in the longer term. The first of the offshore wind projects is expected to compete in the next Irish offshore wind auction.

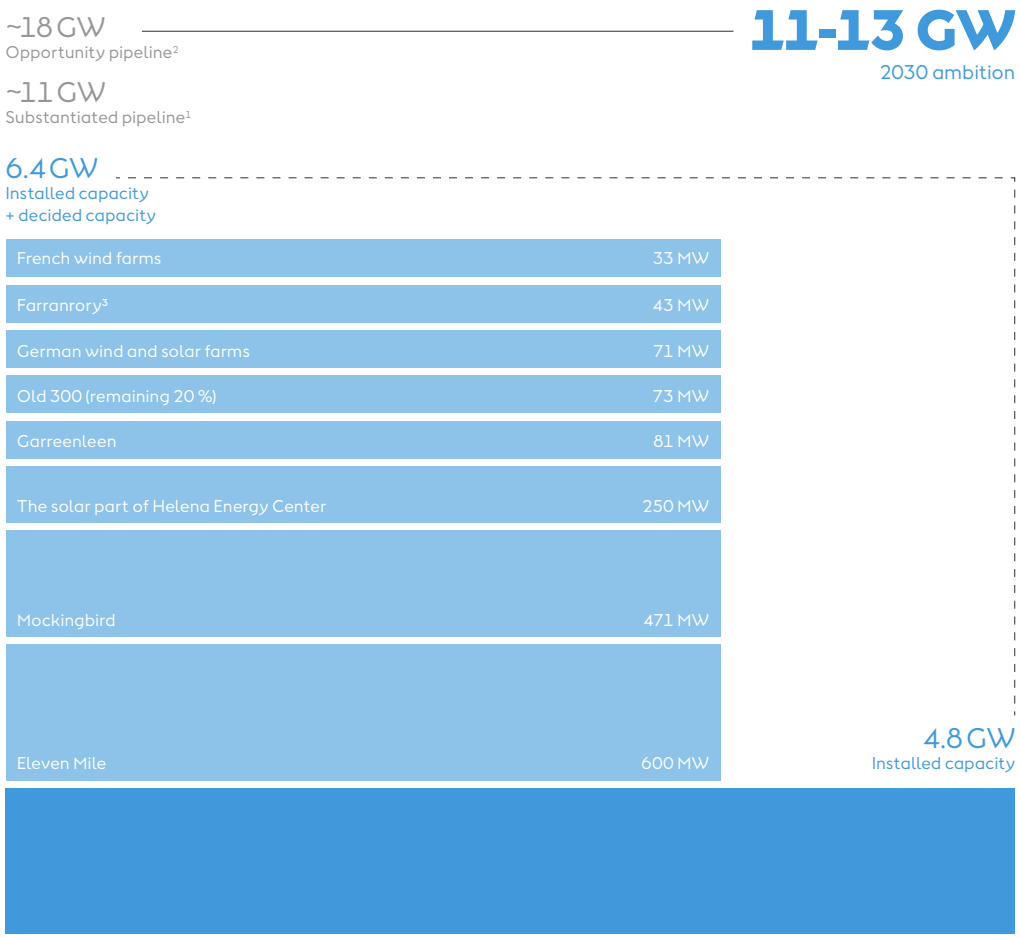
In Korea, we have been granted a 1.6 GW electricity business license (EBL) by the Korean Ministry of Trade, Industry & Energy for an offshore wind project located 70 km off the coast of Incheon City. The license grants us exclusive development rights for the Incheon offshore wind project, which is set to become the largest in Korea on completion, with a capacity to provide renewable energy to over one million Korean households.

In January 2024, we signed an agreement with Eversource to acquire their 50 % share of Sunrise Wind. The acquisition is subject to the successful award of Sunrise Wind in the ongoing New York 4 solicitation for offshore wind capacity, signing of an OREC contract with New York's energy agency, NYSERDA, entry into long-form acquisition agreements, receipt of construction and operations plan (COP) approval, and relevant regulatory approvals. If the project is not successful in the solicitation, the existing OREC contract for Sunrise Wind will be cancelled per the state's requirements, and our 50/50 joint venture with Eversource will remain in place. In that scenario, the joint venture will evaluate its next steps.

[1] Projects that have reached a level of maturity, such as secured exclusivity through a lease, secured consent or environmental impact assessment (EIA), or established partnerships but not yet taken final investment decision (FID).

[2] Refers to early stage projects, which we are actively pursuing through tenders.

Onshore wind build-out plan
Gross renewable capacity



In the rapidly developing Polish market, we are actively progressing Baltica 2 towards FID later this year, together with our partner PGE. In parallel, we are working collaboratively on the reconfiguration and revised schedule of Baltica 3.

Ceasing development of Ocean Wind 1 and 2

In the US, we took the decision to cease the development of the Ocean Wind 1 project, in the form it was awarded by the NJ BPU. The decision was a consequence of additional supplier delays, leading to significant project delays, which, together with a lower anticipated probability of qualifying for tax credits and increasing interest rates, significantly deteriorated the value of the project. We also decided to cease the development of the adjacent Ocean Wind 2 project as currently awarded by the NJ BPU.

As the OREC we have been awarded for our Skipjack project in Maryland no longer can ensure an investable project, we have decided to withdraw the OREC.
In total, the three projects amounted to a capacity of 3.2 GW.

Farm-downs

During 2023, we reached an agreement with funds managed by Schroders Greencoat, a world-renowned specialist asset manager for renewable energy infrastructure assets, to sell our remaining 25 % minority stake in the offshore wind farm London Array in the UK.

[1] Projects that have reached a level of maturity (e.g., reached site control stage), but not yet taken final investment decision (FID).

[2] Early development activities initiated.
[3] Farranrory (43.2 MW) was FID'ed in January 2024.

In addition, we concluded an agreement with Glennmont Partners of Nuveen, an infrastructure fund manager, to farm down 50 % of our shares in Gode Wind 3.

Following a competitive divestment process, we selected Cathay Life Insurance, Taiwan's leading insurance company, as the preferred bidder for the acquisition of a 50 % ownership stake in our offshore wind farm Greater Changhua 4 in Taiwan. The dialogue with Cathay Life Insurance is progressing well, and the transaction is expected to close in 2024.

Onshore renewables

In 2023, we added three projects to our assets under construction, and four of our projects reached COD, totalling a capacity of 0.6 GW. By the end of 2023, we had 4.8 GW capacity installed and 1.6 GW capacity under construction.

To reach our ambition of 11-13 GW installed onshore capacity by 2030, we will need to add an additional 4-7 GW to our capacity. The additional capacity will be based on our substantiated pipeline of around 11 GW and other opportunities that may arise.

Strategic progress and expansion of our portfolio

In the US, we now have 15 operational onshore wind farms. In 2023, our 201 MW onshore wind farm Sunflower Wind, located in Kansas, became fully operational, making it our latest edition to our growing US onshore portfolio. Sunflower Wind will be capable of providing renewable energy to more than 70,000 US households.

We are constructing several solar PV farms in the US, further adding to our portfolio. In Texas, the construction of our 471 MW_{AC} Mockingbird Solar Center is going as planned, with the installation of modules commencing and COD expected in the second half of 2024. In Arizona, construction has begun on our combined Eleven Mile solar PV and storage project, with capacities of 300 MW_{AC} and 300 MW, respectively. The project is expected to reach COD in Q2 2024.

For the two solar projects Old 300 and the solar part of Helena Energy Center, we have been experiencing detainment of module shipments in 2022 and part of 2023. However, for the solar part of Helena Energy Center, most of the modules have now been cleared from US customs and delivered to the sites. For Old 300, 80 % of the capacity has been commissioned. We expect the solar part of Helena Energy Center to reach COD in Q2 2024 and Old 300 to reach COD in Q3 2024.

In 2023, we entered into one of the largest solar PV projects in the UK, One Earth Solar Farm, with a capacity of 740 MW_{AC} with associated battery storage. If built, it will be one of the largest solar farms in the country. If constructed, the solar farm in Nottinghamshire will generate enough renewable electricity to power up to 200,000 UK homes. Together with our co-developer PS Renewables, we are aiming for COD before 2030. Additionally, we acquired Garreenleen, one of the largest solar projects in Ireland. With a capacity of 160 MW_{AC}, Garreenleen will be able to power up to 56,000 Irish homes annually. In December, we took FID on the first phase of the project (81 MW_{AC}). In January 2024, we took FID on Farranrory (43.2 MW). We secured contracts for both projects in the Irish government's third onshore action. We expect COD on both projects in 2026. Phase two of Garreenleen (79 MW_{AC}) is expected to be completed in 2027.

In Germany, we began construction of our wind farm Bahren West 1 (50 MW) in September.

Additionally, we entered into a partnership with renewable energy developer Terra Solar, headquartered in Dublin, to develop a portfolio of Irish solar projects with a capacity of up to 400 MW_{AC}.

During 2023, we signed several offtake contracts, including our first PPA with Google in the US, a 150 MW power purchase agreement spanning a 15-year period. The contract covers more than half of the capacity of our 268 MW Helena Wind Farm located in Texas, the US, and was commissioned in mid-2022. With this agreement, we have entered into PPAs with the tech companies Google, Amazon, and Meta in both Europe and the US as well as with Microsoft in the US.

Evolving technologies

In addition to offshore and onshore renewable technologies, we continue to explore possibilities within P2X and carbon capture.

Strategic progress and expansion of our P2X portfolio

During 2023, we entered a new era of sustainable shipping by breaking ground on FlagshipONE, Europe's largest e-methanol project, located in Northern Sweden. We expect the project to start production in 2025.

Breakthrough Energy Catalyst will acquire a 15 % equity interest in FlagshipONE and provide a grant, subject to the fulfilment of funding conditions. Breakthrough Energy Catalyst is a first-of-its-kind model, bringing together government partners and leading organisations from across the private sector to fund and scale emerging climate technologies. With the funding supporting the project, we will seek to sign long-term offtake agreements, creating a new model for the shipping industry to purchase fuel, which will be needed for future projects to secure the capital required to scale the production of green fuels.

In addition, FlagshipONE is also expected to receive a grant from Horizon Europe and a quasi-equity investment from EIB through InvestEU.

In the US, we were awarded funding from the Department of Energy (DoE) as one of seven core industry participants in the US HyVelocity Hydrogen Hub. The vision of the HyVelocity Hub, which has been awarded USD 1.2 billion, is to create the nation's largest renewable hydrogen hub along the Gulf Coast. Our share of the funding is approx. USD 143 million.

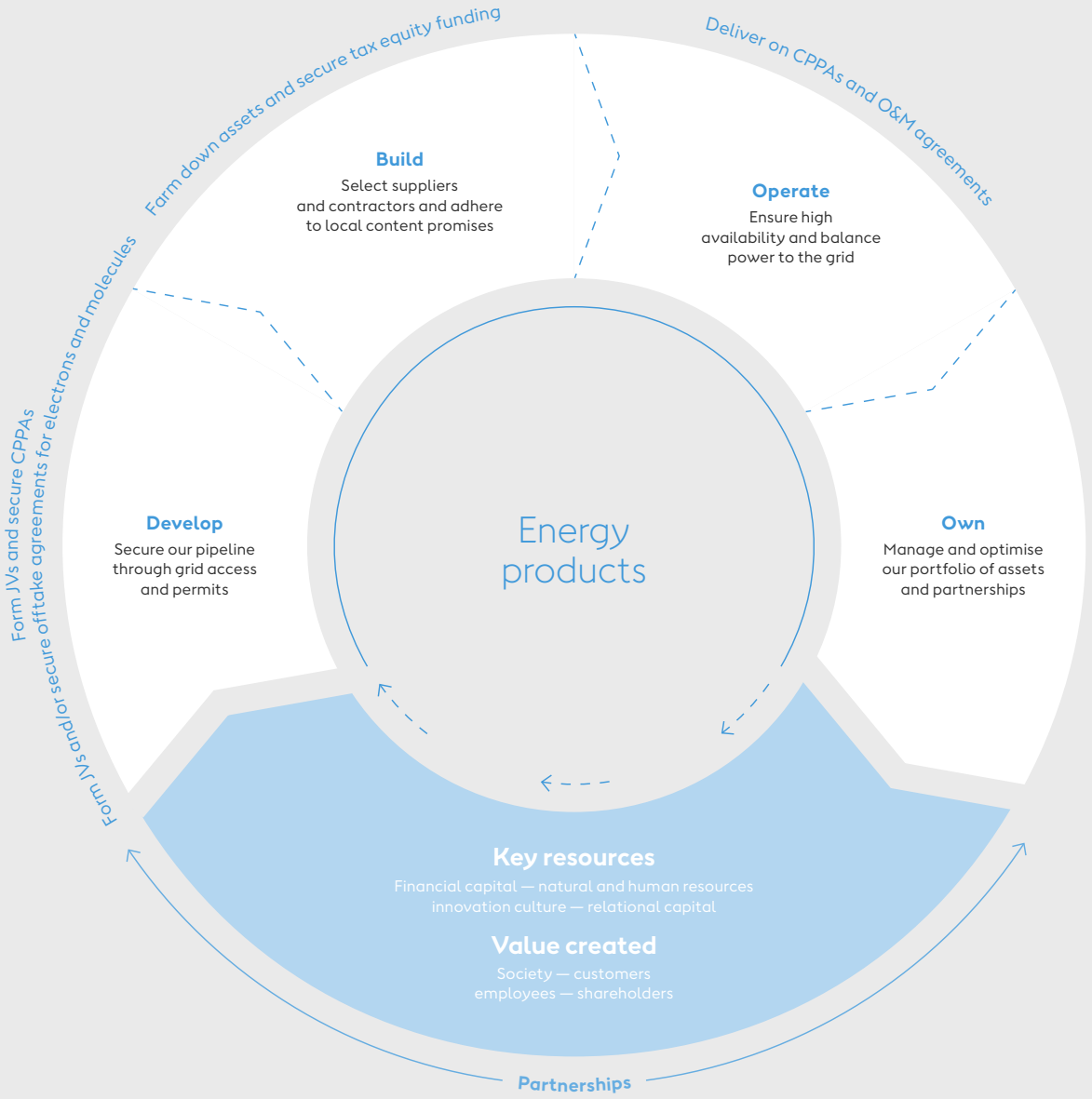
Pioneering carbon capture

In December, we embarked on the construction of the two carbon capture and storage (CCS) facilities in our project Ørsted Kalundborg CO_2 Hub. It is expected that the project, which was awarded a 20-year contract by The Danish Energy Agency (DEA) in May 2023, will pave the way for capturing and storing 430,000 tonnes of biogenic carbon dioxide, setting a transformative precedent for our carbon reduction efforts. The project includes the installation of carbon capture technology at our wood chip-fired Asnæs Power Station in Western Zealand in Denmark. In addition, we will install CCS technology at the straw-fired boiler at Avedøre Power Station in the Greater Copenhagen area in Denmark. In direct support to the project, Microsoft has agreed to purchase 2.76 million tonnes of high-quality, durable carbon removal over 11 years from the capture and storage of biogenic carbon. This represents one of the world's largest carbon removal offtake agreements by volume to date.

↑ Sorne wind farm, Donegal, Ireland.

Business model
Our core activities

We create value by developing, constructing, operating, and owning renewable assets and by providing sustainable energy products to our customers.



A call to action to foster a fast and sustainable build-out

We need a new, shared vision for how we deliver renewable energy. A vision that accelerates the energy transition in a way that supports our nature and societies as well as a resilient renewable energy industry. Only then can we deliver the transition at the pace and scale we so urgently need.

Renewable energy is the cornerstone in the fight against climate change

The global transition to renewable energy is the most important step we can take to counter climate change. Fossil-based energy continues to make up 74 % of global carbon emissions, and any remaining hope of keeping the rise in the global temperature to 1.5 °C hinges on immediate action to transform our energy systems at a speed and scale we have not seen before – more precisely, we need to triple global renewable energy capacity by 2030, as more than 130 governments recently pledged to do at COP28.

To make this happen, we need far more action than current stated policies and commitments. And with the current challenges facing parts of the renewable energy sector, we risk further delays. Delays that we do not have the time for. We must find a way to build renewable energy now – and to do so, we must also build it *right*.

How sustainability can help accelerate a successful energy transition towards 2030

The global renewable energy build-out will be the largest infrastructure project ever undertaken. It also represents an extraordinary opportunity to create positive value for both climate, nature, and wider society. In addition to decarbonising our energy systems, renewable energy provides clean, affordable, and reliable energy, it improves air quality and health, and it strengthens energy security. And, when done sustainably, we can use it to take even further action for our climate and nature and boost local jobs, supply chains, and socio-economic development.

However, the build-out of renewable energy is currently facing implementation challenges, not least related to supply chain bottlenecks and concerns over impacts to nature and communities. A sustainable approach is not just a desirable goal we can achieve if we chose to pursue it – it is essential to address these challenges. Building in balance with nature and people is therefore not only the right thing to do but fundamental to enable a transition at pace and scale.

Let's take a closer look at three examples of how a sustainable approach can help tackle some of the key challenges facing the build-out – while delivering a lasting positive impact on wider society.

It can help strengthen supply chain resilience and play a role in decarbonising carbon emission intensive sectors

Resilient renewable energy supply chains are essential to deliver a rapid transition, but bottlenecks and material scarcities are slowing progress in many markets. We can reduce some of these pressures medium- to long-term through a strategic use of decarbonisation and circularity efforts. By considering material mix, increasing recycling and reusing, and innovating for low-emission solutions, we can reduce the demand for virgin materials and alleviate capacity pressures while also diversifying suppliers.

Moreover, by driving decarbonisation efforts throughout the supply chain, the renewable energy sector can make additional contributions to global climate targets. Our supply chains are dependent on carbon emission intensive sectors such as steel and shipping, which account for 7 % and 3 % of global emissions, respectively, and reducing emissions from these is therefore critical to limit global heating. By collaborating with our suppliers and other industries that share the same supply chains, we can help incentivise and drive demand for net-zero solutions. At Ørsted, we work to do this through our science-based net-zero 2040 target validated by the SBTi.

It can support the co-use of land and ocean and help revive nature

The space required for the build-out will be significant, raising the need to find suitable areas at land and ocean where renewable energy can coexist with other users and nature. How we plan and manage the use of space is therefore of huge importance, and to be granted access to build renewables, we need to site thoughtfully. That is, in ways that respect other users, maximise space efficiency, and minimise environmental impacts.

This is of particular importance as we are not only fighting a global climate crisis but also a biodiversity crisis. These two are often portrayed as being conflicting agendas, competing for space. However, they are in fact deeply interconnected, and we can take action to make them mutually supportive. As such, the build-out brings a unique potential to unite action on the two biggest crises of our time if we integrate action on nature protection, restoration, and enhancement into how we build and operate renewable energy.

At Ørsted, we have set the ambition that all new renewable energy projects we commission from 2030 onwards should deliver a net-positive biodiversity impact, and we have built an innovative and business-inclusive approach to get us there.

It can facilitate community support and deliver a positive impact on people

A clear majority of the world's population supports renewable energy. However, for the communities living close to renewable energy projects, support is sometimes replaced by concerns. To maintain the pace and scale of the build-out, it is crucial that we engage and consult with impacted communities to understand their needs and priorities and ensure they benefit from the energy transition too.

In addition, renewable energy is, or will become, a new industry in many parts of the world. We can build it up in a way that generates millions of well-paid jobs. According to the International Energy Agency (IEA), the transition towards net-zero will lead to an estimated increase in energy sector jobs of 14 million by 2030. We can also use it to boost local supply chains and actively deliver and share benefits with communities through initiatives such as local job and training opportunities or co-ownership of assets. Realising this potential is a core part of how we want to drive the build-out at Ørsted, and we work hard to identify and integrate local jobs, training, and community engagement opportunities into our project delivery.

Here is how we can do it – a call to action

It is clear that if we are to deliver an energy transition at the pace and scale needed to meet the Paris Agreement, we must build sustainably. This will take ambitious action and enhanced collaboration.
We therefore encourage all relevant actors to come together now – to use our voice and respective capabilities to facilitate and push for a sustainable build-out.

Policy makers:

The starting point is for policymakers to further include environmental and social perspectives beyond price into renewable energy deployment where this is not yet the case. Focusing only on price incentivises developers to solely optimise for the minimal cost of energy, undermining efforts to avoid and mitigate sustainability impact and resulting in a missed opportunity for the wider societal value creation the sector can deliver. By incorporating supplementary criteria on societal value in tenders, governments can effectively incentivise such efforts – and simultaneously increase acceptance for the energy transition.

The renewable energy industry:

A critical step towards rewarding societal value creation is the development of industry standards and measurement frameworks. This will also enable a more transparent and level playing field for which the industry can compete. At Ørsted, we are using our expertise to support this, and we have already made great strides for carbon, creating an industry life cycle assessment (LCA) model for offshore wind together with The Carbon Trust and 11 energy peers to measure and compare carbon emission footprints. We are also collaborating with the Science Based Targets Network (SBTN) to develop a measurement framework for biodiversity and with a range of partners, including the Haas School of Business at the University of California, Berkeley, and the Capitals Coalition, to define how to measure and track social impact that matters to our communities. Further joining forces on this with peers will be a powerful accelerator for success for the industry.

Other industries:

With a strong and collective demand pool across industries that share materials, we can more effectively incentivise investments in the sustainable solutions we all need. The First Movers Coalition is a great example of this. Here, we are building demand for decarbonised steel and concrete across industries, creating incentives and opportunities for new low-emission technologies, partnerships, and ecosystems along the way. We can expand this approach to many more areas, using our combined power to drive real and fast transformation across supply chains.

NGOs and academia:

Finally, as an industry, we must continue to work together with NGOs and academia to join forces on advancing research and innovation. By combining our capabilities, we can accelerate learnings on measures and solutions and more strongly advocate for a build-out that is done right and done fast.

Let's do it right, now

Achieving the renewable energy build-out at the pace and scale needed will be a massive undertaking unlike anything we have done before. We have much work ahead of us, and while the road is far from easy, collectively, we can choose to act now to facilitate the energy transition we so urgently need – in harmony with nature and people. The good news is that we know what is needed and have most of the solutions ready; now we need accelerated action and will to scale a fast and sustainable build-out. Let's do it right, now.

↑ 3D-printed reefs.

Our approach to sustainability

Sustainability is integral to how we operate as a business. On the following pages, we zoom in on focus areas currently guiding our approach and work. For detailed information on our sustainability efforts, including ambitions, actions, and performance data, please see the 'Sustainability statements' section.

Creating value through sustainability

Throughout everything we do, we are guided by how and where we can create the most value for both society and our business. We believe being clear on this is crucial to credibly set and deliver on ambitions as well as to direct efforts and resources to where we have the biggest potential for impact.

From a societal perspective, we are guided by how we can best use our position, capabilities, and reach to address our key impacts as a renewable energy developer, including those where we must either mitigate negative impacts or are in a unique position to deliver positive value.

From a business perspective, it is about using sustainability to help strengthen our resilience and ability to compete in a world with both increasing stakeholder expectations and challenges. We work strategically with sustainability to open new doors to customers, partnerships, and commercial opportunities. We employ it to optimise our resource use and secure access to critical materials, new technologies, and talent. And we use it to attract financing and to develop resilient projects that can proactively address stakeholder expectations, avoid delays, and meet permitting and regulatory requirements.

Combined, these considerations have led to the formulation of our four strategic focus areas: Science-aligned climate action; Green energy that revives nature; A green transformation that works for people; and Governance that enables the right decisions – and underlying priorities, see page 33. Together, the four areas respond to our material sustainability risks and opportunities.

Climate change, resource use and circular economy, workers in the value chain, and affected communities (topics E1, E5, S2, and S3 according to the European Sustainability Reporting Standards (ESRS)) are assessed to be our most material sustainability matters, followed by biodiversity and ecosystems, own workforce, and business conduct (ESRS E4, S1, and G1). To read more about how we have identified these through a double materiality assessment, see the 'General' section in the sustainability statements on pages 68-79.

Delivering on sustainability – moving from target to action

It is the actions we take in the real world – the impact that we have on the ground – which matter the most. In recent years, we have committed to ambitious, and often long-term, targets. Translating these into tangible action today is a key focus of our work to demonstrate continuous progress and avoid long-term commitments failing to make a short-term impact.

In 2023, we have again taken action to progress across our four focus areas. See selected highlights to the right.

Selected 2023 highlights across our focus areas

Science-aligned climate action

Launched partnerships together with our strategic partners to reduce emissions from the key elements of an offshore wind farm, including towers, blades, and foundations. As the world's largest offshore wind developer, we play a key role in incentivising investments in low-emission solutions. These solutions will not only benefit the climate but also our customers and business as it will help us meet future demands for net-zero solutions and future-proof our operating model in the medium- to long-term.

Green energy that revives nature

Made important progress towards our net-positive biodiversity ambition, successfully testing our biodiversity measurement framework, which will help us measure biodiversity losses and gains at our assets, and initiating exciting new pilots to further innovate solutions, including our BioReef project in Denmark and our prairie restoration project in the US. These projects are a cornerstone of our approach as we are still learning and exploring along the way on how to best meet our commitment.

A green transformation that works for people

As a testament to our aspiration to deliver a build-out that works for people, we took the first steps towards measuring the total economic value (TEV) of our jobs and skills-building efforts. This will be an important tool going forward to demonstrate the value we can create for society.

Launched Ørsted's first Youth Panel comprised of eight young climate action leaders outside of Ørsted. By bringing them together with Ørsted's top decision-makers and integrating their perspectives into our corporate discussions centered around our sustainability agenda, the panel will serve as a platform for mutual learning and exchange to strengthen our sustainability efforts.

Governance that enables the right decisions

Launched a series of new initiatives to make our offices even more sustainable, introducing improved waste sorting as well as updated and more inclusive facilities, including spiritual and baby care rooms.

↑ Seagrass in the North Sea.
© Dutch Maritime Productions

Further embedding sustainability across our business
Finally, to deliver on our sustainability ambitions, we need a systematic integration of sustainability across our business and decision-making processes to consider and address sustainability risks and opportunities at the right times and in the right places.

Last year, we made the strategic decision that all our future assets should be aligned with the EU taxonomy. Based on the taxonomy, we have now defined a sustainability standard for all Ørsted assets, and we are working to integrate performance requirements into our asset project model and relevant decision gates to ensure that all assets we build are taxonomy-aligned.

We have also defined annual wheels for sustainability involvement for our Board of Directors and top management committees, including our Group Executive Team, Sustainability Committee, and Audit & Risk Committee, and we have integrated sustainability metrics into our bi-annual portfolio review to inform our leadership of how their decisions impact our ability to meet our 2040 net-zero target.

Going forward, we will continue this work along with an increased focus on building sustainability competences across the entire organisation, including for our top management and Board of Directors, to ensure we have the right expertise and understanding of sustainability at all levels.

Altogether, at Ørsted, we work to push the renewable energy transition forward, by being a leading voice for a resilient and sustainable renewable energy industry and by demonstrating how renewable energy, when done right, can create transformational value for both society and business.

Overview of our strategic sustainability focus areas

E

ENVIRONMENT

Science-aligned climate action

APPROACH

We scale our green energy business while delivering science-aligned emissions reductions, thereby enabling our customers to also take climate action

PRIORITIES

- Scale renewable energy deployment
- Decarbonise own operations by 2025
- Decarbonise our supply chains by 2040
- Mobilise sustainable financing

READ MORE

EU taxonomy, page 81
ESRS E1 Climate change, page 87

Green energy that revives nature

APPROACH

We work to ensure that each of our energy projects contributes positively to a thriving nature

PRIORITIES

- Deliver net-positive biodiversity impact from new renewable energy projects commissioned from 2030 onwards
- Transition to circular resource use
- Continue to use 100 % certified sustainable wooden biomass

READ MORE

ESRS E4 Biodiversity and ecosystems, page 102
ESRS E5 Resource use and circular economy, page 107

Sustainable finance: Note 5.1 'Interest-bearing net debt and FFO' in the financial statements, and our green bond impact report

S

SOCIAL

A green transformation that works for people

APPROACH

We focus our efforts on making the green energy transition just and inclusive

PRIORITIES

- Respect human rights and the rights of indigenous peoples
- Support equity, diversity, and inclusion in the workplace
- Ensure health, safety, and satisfaction of employees
- Ensure safety of contractors
- Develop skills and talent for the renewable energy sector
- Support local communities

READ MORE

ESRS S1 Own workforce, page 112
ESRS S2 Workers in the value chain, page 120
ESRS S3 Affected communities, page 123

G

GOVERNANCE

Governance that enables the right decisions

APPROACH

To deliver on our sustainability goals, we continuously work to integrate sustainability and integrity into processes and decision-making across our organisation

PRIORITIES

- Promote and enable responsible business conduct
- Conduct proper due diligence of suppliers and partners
- Embed sustainability throughout our business
- Advocate and engage for a sustainable industry

READ MORE

ESRS G1 Business conduct, page 127

Responsible tax practices: Note 4.1 'Approach to taxes' in the financial statements

Risks and risk management

Risks are a natural and integral part of our business activities, and our risk profile changes continuously. We aim to mitigate our risks and reduce them to an acceptable level through risk management.

How we assess risk

Each year, we perform a risk assessment with the overall objective of identifying our most significant business, sustainability, and legal risks. All business segments, regions, and selected staff functions identify and prioritise business risks. An assessment is made of the potential financial impact of individual risks, and whether they are of a short-term (0-2 years), a medium-term (2-5 years), a long-term (5+ years), or a recurring nature. All our risks are then consolidated and evaluated at Group level.

Business risks are defined as incidents that, with some likelihood, will materialise and cause a negative impact on our earnings and costs and hence impact our credit rating and value. Many of our risks are interdependent, and movements in the macroeconomic environment will likely impact multiple business risks.

The top six business risks identified are shown to the right where they are illustrated based on their potential impact (post-risk mitigation) on our value and credit metrics over the next years. You can read more about these risks on the following pages.

When we invest in new assets and activities or divest assets, the consolidated risks associated with our portfolio change. Therefore, we assess the impact of a given decision on the portfolio upfront and work systematically with risks.

How we manage risk

The Board of Directors oversees our risk management in general and have delegated the oversight of our financial and business-related risks to the Audit & Risk Committee. The responsibility for each of the individual risks identified as part of the annual risk assessment rests with a member of the Group Executive Team.

The purpose of our risk management is to identify and quantify our risks and decide how best to manage and mitigate them on an ongoing basis.

In recent years, we have seen substantial adverse impacts on our business from financial risks and risks in relation to the development and construction of assets. This has led us to start implementing a new framework for governing our financial risks. Furthermore, we are implementing the learnings from our review of the Ocean Wind 1 project into the governance of our operating model to reduce risks in the development and execution of projects, with a particular focus on monitoring of and updates on project execution including risk reviews with the Group Executive Team and the Board of Directors, structured external reviews for select projects, internal peer assessments, contingency planning (including more proactive contracting for back-up supply chain capacity), and monitoring of suppliers (including from site visits to track manufacturing progress). Furthermore, we will prioritise inflation protection in offtake arrangements in future projects.

We will continue our work to manage future breakaway profiles by scrutinising financial commitments before taking final investment decision (FID) to avoid high capital commitments relative to project maturity, and by ensuring greater flexibility on project timelines and commissioning dates as well as phasing of CAPEX.

Besides business risks (incl. financial risks), we also manage risks in connection with legal compliance and sustainability risks, both at a strategic and operational level.

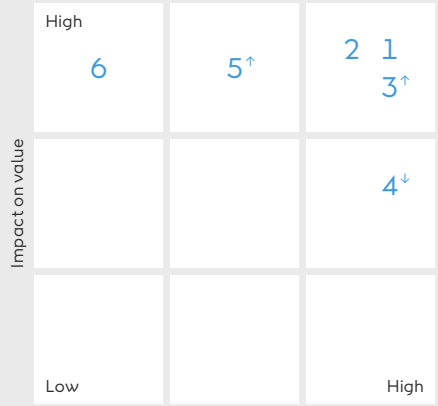
Development in risks in 2023

We have introduced 'Farm-downs and partnerships' as a new top six risk in 2023 and have seen changes in the relative importance of our top risks from last year.

'Supply chain and cost inflation' is now assessed to be our largest risk. Throughout the year, we have seen bottlenecks in several parts of our supply chain, leading to increased costs and risk of delayed projects.

Top 6 business risks
Effect on our value and credit metric

↓/↑ Change in risk quadrant from 2022



1 (#3 in 2022)
Supply chain and cost inflation

2 (#1 in 2022)
Inflation, interest rate, and currency risks

3 (New in 2023)
Farm-downs and partnerships

4 (#2 in 2022)
Power prices and energy markets

5 (#6 in 2022)
Cybersecurity

6 (#5 in 2022)
Competition

Quantification of risks is based on a scenario where the risk occurs with 10 % probability (P90). Our Internal Audit function has examined the process for identifying and measuring the accompanying portfolio risks.

↑ Load-out of blades, South Fork, Connecticut, the US.

Such delays were the main driver behind the deterioration of our Ocean Wind 1 project, which led us to cease its development. Furthermore, the financial position of several suppliers in the market is stretched.

'Inflation, interest rate, and currency risks' is now assessed to be our second-largest risk. During the year, we have continued to see increasing inflation and interest rates across our markets. Higher interest rates have had an adverse impact on our WACCs and a negative effect on the NPVs of our projects, leading to impairments on our US portfolio.

'Farm-downs and partnerships' is placed as our third-largest risk. Higher interest rates and increased global geopolitical uncertainty are negatively impacting investor demand for renewable assets. Furthermore, the recent challenges in the offshore industry have led to multiple renewables companies rebalancing their investments and looking to divest parts of their portfolio, which might increase the supply of renewable assets to potential investors.

'Power prices and energy markets' has moved down and is assessed as our fourth-largest risk in 2023. During 2023, energy prices have stabilised at a lower level compared to 2022, resulting in a partial reversal of cash posted for collateral and a reduction of our negative hedge reserve. The combination of lower hedge levels (in accordance with our new energy hedge framework), lower power prices, and fewer trades on exchanges subject to collateral have led to a reduction of this risk.

'Cybersecurity' has moved up as our fifth-largest risk. The geopolitical development over the past years has shown that cyberattacks remain a threat to our operations. It is of the utmost importance that we protect our infrastructure and systems from malicious attacks. Furthermore, we can see that the demand for cybersecurity professionals continue to rise and currently outpace availability.

'Competition' remains in our top six risks but has dropped to our sixth-largest risk, mainly because other risks have increased in magnitude.

Extreme events

In addition to our ordinary business risks, we are exposed to risks which have a very small probability of occurring, but which could potentially impact our finances or reputation substantially. These risks include but are not limited to:

- fatal injuries
- direct or indirect consequences of war and geopolitical activity, which may lead to loss of production or assets or disrupt the financial and energy markets through extreme price movements and volatility
- strong hurricanes, typhoons, hailstorms, arctic blasts, or earthquakes, especially in Taiwan and the US, which may lead to the partial loss of offshore and onshore wind farms, solar farms, and storage assets
- broken pipes at the Nybro Gas Treatment Plant in Denmark, which may lead to personal injury and damage to the environment
- breakdowns at power stations that may lead to personal injury and partial loss of assets.

Sustainability-related risks

Climate and sustainability-related risks present financial risk to the global economy as well as a risk to our planet as we know it. In Ørsted, climate and sustainability-related risks and opportunities are directly linked to our green vision and strategy, and we address them as an integral part of our daily business.

For several years, we have reported on climate-related risks and opportunities as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). This year, the climate change section in our new sustainability statements and the strategy and governance sections in the management's review cover all relevant TCFD disclosures. A full overview of our TCFD disclosures can be seen on page 139.

In the sustainability statements, we have included a double materiality assessment (DMA). For impacts deemed significant or crucial, we have disclosed our mitigating actions. To read more, see page 70.

Lastly, during 2023, we have assessed whether our taxonomy-eligible activities are taxonomy-aligned by determining if they: 1) contribute substantially to climate change mitigation, 2) do no significant harm to the other environmental objectives, and 3) comply with the minimum safeguards. Our assessment showed that all our eligible activities were aligned.

1. Supply chain and cost inflation

Description
As a global renewable energy developer, we are exposed to risks related to cost inflation, supply chain bottlenecks, the performance of our suppliers, and our suppliers' financial positions.

Among other things, we are exposed to highly volatile prices, which are influenced by high global demand with widespread application in various sectors.

As the industry continuously grows with new technological developments and enters new markets, we are exposed to potential bottlenecks in parts of the supply chain if there is no regional supply chain or only a limited number of suppliers capable of meeting future demands.

We are also exposed to counterparty risks if one of our suppliers should default or deliver unsatisfactory products. Furthermore, we are exposed to risks, such as import restrictions and price increases related to trade restrictions.

Potential impact
The inability of our suppliers to deliver on agreed schedules, lack of available production capacity or transportation and installations vessels, and sudden inflation in key materials could result in project delays and budget overruns as well as cancellation of projects.

Mitigating actions
We enter into volume agreements and source wind turbines from key suppliers in a timely manner to reduce uncertainty, and we have entered into long-term vessel supply contracts. Based on the learnings from our US projects, we are currently adjusting our operating model to strengthen the focus on suppliers and introduce more flexibility and alternatives in our project plans and installation schedules.

To mitigate cost inflation risks, we have implemented a hedging programme for steel and other commodities, which will be rolled out to our asset projects.

Our process for vetting new suppliers is thorough, and we have strict credit risk policies in place to manage credit and counterparty risks.

2. Inflation, interest rate, and currency risks

Description
Our inflation, interest rate, and currency risks are related to volatility in the macroeconomic environment where we operate. Changes to inflation rates, interest rates, and foreign exchange rates all have an impact on the value of our assets.

We are exposed to inflation both directly through the real return but also indirectly through cost inflation and higher interest rates. Approx. 45 % of our revenue in 2024-2030 is inflation-indexed and expected to follow the development in consumer prices, thereby protecting the real value of our assets and equity. However, for assets and in markets where we don't have inflation-indexed PPAs or subsidies, we are exposed to inflation risks where an increase in inflation will adversely impact the expected real value of our revenue.

Potential impact
Fluctuations in interest rates, inflation, and foreign exchange rates may adversely impact our earnings and the value of our assets.

Mitigating actions
We actively incentivise investing in assets and entering into contracts with inflation-indexed revenue streams to mitigate cost inflation, and we match our debt with our assets per currency and the same payment structures (modified duration). Hence, our European fixed nominal subsidies are being offset by EUR-denominated fixed-rate debt. In contrast, we have entered into inflation swaps for part of our inflation-indexed revenue in the UK to match our nominal GBP debt. In new markets, we execute interest rate swaps to lock in interest rates before financing is secured.

Our currency exposure is managed by hedging more in the near years and less in the later years over a five-year horizon.

Read more about inflation and interest rate risks in note 6.3 'Inflation and interest rate risks' and about currency risks in note 6.4 'Currency risks'.

3. Farm-downs and partnerships

Description
The partnership strategy in Ørsted continues to be a cornerstone in managing financial planning and reaching our strategic ambition, with a sizeable number of farm-downs and joint venture partnerships expected in the coming years. This entails risks related to delays, lower proceeds, the lack of potential buyers, regulatory and contractual restrictions, and the macroeconomic environment.

Potential impact
Failure to complete future farm-downs of projects or delays could lead to an adverse impact on our credit rating and value. Furthermore, increasing interest rates could have a negative impact on investment capacity and on the value extracted from partnerships.

Mitigating actions
We have years of experience in handling all aspects of divestment and partnership processes with a strong track record of creating value through our partnership model.

Our highly experienced team is capable of not only managing the equity transaction; it also takes lead on structuring the financing package together with or on behalf of the partners.

We continuously engage with current and future investors and partners to help secure demand for our portfolio of assets.

4. Power prices and energy markets

Description
Power price risks primarily originate from the sale of our renewable power generation in the UK, the US, and north-western Europe. Our CHP plants constitute a spread risk due to the difference between prices of the power generated and the fuel consumed (i.e., biomass, coal, gas, and carbon dioxide allowances).

We are also exposed to second-order risks arising from power price hedges not fully matching our actual revenue exposure (i.e. position, intermittency, and regulatory risks). Furthermore, we are exposed to liquidity risks where we are required to post collateral at exchanges if our positions are 'out of the money' (which was the case when the energy prices soared throughout 2022). Lastly, we are exposed to risks related to government intervention (i.e. price caps, taxation of windfall profits, etc.).

Potential impact
Fluctuations in energy prices and energy policies can have an adverse effect on our earnings or liquidity.

Mitigating actions
Approx. 80 % of our expected revenue from generation of power from renewable offshore and onshore assets in 2024-2030 has no exposure to power price risk as the price is either regulated through subsidies or contracted through CPPAs. This significantly reduces our exposure towards volatility in power prices.

We manage the remaining 20 % of our exposure through a hedge framework, under which we hedge up to 70 % of the power production volume in the first two years. The 70 % is set based on an assessment about uncertainties related to power generation volumes. The hedge level is based on a holistic assessment of the risk profile of the combined offshore and onshore assets as well as the balance between market, credit, and liquidity risks.

Read more about our risk framework and energy price risks in notes 6.1 'Risk framework' and 6.2 'Energy price risks'.

5. Cybersecurity

Description
The cybersecurity risks are a product of individuals, groups, and nations actively working to harm and profit off of Ørsted. As a global renewable energy major, we are exposed to several different cyberattack threats: ransomware attacks, data exfiltration attacks, cyber-physical impact attacks, and more. Our adversaries' capacities and capabilities are constantly improving, and we must strive to stay ahead.

Furthermore, the energy crisis and the ongoing war in Ukraine have resulted in an increased cyber threat in a geopolitical context where Russian hackers have been known to target energy grids and assets.

Potential impact
Minor digital risk events, such as viruses and attempted break-ins, are everyday risks without significant impact. However, major cyberattacks or events may impact all or part of our assets or, in the event of a ransomware attack, have an impact on our financial position.

Mitigation initiatives
We face different types of cyber risks. Some are related to our assets and some to our systems. Thus, we mitigate cyber risks with several different initiatives, which are continuously assessed and prioritised based on our strategic cybersecurity risk assessment with the aim of lowering our risk exposure.

At our operating assets, we have deployed production cyber defences to enhance protection against onsite and offsite attacks. In addition, we have a top-level information and cybersecurity management system and framework supported by our global governance model. We also have regular trainings and roll-out of new security measures as they are approved.

This way, our cyber capability is continuously improved in order to identify, protect, detect, respond, and recover across the enterprise and production sites.

6. Competition

Description
Global renewable energy markets are expected to grow rapidly over the next decade within all the technologies where we are present. Key drivers for this growth are ambitious government policies and targets and the push from corporates for the green transition. The growth prospect is attracting significant interest from existing and new players.

In offshore wind, the competitive auction and tender mechanics being implemented across the various regions and markets are becoming more competitive and diversified. While the mature European markets increasingly want innovation and system integration (e.g. storage and renewable hydrogen) to play an increasingly important role in auctions and tenders, developing markets in Europe, the US, and Asia Pacific often emphasise costs and job creation as determination criteria. Similarly in Onshore, we see solar PV continuing to gain market shares relative to onshore wind due to cost reductions. As demand hours shift with growing solar penetration, solar PV projects lose market value, and combined solar PV and storage solutions become necessary to capitalise on higher pricing hours.

Potential impact
There is a risk that we will not win the targeted capacity in the auctions and tenders in which we participate, or that our value creation from the projects we win ends up being lower than targeted, which might increase pressure on our credit rating metric and our value.

Mitigating actions
To ensure our competitive edge, we continue to utilise portfolio-scale advantages and knowhow gained from previously executed projects to develop supply chain solutions and reduce costs and risks. Over the last year, we have performed a strategic review of all our assets and regions and are firmer in prioritising the auctions and tenders in which we participate, which limits our DEVEX spent before taking final investment descision. Furthermore, we have and will continue to enter into strategic partnerships to strengthen our position in all the regions where we operate.

Legal compliance

Description
Risks associated with legal compliance are assessed based on financial and reputational significance and probability. Our most significant risks are 1) tax law, 2) financial regulation, and 3) tender law. (1) We operate in tax regimes with different tax rules and rates, and our tax affairs span over corporate tax compliance, transfer pricing, and indirect taxes. (2) We are subject to several financial regulations, such as REMIT, MAR, EMIR, Dodd Frank, MiFID, SFTR, and AML1. The financial regulations are relevant for a large part of our activities. (3) Many of our purchases of goods, services, and work in the EU are subject to EU and local tender rules.

Potential impact
Failure to comply with the above-mentioned rules and regulations may result in severe legal sanctions, such as imprisonment, fines, and damage claims, but will also impact sourcing processes and subsequently increase the risk of project delays.

Mitigating initiatives
(1) We have implemented a comprehensive tax control framework and a mandatory compliance framework, including transfer pricing documentation, in line with OECD recommendations and local requirements. This has been prepared on a contemporary basis to mitigate our tax risks. (2) We have implemented comprehensive policies, procedures, training, and controls for relevant parts of our business to ensure compliance with financial regulations. (3) To ensure compliance with tender laws, our legal team carries out training courses for procurement teams in basic tender law and practical courses on how to apply the standard tender documents. The legal team also works closely together with the procurement team on major tenders.

Results

→ The northern gannet, Morus bassanus, is a seabird native to the coasts of the Atlantic Ocean. Breeding in Western Europe and Northeastern North America, it is the largest seabird in the northern Atlantic. The northern gannet hunts for fish and therefore benefits from Ørsted's work on restoring marine biodiversity in the North Sea where the population of fish is increasing.

Follow-up on 2023 guidance

Full-year EBITDA

Operating profit (EBITDA) excluding new partnerships and cancellation fees totalled DKK 24.0 billion compared to our expectations at the beginning of the year of DKK 20-23 billion.

Earnings in Offshore ended up higher than expected, mainly due to a partial reversal of negative temporary IFRS 9 adjustments in 2022 together with good performance by our power trading activities. We also had lower balancing costs due to power prices decreasing at a faster pace than expected. Furthermore, we decided to reduce our project development activities as a result of the adverse developments on our US portfolio, and we had a positive impact from reversal of wake and warranty provisions. This was only partly offset by the divestment of London Array, which was not included in our guidance and resulted in lower site earnings.

Earnings in Onshore ended up significantly lower than expected due to lower power prices, lower wind speeds, and lower availability due to outages at a number of our assets.

Earnings from our CHP plants were lower than expected due to much lower power prices than anticipated.

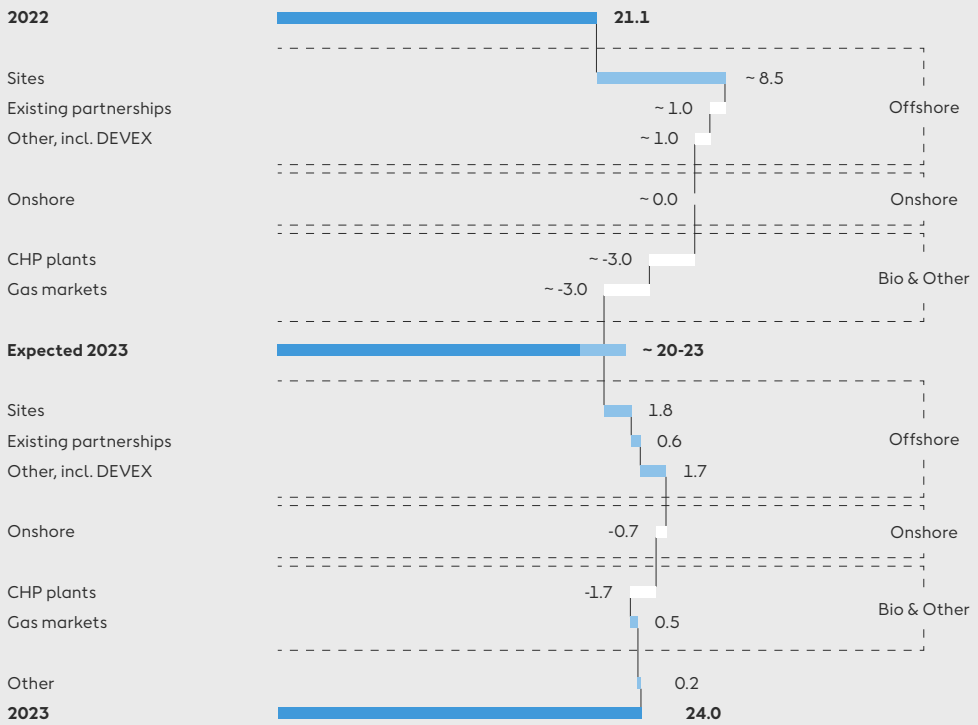
This led to lower condensing power generation and negative accounting effects from the first-in, first-out principle. This was only partly offset by a compensation from Energinet related to their order in 2022, but recognised in 2023, when we had to continue or resume operations of three power station units.

In 'Gas Markets & Infrastructure', we achieved higher earnings from our gas storage activities than expected.

Q4 EBITDA

Earnings came in higher than expected in our interim report for the first nine months, primarily due to higher wind speeds for offshore assets, the wake and warranty provision reversals, the compensation from Energinet, and higher earnings on our gas activities.

EBITDA excluding new partnerships and cancellation fees
DKKbn



Results

Financial results

Revenue

Power generation from offshore and onshore assets increased by 5% and totalled 31.1 TWh in 2023. The increase was due to ramp-up of generation from Hornsea 2 and Greater Changhua 1 and 2a, our onshore assets Old 300, Ford Ridge, and Sunflower Wind, and the wind part of Helena Energy Center. The ramp-up of generation was partly offset by lower availability, the farm-down of Hornsea 2 in Q3 2022, and the divestment of London Array in Q3 2023.

Heat generation increased by 3%, mainly due to colder weather, whereas thermal power generation decreased by 26%, mainly due to less attractive spreads for power condensing generation.

Our renewable share of generation amounted to 93%, 2 percentage points higher than last year, driven by higher generation from offshore assets due to ramp-up at Greater Changhua 1 and 2a and Hornsea 2. This was partly offset by the farm-down of 50% of Hornsea 2 in Q3 2022.

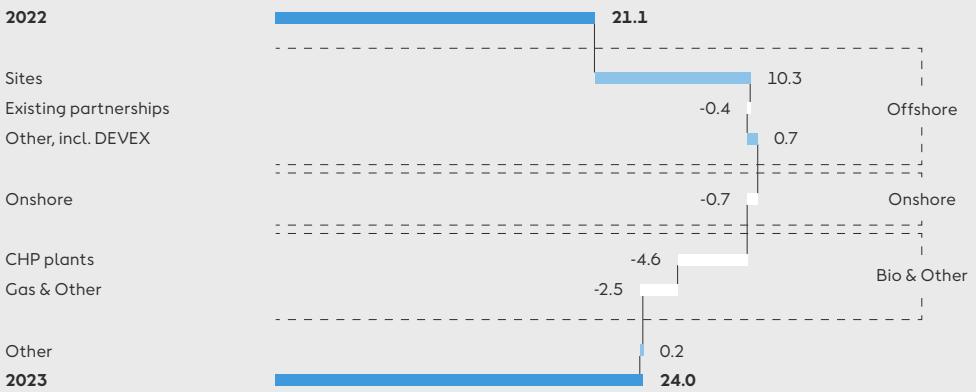
Revenue amounted to DKK 79.3 billion. The decrease of 31% relative to 2022 was primarily due to the significantly lower power and gas prices across all markets as well as lower power and gas volumes sold.

EBITDA

Operating profit (EBITDA) for the year amounted to DKK 18.7 billion, DKK 13.3 billion lower than in 2022. In 2023, we had cancellation fees of DKK 9.6 billion related to our decision to cease the development of Ocean Wind 1. In both years, we had significant effects from gains on farm-downs. In 2023, we divested our ownership share of London Array and farmed down 50% of Gode Wind 3, whereas we farmed down 50% of Borkum Riffgrund 3 and Hornsea 2 in 2022. EBITDA excluding new partnerships and cancellation fees was DKK 3.0 billion higher than in 2022 and amounted to DKK 24.0 billion. For further information on our provision for cancellation fees, see note 3.10 'Provision and contingent liabilities' in the financial statements.

EBITDA from offshore sites amounted to DKK 20.2 billion, an increase of DKK 10.3 billion compared to last year. The increase was mainly due to ramp-up of generation from Hornsea 2 and Greater Changhua 1 and 2a in 2023, higher prices on the inflation-indexed CfD and ROC wind farms, lower balancing and BSUoS costs, good performance from our power trading activities, slightly higher wind speeds, and a significant negative impact from hedges in 2022 which was not repeated in 2023.

EBITDA excluding new partnerships and cancellation fees
DKKbn



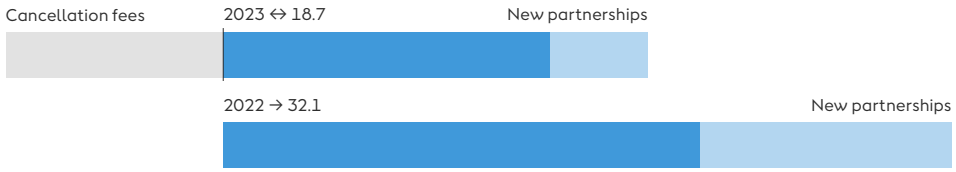
Financial results

DKKm	2023	2022	%
Revenue	79,255	114,417	(31%)
EBITDA	18,717	32,057	(42%)
New partnerships	4,324	10,993	(61%)
Cancellation fees	(9,621)	-	n.a.
EBITDA excl. new partnerships and cancellation fees	24,014	21,064	14%
Depreciation and amortisation	(9,795)	(9,754)	0%
Impairment losses	(26,775)	(2,529)	959%
Operating profit (loss) (EBIT)	(17,853)	19,774	n.a.
Gain (loss) on divestment of enterprises	234	331	(29%)
Financial items, net	(1,443)	(2,536)	(43%)
Profit before tax	(19,026)	17,609	n.a.
Tax on profit (loss) for the year	(1,156)	(2,613)	(56%)
Tax rate	(6%)	15%	(21%p)
Profit (loss) for the year	(20,182)	14,996	n.a.

EBITDA

DKK 18.7 bn

EBITDA
DKKbn



This was partly offset by a negative impact on our merchant exposure due to declining prices after having lowered our hedge ratios for 2023 at a time when prices were higher than the realised levels in the period.

EBITDA from existing partnerships amounted to DKK 0.9 billion in 2023, mainly from adjustment of wake and warranty provisions. This was partly offset by a reduction in earnings from our construction agreement on Greater Changhua 1, due to higher costs and later commissioning of the wind turbines.

In 2022, we had positive earnings from a reversal of DKK 0.5 billion of the DKK 0.8 billion warranty provision related to the cable protection system issues at some of our offshore wind farms towards our partners, recognised in 2021, and from an adjustment to wake loss provisions in our German portfolio.

EBITDA from our onshore business amounted to DKK 3.0 billion in 2023, DKK 0.7 billion lower than in 2022. Ramp-up of generation from new assets was more than offset by lower prices in the US and in the UK and Ireland and by lower generation in the US driven by lower availability due to outages at a number of our assets and lower wind speeds.

EBITDA from our CHP plants amounted to DKK 1.2 billion in 2023, a decrease of DKK 4.6 billion compared to the same period last year. The decrease was mainly due to very high power prices and favourable spreads for power condensing generation in 2022 not being repeated in 2023. In addition, earnings from power generation were negatively impacted by the high costs of biomass and coal relative to the market prices in 2023, as the cost is measured using the first-in, first-out (FIFO) principle. The fuel we used during 2023 was bought last year at higher price levels. The opposite was the case in 2022. The negative impacts were partly offset by a compensation from Energinet related to their order in 2022 when we had to continue or resume operations of three power station units.

EBITDA from our gas business totalled DKK 0.6 billion in 2023, DKK 2.6 billion lower than last year. The decrease was driven by strong earnings in 2022, when we were able to lock in gains from optimising the offtake flexibility in some of our sourcing contracts and storages, which was partly offset by our decision to unwind gas hedges related to the Gazprom Export contract.

Impairment

Due to adverse impacts relating to the supply chain and increased interest rates, combined with a lower anticipated probability of getting additional tax credits, a lower expected value from monetising these, and the timing and likelihood of obtaining final construction permits for Ocean Wind 1 as well as a change in OREC assumptions for Sunrise Wind, we recognised impairment losses of DKK 26.8 billion in 2023. The majority of these (DKK 19.9 billion) related to our US offshore project Ocean Wind 1. See note 3.2 'Impairments' in the financial statements for further information.

EBIT

EBIT decreased by DKK 37.6 billion to DKK -17.9 billion in 2023, primarily due to impairment losses and cancellation fees. EBIT excluding impairments and cancellation fees amounted to DKK 18.5 billion in 2023. This was a decrease of DKK 3.8 billion compared to 2022 but an increase of DKK 2.9 billion excluding earnings from new partnerships.

Financial income and expenses

Net financial income and expenses amounted to DKK -1.4 billion compared to DKK -2.5 billion in 2022. The lower net expenses were mainly due to a gain of DKK 2.4 billion from ineffectiveness on interest rate swaps driven by less funding needs in the US after our decision to cease Ocean Wind 1, partly offset by negative exchange rate adjustments related to internal loans in 2023 versus positive adjustments in 2022, neither of which had impact on cash flow and NIBD.

Tax and tax rate

Tax on profit for the year amounted to DKK 1.2 billion, DKK 1.5 billion lower than last year. The tax rate was -6% and was affected by non-taxable gains on London Array and Gode Wind 3, unrecognised deferred tax assets related to impairment losses and cancellation fees on our US portfolio, and a reversal of a recognised deferred tax liability in the US related to the tax equity partnership for Ocean Wind 1.

Profit for the year

Profit for the year totalled DKK -20.2 billion, DKK 35.2 billion lower than 2022. The decrease was mainly due to impairment losses and cancellation fees. Profit for the year excluding impairment losses (after tax) and cancellation fees amounted to DKK 14.9 billion.

Cash flows and net debt

Cash flows from operating activities

Cash flows from operating activities totalled DKK 28.5 billion in 2023 compared to DKK 11.9 billion in 2022.

During 2023, we released DKK 9.5 billion, net, in variation margin payments on unrealised hedges ('Change in variation margin') and initial margin payments at clearing houses (part of 'Change in other working capital') as a result of falling and less volatile power and gas prices. In 2022, we tied up DKK 6.9 billion. The development was driven by:

- the variation margin payments, which were a cash inflow of DKK 7.1 billion versus a cash outflow of 10.3 billion in 2022
- the initial margin payments, which were a cash inflow of DKK 2.4 billion versus a cash inflow of DKK 3.5 billion in 2022
- in 2022, we issued parent company guarantees (PCG) in total of EUR 1 billion to reduce our initial margin payments and, to some extent, variation margin payments. The PCG were only partly utilised at the end of 2023.

In 2023, we had a net cash outflow from work in progress of DKK 0.7 billion, mainly from construction work at Greater Changhua 1 and the Hornsea 3 offshore transmission asset, partly offset by the divestment of the remaining 50% of the offshore transmission asset at Hornsea 2 and milestone payments from partners in Gode Wind 3.

In 2022, we had a net cash inflow of DKK 4.3 billion, mainly from the divestment of the first 50% of the offshore transmission asset at Hornsea 2 to our partner and receipt of milestone payments from partners in Borkum Riffgrund 3. This was partly offset by construction work at Greater Changhua 1.

In 2023, we received tax equity contributions from partners for Sunflower Wind and South Fork, and in 2022, we received tax equity contributions for the wind part of Helena Energy Center and Old 300, phase 1. This led to a cash inflow from tax equity contributions in 2023, net of the reversal of tax credits recognised in EBITDA, compared to a net cash outflow last year.

Furthermore, 'Change in other working capital' was positively impacted by lower receivables and the lower value of gas at storage due to the falling prices in 2023 in addition to the aforementioned release of initial margin payments. In 2022, the positive effect in 'Change in other working capital' from lower initial margins was partly offset by higher fuel inventories and lower payables.

Investments and divestments

Gross investments amounted to DKK 38.5 billion in 2023. The main investments were:

- offshore wind farms (DKK 28.6 billion), including Greater Changhua 1, 2a, 2b, and 4 in Taiwan, our portfolio of US and German projects, and Hornsea 3
- onshore wind and solar farms (DKK 9.1 billion), including the construction of Eleven Mile, Mockingbird, Sunflower Wind, the solar part of Helena Energy Center, and our portfolio of European projects.

Cash flows and net debt

DKKm	2023	2022	%
Cash flows from operating activities	28,532	11,924	139%
EBITDA	18,717	32,057	(42%)
Reversal of gain (loss) on divestment of assets	(5,745)	(10,885)	(47%)
Change in derivatives, excl. variation margin	(2,812)	1,645	n.a.
Change in variation margin	7,086	(10,332)	n.a.
Change in provisions	8,454	(1,935)	n.a.
Other items	287	(278)	n.a.
Interest expense, net	1,384	(563)	n.a.
Paid tax	(2,717)	(1,263)	115%
Change in work in progress	(722)	4,271	n.a.
Change in tax equity partner liabilities	374	(353)	n.a.
Change in other working capital	4,226	(440)	n.a.
Gross investments	(38,509)	(37,447)	3%
Divestments	1,542	25,636	(94%)
Free cash flow	(8,435)	113	n.a.
Net interest-bearing debt at 1 January	30,571	24,280	26%
Free cash flow	8,435	(113)	n.a.
Dividends and hybrid coupons paid	6,613	6,052	9%
Addition of leasing obligations, net	978	1,598	(39%)
Repurchase of hybrid capital, net	699	(1,747)	n.a.
Exchange rate adjustments, etc.	83	501	(83%)
Net interest-bearing debt at 31 December	47,379	30,571	55%

Gain (loss) on sale of assets is part of EBITDA but is presented as part of the 'divestment' cash flow. The EBITDA effect is thus reversed in the specification of cash flows from operating activities.

Key ratios

DKKm, %	2023	2022	%
ROCE, %	(14.2)	16.8	(31%p)
Adjusted net debt, DKKm	59,056	42,075	40%
FFO/adjusted net debt, %	28.6	42.7	(14%p)

ROCE and FFO/adjusted net debt is specified in notes 2 'Return on capital employed' and 5.1 'Interest-bearing net debt and FFO'.

In 2023, 'Divestments' amounted to DKK 1.5 billion and was related to our divestment of London Array and our 50% farm-down of Gode Wind 3 and to our acquisition of Eversource's 50% ownership share of Lease Area 500 and PSEG's 25% equity stake in Ocean Wind 1, both in the US. As the two US acquisitions are with non-controlling shareholders, they are not included in 'Gross investments' but as part of 'Divestments'. In 2022, divestments amounted to DKK 25.6 billion and were mainly related to the 50% farm-downs of Hornsea 2 and Borkum Riffgrund 3.

Interest-bearing net debt

Interest-bearing net debt totalled DKK 47.4 billion at the end of 2023 against DKK 30.6 billion at the end of 2022. The increase was mainly due to dividend payments of DKK 6.6 billion and a negative free cash flow of DKK 8.4 billion.

Equity and capital employed

Equity

Equity was DKK 77.8 billion at the end of 2023 against DKK 95.5 billion at the end of 2022. The change in equity was primarily due to the impairment losses of DKK 25.4 billion, net of tax, and cancellation fees of DKK 9.6 billion, whereas the post-tax hedging and currency translation reserve increased by DKK 16.2 billion to DKK -10.3 billion at the end of 2023.

Capital employed

Capital employed was DKK 125.2 billion at the end of 2023 against DKK 126.1 billion at the end of 2022, with impairment losses and cancellation fees more or less offseting new investments.

Financial ratios

Return on capital employed (ROCE)

Return on capital employed (ROCE) was -14.2% in 2023. The decrease of 31 percentage points compared to last year was attributable to a lower EBIT due to the impairment losses and cancellation fees. ROCE adjusted for impairment losses and cancellation fees in 2023 was 12.9%.

Credit metric (FFO/adjusted net debt)

The funds from operations (FFO)/adjusted net debt credit metric was 28.6% in 2023 against 42.7% in 2022. The decrease was due to lower FFO and higher NIBD.

ESG results

Renewable share of heat and power generation

The renewable share of heat and power generation amounted to 93% in 2023, 2 percentage points higher than last year. The increase was primarily due to an increased share of offshore wind generation.

Greenhouse gas emissions

Our greenhouse gas emissions from heat and power generation (scope 1 and 2) decreased by 37% compared to 2022 to 1.6 million tonnes in 2023. This was primarily due to the decrease in the use of coal at our CHP plants.

Greenhouse gas emissions from our supply chain and sales activities (scope 3) were 49% lower than in 2022, primarily due to a 47% reduction in natural gas sales, lower emissions related to capital goods as we only commissioned four onshore sites in 2023, and lower emissions related to transport of fuels and sale of power.

Our scope 1 and 2 greenhouse gas intensity decreased to 38 g CO_2e/kWh in 2023 against 60 g CO_2e/kWh in 2022. The decrease was a result of a 37% decrease in scope 1 and 2 emissions (numerator) in combination with a nearly unchanged total heat and power generation (denominator).

Our scope 1-3 greenhouse gas intensity (excluding natural gas sales) decreased to 80 g CO_2e/kWh in 2023 against 147 g CO_2e/kWh in 2022. The decrease was a result of the lower scope 1 emissions and lower emissions related to capital goods, fuels, and power sales (numerator) in combination with an unchanged total heat and power generation (denominator).

Safety

In 2023, we had 73 total recordable injuries (TRIs), of which 50 injuries were related to contractors' employees. In total, this was a decrease of five injuries compared to 2022. The number of hours worked was 25.8 million hours, an increase of 4% compared to 2022. The total recordable injury rate (TRIR) decreased to 2.8 in 2023 from 3.1 in 2022.

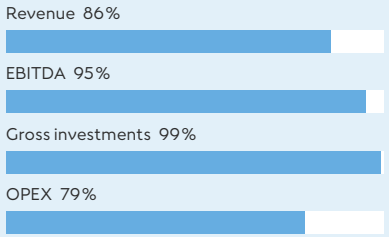
Taxonomy-aligned KPIs

The taxonomy-aligned share of revenue was 86%, EBITDA was 95%, gross investments was 99%, and OPEX was 79% in 2023.

The taxonomy-aligned part of revenue increased by 17 percentage points due to a substantial decline in revenue from our non-eligible natural gas and power sales activities.

The taxonomy-aligned part of EBITDA increased by 10 percentage points due to a substantial decline in earnings from our non-eligible natural gas sales and fossil-based CHP generation activities.

Read more about our EU taxonomy-aligned KPIs in the environment section in our sustainability statements for 2023.



Five-year summary

Financial statements DKKm	2023	2022	2021	2020	2019
Income statement					
Revenue[1]	79,255	114,417	77,673	50,151	70,398
EBITDA	18,717	32,057	24,296	16,598	19,020
Offshore	13,817	19,569	18,021	14,451	14,503
Sites, O&M, and PPAs	20,207	9,940	13,059	15,177	13,092
Construction agreements and divestment gains	5,218	12,277	7,535	1,593	3,765
Cancellation fees	(9,621)	-	-	-	-
Other, incl. project development	(1,987)	(2,648)	(2,573)	(2,319)	(2,354)
Onshore	2,970	3,644	1,349	1,112	801
Bioenergy & Other	1,523	8,619	4,747	824	3,551
Other activities	407	225	179	210	166
Depreciation and amortisation	(9,795)	(9,754)	(7,972)	(7,588)	(6,864)
Impairment	(26,775)	(2,529)	(129)	-	(568)
Operating profit (loss) (EBIT)	(17,853)	19,774	16,195	9,010	11,588
Gain (loss) on divestment of enterprises	234	331	(742)	10,831	(63)
Net financial income and expenses	(1,443)	(2,536)	(2,166)	(2,524)	(1,135)
Profit (loss) before tax	(19,026)	17,609	13,277	17,324	10,392
Tax	(1,156)	(2,613)	(2,390)	(1,776)	(3,101)
Profit (loss) for the year	(20,182)	14,996	10,887	15,537	7,235
Balance sheet					
Assets	281,136	314,142	270,385	196,719	192,860
Equity	77,791	95,532	85,137	97,329	89,562
Shareholders in Ørsted A/S	56,782	71,743	64,072	81,376	73,082
Hybrid capital	19,103	19,793	17,984	13,232	13,232
Non-controlling interests	1,906	3,996	3,081	2,721	3,248
Interest-bearing net debt	47,379	30,571	24,280	12,343	17,230
Capital employed	125,170	126,103	109,416	109,672	106,792
Additions to property, plant, and equipment	37,954	33,662	43,941	28,442	22,440
Cash flows					
Cash flows from operating activities	28,532	11,924	12,148	16,466	13,079
Gross investments	(38,509)	(37,447)	(39,307)	(26,967)	(23,305)
Divestments	1,542	25,636	21,519	19,039	3,329
Free cash flow	(8,435)	113	(5,640)	8,538	(6,897)
Financial ratios					
Return on capital employed (ROCE), %	(14.2)	16.8	14.8	8.3	12.2
FFO/adjusted net debt, %	28.6	42.7	26.3	65.0	31.0
Number of outstanding shares, 31 December, '000	420,381	420,209	420,175	420,068	419,985
Share price, 31 December, DKK	374	631	835	1,244	689
Market capitalisation, 31 December, DKKbn	157	265	351	522	290
Earnings per share (EPS), DKK	(50.1)	34.6	24.3	38.8	12.8
Dividend yield, %	-	2.1	1.5	0.9	1.5

Business drivers	2023	2022	2021	2020	2019
Offshore					
Decided and installed capacity, GW	15.5	11.1	10.9	9.9	9.9
Installed capacity, GW	8.9	8.9	7.6	7.6	6.8
Generation capacity, GW	5.0	4.7	4.0	4.4	3.6
Wind speed, m/s	9.8	9.5	9.1	10.0	9.2
Load factor, %	43	42	39	45	42
Availability, %	93	94	94	94	93
Power generation, GWh	17,761	16,483	13,808	15,248	11,965
Power sales, GWh	21,448	23,194	25,020	29,152	27,615
Onshore					
Decided and installed capacity, GW	6.4	6.2	4.7	3.4	2.1
Installed capacity, GW	4.8	4.2	3.4	1.7	1.0
Wind speed[2], m/s	7.2	7.4	7.4	7.6	7.3
Load factor[2], wind, %	36	40	42	45	45
Load factor[2], solar PV, %	24	25	24	-	-
Availability[2], wind, %	88	93	96	96	98
Availability[2], solar PV, %	98	98	96	-	-
Power generation, GWh	13,374	13,146	8,352	5,738	3,513
Bioenergy & Other					
Degree days, number	2,585	2,548	2,820	2,432	2,399
Heat generation, GWh	6,587	6,368	7,907	6,671	8,312
Power generation, GWh	4,437	6,012	6,890	4,438	4,640
Power sales, GWh	2,627	5,399	8,797	11,623	14,700
Gas sales, GWh	16,880	31,637	61,349	90,347	124,951
ESG statements					
Employees (FTE), end of year, number	8,905	8,027	6,836	6,179	6,526
Total recordable injury rate (TRIR)	2.8	3.1	3.0	3.6	4.9
Fatalities, number	-	-	-	-	1
Renewable share of heat and power generation, %	93	91	90	90	86
GHG emission (scope 1 & 2), million tonnes	1.6	2.5	2.1	1.9	1.9
GHG intensity (scope 1 & 2), g CO_2e/kWh	38	60	58	58	65
GHG intensity (scope 1-3 excl. natural gas), g CO_2e/kWh	80	147	165	162	214
GHG emissions (scope 3), million tonnes	5.6	11.0	18.2	25.3	34.6

[1] In 2023, we changed our accounting policy on recognition of revenue from the settlement of failed own-use contracts related to power. The change only impacts revenue and cost of sales with no impact on EBITDA. The comparisons for 2022 have been adjusted, but 2019-2021 numbers are not adjusted. The related power volumes in 2022 and 2023 have consequently been netted. See more in note 1.2 'Basis of preparation'.

[2] For 2021-2019, these business drivers are for US only.

Fourth quarter

Financial performance – Group

EBITDA

Operating profit (EBITDA) for the fourth quarter amounted to DKK -0.7 billion, DKK 7.4 billion lower than in Q4 2022. In Q4 2023, the decision to cease development of Ocean Wind 1 led to cancellation fees of DKK 9.6 billion. Furthermore, we farmed down 50% of Gode Wind 3. Adjusted for new partnerships and cancellation fees, EBITDA was DKK 2.0 billion above Q4 2022 and amounted to DKK 8.6 billion.

Earnings from Offshore sites amounted to DKK 7.2 billion, an increase of DKK 3.4 billion compared to the same period last year. The increase was mainly due to higher wind speeds, ramp-up of generation from Greater Changhua 1 and 2a, lower BSUoS and balancing costs, and a significant negative impact from hedges in Q4 2022 which was not repeated in Q4 2023. This was only partly offset by the divestment of London Array.

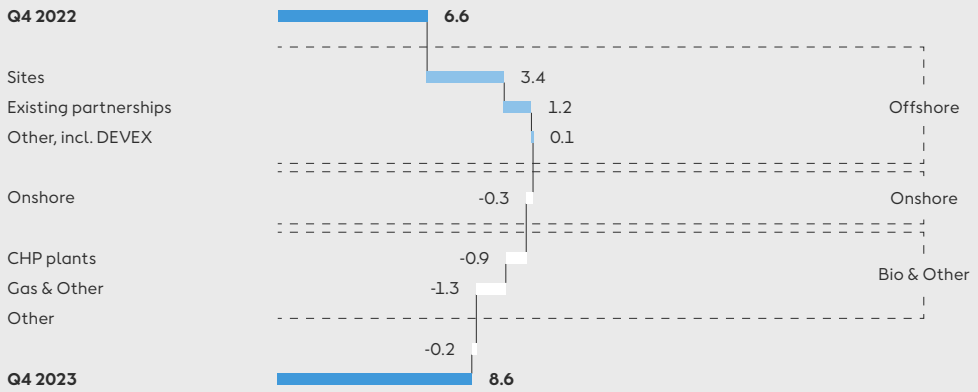
EBITDA from existing partnerships increased by DKK 1.4 billion and amounted to DKK 0.4 billion in Q4 2023, mainly related to adjustment of wake and warranty provisions. In Q4 2022, we had negative earnings due to delays with commissioning of the wind turbines at Greater Changhua 1 and higher costs for the project, which reduced earnings under the construction agreement.

EBITDA from our Onshore business amounted to DKK 0.5 billion and was DKK 0.3 billion lower than in Q4 2022. Ramp-up of generation from new assets was more than offset by lower availability and significantly lower prices in Q4 2023.

EBITDA from our CHP plants amounted to DKK 0.8 billion in Q4 2023, a decrease of DKK 0.9 billion compared to the same period last year. The decrease was mainly due to very high power prices and favourable spreads for power condensing generation in Q4 2022, which were not repeated this year. In addition, earnings were negatively impacted by accounting FIFO effects. The negative impacts were partly offset by a compensation from Energinet related to their order in 2022 when we had to continue or resume operations of three power station units.

EBITDA from our gas business totalled DKK 0.6 billion in Q4 2023, DKK 1.5 billion lower than in the same period last year. The decrease was driven by a lower positive effect from gas at storage in Q4 2023 than in Q4 2022, and the release of a provision in Q4 2022 related to the close-down of our B2B business in the UK.

EBITDA excluding new partnerships and cancellation fees
DKKbn



Financial performance

DKKm	Q4 2023	Q4 2022	%
Revenue	21,530	30,256	(29%)
EBITDA	(686)	6,696	n.a.
New partnerships	317	77	312%
Cancellation fees	(9,621)	-	n.a.
EBITDA excl. new partnerships and cancellation fees	8,618	6,619	30%
Depreciation and amortisation	(2,366)	(2,792)	(15%)
Impairment loss	1,647	(2,529)	n.a.
Operating profit (loss) (EBIT)	(1,405)	1,375	n.a.
Gain (loss) on divestment of enterprises	(44)	32	n.a.
Financial items, net	2,001	(985)	n.a.
Profit (loss) before tax	557	460	21%
Tax	(841)	(789)	7%
Tax rate	151%	172%	(21%p)
Profit (loss) for the period	(284)	(329)	(14%)

Cash flows and net debt

DKKm	Q4 2023	Q4 2022	%
Cash flows from operating activities	6,170	20,915	(70%)
EBITDA	(686)	6,696	n.a.
Reversal of gain (loss) on divestment of assets	(692)	57	n.a.
Change in derivatives, excl. variation margin	(4,202)	(6,543)	(36%)
Change in variation margin	2,690	8,658	(69%)
Change in provisions	8,330	(668)	n.a.
Other items	354	(98)	n.a.
Interest expenses, net	2,259	(54)	n.a.
Paid tax	(587)	(28)	1996%
Change in work in progress	(1,761)	1,830	n.a.
Change in tax equity partner liabilities	(527)	251	n.a.
Change in other working capital	992	10,814	(91%)
Gross investments	(13,039)	(9,826)	33%
Divestments	1,861	983	89%
Free cash flow	(5,008)	12,072	n.a.
Net interest-bearing debt, beginning of period	42,892	45,701	(6%)
Free cash flow	5,008	(12,072)	n.a.
Dividends and hybrid coupon paid	440	228	93%
Addition to lease obligations, net	13	582	(98%)
Issuance of hybrid capital, net	-	(1,747)	n.a.
Exchange rate adjustments, etc.	(974)	(2,121)	(54%)
Net interest-bearing debt, end of period	47,379	30,571	55%

Impairment losses

Impairment losses in Q4 2023 had a positive effect of DKK 1.6 billion driven by a decrease in the US long-dated interest rate from 30 September to 31 December 2023, which lowered our WACCs.

Cash flows from operating activities

Cash flows from operating activities totalled DKK 6.2 billion in Q4 2023 compared to DKK 20.9 billion in Q4 2022.

During Q4 2023, we released DKK 3.0 billion, net, in variation margin payments on unrealised hedges ('Change in derivatives') and initial margin payments at clearing houses (part of 'Change in other working capital'), whereas we released DKK 17.4 billion in Q4 2022:

- The variation margin payments were a cash inflow of DKK 2.7 billion versus a cash inflow of DKK 8.7 billion in Q4 2022.
- The initial margin payments were a cash inflow of DKK 0.3 billion versus a cash inflow of DKK 8.7 billion in Q4 2022.

In Q4 2023, we had a net cash outflow from work in progress of DKK 1.8 billion, mainly related to the construction of the Hornsea 2 and Hornsea 3 offshore transmission assets as well as construction work related to Greater Changhua 1 and Borkum Riffgrund 3, partly offset by received milestone payments at Gode Wind 3. In Q4 2022, we had a net cash inflow of DKK 1.8 billion, mainly related to milestone payments at Greater Changhua 1 and Borkum Riffgrund 3.

In Q4 2023, we did not receive any significant tax equity contributions, while we received tax equity contribution for phase 1 of Old 300 in Q4 2022.

Investments and divestments

Gross investments amounted to DKK 13.0 billion in Q4 2023. The main investments were:

- offshore wind farms (DKK 9.7 billion), including Greater Changhua 2b and 4 in Taiwan, our portfolio of US and German projects, and Hornsea 3
- onshore wind and solar farms (DKK 3.0 billion), including the construction of Eleven Mile, Mockingbird, the solar part of Helena Energy Center, and our portfolio of European projects.

In Q4 2023, divestments amounted to DKK 1.9 billion and were mainly related to the 50% farm-down of Gode Wind 3.

Offshore

Financial results for Q4 2023

Power generation increased by 11% to 6.0 TWh in Q4 2023. The increase was due to higher wind speeds and ramp-up at Greater Changhua 1 and 2a. This was only partly offset by lower availability.

Wind speeds amounted to a portfolio average of 11.5 m/s, which was higher than in Q4 2022 (10.7 m/s) and slightly higher than the normal wind speeds expected in the fourth quarter (11.4 m/s).

Availability ended at 92%, which was 3 percentage points lower than in the same period last year. This was mainly due to scheduled outages and component replacements at Walney Extension and Gode Wind 1.

Revenue decreased by 18% and amounted to DKK 16.1 billion.

Revenue from offshore wind farms in operation decreased by 22% to DKK 8.4 billion, mainly driven by lower prices. Revenue from power sales decreased by 14% to DKK 6.8 billion, due to significantly lower power prices and lower volumes sold.

EBITDA decreased by DKK 4.7 billion and amounted to DKK -2.6 billion.

EBITDA from 'Sites, O&M, and PPAs' increased by DKK 3.4 billion and amounted to DKK 7.2 billion in Q4 2023. The increase was due to higher wind speeds (DKK 0.2 billion), ramp-up of generation at Greater Changhua 1 and 2a, lower balancing and BSUoS costs, and a neutral effect from hedges in Q4 2023 vs a large negative contribution from hedges in Q4 2022. This was only partly offset by the divestment of London Array in Q3 2023.

EBITDA from partnerships amounted to DKK 0.7 billion in Q4 2023 and mainly related to the farm-down of Gode Wind 3 and minor changes in our wake and warranty provisions. In Q4 2022, we had negative earnings due to delays with commissioning of the wind turbines at Greater Changhua 1 and higher costs for the project, which reduced earnings under the construction agreement.

EBITDA was negatively impacted by DKK 9.6 billion from cancellation fees related to our decision to cease the development of the Ocean Wind 1 project.

EBITDA from other activities, including project development, amounted to DKK -0.8 billion, slightly lower than Q4 2022.

Results	Q4 2023	Q4 2022	%	2023	2022	%
Business drivers						
Decided (FID'ed) and installed capacity, GW	15.5	11.1	40%	15.5	11.1	40%
Installed capacity, GW	8.9	8.9	0%	8.9	8.9	0%
Generation capacity, GW	5.0	4.7	7%	5.0	4.7	7%
Wind speed, m/s	11.5	10.7	7%	9.8	9.5	3%
Load factor, %	56	54	2%p	43	42	1%p
Availability, %	92	95	(3%p)	93	94	(1%p)
Power generation, GWh	6,011	5,411	11%	17,761	16,483	8%
Denmark	623	634	(2%)	1,970	2,084	(5%)
The United Kingdom	3,434	3,631	(5%)	10,887	10,989	(1%)
Germany	733	626	17%	2,076	1,949	7%
The Netherlands	490	401	22%	1,449	1,259	15%
APAC	705	85	729%	1,291	92	1,303%
The US	26	34	(24%)	88	110	(20%)
Power sales, GWh	6,244	7,645	(18%)	21,448	23,194	(8%)
Power price, LEBA UK	117	210	(44%)	116	252	(54%)
British pound	8.6	8.6	1%	8.6	8.7	(2%)
Financial performance, DKKm						
Revenue	16,058	19,499	(18%)	58,427	69,261	(16%)
Sites, O&M, and PPAs	8,425	10,767	(22%)	23,304	23,349	(0%)
Power sales	6,729	7,787	(14%)	27,495	34,142	(19%)
Construction agreements	784	916	(14%)	6,589	11,640	(43%)
Other	120	30	300%	1,039	131	693%
EBITDA	(2,611)	2,094	n.a.	13,817	19,569	(29%)
Sites, O&M, and PPAs	7,164	3,746	91%	20,207	9,940	103%
Construction agreements and divestment gains	676	(715)	n.a.	5,218	12,277	(57%)
Cancellation fees	(9,621)	-	n.a.	(9,621)	-	n.a.
Other, incl. project development	(830)	(937)	(11%)	(1,987)	(2,648)	(25%)
Depreciation	(1,628)	(1,994)	(18%)	(6,815)	(7,006)	(3%)
Impairment losses	1,462	(2,529)	n.a.	(25,526)	(2,529)	909%
EBIT	(2,777)	(2,429)	14%	(18,524)	10,034	n.a.
Cash flow from operating activities	6,005	17,728	(66%)	21,209	5,272	302%
Gross investments	(9,690)	(7,926)	22%	(28,613)	(26,710)	7%
Divestments	1,790	1,034	73%	1,500	25,451	(94%)
Free cash flow	(1,895)	10,836	n.a.	(5,904)	4,013	n.a.
Capital employed	83,574	89,941	(7%)	83,574	89,941	(7%)

Onshore

Financial results for Q4 2023

Power generation from our operating onshore assets decreased by 1% compared to Q4 2022 and amounted to 3.4 TWh. The decrease was due to lower availability and lower wind speeds, partly offset by ramp-up of generation at Sunflower Wind. The availability in the US was lower, mainly due to Western Trail going offline in August because of an unplanned transmission line outage. Western Trail was back online in the middle of December.

Revenue decreased by 21% compared to Q4 2022 and amounted to DKK 0.6 billion. The decrease was mainly due to lower prices across the portfolio and a 5% lower USD rate than in Q4 2022.

EBITDA for Q4 2023 amounted to DKK 0.5 billion, which was DKK 0.3 billion lower than Q4 2022. The decrease was due to high earnings in Q4 2022, when we benefitted from the higher power prices in Ireland and the US. In the US, the effect was mostly from ramp-up generation from assets under construction (PPAs do not start until COD). Furthermore, some of our PPAs have upside sharing structures, which allow for capture of additional revenue in periods of high pricing compared to traditional PPAs.

In 2023, we have reclassified costs related to our operating assets from 'Other including project development' to 'Sites' to align with our methodology in Offshore (no impact on total Onshore EBITDA).

Results	Q4 2023	Q4 2022	%	2023	2022	%
Business drivers						
Decided (FID'ed) and installed capacity, GW	6.4	6.2	2%	6.4	6.2	2%
Installed capacity, GW	4.8	4.2	15%	4.8	4.2	15%
Wind speed, m/s	7.6	7.7	(1%)	7.2	7.4	(3%)
Load factor, wind, %	36	40	(4%p)	36	40	(4%p)
Load factor, solar PV, %	17	17	0%p	24	25	(1%p)
Availability, wind, %	85	91	(6%p)	88	93	(5%p)
Availability, solar PV, %	98	99	(1%p)	98	98	0%p
Power generation, GWh	3,376	3,425	(1%)	13,374	13,146	2%
US wind	2,640	2,711	(3%)	10,124	10,389	(3%)
US solar PV	391	388	1%	2,131	1,920	11%
Europe, wind and solar PV	344	326	6%	1,119	837	34%
US dollar	6.9	7.3	(5%)	6.9	7.1	(3%)
Financial performance, DKKm						
Revenue	598	758	(21%)	2,620	3,014	(13%)
EBITDA	525	852	(38%)	2,970	3,644	(18%)
Sites	394	420	(6%)	1,256	2,097	(40%)
Tax credits and tax attributes	590	712	(17%)	2,567	2,556	0%
Other, including project development	(460)	(280)	64%	(854)	(1,009)	(15%)
Depreciation	(498)	(448)	11%	(1,957)	(1,644)	19%
Impairment losses	507	-	n.a.	(927)	-	n.a.
EBIT	534	404	32%	86	2,000	(96%)
Cash flow from operating activities	(11)	1,039	n.a.	609	2,509	(76%)
Gross investments	(3,024)	(1,856)	63%	(9,069)	(10,396)	(13%)
Divestments	3	13	(79%)	5	56	(91%)
Free cash flow	(3,032)	(804)	277%	(8,455)	(7,831)	8%
Capital employed	35,634	28,463	25%	35,634	28,463	25%

Bioenergy & Other

Financial results for Q4 2023

Heat generation increased by 16% in Q4 2023 due to colder weather, and power generation decreased by 26%, mainly due to less attractive spreads for power condensing generation.

Gas sales and power sales decreased by 25% and 30%, respectively, due to a gradual phase-out of our remaining UK B2B activities.

Revenue decreased by 49% compared to Q4 2022 and amounted to DKK 5.2 billion. The decrease was driven by significantly lower gas and power sales, lower power generation, and lower prices.

EBITDA amounted to DKK 1.4 billion compared to DKK 3.6 billion in Q4 2022.

EBITDA from 'CHP plants' was DKK 0.8 billion, DKK 0.9 billion lower than in Q4 2022. This was due to the lower generation and market-based spreads mentioned above. In addition, earnings from power generation were negatively impacted by the high costs of biomass and coal relative to the market prices in Q4 2023 as the cost is measured using the first-in, first-out (FIFO) principle. The fuel we have been using during Q4 2023 was bought last year at the higher price levels. The opposite was the case in Q4 2022. The negative impacts were partly offset by a compensation from Energinet related to their order in 2022 when we had to continue or resume operations of three power station units until June 2024.

EBITDA from 'Gas Markets & Infrastructure' decreased by DKK 1.5 billion relative to Q4 2022 to DKK 0.6 billion. The decrease was driven by a lower positive effect from gas at storage in Q4 2023 than in Q4 2022 and the release of a provision in Q4 2022 related to the close-down of our B2B business in the UK.

Results	Q4 2023	Q4 2022	%	2023	2022	%
Business drivers						
Degree days	966	861	12%	2,585	2,548	1%
Heat generation, GWh	2,385	2,064	16%	6,587	6,368	3%
Power generation, GWh	1,042	1,409	(26%)	4,437	6,012	(26%)
Gas sales, GWh	3,041	4,048	(25%)	16,880	31,637	(47%)
Power sales, GWh	628	904	(31%)	2,627	5,399	(51%)
Gas price, TTF, EUR/MWh	43.3	94.4	(54%)	41.4	120.5	(66%)
Power price, DK, EUR/MWh	91.1	176.2	(48%)	89.3	213.7	(58%)
Green dark spread, DK, EUR/MWh	(5.4)	23.3	n.a.	(25.8)	39.5	n.a.
Wood pellet spread, DK, EUR/MWh	(0.5)	(6.2)	(92%)	4.3	54.4	(92%)
Financial performance, DKKm						
Revenue	5,235	10,251	(49%)	19,230	46,243	(58%)
EBITDA	1,434	3,609	(60%)	1,523	8,619	(82%)
CHP plants	836	1,718	(51%)	1,218	5,851	(79%)
Gas Markets & Infrastructure	589	2,073	(72%)	558	3,117	(82%)
Other, incl. project development	9	(182)	n.a.	(253)	(349)	(28%)
Depreciation	(180)	(287)	(37%)	(759)	(859)	(12%)
Impairment losses	(322)	-	n.a.	(322)	-	n.a.
EBIT	932	3,322	(72%)	442	7,760	(94%)
Cash flow from operating activities	358	738	(51%)	2,550	2,622	(3%)
Gross investments	(374)	(25)	1,396%	(727)	(267)	172%
Divestments	64	(4)	n.a.	61	(4)	n.a.
Free cash flow	48	709	(93%)	1,884	2,351	(20%)
Capital employed	4,655	5,211	(11%)	4,655	5,211	(11%)

Quarterly summary, 2022–2023

Financial statements	2023				2022			
DKKm	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement								
Revenue[1]	21,530	17,441	14,565	25,719	30,256	31,039	23,362	29,760
EBITDA	(686)	9,173	3,320	6,910	6,696	12,317	3,615	9,429
Offshore	(2,611)	8,037	2,979	5,412	2,094	9,652	1,904	5,919
Sites, O&M, and PPAs	7,164	4,050	3,135	5,859	3,746	467	2,031	3,698
Construction agreements and divestment gains	676	4,245	340	(42)	(715)	9,765	601	2,620
Cancellation fees	(9,621)	-	-	-	-	-	-	-
Other, incl. project development	(830)	(258)	(496)	(405)	(937)	(580)	(728)	(399)
Onshore	525	819	792	834	852	867	1,075	850
Bioenergy & Other	1,434	155	(583)	517	3,609	1,849	647	2,514
Other activities/eliminations	(34)	162	132	147	141	(51)	(11)	146
Depreciation and amortisation	(2,366)	(2,537)	(2,454)	(2,438)	(2,792)	(2,530)	(2,304)	(2,128)
Impairment	1,647	(28,422)	-	-	(2,529)	-	-	-
Operating profit (loss)	(1,405)	(21,786)	866	4,472	1,375	9,787	1,311	7,301
Gain (loss) on divestment of enterprises	(44)	(50)	159	169	32	124	67	108
Net financial income and expenses	2,001	(128)	(1,797)	(1,519)	(985)	(217)	(486)	(848)
Profit (loss) before tax	557	(21,955)	(763)	3,135	460	9,695	893	6,561
Tax	(841)	(607)	225	67	(789)	(340)	(624)	(860)
Profit (loss) for the period	(284)	(22,562)	(538)	3,202	(329)	9,355	269	5,701
Balance sheet								
Assets	281,136	286,782	296,466	306,644	314,142	359,758	320,722	285,087
Equity	77,791	78,361	103,548	102,826	95,532	53,777	61,276	76,719
Shareholders in Ørsted A/S	56,782	57,304	82,379	78,551	71,743	32,413	40,091	55,704
Hybrid capital	19,103	19,103	19,103	19,793	19,793	17,984	17,984	17,984
Non-controlling interests	1,906	1,954	2,066	4,482	3,996	3,380	3,201	3,031
Interest-bearing net debt	47,379	42,892	43,924	35,261	30,571	45,701	41,449	30,026
Capital employed	125,170	121,253	147,471	138,087	126,103	99,478	102,725	106,745
Additions to property, plant, and equipment	12,064	10,988	6,963	7,939	9,912	9,899	8,724	5,127
Cash flows								
Cash flows from operating activities	6,170	9,796	2,447	10,119	20,915	(11,309)	2,355	(37)
Gross investments	(13,039)	(9,204)	(7,498)	(8,768)	(9,826)	(14,417)	(6,372)	(6,832)
Divestments	1,861	1,735	(2,038)	(16)	983	22,459	267	1,927
Free cash flow	(5,008)	2,327	(7,089)	1,335	12,072	(3,267)	(3,750)	(4,942)
Financial ratios								
Return on capital employed (ROCE), % LTM	(14.2)	(13.7)	13.2	13.8	16.8	24.4	14.8	19.0
FFO/adjusted net debt, % LTM	28.6	20.9	17.7	37.4	42.7	35.3	39.0	37.5
Number of outstanding shares, end of period, '000	420,381	420,381	420,381	420,381	420,381	420,381	420,381	420,381
Share price, end of period, DKK	374	385	645	583	631	608	742	849
Market capitalisation, end of period, DKKbn	157	162	271	245	265	255	312	357
Earnings per share (EPS), DKK	(1.6)	(53.8)	(1.4)	6.7	1.2	22.3	0.3	13.2

	2023				2022			
Business drivers	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Offshore								
Decided (FID'ed) and installed capacity, GW	15.5	12.0	12.0	12.0	11.1	11.1	11.1	11.1
Installed capacity, GW	8.9	8.9	8.9	8.9	8.9	8.9	7.6	7.6
Generation capacity, GW	5.0	5.0	4.9	4.7	4.7	5.3	4.8	4.2
Wind speed, m/s	11.5	8.6	8.1	10.9	10.7	7.7	8.4	11.3
Load factor, %	56	33	29	53	54	28	35	54
Availability, %	92	93	91	95	95	91	94	95
Power generation, GWh	6,011	3,544	3,044	5,162	5,411	3,246	3,324	4,502
Power sales, GWh	6,244	3,948	4,158	7,098	7,645	3,483	5,258	6,808
Onshore								
Decided (FID'ed) and installed capacity, GW	6.4	6.2	6.2	6.2	6.2	5.1	4.9	4.7
Installed capacity, GW	4.8	4.8	4.6	4.5	4.2	4.2	4.0	3.6
Wind speed, m/s	7.6	6.2	6.7	8.1	7.7	6.0	7.8	7.9
Load factor, wind, %	36	27	35	45	40	28	47	47
Load factor, solar PV, %	17	32	30	16	17	32	31	21
Availability, wind, %	85	85	92	91	91	92	92	96
Availability, solar PV, %	98	98	98	99	99	96	99	99
Power generation, GWh	3,376	2,927	3,321	3,750	3,425	2,723	3,795	3,203
Bioenergy & Other								
Degree days, number	966	53	409	1,157	861	98	448	1,141
Heat generation, GWh	2,385	234	790	3,178	2,064	239	823	3,243
Power generation, GWh	1,042	781	917	1,697	1,409	1,363	1,102	2,138
Power sales, GWh	628	566	556	877	904	1,339	1,466	1,690
Gas sales, GWh	3,041	5,355	4,016	4,468	4,048	5,706	8,891	12,993
ESG statements								
Employees, end of period, number	8,905	8,906	8,661	8,422	8,027	7,681	7,292	7,016
Total recordable injury rate (TRIR)	2.8	2.9	2.6	2.7	3.1	3.3	2.8	1.3
Fatalities, number	-	-	-	-	-	-	-	-
Renewable share of heat and power generation, %	95	94	97	89	88	89	93	92
GHG emissions (scope 1 & 2), million tonnes	0.4	0.3	0.2	0.7	0.8	0.7	0.4	0.6
GHG intensity (scope 1 & 2), g CO_2e/kWh	25	46	24	52	62	88	49	48
GHG intensity (scope 1-3, excl. natural gas), g CO_2e/kWh	62	94	77	90	110	330	112	100
GHG emissions (scope 3), million tonnes	1.2	1.6	1.3	1.5	1.5	3.1	2.6	3.7

[1] in 2023, we changed our accounting policy on recognition of revenue from the settlement of failed own-use contracts related to power. The change only impacts revenue and cost of sales with no impact on EBITDA. The comparisons for 2022 have been adjusted. The related power volumes in 2022 and 2023 have consequently been netted. See more in note 1.2 'Basis of preparation'.

Corporate Governance

→ Together with our partner Eversource, we celebrated the sail away of the first American-built offshore substation, setting sail from a Texas port to the South Fork project site and marking a significant step in the US offshore wind industry.

More than 350 US workers across Texas and Kansas supported the construction of the offshore substation.

Governance framework

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

As a publicly listed company, Ørsted shall provide a statement on how we address the recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance. Our statement can be found (here). In 2023, we decided not to webcast our annual general meeting and therefore only partly complied with Recommendation 1.2.1 as accounted for in our 2023 corporate governance statement. Besides this, we comply with all recommendations. Going forward, we have decided to webcast general meetings.

Shareholders and general meetings

The Danish State is our majority shareholder with a 50.1% ownership share. The Danish State exercises its ownership interest in Ørsted in accordance with the ordinary governance setup in Danish companies. The Danish State's ownership policy (only in Danish) is available on: fm.dk/udgivelser/2015/april/statens-ejerskabspolitik/.

The shareholders of Ørsted exercise their right to vote at the general meeting through a one-share-one-vote principle. The general meeting adopts decisions 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.

The general meeting appoints a board of non-executive directors (the Board of Directors), who, together with the executive directors appointed by the board, are responsible for the management of the company.

Board of Directors

The Board of the Directors is, together with the executive directors appointed by the board, responsible for the management of the company.

In 2022, our general meeting approved to expand our scheme for employee-elected board members to cover employees globally, and we will hold our first international election in Q1 2024. Our Board of Directors currently comprises twelve members, eight members elected by the general meeting and four members elected by the employees.

The Board of Directors is responsible for the overall 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. You can see the most important tasks in 2023 on the next page.

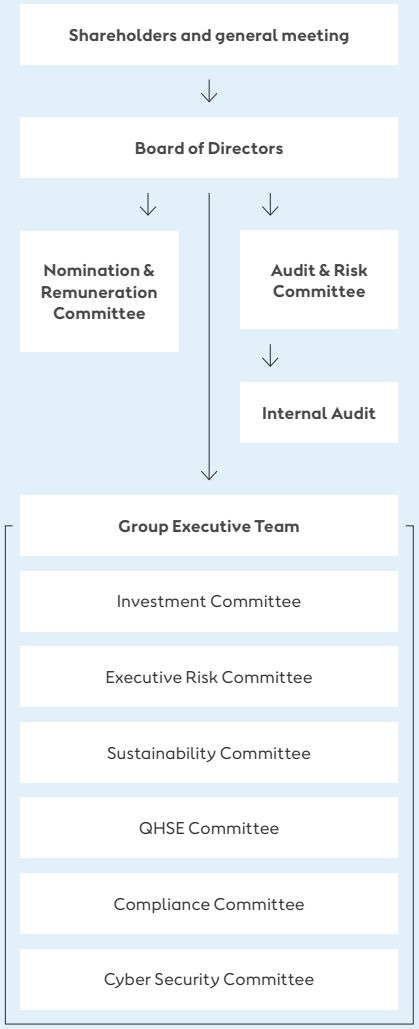
The Board of Directors monitors and oversees progress related to our sustainability strategy and that our sustainability targets are achieved, including our ambitious net-zero carbon reduction targets for scope 1-3 emissions. ESG and sustainability priorities are an integral part of the decision-making governance of the Board of Directors, and an update on our sustainability targets and progress is presented to them annually.

The Board of Directors annually reviews the required competences for its composition. In 2023, the ESG competence was further detailed to bring it in line with the EU Corporate Sustainability Reporting Directive (CSRD). The list of required competences can be found on 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 a 37.5% female representation, which is an equal representation under Danish law.

The age of our board members spans from 48 to 69 years old among board members elected by the general meeting and from 29 to 56 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

Our governance model



Meeting attendance	Board of Directors		Audit & Risk Committee		Nomination & Remuneration Committee
Board members	Ordinary	Extraordinary	Ordinary	Extraordinary	
Thomas Thune Andersen	7/0	9/0			3/0
Lene Skole	7/0	8/1			3/0
Annica Bresky[1]	6/0	7/1			
Andrew Brown[1]	6/0	7/1			
Jørgen Kildahl	7/0	9/0	6/0	4/0	
Julia King[2]	7/0	8/1			2/0
Peter Korsholm	7/0	7/2	6/0	4/0	
Dieter Wemmer	7/0	7/2	6/0	4/0	
Benny Gøbel	7/0	9/0			
Leticia Francisca Torres Mandiola	7/0	9/0			
Alice Florence Marion Vallienne	6/1	9/0			
Anne Cathrine Collet Yde	7/0	9/0			

The numbers indicate how many meetings in 2023 the members have attended or not attended, respectively, during the year.

[1] Joined the Board of Directors on 7 March 2023.
[2] Joined the Nomination & Remuneration Committee on 7 March 2023.

members, including their other executive positions, independence, and how the individual board members contribute to the required competences, can be found in the following pages. Their meeting attendance during 2023 can be found above.

The Board of Directors evaluates its performance annually. The 2023 board evaluation was conducted by distributing a customised online survey to all members of the Board of Directors and the Group Executive Team, and findings were subsequently discussed at a board meeting. The overall score was satisfactory, although slightly lower than 2022. In 2022, the Board of Directors identified two overriding themes regarding the division of responsibilities between the Board of Directors and the Executive Board and the information to the Board of Directors regarding talent management and succession. Since the evaluation, various initiatives have been launched to address the findings, and in the 2023 board evaluation, the general feedback was that progress had been made.

The general meeting determines the remuneration for the members of the Board of Directors for the financial year in which the general meeting is held. In the separate remuneration report, you can read more about the remuneration of the Board of Directors. Below, you can find a link to the remuneration report and a link to our statutory report on data ethics, prepared in accordance with the Danish Financial Statements Act, section 99 d.

→ orsted.com/remuneration2023
orsted.com/data-ethics2023

Important tasks 2023
– managed by the Board of Directors

Investments, acquisitions, and divestments
Final investment decision on the offshore wind projects Hornsea 3, Revolution Wind, and Greater Changhua 2b and 4.

Decision to cease development of the Ocean Wind 1 and 2 offshore wind projects.

Build-out of our offshore wind portfolio, including bids into tenders in the US and Germany, the acquisition of the remaining 50% share of Lease Area 500 from Eversource, and entry into an agreement with ESB to jointly develop an Irish offshore wind portfolio.

Divestment of the remaining 25% share of the London Array Offshore Wind Farm to funds managed by Schroders Greencoat, divestment of 50% of the offshore wind farm Gode Wind 3 to Glennmont Partners, and divestment of the Hornsea 2 transmission assets to Diamond Transmission Corporation Limited and HICL Infrastructure PLC.

Other tasks
Decision to replace the CFO and COO, including the appointment of an interim CFO and interim COO.

Oversight of risk review, portfolio review, strategic review, and actions to improve capital structure.

Strategy review to present progress and strategic updates as part of the Capital Markets Day in June 2023.

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

Oversight of financial results and guidance, including impairments on our US offshore wind portfolio.

Discussion of sustainability differentation and board governance with regards to ESG and sustainability.

Oversight and discussion of the development of our sustainability statements, including preparing for EU's Corporate Sustainability Reporting Directive (CSRD).

Oversight of the results from the 2023 employee satisfaction survey, including the focus areas identified by the Group Executive Team.

Board of Directors

Thomas Thune Andersen

*1955, Denmark
He/him

Elected by the general meeting
Independent

2014 Joined as Chair
2023 Most recently re-elected
2024 Current election period expires

Experience
Extensive international leadership experience from leading positions in A.P. Moller - Maersk and non-executive directorships in listed and privately held companies within the energy, critical infrastructure, and other sectors.

Executive functions in other enterprises
Chair VKR Holding A/S, Lloyds Register Group Limited, and Lloyds Register Foundation.
Member BW Group Ltd and IMI plc (Senior Independent Director).

Board committee memberships in other enterprises
Remuneration Committee of Lloyds Register Group Limited, Nomination Committee of Lloyds Register Foundation, Nomination Committee, Remuneration Committee, and the Audit Committee of IMI plc, and Nomination Committee of VKR Holding A/S.

Other positions
Member of the Danish Committee on Corporate Governance, Commissioner of the Energy Transition Commission (ETC), member of the Community of Chairpersons of the World Economic Forum (WEF), and member of Friends of Ocean Action of WEF.

Competences
Management: General · Risk · Project · Stakeholder
Other: Safety · Energy sector ESG: Environmental · Social · Governance

Lene Skole

*1959, Denmark
She/her

Elected by the general meeting
Independent

2015 Joined as Deputy Chair
2023 Most recently re-elected
2024 Current election period expires

Experience
Highly experienced in managing listed companies from her previous position as CFO of Coloplast and current position as CEO of Lundbeckfonden where she serves as a non-executive director of the portfolio companies of Lundbeckfonden.

Executive functions in other enterprises
CEO Lundbeckfonden and Lundbeckfond Invest A/S.
Chair LFI Equity A/S.[1]
Deputy Chair ALK-Abelló A/S[1], H. Lundbeck A/S[1], Falck A/S[1], and Nordea Bank Abp.

Board committee memberships in other enterprises
Member of the Audit Committee and member of the Remuneration Committee of Falck A/S, member of the Nomination & Remuneration Committee and Scientific Committee of ALK-Abelló A/S, member of the Nomination & Remuneration Committee and Scientific Committee of H. Lundbeck A/S, and member of the Audit Committee of Nordea Bank Abp.

Other positions
Deputy Chair of the Danish Committee on Foundation Governance.

Competences
Management: General · Financial · Risk · Stakeholder
Other: Safety · Investor and capital market relationships ESG: Environmental · Social · Governance

[1] Board positions included in the position as CEO of the Lundbeck Foundation.

Annica Bresky

*1975, Sweden
She/her

Elected by the general meeting
Independent

2023 Joined
2024 Current election period expires

Experience
Extensive industrial and leadership experience from global listed companies within the forestry, paper, and packaging industry, from positions as President and CEO of Stora Enso, and as CEO of Holmen Iggesund Paperboard. A deep knowledge of sustainability transformation and policy development in the EU and globally.

Other positions
Member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD) and member of the Royal Swedish Academy of Engineering Sciences (IVA).

Competences
Management: General · Financial · Risk · Project · Stakeholder Other: Safety · IT and digitalisation · Investor and capital market relationships · Innovation ESG: Environmental · Social · Governance

Andrew Brown

*1962, Great Britain
He/him

Elected by the general meeting
Not independent (interim COO of Ørsted)

2023 Joined
2024 Current election period expires

Experience
Extensive international executive experience from leading positions in large global organisations, operations, and projects with both Shell (ExCom) and Galp (CEO), and from his current position as interim COO of Ørsted. Also, non-executive experience as Vice Chair of SBM Offshore.

Other positions
Advisor of ZeroAvia Inc. and Vice President & Honorary Secretary of the council of the Energy Institute (EI).

Competences
Management: General · Project · Stakeholder
Other: Safety · Investor and capital market relationships ESG: Environmental · Social · Governance

Jørgen Kildahl

*1963, Norway
He/him

Elected by the general meeting
Independent

2018 Joined
2023 Most recently re-elected
2024 Current election period expires

Experience
Strong international background in renewable energy and a profound knowledge of how the energy ecosystems work from previous positions as Executive Vice President of Statkraft and member of the Board of Management of E.ON SE.

Executive functions in other enterprises
Member Scatec ASA and Alpiq AG.

Board committee memberships in other enterprises
Member of the Audit Committee of Scatec ASA and the Audit Committee of Alpiq AG.

Other positions
Senior Advisor and member of the Energy Investment Committee of Energy Infrastructure Partners, Switzerland.

Competences
Management: General · Risk · Project · Stakeholder
Other: Safety · IT and digitalisation · Investor and capital market relationships ESG: Environmental · Social · Governance

Julia King

The Baroness Brown of Cambridge
*1954, Great Britain
She/her

Elected by the general meeting
Independent

2021 Joined
2023 Most recently re-elected
2024 Current election period expires

Experience
Strong international background within engineering in both industry and academia, including Rolls-Royce plc, Cambridge University, and Imperial College.
A deep knowledge of renewable energy and government policy perspectives from positions, among others, as member of the Committee on Climate Change and non-executive director of the Green Investment Bank.

Executive functions in other enterprises
Chair The Carbon Trust, STEM Learning Ltd, and Frontier IP Group Plc.
Non-executive director Ceres Power Holdings Plc (Senior Independent Director).

Board committee memberships in other enterprises
Chair of ESG Committee and member of Remuneration Committee and Nomination Committee of Ceres Power Holdings Plc and member of Remuneration Committee of Frontier IP Group Plc.

Other positions
Crossbench Peer in the UK House of Lords, Chair of the House of Lords Science and Technology Select Committee, and Chair of the Adaptation Committee of the Committee on Climate Change.

Competences
Management: General · Financial · Project · Stakeholder Other: Safety · IT and digitalisation · Innovation ESG: Environmental · Social · Governance

Peter Korsholm

*1971, Denmark
He/him

Elected by the general meeting
Independent

2017 Joined
2023 Most recently re-elected
2024 Current election period expires

Experience
Extensive M&A experience from his time as Partner and Head of EQT Partners Denmark and from private investments. Also experience with financial reporting, risk management, and capital markets from CFO position at AAK AB.

Executive functions in other enterprises
CEO DSVM Invest A/S, DSV Miljø Group A/S, Togula ApS, and Totalleveranser Sverige AB.
Chair Flügger group A/S, Nymølle Stenindustrier A/S, Totalleveranser Sverige AB, Lion Danmark I ApS, two wholly-owned subsidiaries of Lion Danmark I ApS (Lomax Group), and Too Good to Go Holding ApS.
Member DSVM Invest A/S and eight wholly-owned subsidiaries of DSVM Invest A/S, BCHG Holding A/S, and two-wholly owned subsidiaries of BCHG Holding A/S, and Projektselskabet Teglbuen A/S.

Other positions
Chair of Investment Committee of Zoscales Partners.

Competences
Management: General · Financial · Risk · Stakeholder
Other: Investor and capital market relationships
ESG: Environmental · Governance

Dieter Wemmer

*1957, Switzerland
He/him

Elected by the general meeting
Independent

2018 Joined
2023 Most recently re-elected
2024 Current election period expires

Experience
Highly experienced in capital markets, investments, and risk management from leading positions within the finance sector, including as CFO of Allianz.

Executive functions in other enterprises
Chair Marco Holding, plc and one wholly-owned subsidiary of Marco Holding, plc.
Member UBS Group AG and UBS AG.

Board committee memberships in other enterprises
Member of the Audit Committee and Compensation Committee of USB Group AG and UBS AG.

Competences
Management: General · Financial · Risk · Stakeholder Other: IT and digitalisation · Investor and capital market relationships ESG: Social · Governance

Benny Gøbel

*1967, Denmark
He/him

Elected by the employees
Not independent

2011 Joined
2022 Most recently re-elected
2024 Current election period expires

Experience
Benny Gøbel has worked in Ørsted since 2005.

Position
Senior Mechanical Specialist, EPCO & IT.

Competences
Other: Energy sector

Leticia Francisca Torres Mandiola

*1994, Chile
She/her

Elected by the employees
Not independent

2022 Joined
2024 Current election period expires

Experience
Leticia Francisca Torres Mandiola has worked in Ørsted since 2018.

Position
Senior Business Developer, P2X.

Competences
Other: Energy sector · IT and digitalisation · Innovation

Alice Florence Marion Vallienne

*1994, France
She/her

Elected by the employees
Not independent

2022 Joined
2024 Current election period expires

Experience
Alice Florence Marion Vallienne has worked in Ørsted since 2018.

Position
Head of Ventures Portfolio.

Competences
Management: Financial · Risk · Project Other: Safety · Energy sector · IT and digitalisation · Innovation
ESG: Social

Anne Cathrine Collet Yde

*1983, Denmark
She/her

Elected by the employees
Not independent

2022 Joined
2024 Current election period expires

Experience
Anne Cathrine Collet Yde has worked in Ørsted since 2017.

Position
Global HR Business Partner, People & Development.

Competences
Management: Project · Stakeholder
Other: Safety ESG: Social

Board committees

The Board of Directors has established two committees, consisting of members appointed by and among the members of the Board of Directors: The Audit & Risk Committee and the Nomination & Remuneration Committee.

Audit & Risk Committee

Dieter Wemmer (Chair), Jørgen Kildahl, and Peter Korsholm are the members of the committee.

The committee reports to the Board of Directors. The tasks of the committee include overseeing the integrity of the financial and sustainability reporting (including key accounting estimates and judgements), funding, liquidity and capital structure development, financial and business-related risks, compliance with statutory and other requirements from public authorities, internal controls, nomination of external auditors, and 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 whistleblower scheme.

In 2023, the committee reviewed impairments on our property, plant, and equipment with a high attention to our US offshore wind projects, the development and partial implementation of a new, holistic risk management framework addressing lessons learnt in current and previous years, and prepared for the EU Corporate Sustainability Reporting Directive (CSRD). Furthermore, the committee conducted an audit tender with effect from 2025, continued to assess the claim made by the Danish Tax Agency requiring double Danish taxation of certain of our British offshore wind farms, and lastly, reviewed the progress in IT security.

Our Internal Audit function reports to the 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 whistleblower 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 whistleblower scheme or through our management system. In 2023, 18 substantiated cases of inappropriate or unlawful behaviour were reported through our whistleblower scheme. Nine cases related to good business conduct policy violations, while six cases concerned the workplace environment, one case concerned IT security, and two cases were classified as 'other'. None of the reported cases were critical to our business, nor caused adjustments to our financial results. One case required a police report.

Whistleblower 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 on orsted.com/audit-risk-committee.

Nomination & Remuneration Committee

Thomas Thune Andersen (Chair), Lene Skole, and Julia King are the members of the 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 2023, the committee discussed the need for replacing the CFO and COO, including the appointment of an interim CFO and interim COO, and the appointment of Varun Sivaram as a new member of the Group Executive Team, replacing Neil O'Donovan.

The committee also reviewed an amendment of the short-term incentive scheme (STI) for the wider management team by implementing similar changes as the amendment introduced in 2022 for the Executive Board where the weight of shared KPIs was increased, including an explicit link to our sustainability ambitions.

You can read more about the Nomination & Remuneration Committee and the terms of reference for the committee on orsted.com/nomination-remuneration-committee.

Group Executive Team

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

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.

In November 2023, Daniel Lerup (CFO) and Richard Hunter (COO) stepped down and left Ørsted with immediate effect, and Rasmus Errboe was appointed interim CFO. Andrew Brown was appointed interim COO, expectedly until end of March 2024. While he has taken on the dual role as board member and interim COO, measures have been put in place to avoid conflicts of interests.

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

The Executive Board has established a Group Executive Team consisting of ten members, including the members of the Executive Board, which undertake the day-to-day management.

The Group Executive Team comprises David Hardy (CEO of Region Americas), Per Mejnert Kristensen (President of Region APAC), Olivia Breese (interim CEO of Region Europe and Head of P2X), Andrew Brown (interim COO), Varun Sivaram (Head of Strategy, Innovation, Portfolio & Partnerships), Ingrid Reumert (Head of Global Stakeholder Relations), and Anders Zoëga Hansen (Head of Legal).

In our Executive Board, we have a female representation of 33.3%. We have no people managers reporting to the Executive Board who are employed by the same legal entity as the Executive Board, and the average number of full-time employees in Ørsted A/S did not in 2023 exceed 50. Therefore, we have not set a target to increase gender diversity among 'other managerial levels' as defined under Danish law.

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 page 60.

Mads Nipper
Group President and CEO, Executive Board

Rasmus Errboe
Interim CFO, Executive Board

Henriette Fenger Ellekrog
CHRO, Executive Board

David Hardy
CEO of Region Americas

Per Mejnert Kristensen
President of Region APAC

Olivia Breese
Interim CEO of Region Europe and Head of P2X

Andrew Brown
Interim COO and Member of the Board of Directors

Varun Sivaram
Head of Strategy, Innovation, Portfolio & Partnerships

Ingrid Reumert
Head of Global Stakeholder Relations

Anders Zoëga Hansen
Head of Legal

Management committees

The Group Executive Team is supported by specialist committees with members appointed by the Group Executive Team. The specialist committees are the Investment Committee, the Executive Risk Committee, the Sustainability Committee, the QHSE Committee, the Compliance Committee, and the Cyber Security Committee. More information about the management committees can be found to the right.

Group Executive Team's sustainability commitment

The Group Executive Team sets the strategic direction on sustainability. They are involved in all major decisions and are updated regularly on progress. The Group Executive Team is accountable for approving and implementing our portfolio of sustainability priorities and targets and assigns accountability for them at executive level. Moreover, they present proposals for sustainability targets to the Board of Directors for approval.

Internal controls environment

We have established internal control systems throughout the organisation to ensure identification and mitigation of risks to financial and sustainability reporting by setting up targets, policies, manuals, procedures, and internal controls. We continuously monitor our financial and sustainability reporting processes and controls and optimise them as needed.

We carry out an annual risk assessment for identifying the risks of material misstatements in the financial and sustainability reporting based on materiality, the complexity of processes, and the probability of errors and omissions.

To ensure that our internal control framework is effective, we have established a plan running until the end of 2024 where we will evaluate the processes for all material areas within financial and sustainability reporting, including reassessment of existing controls and identification of additional controls within the processes. We continuously monitor and test the internal controls on financial and sustainability reporting to ensure their operating effectiveness.

We have established the same governance for financial and sustainability reporting. The Audit & Risk Committee monitors our financial and sustainability reporting process, including a review of the risk assessment, the internal controls, and their operating effectiveness.

We are committed to ensuring the accuracy of our financial and sustainability reporting. Our financial reporting are audited by an independent audit firm elected at the annual general meeting. Our sustainability data is subject to limited assurance by the same independent auditor. All observations in the external auditor's long-form report and management letter are addressed by action plans with allocation of responsibilities and deadlines, and we regularly follow up on and review them.

Management committees appointed by the Group Executive Team

Investment Committee

The committee reviews investments, M&A projects, and certain other transactions. Investment decisions and other transactions of an unusual nature or above certain thresholds must be approved by the Board of Directors.

The committee consists of the Group Executive Team, the Chief Risk Officer, the head of Treasury & Capital Planning, and the head of Portfolio. The Investment Committee is chaired by the CEO and meets continuously during the year.

Executive Risk Committee

The committee serves as an advisory body for the CFO on risk management-related topics. A key purpose of the committee is to ensure alignment of market, liquidity, and credit risk policies with our strategy and risk appetite.

Furthermore, the committee serves as a forum for discussing, deciding, and setting the direction for items related to risk management. In addition to the CFO, the committee consists of the Chief Risk Officer and the heads of Internal Audit, Merchant Risk, and the US and European Trading & Revenue functions. The Executive Risk Committee is chaired by the CFO and meets continuously during the year.

Sustainability Committee

The committee oversees that we live up to our sustainability commitment. It approves our double materiality assessment and ESG data set, provides recommendations, and monitors performance of our work with sustainability priorities, including progress on targets.

The committee is cross-functional with representatives from Sustainability, Finance, QHSE, EPCO (engineering, procurement, construction, and operations), and HR. The Sustainability Committee is chaired by the CFO and meets six times a year.

QHSE Committee

The committee oversees that we live up to our QHSE (quality, health, safety, and environment) priorities, and it reviews our QHSE strategy and policy. In addition, the committee reviews our integrated management system, 'way we work', conducts the management review as required by our ISO certifications, and monitors the performance of our QHSE programmes to ensure compliance with legal and regulatory requirements as well as agreed international standards.

The committee's members are the COO, the Chief Procurement Officer, and the heads of Global Stakeholder Relations, Bioenergy, P2X, and Region Europe. The QHSE committee is chaired by the head of QHSE and meets six times a year.

Compliance Committee

The committee oversees compliance with laws, rules, standards, and internal codes of conduct within our group-wide legal compliance areas.

The committee is cross-functional and consists of the CEO, CFO, CHRO, and compliance officers appointed for all business areas and shared functions. The Compliance Committee is chaired by the CEO and meets at least twice times a year.

Cyber Security Committee

The committee is responsible for overseeing and guiding our cybersecurity within strategy, global risk tolerance, investment choices, and support for significant global initiatives and oversees compliance and implementation of cyber regulation, NIS2 in particular.

The committee is cross-functional and consists of the CFO, COO, Chief Information Security Officer, Chief Information Officer, and the Head of Global Operations. The Cyber Security Committee is chaired by the CFO and meets four times a year.

Mads Nipper

*1966, Denmark
He/him

Group President, Chief Executive Officer (CEO), and member of the Executive Board (registered as manager of Ørsted A/S with the Danish Business Authority)

Education
MSc in International Business, University of Aarhus (1991)

Professional experience

2021:
Ørsted, Group President and Chief Executive Officer (CEO)

2014 – 2020:
Grundfos A/S, CEO and Group President

1991 – 2014:
LEGO System A/S, most recently as Chief Marketing Officer and Executive Vice President as well as a member of the Management Board

Executive functions in other enterprises
Deputy Chair: FLSmidth & Co. A/S and one wholly-owned subsidiary hereof.

Rasmus Errboe

*1979, Denmark
He/him

Interim Chief Financial Officer (CFO) and member of the Executive Board (registered as manager of Ørsted A/S with the Danish Business Authority)

Education
MA (Law), University of Copenhagen (2006), MBA, University of San Diego (2011)

Professional experience

2023:
Ørsted, interim Chief Financial Officer (CFO) and member of the Executive Board

2022:
Ørsted, Executive Vice President and CEO of Region Europe (member of Ørsted's Group Executive Team)

2012 – 2022:
Ørsted, most recently Senior Vice President, Head of Continental Europe, Offshore

2006-2012:
Kromann Reumert, law firm, most recently as Attorney-at-Law

Henriette Fenger Ellekrog

*1966, Denmark
She/her

Executive Vice President, Chief HR Officer (CHRO) and member of the Executive Board (registered as manager of Ørsted A/S with the Danish Business Authority)

Education
MA, (cand.ling.merc), Copenhagen Business School (1992)

Professional experience

2022:
Ørsted, member of the Executive Board

2019:
Ørsted, Chief HR Officer (CHRO)

2014 – 2019:
Danske Bank A/S, most recently as Chief HR Officer

2007 – 2014:
SAS AB, most recently as Deputy CEO, EVP, HR & Communication

1998 – 2007:
TDC A/S, most recently as Senior Executive Vice President, Chief of Staff, Member of the Executive Management Team

1992 – 1998:
Peptech (Europe) A/S and Mercuri Urval A/S: Various positions

Executive positions in other enterprises
Board member: NV Bekaert SA (member of the Nomination & Remuneration Committee).

Board committee memberships in other enterprises
Special Committee for Diversity in the Confederation of Danish Industries (DI).

Summary of our remuneration report

The overall objective of the remuneration policy is to attract and retain qualified members of the Board of Directors and the Executive Board. The policy includes remuneration elements that support our strategy, long-term interests, and sustainability.

Remuneration policy (extract)

The overall objective of our remuneration policy is to support the Ørsted Group's strategy, long-term interests, and sustainability.

To attain this objective, the policy is designed to attract and retain qualified members of the Board of Directors and the Executive Board and to guide the priorities of the Executive Board.

The remuneration should be competitive but not market-leading compared to the remuneration in other major listed Danish companies with international activities. The full remuneration policy is available at orsted.com/remuneration2023.

Remuneration of the Board of Directors

The members of the Board of Directors receive a fixed fee each year. The Chair and the members of the committees also receive a multiple of the fixed fee for the extra work performed in these roles. The members' travel costs are covered by the company. The members are not entitled to severance payments. The fees did not increase in 2023.

Remuneration of the Executive Board

Besides a fixed salary, the Executive Board participates in a variable short-term incentive scheme (STI), which consists of 70% shared financial, ESG, and strategic KPIs aligned with our strategic targets:

Financial: EBITDA
ESG: CDP climate score, relative scope 1 and 2 emissions, employee satisfaction, gender diversity, and safety
Strategic ambitions: progress on strategic journey towards 2030 ambition

The remaining 30% of the STI consists of individual business and leadership targets. Furthermore, the Executive Board is eligible to participate in a long-term share-based incentive scheme (LTI), which consists of 100% TSR performance benchmarked against ten industry peers.

Remuneration in 2023

The remuneration awarded to our Executive Board in 2023 was in line with our remuneration policy. The Executive Board's shared STI score ended at 39%. In the LTI, which vested in April 2023, Ørsted was ranked as the last when benchmarked on total shareholder return (TSR) against ten comparable energy companies. As a result, no shares were settled at the end of the performance and vesting period.

For more information, please see the full remuneration report.

Remuneration awarded (DKK '000)	**2023**	**2022**
Board of Directors		
Fixed annual fee[1]	6,907	6,807
Executive Board:[2]		
Fixed remuneration		
Fixed base salary	27,849	30,632
Benefits, incl. social security	858	859
Variable remuneration		
Cash-based inventive scheme (STI)	3,712	6,455
Share-based inventive scheme (LTI)[3]	2,719	6,463
Ordinary remuneration	**35,138**	**44,409**
Garden leave period	7,071	11,405
Severance pay	6,210	9,270
Total remuneration	**55,325**	**71,891**

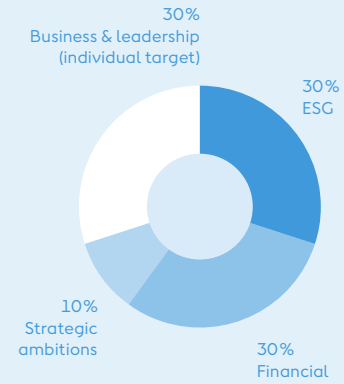
Remuneration awarded
The table shows the total remuneration awarded to members of the Board of Directors and the Executive Board in aggregate from 2022 to 2023. For remuneration expensed, see note 2.7 'Employee costs' of the consolidated financial statements.

[1] Based on an ordinary board fee of DKK 0.4 million, equal to last year's fee.

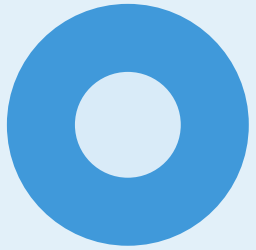
[2] In 2023, Executive Board members included former CFO Daniel Lerup. In 2022, Executive Board members included former CFOs Daniel Lerup and Marianne Wiinholt and former CCO Martin Neubert.

[3] The remuneration from the share-based incentive programme (LTI) reflects the market value of the scheme in the year when it was granted.

STI
Short-term incentive scheme, components



LTI
Long-term incentive scheme, components



Shareholder information

2023 was a turbulent year for the Ørsted share. The lowest traded share price was DKK 253 on 1 November. The share partially rebounded towards the end of the year and ended at DKK 374 on 29 December.

Price development for the Ørsted share in 2023

The Ørsted share yielded a total loss of 39 % in 2023, a decrease in the share price of 41 %, and dividends of DKK 13.5 per share. The share price of comparable European utility companies increased by 10 % (15 % total return), and the OMX C25 cap increased by 7 % (11 % total return) in 2023.

The highest traded share price of the year was DKK 705 on 17 January, while the year's lowest traded price of DKK 253 was on 1 November. The Ørsted share closed 2023 at DKK 374, corresponding to a market value of DKK 157 billion at the end of the year.

The average daily turnover on Nasdaq Copenhagen was 671,952 shares in 2023. The trading volume increased by 35 % compared to 2022.

Share capital

Ørsted's share capital is divided into 420 million shares, enjoying the same voting and dividend rights.

The company's share capital remained unchanged in 2023. At the end of 2023, the company held a total of 151 thousand treasury shares, which will be used to cover incentive schemes.

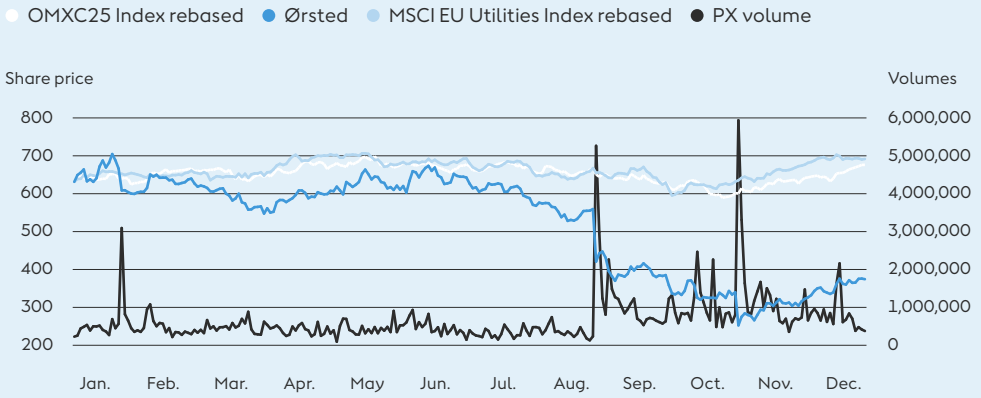
Composition of shareholders

At the end of the year, the number of shareholders had increased by 13 % to 133,213, and the majority (65 %) is held by Danish owners. The figure on the next page shows the composition of our shareholders by country. Approx. 3 % of the share capital is owned by Danish retail investors.

Annual general meeting and dividends

The annual general meeting will be held on 5 March 2024. The Board of Directors has decided to pause dividend payments for the years 2023-2025. Hereafter, the intension is to reinstate dividend payments. In 2023, dividends of DKK 13.5 per share were paid for the 2022 financial year.

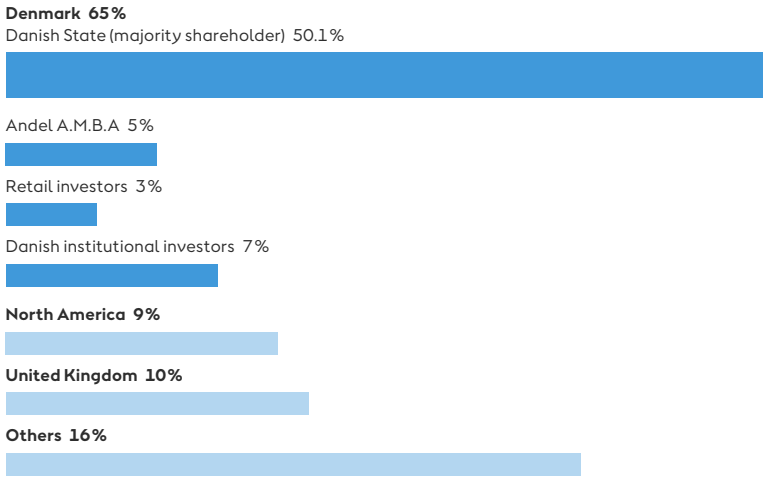
Share price development 2023
Ørsted share price compared to peers (indexed)



Share data	2023	2022	2021	2020	2019
Earnings per share, DKK	(50.1)	34.6	24.3	38.8	12.8
Proposed dividend per share, DKK	-	13.5	12.5	11.5	10.5
Dividend yield, %	-	2.1	1.5	0.9	1.5
Share price, year-end, DKK	374	631	835	1,244	689
Share price, high, DKK	704	898	1,400	1,273	691
Share price, low, DKK	253	575	790	574	428
Market capitalisation, year-end, DKKbn	157	265	351	522	290
Average trading per day, thousands of shares	671,952	496,899	549,778	516,919	447,567

Share information	
ISIN	DK 0060094928220
Share classes	1
Nominal value	DKK 10 per share
Exchange	Nasdaq OMX Copenhagen
Ticker	ORSTED
Registered share	98.9 %
Number of shares	420,381,080 shares
Number of treasury shares	150,784 shares

Shareholders as of 31 December 2023
Share capital and/or voting share %



Investor relations

To achieve a fair pricing of our shares and corporate bonds, we seek to ensure a high level of transparency and stability in our financial communication. In addition, our management and our Investor Relations function engage in regular dialogues with investors and analysts. The dialogues take the form of quarterly conference calls, roadshows, conferences, capital markets days, and regular meetings with individual or groups of investors and analysts. The dialogues are subject to certain restrictions prior to the publication of our financial reporting.

In 2023, we had over 650 meetings with the financial market, participated in 35 investor events, and had 40 travel days.

Ørsted is covered by 33 equity analysts and 10 bond analysts. Their recommendations and consensus estimates for Ørsted's future financial performance are available at orsted.com/en/investors. On this site, you can also download our annual and interim reports, our remuneration report, our investor presentations, and a wide range of other data.

23 Selected company announcements in 2023

31 March
Ørsted takes final investment decision and is ready to build Greater Changhua 2b and 4 offshore wind farms.

15 May
Ørsted awarded contract for capturing and storing 430,000 tonnes of biogenic CO_2.

6 June
Ørsted commits to reuse or recycle all solar panels.

7 June
Ørsted confirms ambition of ~50 GW renewable capacity by 2030 and strong financial outlook.

8 June
Ørsted becomes world's first energy company to issue blue bonds.

17 August
Ørsted completes divestment of 25% of London Array Offshore Wind Farm.

29 August
Ørsted announces anticipated impairments on its US portfolio, continues to progress projects.

29 September
Ørsted completes 201 MW onshore wind farm Sunflower Wind in Kansas, the US.

17 October
Ørsted divests 50% stake of Gode Wind 3 in Germany.

1 November
Ørsted ceases development of Ocean Wind 1 and Ocean Wind 2, takes final investment decision on Revolution Wind, and recognises impairment losses of DKK 28.4 billion.

14 November
Ørsted implements changes to executive management where, by mutual agreement, Daniel Lerup (CFO) and Richard Hunter (COO) are stepping down and leaving Ørsted with immediate effect.

30 November
Ørsted secures 1.6 GW electricity business license for offshore wind project off the coast of Incheon, Korea.

1 December
Ørsted partners with Breakthrough Energy Catalyst, the European Commission, and the European Investment Bank for FlagshipONE.

4 December
Ørsted begins construction of Denmark's first carbon capture project.

5 December
Ørsted takes final investment decision on its first Irish solar farm.

20 December
Ørsted takes final investment decision on Hornsea 3 Offshore Wind Farm.

Financial calendar 2024

7 February	Annual report 2023
5 March	Annual general meeting

Interim reports:

2 May	The first quarter of 2024
15 August	The first half-year of 2024
5 November	The first nine months of 2024

Sustainability statements

→ The Atlantic puffin: one of the North Sea's most distinctive and vulnerable bird species.

Contents
Sustainability statements

↑ This is Leah. Leah works out of our West coast hub in Barrow, UK, as a wind turbine technician.

Danish Financial Statement Act

The reporting requirements related to our general sustainability performance and specific efforts related to increased diversity in management as defined by sections 99a, 99b, and 107d of the Danish Financial Statements Act are fulfilled in our sustainability statements.

Preparing for the Corporate Sustainability Reporting Directive

We welcome the new EU Corporate Sustainability Reporting Directive (CSRD) and the underlying European Sustainability Reporting Standards (ESRS). We believe that this EU directive and the standards will not only ensure a more balanced, transparent, and consistent disclosure of sustainability information, but also catalyse strengthened sustainability governance and management.

Reporting on sustainable finance

In 2015, the responsibility of ESG accounting and reporting was moved to our financial organisation to ensure that our ESG accounting, controlling, and reporting teams work in alignment with our financial teams when it comes to processes, deadlines, tools, documentation templates, and reporting products. Furthermore, the teams work in close collaboration with our Global Sustainability team. This reporting set-up has brought us to a position where we are well suited to implement the new EU CSRD and underlying reporting standards.

In spring 2022, our Sustainability Committee initiated an ESG development project with the aim of preparing us for the new sustainable finance reporting requirements, including the CSRD, PAI indicators for our investors, and reasonable assurance for our ESG reporting.

New sustainability statements

Reporting on the CSRD in 2024 is a huge task. Therefore, we have decided to front-load the work by developing new sustainability statements for the annual report 2023. The sustainability statements are prepared with reference to the ESRS. Our aim has been to implement as much of the fundamental structure in the standards as possible in 2023, and to integrate it in the best way possible with the other parts of our annual report. We have done this by using the 'incorporation by reference' option. You can find a full overview of the ESRS structure and where to find the different disclosures in the section 'Disclosure requirements and incorporation by reference' in the appendix.

Our double materiality assessment (DMA) has been performed with reference to the draft ESRS from November 2022, with some choices to limit the complete DMA scope (see DMA outcome on page 71). We will continue the development of the DMA towards full CSRD compliance in 2024.

In our previous ESG performance reports, we have reported on a set of energy-related Ørsted-specific data points, which are not included in the ESRS. We have included these data points in section E1 on climate change in the sustainability statements and regard this data as material entity-specific information this year. We expect some of the data points to be included in future sector-specific additions to the ESRS.

A few data points from our previous ESG performance reports have been assessed to be below the DMA materiality thresholds. We have made these data points available in the appendix, as they are asked for by certain ESG ratings and stakeholders.

We wish you a pleasant reading!

We are very happy and proud to present our new sustainability statements. We believe they are a value-adding addition to our annual report, and we hope that you find them easy to navigate and interesting to read – and that you will find the sustainability information you are looking for.

Rasmus Errboe
Interim CFO
Head of the Sustainability Committee

Our ESG reporting timeline

2006 Ørsted's first stand-alone sustainability report

2015 Responsibility of ESG accounting and reporting was moved to finance

We implemented our ESG reporting in the financial reporting processes, tools, and reports.

2018 First annual ESG performance report

We published our first annual ESG performance report built on the financial reporting platform.

2019 First interim ESG performance report

In Q1 2019, we published our first interim ESG performance report. Since 2019, we have published interim ESG performance reports every quarter together with the financial interim reports.

2021 Pre-implementation of the taxonomy reporting

In our interim report for H1 2021, we published our first EU taxonomy reporting and included a voluntary EBITDA taxonomy indicator in addition to the mandatory taxonomy reporting indicators.

2023 New sustainability statements in the annual report 2023

We merged content from three stand-alone reports from 2022 into the sustainability statements.

2024 Full implementation of the CSRD in the sustainability statements

General

→ We partnered with WWF on a marine restoration project in the Danish North Sea as part of our efforts to help create new marine habitats, enhance ocean biodiversity, and improve water quality.

The BioReef project aims to promote the recovery of once-common biogenic reefs of European flat oysters and horse mussels in the wild waters of the North Sea to support healthy marine ecosystems.

Creating value through sustainability

Sustainability is integral to how we operate as a business. Throughout everything we do, we are guided by how and where we can create the most value for both society and our business.

We have four strategic sustainability focus areas – climate, nature, people, and governance – each with underlying priorities. Together, the four areas respond to our material sustainability impacts, risks, and opportunities. And they support our efforts to deliver a fast build-out at scale that works for both the planet and people while laying the foundation for a resilient business.

On the following pages, we unfold how we identify impacts and risks through a double materiality assessment. For detailed information on each topic, including policies, actions, targets, and performance data, please see the topical sections under 'Environment', 'Social' and 'Governance'.

For more information on how sustainability can help accelerate a fast build-out at scale, please refer to the 'Management's review' on page 29.

E

ENVIRONMENT

Science-aligned climate action

APPROACH

We scale our green energy business while delivering science-aligned carbon emissions reductions, thereby enabling our customers to also take climate action

PRIORITIES

- Scale renewable energy deployment
- Decarbonise own operations by 2025
- Decarbonise our supply chains by 2040
- Mobilise sustainable financing

READ MORE

EU taxonomy, page 81
ESRS E1 Climate change, page 87

Green energy that revives nature

APPROACH

We work to ensure that each of our energy projects contributes positively to a thriving nature

PRIORITIES

- Deliver net-positive biodiversity impact from new renewable energy projects commissioned from 2030 onwards
- Transition to circular resource use
- Continue to use 100% certified sustainable wooden biomass

READ MORE

ESRS E4 Biodiversity and ecosystems, page 102
ESRS E5 Resource use and circular economy, page 107

Sustainable finance: Note 5.1 'Interest-bearing net debt and FFO' in the financial statements, and our green bond impact report

S

SOCIAL

A green transformation that works for people

APPROACH

We focus our efforts on making the green energy transition just and inclusive

PRIORITIES

- Respect human rights and the rights of Indigenous Peoples
- Support equity, diversity, and inclusion in the workplace
- Ensure health, safety, and satisfaction of employees
- Ensure safety of contractors
- Develop skills and talent for the renewable energy sector
- Support local communities

READ MORE

ESRS S1 Own workforce, page 112
ESRS S2 Workers in the value chain, page 120
ESRS S3 Affected communities, page 123

G

GOVERNANCE

Governance that enables the right decisions

APPROACH

To deliver on our sustainability goals, we continuously work to integrate sustainability and integrity into processes and decision-making across our organisation

PRIORITIES

- Promote and enable responsible business conduct
- Conduct proper due diligence of suppliers and partners
- Embed sustainability throughout our business
- Advocate and engage for a sustainable industry

READ MORE

ESRS G1 Business conduct, page 127

Responsible tax practices: Note 4.1 'Approach to taxes' in the financial statements

ESRS 2

General basis for preparation

Frameworks and data selection

The sustainability statements are prepared with reference to the ESRS issued by the European Financial Reporting Advisory Group (EFRAG). All the data points included in the E, S, and G sections have been assessed as material according to our double materiality assessment (DMA). Please see the pages below for information on our DMA's limitations to scope and our methodology. All greenhouse gas data points (GHG scope 1-3) are reported based on the Greenhouse Gas Protocol.

Measurement basis

The accounting policies have been applied consistently in the financial year and for comparative figures. Calculation factors used are listed in the appendix together with references.

Consolidation

The data is consolidated according to the same principles as the financial statements. Thus, the consolidated quantitative ESG data comprises the parent company Ørsted A/S and subsidiaries controlled by Ørsted A/S. Joint operations are also included with Ørsted's proportionate share. Associates and joint ventures are not included in the consolidated ESG data points.

Consolidation of all quantitative ESG data follows the principles above, unless otherwise specified in the accounting policy placed next to each reported data point in the tables in sections E, S, and G.

Key accounting estimates and judgements

We use assessments and estimates for the reporting of some data points, e.g. our taxonomy KPIs and scope 3 emissions. We regularly reassess our use of estimates and judgements based on experience, the development of ESG reporting, and a number of other factors. Changes in estimates are recognised in the period in which the estimate in question is revised. In addition, we make judgements when we apply the accounting policies. For further information on the key estimates, judgements, and assumptions applied, please refer to the pages with quantitative ESG data tables.

Threshold for restatements

For adjustments to financial numbers, we follow the financial statements. For adjustments to ESG data, we make a judgement as to whether we should restate numbers. We clearly indicate where we have restated data.

External review

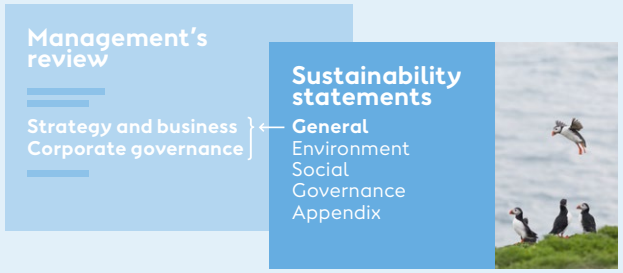
All quantitative data points in the tables in sections E, S, G, and in the appendix marked with a blue eye icon (), are covered by the ESG review (limited assurance) performed by our auditor PwC. Please see the auditor's limited assurance report on page 249.

How to read the sustainability statements

Our management report consists of two parts: the management's review and the sustainability statements. The latter reports on some disclosure requirements from the ESRS. However, our actual reporting on data and information is not yet aligned with the CSRD and the underlying ESRS requirements. Our sustainability statements are structured into four overall sections: 'General', 'Environment', 'Social', and 'Governance'.

We have chosen to incorporate some of the strategy and corporate governance disclosures from the cross-cutting standard ESRS 2 in the management's review as we believe this information is best read in close connection with the financial review and overview of our activities.

Information on where in the annual report we have reported on ESRS disclosure requirements can be found on page 132.



ESRS 2

Double materiality assessment
Introduction

As a key element of our work to prepare for the CSRD reporting, we have conducted a double materiality assessment (DMA) with reference to the draft ESRS from November 2022.

To do this, we have built on the approach we have previously taken to assess the materiality of sustainability-related matters. This approach has previously used two dimensions to assess materiality: (1) 'stakeholder importance', which represented impacts to our surroundings, and (2) 'strategic importance', which represented impacts on our business from the outside.

We have conducted our first DMA this year to capture learnings that will help us to improve our methodology next year. We applied the limited guidance available from EFRAG, combined with our own interpretation of the standards, and developed a step-by-step process, scoring matrices, and a model for aggregation and prioritisation.

Our starting point was the impact assessment (inside-out) of Ørsted's impacts on the environment and society, which builds on how we have previously identified and assessed the sustainability-related impacts of our own operations and value chain. We have also conducted a financial assessment (outside-in) of the sustainability-related risks we are exposed to as a business.

Where possible, we quantified the effects of those matters and supplemented with qualitative assessments.

Due to our previous work with assessing sustainability-related impacts and the complexity in quantifying sustainability-related risks to our business, our efforts this year were concentrated mostly on the impact assessment.

As the ESRS principles on double materiality and assessment requirements are extensive, we decided to limit the number and groups of stakeholders involved in assessing our sustainability-related impacts and risks to internal subject-matter experts only.

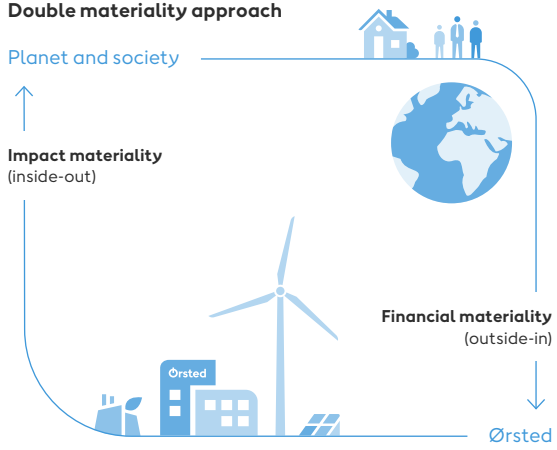
To verify and calibrate the results of our new DMA, we also performed a light update of our former materiality assessment using the approach we have taken annually since 2013. This assessment served as a proxy for direct involvement of external stakeholders in the DMA as it informs us about the interests and views of stakeholders relevant to our business.

In 2024, we will further refine our DMA process and methodology based on the final ESRS and guidance.

We are convinced that the outcome presented below is a true and fair picture of our impacts and risks, but we also acknowledge that our methodology has limitations. Consequently, we will be further developing our DMA based on the final implementation guidance published by EFRAG in 2024.

The following pages provide detailed information on the results of our double materiality assessment and the process we have applied.

Double materiality approach



Read more

Matrix showing our material and immaterial ESRS topics.
→ Page 71

Our value chain and interaction with our most material impacts and risks.
→ Page 72

Tables specifying all our material impacts and risks.
→ Pages 73-76

Description of methodologies, assumptions, and process steps.
→ Pages 77-78

Interests and views of stakeholders.
→ Page 79

Topical sections specifying our response to our material impacts and risks, including policies, actions, targets and metrics.
→ Pages 87-130

Double materiality assessment outcome

Outcome

We have identified our impacts on the environment and society (impact materiality assessment) as well as the sustainability-related risks that we are exposed to (financial materiality assessment). The outcome is aggregated per ESRS topic, showing that E1, E5, S3, and S2 are our most material sustainability matters.

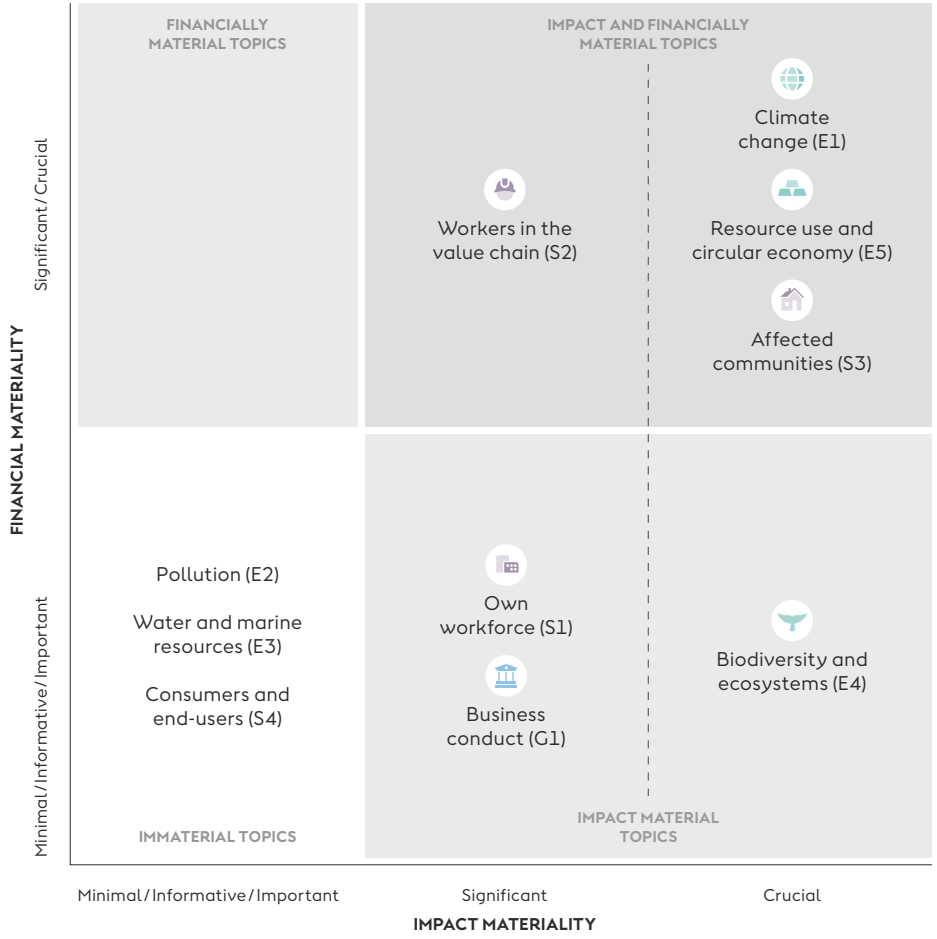
The environmental impacts and risks we have within E1 and E5 are closely linked to our strategic efforts to deliver a fast build-out of renewable energy. The deployment of new renewable capacity mitigates climate impacts but also requires significant amounts of natural resources such as steel with indirect negative impacts on the climate and the environment.

The build-out also affects people and societies, which is reflected in the impacts and risks we have within S2 and S3. We focus our efforts on making the energy transition just and inclusive, including for people working across the renewable energy supply chains, and in a way that brings benefits to local communities.

Read more

The next page illustrates where our material impacts (crucial) and our material risks occur across our full value chain. Brief descriptions of our material impacts and risks are included on the pages that follow.

More information on how we respond to the effects of our impacts and risks can be found within the 'Environment', 'Social', and 'Governance' sections.



Our DMA approach in brief

All assessed impacts and risks have been mapped to their relevant topical ESRS standard. The highest scored impact or risk within a topic determines the placement in the DMA matrix. In case of multiple topics placed within the same square, the topics are listed in chronological order.

The following main considerations have been applied:

Positive/ negative impacts	Both positive and negative impacts have been assessed.
Actual/ potential impacts	Impacts have been identified as actual or potential. Most impacts assessed were actual.
Risks/ opportunities	Sustainability-related risks were assessed, while opportunities were not assessed in 2023.
Own operations/ value chain	Impacts and risks were assessed for our own operations, and for the value chain where relevant and possible.
Residual impact/ risk	Assessments have included mitigation actions that are already part of our daily operations to reduce or mitigate any negative impacts or risks. This means the ESRS topics are plotted based on residual impact and risk.

EFRAG published a draft 'Implementation Guidance' in December 2023, which we will take into account to refine our DMA methodology in 2024, including a review of our residual impact/risk approach.

Note: Our full DMA methodology can be found on pages 77-78.

Value chain overview — showing where our material sustainability-related impacts (crucial) and our material sustainability-related risks occur across our full value chain

Positive impacts

1. Renewable energy deployment
2. Local jobs and educational opportunities

Negative impacts

1. Use of virgin materials
2. Natural resources exploitation and land-use change
3. Habitat loss from land degradation

Sustainability-related risks

1. Transition climate-related risk
2. Physical climate-related risks
3. Availability of materials and components
4. Supplier misconduct related to human rights
5. Local community interests and concerns
6. Indigenous Peoples' consent

Material sustainability-related impacts and risks

The following tables list the sustainability-related impacts and risks we have identified and assessed as material as a result of our double materiality assessment process.

As shown in the matrix on page 71, seven out of the ten ESRS topics are material to Ørsted. Each material ESRS topic is presented in the following tables, where we specify the sub-topics that our material impacts and risks relate to, e.g. climate change mitigation, climate change adaptation, and energy.

In addition, we indicate in the tables whether the impacts and risks are in our own operations (OO) or value chain (VC). We also show whether our impacts are positive or negative. Impacts are actual impacts unless stated that they are potential impacts.

Brief descriptions of the material impacts and risks are included in the tables. More information on how we respond to the effects of our impacts and risks is included in the topical sections under 'Environment', 'Social', and 'Governance'.

This year, our scoring of impacts and risks has included mitigation actions that are already part of our daily operations to reduce or mitigate any negative impacts or risks. Therefore, the impacts and risks listed in the tables show a residual impact or risk.

In 2024, we will further refine our DMA process and methodology based on the new EFRAG guidance.

ENVIRONMENT

E1 Climate change

	Material impact or risk	Description
Climate change mitigation		
● Positive impact (OO)	Renewable energy deployment.	Renewable energy is one of the key technologies needed to decarbonise society and succeed in limiting global heating to 1.5 °C.
● Negative impact (VC)	GHG emissions from the renewable energy supply chain, regular power sales, and downstream GHG emissions from natural gas sales.	Supply chain emissions from manufacturing and installing our renewable energy assets and from use of sold products (natural gas sales) and fuel and energy-related activities (fossil fuels at CHP plants and regular power sales). We respond to this impact through our strategic targets and our actions to decarbonise our value chain.
● Risk (OO)	Transition climate risk related to potential lack of political support for the continued renewable energy build-out.	A 1.5 °C-aligned global phase-out of fossil fuels or a tax on GHG emissions is not a risk to our business model. On the contrary, the transition risk to us relates to potential insufficient political and regulatory support to mitigate climate change and to the continued renewable energy build-out, which may lead to uncertainty in investment conditions for future projects. We are actively engaged in climate-related advocacy, calling our stakeholders to action for activities that will accelerate the renewable energy build-out.
Climate change adaptation		
● Risk (OO)	Physical chronic and acute climate-related risks.	**Chronic:** Dependency of renewable energy generation on natural resources, such as wind patterns, may lead to uncertainty in production estimates. **Acute:** Increase in the severity and frequency of extreme weather events may result in extended temporary shutdowns and an increase in repair needs. We assess the resilience of all new assets towards the occurrence of climate-related hazards.
Energy		
● Negative impact (OO)	Energy consumption, mainly at CHP plants.	Energy used in our daily operations, including energy derived from fossil-based fuels leading to GHG emissions. We respond to this impact through our strategic targets and our actions to decarbonise our operations.

(OO) Own operations
(VC) Value chain

Please see our topical sections for more information on our response to our impacts and risks.

ENVIRONMENT

E4
Biodiversity and ecosystems

	Material impact or risk	Description
Direct impact drivers on biodiversity loss		
● Negative impact (VC)	Natural resources exploitation and land-use change from mining of minerals and metals.	Almost all resources used in our supply chain, and subsequently in our renewable energy assets, are virgin materials that are mined and processed. Extraction and refinement of these materials can have adverse impacts on biodiversity. We are actively working towards managing our value chain impacts.
Impacts on the extent and condition of ecosystems and the state of species		
● Negative impact (VC)	Habitat loss from land degradation caused by mining of minerals and metals.	Habitat loss and ecotoxicity from run-off of mining leading to land degradation, which may result in an indirect impact causing a decrease in species population size (and potentially causing extinction risk). We are actively working towards managing our value chain impacts.
● Negative impact (OO)	Disturbances to habitats and displacement or loss of species.	Disturbances to habitats due to construction and operation of renewable energy assets. Construction and operation of renewable energy projects can impact habitats due to ground preparation and the presence of infrastructure and can adversely impact certain species. We scope these impacts and take appropriate avoidance, reduction, and mitigation action to manage them.
● Positive impact (OO)	Biodiversity restoration, research, and innovation initiatives.	We conduct habitat and ecosystem restoration efforts, including maximising positive impacts on wider supportive ecosystems (e.g. salt marsh). We conduct species restoration efforts, research on habitats and species, and innovation (e.g. biodiversity monitoring and tracking).

ENVIRONMENT

E5
Resource use and circular economy

	Material impact or risk	Description
Resource inflows, including resource use		
● Negative impact (VC)	Use of virgin materials in our supply chain.	Almost all resources used in our supply chain, and subsequently in our renewable energy assets, and energy products for our CHP plants are virgin materials that are mined, processed, and transported. Extraction of these materials can have adverse social and environmental impacts. We work with partners and take action to maximise reuse and recycling through circularity levers.
● Risk (VC)	Availability of materials and components.	An accelerated increase in the demand for renewables coupled with inelastic supply chains would require rapid maturation of sustainable solutions (e.g. reuse and recycling of materials for main components and use of low-emission materials). We take measures to, for example, reduce and optimise resource usage, and prolong the lifetime of our assets.
Resource outflows related to products and services		
● Negative impact (OO)	Waste generation during operation and decommissioning.	Our assets have an expected life time of approx. 20-35 years, and up to approx. 90 % of the total material volumes used in these assets can be recycled at their end of life. There is still potential to increase the overall recyclability of renewable energy assets, so that the value of all materials can be kept at end of life. We actively investigate opportunities for repairing, refurbishing, and reusing key components.

(OO) Own operations
(VC) Value chain

Please see our topical sections for more information on our response to our impacts and risks.

SOCIAL

S1
Own workforce

	Material impact or risk	Description
Working conditions		
● Positive impact	Secure employment and flexible workplace for our employees.	We ensure employees are part of a safe and fair working environment with transparent and compliant employment terms and benefits. Employees are part of a flexible workplace, and are empowered to balance work and private life in alignment with their people leaders.
Equal treatment and opportunities for all		
● Positive impact	Diversity resulting in innovative thinking and approaches.	We commit to providing equal opportunities irrespective of ethnic background, race, religion, age, gender, disability, sexual orientation, outlook, or social status. We have a global inclusion network with dedicated channels to support equality and inclusion.
● Positive impact	Career progression through training and development.	We offer plenty of development opportunities through access to challenging assignments and experts within a wide range of professional fields. All employees have regular development conversations to support continuous development.
● Positive impact	Recruiting and advancing women and under-represented groups, and working to ensure that they stay in Ørsted.	We aim to recruit and keep female employees in Ørsted to promote gender equality and mitigate the gender pay and management gap. We are creating targeted initiatives to support representation of under-represented or marginalised groups in leadership and management.
● Positive impact	Inclusive culture where people with disabilities can thrive.	We ensure that employees with disabilities feel like they belong and can thrive, with an aim of creating an inclusive culture and destigmatising disability.

SOCIAL

S2
Workers in the value chain

	Material impact or risk	Description
Working conditions		
● Negative impact	Excessive working hours for supply chain workers.	To the extent supply chain workers are subject to excessive working hours, it can potentially lead to health issues. We therefore evaluate working hours performance when conducting supplier assessments.
Other work-related rights		
● Negative impact	Forced labour, e.g. debt bondage and withholding of passports.	Supply chain workers can end up in debt bondage if they have to pay recruitment fees, and they can end up in forced labour if their identification documents are withheld. Additionally, specific state-imposed forced labour risks have have been reported in the solar PV supply chain. We therefore have particular focus on forced labour and supply chain traceability in our due diligence approach.
● Risk	Suppliers' breach of contractual agreements on human rights commitments.	Expansion of operations into high-risk geographies may increase the likelihood of suppliers breaching contractual human rights commitments, which may lead to reputational damage and affect the ability to proceed with project plans. We therefore use country risk as a screening and assessment parameter in our due diligence approach.

Please see our topical sections for more information on our response to our impacts and risks.

SOCIAL

S3 Affected communities

	Material impact or risk	Description
Particular rights of Indigenous communities		
● Negative impact (OO)	Indigenous rights may be disrespected in the development stage of our renewable energy assets.	Related to some of our offshore wind developments, some Native American tribes with traditional/cultural connections to the seabed have expressed dissatisfaction with the consultation process utilised by the federal government. We are engaging with affected Indigenous Peoples on the matter.
● Negative potential impact (VC)	Indigenous rights may be disrespected by suppliers in our value chain.	Suppliers and other actors further down in the value chain (e.g. mining) may fail to obtain free, prior, and informed consent from affected Indigenous Peoples, which could potentially be linked to the development of our assets. To take care of affected communities, we have implemented a variety of actions and initiatives, including human rights impact assessments and efforts for responsible sourcing of minerals and metals.
● Risk (OO)	Consent of Indigenous communities.	Authorities not fully complying with the process for engaging with Indigenous communities in order to obtain free, prior, and informed consent in future projects may lead to public opposition or lawsuits, which may cause additional costs and affect the ability to proceed with project plans.
Communities' economic, social, and cultural rights		
● Positive impact (OO)	Local jobs and educational opportunities.	Communities can benefit from socio-economic impacts in terms of creation of local jobs and educational opportunities when renewable energy assets are constructed near them. We aim for positive impacts for affected communities to materialise through various actions.
● Positive impact (OO)	Biodiversity restoration work replenishing local fisheries' stock and land-based biodiversity.	Our biodiversity restoration work holds the potential to positively impact local fisheries' stock and land-based biodiversity.
● Negative potential impact (VC)	Air, water, and soil pollution may pose a danger to local communities' health.	Air, soil, and water contamination from mining may have adverse health effects on local communities, e.g. from toxic minerals from mining leaking into local groundwater, resulting in unsafe drinking water and bioaccumulation of such minerals in the plants or animals communities consume.
● Risk (OO)	Balancing the global pace for deployment of renewable energy with local community interests and concerns.	Local opposition – if not managed early in our projects – may result in delays in project work and costs associated with community lawsuits. Our commitment to engage with communities and uphold human rights is outlined in our global human rights policy, stakeholder engagement policy, and just transition policy.

GOVERNANCE

G1 Business conduct

	Material impact or risk	Description
Corporate culture		
● Positive impact (OO)	Healthy corporate culture driving the company towards shared goals.	Our five guiding principles of integrity, passion, team, results, and safety help drive Ørsted towards shared goals. Working with these principles is part of our way of operating, promoting a healthy corporate culture.
Protection of whistleblowers		
● Positive impact (OO)	Protection of whistleblowers through anti-retaliation policies and procedures.	Our protection of whistleblowers encourages and enables all stakeholders to speak up. At Ørsted, we do more than required by law regarding the protection of whistleblowers and take a proactive approach to mitigating risks and negative impacts.
Political engagement		
● Positive impact (OO)	Constructive political engagement through lobbying.	Our lobbying activities and other means of political influence have positive societal and environmental effects resulting from changes in legislation.
Management of relationships with suppliers		
● Positive impact (OO)	Good management of suppliers, ensuring compliance with our code of conduct.	We are committed to continuous improvements in our relationships with suppliers and business partners. Our work is underscored by regular updates to our internal risk scoring and the incorporation of evolving standards into our screening tools. As we navigate the dynamic landscape of due diligence, our goal is to not only meet but exceed the highest standards of integrity, transparency, and ethical conduct.

(OO) Own operations
(VC) Value chain

Please see our topical sections for more information on our response to our impacts and risks.

Double materiality assessment methodology

We developed our methodology with reference to the principles in the draft ESRS from November 2022 and available guidelines. Learnings from the 2023 process, dialogue with peers, and network and industry association meetings together with the final ESRS and newest guidance will help refine the process to ensure full alignment with the DMA-related requirements in 2024.

Methodologies and assumptions

Scope

For our own operations, we identified and assessed impacts on people and the environment as well as potential risks to our business, focusing on specific activities where impacts are not relevant across technologies. Furthermore, we assessed our value chain impacts and risks for most topics, primarily focusing on our upstream activities. Value chain assessments were based on internal knowledge and mainly focused on our first-tier suppliers. This was especially true when identifying and assessing impacts related to 'Workers in the value chain' (ESRS S2).

In our impact assessment, we considered both positive and negative impacts as well as actual and potential impacts related to sustainability matters. In our financial assessment, we assessed potential sustainability-related risks that could trigger a negative financial impact on our business.

We excluded assessing opportunities as part of our DMA this year. However, our business opportunities are directly connected to climate change mitigation and described in the strategy section. Moreover, ESRS S4 was excluded deliberately due to our business model.

Stakeholder engagement

For our DMA, we engaged internal subject-matter experts from both the business lines and Group functions. This year, we have not included direct consultation with affected stakeholders to understand how they may be impacted by our business activities, nor have we directly consulted external stakeholders to review the outcome of our DMA. However, as a valid proxy, we have included insights from our external affairs colleagues who, through continuous dialogue with our key stakeholders, have a good overview of the interests and views of stakeholders.

In addition, our continuous engagement activities in the communities in which we are present are a solid basis for assessing the impacts and risks most material to us.

Scoring

Impacts

As per the ESRS guidance, three parameters of 'scale', 'scope', and 'irremediable character' have been used in the scoring of the 'severity' of our actual impacts:

1 When scoring 'scale', we assessed how great the impact is on the environment or people, after consideration of mitigation actions already in place.

2 When scoring 'scope', we assessed how widespread the impact is based on parameters such as percentage of sites, employees, or financial spend that the impact relates to.

3 When scoring 'irremediable character', we assessed how difficult it is to reverse the damage in terms of cost and time horizon.

For potential impacts, an additional parameter of 'likelihood' was scored.

For negative actual impacts, each of the three dimensions above were scored and weighted equally for severity. For negative potential impacts, 'severity' and 'likelihood' were weighted 50/50. For positive actual impacts, 'scale' and 'scope' were scored and weighted equally for severity. For positive potential impacts, 'likelihood' was also considered as for negative potential impacts.

Risks

When scoring risks, we assessed the potential magnitude of financial effects based on different triggers, including EBITDA, CAPEX, and OPEX, which constituted half of the score, and likelihood of occurrence, which constituted the other half. Assessments have included risk mitigation actions already in place.

We assessed the nature of these effects in different scenarios with assumptions based on input parameters from subject-matter experts. The potential magnitude of financial effects was scored as 'low', 'medium', or 'high'.

Likelihood of occurrence was scored as 'low', 'medium', or 'high' using relevant time horizons of short-, mid-, or long-term. We partially modelled the risks using the risk assessment tool that we use for business risks. However, quantification in monetary terms was supplemented with qualitative assessments to a high degree, due to the complexity of defining exact values for potential sustainability risk scenarios.

Thresholds

Our Sustainability Committee has set the materiality thresholds at 'significant'. This means that impacts and risks scored as 'significant' or above, and their associated ESRS topic, are deemed material.

Process

We defined process steps for conducting the DMA for impact materiality and financial materiality, respectively. The impact assessment was our starting point, and once we had the preliminary results, we initiated the financial assessment. We followed the five key steps below as further elaborated on the next page.

1 Engagement of stakeholders
2 Scoping of impacts/risks
3 Assessment of individual impacts/risks
4 Calibration of material impacts/risks
5 Stakeholder and management review

Process steps
Impact materiality

Our work with mapping our sustainability-related impacts builds on the approach we have used for over a decade to assess the materiality of sustainability-related matters, as well as recent studies, benchmark reports, and internal projects.

The following steps were conducted:

1. Engagement of stakeholders

We unfolded the ten topics in the ESRS and identified subject-matter experts in the business and Group functions with insights into the topics and deep knowledge of our day-to-day work with each area. Several onboarding sessions helped to get a common understanding of the new regulation and objectives of the double materiality assessment.

2. Scoping of impacts

As preparation for the materiality assessment workshops, we consulted relevant internal information (e.g. internal impact reports, previous materiality assessments, and stakeholder findings) to scope and pre-define impacts per ESRS sub-topic and sub-sub-topics.

3. Assessment of individual impacts

We conducted interactive impact materiality assessment workshops for each ESRS topic. Participants adjusted the pre-defined impacts where relevant and added additional impacts, then scored all impacts (negative and positive) within our own operations and for the value chain according to the developed scoring methodology. Scoring rationales were documented, and relevant reference documents were captured. In total, 120 impacts were identified and scored.

4. Calibration of material impacts

All workshop input was transferred to a tool to aggregate scores and calculate the 'degree of materiality' split into five levels. Workshop participants were consulted again for validation of the preliminary results, and if needed, the provided rationales for adjustments were documented. Further calibration across topics took place before finalising the impact assessment.

5. Stakeholder and management review

Consolidated overviews of the sustainability-related impacts were presented to and discussed with internal stakeholders and management. Finally, the determined materiality threshold yielded a final list of 25 material impacts that were assessed as 'significant' or above.

Process steps
Financial materiality

As part of our efforts to prepare for the CSRD, we delimited our financial materiality assessment and focused on potential financial risks. In contrast to the business risks covered in the 'Risks and risk management' section, we only consider risks that relate to sustainability matters in the financial materiality assessment.

The following steps were conducted:

1. Engagement of stakeholders

We engaged relevant stakeholders to ensure appropriate consideration of sustainability risks. These included internal subject-matter experts in the business and Group functions, as well as teams responsible for corporate risk assessment.

2. Scoping of risks

Results from the impact materiality assessment, supplemented with additional internal resources, formed the basis for scoping sustainability risks within the context of financial materiality.

3. Assessment of individual risks

The initially identified risks were verified and supplemented with additional possible sustainability risks through a series of meetings between topical subject-matter experts, ESG experts, and teams responsible for corporate risk assessment. Throughout this process, the initial magnitude and likelihood properties of each potential risk were evaluated and documented. Based on these meetings, we formulated scenarios to capture the financial effects of the identified sustainability risks.

4. Calibration of material risks

The aggregated 20 sustainability-related financial risk scenarios were subsequently categorised following our scoring methodology approach. Additional resources were used to verify and calibrate the results. These included internal stakeholders and information from the business risk assessment, as well as external studies and benchmark reports.

5. Stakeholder and management review

Consolidated overviews of the sustainability-related risks were presented to and discussed with internal stakeholders and management. The scoring and respective materiality threshold yielded a final list of six financially material risks related to sustainability matters that were assessed as 'significant' or above.

Interests and views of stakeholders

Stakeholder engagement

Our stakeholder engagement policy underscores our commitment to actively listen to and engage with our stakeholders. Through ongoing dialogue, we strive to understand their positions, concerns, and expectations. This continuous interaction informs our sustainability efforts, projects, and processes, allowing us to align with the interests and views expressed by stakeholders. The insights gained from these continuous dialogues serve to inform our due diligence processes and double materiality assessment.

Guided by principles of openness, transparency, and integrity, our stakeholder engagement policy adheres to international norms and codes, including the United Nations Guiding Principles on Business and Human Rights, the United Nations Declaration on the Rights of Indigenous Peoples, and the International Finance Corporation's Performance Standards on Social and Environmental Sustainability.

We ensure that the views and interests of affected stakeholders regarding our sustainability-related impacts are regularly communicated to our Sustainability Committee through periodic committee meetings.

	How engagement is organised	Purpose of engagements	Examples of outcomes from the engagements
Employees	· Employment relations and occupational health and safety representation · Inclusion networks · Employee-elected board members · Personal development dialogues · Surveys and workplace assessments	· Including employees' perceptions and experiences · Contributing to a sustainable workplace and working life	· Internal policy updates · Improvement and action plans · Communications from management · Global initiatives and campaigns
Corporate customers	· Customer support and guidance · Periodic reviews · Business partner due diligence	· Building trust · Providing sustainable solutions · Enabling customers to achieve their targets	· Product/service improvements · Adaptation of marketing strategies
Suppliers	· Supplier due diligence · Workshops and industry collaborations · Human rights and on-site assessments	· Compliance with our code of conduct · Promoting responsible sourcing, incl. of minerals and metals · Protecting human and labour rights of workers · Ensuring a respectful working environment · Decarbonising our supply chain	· Streamlined supplier expectations · Supplier improvement plans · Informed selection of suppliers · Test pilots and early offtake agreements on low-carbon solutions
Investors	· ESG ratings · Investor calls, questionnaires, and emails · Periodic investor updates · Capital markets days	· Understanding expectations to sustainability · Attracting responsible investors · Enhancing transparency	· ESG rating improvement plans · Responses to investor queries · Adapted internal communication on sustainability practices
Governments, policymakers, and regulators	· Direct dialogue with policymakers · Answering public consultations · White papers, programmes, and studies	· Ensuring regulatory compliance · Promoting a sustainable build-out · Addressing climate-related transition risks and opportunities	· Aligning business model and strategy · Value creation and risk mitigation from compliance
Civic and non-profit organisations	· Collaboration on community projects · Partnerships with NGOs · Contributions to research projects	· Contributing to local initiatives · Addressing concerns of communities · Pooling efforts to decarbonise our supply chain	· Site-specific initiatives on e.g. biodiversity or community development · Alignment of projects with best practice
Industry and sustainability associations	· Joint initiatives and programmes · Inputs into strategic directions · Workshops and knowledge sharing	· Enabling the build-out of renewable energy · Enabling the industry to engage policymakers · Developing industry standards on sustainability · Working to decarbonise hard-to-abate materials · Understanding views of value chain workers' representatives	· Alignment on sustainability practices and measurement standards · Design of value chain workers initiatives
Local communities	· Public meetings and consultations · Community liaison officers and project staff · Partnerships for community benefits	· Addressing community concerns, questions, and feedback · Building trust and community support · Ensuring community benefits	· Design of community benefits · Support of local projects

Environment

→ In an industry-first initiative, we commissioned three nearshore artificial nesting structures specially designed to house black-legged kittiwake, a vulnerable species of seabird, off the East Suffolk coastline.

The structures have been installed as part of innovative plans to compensate for the impacts that Hornsea 3 Offshore Wind Farm could potentially have on the species.

Taxonomy-aligned KPIs

Incl. voluntary disclosures

Data point	Unit	2023	2022	Δ
Revenue (turnover)[1]	**DKKm**	**79,255**	**114,417[4]**	**(31 %)**
Taxonomy-aligned revenue	**%**	**86**	**69[4]**	**17 %p**
Taxonomy-aligned revenue adjusted for green bond financing	%	85	67[4]	18 %p
Taxonomy-non-eligible revenue	**%**	**14**	**31[4]**	**(17 %p)**
Gas sales	%	8	18[4]	(10 %p)
Fossil-based generation[2]	%	3	5[4]	(2 %p)
Other activities[3]	%	3	8[4]	(5 %p)
CAPEX[1]	**DKKm**	**37,973**	**35,595**	**7 %**
Taxonomy-aligned CAPEX	**%**	**99[5]**	**99**	**0 %p**
Taxonomy-aligned CAPEX adjusted for green bond financing	%	98	99	(1) %p
Taxonomy-non-eligible CAPEX	**%**	**1**	**1**	**0 %p**
OPEX[1]	**DKKm**	**2,368**	**1,720[6]**	**38 %**
Taxonomy-aligned OPEX	**%**	**79**	**80**	**(1) %p**
Taxonomy-non-eligible OPEX	**%**	**21**	**20**	**1 %p**
EBITDA[1]	**DKKm**	**18,717**	**32,057**	**(42 %)**
Taxonomy-aligned EBITDA (voluntary)	**%**	**95**	**85**	**10 %p**
Electricity generation using solar PV technology (4.1) and storage of electricity (4.10)	%	4	2	2 %p
Electricity generation from wind power (4.3)	%	86	71	15 %p
Cogeneration of heat and power from bioenergy (4.20)	%	5	12	(7 %p)
Taxonomy-non-eligible EBITDA (voluntary)	**%**	**5**	**15**	**(10 %p)**
Gas sales	%	3	8	(5 %p)
Fossil-based generation[2]	%	1	6	(5 %p)
Other activities[3]	%	1	1	0 %p

[1] Revenue, CAPEX (additions), OPEX (other external expenses), and EBITDA are included in the audited consolidated financial statements 2023.

[2] Includes revenue/EBITDA from natural gas-based heat and power generation at our CHP plants, which amounts to less than 1 %.

[3] 'Other activities' primarily consist of non-eligible power sales (incl. end customer sales), oil distribution, and gas trading.

[4] 2022 revenue has been adjusted according to the change in accounting policy for presentation of revenue (see financial note '1.2 Basis of preparation'), resulting in an adjustment of 2022 taxonomy revenue KPIs (%).

[5] This ratio is applied to gross investments (DKK 38,509 million – see financial note 3.0) to calculate taxonomy-aligned gross investments.

[6] 2022 OPEX is restated with a maintenance and repair estimation.

Taxonomy-aligned revenue (turnover)

Our taxonomy-aligned share of revenue in 2023 was 86 %, an increase of 17 percentage points compared to 2022. This was primarily due to lower non-eligible revenue from our gas sales, driven by lower gas volumes sold and lower prices.

Taxonomy-aligned CAPEX

Our taxonomy-aligned share of CAPEX in 2023 remained at 99 % and is primarily related to our wind and solar farms and storage facilities.

Taxonomy-aligned OPEX

Our taxonomy-aligned OPEX was 79 %, a decrease of 1 percentage point compared to 2022.

Taxonomy-aligned EBITDA (voluntary)

Our taxonomy-aligned share of EBITDA in 2023 was 95 %, an increase of 10 percentage points compared to 2022. This was due to significantly decreased non-eligible earnings from our gas sales and fossil-based generation at our CHP plants.

§ Accounting policies

Taxonomy-aligned revenue (turnover)
This is the revenue associated with taxonomy-aligned economic activities as a proportion of our total revenue. It is adjusted for green bonds by excluding the revenue from our taxonomy-aligned assets financed with green bonds from the taxonomy-aligned revenue (numerator) and the total revenue (denominator).

Taxonomy-aligned CAPEX
This is the CAPEX related to assets or processes associated with taxonomy-aligned economic activities as a proportion of our CAPEX that is accounted for based on IAS 16 (73: (e)(i) and (iii)), IAS 38 (118: (e)(i)), and IFRS 16 (53: (h)). Carbon emission allowances and goodwill have been excluded. It is adjusted for green bonds by excluding the CAPEX financed with green bond proceeds from the taxonomy-aligned CAPEX (numerator) and the total CAPEX (denominator).

Taxonomy-aligned OPEX
This is the maintenance and repair OPEX related to our assets or processes associated with taxonomy-aligned economic activities as a proportion of the maintenance and repair OPEX of our 'Other external expenses'. We have updated our accounting policy to include estimates of the maintenance and repair costs of 'other external expenses' using a Group-level factor based on maintenance and repair costs for each business segment.

Taxonomy-aligned EBITDA (voluntary)
This is the EBITDA associated with taxonomy-aligned economic activities as a proportion of our total EBITDA. We have included taxonomy-aligned EBITDA as a voluntary disclosure as it better reflects our business as our gas and power sales business has a large revenue but a small earnings margin, while other areas have a higher margin.

Taxonomy-non-eligible KPIs
Revenue, CAPEX, OPEX, and EBITDA associated with taxonomy-non-eligible activities (not included in the delegated acts) have been determined. Taxonomy-non-eligible revenue and EBITDA are classified into gas sales, fossil-based generation, and other activities.

Taxonomy-aligned turnover

				Substantial contribution						Does not significantly harm (DNSH)									
Economic activities (1)	Code (2)	Turnover 2023 (DKKm) (3)	Proportion of turnover 2023 (%) (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Bio-diversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Bio-diversity (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (%) (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation using solar PV technology	CCM 4.1	619	1%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	n.a.	n.a.	Y	Y	Y	0%[2]	-	-
Electricity generation from wind power	CCM 4.3	59,127	75%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	n.a.	Y	Y	Y	59%[2]	-	-
Storage of electricity	CCM 4.10	25	0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	n.a.	Y	Y	Y	0%[2]	E	-
Cogeneration of heat and power from bioenergy	CCM 4.20	8,308	10%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	Y	n.a.	Y	Y	9%[2]	-	-
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**68,079**	**86%**	**86%**	**0%**	**-**	**-**	**-**	**-**	**n.a.**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**69%[2]**	**-**	**-**
Of which, enabling		25	0%	0%	0%	-	-	-	-	n.a.	Y	Y	n.a.	Y	Y	Y	0%[2]	E	-
Of which, transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not environmentally sustainable activities																			
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Turnover of taxonomy-eligible activities (A.1 + A.2)		**68,079**	**86%**	**86%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**69%[2]**	**-**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities (B)		**11,176**	**14%**																
TOTAL (A + B)		**79,255**	**100%**																

[1] We have not assessed our taxonomy-eligible activities against the substantial contribution criteria for climate change adaptation, as the primary objective of our activities is to contribute to climate change mitigation.

[2] 2022 revenue has been adjusted according to the change in accounting policy for presentation of revenue (see note 1.2 'Basis of preparation' in the financial statements), resulting in an adjustment of 2022 taxonomy revenue KPIs (%).

CCM	Climate change mitigation
Y	Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective)
N	No (taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
N/EL	Not eligible (taxonomy-non-eligible activity for the relevant environmental objective)

Quantitative breakdown of taxonomy-aligned turnover

The primary sources of turnover contributing to the numerator of the turnover KPI in 2023 are taxonomy-aligned turnover from the generation and sale of power (DKK 42,098 million), government grants (DKK 10,178 million), and the construction of offshore wind farms (DKK 6,737 million).

Taxonomy-aligned CAPEX

				Substantial contribution						Does not significantly harm (DNSH)									
Economic activities (1)	Code (2)	CAPEX 2023 (DKKm) (3)	Proportion of CAPEX 2023 (%) (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Bio-diversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Bio-diversity (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CAPEX, 2022 (%) (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of hydrogen	CCM 3.10	552	1%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	Y	n.a.	Y	Y	0%	-	-
Electricity generation using solar PV technology	CCM 4.1	4,401	12%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	n.a.	n.a.	Y	Y	Y	5%	-	-
Electricity generation from wind power	CCM 4.3	29,004	76%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	n.a.	Y	Y	Y	93%	-	-
Storage of electricity	CCM 4.10	2,880	8%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	n.a.	Y	Y	Y	-	E	-
Cogeneration of heat and power from bioenergy	CCM 4.20	676	2%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	Y	n.a.	Y	Y	1%	-	-
CAPEX of environmentally sustainable activities (taxonomy-aligned) (A.1)		**37,513**	**99%**	**99%**	**0%**	**-**	**-**	**-**	**-**	**n.a.**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**99%**	**-**	**-**
Of which, enabling		2,880	8%	8%	0%	-	-	-	-	n.a.	Y	Y	n.a.	Y	Y	Y	-	E	-
Of which, transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not environmentally sustainable activities																			
CAPEX of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
CAPEX of taxonomy-eligible activities (A.1 + A.2)		**37,513**	**99%**	**99%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**99%**	**-**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CAPEX of taxonomy-non-eligible activities (B)		**460**	**1%**																
TOTAL (A + B)		**37,973**	**100%**																

[1] We have not assessed our taxonomy-eligible activities against the substantial contribution criteria for climate change adaptation, as the primary objective of our activities is to contribute to climate change mitigation.

CCM	Climate change mitigation
Y	Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective)
N	No (taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
N/EL	Not eligible (taxonomy-non-eligible activity for the relevant environmental objective)

Quantitative breakdown of taxonomy-aligned CAPEX

The primary sources of CAPEX contributing to the numerator of the CAPEX KPI in 2023 are additions from property, plant, and equipment (PPE) in Offshore, Onshore, and partly in Bioenergy (DKK 37,503 million).

CAPEX plan for manufacture of hydrogen (3.10)

We have a CAPEX plan for P2X (activity 3.10, manufacture of hydrogen), which includes ensuring taxonomy-alignment of the activity upon operation of our P2X facilities. The CAPEX incurred for manufacture of hydrogen in 2023 (DKK 552 million) is part of this CAPEX plan. For more information on the taxonomy-alignment assessment of the activity, see our accounting policies regarding substantial contribution on p.88.

Taxonomy-aligned OPEX

				Substantial contribution						Does not significantly harm (DNSH)									
Economic activities (1)	Code (2)	OPEX 2023 (DKKm) (3)	Proportion of OPEX 2023 (%) (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Bio-diversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Bio-diversity (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OPEX, 2022 (%) (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation using solar PV technology	CCM 4.1	66	3%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	n.a.	n.a.	Y	Y	Y	2%	-	-
Electricity generation from wind power	CCM 4.3	1,498	63%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	n.a.	Y	Y	Y	70%	-	-
Storage of electricity	CCM 4.10	1	0%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	n.a.	Y	Y	Y	0%	E	-
Cogeneration of heat and power from bioenergy	CCM 4.20	297	13%	Y	N[1]	N/EL	N/EL	N/EL	N/EL	n.a.	Y	Y	Y	n.a.	Y	Y	8%	-	-
OPEX of environmentally sustainable activities (taxonomy-aligned) (A.1)		**1,862**	**79%**	**79%**	**0%**	**-**	**-**	**-**	**-**	**n.a.**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**80%**	**-**	**-**
Of which, enabling		1	0%	0%	0%	-	-	-	-	n.a.	Y	Y	n.a.	Y	Y	Y	0 %	E	-
Of which, transitional		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not environmentally sustainable activities																			
OPEX of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned) (A.2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
OPEX of taxonomy-eligible activities (A.1 + A.2)		**1,862**	**79%**	**79%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80%**	**-**	**-**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of taxonomy-non-eligible activities (B)		**506**	**21%**																
TOTAL (A + B)		**2,368**	**100%**																

[1] We have not assessed our taxonomy-eligible activities against the substantial contribution criteria for climate change adaptation, as the primary objective of our activities is to contribute to climate change mitigation.

CCM	Climate change mitigation
Y	Yes (taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective)
N	No (taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective)
N/EL	Not eligible (taxonomy-non-eligible activity for the relevant environmental objective)

Quantitative breakdown of taxonomy-aligned OPEX

The sources of OPEX contributing to the numerator of the OPEX KPI in 2023 are from the estimated maintenance and repair costs of 'other external expenses' in Offshore (DKK 1,060 million), in Onshore (DKK 504 million), and partly in Bioenergy (DKK 297 million).

Maintenance and repair OPEX estimation

We have calculated an estimation of the maintenance and repair costs of 'other external expenses' using a Group-level factor based on maintenance and repair costs for each business segment.

§ Accounting policies

Taxonomy-eligible activities
We have identified our taxonomy-eligible activities by screening the economic activities in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214), the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and the amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485).

Five activities in the Climate Delegated Act have been identified as eligible for Ørsted:

- Manufacture of hydrogen (3.10)
- Electricity generation using solar PV technology (4.1)
- Electricity generation from wind power (4.3)
- Storage of electricity (4.10)
- Cogeneration of heat/cool and power from bioenergy (4.20)

Taxonomy-aligned activities
Regulation (EU) 2020/852, article 3, sets out criteria which an economic activity must meet to qualify as environmentally sustainable (taxonomy-aligned):

- Substantially contribute to one or more of the six environmental objectives.
- Do no significant harm (DNSH) to the other five objectives.
- Comply with minimum safeguards covering social and governance standards.
- Comply with the technical screening criteria (TSC) for the environmental objectives.

Taxonomy-alignment of our eligible activites has subsequently been assessed against annex I of the Climate Delegated Act. The TSC for the environmental objectives have been assessed per activity. Minimum safeguards have been assessed on Group level.

Substantial contribution
Climate change mitigation
We have assessed and documented whether our taxonomy-eligible activities fulfil the substantial contribution criteria to climate change mitigation.

For activity 3.10, our manufactured hydrogen will meet the life cycle greenhouse gas (GHG) emission savings requirement in article 25(2) and annex V to Directive (EU) 2018/2001. The calculation of life cycle GHG emission savings follows the methodology referred to in article 28(5) of Directive (EU) 2018/2001, and the quantification methodology has been verified by an independent third party. The quantified life cycle GHG emission savings are subject to final verification by an independent third party upon the asset's operation, expectedly during 2025.

For activities 4.1, 4.3, and 4.10, our solar and wind farms and storage facilities automatically fulfil the substantial contribution criteria to climate change mitigation as we generate electricity using solar PV technology and wind power, and as we construct and operate electricity storage facilities.

For activity 4.20, the sustainable biomass used at our combined heat and power (CHP) plants complies with the criteria in article 29, paragraphs 2-7 of Directive (EU) 2018/2001 and with the GHG emission savings criteria.

Climate change adaptation
We have not assessed our taxonomy-eligible activities against the substantial contribution criteria for climate change adaptation, as the primary objective of our activities is to contribute to climate change mitigation.

Do no significant harm (DNSH)
Climate change adaptation
We have assessed and documented how asset resilience towards different chronic and extreme climate hazards and their future development, as projected by IPCC, is an integrated part of our project development and have confirmed that our assets are resilient and able to withstand projected climate changes during the assets' lifetime.

It is assessed that all relevant eligible activities comply with the criteria set out in appendix A to annex I of the Climate Delegated Act.

Sustainable use and protection of water and marine resources
We are legally required to conduct environmental impact assessments (EIAs) as part of all our projects to ensure that potential impacts on water and marine resources are avoided, mitigated, and addressed appropriately. During this process, we consider environmental degradation risks related to preserving water quality and avoiding water stress. We have internal processes on legal compliance and water to ensure all assets live up to the requirements. In addition, we have a water policy, establishing our approach to responsible water management.

For activity 4.3, we work to ensure that construction of offshore wind does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, taking measures to prevent or mitigate impacts in relation to the directive's descriptor 11 (noise/energy).

It is assessed that all relevant eligible activities comply with the criteria set out in appendix B to annex I of the Climate Delegated Act.

Transition to a circular economy
Renewable assets are built of highly durable materials. To ensure reuse and recycling of materials where feasible, we have a resource management policy and internal waste management processes in place. To ensure we further transition to a circular economy, we have implemented a strategic approach focused on: (i) using fewer virgin resources, (ii) using resources better and longer, and (iii) recirculating resources upon end of life.

For each taxonomy activity, we also have circular economy initiatives in place.

Pollution prevention and control
We are legally required to conduct EIAs to ensure that potential pollution impacts are avoided, mitigated, and addressed appropriately, and that pollution requirements are integrated into our environmental permit conditions. We have internal processes in place to fulfil these legal requirements.

For activities 3.10 and 4.20, it has been assessed that emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) ranges set out in relevant best available techniques (BAT) conclusions. No significant cross-media effects have been identified.

It is assessed that all relevant eligible activities comply with the criteria set out in appendix C to annex I of the Climate Delegated Act.

Protection and restoration of biodiversity and ecosystems
We are legally required to conduct EIAs as part of all our projects to ensure potential impacts on biodiversity and ecosystems are avoided, mitigated, and addressed appropriately. Our 'Offshore wind biodiversity policy' and internal processes ensure all our assets live up to the requirements. We have also committed to ensure that all new renewable energy projects we commission from 2030 onwards deliver a net-positive biodiversity impact, which we aim to achieve through our biodiversity efforts.

For activity 4.3, we work to ensure that the construction of offshore wind does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, taking appropriate measures to prevent or mitigate impacts in relation to the directive's descriptors 1 (biodiversity) and 6 (seabed integrity).

It is assessed that all relevant eligible activities comply with the criteria set out in appendix D to annex I of the Climate Delegated Act.

Minimum safeguards
Our 'Human rights policy' sets out our commitment to respect human rights and lives up to the UN Guiding Principles on Business and Human Rights and OECD's guidelines for multinational enterprises, including the principles of the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights, both in our own operations and supply chain.

Together with our good governance practices and policies, our systematic due diligence approach ensures we have robust minimum safeguards in place on human rights, corruption, taxation, and fair competition.

Taxonomy KPIs
Our accounting policies for the taxonomy KPIs are based on our interpretation of the Disclosures Delegated Act annex I (Commission Delegated Regulation (EU) 2021/4987) and available guidelines from the European Commission.

Linkage principle
The revenue, CAPEX, OPEX, and EBITDA associated with our taxonomy-aligned activities have been determined. In allocating the financial numbers to the numerator, a 'linkage principle' has been applied, stipulating that any revenue, CAPEX, OPEX, or EBITDA that can be justifiably linked to an identified taxonomy-aligned activity can be classified as taxonomy-aligned and thereby included in the numerator of the respective KPI.

Double counting
We have avoided double counting across economic activities in the allocation of the numerator for revenue, CAPEX, OPEX, and EBITDA by using activity-specific factors to allocate the financials across our taxonomy activities. The factors are either 100%, 0%, or a value in between where we have used proxies to split the financial numbers into taxonomy-aligned or non-eligible activities. Here, the factors cannot sum to more than 100%, which eliminates the possibility of double counting the resulting financial numbers.

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

1) The ratio of purchased power volumes from renewable versus non-renewable assets – applied to revenue and EBITDA from balancing activities.

2) Bioenergy's share of renewable energy generation – applied to revenue, EBITDA, CAPEX, and OPEX related to the CHP plants.

For more details on our taxonomy-aligned KPIs, see our accounting policies on p. 81.

Climate scenario analysis

As our vision is to create a world that runs entirely on green energy, climate-related risks and opportunities are directly linked to our business model and strategy. It is therefore embedded in our operations to assess the climate resilience of our business by looking at climate-related transition and physical risks and opportunities, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Climate-related transition risks and opportunities are an integrated aspect of the business cases for our investments in new assets and activities, and we continuously monitor political, technological, market, and reputational developments. Similarly, in the design and construction phases of our assets, we carry out climate risk assessments to assess acute and chronic weather developments, taking into account extreme weather conditions and events that could physically affect our assets. In addition, our greenhouse gas (GHG) reduction targets follow scenarios from the Science Based Targets initiative's (SBTi) 1.5 °C sector-specific pathway for the power industry.

In 2023, our assessment of physical climate risks included two dimensions: design safeguards and business case risks. The assessment of design safeguards entails a climate risk assessment to affirm the physical resilience of our assets in the face of climate change, particularly during extreme weather events. In addition, the business case risk assessment evaluates how revenue streams, and the overall value of assets, might be impacted, e.g. if the wind speed is projected to change at an asset location.

Our analysis focused on all operational assets, both offshore and onshore, with capacities exceeding 10MW across all markets, representing the vast majority of our climate risk exposure. The analysis utilised the latest climate projection data, downscaled to regional and asset-level granularity, based on the IPCC SSP5-8.5 scenario, which is typically considered a 'worst-case scenario'.

Our findings reconfirm that all our assets are structurally secured against climate change through a set of design safeguards and mitigation actions. From a business case perspective, the most significant climate risk for our portfolio is changing wind patterns and, to a lesser extent, changes in air temperature, as these factors have the highest potential impact on the overall energy production of our assets. The 2023 analysis indicates only a minor change in asset value compared to projections based on historical climate data.

We have several mitigation actions in place to reduce this risk, and the current impact is considered insignificant to our business cases. However, we acknowledge the need for further investigation going forward as we strive to reduce uncertainties associated with our assessments. We will continue to develop our methodology to ensure we are capturing our exposure to climate risk as accurately as possible, while further exploring ways to integrate climate change considerations into our existing processes.

Classification of climate-related hazards, cf. the TCFD classification and the EU taxonomy's Climate Delegated Act

CHRONIC	ACUTE
Temperature-related	
✓ Changing temperature (air, freshwater, marine water)	✓ Heat wave
✓ Heat stress	✓ Cold wave/frost
✓ Temperature variability	✓ Wildfire
× Permafrost thawing	
Water-related	
✓ Changing precipitation patterns and types (rain, hail, snow/ice)	✓ Drought
✓ Precipitation or hydrological variability	✓ Heavy precipitation (rain, hail, snow/ice)
✓ Ocean acidification	✓ Flood (coastal, fluvial, pluvial, groundwater)
✓ Saline intrusion	× Glacial lake outburst
✓ Sea level rise	
✓ Water stress	
Wind-related	
✓ Changing wind patterns	✓ Cyclone, hurricane, typhoon
	✓ Storm (including blizzards, dust, and sandstorms)
	✓ Tornado
Solid mass-related	
✓ Coastal erosion	× Avalanche
✓ Soil degradation	✓ Landslide
✓ Soil erosion	✓ Subsidence
✓ Solifluction	

✓ Hazard included in assessment × Hazard not relevant to include due to geographical location of assets

ESRS E1

Climate change

Decarbonisation of our operations and value chain

Our aspiration is to run a business that creates a lasting positive impact on the environment. This aspiration drives our determination to deliver renewable energy solutions that not only generate green energy but also reduce emissions throughout the manufacturing, transportation, installation, and operation of our renewable energy assets. In doing so, we actively contribute to the transition to an urgently needed net-zero economy.

Addressing climate change is in the core of our business model and strategy, with our sustainability commitment and industry-leading science-based 2040 net-zero target as the catalysts behind our efforts to address climate change mitigation and adaptation, energy efficiency, and renewable energy deployment.

Our sustainability commitment and science-based net-zero target are anchored in our Sustainability Committee, chaired by the Chief Financial Officer. Accountability lies with our Head of Global Stakeholder Relations and Chief Operating Officer.

We are also actively calling our stakeholders to action for activities that will accelerate the renewable energy build-out in line with the goals of the Paris Agreement. We believe there is a need for more transparency around climate-related advocacy to help clear the path towards faster deployment of renewable energy.

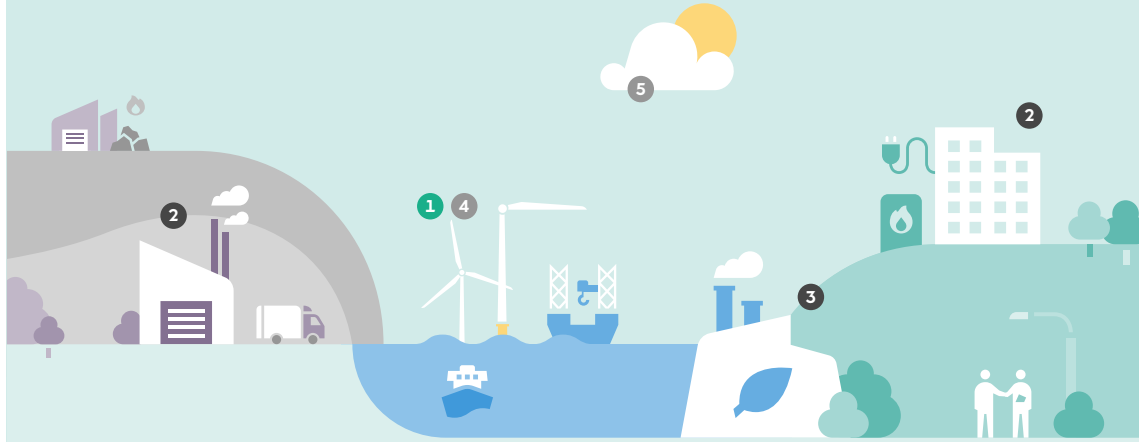
Our first climate advocacy report therefore features an assessment of our most important industry associations in terms of their alignment with the 1.5 °C Paris Agreement goal, their promotion of renewable energy, and their stance on the phase-out of fossil fuels. With the report, we aim to emphasise our efforts to accelerate a renewable energy build-out that pursues emissions reductions, protects nature, and creates a transition that is equitable for all.

Our approach and policies

As a long-standing industry leader in sustainability, we recognise that, alongside our positive impact from scaling renewable energy deployment, we have a key role in reducing possible negative impacts, such as emissions from the extraction and manufacturing of materials and main components needed for the successful transition towards renewable energy sources.

We are committed to not only measuring and tracking greenhouse gas emissions, but also actively working towards their reduction. Our approach for our own operations includes phasing out coal in 2024. To address possible negative impacts in our value chain, we actively engage and partner with suppliers

Our material impacts and risks



Positive impacts
CRUCIAL

1 Renewable energy deployment (OO)

Negative impacts
SIGNIFICANT

2 GHG emissions from the renewable energy supply chain, regular power sales, and downstream GHG emissions from natural gas sales (VC)

3 Energy consumption, mainly at CHP plants (OO)

Risks

4 Transition climate risk related to potential lack of political support for the continued renewable energy build-out (OO)

5 Physical chronic and acute climate-related risks (OO)

(OO) Own operations
(VC) Value chain

to mature low-emission solutions for our continued renewables build-out.

Renewable energy deployment
We invest in the development, construction, and operation of renewable energy assets, which include offshore and onshore wind farms, solar farms, battery storage, carbon capture and storage (CCS), biomass-fuelled CHP plants, and Power-to-X (P2X) for renewable hydrogen and e-fuels. While investments in wind and solar directly contribute to the increase in renewable energy generation capacity, bioenergy serves as an alternative to fossil fuels, P2X enables non-electric applications (e.g. transport and chemicals) and helps to reduce emissions from hard-to-abate sectors, and CCS enables permanent storage of carbon underground. Together, these technologies play a key role in building sustainable global energy systems.

Science-aligned climate action
To align our core business activities with our sustainability ambition, we have adopted a science-based target to reach net-zero emissions by 2040, which has been formally validated by the Science Based Targets initiative (SBTi). This overarching target is supported by a suite of near-term and long-term decarbonisation targets across our full value chain. In addition to tracking and monitoring our company-wide emissions reduction progress, we utilise the climate targets internally to anchor our strategic initiatives. These include, for example, decarbonisation of our supply chains for materials and components.

To contribute to the global net-zero goal in the most impactful way, we are committed to go beyond reducing our own emissions and to contribute to climate action outside our value chain. We finance and develop our own high-quality nature-based projects in addition to reducing our emissions – not instead of doing so.

We are on track to phase out coal in 2024 and to reduce our scope 1-2 emissions intensity by 98 % by 2025 – two near-term milestones towards our science based 2040 net-zero target. We also continue our financial commitment to nature-based projects and the implementation of our own quality considerations, which include proven additionality and positive impacts for local communities and biodiversity. By 2025, we will have taken final investment decision on a portfolio of projects which over their lifetime will deliver a volume of certified carbon credits exceeding the residual 2 % of our future scope 1-2 emissions. However, the actual delivery of carbon credits from these projects will be delayed a few years compared to our initial expectations.

We have decided to phase out our use of the wording 'carbon-neutral company by 2025' when describing the impact of carbon credits. Since 2020, when we made the commitment to become a carbon-neutral company, the consensus on carbon-neutral claims has changed. While back then, such claims proved useful for incentivising and increasing the ambitions of corporate climate action, we now have the SBTi Net-Zero Standard to guide how companies can take the actions urgently needed to meet the 1.5 °C goal of the Paris Agreement.

Our approach to carbon credits reflects what the SBTi refers to as 'beyond value chain mitigation' in its Net-Zero Standard. In line with this direction set by the SBTi, we will therefore no longer use the wording 'carbon-neutral' to describe our progress in decarbonising our operations and energy generation (scope 1-2).

Supply chain decarbonisation
The majority of our upstream value chain emissions come from hard-to-abate sectors like steel, shipping, and heavy manufacturing. We have therefore identified and deployed several strategic levers to reduce emissions from our supply chains:

- Tracking and measuring carbon progress through the development of an in-house model for life cycle assessments (LCAs). The model is currently used to calculate the total carbon footprint of our new offshore wind farms and will be further developed to cover onshore wind, solar PV technologies, and the more recent technologies in our portfolio. Additionally, to enhance the transparency and comparability of data for our stakeholders, we are contributing to the development of a standardized LCA methodology together with other energy developers.

- Engaging with suppliers on the integration of decarbonisation strategies in their operations. Decarbonisation is at the core of our supplier relationship management. We actively engage key suppliers, who account for more than half of our total procurement spend and encompass some of the most carbon-intensive segments of our supply chains. This includes the adoption of science-based targets, transparent climate reporting to CDP, and covering electricity consumption with renewable electricity.

- Entering into offtake agreements for low-emission products essential to the energy transition. We contribute towards the scaling of new technologies by reducing uncertainties for suppliers and further incentivising their investments in low-emission technologies.

- Engaging in cross-sector collaborations to drive demand for ground-breaking technologies. Together with other sustainability leaders we pool our purchasing powers to drive demand for technologies needed to decarbonise materials in our operation. We have co-founded cross-industry initiatives such as the Climate Group's SteelZero and the World Economic Forum's First Movers Coalition, where we commit to offtake volumes of near-zero emissions materials from 2030.

Actions

Own operations
During 2023, we have taken the following steps:

- We have deployed 0.6 GW of new renewable capacity from onshore wind power and solar power, reaching a total of 15.7 GW installed renewable capacity.

- We have begun the construction of two CCS facilities designed to capture and store carbon emissions from the biomass-fired Asnæs and Avedøre power stations. This project represents Denmark's first full-scale carbon capture project. For more information, see our strategy section.

- We have allocated 99 % of our capital expenditures (CAPEX) towards environmentally sustainable investments aligned with the EU taxonomy. For more information, see the EU taxonomy section.
- We have signed a second contract with ESVAGT for a methanol-powered service operation vessel, marking a significant milestone in our efforts to decarbonise offshore wind operations.

- We no longer acquire, or lease, vehicles powered by fossil fuels, and 65 % of our vehicle fleet is currently electric, an increase from 51 % in 2022.

- We continued to advance our portfolio of nature-based carbon removal projects by planting approximately 40 million propagules in Gambia, equivalent to around 4,000 ha, thereby contributing further to the restoration of vital ecosystems and mitigating climate change.

- To address physical risks resulting from climate change and their potential impact on our assets, we assess the resilience of all new assets towards the occurrence of climate-related hazards. For more information, see the EU taxonomy and climate scenario analysis sections.

Future actions:
- We will continue to deploy renewable energy and drive down emissions across scope 1-2.

- In 2025, more than 99 % of our energy generation will come from renewable sources, and in 2030, our ambition is to reach 35-38 GW installed renewable capacity.

- We are making the preparations and are on track to phase out coal-based energy generation before 2025.

- In 2024, the world's first green fuel vessel for offshore wind operations will launch off the UK East Coast, as a result of the agreement between Ørsted and ESVAGT.

- We will continue to phase out our fossil-fuelled vehicles, and by the end of 2025, our entire light vehicle fleet will be electric.

- During 2025, the Asnæs and Avedøre power stations will begin to capture and store biogenic carbon.

- We are committed to further enhancing our portfolio of nature-based carbon removal projects and are actively involved in the development of new initiatives in Africa and Southeast Asia, in collaboration with Danish NGOs and local community organisations.

Value chain
During 2023, we have taken the following steps:

- Together with the Carbon Trust and eleven energy developers, we have launched a joint industry programme to develop the first industry-backed method for calculating the life cycle carbon footprint of offshore wind farms. This common methodology will help increase transparency for governments, investors, and suppliers and enable comparability across developers and assets.

- We have begun integrating our climate expectations into key supplier contracts, including CDP reporting, science-based target setting, and covering electricity consumption with renewable electricity. These requirements apply to suppliers in a number of high-impact categories, which collectively contribute significantly to our supply chain emissions and procurement spend.

- We have procured low-carbon copper for the export cable scope for the world's single largest wind farm, Hornsea 3 in the UK. By choosing low-carbon copper, we have reduced the emissions from the export cable scope by approximately 50 %.

- We have formed an industry-leading partnership with wind turbine supplier Vestas, including an early offtake agreement. We pledge to procure 25 % low-emission steel turbine towers for all joint projects, and, when available, blades made with recycled materials.

- We have signed a long-term large-scale supply agreement with Dillinger, our key steel manufacturer for foundations, which in part has enabled Dillinger to invest in a low-emission steel production route (DRI-EAF). This investment will reduce Dillinger's company emissions by 55 % in 2030.

- To increase the collective demand signal for near-zero steel, we have joined the First Mover Coalition's Near-Zero Steel 2030 Challenge. The initiative builds on our near-zero steel commitments and aims to accelerate investments in near-zero steel by mapping suppliers' and companies' existing plans and connecting buyers with future suppliers of near-zero steel.

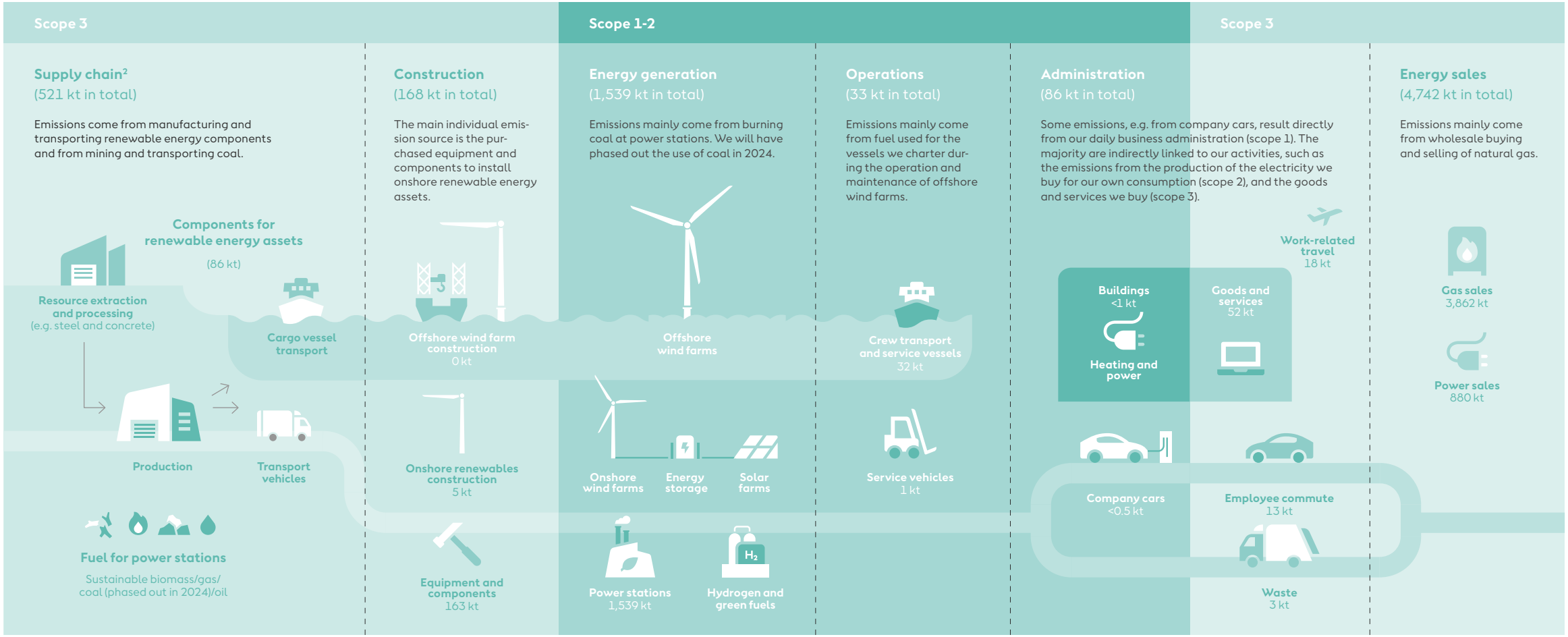
Future actions:
- We will strive for a common standard to measure the life cycle carbon footprint of offshore wind farms, fostering comparability and amplifying transparency of embodied emissions.

- We will continue to develop tools to support our suppliers in their green transformations as we enhance the incorporation of sustainability in our sourcing processes. From 2024, we will also start engaging with suppliers on biodiversity, circularity, the carbon footprint of their products, and on their climate engagement of their own supply chains.

- We will continue to seek out partnerships with key strategic suppliers to further incentivise investments in low-emission technologies.

Decarbonising our full value chain

2023 data[1] (1 kt = 1,000 tonnes of CO_2 equivalents)



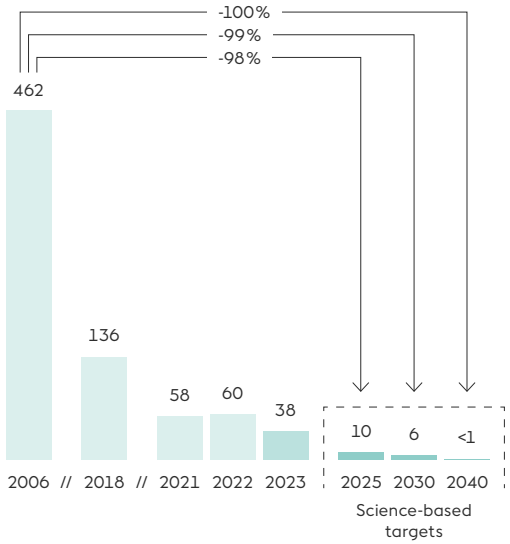
[1] Our carbon emissions accounting follows the Greenhouse Gas Protocol. This illustration shows the main sources of emissions per category. For our detailed emissions accounting, please see our greenhouse gas (GHG) emissions and intensity tables on pages 100-101.

[2] Supply chain emissions from energy sales activities are accounted for under the 'Energy sales' category.

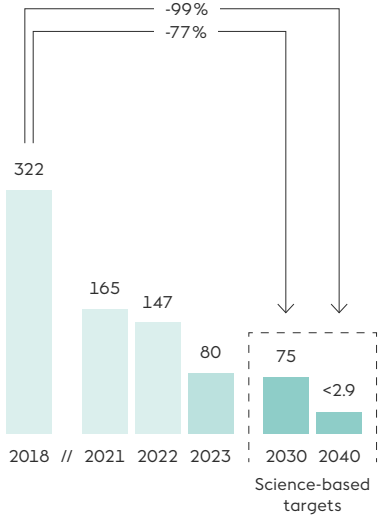
Targets

In 2021, Ørsted set a 2040 reduction target for scope 1-3 emissions and became the first energy company with a science-based net-zero target. As of today, we are on track to meet our near-term scope 1-2 intensity target, and we have already met our 2032 absolute scope 3 emissions target. To continue providing clarity on the near-term direction of our decarbonisation efforts, we have developed a portfolio of new near-term targets that outline our 2030 ambitions on the same KPIs that we already use for our 2040 targets. These new targets outline the pathway for our near-term efforts to decarbonise our value chain, while also putting a cap on emissions from natural gas sales based on the substantive reductions we have already achieved.

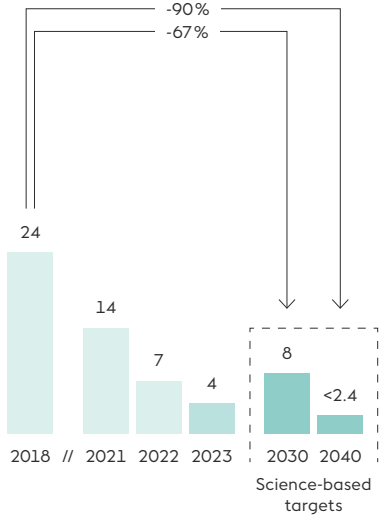
Our new 2030 targets have been submitted to the SBTi and are currently undergoing their formal target validation process. The SBTi expressed that they welcome our more ambitious 2030 decarbonisation targets, which provide a greater visibility on the pathway towards our science-based 2040 net-zero target.



Scope 1-2 greenhouse gas emissions intensity
g CO_2e/kWh



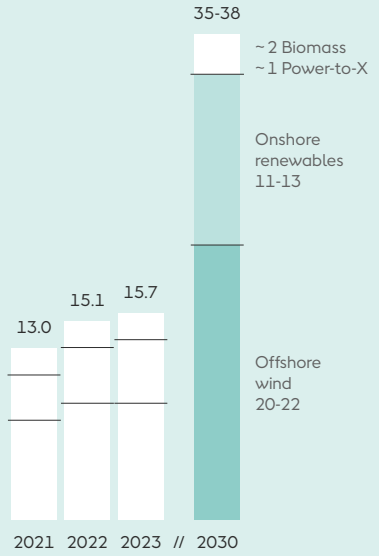
Scope 1-3 greenhouse gas emissions intensity (excl. natural gas sales)
g CO_2e/kWh



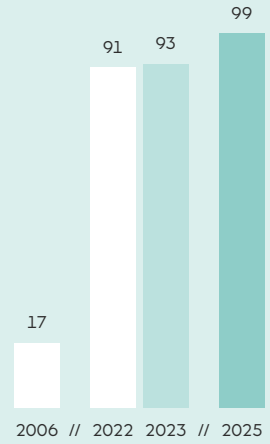
Scope 3 greenhouse gas emissions from natural gas sales
Mt CO_2e

Net-zero 2040 SBTi target

We are committed to continue driving the global transition to renewable energy sources. We are on track to reach our target of 99% renewable energy generation by 2025. Our commitment is reinforced by our strategic ambition to enhance our renewable energy capacity, aiming to reach a gross installed capacity of 35-38 GW by 2030. For more information on our ambition for installed renewable capacity, please refer to the 'Strategy and business' section.



Installed renewable capacity
GW



Share of renewable energy generation
%

Overview by business unit

Data point	Unit	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations	2023	2022	Δ
Installed renewable capacity	**MW**	**8,871**	**4,785**	**2,075**	**-**	**15,731**	**15,121**	**4%**
Offshore wind power	MW	8,871	-	-	-	8,871	8,871	0%
Onshore wind power	MW	-	3,717	-	-	3,717	3,464	7%
Solar PV power	MW	-	1,028	-	-	1,028	671	53%
Battery storage	MW	-	40	21	-	61	61	0%
Biomass-based thermal heat	MW	-	-	2,054	-	2,054	2,054	0%
Decided (FID'ed) renewable capacity	**MW**	**6,672**	**1,579**	**-**	**72**	**8,323**	**4,340**	**92%**
Awarded and contracted renewable capacity	**MW**	**3,677**	**43**	**-**	**-**	**3,720**	**11,157**	**(67%)**
Sum of installed, FID'd, and awarded/contracted capacity	**MW**	**19,220**	**6,407**	**2,075**	**72**	**27,774**	**30,618**	**(9%)**
Power generation capacity	MW	4,986	4,725	2,800	-	12,511	11,327	10%
Heat generation capacity, thermal	MW	-	-	3,353	-	3,353	3,353	0%
Power generation	GWh	17,761	13,374	4,437	-	35,572	35,641	(0%)
Heat generation	GWh	-	-	6,587	-	6,587	6,368	3%
Share of renewable energy generation	%	100	100	73	-	93	91	2%p
Greenhouse gas emissions (scope 1 and 2)	Thousand tonnes CO_2e	32	1	1,552	1	1,586	2,511	(37%)
Greenhouse gas emissions (scope 3)	Thousand tonnes CO_2e	213	121	5,256	41	5,631	10,983	(49%)
Greenhouse gas emissions (scope 3: use of sold products) [1]	Thousand tonnes CO_2e	-	-	3,862	-	3,862	7,309	(47%)
Greenhouse gas intensity (scope 1 and 2)	g CO_2e/kWh	2	0	141	-	38	60	(37%)
Greenhouse gas intensity (scope 1, 2, and 3) [2]	g CO_2e/kWh	14	9	267	-	80	147	(46%)

[1] Scope 3 emissions from wholesale buying and selling of natural gas.
[2] Excludes scope 3 emissions from use of sold products (natural gas sales).

Overview by country

Data point	Unit	Denmark	The UK	Germany	The Netherlands	The US	Taiwan	Poland	Other countries	2023	2022	Δ
Installed renewable capacity	**MW**	**3,061**	**5,795**	**1,383**	**752**	**4,299**	**45**	**-**	**396**	**15,731**	**15,121**	**4%**
Offshore wind power	MW	1,006	5,692	1,346	752	30	45	-	-	8,871	8,871	0%
Onshore wind power	MW	-	83	27	-	3,215	-	-	392	3,717	3,464	7%
Solar PV power	MW	-	-	10	-	1,014	-	-	4	1,028	671	53%
Battery storage	MW	1	20	-	-	40	-	-	-	61	61	0%
Biomass-based thermal heat	MW	2,054	-	-	-	-	-	-	-	2,054	2,054	0%
Decided (FID'ed) renewable capacity	**MW**	**2**	**2,852**	**1,237**	**-**	**2,228**	**1,820**	**-**	**184**	**8,323**	**4,340**	**92%**
Offshore wind power	MW	-	2,852	1,166	-	834	1,820	-	-	6,672	2,196	204%
Onshore wind power	MW	-	-	67	-	-	-	-	33	100	321	(69%)
Solar PV power	MW	-	-	4	-	1,094	-	-	81	1,179	1,451	(19%)
Battery storage	MW	-	-	-	-	300	-	-	-	300	300	0%
Power-to-X	MW	2	-	-	-	-	-	-	70	72	72	0%
Awarded and contracted renewable capacity	**MW**	**-**	**-**	**-**	**-**	**924**	**-**	**2,753**	**43**	**3,720**	**11,157**	**(67%)**
Sum of installed, FID'ed, and awarded/contracted capacity	**MW**	**3,063**	**8,647**	**2,620**	**752**	**7,451**	**1,865**	**2,753**	**623**	**27,774**	**30,618**	**(9%)**
Power generation capacity	**MW**	**3,361**	**2,908**	**705**	**376**	**4,249**	**516**	**-**	**396**	**12,511**	**11,327**	**10%**
Offshore wind power	MW	561	2,830	673	376	30	516	-	-	4,986	4,672	7%
Onshore wind power	MW	-	78	22	-	3,215	-	-	392	3,707	3,454	7%
Solar PV power	MW	-	-	10	-	1,004	-	-	4	1,018	661	54%
Thermal power	MW	2,800	-	-	-	-	-	-	-	2,800	2,540	10%
Heat generation capacity, thermal	**MW**	**3,353**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,353**	**3,353**	**0%**
Power generation	GWh	6,405	11,037	2,145	1,449	12,343	1,291	-	902	35,572	35,641	(0%)
Heat generation	GWh	6,587	-	-	-	-	-	-	-	6,587	6,368	3%
Share of renewable energy generation	%	77	100	100	100	100	100	-	100	93	91	2%p
Greenhouse gas emissions (scope 1 and 2)	Thousand tonnes CO_2e	1,555	17	6	2	2	4	-	0	1,586	2,511	(37%)
Greenhouse gas intensity (scope 1 and 2)	g CO_2e/kWh	120	2	3	1	0	3	-	0	38	60	(37%)

Renewable capacity
Business drivers

Data point	Unit	Target	2023	2022	Δ
Installed renewable capacity	**MW**	**~35-38 GW (2030)**	**15,731**	**15,121**	**610**
Offshore, wind power	MW	~20-22 GW (2030)	8,871	8,871	-
Onshore	MW	~11-13 GW (2030)	4,785	4,175	610
Wind power	MW		3,717	3,464	253
Solar PV power[1]	MW		1,028	671	357
Battery storage[1]	MW		40	40	-
Bioenergy[2]	MW	~2 GW (2030)	2,075	2,075	-
P2X	MW	~1 GW (2030)	-	-	-
Decided (FID'ed) renewable capacity	**MW**		**8,323**	**4,340**	**3,983**
Offshore, wind power	MW		6,672	2,196	4,476
Onshore	MW		1,579	2,072	(493)
Wind power	MW		100	321	(221)
Solar PV power[1]	MW		1,179	1,451	(272)
Battery storage[1]	MW		300	300	-
P2X	MW		72	72	-
Awarded and contracted renewable capacity[3]	**MW**		**3,720**	**11,157**	**(7,437)**
Offshore, wind power	MW		3,677	11,157	(7,480)
Onshore, wind power	MW		43	-	43
Sum of installed and FID'ed renewable capacity	**MW**		**24,054**	**19,461**	**4,593**
Sum of installed, FID'ed, and awarded/contracted	**MW**		**27,774**	**30,618**	**(2,844)**

[1] Both the solar PV and battery storage capacities are measured in megawatts of alternating current (MW_{AC}).
[2] Including thermal heat capacity from biomass and battery capacity not in Onshore (21 MW).
[3] We have removed Ballinrea (65 MW) from our contracted renewable capacity.

In 2023, we took final investment decisions (FIDs) on three offshore wind farms in each of our three regions: the offshore wind farm Hornsea 3 (2.9 GW) in the UK, the offshore wind farms Greater Changhua 2b and 4 (0.9 GW) in Taiwan, and the offshore wind farm Revolution Wind (0.7 GW) in the US.

We have ceased development of our offshore wind projects Ocean Wind 1 and Ocean Wind 2 in the US. We have also decided to withdraw the Offshore Wind Renewable Energy Certificate (OREC) for our offshore wind project Skipjack in the US. In total, the three US projects amounted to a capacity of 3.2 GW, which we have removed from our awarded capacity.

Additions for the last 12 months
● Installed capacity ● Decided (FID'ed) capacity ● Awarded offshore and contracted (onshore) capacity

Q1 2023	Q2 2023	Q3 2023	Q4 2023	
Old 300, solar PV (357 MW, ~80% of total capacity)	Baltica 2+, offshore wind (210 MW)	Sunflower Wind, onshore wind (201 MW)	Hornsea 3, offshore wind (2,852 MW)	Garreenleen (Phase 1), solar PV (81 MW)
Greater Changhua 2b and 4, offshore wind (920 MW)	Lisheen 3, onshore wind (29 MW)	Farranrory, onshore wind (43 MW)	Ballykeel, onshore wind (16 MW)	Les Ramonieres, onshore wind (15 MW)
	Les Dix Huit, onshore wind (7 MW)	Garreenleen (Phase 1), solar PV (81 MW)	Revolution Wind, offshore wind (704 MW)	St. Wendel, onshore wind (17 MW) Amberg Süd, solar PV (4 MW)

§ Accounting policies

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

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

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

Generation capacity

Business drivers

Data point	Unit	2023	2022	Δ
Power generation capacity	**MW**	**12,511**	**11,327**	**1,184**
Offshore wind	MW	4,986	4,672	314
Denmark	MW	561	561	-
The UK	MW	2,830	2,988	(158)
Germany	MW	673	673	-
The Netherlands	MW	376	376	-
Taiwan	MW	516	44	472
The US	MW	30	30	-
Onshore wind	MW	3,707	3,454	253
The US	MW	3,215	3,014	201
Ireland	MW	351	322	29
The UK	MW	78	62	16
France	MW	41	34	7
Germany	MW	22	22	-
Solar PV	MW	1,018	661	357
The US	MW	1,004	647	357
France	MW	4	4	-
Germany	MW	10	10	-
Thermal, Denmark (CHP plants)	MW	2,800	2,540	260
Heat generation capacity, thermal	**MW**	**3,353**	**3,353**	**-**
Based on biomass	MW	2,032	2,032	-
Based on coal	MW	1,300	1,300	-
Based on natural gas	MW	1,617	1,617	-
Heat generation capacity, electric	**MW**	**225**	**25**	**200**
Power generation capacity, thermal	**MW**	**2,800**	**2,540**	**260**
Based on biomass	MW	1,228	1,228	-
Based on coal	MW	991	991	-
Based on natural gas	MW	951	951	-
Based on oil	MW	734	474	260

Our power generation capacity increased by 10% to 12,511 MW in 2023. Offshore wind power generation capacity increased by 314 MW, primarily due to the ramp-up of our offshore wind farms Greater Changhua 1 and 2a in Taiwan. Onshore wind power generation capacity increased by 253 MW, primarily due to the commissioning of the onshore wind farm Sunflower Wind (201 MW) in the US. Solar PV power generation capacity increased by 357 MW_{AC} due to the partial commissioning of the solar farm Old 300 in the US.

Thermal power generation capacity (based on oil) increased by 260 MW in 2023 due to an extra unit at Kyndby Peak Load Plant being temporarily back in operation. Heat generation capacity (electric) increased by 200 MW, as four new electric boilers were commissioned at Studstrup Power Station in February 2023.

§ Accounting policies

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

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

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

Energy business drivers

Business drivers

Data point	Unit	2023	2022	Δ
Offshore wind				
Wind speed	m/s	9.8	9.5	3 %
Wind speed, normal wind year	m/s	9.9	9.7	2 %
Availability	%	93	94	(1 %p)
Load factor	%	43	42	1 %p
Onshore wind				
Wind speed	m/s	7.2	7.4	(3 %)
Wind speed, normal wind year	m/s	7.4	7.3	1 %
Availability	%	88	93	(5 %p)
Load factor	%	36	40	(4 %p)
Solar PV				
Availability	%	98	98	0 %p
Load factor	%	24	25	(1 %p)
Other				
Degree days, Denmark	Number	2,585	2,548	1 %

Offshore wind

Offshore wind speeds in 2023 were 3 % higher than in 2022, but 1 % below a normal wind year. Availability in 2023 was 1 percentage point lower than in 2022. The higher wind speeds resulted in a 1 percentage point increase of the load factor in 2023.

Onshore wind

Onshore wind speeds in 2023 were 3 % lower than in 2022 and 3 % lower than in a normal wind year. Availability was 5 percentage points lower in 2023 than in 2022. The lower wind speeds and availability resulted in a 4 percentage point lower load factor in 2023.

Solar PV

Availability in 2023 was at the same level as in 2022, but the load factor decreased by 1 percentage point.

Other

The number of degree days in 2023 was 1 % higher than in 2022, indicating that the weather in 2023 was slightly colder than in 2022.

In Q4 2023, the number of degree days was 12 % higher than in Q4 2022, which means that the weather at the end of 2023 was much colder than in 2022.

§ Accounting policies

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

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

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

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

Energy generation and sales

Business drivers

Data point	Unit	2023	2022	Δ
Power generation	**GWh**	**35,572**	**35,641**	**(0%)**
Offshore wind	GWh	17,761	16,483	8%
Denmark	GWh	1,970	2,084	(5%)
The UK	GWh	10,887	10,989	(1%)
Germany	GWh	2,076	1,949	7%
The Netherlands	GWh	1,449	1,259	15%
The US	GWh	88	110	(20%)
Taiwan	GWh	1,291	92	1,303%
Onshore wind	GWh	11,228	11,225	0%
The US	GWh	10,124	10,389	(3%)
Ireland	GWh	809	761	6%
France	GWh	89	18	394%
Germany	GWh	58	13	346%
The UK	GWh	148	44	236%
Solar PV	GWh	2,146	1,921	12%
The US	GWh	2,131	1,920	11%
Germany	GWh	11	-	-
France	GWh	4	1	300%
Thermal	GWh	4,437	6,012	(26%)
Heat generation	**GWh**	**6,587**	**6,368**	**3%**
Total heat and power generation	**GWh**	**42,159**	**42,009**	**0%**
Of which, wind and solar PV power generation	GWh	31,135	29,629	5%
Of which, thermal heat and power generation	GWh	11,024	12,380	(11%)
Of which, thermal heat and power generation	%	26	29	(3%p)
Gas sales	**GWh**	**16,880**	**31,637**	**(47%)**
Power sales	**GWh**	**21,448**	**23,194**[1]	**(8%)**
Green power to end customers[2]	GWh	881	2,294	(62%)
Regular power to end customers[3]	GWh	1,567	2,500	(37%)
Power wholesale	GWh	19,000	18,400[1]	3%

[1] 2022 wholesale power volumes have been adjusted according to the change in accounting policy for presentation of revenue see note 1.2 'Basis of preparation' in the financial statements.

[2] Power sold with renewable certificates.

[3] Power sold without renewable certificates.

Offshore wind power generation increased by 8% to 17.8 TWh in 2023 due to higher generation capacity and higher wind speeds in 2023 compared to 2022.

Onshore wind power generation was 11.2 TWh in 2023, as in 2022. The increase in generation at our European onshore wind farms was offset by decreased generation at several of our US onshore wind farms. Solar PV generation increased by 12% to 2.1 TWh due to increased generation at our solar farm Old 300.

Thermal power generation decreased by 26% in 2023, primarily driven by lower condensing generation due to lower power prices and market spreads compared to 2022.

Heat generation was 3% higher in 2023 compared to 2022 due to colder weather in 2023, especially in Q4 2023.

Gas sales decreased significantly by 47% to 16.9 TWh in 2023. This was primarily due to lower UK sourcing volumes, mainly due to the phasing out of our UK B2B activities as well as expired contracts. It was also due to Gazprom Export's suspension of its gas supplies to Ørsted on 1 June 2022 and Ørsted's subsequent termination of the supply contract during Q1 2023.

Power sales decreased by 8% to 21.4 TWh in 2023 due to a 62% and 37% decrease in green and regular power to end customers, respectively. This was primarily driven by the phasing out of our UK B2B business. The decrease was partly offset by a 3% increase in wholesale power to 19.0 TWh, primarily driven by the 50% farm-down of the fully operational offshore wind farm Hornsea 2 in Q3 2022, resulting in increased power volumes sold on behalf of our partners.

§ Accounting policies

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

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

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

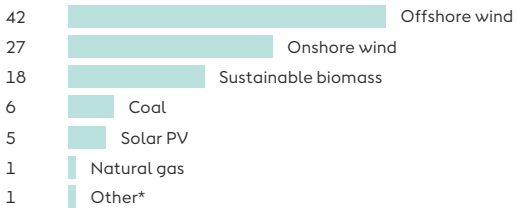
Gas and power sales
Sales of gas and power are calculated as physical sales to retail and wholesale customers and exchanges. Sales are based on readings from Ørsted's trading systems. Internal sales to our combined heat and power (CHP) plants are not included in the statement.

Share of renewable energy generation

Business drivers

Data point	Unit	Target	2023	2022	Δ
Total heat and power generation	**%**		**100**	**100**	**0%p**
From offshore wind	%		42	39	3%p
From onshore wind	%		27	27	0%p
From solar PV	%		5	5	0%p
From sustainable biomass	%		18	20	(2%p)
From other renewable energy sources	%		1	0	1%p
From coal	%		6	8	(2%p)
From natural gas	%		1	1	0%p
From other fossil energy sources	%		0	0	0%p
Share of renewable energy generation	**%**	**99 (2025)**	**93**	**91**	**2%p**
Offshore	%		100	100	0%p
Onshore	%		100	100	0%p
Bioenergy & Other	%		73	68	5%p

Total heat and power generation by energy source 2023
%



Share of renewable energy generation
%

* Other renewable and fossil energy sources

The share of our renewable heat and power generation increased by 2 percentage points to 93% in 2023.

The 2 percentage point increase in the renewable energy share was due to the 3 percentage point increase in offshore wind power generation and the 1 percentage point increase in other renewable energy sources (certified renewable power for heat boilers), partly offset by a 2 percentage point decrease in the share of sustainable biomass-based generation.

The increase in offshore wind power generation was primarily due to the ramp-up of our offshore wind farms Greater Changhua 1 and 2a in Taiwan and higher wind speeds in 2023 compared to 2022.

The share of sustainable biomass-based generation decreased by 2 percentage points.

This was due to a temporary switch from biomass to coal usage at Studstrup Power Station from the autumn of 2022 until Q2 2023 following a fire in the wood pellet silo, and lower biomass-based condensing generation driven by lower market spreads. This was partly offset by higher heat demand and thereby higher biomass-based generation in Q4 2023.

The 1 percentage point increase in other renewable energy sources was driven by heat generation from the new electric boilers at the Studstrup Power Station using sourced green power.

The share of coal-based generation decreased by 2 percentage points, mainly driven by lower coal-based condensing driven by significantly lower power spot prices, hence reduced spreads.

§ Accounting policies

Share of renewable energy generation
The renewable energy share of our heat and power generation is calculated on the basis of the energy sources used and the energy generated at the different assets.

For combined heat and power (CHP) plants, the share of the specific fuel (e.g. sustainable biomass) is calculated relative to the total fuel consumption for a given plant or unit within a given time period.

The specific fuel share is then multiplied by the total heat and power generation for the specific plant or unit in the specific period. The result is the fuel-based generation for the individual plant or unit, for example the sustainable biomass-based generation of heat and power from the CHP plant unit within a given time period.

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

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

Energy consumption

Data point	Unit	Target	2023	2022	Δ
Direct energy consumption (GHG, scope 1)	**GWh**		**14,936**	**18,859**	**(21%)**
Fuels used in thermal heat and power generation	GWh		14,764	18,649	(21%)
Sustainable biomass	GWh		10,074	11,258	(11%)
Coal	GWh	0 (2025)[1]	3,782	6,677	(43%)
Natural gas	GWh		746	289	158%
Oil	GWh		162	425	(62%)
Other energy usage (oil, gas, and diesel for vessels and vehicles)	GWh		172	210	(18%)
Coal used in thermal heat and power generation	Thousand tonnes	0 (2025)[1]	546	996	(45%)
Certified sustainable wooden biomass sourced[2]	%		100	100	0%p
Indirect energy consumption (GHG, scope 2)	**GWh**		**632**	**308**	**105%**
Power sourced for own consumption	GWh		618	293	111%
Own power consumption covered by renewable energy certificates	%	100 (ongoing)[3]	100	100	0%p
Heat sourced for own consumption	GWh		14	15	(7%)
Total direct and indirect energy consumption	**GWh**		**15,568**	**19,167**	**(19%)**
Green share of total direct and indirect energy consumption	**%**		**69**	**60**	**9%p**
Internal energy savings, accumulated from 2018	**GWh**		**52**	**46**	**13%**
Electric vehicles in the company vehicle fleet	**%**	**100 (2025)**	**65**	**51**	**14%p**

[1] Our target is to phase out coal before 2025. The Danish authorities have ordered us to continue and resume the operation of three of our power station units which use coal and oil until 31 August 2024.

[2] We are committed to use 100% certified sustainable wooden biomass.

[3] Our target is to have our own power consumption 100% covered by renewable energy certificates.

The total fuel consumption used for heat and power generation decreased by 21% in 2023 compared to 2022, driven by the 11% decrease in thermal heat and power generation. Fuel consumption decreased more than thermal generation because of lower condensing generation in 2023 compared to 2022. Condensing generation (power generation only) has lower fuel efficiency than combined heat and power generation.

The consumption of sustainable biomass decreased by 11%, primarily due to the switch from sustainable biomass to coal-based generation at Studstrup Power Station following a fire in the wood pellet silo in the autumn of 2022. In Q2 2023, we switched back to sustainable biomass at Studstrup Power Station. In addition, there has been lower biomass condensing in 2023 due to lower power prices.

The consumption of coal decreased by 43%, mainly due to lower coal-based condensing driven by significantly lower power spot prices in 2023, hence reduced spreads.

Natural gas consumption increased by 158% in 2023, mainly driven by lower gas prices and improved spreads compared to 2022.

§ Accounting policies

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

Certified sustainable wooden biomass sourced
Certified sustainable wooden biomass sourced is calculated as the amount of certified sustainable wooden biomass sourced divided by the total amount of sourced wooden biomass, i.e. wood pellets and wood chips, delivered to individual CHP plants within the reporting period. Certified sustainable wooden biomass must be certified within at least one of the claim categories accepted by the Danish industry agreement on certified biomass. Accepted claim categories are: FSC 100%, FSC Mix, PEFC 100%, and SBP-compliant.

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

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

Internal energy savings
The scope of the energy savings covers both heat and power consumption and process optimisation savings at our CHP plants (i.e. fuel savings, GHG scope 1). Projects are included when they are fully implemented and operational.

Electric vehicles in the company vehicle fleet
Ørsted is a member of the Climate Group's EV100 initiative. The statement is prepared on the basis of the EV100 guidelines.

Greenhouse gas (GHG) emissions

Scope 1, 2, and 3

Data point	Unit	Target	2023	2022	Δ
Direct GHG emissions (scope 1)					
Total scope 1 GHG emissions	Thousand tonnes CO_2e		1,585	2,510	(37%)
Covered by the EU Emissions Trading System	%		96	97	(1%p)
Indirect GHG emissions (scope 2)					
Location-based	Thousand tonnes CO_2e		93	45	107%
Market-based	Thousand tonnes CO_2e		1	1	0%
Indirect GHG emissions (scope 3)	**Thousand tonnes CO_2e**		**5,631**	**10,983**	**(49%)**
C1: purchased goods and services	Thousand tonnes CO_2e		328	350	(6%)
C2: capital goods	Thousand tonnes CO_2e		91	1,456	(94%)
C3: fuel- and energy-related activities	Thousand tonnes CO_2e		1,314	1,836	(28%)
C4: upstream transportation and distribution	Thousand tonnes CO_2e		0	1	(100%)
C5: waste generated in operations	Thousand tonnes CO_2e		3	2	50%
C6: business travel	Thousand tonnes CO_2e		18	15	20%
C7: employee commuting	Thousand tonnes CO_2e		13	11	18%
C9: downstream transport and distribution	Thousand tonnes CO_2e		2	3	(33%)
C11: use of sold products	Thousand tonnes CO_2e	67% (2030), 90% (2040)[1]	3,862	7,309	(47%)
Total GHG emissions (location-based)[2]	**Thousand tonnes CO_2e**		**7,309**	**13,538**	**(46%)**
Total GHG emissions (market-based)[3]	**Thousand tonnes CO_2e**		**7,217**	**13,494**	**(47%)**
Scope 1, 2, and 3 (excl. natural gas sales)	**Thousand tonnes CO_2e**		**3,355**	**6,185**	**(46%)**
Scope 3 (excl. natural gas sales)	**Thousand tonnes CO_2e**		**1,769**	**3,674**	**(52%)**
GHG emissions outside of scope 1-3					
Direct biogenic carbon emissions[4]	Thousand tonnes CO_2e		3,544	3,961	(11%)

[1] Our targets to reduce scope 3 emissions from sold products by 67% in 2030 and 90% in 2040 relate to wholesale buying and selling of natural gas from the base year 2018.

[2] Total GHG emissions including scope 2 GHG emissions measured using the location-based method.

[3] Total GHG emissions including scope 2 GHG emissions measured using the market-based method.

[4] According to the GHG Protocol, the carbon emissions from burning biomass are net-zero for scope 1 direct emissions, since the amount of carbon absorbed by the biomass during the growth phase is equivalent to the amount of carbon released through combustion.

Scope 1

Scope 1 greenhouse gas (GHG) emissions decreased by 37% from 2022 to 2023. The main driver was the 43% decrease in the use of coal, partly offset by the 158% increase in the use of natural gas.

In 2023, fossil fuel-based heat and power generation was accountable for 97% of the total scope 1 emissions. Fuel for vessels are the main contributor to the remaining 3%.

Scope 2

Location-based scope 2 emissions increased by 107% from 2022 to 2023. The main source of location-based scope 2 emissions was power purchased for the generation of heat in electric boilers at our CHP plants.

All power purchased and consumed by Ørsted is certified green power. Therefore, our market-based scope 2 GHG emissions from power consumption amounted to zero tonnes carbon dioxide equivalents, and the remaining one thousand tonnes carbon dioxide equivalents came from our heat consumption.

Scope 3

Scope 3 greenhouse gas emissions decreased by 49% from 2022 to 2023, primarily driven by the 47% reduction in scope 3 emissions from natural gas sales (category 11).

Scope 3 emissions from capital goods (category 2) decreased by 94% as we only commissioned four onshore wind farms (totalling 253 MW) in 2023, whereas we commissioned more wind farms in 2022, including the offshore wind farm Hornsea 2 (1,320 MW). The scope 3 impact from the partly-commissioned solar farm Old 300 will be reported when the solar farm is fully commissioned, expectedly in 2024.

Scope 3 emissions from fuel- and energy-related activities (category 3) decreased by 28% due to the 37% reduction in regular power sales to end customers and the 21% reduction in fuel consumption at the CHP plants in 2023.

GHG emissions outside of scope 1-3

Direct biogenic carbon emissions were 11% lower in 2023 than in 2022 as a result of the 11% reduction in the use of sustainable biomass as fuel.

Greenhouse gas (GHG) emissions

GHG intensity

Data point	Unit	Target	2023	2022	Δ
GHG intensity (scope 1 and 2)	**g CO_2e/kWh**				
GHG intensity, energy generation	g CO_2e/kWh	10 (2025), 6 (2030), 1 (2040)	38	60	(37%)
Offshore	g CO_2e/kWh		2	2	0%
Onshore	g CO_2e/kWh		0	0	-
Bioenergy & Other	g CO_2e/kWh		141	200	(30%)
GHG intensity, revenue	g CO_2e/DKK		20	22	(9%)
GHG intensity, EBITDA	g CO_2e/DKK		85	78	9%
GHG intensity (scope 1, 2, and 3)	**g CO_2e/kWh**	**75 (2030), 2.9 (2040)[1]**	**80**	**147**	**(46%)**

[1] Our GHG intensity (scope 1, 2, and 3) targets exclude scope 3 emissions from use of sold products (natural gas sales).

GHG intensity (scope 1 and 2)

Our GHG intensity (scope 1 and 2) of energy generation decreased by 37% in 2023 compared to 2022. The decrease was the result of a 37% decrease in scope 1 emissions due to lower coal consumption (numerator) and unchanged total heat and power generation (denominator).

The GHG emissions intensity of revenue was reduced by 9%, and the GHG emissions intensity of EBITDA increased by 9% following the 37% reduction in GHG emissions (denominator), the 31% reduction in revenue, and the 42% reduction in EBITDA (denominators).

GHG intensity (scope 1, 2, and 3)

Scope 1, 2, and 3 GHG intensity (excluding emissions from natural gas sales) decreased by 46% from 2022 to 2023. The decrease was mainly driven by the 37% reduction in scope 1 and the 52% reduction in scope 3 emissions, excluding natural gas sales (numerator), in addition to an unchanged total heat and power generation (denominator).

§ Accounting policies

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

Indirect GHG emissions (scope 2)
Scope 2 emissions are reported based on the GHG Protocol and include indirect GHG emissions from the generation of power, heat, and steam purchased and consumed by Ørsted. Scope 2 emissions are primarily calculated as the power volumes purchased multiplied by country-specific emission factors. Location-based emissions are calculated based on average country-specific emission factors. Market-based emissions take into account renewable power purchased and assume that regular power is delivered as residual power.

Indirect GHG emissions (scope 3)
Scope 3 emissions are reported based on the GHG Protocol, where the scope 3 inventory is split into 15 subcategories (C1-C15):

C1 is categorised spend data multiplied by relevant spend-category-specific emission factors.

C2 includes upstream GHG emissions (cradle to operations) from acquired and installed wind and solar farms in the month when the wind or solar farm has reached commercial operation date (COD).

C3 is calculated based on actual fuel consumption and power sales to end customers multiplied by relevant emission factors. We use separate emission factors for green and regular power sales.

C4 only includes fuel for helicopter transport. Emissions from other transport types are included in the emission factors we use for purchased goods and services.

C5 is calculated based on actual waste data multiplied by relevant emission factors.

C6 is calculated based on mileage allowances for employee travel in own cars and GHG emissions from plane travel provided by our travel agent.

C7 is calculated based on estimates of the distance travelled and travel type (e.g. car or train).

C9 is calculated based on volumes of residual products, estimated distances transported, and relevant emission factors for transport.

C11 is calculated based on actual sales of gas to both end customers and wholesalers as reported in our ESG consolidation system. The different types of gas sold have specific upstream and downstream emission factors.

The subcategories C8, C10, and C12-C15 are not relevant for Ørsted.

GHG emissions outside of scope 1-3
Carbon emissions from burning biomass are net-zero for scope 1 emissions, according to the GHG Protocol, as the amount of carbon absorbed by the biomass during the growth phase is equivalent to the amount of carbon released through combustion. To ensure full transparency of all our activities, we document these emissions separately from the scopes, as recommended by the GHG Protocol. The direct biogenic carbon emissions are calculated by multiplying the volume of used biomass with the corresponding carbon emission factors.

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

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

ESRS E4

Biodiversity and ecosystems

Energy projects with net-positive biodiversity impact

Our approach and policies

Our nature is under increasing pressure, and biodiversity loss presents a potentially devastating threat to society. We depend on diverse, healthy ecosystems for the air we breathe, the food we eat, our economic prosperity, limiting climate change, and protecting those communities most at risk.

At Ørsted, we believe that the renewable energy transition can be part of a solution to the biodiversity crisis, provided we do it right. Achieving this requires that we first and foremost identify and proactively address the potential adverse effects that the build-out itself has on wildlife, habitats, and ecosystems.

As we continue our renewable energy build-out, we are determined to leave nature as a whole in a better state than we found it. Therefore, our ambition is to take direct action to be able to achieve a net-positive biodiversity impact in projects commissioned from 2030 onwards. We strive to optimise how we work with and integrate biodiversity protection and restoration into the way we develop, construct, and operate renewable energy projects.

We have established an offshore wind biodiversity policy addressing direct impacts from our operations on biodiversity, ecosystem protection, and sustainable ocean practices. With accountability lying with the Head of Global Stakeholder Relations, the policy sets out the principles that underpin our efforts to protect the natural environment in the areas where we construct and operate offshore wind farms. We will develop our biodiversity policy further to encompass all renewable energy technologies, both onshore and offshore. The revised policy is expected to be finalised in 2024.

As we develop, construct, and operate more renewable energy assets, we follow four core principles to effectively manage our impacts on biodiversity and work towards achieving a net-positive biodiversity impact for future projects:

1 Science-based decarbonisation

Our biodiversity policy recognises the significant threat that climate change poses to biodiversity. To address the interconnected challenges of biodiversity loss and climate change, we must shift away from fossil fuels and set science-based decarbonisation targets across the value chain (see section E1 on climate change).

Our material impacts and risks

Positive impacts

SIGNIFICANT

1 Biodiversity restoration, research, and innovation initiatives (OO)

Negative impacts

CRUCIAL

2 Natural resources exploitation and land-use change from mining of minerals and metals (VC)

3 Habitat loss from land degradation caused by mining of minerals and metals (VC)

SIGNIFICANT

4 Disturbances to habitats and displacement or loss of species (OO)

(OO) Own operations
(VC) Value chain

↑ Sunflower Wind, located in Marion County, Kansas.

2 Avoid and mitigate negative impacts based on the best available science

We follow the mitigation hierarchy, emphasising avoidance, minimisation, and mitigation of impacts on biodiversity. Additionally, we prioritise reduction of any residual negative impacts. We ensure this through environmental and social impact assessments and studies, and through implementation of technologies for impact management, mitigation, and reduction. We actively expand our knowledge in these areas by addressing knowledge gaps and uncertainties to ensure we can deploy solutions that are based on the best available science, local expert knowledge, and the latest effective technological advancements.

3 Set targets and deliver positive impacts

To deliver on our 2030 ambition of achieving net-positive biodiversity impact, we depend on appropriate measurement and reporting frameworks. Our goal is to establish clear targets with specific, transparent, and recognised metrics. We are involved in the Science Based Targets Network's (SBTN) Corporate Engagement Program and have become Early Adopters of the Taskforce on Nature-related Financial Disclosures (TNFD), contributing to the development of a standardised methodology for assessing corporate-level impacts on nature.

4 Holistic sustainability action

We adopt a holistic approach, addressing ecological, climate, and social sustainability. This includes implementing the mitigation hierarchy, including delivering ecosystem-wide restoration projects where feasible, resource circularity (see section E5 on resource use and circular economy), and supporting local communities (see section S3 on affected communities).

2023 actions

During the year, we have taken significant steps towards our 2030 ambition by following our four principles for a biodiversity-positive energy transition:

1 Science-based decarbonisation

- See section E1 on climate change.

2 Avoid and mitigate negative impacts based on the best available science

- As part of the ecological compensation measures for our offshore wind farm Hornsea 3, we have started the work of providing artificial nesting structures for the kittiwake bird species along the east coast of England. The offshore artificial nesting structures are the first of their kind, and we are working on new and innovative designs for future structures. These nesting structures are needed to support this important and vulnerable species and will enable Hornsea 3 to be built and generate renewable electricity.

- We have progressed research studies on critical environmental topics. For instance, we have developed a bat and bird monitoring guidance document to support protection of vulnerable bat and bird species in the acceleration of the offshore wind industry.

3 Set targets and deliver positive impacts

- We have continued the development of a measurement framework to assess biodiversity net gains and losses at our assets, utilising data from five operational assets for practical testing. In 2023, we successfully piloted this framework across renewable projects to evaluate its effectiveness in being able to report overall biodiversity impacts for future projects. The aim of the framework is to ensure consistency, transparency, and informed decision-making by having a standardised methodology with reliable data.

- We have become Early Adopters of the TNFD Recommendations, and in 2023, we made our first TNFD-aligned disclosures. For more information, see our TNFD reference table in the appendix.

In addition, we have continued a strong collaboration with TNFD, SBTN, and other key stakeholders, aimed at facilitating the development of an industry standard. As part of these efforts, we have aligned our data collection approach to ensure our readiness for active participation once global frameworks are established. This will hopefully contribute to a higher level of comparability and credibility of biodiversity measurements in the renewable energy sector.

4 Holistic sustainability action

- On World Ocean Day, we became the first energy company in the world to issue blue bonds, with the aim of raising blue financing to increase investments that specifically target offshore biodiversity and sustainable shipping. This allows us to further incentivise biodiversity action as part of offshore wind development.

- We have released a white paper titled 'Uniting action on climate and biodiversity.' This paper highlights the crucial role renewable energy plays in addressing both the climate and biodiversity crises. It emphasises the necessity of incorporating biodiversity considerations into renewable energy expansion and outlines the essential steps for achieving this goal. The paper is a call to action to policymakers and civil society to drive further progress in this field and build this into the development of future renewable targets.

- We have taken steps to contribute to saving the cod stock in the Baltic Sea through a collaboration with BalticWaters and the ReCod project. The project involves releasing cod larvae in places where the cod previously spawned. The aim is to improve the survival rate of cod and at the same time collect valuable data on how the cod stock can be strengthened in the Baltic Sea.

- In collaboration with The Nature Conservancy, we have set out to protect almost 1,000 acres of threatened native prairie at our Mockingbird Solar Center in northeast Texas, US. Prairies are valuable, productive ecosystems that provide numerous benefits, from flood prevention and water filtration to carbon storage. Native prairies provide habitat for populations of birds, monarch butterflies, bees, and other pollinators.

- We have launched the BioReef marine restoration project in collaboration with WWF and DTU Aqua to contribute to ocean biodiversity in the Danish North Sea. The project aims to develop methods to establish biogenic reefs of European flat oysters and horse mussels. We hope that learnings from BioReef will inform best practices for global bivalve reef restoration.

- We have initiated a biodiversity initiative near our onshore wind farm Sunflower Wind in Kansas, US, together with The Conservation Fund and The Nature Conservancy. This initiative will support habitat protection and restoration of up to 3,000 acres of tallgrass prairie near the wind farm.

- We have launched a new research project at Anholt Offshore Wind Farm in Denmark together with the Technical University of Denmark (DTU), with the purpose of growing less carbon-intensive foods while contributing to a healthier marine environment.

- We continued our previously launched biodiversity pilot projects, including our large-scale restoration project in the Humber Estuary in the UK, our ReCoral project in Taiwan, our 3D-printed reef project in Denmark, and rewilding of ocean biodiversity through our partnership with ARK Nature.

Future actions

In the short term, we aim to integrate our biodiversity ambition and measurement framework into all upcoming renewable energy projects that will be commissioned from 2030 onwards, covering offshore wind, onshore wind, solar power, and P2X, alongside ongoing monitoring of our current and upcoming biodiversity initiatives.

In the future, we intend to ensure that every renewable energy project we commission delivers a net-positive impact through effective avoidance, minimisation, mitigation, and where required, offsetting of biodiversity impacts. We also aim to establish precise science-based and measurable biodiversity targets for our direct impacts. We will strive to fully integrate our biodiversity ambition into all facets of our business.

We have also begun the work of identifying our key impacts on biodiversity in our upstream value chain, e.g. by identifying which materials have the greatest impact on biodiversity. Going forward, we will work towards mapping out these impacts to a country level and cooperating with our suppliers on mitigating impacts on biodiversity.

Targets

Through our 2030 ambition, we work on being able to establish specific biodiversity targets. Substantial progress has been achieved through our biodiversity pilot projects and our development of a measurement framework, which has enhanced our understanding of how to improve biodiversity at the asset level.

Our biodiversity efforts, ambition, and approach are influenced by various factors, including the EU's biodiversity strategy for 2030, the Global Biodiversity Framework, SBTN, TNFD, the EU Align project, and national legislation in the countries where we operate. We ensure alignment with these frameworks, and new regulations guide our continued development and engagement with biodiversity.

Biodiversity
Protected areas

Data point	Type of protection	Unit	2023
Offshore			
The UK			
Overlaps with protected areas	Area of Outstanding Natural Beauty, Heritage Coast, Marine Conservation Zone, Marine Protected Area (OSPAR), National Nature Reserve, Ramsar Site, Site of Special Scientific Interest	Number	44
Overlaps with key biodiversity areas		Number	28
Denmark			
Overlaps with protected areas	Baltic Sea Protected Area (HELCOM), Marine Protected Area (OSPAR), Ramsar Site, Special Areas of Conservation (Habitats Directive), Special Protection Area (Birds Directive)	Number	7
Overlaps with key biodiversity areas		Number	8
Germany			
Overlaps with protected areas	Landscape Protection Area, Marine Protected Area (OSPAR), National Park, Nature Reserve, Sites of Community Importance, Special Areas of Conservation (Habitats Directive), Special Protection Area (Birds Directive), Special Protection Area (OSPAR)	Number	6
Overlaps with key biodiversity areas		Number	2
The Netherlands			
Overlaps with protected areas	Areas of Conservation, Marine Protected Area (OSPAR), Nature Conservation Act, Ramsar Site, Special Areas of Conservation (Habitats Directive), Special Protection Area (Birds Directive)	Number	2
Overlaps with key biodiversity areas		Number	3
The US			
Overlaps with protected areas	Easement, Private Conservation	Number	3
Overlaps with key biodiversity areas		Number	3
Onshore			
Ireland			
Overlaps with protected areas	Area of Outstanding Natural Beauty, Area of Special Scientific Interest, Ramsar Site	Number	54
Overlaps with key biodiversity areas		Number	9
The US			
Overlaps with protected areas	Habitat Area, National Wildlife Refuge, Private Conservation, Reserve Program, Wildlife Management Area	Number	11
Overlaps with key biodiversity areas		Number	1

In 2022, we changed our data source for our reporting on biodiversity-protected areas to the Integrated Biodiversity Assessment Tool (IBAT). In 2023, we have combined the information from IBAT with additional biodiversity data collected during a biodiversity risk assessment.

The change in the buffer zones applied in 2023 significantly increased the figures reported compared to previous years' reporting.

In 2023, we have included our onshore assets in our reporting as well, meaning that we have now added onshore assets in Ireland and the US.

Our wind farms in the APAC region do not currently overlap with any protected areas for nature conservation or key biodiversity areas.

§ Accounting policies

The biodiversity data covers offshore and onshore wind farms and solar farms.

For offshore wind farms, a buffer zone of 25 km is applied, whereas for onshore wind and solar farms, the buffer zone is 10 km. These buffers have been determined based on best practice rooted in science, and to recognise relevant interactions with protected areas for nature conservation or key biodiversity areas.

The figures are reported gross, i.e. we include 100% of the number of areas irrespective of our ownership share. Data is initially recognised from commercial operation date (COD).

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

Protected areas
Protected areas and areas of high biodiversity value (key biodiversity areas) follow the Global Reporting Initiative (GRI) Standards, disclosure 304-1. This includes the list of protected areas described, such as IUCN protected area management categories, the Ramsar Convention, and national legislation. The data points are the cumulative number of protected areas for nature conservation or key biodiversity areas, respectively, with which our operational sites interact.

Biodiversity

Endangered species

Data point	Unit	Critically endangered	Endangered	Vulnerable	Near-threatened
Offshore, 2023					
The UK	Number	11	12	61	50
Denmark	Number	7	9	53	41
Germany	Number	6	5	18	10
The Netherlands	Number	7	8	38	21
The US	Number	8	28	56	32
Onshore, 2023					
Ireland	Number	10	17	44	36
The US	Number	18	28	45	46

As outlined in our offshore wind biodiversity policy, we carry out detailed environmental consenting processes and ongoing environmental monitoring in compliance with local regulations on protection of nature conservation to ensure species are considered carefully. We have similar processes for all our onshore operations as well, which will be defined more clearly in our updated biodiversity policy in 2024.

Our assets in the APAC region do not currently overlap with any protected or known areas of critical importance for vulnerable species.

In 2023, we have included our onshore assets and have split our reporting into country levels to gain a clearer picture of specific overlaps. We have moved away from reporting across groups of vertebrates and instead report the collective number of IUCN Red List species at a country level.

The change in the buffer zones applied in 2023 significantly increased the figures reported compared to previous years' reporting.

In 2023, our onshore wind farm Sunflower Wind (201 MW) went into operation, as well as the three smaller onshore wind farms Lisheen 3, Les Dix Huit, and Ballykeel.

Sunflower Wind is in proximity to the Flint Hills in central Kansas, a native tallgrass prairie, which is an important habitat to many key species, including the greater prairie chicken, upland sandpiper, Henlow's sparrow, and many other species of grassland birds. To mitigate any possible impacts that Sunflower Wind may have on these species, we have launched a partnership with The Nature Conservancy and The Conservation Fund to protect and restore native tallgrass prairie within the Flint Hills, protecting a key habitat for many species found here.

§ Accounting policies

Biodiversity data covers all of our operational assets, both offshore and onshore, and includes the protected areas described in the table about protected areas.

The overlap with species ranges has been assessed using a buffer of 25 km for offshore assets and 10 km for onshore assets. These buffers have been determined based on best practice rooted in science, and to recognise relevant interactions with any species in proximity to our operations. The reporting considers these total asset footprints for completeness.

The figures are reported gross, i.e. we include 100% of the number of areas irrespective of our ownership share. Data is initially recognised from commercial operation date (COD).

Endangered Red List species
This data point follows the Global Reporting Initiative (GRI) Standards, disclosure 304-4, and lists the number of threatened species. We report by level of extinction risk according to the International Union for Conservation of Nature's (IUCN) 'Red List of Threatened Species' – an inventory of the global conservation status of plant and animal species.

ESRS E5

Resource use and circular economy

Circular resource use

Our approach and policies

We are reliant on significant amounts of critical raw materials to meet the scale and pace needed for the renewable energy build-out. However, renewable energy supply chains are under pressure, and bottlenecks and material scarcities are already defining the pace of the energy transition in many markets. We can reduce some of these pressures through circularity efforts. By considering the provenance and mix of materials and increasing recycling and reusing, we can reduce the demand for virgin materials and reduce volatilities in our supply chain while minimising negative impacts throughout the value chain, including carbon emissions.

The dominant share of our upstream carbon emissions comes from the extraction and processing of materials for our assets (approximately 75%) – steel alone accounts for approximately 50%. By incorporating circular principles across our business we can reduce carbon emissions to help reach our science-based net-zero target while ensuring responsible waste management. We mainly work across three circularity levers:

1 Circular design and materials

We take measures to reduce and optimise resource usage by rethinking the design of our new renewable energy assets. We want to engage with key suppliers to promote the use of recycled and recyclable materials, particularly in high-impact categories like steel.

2 Operations and late-life strategies

We strive to maximise the value of our components and assets. We investigate opportunities for repairing, refurbishing, and reusing key components to prolong their lifetime, and we aim to extend the operational lifetime of our wind farms by up to 10 years, beyond the expected lifetime.

3 Resource recovery and recycling

Our ambition is to ensure that all materials, when they reach their end-of-life stage, can be effectively recovered and recycled into new supply chains.

Our material impacts and risks

Negative impacts

CRUCIAL

1 Use of virgin materials in our supply chain (VC)

SIGNIFICANT

2 Waste generation during operation and decommissioning (OO)

Risks

3 Availability of materials and components (VC)

(OO) Own operations
(VC) Value chain

To support the promotion of circularity and waste management in our business, we have a resource management policy covering all Ørsted activities and locations. The objective of the policy is to address our aim of minimising the use of virgin resources and to provide the direction for sustainable sourcing of resources. Accountability for our circularity efforts lies with our Chief Operating Officer.

2023 actions

During the year, we have taken significant steps by launching partnerships and initiatives for circularity and sustainable resource management, of which the most prominent are:

1 Design and supply chain

- We have partnered with Vestas and pledged to procure a minimum of 25% wind turbine towers produced using scrap steel for all joint future offshore projects. These new towers will reduce the carbon footprint from offshore turbine towers with approximately 25%. We have also pledged to procure blades made from recycled materials at all future joint offshore wind farms, when commercially available. This new blade technology addresses the industry's biggest circularity challenge, namely the many blades in operation today that need to be recycled at their end of life. With this pledge, we help scale the technology further.

- Our co-founded industry-wide recycling project DecomBlades has achieved a significant development by extracting and processing glass fibres from old wind turbine blades. The extracted fibres maintain a quality that enables their reuse in the manufacturing of new blades. This breakthrough represents a crucial step in mitigating our industry's largest waste problem and advancing towards a more sustainable and resource-efficient future.

2 Operations and late-life strategies

- We have joined the Coalition for Wind Industry Circularity (CWIC) to contribute to the establishment of a circular supply chain focused on reusing and refurbishing old wind turbine components. The initiative aims to collaborate with industry peers and supply chain partners to develop capabilities for refurbishing and reusing wind turbine parts in the UK. Emphasising reuse and refurbishment can alleviate pressure on supply chains, decrease the carbon footprint of wind farms, and offer socio-economic benefits through the generation of new jobs.

- We have formed a partnership with Renewable Parts, a specialist in supply chains and refurbishment within the wind energy industry. Through the optimisation of maintenance and parts supply, specifically by refurbishing our offshore wind turbines, our goal is to decrease costs, enhance availability levels of materials, and reduce the overall carbon footprint of wind farms.

3 Resource recovery and recycling

- We have entered a partnership with SOLARCYCLE, a technology-based solar recycling company, to handle the processing and recycling of end-of-life solar modules sourced from our projects throughout the US. This collaboration not only helps us divert materials from landfills but also ensures the recovery of high-value materials crucial to the green energy transition. By reintroducing these materials into our supply chain, we are actively contributing to a more sustainable and circular approach to managing solar technology waste.

- Our commitment to achieving 100% reuse and recycling of solar panels within our US portfolio has now been expanded to encompass our entire global portfolio. By proactively making this commitment, we are laying the groundwork for the early development of capabilities and the maturation of recycling markets.

- We have entered into a partnership with Plaswire in Northern Ireland with the aim of maturing recyling solutions for onshore wind farms. In a pilot project initiated at our onshore wind farms Owenreagh 1 and 2, three blades were recycled by shredding and remoulding their materials for the production of construction materials. Beyond material reutilisation, this partnership is supposed to generate employment opportunities within the local communities.

- In 2023, we were part of DNV's pilot programme ReWind, a digital tool designed to evaluate material breakdown and circularity rates in decommissioned wind farms. We are confident that this industry-leading platform will assist us in accurately calculating the residual value of our assets and optimising the circularity of our projects.

Future actions

- Moving forward, we will start engaging our key suppliers on circularity as part of our procurement processes with the goal of incentivising more circular methods in our supply chain. Acknowledging the complexity of circularity in the renewable energy industry, we will continue to seek out industry-wide and cross-sector collaborations to achieve increased circularity.

- As described in the 'Strategy and business' section, we have ceased development of our offshore wind projects Ocean Wind 1 and 2 in the US. We are closely assessing whether and how components that have been fabricated for those projects can be reused or repurposed to preserve their material and financial value. This includes evaluating opportunities such as reusing components in other Ørsted projects, or selling them for reuse or refurbishment to our suppliers or other developers in the industry.

Sustainable use of biomass

Our approach and policies

We are committed to sourcing sustainable wooden biomass verified by independent third-party bodies. Biomass plays an important role in the Danish energy system, delivering efficient energy with a remarkable yield of up to 90% when integrated into district heating. Furthermore, it serves as an alternative energy source during periods of suboptimal solar and wind conditions. While biomass is a renewable source, we recognise the need for responsible utilisation of biomass to ensure the preservation of its climate benefits.

Our wooden biomass only originates from well-managed production forests with an ongoing reforestation effort. We only procure wood pellets and chips from residues and low-grade wood, typically sourced from sawdust, regular forest thinning, harvesting residues, or diseased trees.

↑ At work at our hydrogen test facility in Avedøre, Denmark.

With our biomass efforts, we adhere to the UNEP Convention on Biological Diversity, FOREST EUROPE, and relevant certification schemes (FSC®, PEFC, and SBP).

We also intend to capture the biogenic carbon emissions from biomass incineration. Read more in the 'Strategy and business' section.

2023 actions

- We operate five combined heat and power (CHP) plants fuelled by biomass, providing district heating and electricity to approximately 400,000 households.
- In 2023, 94% of our total biomass consumption came from wooden biomass, of which 100% was certified sustainable wooden biomass, independently verified by FSC®, PEFC, or SBP, ensuring the origin of the biomass on an annual basis. In addition to the certification requirements, we maintain ongoing engagement with our biomass suppliers to ensure they align with our sustainability standards.
- The remaining 6% of our biomass came from residual straw sourced from Danish agriculture. While straw biomass lacks a specific certification scheme, our supplied straw is sourced as a waste product from local farms, preventing the disposal of the resource.

Future actions

In the future, we anticipate a reduction in our biomass usage as other renewable energy sources are expected to increase. Nevertheless, biomass will most likely continue to play a role in the Danish energy system, serving as a storable energy solution to complement solar and wind, as well as being employed in P2X to produce renewable hydrogen.

Responsible sourcing of minerals and metals

Our renewable energy assets rely on various metals, including rare earth elements for wind turbine magnets, copper for transmission cables, and lithium for batteries. We have implemented activities to promote responsible supply chains for the key metals that fuel the renewable energy transition. For more information about our sourcing of minerals and metals, see section S2 on workers in the value chain.

Targets

We have a commitment to continue to use 100% certified sustainable wooden biomass.

We commit to either reuse, recycle, or recover all of the wind turbine blades in our global portfolio of onshore and offshore wind farms. Similarly, we commit to reuse or recycle all solar panels from our global portfolio of solar farms.

Ban on landfilling
→ Zero wind turbine blades to landfill
→ Zero solar panels to landfill

Waste

Data point	Unit	Target	2023	2022	Δ
Hazardous waste	**Thousand tonnes**		**3**	**2**	**50%**
Diverted from disposal[1]	Thousand tonnes		1	1	0%
Directed to disposal[2]	Thousand tonnes		2	1	100%
Non-hazardous waste	**Thousand tonnes**		**118**	**87**	**36%**
Diverted from disposal[1]	Thousand tonnes		101	64	58%
Directed to disposal[2]	Thousand tonnes		17	23	(26%)
Total waste	**Thousand tonnes**		**121**	**89**	**36%**
Diverted from disposal[1]	%		84	72	12%p
Directed to disposal[2]	%		16	28	(12%p)
Wind turbine blades taken down	**Number**		**2**	**12**	**(83%)**
Of which, put in temporary storage	Number		2	11	(82%)
Of which, directed to landfill	Number	0 (ongoing)[3]	0	1	(100%)

[1] Reuse, recycling, composting, and recovery.

[2] Energy recovery, incineration, and landfill.

[3] Effective from 2021, our target is to not landfill any wind turbine blades from our wind farms in operation and upon decommissioning.

Total amount of waste diverted from disposal
%

The increase in hazardous waste from 2022 to 2023 was mainly due to increased amounts of sludge from the treatment of wastewater at the oil terminal in Fredericia in Denmark and oil waste from a change of oil products used during start-up at one of our CHP plants.

The 36% increase in non-hazardous waste was primarily due to increased ashes from the CHP plants.

In 2023, two wind turbine blades were taken down and put in temporary storage for future recovery. We started to send some of the wind turbine blades from the temporary storage to recovery.

§ Accounting policies

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

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

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

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

Residual products, e.g. gypsum from the CHPs, which are not handled as waste but sold as products, are not included.

Soil from excavation projects is not included.

Wind turbine blades taken down include all blades taken down due to decommisioning, repowering, or malfunctioning during their operational lifetime.

Social

→ We are dedicated to being an active partner in the communities where we develop, build, operate, and own renewable energy assets. For it to be a just transition, these communities need to play a part in shaping it and to share in the benefits it can generate – from jobs to economic opportunities and incentives.

ESRS S1

Own workforce

Human and labour rights

Our approach and policies

We see human rights as fundamental principles for protecting people's dignity and ensuring freedom and respect both in our own operations, in the companies we work with, and in the communities we are part of.

Our commitment to upholding human rights, including labour rights and local communities' rights, is outlined in our sustainability commitment, global human rights policy, stakeholder engagement policy, just transition policy, and code of conduct for business partners.

All our policies have been approved by the Board of Directors and are governed by our Sustainability Committee, chaired by the Chief Financial Officer. All employees, contractors, suppliers, and business partners, as well as the communities affected by our operations, are covered by the policies.

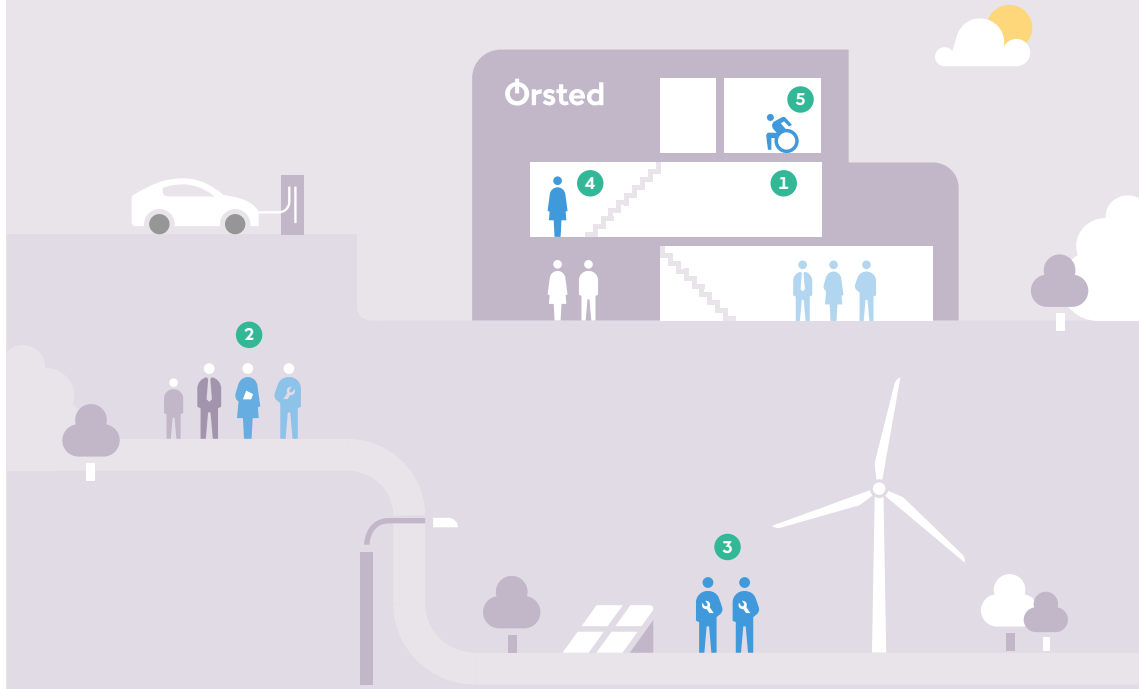
We respect key international human and labour rights standards included in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Our policy on human rights explicitly highlights our dedication to ensuring freedom of association, the right to collective bargaining, elimination of forced or compulsory labour, effective abolition of child labour, and elimination of discrimination in employment and occupation, among other critical issues. In our work with human rights, we are guided by the authoritative global frameworks, UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

We firmly believe that these principles are integral to fostering a just transition to green energy. Therefore, it is our priority to ensure that adequate management systems are in place to identify, prevent, mitigate, and remedy any potential adverse human rights impacts, whether they are related to our own workforce, value chain workers, or affected communities.

In cases where we identify potential adverse human rights impacts, we are committed to promptly and effectively providing and enabling remedies. Our grievance and remediation approach includes addressing any adverse human rights impacts on individuals, workers, and communities that we have caused or contributed to.

Furthermore, we are dedicated to safeguarding the labour conditions of our employees through social protection. This encompasses support for circumstances such as sickness, unemployment, employment injury, parental leave, and retirement.

Our material impacts and risks



Positive impacts
SIGNIFICANT

1. Secure employment and flexible workplace for our employees
2. Diversity resulting in innovative thinking and approaches
3. Career progression through training and development
4. Recruiting and advancing women and under-represented groups, and working to ensure that they stay in Ørsted
5. Inclusive culture where people with disabilities can thrive

We have established a global minimum standard of benefits for caregivers, irrespective of gender or marital status. In addition, we offer various other paid or unpaid family-related leaves, according to country provision and collective bargaining agreements, such as marriage leave, compassionate leave, childcare leave, and nursing care leave. We have a commitment to offer immediate assistance and financial security to employees facing severe illness, with a focus on facilitating a timely return to work.

Aligned with local practices, our basic insurance for unemployment and disability ensures equitable compensation. Retirement benefits are incorporated in our overall remuneration package, and, unless local laws dictate otherwise, all employees are enrolled in a pension scheme through their employment at Ørsted.

Actions

- We actively monitor compliance with internationally recognised human rights standards by continuously collecting information and engaging with our business partners to ensure timely identification and remedy of potential violations.
- We conduct regular human rights impact assessments of our own operations, supply chain, and projects. The assessments involve interviews with employees, document and policy reviews, and discussions with rightsholders, stakeholders, and experts. These assessments guide the development and implementation of mitigating action plans, and we continually monitor their progress.
- To foster a sustainable, safe, and inclusive working environment where all employees can thrive, we are in the final stages of developing a new global labour and employment rights policy. This policy aims to enhance transparency for our employees by articulating our commitment to actively safeguarding labour, employment, and human rights standards within our own workforce.
- We have launched a new internal global policy on parental leave with the purpose of supporting and including all types of family structures, irrespective of gender or marital status.

Health and safety

Our approach and policies

At Ørsted, we prioritise and protect the physical, social, and psychological safety of everyone in the workplace. We believe that personal health and well-being are fundamental drivers for living a balanced life where people can realise their potential. Therefore, it is fundamental to our operations that we have a robust health and safety management system in place and that we foster a culture that promotes our employees' health and safety.

We have established a policy for quality, health, safety, and environment (QHSE), setting the standards for how we protect and ensure the well-being of our employees and the sustainability of our operations. The policy covers all our employees and facilities, with accountability lying with our Head of QHSE. We aim to incorporate quality, health, safety, and environment in all our decisions and actions, and we have implemented workplace accident prevention procedures to ensure the safety and well-being of our employees.

We comply with various ISO standards, including ISO 9001 (quality management system), 14001 (environmental management system), and 45001 (occupational health and safety management system), to maintain a robust management system that aligns with international best practices.

Additionally, we have an internal policy on mental well-being for all employees, with a focus on enhancing the mental well-being of our workforce, mitigating mental strain, such as work-related stress and anxiety, and providing guidance to employees and leaders on addressing these concerns. We have a range of support systems and offer our employees a health insurance, including access to psychologists and other mental health professionals and crisis counsellors as well as support on topics such as stress, relationships, family issues, and lifestyle management. Accountability for our well-being lies with the Chief Human Resources Officer.

Actions

- We are continuously working to preserve our robust health and safety record while expanding our business activities. This entails continuing preventive and mitigating efforts such as safety days, internal audits, inspections, personal risk dialogues, emergency drills, and safety trainings.
- To foster a workplace where everyone feels empowered to voice their thoughts, share innovative ideas, and express themselves freely, we have launched a series of dynamic psychological safety workshops. The objective of these workshops is to cultivate a shared understanding and provide practical techniques for nurturing psychological safety, with the ultimate goal of fostering an open, creative, and inclusive culture.
- We continue to explore approaches to support our employees in leading fulfilling lives, both within and outside the workplace. This includes promoting greater flexibility in working conditions, employee benefits, revaluating expectations regarding the definition of a typical workweek, and upgrading office facilities.
- We have rolled out a Fitness & Health for Frontliners project, which is an initiative designed to enhance the physical well-being of our workforce, boost their work ability, and proactively manage issues such as musculoskeletal concerns. The project includes a fitness testing protocol, upgrades to our on-site training facilities, the introduction of tailored physical exercise programmes, and optimisation of physical demands and ergonomics.

Diversity and inclusion

Our approach and policies

At Ørsted, we recognise that diversity drives innovation and is essential for a thriving workplace. To support this, we have established a global diversity and inclusion policy covering all Ørsted employees, including executive and managerial positions, and with accountability lying with our Chief Human Resources Officer. The policy is centred on three key pillars:

1 Providing equal opportunities for all employees, emphasising recognition and respect for all individuals.

2 Acknowledging that diversity and inclusion are essential for our success in the global market.

3 Aspiring to make Ørsted a positive force for social sustainability across all our locations.

We aim to create an inclusive environment at all managerial levels to attract and retain talented people from all backgrounds and cultures. We are dedicated to offering equal opportunities regardless of ethnic background, race, religion, age, gender, disability, sexual orientation, outlook, or social status. For all employees across Ørsted, we have set an ambition of having an equal gender distribution by 2030, i.e. at least 40% women and 60% men. We are committed to diversity in top management, and we are working towards increasing the share of women in executive and managerial positions through talent programmes and leadership training.

We have also established an internal policy on bullying, discrimination, and harassment outlining our commitment to providing an inclusive working environment with equal opportunities. Accountability for this policy lies with our Chief Human Resources Officer. Together, our policies describe commitments related to initiatives for people from vulnerable groups, such as inclusive recruitment and promotion, coaching, mentoring, and sponsorships. We adopted the UN's LGBTI Standards of Conduct for Business in 2018, and we aim to support equal rights for the LGBTQ+ community.

Actions

- We have introduced an internal 'global accessibility toolkit' to assist employees and people leaders in enhancing the accessibility of our workplace for everyone. This toolkit offers guidance on physical accessibility, technology accessibility, and everyday behaviours that foster an inclusive environment for employees with disabilities.
- We have continued working towards increasing the share of women in executive and managerial positions through targeted development programmes for female talents and our 'Female Spotlight Initiative', which prepares talented women for senior leadership positions.
- We have implemented a new training programme that educates participants on creating an equitable and inclusive workplace. This programme includes quarterly trainings and a self-learning platform for continuous development.
- We have continued our work with Ørsted IN, a global hub for our inclusion networks with dedicated channels for anyone identifying with a specific group or serving as an ally supporting equality and inclusion. These networks provide psychologically safe communities for members to share ideas, seek advice, and learn about inclusion of diversity. Current active networks include Race and Ethnicity IN, Gender IN, Disability IN, LGBTQ+ IN, and 50+ IN, each working towards fostering inclusivity within Ørsted.
- We are committed to equal pay and have a constant focus on ensuring equal pay for equal positions and competences when hiring or promoting employees. To raise awareness, we conduct an annual gender pay gap report for all the countries where we operate with more than 250 employees. For more information, please see table 'Gender pay gap' on page 118.

Training and skills

Our approach and policies

At Ørsted, we are committed to cultivating and expanding a skilled workforce that can drive the global green energy transition. We firmly believe that for employees to thrive, perform effectively, and experience growth, it is essential for them to comprehend their role within the organisation and be aware of future opportunities that may arise.

We believe that we learn most effectively from experience and through interactions with other people. In Ørsted, we have implemented the 70:20:10 learning model, meaning that approximately 70% of our learning and development comes from experience, 20% comes from working with others, and 10% comes from training.

Actions

- We are working on enhancing Ørsted's career pathways to empower employees to take ownership of their career progression, supported by their leaders. Our goal is to facilitate competence growth and ensure fair access to career development opportunities.
- We have implemented a global career map designed to assist employees in driving their own development by outlining pathways for career fulfilment. This map also serves as a shared framework for discussing aspirations with people leaders.
- We have hosted career pathway webinars for employees and people leaders. These sessions aim to encourage better ownership of career development by utilising various tools, such as career cards. These cards contain descriptions of the generic key competences required in each job, aiding employees in comparing roles across Ørsted.
- To live out our 70:20:10 learning model, we offer and encourage our employees to use a variety of solutions, including catalogues and tools for on-the-job learning, mentoring programmes, knowledge sharing, courses, workshops, e-learnings, and much more.

Engaging with our own workforce

We are committed to creating a culture where everyone feels psychologically safe to voice important matters. This includes encouragement to freely express views, also to colleagues in higher hierarchical positions.

To support this, we conduct an annual People Matter (satisfaction and motivation) survey globally, providing insights into employees' perceptions of Ørsted as a workplace, daily work experiences, relationships with people leaders and senior management, and other factors impacting their working life. Survey results serve as a valuable foundation for initiating dialogue and identifying actions to further improve our workplace.

Additionally, we have established an easily accessible site on our company intranet that outlines various options for employee representation on both global and local levels. These include alternative channels for employees to voice their opinions, such as HR business partners, reporting systems, a whistleblower hotline, works councils, employment relations representatives, and personal development dialogues.

Remediation and channels to raise concerns

Access to remedy helps ensure fairness, justice, and protection for individuals and communities. It allows people to seek recourse and find a solution when they believe that their rights have been violated, promoting a more equitable and fairer workplace. If any employee feels they have experienced an instance of bullying, discrimination, or harassment, they are encouraged to seek support. Employees can also make an official report to their HR contact or utilise Ørsted's global whistleblower hotline. For more information on our whistleblower hotline and how we protect whistleblowers against retaliation, see section G1 on business conduct.

We take proactive steps to ensure that our employees are aware of and reminded about the grievance mechanisms available. This awareness is built into various aspects of our employee experience, including:

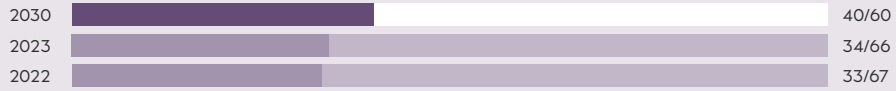
- Code of conduct training:
  As part of our training programme, we include specific modules on our grievance and complaints handling policy.

- Internal information campaigns:
  We regularly communicate with our employees through various internal channels, including emails, newsletters, and our intranet, to remind them about the availability of grievance channels and encourage their use.

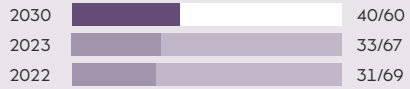
We are dedicated to ensuring that our employees not only have access to these channels but also have the knowledge, confidence, and psychological safety to utilise them when necessary. Ørsted as an organisation has the responsibility to take all reported cases seriously and provide fair outcomes for investigated cases that take all parties' needs into consideration. We also maintain secure and confidential records of reports and outcomes.

Targets

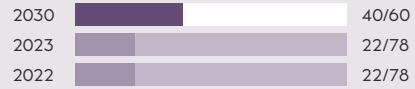
Gender balance total workforce
%, women/men



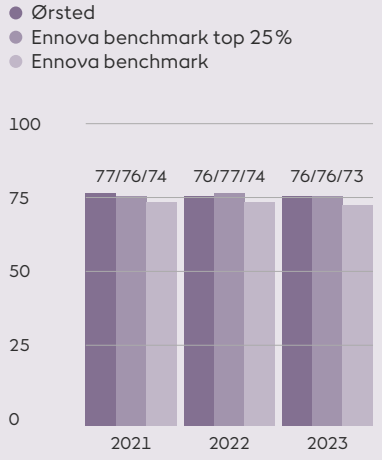
Gender balance people leaders
%, women/men



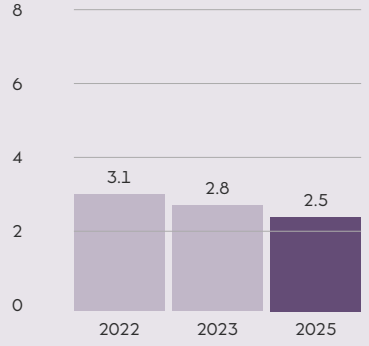
Senior directors and above
%, women/men



Employee satisfaction in top 25% compared to external benchmark group
(Index 0-100)



Total recordable injury rate (TRIR)
Injuries per million hours worked



People

Data point	Unit	Target	2023	2022	Δ
Number of employees					
Total number of employees (as of 31 December)	FTEs		8,905	8,027	11 %
Denmark	FTEs		4,354	4,220	3 %
The UK	FTEs		1,311	1,253	5 %
The US	FTEs		746	643	16 %
Malaysia	FTEs		769	574	34 %
Poland	FTEs		776	519	50 %
Germany	FTEs		385	331	16 %
Taiwan	FTEs		193	185	4 %
Other	FTEs		371[1]	302	23 %
Average number of employees during the year	FTEs		8,666	7,428	17 %
Sickness absence	**%**		**2.1**	**2.2**	**(0.1 %p)**
Turnover					
Total employee turnover rate	%		9.6	11.7	(2.1 %p)
Voluntary employee turnover rate	%		7.2	8.8	(1.6 %p)
Employee satisfaction survey results					
Employee satisfaction	Index 0-100	Top 25 %[2]	76	76	0
Employee loyalty	Index 0-100		84	85	(1)
Employees experiencing stress	%		13.7	13.5	0.2 %p
Employees experiencing bullying, harassment, threats, or violence	%		2.7	2.5	0.2 %p

[1] FTE distribution in other countries in 2023: the Netherlands (114), Ireland (105), France (70), Singapore (22), Korea (21), Japan (19), Sweden (11), and Spain (9).

[2] Our target is to have an employee satisfaction survey result in the top 25 percentile compared to an external benchmark group.

The number of employees was 11 % higher at the end of 2023 compared to 2022. The main contributors to the absolute increase in number of full-time equivalents (FTEs) were Poland, Malaysia, Denmark, and the US.

Ørsted's total turnover rate decreased by 2.1 percentage points to 9.6 % in 2023. The voluntary turnover rate decreased by 1.6 percentage points to 7.2 % in 2023.

The score for employee satisfaction in the yearly employee survey was 76, which is at the same level as last year. The score is above the Ennova benchmark of 73, and in line with our Ennova benchmark top 25 % target.

§ Accounting policies

Number of employees
Employee data is recognised based on records from the Group's ordinary registration systems. The number of employees is determined as the number of employees at the end of each month converted to full-time equivalents (FTEs). Employees who have been made redundant are recognised until the expiry of their notice period, regardless of whether they have been released from all or some of their duties during their notice period.

Sickness absence
Sickness absence is calculated as the ratio between the number of sick days and the planned number of annual working days.

Turnover
The employee turnover rate is calculated as the number of permanent employees who have left the company relative to the average number of permanent employees in the financial year.

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

Group Executive Team and Board of Directors

Data point	Unit	2023	2022	Δ
Group Executive Team				
Members	Number	10	11	(1)
Danish	Number	6	7	(1)
Non-Danish	Number	4	4	0
Average age	Years	50	48	2
Average seniority	Years	1	1	0
CEO pay ratio[1]	Ratio	21	27	(22%)
Remuneration of the Group Executive Team[2]	DKK million	134	103	30%
Incentivised pay directly ascribed to ESG targets[3]	%	30	30	0%p
Board of Directors				
Members	Number	8	8	0
Danish	Number	3	4	(1)
Non-Danish	Number	5	4	1
Average age	Years	61	63	(2)
Average seniority	Years	4	5	(1)
Independent board members	%	88	88	0%p
Board meetings	Number	16	13	3
Attendance	%	94	96	(2%p)
Remuneration of the Board of Directors[2]	DKK thousand	6,907	6,807	1%
Nomination & Remuneration Committee				
Members	Number	3	3	0
Meetings	Number	3	6	(3)
Attendance	%	100	89	11%p
Audit & Risk Committee				
Members	Number	3	3	0
Meetings	Number	10	8	2
Attendance	%	100	96	4%p

[1] CEO pay ratio based on awarded remuneration. More details on CEO pay ratio based on awarded (and expensed) remuneration can be found in the remuneration report 2023.

[2] For more information on the remuneration of the Group Executive Team and Board of Directors, see note 2.7 'Employee costs' in the financial statements.

[3] Our Executive Board has ESG targets related to our CDP climate score, GHG emissions intensity (scope 1 and 2), employee satisfaction, gender diversity targets, and safety (TRIR). You can find more details in our remuneration report 2023 and in the 'Corporate Governance' section.

Overview regarding gender diversity pursuant to Section 99b of the Danish Financial Statements Act	2023
The Board of Directors	
Total number of members elected by the general meeting	8
Underrepresented gender (percentage)	37.5%
Target (percentage) and year to meet target — no target as Ørsted A/S has equal representation on the Board of Directors	-
Other managerial levels — the Executive Board and people managers employed by Ørsted A/S reporting to the Executive Board	
Total number of members	3
Underrepresented gender	33.3%
Target (percentage) and year to meet target — no target. In the recent financial year, Ørsted A/S had an average number of full-time employees below 50. Furthermore, Ørsted A/S has equal representation on "other managerial levels".	-

Pursuant to Section 99b of the Danish Financial Statements Act, the table above reports the number of individuals and gender composition in the three highest management levels. The parent company Ørsted A/S falls below the employee threshold of 50 employees. For information on policies and actions taken on diversity in the Ørsted Group please see page 113.

§ Accounting policies

Average seniority
Average seniority is calculated as the average number of years the Group Executive Team (GET) members have been part of the GET.

Remuneration
The CEO pay ratio is calculated as the ratio between the CEO's total awarded remuneration (fixed salary, including personal benefits, such as a company car, free telephone, etc., a variable salary, and share-based payment at grant value) and the average FTE salary. The remuneration of the GET is the total remuneration of the Executive Board and the other members of the GET.

Board of Directors
In this section, the Board of Directors only covers the members elected at the annual general meeting (AGM), with the exception of remuneration for the Board of Directors, which also includes members elected by the employees.

For independents, we follow the Recommendations on Corporate Governance.

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

Gender diversity and pay gap

Data point	Unit	Target	2023	2022	Δ
Board of Directors, Ørsted A/S, members	**Number**		**8**	**8**	**0%**
Gender with lowest representation (female)	%		38	38	0% p
Group Executive Team, members	**Number**		**10**	**11**	**(9%)**
Gender with lowest representation (female)	%		30	27	3%p
Senior directors and above	**Number**		**175**	**170**	**3%**
Gender with lowest representation (female)	%	40 (2030)	22	22	0%p
People leaders	**Number**		**1,053**	**938**	**12%**
Gender with lowest representation (female)	%	40 (2030)	33	31	2%p
All employees	**Number**		**8,905**	**8,027**	**11%**
Gender with lowest representation (female)	%	40 (2030)	34	33	1%p
Gender pay gap					
Gender pay gap, median	%		10	10	0%p
Gender bonus pay gap, median	%		34	31	3%p
Gender bonus distribution					
Proportion of women receiving bonus	%		30	25	5%p
Proportion of men receiving bonus	%		33	28	5%p

We have equal representation for our Board of Directors.

We have a gender diversity target of at least 40% women across Ørsted by 2030. The target is tracked at three levels: senior directors and above, people leaders, and all employees.

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

The presented 2023 gender pay data is based on data from Denmark (54%), Germany (5%), Malaysia (9%), Poland (8%), the UK (16%), and the US (8%).

The median gender pay gap remains unchanged in 2023 compared to 2022, while the bonus pay gap has increased by 3 percentage points compared to 2022. Both the proportion of women and men receiving bonus increased by 5 percentage points to 30% and 33%, respectively, in 2023.

The differences in pay and bonus between men and women are highly impacted by differences in gender mix across levels in the organisation, where there is a trend towards the share of women not increasing at the same pace in the higher-level leadership positions as we see in the remaining part of the organisation.

§ Accounting policies

Board of Directors
Consists of members elected at the annual general meeting. Board members elected by the employees are not included in the data.

Group Executive Team (GET)
Consists of the CEO, CFO, Chief HR Officer, CEOs of Region Europe, Region Americas, and Region APAC, Head of Strategy, Innovation, Portfolio, Partnerships & M&A, Head of P2X, Head of EPCO & IT, Head of Legal, and Head of Global Stakeholder Relations.

Senior directors and above
Consists of the GET, our senior vice presidents, our vice presidents, and our senior directors.

People leaders
People leaders are defined as all people with direct reports (responsibilities for staff).

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

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

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

The salaries are reviewed annually and come into effect on 1 June. Countries with more than 250 FTEs on that day are included in the year's reporting.

The gender pay gap shows the pay gap between men and women without adjusting for other factors impacting pay levels (e.g. career level and work experience).

Definitions
Gender pay gap: The difference between the average earnings of women and men expressed as a percentage.

Gender bonus pay gap: The difference between the average bonus payments of women and men expressed as a percentage.

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

Safety

Data point	Unit	Target	2023	2022	Δ
Total recordable injuries (TRIs)	**Number**		**73**	**78**	**(6%)**
Own employees	Number		23	26	(12%)
Contractor employees	Number		50	52	(4%)
Lost-time injuries (LTIs)	**Number**		**36**	**40**	**(10%)**
Own employees	Number		12	16	(25%)
Contractor employees	Number		24	24	0%
Hours worked	**Million hours worked**		**25.8**	**24.8**	**4%**
Own employees	Million hours worked		14.5	12.3	18%
Contractor employees	Million hours worked		11.3	12.5	(10%)
Total recordable injury rate (TRIR)	**Injuries per million hours worked**	**2.5 (2025)**	**2.8**	**3.1**	**(10%)**
Own employees	Injuries per million hours worked		1.6	2.1	(24%)
Contractor employees	Injuries per million hours worked		4.4	4.2	5%
Lost-time injury frequency (LTIF)	**Injuries per million hours worked**		**1.4**	**1.6**	**(13%)**
Own employees	Injuries per million hours worked		0.8	1.3	(38%)
Contractor employees	Injuries per million hours worked		2.1	1.9	11%
Fatalities	**Number**		**0**	**0**	**0%**
Permanent disability cases	**Number**		**0**	**0**	**0%**

Both safety injury rates (TRIR and LTIF) were reduced in 2023 compared to 2022.

In 2023, our total number of recordable injuries was reduced by five injuries: three injuries among own employees and two injuries among contractor employees.

The total number of lost-time injuries (LTIs) decreased by four injuries, all among own employees.

The total amount of hours worked in 2023 was 4% higher than in 2022.

Consequently, the total recordable injury rate (TRIR) was 2.8, which was 10% lower than in 2022.

The lost-time injury frequency (LTIF) was 1.4 in 2023, which was 13% lower than in 2022.

To ensure the health and safety of our employees and contractors, we continue to constantly monitor our safety performance and implement relevant and effective actions where and when needed.

§ Accounting policies

The scoping and consolidation of safety data deviate from our general basis for preparation. This means that irrespective of our ownership share, we include 100% of injuries, hours worked, etc. from all operations where Ørsted is responsible for HSE safety, including the safety of our contractors.

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

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

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

Fatalities are the number of employees who lost their lives as a result of a work-related incident. Fatalities are included in both LTIs and TRIs.

ESRS S2

Workers in the value chain

Human and labour rights

Our approach and policies

The green energy build-out impacts the lives of many, including people working across renewable energy supply chains. To support a just energy transition, we expect the companies we work with to run their business and supply chains in compliance with national laws and with respect for international labour and human rights standards. We need to make sure that we respect labour and human rights in everything we do and that we reduce the risk of people in our value chain being adversely impacted.

At Ørsted, we want to support a just transition through the creation of decent jobs in the renewable energy industry. This means jobs providing employees with decent wages, secure employment, safe working conditions, and a working environment where they are free to express their concerns and their right to organise in trade unions is protected.

Our commitment to upholding human rights, including labour rights, is outlined in our sustainability commitment, global human rights policy, stakeholder engagement policy, just transition policy, and code of conduct for business partners. For more information on our policies and how they address human and labour rights impacts, see section S1 on our own workforce. For more information on our code of conduct, see section G1 on business conduct.

Actions

We aim at contributing to the creation of decent jobs in the renewable energy sector through our workforce development programmes and active engagement with value chain workers and trade unions. To take care of our value chain workers, we carry out a variety of actions and initiatives:

- We are collaborating with industry partners, associations, and unions to define quality standards for offshore wind jobs, creating opportunities for skilled workers and building an open, accessible sector.
- We are actively involved in preparing workers for the demands of the industry. This involves training programmes for wind turbine technicians and apprenticeships targeted at young and seasoned professionals, with the goal of ensuring that they meet the highest standards for renewable energy development.

Our material impacts and risks

Negative impacts
SIGNIFICANT

1. Excessive working hours for supply chain workers
2. Forced labour, e.g. debt bondage and withholding of passports

Risks

3. Suppliers' breach of contractual agreements on human rights commitments

- To reinforce the monitoring of supplier performance, we have conducted human rights training with a focus on bullying, discrimination, and harassment for our Marine Inspection Team and expect to perform similar trainings for our QHSE site representatives going forward. These teams have frequent on-site presence during the execution of contracts with our suppliers.

- We have continued our work with industry peers to improve the rights and welfare of migrant workers in our supply chains, which is central to responsible business conduct and a just transition. As a first step, the companies drafted a set of principles and guidelines in consultation with suppliers and civil society organisations. The aim is to improve accommodation and transport for migrant workers, drive the employer pays principle, and implement effective grievance mechanisms. The next step is to pilot the principles and guidelines in fabrication yards in Singapore.

- We have initiated a Respectful Working Environment campaign aimed at strategic vessel suppliers, with the aim of mitigating the risk of bullying and harassment in our offshore logistics supply chain. A key element of the campaign is to guide our suppliers on how to prevent, mitigate, and manage cases of bullying, discrimination, and harassment on board our contracted vessels. The format of the campaign not only raises awareness but also ensures that our offshore logistics suppliers are equipped with the necessary policies and procedures to foster a safe and respectful working environment for all crew members.

Responsible sourcing of minerals and metals

Our approach and policies

Our renewable energy assets are dependent on metals, including rare earth elements for wind turbine magnets, copper for transportation cables, and lithium for batteries. A significant share of these metals is mined in countries where the likelihood of adverse impacts on human and labour rights is high, and we must therefore do everything we can to avoid harmful effects. Therefore, we have a specific focus on striving to respect and protect the rights of workers and communities involved in the minerals and metals supply chain.

Our efforts within sourcing of minerals and metals focus on the responsible supply chain of metals, acknowledging the challenges inherent in the mining industry's long and complex supply chains. We focus on ten key metals with the highest risk of adverse social and environmental impacts, operating through three strategic pillars:

1 Supplier engagement
We work closely with key suppliers, aligning with the OECD due diligence guidance on responsible mining. This involves assessing suppliers' management systems and supply chain risks and implementing response strategies.

2 Supply chain transparency
Addressing the challenge of transparency, we collaborate with first-tier suppliers and industry partners, exploring technological solutions to enhance traceability of supply chains for metals.

3 Industry partnerships
Engaging with multi-stakeholder initiatives such as the Initiative for Responsible Mining Assurance (IRMA) and the International Responsible Business Conduct (IRBC) Agreement for the Renewable Energy Sector, we leverage partnerships to work on shared solutions to industry-wide impacts and risks.

Actions

In 2023, we continued our engagement with suppliers and industry associations, reinforcing our efforts of mapping our supply chains and enhancing our influence to mitigate social and environmental risks within our minerals and metals supply chain. Key initiatives include:

1 Continued engagement with IRMA
Building on our membership since the end of 2022 as the first renewable energy company, we actively participated in the Buyers Group alongside leaders in the automotive, electronics, and gemstone industries. This collaborative effort aims to collectively promote responsible supply chains of minerals and metals and advocate for ethical mining practices.

2 Advancements in transparency
We have started a pilot project applying blockchain technology to enhance the transparency of copper usage at one of our UK wind farms. Also, we have agreed with a supplier to initiate reporting on the origin of steel used in foundations for upcoming projects, a significant step towards increased transparency.

3 Signing the IRBC for the Renewable Energy Sector
We joined forces with other wind developers, industry partners, civil society, and governmental stakeholders to address and mitigate risks and impacts on people and the environment in the operations and supply chains of the renewable energy sector. The aim of the agreement is to promote international responsible business conduct (IRBC), including collaborating with trade unions to address impacts on workers in our minerals and metals supply chain.

As part of our ongoing commitment to transparency and accountability, we plan to evaluate the results of our blockchain pilot in 2024, exploring potential applications to other suppliers and metals. Moving forward, we will also explore the reporting of the origin of steel for foundations and wind turbines with selected suppliers.

↑ On board our service operation vessel Wind of Change.

Engaging with value chain workers

In our regular supplier assessments, we actively engage with supply chain workers to obtain insights into labour conditions and the implementation of specific suppliers' management systems. As the primary form of engagement, we conduct worker interviews during on-site assessments. These assessments are performed for selected high-risk suppliers with a high presence of manual labour and are conducted through our regular supplier assessments, described in section G1 on business conduct.

Through these interviews, we strive to gain insights into the perspectives of workers who may be particularly vulnerable and marginalised, e.g. migrant workers and minorities. These interviews inform our ongoing collaboration with suppliers, guiding potential improvement activities that the supplier must work to implement in close partnership with Ørsted.

We maintain a strong collaboration with trade unions and civic and non-governmental organisations in the regions where we operate, aiming to foster a diverse and inclusive workforce throughout our value chain. An example is our landmark project labour agreement with North America's Building Trades Unions (NABTU) – the National Offshore Wind Agreement (NOWA).

Through NOWA, we have implemented diversity targets, local training programmes, and performance monitoring for workforce diversity across all of Ørsted's contractors and subcontractors involved in offshore wind farm construction in the US. This agreement also establishes project-specific workforce equity committees, which prioritise the recruitment and retention of individuals from communities of colour, women, gender-nonconforming individuals, and local environmental justice communities.

Remediation and channels to raise concerns

Our approach to addressing concerns and grievances within our value chain is built on the principles of transparency, trust, and effective remediation that is proportionate to the grievance that has occurred. We are committed and continuously work to strengthen our processes for providing or helping to provide appropriate remediation to harmed workers in situations where we have identified that we have caused or contributed to a negative impact.

Furthermore, through our code of conduct for business partners, we set clear expectations to our suppliers, emphasising the establishment of accessible grievance mechanisms for workers, rightsholders, and stakeholders. During our supplier due diligence procedure, we assess suppliers' management systems with a specific focus on their ability to meet these requirements. In cases where we identify shortcomings, we collaborate with our suppliers to develop improvement plans.

Additionally, workers in the supply chain have free access to and are encouraged to make use of the Ørsted whistleblower hotline to confidentially report any inappropriate or illegal conduct. For more information on our code of conduct, whistleblower hotline, and how we protect whistleblowers against retaliation, see section G1 on business conduct.

ESRS S3

Affected communities

Communities' rights

Our approach and policies

To succeed in creating a world that runs entirely on green energy, we must ensure an energy build-out that brings benefits to people and local communities while avoiding or mitigating any potential adverse social or human rights impacts. Accordingly, we acknowledge that the success of our business also relies on meaningful engagement with affected communities to foster local support and collaboration. By engaging communities in our projects and building them while being mindful of social impacts, we gain valuable insights into community needs, priorities, and local knowledge. These insights help ensure that our projects are not only environmentally sustainable but also socially sustainable.

Our approach to managing our impacts on affected communities aims to avoid, mitigate, and remedy negative impacts and to create lasting positive impacts for affected communities. A key element of our approach is the recognition that our social impacts go beyond local content. We aim for positive impacts for affected communities to also materialise through biodiversity actions and local decarbonisation efforts, improving local air quality and public health.

We believe the industry should define a framework to measure what a people-positive project looks like, and we are currently taking the lead to achieve this.

Our social value creation for affected communities centres on providing job opportunities and fostering skills development, innovation, and local supply chain growth. Due to our ambition to deliver a just and equitable transition, we are also actively exploring how to increase the participation and inclusion of especially disadvantaged groups in our engagement and benefit-sharing actions. Additionally, we are exploring deeper ways of strengthening community engagement, for example by offering co-ownership of our assets.

Our commitment to uphold human rights of everyone and engage with communities is outlined in our sustainability commitment, global human rights policy, stakeholder engagement policy, just transition policy, and code of conduct for business partners. For more information on our policies and how they address human rights impacts, see section S1 on our own workforce. For more information on our code of conduct, see section G1 on business conduct.

Our material impacts and risks

Positive impacts
CRUCIAL

1 Local jobs and educational opportunities (OO)

SIGNIFICANT

2 Biodiversity restoration work replenishing local fisheries' stock and land-based biodiversity (OO)

Negative impacts
SIGNIFICANT

3 Indigenous rights may be disrespected in the development stage of our renewable energy assets (OO)

4 Indigenous rights may be disrespected by suppliers in our value chain (VC), potential impact

5 Air, water, and soil pollution may pose a danger to local communities' health (VC), potential impact

Risks

6 Balancing the global pace for deployment of renewable energy with local community interests and concerns (OO)

7 Consent of Indigenous communities (OO)

(OO) Own operations
(VC) Value chain

Specifically, our code of conduct and policies on human rights and stakeholder engagement highlight our dedication to:

- respecting Indigenous Peoples, minorities, and other vulnerable groups in line with international law and standards as described in the UN Declaration on the Rights of Indigenous Peoples, including the principles of free, prior, and informed consent (FPIC)
- respecting land rights of legitimate tenure rights holders as set out in the UN Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests
- ensuring the safety and protection of human rights, environmental, or Indigenous defenders
- engaging in early dialogue with local communities to understand their perspectives on our projects and the local impacts
- mandating that our business partners take measures to protect environmental and human rights defenders and other interested parties who lawfully exercise their freedom of speech.

Actions

We strive to construct projects with minimal negative impact on communities. Our current initiatives lay the foundation for integrating this approach across our business functions, markets, and asset projects. We work to go above the minimum regulatory requirements, believing that these actions are essential for securing and sustaining the social licence necessary for advancing renewable energy development.

To take care of affected communities, we have implemented a variety of actions and initiatives:

Internal integration of standardised processes for monitoring and managing potential adverse human rights and social impacts

We are working towards establishing a consistent approach across our company for assessing and addressing human rights risks concerning local communities throughout the entire lifespan of a renewable energy project. Our initial focus involves the development and implementation of a global framework, comprised of three tools:

1 Social and human rights impact assessments
We have initiated the development of global guidance for asset-level social and human rights impact assessments. The purpose of the guidance is to create a standardised approach for conducting assessments before the construction of every new project, identifying and addressing potential human rights and social risks.

2 Company-wide framework for managing community-level grievances
We have initiated the development of a global standard for community feedback and grievance management. This will facilitate systematic tracking and response to community feedback and grievances and help us prevent or mitigate material negative impacts throughout the life cycle of an asset.

3 Internal community engagement guidelines
We are developing corporate-level guidelines to serve as a universal reference for adhering to international best practice standards on community engagement. Emphasising principles such as free, prior, and informed consent (FPIC), these guidelines will have the aim of ensuring our commitment to ethical and respectful engagement, especially with Indigenous Peoples.

Creating positive impact

- We continued to work towards further increasing our positive social impacts on local socio-economic development, equity and inclusion, environmental sustainability, and community empowerment through initiatives such as apprenticeship programmes, community benefit funds, local supplier development, sponsorships, and partnerships.
- An example is our efforts in Korea, where we are developing co-prosperity programmes for the Incheon and Ongjin County communities after extensive consultation with affected stakeholders. The programmes will guide our relationship with the local communities going forward and include commitments to create a profit-sharing scheme with the local communities. They also include commitments to improve island community well-being by creating new business opportunities and promoting wind farm tourism as an additional source of livelihood.

Communicating our impacts

- Pursuant to the UK Modern Slavery Act, we release a modern slavery act statement on an annual basis, addressing our modern slavery, human trafficking, and other human rights risks.

Developing impact strategy and targets

- We have initiated a new partnership with the Haas School of Business at the University of California, Berkeley, focusing on defining the foundational elements for measuring the people-positivity of renewable energy projects.

Engaging with affected communities

We acknowledge the importance of engaging with affected communities to understand and address actual and potential impacts on them. Engagement occurs at various stages of the project development, construction, and operation through community liaison officers and project staff, employing different types and frequencies of interaction, such as public meetings and consultations, ensuring a dynamic and responsive approach to community needs.

Our engagement approach is responsive to local social contexts, tailored to specific projects and areas. Our community liaison officers often come from the communities we engage with, helping us gain a profound understanding of the local contexts.

When we develop new energy projects, we consider it our responsibility to assess the impact on local communities, and we consistently adhere to local regulations and guidelines in order to evaluate these projects' effects on the communities in which they are constructed. Therefore, we engage in early dialogue with local stakeholders to understand their perspectives on the project and its local impact.

After due consideration of the expectations and opportunities within our project's area of operations, we will assess and implement community initiatives in compliance with applicable laws and tender rules.

We recognise the importance of gaining insight into the perspectives of vulnerable or marginalised communities. We have actively engaged with Indigenous communities in connection with projects both in the US and Australia. We try to begin conversations early in the development process, aligning with Indigenous Peoples' expectations and wishes. Our goal is to secure free, prior, and informed consent (FPIC) for projects impacting Indigenous lands or territories, respecting their cultural, intellectual, religious, and spiritual property.

Remediation and channels to raise concerns

We work actively to improve our abilities to address and remedy negative impacts on communities affected by our operations. Through engagement via community liaison officers, we are able to actively collect feedback and grievances at the local asset level, particularly during the execution phase.
We employ various methods, including hosting town halls and open forums and setting up post boxes to collect and address concerns on an ongoing basis. Also, our whistleblower hotline allows all individuals in affected communities to confidentially report inappropriate or illegal conduct. For more information on our whistleblower hotline and how we protect whistleblowers against retaliation, see section G1 on business conduct.

We have implemented tailored solutions for different markets to address concerns from local communities and provide remedy. Notably, in instances where fishers have been adversely affected during the construction and operation of our offshore wind farms, we have taken measures to provide proportional remedies. Going forward, our efforts to establish a common standard for community feedback and grievance management will strengthen and systematise our processes for receiving, addressing, resolving, and providing remedy to affected communities where necessary.

↑ Our offshore wind farm technicians preparing for a day out on the turbines in Taichung, Taiwan.

Governance

→ At Ørsted, we are not just committed to renewable energy. We are also dedicated to being a great place to work.

Our team in Taiwan continues to thrive; for the third consecutive year, Ørsted was voted Asia's best employer. Serving as our Asia-Pacific hub, our Taipei office now comprises over 200 colleagues from diverse backgrounds, with a working environment built on inclusivity, trust, and respect.

ESRS G1

Business conduct

Business conduct policies and corporate culture

At Ørsted, we face financial, technical, commercial, and ethical challenges on a daily basis, both as a business and as individuals. Through our good business conduct policy, we strive to uphold a healthy corporate culture with a high level of integrity, providing guidance to all employees on the expected behaviour at Ørsted and in interactions with stakeholders. The policy addresses topics such as bribery, facilitation payments, sponsorships and donations, political contributions, entertainment, and conflicts of interest. It is overseen by our Head of Legal and our Compliance Committee, chaired by the CEO, which has the overall responsibility for monitoring compliance.

Our commitment to business integrity is carried through the whistleblower hotline, which serves both internal and external stakeholders. Our promise to protect whistleblowers against retaliation is outlined in our policy on good business conduct. If whistleblowers choose to remain anonymous, neither Ørsted nor our web service provider can track or identify the reporting individuals. In addition, we have established a standard operating procedure to ensure that allegations are rigorously and objectively investigated.

In our organisation, certain functions pose elevated risks for corruption and bribery due to their involvement in critical financial transactions, interactions with external stakeholders, and sensitivity to regulatory and ethical compliance. These high-risk functions include Procurement, Partnerships & M&A, Asset Projects, and Regulatory & Public Affairs. In particular, to promote the accelerated build-out of renewable energy and the goals of the Paris Agreement, our Regulatory & Public Affairs function actively engages policymakers through lobbying and advocacy efforts. We prioritise the implementation of robust anti-corruption and anti-bribery measures in the specific functions mentioned above to mitigate risks and ensure the highest standards of integrity and compliance.

To ensure employee awareness and effective communication of our policies and measures, we conduct periodic global awareness campaigns and have the documents readily accessible online. Also, all employees are required to participate in an e-learning course on business conduct as part of their onboarding process, and the course must be repeated every second year. The training covers a wide range of topics, providing a good understanding of our policy on good business conduct, including anti-corruption and ethical guidelines.

Our material impacts and risks

Positive impacts
SIGNIFICANT

1. Healthy corporate culture driving the company towards shared goals (OO)
2. Protection of whistleblowers through anti-retaliation policies and procedures (OO)
3. Constructive political engagement through lobbying (OO)
4. Good management of suppliers, ensuring compliance with our code of conduct (OO)

(OO) Own operations
(VC) Value chain

Prevention and detection of corruption and bribery

We have released our anti-bribery and corruption position, emphasising a zero-tolerance policy on bribery and corruption and describing our processes for identifying and managing bribery and corruption risks in our own operations.

To ensure that our suppliers live up to our policy on good business conduct, we conduct know-your-counterparty (KYC) screenings. The KYC process involves screening for anti-bribery and anti-corruption compliance, sanctions, government watch lists, and adverse media coverage. For high-risk partnerships, such as M&As, joint ventures, and similar, we perform a comprehensive partner due diligence, which also encompasses sustainability, creditworthiness, and branding assessments.

Through the KYC process, we conduct thorough investigations of our business partners to prevent, detect, and address allegations or incidents of corruption and bribery within Ørsted. Our policies regarding sponsorships, donations, gifts, and entertainment are rigorously enforced and monitored through an online tool.

In addition to our policy on good business conduct, KYC process, trainings, whistleblower hotline, and supplier due diligence, our Internal Audit team conducts regular audits to assess the effectiveness of our anti-corruption and anti-bribery measures. Internal Audit acts as an autonomous function, reporting directly to the Audit & Risk Committee, and is not involved in day-to-day management affairs. This separation aims to ensure impartiality and integrity of investigations.

Additionally, we prepare an annual internal fraud risk report, which analyses potential corruption and bribery risks within Ørsted. This report aids in our ongoing efforts to prevent and address such incidents.

Management of relationships with suppliers

We believe in collaborative partnerships, expecting business partners to actively participate in risk assessments, inspections, monitoring, and reporting. Our Responsible Business Partners Programme engages and collaborates with suppliers and business partners on improving their adherence to our social, environmental, and ethical expectations. Our work is based on a systematic and risk-based due diligence process used to assess partners' and suppliers' adherence to our code of conduct for business partners.

The code of conduct is an integral part of our corporate strategy and agreements with our business partners, covering all suppliers, joint venture partners, and counterparties. We ensure a strong commitment to our code of conduct by incorporating it into all contracts with our business partners and suppliers. In addition to the principles of our code of conduct, we have commenced the incorporation of climate requirements into contractual agreements with key suppliers, which entails reporting to the Carbon Disclosure Project (CDP), setting science-based climate targets, and covering electricity consumption with renewable electricity.

Our strategy to manage relationships with our suppliers is guided by a deep understanding of the potential sustainability risks within our supply chain. To evaluate performance and identify any gaps or adverse impacts, we employ a combination of risk screenings, extended risk screenings, and code of conduct assessments, which may occur both before and after contract signing. This process evaluates suppliers' adherence to our code of conduct and integrates with our global procurement system, encompassing four key steps for real progress and continuous improvement:

1 Commitment
Upon entering a contract with Ørsted, suppliers sign and thereby commit to our code of conduct.

2 Risk screening
Based on country risk, category risk, and spend, we prioritise business partners for further engagement.

3 Assessment
We evaluate whether business partners adhere to the expectations in our code of conduct, reviewing relevant management systems and practices.

4 Improvement
In cases where gaps are identified, we collaborate with business partners to devise an improvement plan followed by regular touch points to ensure the effective implementation of the plan. In cases where we identify that business partners intentionally fail or repeatedly neglect the improvement plans, we reserve the right to terminate business relationships with the partner in question.

In 2023, we evaluated our due diligence approach, and in 2024, we will implement an updated process focusing on assessing high-risk suppliers prior to contract signing independent of the risk of the project location. This commitment to continuous improvement is underscored by regular updates to our internal risk scoring and the incorporation of evolving standards into our screening tools. As we navigate the dynamic landscape of due diligence, our goal is to meet the highest standards of integrity, transparency, and ethical conduct.

Whistleblower cases and good business conduct

Data point	Unit	2023	2022	Δ
Whistleblower cases				
Substantiated whistleblower cases	Number	18	8	10
Cases transferred to the police	Number	1	1	0
Good business conduct				
Employees who have completed a course in good business conduct	%	87	84	3%p

The Chair of the Audit & Risk Committee is responsible for managing our whistleblower 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 through our whistleblower scheme or our management system.

In 2023, 18 substantiated cases of inappropriate or unlawful behaviour were reported through our whistleblower scheme. Nine cases related to good business conduct policy violations, while six cases concerned the workplace environment, one case concerned IT security, and two cases were classified as 'other'. None of the reported cases were critical to our business or caused adjustments to our financial results. One case required a police report.

§ Accounting policies

Whistleblower cases
Ørsted's whistleblower hotline is available for internal and external reporting of suspected cases of inappropriate or illegal behaviour. Whistleblower cases are received and handled by the Internal Audit function, which also receives similar reports through the management system and from compliance officers.

All reports are managed in accordance with the guidelines for the handling of whistleblower reports approved by the Audit & Risk Committee, which is ultimately responsible for the whistleblower scheme. Only cases which are closed during the financial year, and which have been reported to the Audit & Risk Committee as fully or partially substantiated, are reported.

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

Supply chain due diligence

Data point	Unit	2023	2022	Δ
Risk screenings				
Risk screenings (all contracts above DKK 3 million)	Number	363	331	10%
Extended risk screenings	Number	62	79	(22%)
Procurement spend that is risk-screened	%	78	85	(7%p)
Know-your-counterparty (KYC) screenings	Number	1,456	1,421	2%
Due diligence activities conducted				
Code of conduct (CoC) desktop assessments	Number	54	47	15%
Code of conduct (CoC) site assessments	Number	9	3	200%
Health, safety, and environment (HSE) desktop assessments	Number	130	166	(22%)
Health, safety, and environment (HSE) site assessments	Number	117	94 [1]	24%
Desktop vessel inspections	Number	61	91	(33%)
Physical vessel inspections	Number	404	353	14%

[1] The number of 'Health, safety, and environment (HSE) site assessments' 2022 has been restated following a systems review.

The number of risk screenings increased by 10% to 363 compared to 2022. The number of extended risk screenings decreased by 22% to 62 due to a large number of recurring suppliers having been previously assessed.

Procurement spend that is risk-screened decreased by 7 percentage points to 78% in 2023, mainly because there has been some spend in 2023 on suppliers risk-screened before 2022 who are not in scope of our 2023 reporting.

The number of know-your-counterparty (KYC) screenings, focusing on suppliers' integrity and legal compliance, increased by 2% in 2023. The increase reflects the additional focus on KYC-screening compliance during 2023 and is in line with expectations.

The number of code of conduct (CoC) desktop assessments increased by 15% in 2023, primarily due to the introduction of new suppliers in countries associated with higher CoC risks. The number of CoC site assessments increased to 9 in 2023 from 3 in 2022 due to an increased number of supplier pre-qualifications as well as the introduction of new high-risk category suppliers in high-risk markets.

The number of health, safety, and environment (HSE) desktop assessments decreased by 22% in 2023 due to the implementation of new sourcing and supplier selection processes. The number of site assessments increased by 24% in 2023 due to a stronger focus on supplier performance on site.

The number of desktop vessel inspections decreased by 33% in 2023 due to a slowdown of project activities in APAC, where the majority of desktop assessments were performed. The number of physical vessel inspections increased by 14% in 2023 due to an increase in project activities in the US Northeast and in Germany, where we have commenced the construction of our offshore wind farms Gode Wind 3 and Borkum Riffgrund 3.

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

§ Accounting policies

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

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

Risk screenings are conducted by the RPP team on all new sourcing contracts above DKK 3 million based on country and category risk. Based on the risk screening evaluation, the RPP team conducts extended risk screenings of selected contracts with additional risk parameters, including labour characteristics related to e.g. migrant workers' and seafarers' rights. Screenings and extended screenings also take place for suppliers of coal and sustainable biomass as well as top-spend suppliers. Risk-screened procurement spend is also calculated annually.

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

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

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

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

Appendix

ESRS 2

Disclosure requirements and incorporation by reference

The following tables list all of the ESRS disclosure requirements in ESRS 2 and the seven topical standards which are material to Ørsted and which have guided the preparation of our sustainability statements. We have omitted all the disclosure requirements in the topical standards E2, E3, and S4 as these are below our materiality thresholds.

The tables can be used to navigate to information relating to a specific disclosure requirement in the sustainability statements.

The tables also show where we have placed information relating to a specific disclosure requirement that lies outside of the sustainability statements and is 'incorporated by reference' to either the management's review or the financial statements within this annual report, or to the remuneration report published as a separate report.

In cases where we do not yet have any information related to a disclosure requirement, no reference is made.

Cross-cutting standards Disclosure requirement		Section/ report	Page	Additional information
ESRS 2 · General disclosures				
BP-1	General basis for preparation of the sustainability statement	SUS	69	
BP-2	Disclosures in relation to specific circumstances	SUS	69	
	Datapoints that derive from other EU legislation	SUS	136	
GOV-1	The role of the administrative, management and supervisory bodies	MR	52-60	
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	MR	57; 59	Audit & Risk Committee; Sustainability Committee
GOV-3	Integration of sustainability-related performance in incentive schemes	REM	6-7	Performance of the Executive Board
GOV-4	Statement on sustainability due diligence	SUS	135	
GOV-5	Risk management and internal controls over sustainability reporting	MR	59	Internal controls environment
SBM-1	Strategy, business model and value chain (products, markets, customers)	MR	20-28	Strategy and business
	Strategy, business model and value chain (headcount by country)	FS	197	Country-by-country key figures
	Strategy, business model and value chain (breakdown of revenue)	FS	155	Note 2.1 Segment information
SBM-2	Interests and views of stakeholders	SUS	79	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	68; 72-76	
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	SUS	77-78	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	SUS	132-135	

SUS Sustainability statements
MR Management's review
REM Remuneration report
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Environmental standards Disclosure requirement		Section/ report	Page	Additional information
ESRS E1 · Climate change				
ESRS 2, GOV-3	Integration of sustainability-related performance in incentive schemes	REM	6-7	Performance of the Executive Board
E1-1	Transition plan for climate change mitigation	SUS	87-89; 91	
ESRS 2, SBM-3	Material impacts, risks and opportunities, and their interaction with strategy and business model	SUS	73; 87-88	
ESRS 2, IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	-	-	
E1-2	Policies related to climate change mitigation and adaptation	SUS	87-88	
E1-3	Actions and resources in relation to climate change policies	SUS	88-89	
E1-4	Targets related to climate change mitigation and adaptation	SUS	91	
E1-5	Energy consumption and mix	SUS	99	
E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	SUS	100	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	-	-	
E1-8	Internal carbon pricing	-	-	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-	-	

Environmental standards Disclosure requirement		Section/ report	Page	Additional information
ESRS E4 · Biodiversity and ecosystems				
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	SUS	102-104	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	74; 102	
ESRS 2, IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities	-	-	
E4-2	Policies related to biodiversity and ecosystem	SUS	102-103	
E4-3	Actions and resources related to biodiversity and ecosystems	SUS	103-104	
E4-4	Targets related to biodiversity and ecosystems	SUS	104	
E4-5	Impact metrics related to biodiversity and ecosystems change	SUS	105-106	
E4-6	Anticipated financial effects from biodiversity and ecosystems-related risks and opportunities	-	-	-
ESRS E5 · Resource use and circular economy				
ESRS 2, IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	-	-	
E5-1	Policies related to resource use and circular economy	SUS	107-109	
E5-2	Actions and resources related to resource use and circular economy	SUS	108-109	
E5-3	Targets related to resource use and circular economy	SUS	109	
E5-4	Resource inflows	-	-	
E5-5	Resource outflows	SUS	110	
E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities	-	-	

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Social standards Disclosure requirement		Section/ report	Page	Additional information
ESRS S1 · Own workforce				
ESRS 2, SBM-2	Interests and views of stakeholders	SUS	79	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	75; 112-114	
S1-1	Policies related to own workforce	SUS	112-114	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	SUS	114	Engaging with our own workforce
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	SUS	115	Remediation and channels to raise concerns
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	SUS	113-114	
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	SUS	115	
S1-6	Characteristics of the undertaking's employees	SUS	116	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	-	-	
S1-8	Collective bargaining coverage and social dialogue	-	-	
S1-9	Diversity metrics	SUS	117-118	
S1-10	Adequate wages	-	-	
S1-11	Social protection	SUS	112	
S1-12	Persons with disabilities	-	-	
S1-13	Training and skills development metrics	-	-	
S1-14	Health and safety metrics	SUS	119	
S1-15	Work-life balance metrics	SUS	113	Only qualitative info
S1-16	Compensation metrics (pay gap and total compensation)	SUS	117-118	
S1-17	Incidents, complaints and severe human rights impacts	-	-	

Social standards Disclosure requirement		Section/ report	Page	Additional information
ESRS S2 · Workers in the value chain				
ESRS 2, SBM-2	Interests and views of stakeholders	SUS	79	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	75; 120-121	
S2-1	Policies related to value chain workers	SUS	120-121	
S2-2	Processes for engaging with value chain workers about impacts	SUS	122	Engaging with value chain workers
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	SUS	122	Remediation and channels to raise concerns
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	SUS	120-121	
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-	-	
ESRS S3 · Affected communities				
ESRS 2, SBM-2	Interests and views of stakeholders	SUS	79	
ESRS 2, SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	SUS	76; 123-124	
S3-1	Policies related to affected communities	SUS	123-124	
S3-2	Processes for engaging with affected communities about impacts	SUS	124	Engaging with affected communities
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	SUS	125	Remediation and channels to raise concerns
S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	SUS	124	
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-	-	

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Governance standards Disclosure requirement		Section/ report	Page	Additional information
ESRS G1 · Business conduct				
ESRS 2, GOV-1	The role of the administrative, supervisory and management bodies	MR	52-60	
ESRS 2, IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	-	-	
G1-1	Business conduct policies and corporate culture	SUS	127	
G1-2	Management of relationships with suppliers	SUS	128	
G1-3	Prevention and detection of corruption and bribery	SUS	128	
G1-4	Incidents of corruption or bribery	SUS	-	
G1-5	Political influence and lobbying activites	SUS	-	
G1-6	Payment practices	SUS	-	

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ESRS 2

Statement on sustainability due diligence

Core elements of due diligence	Sections in the sustainability statements	Page
a) Embedding due diligence in governance, strategy and business model	Governance	127-128
b) Engaging with affected stakeholders in all key steps of the due diligence	General Social Governance	79 112-115, 120-125 127-128
c) Identifying and assessing adverse impacts	Social Governance	112-115, 120-122, 123-125 127-128
d) Taking actions to address those adverse impacts	Social Governance	113, 121-125 127-128
e) Tracking the effectiveness of these efforts and communicating	Social Governance	113, 121-122, 124 127-128

The above table provides a mapping to where in our sustainability statements we provide information about our due diligence process, including how we apply the main aspects and steps of our due diligence process.

ESRS 2

Datapoints that derive from other EU legislation

The table below includes all of the datapoints that derive from other EU legislation as listed in ESRS 2 appendix B, indicating where the data points can be found in our report and which data points are assessed as 'Not material'.

Disclosure requirement	Data point		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x		Sustainability statements Management's review	118 52
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			x		Sustainability statements	117
ESRS 2 GOV-4	30	Statement on due diligence	x				Sustainability statements	135
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Sustainability statements	81
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not relevant	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not relevant	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not relevant	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	Sustainability statements	87-89
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		x	x		Not relevant	
ESRS E1-4	34	GHG emission reduction targets	x	x	x		Sustainability statements	91
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Not relevant	
ESRS E1-5	37	Energy consumption and mix	x				Sustainability statements	99
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				Not relevant	
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		Sustainability statements	100
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x		Not stated	
ESRS E1-7	56	GHG removals and carbon credits				x	Not stated	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Sustainability statements	86
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk		x			Not stated	
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Not stated	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Management's review	20-35
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	x				Not material	
ESRS E3-1	9	Water and marine resources	x				Not material	
ESRS E3-1	13	Dedicated policy	x				Not material	
ESRS E3-1	14	Sustainable oceans and seas	x				Not material	
ESRS E3-4	28 (c)	Total water recycled and reused	x				Not material	
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				Not material	
ESRS 2- SBM 3 - E4	16 (a) i		x				Sustainability statements	105
ESRS 2- SBM 3 - E4	16 (b)		x				Not stated	
ESRS 2- SBM 3 - E4	16 (c)		x				Sustainability statements	106

Disclosure requirement	Data point		SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Section	Page
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	x				Sustainability statements	108-109
ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	x				Sustainability statements	102
ESRS E4-2	24 (d)	Policies to address deforestation	x				Sustainability statements	108-109
ESRS E5-5	37 (d)	Non-recycled waste	x				Sustainability statements	110
ESRS E5-5	39	Hazardous waste and radioactive waste	x				Sustainability statements	110
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labour	x				Not stated	
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labour	x				Not stated	
ESRS S1-1	20	Human rights policy commitments	x				Sustainability statements	112-113
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Sustainability statements	112-113
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Sustainability statements	112-113
ESRS S1-1	23	Workplace accident prevention policy or management system	x				Sustainability statements	113
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				Sustainability statements	112, 115
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	x		x		Sustainability statements	119
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				Not stated	
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		x		Sustainability statements	118
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x				Sustainability statements	117
ESRS S1-17	103 (a)	Incidents of discrimination	x				Not stated	
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	x		x		Not stated	
ESRS 2- SBM3 – S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				Not stated	
ESRS S2-1	17	Human rights policy commitments	x				Sustainability statements	112-113, 120-122
ESRS S2-1	18	Policies related to value chain workers	x				Sustainability statements	112-113, 120-122, 128
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		Not stated	
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Sustainability statements	112-113, 120-122, 128
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Not stated	
ESRS S3-1	16	Human rights policy commitments	x				Sustainability statements	112-113, 123-125
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x		x		Not stated	
ESRS S3-4	36	Human rights issues and incidents	x				Not stated	
ESRS S4-1	16	Policies related to consumers and end-users	x				Not material	
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Not material	
ESRS S4-4	35	Human rights issues and incidents	x				Not material	
ESRS G1-1	§10 (b)	United Nations Convention against Corruption	x				Not relevant	
ESRS G1-1	§10 (d)	Protection of whistle- blowers	x				Not relevant	
ESRS G1-4	§24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		Not stated	
ESRS G1-4	§24 (b)	Standards of anti- corruption and anti-bribery	x				Not stated	

Calculation factors 2023

Page reference	Data point	Factor	Comment	Reference	Publication name
p. 100	Scope 1 emissions	Global warming potential of greenhouse gases	CH_4, N_2O, SF_6	Intergovernmental Panel on Climate Change (IPCC)	Climate Change 2021, The Physical Science Basis
p. 100	Scope 1 emissions	Carbon emissions from fossil fuels at CHP plants	Coal, oil, natural gas	Danish Energy Agency	Standardfaktorer for brændværdier og CO_2-emissioner (Standard factors for calorific value and carbon emissions), 2022
p. 100	Scope 1 emissions	Carbon emissions from fossil fuels outside CHP plants	Diesel, petrol, fuel oil, jet fuel	American Petroleum Institute (API)	Compendium of greenhouse gas emission methodologies for the oil and natural gas industry, 2009
p. 100	Scope 2 emissions	Carbon emissions from power purchased	In Denmark	EnerginetDK, 2022	Generel deklaration og Miljødeklaration, 2021 (General declaration and environmental declaration, 2021)
p. 100	Scope 2 emissions	Carbon emissions from power purchased	In other European countries	Association of Issuing Bodies (AIB)	European Residual Mixes, 2022 (2021 data)
p. 100	Scope 2 emissions	Carbon emissions from power purchased	In countries outside Europe	Institute for Global Environmental Strategies (IGES) US Environmental Protection Agency (EPA)	List of grid emission factors, 2022 US EPA 2023 (eGRID2021 data)
p. 100	Biogenic emissions	Biogenic emissions from combustion of biomass	GHG emissions outside of scope 1-3, biomass and biogas	UK Department for Environment, Food & Rural Affairs (DEFRA)	UK government GHG conversion factors for company reporting, 2022
p. 100	Scope 3 emissions	Use of sold products. Fuel- and energy-related activities	Emissions from end use of gas. Upstream supply chain for fuels	UK Department for Environment, Food & Rural Affairs (DEFRA)	UK government GHG conversion factors for company reporting, 2022
p. 100	Scope 3 emissions	Capital goods	Wind farms, onshore	Siemens	Environmental Product Declaration: a clean energy solution – from cradle to grave. Onshore wind power plant employing SWT-2.3-108
p. 100	Scope 3 emissions	Purchased goods and services	Supply chain emission factors depend on product categories	US Environmental Protection Agency (EPA)	Supply Chain Greenhouse Gas Emission Factors, USD 2018
p. 100	Scope 3 emissions	Business travel in private car	Assumptions: 'average car', 'unknown fuel type'	UK Department for Environment, Food & Rural Affairs (DEFRA)	UK government GHG conversion factors for company reporting, 2022
p. 141	Avoided emissions from green bond proceeds	Carbon emissions from average fossil-fuel mix	Average of coal, gas, and oil (countries and US states)	International Energy Agency (IEA) US Environmental Protection Agency (EPA)	IEA Emissions Factors 2022 (2020 data) US EPA 2023 (eGRID2020 data)
p. 141	Water stress	Baseline water stress	Measured at site level, baseline water stress is the ratio of total water withdrawals to available renewable supply	World Resources Institute (WRI)	Aqueduct Water Risk Atlas v3.0, 2019

Note: The table shows references for calculation factors used in the 2023 data set.

Alignment with TCFD recommendations

Theme	Recommended disclosures	Annual report section/Ørsted report	Section	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities	Management's review	Corporate governance	52-61
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Management's review Remuneration report	Corporate governance Remuneration of the Executive Board	52-61 6-7
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Management's review Sustainability statements Sustainability statements	Strategy and business Double materiality assessment Environment: Climate change	20-38 70-76 87-101
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Management's review Sustainability statements Sustainability statements	Strategy and business Environment: Climate scenario analysis Environment: Climate change	20-38 86 87-101
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario	Sustainability statements Sustainability statements	Environment: Climate scenario analysis Environment: Climate change	86 87-101
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks	Management's review Sustainability statements Sustainability statements	Risks and risk management Double materiality assessment methodology Environment: Climate scenario analysis	34-37 77-78 86
	b) Describe the organisation's processes for managing climate-related risks	Management's review Sustainability statements Sustainability statements	Risks and risk management Double materiality assessment methodology Environment: Climate scenario analysis	34-37 77-78 86
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Management's review Sustainability statements Sustainability statements	Risks and risk management Double materiality assessment methodology Environment: Climate scenario analysis	34-37 77-78 86
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Management's review Management's review Sustainability statements	Overview: Strategic ambitions Overview: Performance highlights: Environment Environment: Climate change	6 8 87-101
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks	Management's review Management's review Sustainability statements	Overview: Strategic ambitions Overview: Performance highlights: Environment Environment: Climate change	6 8 87-101
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Management's review Sustainability statements	Overview: Strategic ambitions Environment: Climate change: Targets	6 91

Alignment with TNFD recommendations

Theme	Recommended disclosures	Annual report section/Ørsted report	Section	Page
Governance	a) Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities	Management's review	Corporate governance	52-61
	b) Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Management's review	Corporate governance	52-61
	c) Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Sustainability statements Sustainability statements Sustainability statements	Interests and views of stakeholders Environment: Biodiversity and ecosystems Social: Affected communities	79 102-106 123-125
Strategy	a) Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	Management's review Sustainability statements Sustainability statements	Strategy and business Double materiality assessment Environment	20-38 70-79 81-110
	b) Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Management's review Sustainability statements	Strategy and business Environment	20-38 81-110
	c) Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	Management's review Sustainability statements	Risks and risk management Environment	34-37 81-110
	d) Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Management's review Sustainability statements	Overview: Our footprint Environment: Biodiversity and ecosystems	14 102-106
Risk and impact management	a) i. Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. ii. Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	Management's review Management's review Sustainability statements Sustainability statements	Corporate governance Risks and risk management Double materiality assessment Governance: Business conduct	52-61 34-37 70-79 127-130
	b) Describe the organisation's processes for monitoring nature-related dependencies, impacts, risks and opportunities.	Management's review Sustainability statements Sustainability statements	Risks and risk management Double materiality assessment Environment: Biodiversity and ecosystems	34-37 70-79 102-106
	c) Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	Management's review Sustainability statements	Risks and risk management Double materiality assessment	34-37 70-79
Metrics and targets	a) Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	Management's review Sustainability statements	Overview: Strategic ambitions Environment	6 81-110
	b) Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	Management's review Sustainability statements	Overview: Strategic ambitions Environment	6 81-110
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Management's review Sustainability statements	Overview: Strategic ambitions Environment	6 81-110

Additional data points below materiality thresholds

Data point	Unit	2023	2022	Δ
Water withdrawal				
Total volume of water withdrawn	Thousand m³	767,643	1,021,206	(25 %)
Surface water	Thousand m³	753	708	6 %
Groundwater	Thousand m³	285	205	39 %
Seawater	Thousand m³	765,226	1,018,828	(25 %)
Produced water	Thousand m³	467	422	11 %
Third-party water	Thousand m³	912	1,043	(13%)
Freshwater withdrawal intensity[1]	**m³/GWh**	**46**	**47**	**(2 %)**
Water withdrawal from water-stressed areas				
From areas with low stress levels	%	2	0	2 %p
From areas with low to medium stress levels	%	45	55	(10 %p)
From areas with medium to high stress levels	%	49	45	4 %p
From areas with high stress levels	%	0	0	0 %p
From areas with extremely high stress levels	%	4	0	4 %p
Wastewater discharge by destination				
Total volume of water discharge	Thousand m³	766,920	1,019,827	(25 %)
Surface water	Thousand m³	226	91	148 %
Groundwater	Thousand m³	0	0	-
Seawater	Thousand m³	765,425	1,018,690	(25 %)
Third-party water	Thousand m³	1,269	1,046	21 %
Third-party water sent for use in other organisations (sold water)	Thousand m³	496	452	10 %
Water consumption	**Thousand m³**	**723**	**1,379**	**(48 %)**
Other air emissions: nitrogen oxides (NO_x) and sulphur dioxide (SO_2)				
Nitrogen oxides emissions	Tonnes	1,572	1,892	(17 %)
Sulphur dioxide emissions	Tonnes	576	780	(26 %)
Nitrogen oxides emissions intensity	g NO_x/kWh	0.14	0.15	(7 %)
Sulphur dioxide emissions intensity	g SO_2/ kWh	0.05	0.06	(17 %)
Environmental incidents				
Massive environmental incidents	Number	0	0	-
Major environmental incidents	Number	3	2	50 %

Green bond impact report data points	Unit	2023	2022	Δ
Total avoided emissions from green bond proceeds	**Million tonnes CO_2e**	**5.9**	**4.2**	**40 %**
Avoided emissions from projects in operation	Million tonnes CO_2e	2.8	1.4	100 %
Potential avoided emissions from projects under construction	Million tonnes CO_2e	3.1	2.8	11 %

[1] Our freshwater withdrawal intensity target is 32 m³/GWh by 2025.

§ Accounting policies

The water category definitions are based on GRI 303: Water and effluents (2018).

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

The total volume of water withdrawal is measured based on meter readings or invoices from suppliers. Surface water and seawater is used for cooling at the combined heat and power (CHP) plants. Produced water is water extracted as part of the processing of wood chips and used instead of third-party water.

Freshwater withdrawal intensity
Freshwater withdrawal intensity is calculated as freshwater withdrawal (surface water, groundwater, and third-party water) per unit heat and power generation.

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

Wastewater discharge
Wastewater includes all planned and unplanned discharges of water from Ørsted. For facilities, wastewater discharges are recorded based on meter readings. Where wastewater is removed by road tanker, discharges are based on invoices. For offices and warehouses, wastewater discharges are presumed to be equivalent to water consumption.

Water consumption
Water consumption is calculated as water withdrawal minus wastewater discharges

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

Environmental incidents
An environmental incident is an unintended incident which has a negative impact on the environment. We report environmental incidents using operational scopes, such as safety incidents. We register all environmental incidents at facilities where we are responsible for operations in terms of environmental management.

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

Avoided emissions from green bond proceeds
Avoided emissions from allocated green bond proceeds are calculated on the assumption that the generation from wind and solar farms replaces an equal quantity of power generated using fossil fuels. Emissions from operation of these renewable assets are assumed to be zero.

The avoided emissions from green bond proceeds are calculated as the wind or solar farm's generation multiplied by an emission factor – the average emissions of electricity produced from fossil fuels at the specific geographical local of the asset. The emissions factor takes into account the weighted mix of oil, coal, and natural gas.

The annual energy generation from projects in operation and projects under construction, as well as the resulting avoided emissions, are total figures for the projects (not adjusted for Ørsted's ownership share).

Consolidated financial statements

1 January – 31 December 2023

→ Western Trail, located in Wilbarger and Baylor counties, Texas, the US.

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Consolidated statement of income

1 January – 31 December

Note	DKKm	2023	2022
2.2, 2.4	Revenue	79,255	114,417
2.3	Cost of sales	(46,624)	(79,303)
	Other external expenses	(7,406)	(7,049)
2.7, 2.8	Employee costs	(6,374)	(5,278)
	Share of profit (loss) in associates and joint ventures	(55)	114
2.6	Other operating income	10,329	14,119
2.6	Other operating expenses	(10,408)	(4,963)
	Operating profit (loss) before depreciation, amortisation, and impairment losses (EBITDA)	**18,717**	**32,057**
3.1	Amortisation and depreciation on intangible assets, and property, plant, and equipment	(9,795)	(9,754)
3.1, 3.2	Impairment losses on intangible assets, and property, plant, and equipment	(26,775)	(2,529)
	Operating profit (loss) (EBIT)	**(17,853)**	**19,774**
	Gain (loss) on divestment of enterprises	234	331
	Share of profit (loss) in associates and joint ventures	36	40
5.6	Financial income	12,379	15,514
5.6	Financial expenses	(13,822)	(18,050)
	Profit (loss) before tax	**(19,026)**	**17,609**
4.2	Tax on profit (loss) for the year	(1,156)	(2,613)
	Profit (loss) for the year	**(20,182)**	**14,996**
	Profit (loss) for the year is attributable to:		
	Shareholders in Ørsted A/S	(21,059)	14,549
	Interests and costs, hybrid capital owners of Ørsted A/S	553	577
	Non-controlling interests	324	(130)
5.2	Earnings per share (DKK)	(50.1)	34.6
5.2	Diluted earnings per share (DKK)	(50.1)	34.6
5.2	Proposed dividend per share (DKK)	-	13.5

Consolidated statement of comprehensive income

1 January – 31 December

Note	DKKm	2023	2022
	Profit (loss) for the year	**(20,182)**	**14,996**
	Other comprehensive income:		
	Cash flow hedging:		
6	Value adjustments for the year	25,017	(23,521)
5.2	Value adjustments transferred to income statement	(4,143)	24,395
5.2	Value adjustments transferred to balance sheet	-	(116)
	Exchange rate adjustments:		
	Exchange rate adjustments relating to net investments in foreign enterprises	548	(3,747)
6.4	Value adjustment of net investment hedges	(328)	738
5.2	Value adjustments and hedges transferred to income statement	(295)	676
	Tax:		
	Tax on hedging instruments	(4,576)	(902)
	Tax on exchange rate adjustments	10	666
	Other:		
	Share of other comprehensive income from associated companies, after tax	6	26
	Other comprehensive income	**16,239**	**(1,785)**
	Total comprehensive income	**(3,943)**	**13,211**
	Comprehensive income for the year is attributable to:		
	Shareholders in Ørsted A/S	(4,837)	12,886
	Interest payments and costs, hybrid capital owners of Ørsted A/S	553	577
	Non-controlling interests	341	(252)
	Total comprehensive income	**(3,943)**	**13,211**

Other comprehensive income
All items in 'Other comprehensive income' may be recycled to the income statement.

Cash flow hedging
Value adjustments for the year for cash flow hedging amounting to DKK 25,017 million mainly consist of gains related to the hedging of power and, to a lesser extent, gains related to the hedging of gas. The gain of DKK 4,143 million transferred to the income statement mainly consists of gains related to the hedging of power.

Exchange rate adjustments
In 2023, foreign exchange gains relating to net investments in foreign enterprises amounting to DKK 548 million were primarily attributable to an increase of 3 % in the GBP exchange rate, partly countered by a decrease of 3 % in the USD exchange rate and a decrease of 3 % in the NTD exchange rate. A part of the net investment was hedged.

Consolidated balance sheet

31 December

Note	Assets DKKm	2023	2022
3.1	**Intangible assets**	**3,426**	**4,029**
3.1	Land and buildings	7,777	7,980
3.1	Production assets	121,643	119,211
3.1	Fixtures and fittings, tools, and equipment	2,042	1,543
3.1	Property, plant, and equipment under construction	48,307	48,931
3.1	**Property, plant, and equipment**	**179,769**	**177,665**
	Investments in associates and joint ventures	960	772
	Receivables from associates and joint ventures	77	-
	Other securities and equity investments	167	182
6	Derivatives	1,356	1,804
4.3	Deferred tax	8,192	13,719
3.8	Other receivables	3,134	3,243
	Other non-current assets	**13,886**	**19,720**
	Non-current assets	**197,081**	**201,414**
3.4	Inventories	10,539	14,103
6	Derivatives	10,473	23,433
3.5	Contract assets	802	408
3.6	Trade receivables	11,107	12,701
3.8	Other receivables	10,530	20,289
	Receivables from associates and joint ventures	74	-
	Income tax	483	419
5.4	Securities	29,902	25,197
5.4	Cash	10,145	16,178
	Current assets	**84,055**	**112,728**
	Assets	**281,136**	**314,142**

Note	Equity and liabilities DKKm	2023	2022
5.2	Share capital	4,204	4,204
5.2	Reserves	(10,251)	(26,467)
	Retained earnings	62,829	88,331
5.2	Proposed dividends	-	5,675
5.2	**Equity attributable to shareholders in Ørsted A/S**	**56,782**	**71,743**
5.3	Hybrid capital	19,103	19,793
3.11	Non-controlling interests	1,906	3,996
	Equity	**77,791**	**95,532**
4.3	Deferred tax	3,439	7,414
3.10	Provisions	16,908	19,121
5.5	Lease liabilities	7,618	7,697
5.1	Bond and bank debt	79,236	60,451
6	Derivatives	13,763	24,121
3.5	Contract liabilities	3,297	3,085
3.9	Tax equity liabilities	13,610	14,490
3.8	Other payables	6,273	7,363
	Non-current liabilities	**144,144**	**143,742**
3.10	Provisions	15,955	585
5.5	Lease liabilities	808	569
5.1	Bond and bank debt	384	2,830
6	Derivatives	8,449	33,438
3.5	Contract liabilities	2,785	2,269
	Trade payables	14,915	20,641
3.9	Tax equity liabilities	3,397	1,903
3.8	Other payables	6,225	7,518
	Income tax	6,283	5,115
	Current liabilities	**59,201**	**74,868**
	Liabilities	**203,345**	**218,610**
	Equity and liabilities	**281,136**	**314,142**

Consolidated statement of shareholders' equity

1 January – 31 December

DKKm	Share capital	Reserves[1]	Retained earnings	Proposed dividends	Shareholders in Ørsted A/S	Hybrid capital	Non-controlling interests	Total Group	Share capital	Reserves[1]	Retained earnings	Proposed dividends	Shareholders in Ørsted A/S	Hybrid capital	Non-controlling interests	Total Group
	2023								2022							
Equity at 1 January	4,204	(26,467)	88,331	5,675	71,743	19,793	3,996	95,532	4,204	(24,778)	79,391	5,255	64,072	17,984	3,081	85,137
Comprehensive income for the year:																
Profit (loss) for the year	-	-	(21,059)	-	(21,059)	553	324	(20,182)	-	-	14,549	-	14,549	577	(130)	14,996
Other comprehensive income:																
Cash flow hedging	-	20,874	-	-	20,874	-	-	20,874	-	758	-	-	758	-	-	758
Exchange rate adjustments	-	(92)	-	-	(92)	-	17	(75)	-	(2,211)	-	-	(2,211)	-	(122)	(2,333)
Tax on other comprehensive income	-	(4,566)	-	-	(4,566)	-	-	(4,566)	-	(236)	-	-	(236)	-	-	(236)
Share of other comprehensive income of associated companies, after tax	-	-	6	-	6	-	-	6	-	-	26	-	26	-	-	26
Total comprehensive income	**-**	**16,216**	**(21,053)**	**-**	**(4,837)**	**553**	**341**	**(3,943)**	**-**	**(1,689)**	**14,575**	**-**	**12,886**	**577**	**(252)**	**13,211**
Coupon payments, hybrid capital	-	-	-	-	-	(546)	-	(546)	-	-	-	-	-	(529)	-	(529)
Tax, hybrid capital	-	-	-	-	-	2	-	2	-	-	-	-	-	13	-	13
Additions, hybrid capital	-	-	-	-	-	-	-	-	-	-	-	-	-	3,693	-	3,693
Disposals, hybrid capital	-	-	-	-	-	(699)	-	(699)	-	-	-	-	-	(1,945)	-	(1,945)
Proposed dividends	-	-	-	-	-	-	-	-	-	-	(5,675)	5,675	-	-	-	-
Dividends paid	-	-	2	(5,675)	(5,673)	-	(413)	(6,086)	-	-	3	(5,255)	(5,252)	-	(294)	(5,546)
Additions, non-controlling interests	-	-	-	-	-	-	537	537	-	-	-	-	-	-	1,461	1,461
Acquisitions, non-controlling interests	-	-	(4,477)	-	(4,477)	-	(2,555)	(7,032)	-	-	-	-	-	-	-	-
Other changes	-	-	26	-	26	-	-	26	-	-	37	-	37	-	-	37
Equity at 31 December	**4,204**	**(10,251)**	**62,829**	**-**	**56,782**	**19,103**	**1,906**	**77,791**	**4,204**	**(26,467)**	**88,331**	**5,675**	**71,743**	**19,793**	**3,996**	**95,532**

[1] See note 5.2 'Equity' for more information on reserves.

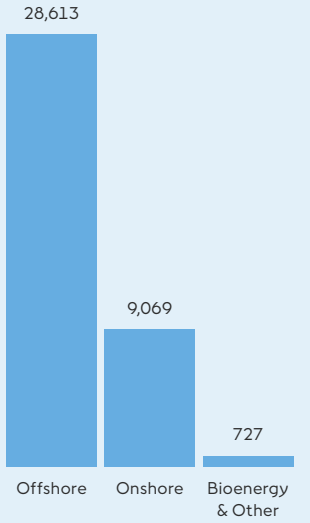
Consolidated statement of cash flows

1 January – 31 December

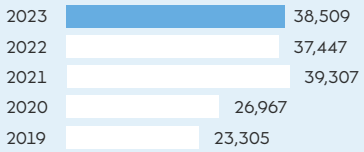
Note	DKKm	2023	2022
	Operating profit (loss) before depreciation, amortisation, and impairment losses (EBITDA)	18,717	32,057
	Reversal of gain (loss) on divestment of assets	(5,745)	(10,885)
	Change in derivatives	4,274	(8,687)
	Change in provisions	8,454	(1,935)
	Other items	287	(278)
	Change in inventories	3,656	1,419
	Change in contract assets and liabilities	461	(1,303)
	Change in trade receivables	1,522	(2,875)
	Change in other receivables	3,834	2,742
	Change in trade payables	(5,309)	3,886
	Change in tax equity liabilities	374	(353)
	Change in other payables	(660)	(38)
	Interest received and similar items	8,278	7,985
	Interest paid and similar items	(6,894)	(8,548)
4.4	Income tax paid	(2,717)	(1,263)
	Cash flows from operating activities	**28,532**	**11,924**
	Purchase of intangible assets, and property, plant, and equipment	(38,203)	(33,004)
	Sale of intangible assets, and property, plant, and equipment	8,189	24,052
3.3	Acquisition of enterprises	-	(3,406)
	Divestment of enterprises	(3)	99
	Purchase of other equity investments	(124)	16
	Purchase of securities	(18,285)	(9,414)
	Sale/maturation of securities	13,935	3,780
	Change in other non-current assets	(13)	(4)
	Transactions with associates and joint ventures	(247)	(54)
	Dividends received and capital reductions	19	23
	Cash flows from investing activities	**(34,732)**	**(17,912)**

Supplementary statements
Our supplementary statements of gross and net investment appear from note 3.0 'Capital employed' and free cash flows (FCF) from note 2.1 'Segment information'.

Gross investments by segment
DKKm



Gross investments
DKKm



Specification of 'Cash flows from investing activities' (DKK 34,732 million) to 'Gross investments' (DKK 38,509 million) is disclosed in note 3.0 'Capital employed'.

Consolidated statement of cash flows – continued

1 January – 31 December

Note	DKKm	2023	2022
	Proceeds from raising loans	17,584	37,090
	Instalments on loans	(1,580)	(21,482)
	Instalments on leases	(712)	(582)
	Coupon payments on hybrid capital	(546)	(529)
	Repurchase of hybrid capital	(699)	(1,945)
	Proceeds from issuance of hybrid capital	-	3,693
	Dividends paid to shareholders in Ørsted A/S	(5,673)	(5,252)
3.11	Transactions with non-controlling interests	(7,061)	1,170
	Net proceeds from tax equity partners	(182)	(523)
	Collateral posted in relation to trading of derivatives	(21,829)	(48,885)
	Collateral released in relation to trading of derivatives	19,515	52,143
	Restricted cash and other changes	1,448	(1,113)
	Cash flows from financing activities	**265**	**13,785**
	Total net change in cash and cash equivalents	**(5,935)**	**7,797**
5.4	Cash and cash equivalents at 1 January	16,175	8,614
	Total net change in cash and cash equivalents	(5,935)	7,797
	Exchange rate adjustments of cash and cash equivalents	(96)	(236)
5.4	**Cash and cash equivalents at 31 December**	**10,144**	**16,175**

§ Accounting policies

'Cash flows from operating activities' are determined using the indirect method as operating profit (loss) before depreciation, amortisation, and impairment losses adjusted for changes in operating items without cash flow effect. Trade payables relating to purchases of intangible assets, and property, plant, and equipment are not recognised in 'Change in trade payables'.

'Change in tax equity liabilities' relates to cash contributions from tax equity partners and repayment hereof through production tax credits (PTCs), investment tax credits (ITCs), and other tax attributes to tax equity partners. See also note 3.9 'Tax equity liabilities'.

'Cash flows from investing activities' comprise payments in connection with the purchase and sale of non-current assets and enterprises as well as the purchase and sale of securities that are not recognised as cash and cash equivalents.

'Cash flows from financing activities' comprise changes in the size or composition of equity and loans, including instalments on leases and net proceeds related to interest-bearing tax equity liabilities. Proceeds from the raising of short-term repo loans are presented net.

Cash flows in currencies other than the functional currency are translated at the average exchange rates for the month in question, unless these differ significantly from the rates at the transaction date.

Basis of reporting
Note 1

Significant changes and events
Note 1.1

The financial position and performance of Ørsted was particularly affected by the following events and transactions during 2023.

Impairment and cancellation fees	Divestments	Acquisitions	Accounting policies
US offshore and onshore projects Due to adverse impacts relating to our supply chain and increased interest rates, combined with a lower anticipated probability of getting additional tax credits, a lower expected value from monetising these, and the timing and likelihood of obtaining final construction permits for Ocean Wind 1 as well as a change in OREC assumptions for Sunrise Wind, we have recognised impairment losses of DKK 26.8 billion in 2023. The majority of the impairment loss relates to our US offshore projects Ocean Wind 1 (DKK 19.9 billion), Sunrise Wind (DKK 2.1 billion), and Revolution Wind (DKK 2.7 billion). See note 3.2 'Impairments'. **Decision to cease development of Ocean Wind 1 and Ocean Wind 2** On 31 October, we decided to cease development of Ocean Wind 1 and Ocean Wind 2. In addition to the impairment loss recognised on Ocean Wind 1, we have recognised a provision relating to the expected contract cancellation fees not already covered by the impairment loss. The provision reflects our expectation to reuse the export cables for another project. Besides this, we have not assumed reuse or sale of other contracts. The total provision was DKK 15.0 billion at the end of 2023 and was recognised as 'Onerous contracts'. See note 3.10 'Provisions and contingent liabilities'.	**Hornsea 2 offshore transmission asset** In July, we completed the divestment of our 50% share of the Hornsea 2 offshore transmission asset in the UK. The transaction resulted in proceeds of DKK 5 billion. See note 2.2 'Revenue' and note 3.4 'Inventories'. **London Array** In August, we completed the divestment of our remaining 25% ownership share in the London Array Offshore Wind Farm in the UK. The transaction resulted in proceeds of DKK 6.1 billion. See note 2.6 'Other operating income and expenses' and note 3.1 'Intangible assets, and property, plant, and equipment'. **Gode Wind 3** In December, we completed the divestment of our offshore wind farm Gode Wind 3 in Germany. The transaction resulted in proceeds of DKK 2 billion. See note 2.6 'Other operating income and expenses' and note 3.1 'Intangible assets, and property, plant, and equipment'.	**Lease Area 500[1]** In September, we completed the acquisition of Eversource's 50% interest in Lease Area 500 in north-eastern USA, which was an uncontracted federal offshore lease area owned jointly by Ørsted and Eversource. See note 3.11 'Non-controlling interests'. **Ocean wind 1[1]** In July, we completed the acquisition of the Public Service Enterprise Group's (PSEG) 25% equity stake in the offshore wind energy project Ocean Wind 1. The acquisition provided Ørsted with 100% ownership of Ocean Wind 1. See note 3.11 'Non-controlling interests'.	**Change in accounting policy** From gross to net presentation of revenue and cost of sales from power trading activities. We have changed our accounting policy for presentation of revenue and related costs from the settlement of failed own-use power contracts. These are contracts settled with delivery of physical power where the purpose of entering into them are hedging or optimisation of our revenue. Previously, we recognised revenue and the cost of sales on a gross basis when these contracts were settled. See note 1.2 'Basis of preparation'.

For a detailed discussion about Ørsted's performance and financial position, please refer to the management's review.

[1] As these acquisitions are with non-controlling interests, they are not included in cash flow from investing activities, but as cash flow from financing activities in our statutory cash flow statement.

Basis of preparation

Note 1.2

This section provides an overall description of the accounting policies applied in our consolidated financial statements as well as the European Single Electronic Format (ESEF) reporting requirements. We provide a more detailed description of the accounting policies applied in the specific notes. Key accounting estimates and judgements as well as new and amended IFRS standards and interpretations are discussed in detail later in this note.

Accounting policies

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act (Årsregnskabsloven).

The accounting policies have been applied consistently in the financial year and for comparative figures, except for one change in accounting policy – see below.

Change in accounting policy

From gross to net presentation of revenue and cost of sales from power trading activities.

We have changed our accounting policy regarding presentation of revenue and related costs from the settlement of failed own-use power contracts. These are contracts settled with delivery of physical power where the purpose of entering into them are hedging or optimisation of our revenue. Previously, we recognised revenue and the cost of sales on a gross basis when these contracts were settled. As the gross presentation does not reflect the magnitude of the Group's power trading activities, we have changed the presentation to a net presentation of revenue and related costs. It is management's view that such presentation better reflects the power trading activities.

The change only impacts revenue and the cost of sales in the Offshore segment, and thus our EBITDA is not impacted.

The 2022 comparisons have been adjusted accordingly.

The impact on our 2023 and 2022 numbers is illustrated in the table to the right.

2023	Previous accounting policy	Change	New accounting policy
Revenue[1]	88,482	(9,227)	79,255
Cost of sales[2]	55,851	(9,227)	46,624

2022	Reported	Change	Adjusted
Revenue[1]	132,277	(17,860)	114,417
Cost of sales[2]	97,163	(17,860)	79,303

The table illustrates the change in accounting policy regarding presentation of revenue and related costs from settlement of failed own-use contracts.

[1] The line item 'Sale of power' is impacted in note 2.2 'Revenue'.
[2] The line item 'Power including certificates' is impacted in note 2.3 'Cost of sales'.

Measurement basis

The consolidated financial statements have been prepared on historical cost basis, except for derivatives, gas in non-Danish storage facilities, financial instruments in the trading portfolio, and carbon emission allowances in the trading portfolio, which are measured at market value.

Consolidation

The consolidated financial statements comprise the financial statements of Ørsted A/S (the parent company) and subsidiaries controlled by Ørsted A/S. See more in note 7.4 'Company overview'.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which have been prepared in accordance with the Group's accounting policies.

Intra-group income, expenses, shareholdings, balances, and dividends as well as realised and unrealised gains and losses arising from intra-group transactions are eliminated in our consolidated financial statements.

Unrealised gains and losses resulting from transactions with associates and joint ventures are eliminated to the extent of our ownership interest.

Enterprises are accounted for as associates if we hold or have the ability to exercise, directly or indirectly, 20-50% of the voting rights and do not exercise control. However, we carry out a specific assessment of our ability to exercise influence, including our ability to influence financial and operational decisions and thus our return. Enterprises that satisfy the criteria for joint control are accounted for as investments in joint ventures, unless the nature of the joint arrangement is considered a joint operation.

Our shares in joint operations are recognised in the consolidated balance sheet through recognition of the Group's own assets, liabilities, income, and expenses. The proportionate share of realised and unrealised gains and losses arising from intra-group transactions between fully consolidated enterprises and joint operations is eliminated.

Basis of preparation

Note 1.2 – continued

Foreign currency translation

The financial statements are presented in million Danish kroner (DKKm), unless otherwise stated.

Exchange differences arising between the exchange rate on the transaction date and on the date of payment are recognised in profit (loss) for the year as financial income or expenses.

Foreign currency transactions are translated into the functional currency defined for each entity, using the exchange rates prevailing at the transaction date. Receivables, payables, and other monetary items in foreign currencies are translated at the exchange rates on the balance sheet date. The difference between the exchange rate on the balance sheet date and on the date at which the receivable or payable arose is recognised in profit (loss) for the year as financial income or expenses.

Financial statements of foreign subsidiaries, joint operations, associates, and joint ventures are translated into DKK at monthly average exchange rates insofar as these do not deviate materially from the actual exchange rates at the transaction dates. Balance sheet items are translated at the exchange rates on the balance sheet date.

All exchange differences are recognised in profit (loss) for the year, except for exchange differences arising on:

- translation of the opening equity of these entities at the exchange rates on the balance sheet date
- translation of the statements of comprehensive income of these enterprises from 'the average-for-the-month exchange rates' to 'the exchange rates on the balance sheet date'
- translation of balances accounted for as part of the total net investment
- translation of the portion of loans and derivatives that has been entered into to hedge the net investment in an enterprise, and that provides an effective hedge against corresponding foreign exchange gains (losses) on the net investment.

The above types of exchange differences are recognised in 'Other comprehensive income'. Such exchange rate adjustments are divided between the equity of the parent company and the equity of the non-controlling interests.

On full or partial divestment of the net investment, the accumulated exchange rate adjustments are recognised as follows:

- Disposal resulting in loss of control:
  The accumulated exchange rate adjustments, including any associated hedges, are recognised in the profit (loss) for the year if a foreign exchange gain (loss) is realised by the selling enterprise. Any foreign exchange gain (loss) is transferred to the item in which the gain (loss) from the disposal is recognised. The part of the foreign currency translation reserve that relates to non-controlling interests is not transferred to profit (loss) for the year.
- Disposal not resulting in loss of control:
  A proportionate share of the foreign currency translation reserve is transferred from the parent company shareholders' share of equity to the minority shareholders' share of equity.

Repayment of balances that are considered part of the net investment does not constitute a partial disposal of the subsidiary.

iXBRL reporting

We are required to file our annual report in the European Single Electronic Format ('ESEF') using the XHTML format and to tag the consolidated financial statements, including notes, using the Inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created.

The annual report submitted to the Danish Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a ZIP file named Orsted-2023-12-31-en.zip.

Non-IFRS financial measures

We present financial measures in the consolidated financial statements to describe the Group's financial performance, financial position, and cash flows. We use these financial measures as we believe they provide valuable information to our stakeholders and management.

The financial measures should not be considered a replacement for the performance measures as defined under IFRS, but rather as supplementary information.

The financial measures may not be comparable to similar titled measures presented by other companies, as the definitions and calculations may be different.

The financial measures most commonly presented in the Ørsted annual report are:

- EBITDA and EBITDA excluding new partnerships and cancellation fees
- funds from operations (FFO)
- adjusted interest-bearing net debt
- free cash flow (FCF)
- ROCE.

Our definitions of the financial measures are included in note 7.3 'Non-IFRS financial measures'.

Basis of preparation

Note 1.2 – continued

Note		Key accounting estimates and judgements	Estimate/judgement	Potential impact from accounting estimates and judgements
2.6	Other operating income and expenses	Variable selling prices related to divestments of offshore wind farms and offshore transmission assets	Estimate	● ●
		Consolidation method for partnerships	Judgement	● ● ●
		Classification of divestments	Judgement	● ●
3.2	Impairments	Key assumptions in impairment tests	Estimate	● ● ●
3.9	Tax equity liabilities	Recognition of tax equity partnerships	Estimate/judgement	● ●
3.10	Provisions and contingent liabilities	Assumptions for provisions	Estimate	● ● ●
4.2	Tax on profit (loss) for the year	Recognition of income taxes	Estimate	● ● ●
6.1	Risk framework	Valuation of long-term power purchase agreements	Estimate/judgement	● ●
		Hedge accounting	Estimate/judgement	● ●

↑ Key accounting estimates and judgements and their level of potential impact on the consolidated financial statements.

The impact relates to objectivity and business practice.

- ● Very objective/market-conforming
- ● ● Objective/partially conforming
- ● ● ● Partially subjective/partially distinctive
- ● ● ● ● Subjective/distinctive to Ørsted

Implementation of new and changed accounting standards and interpretations

The International Accounting Standards Board (IASB) has issued amended standards that are effective for the first time in 2023. None of them required a change in our accounting policies.

New standards and interpretations

IASB has issued new or amended accounting standards and interpretations that have not yet become effective and have consequently not been implemented in the consolidated financial statements for 2023. Ørsted expects to adopt the accounting standards and interpretations as they become mandatory, except for the early implementation of the new disclosures to IAS 7 and IFRS 7 'Supplier Finance Arrangements'. See note 3.7 'Supply chain finance'.

The new or amended standards or interpretations are not expected to have a significant impact on our consolidated financial statements.

Key accounting estimates and judgements

The use of reasonable estimates and judgements is an essential part of the preparation of the consolidated financial statements.

Given the uncertainties inherent in our business activities, we make a number of estimates and judgements. The estimates and judgements are based on assumptions concerning future developments, which affect our application of accounting policies and the reported amounts of our assets, liabilities, sales, costs, cash flows, hedge reserves, and related disclosures. Actual amounts may differ from the amounts estimated and judgements made, as more detailed information becomes available.

We regularly reassess these estimates and judgements based on, among other things, historical experience, the current situation in the financial markets, and a number of other relevant factors, e.g. the updates in annual estimated production. Changes in estimates are recognised in the period in which the estimate in question is revised.

Accounting estimates, judgements, and assumptions which may entail a risk of material adjustments in subsequent years are listed in the table above.

In addition, we make judgements when we apply the accounting policies.

Reference is made to the specific notes for further information on the key accounting estimates and judgements as well as the assumptions applied.

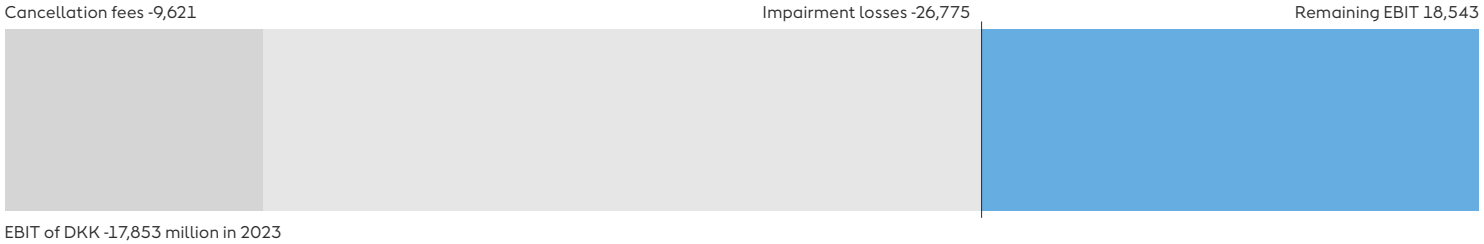
Return on capital employed
Note 2

Return on capital employed (ROCE) is a key ratio showing how profitable our business activities are. Our target is an average ROCE of approx. 14% for the Group for the 2024-2030 period.

Return on capital employed was -14.2% in 2023. Adjusted for impairment losses and cancellation fees, ROCE amounted to 12.9% in 2023.

See note 2.1 'Segment information'.

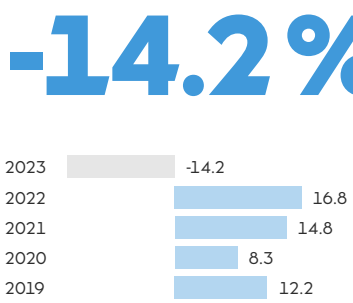
EBIT
DKKm



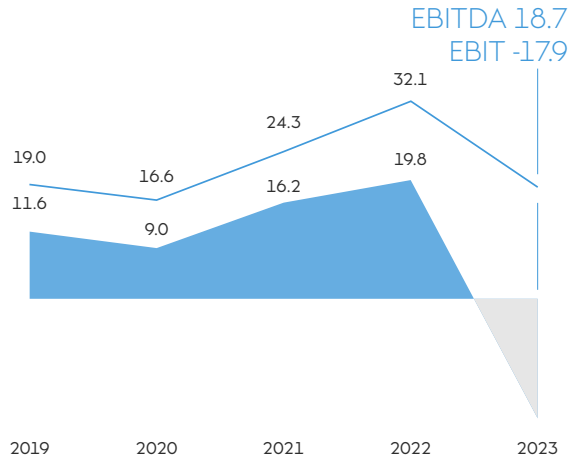
EBIT of DKK -17,853 million in 2023

Return on capital employed
%

Return on capital employed totalled -14.2% in 2023 against 16.8% in 2022.



EBITDA and EBIT
DKKbn



Segment information

Note 2.1

Offshore
DKKm

Revenue	58,427
EBITDA	13,817
Gross investments	28,613

Primary activities
Development, construction, ownership, and operation of offshore wind farms in the UK, Europe, the US, and Taiwan as well as development of renewable hydrogen and green fuels in Europe and on the US Gulf Coast.

Onshore
DKKm

Revenue	2,620
EBITDA	2,970
Gross investments	9,069

Primary activities
Development, construction, ownership, and operation of onshore wind and solar farms in the US and in Europe, including integrated storage.

Bioenergy & Other
DKKm

Revenue	19,230
EBITDA	1,523
Gross investments	727

Primary activities
Generation of heat and power and delivery of ancillary services from CHP plants in Denmark, optimisation of our gas portfolio, and of our Danish and Swedish B2B customers.

Geographical distribution

Geographical revenue is broken down, as far as possible, by the customer's geographical location based on supply point.

A significant part of our sales takes place via power exchanges and gas hubs in Europe, whose physical locations do not reflect the geographical locations of our customers. When breaking down these sales by geographical location, we use the physical locations of the exchange or hub since we do not know the physical location of our customers in all cases.

No single customer accounted for more than 10% of our consolidated revenue in 2023 or 2022.

Non-current assets are broken down geographically, based on the physical locations of the assets.

Revenue
DKKm 2023 (2022)

Total 79,255 (114,417)

UK	45,694 (45,017)
DK	17,149 (38,471)
DE	7,516 (13,237)
NL	4,093 (7,614)
US	2,192 (2,619)
TW	1,042 (5,439)
Other	910 (1,083)
IR	659 (937)

Intangible assets and property, plant, and equipment
DKKm 2023 (2022)

Total 183,195 (181,694)

US	69,144 (68,352)
UK	43,747 (48,963)
TW	28,755 (24,476)
DE	16,996 (15,141)
DK	11,137 (12,182)
IR	4,451 (5,017)
NL	4,335 (4,722)
PL	2,297 (1,479)
FR	1,594 (1,357)
Other	739 (5)

Revenue, intangible assets, and property, plant, and equipment are presented based on the locations of our customers and assets as well as the exchanges on which we trade.

§ Accounting policies

Our operating segments are consistent with our internal reporting to our chief operating decision-maker, the Group Executive Team.

The operating segments are managed primarily on the basis of EBITDA and investments. Financial income, financial expenses, and tax are allocated to the operating segments, while we manage them at Group level.

Segment income and segment expenses are those items that, in our internal management reporting, are directly attributable to individual segments or can be indirectly allocated to individual segments on a reliable basis.

Segment information

Note 2.1 – continued

2023 income statement DKKm	Offshore	Onshore	Bioenergy & Other	Reportable segments	Other activities/ eliminations	Total
External revenue	57,062	2,643	19,525	79,230	25	79,255
Intra-group revenue	1,365	(23)	(295)	1,047	(1,047)[1]	-
Revenue	**58,427**	**2,620**	**19,230**	**80,277**	**(1,022)**	**79,255**
Cost of sales	(31,773)	(129)	(15,024)	(46,926)	302	(46,624)
Employee costs and other external expenses	(9,712)	(2,460)	(2,730)	(14,902)	1,122	(13,780)
Gain (loss) on disposal of non-current assets	5,751	-	(6)	5,745	-	5,745
Additional other operating income and expenses	(8,829)	2,948	52	(5,829)	5	(5,824)
Share of profit (loss) in associates and joint ventures	(47)	(9)	1	(55)	-	(55)
EBITDA	**13,817**	**2,970**	**1,523**	**18,310**	**407**	**18,717**
Depreciation and amortisation	(6,815)	(1,957)	(759)	(9,531)	(264)	(9,795)
Impairment losses	(25,526)	(927)	(322)	(26,775)	-	(26,775)
Operating profit (loss) (EBIT)	**(18,524)**	**86**	**442**	**(17,996)**	**143**	**(17,853)**
Key ratios						
Intangible assets, and property, plant, and equipment	111,188	62,626	8,132	181,946	1,249	183,195
Equity investments and non-current receivables	770	143	92	1,005	167	1,172
Net working capital, capital expenditures	(3,285)	(1,001)	(256)	(4,542)	-	(4,542)
Net working capital, work in progress	1,705	-	-	1,705	-	1,705
Net working capital, tax equity	(1,365)	(14,446)	-	(15,811)	-	(15,811)
Net working capital, other items	4,513	461	870	5,844	1,950	7,794
Derivatives, net	(3,645)	(6,311)	(738)	(10,694)	311	(10,383)
Decommissioning obligations	(8,840)	(2,062)	(2,075)	(12,977)	-	(12,977)
Other provisions	(16,865)	(2)	(1,022)	(17,889)	(1,997)	(19,886)
Tax, net	2,187	(3,787)	(348)	(1,948)	901	(1,047)
Other receivables and other payables, net	(2,789)	13	.	(2,776)	(1,274)	(4,050)
Capital employed at 31 December	**83,574**	**35,634**	**4,655**	**123,863**	**1,307**	**125,170**
Return on capital employed (ROCE), %						**(14.2)**
Cash flows from operating activities	21,209	609	2,550	24,368	4,164	28,532
Gross investments	(28,613)	(9,069)	(727)	(38,409)	(100)	(38,509)
Divestments	1,500	5	61	1,566	(24)	1,542
Free cash flow (FCF)	**(5,904)**	**(8,455)**	**1,884**	**(12,475)**	**4,040**	**(8,435)**

The column 'Other activities/eliminations' primarily covers the elimination of inter-segment transactions. It also includes income and costs, assets and liabilities, investment activity, taxes, etc., handled at Group level.

[1] Including the elimination of other activities, the total elimination of intra-group revenue amounts to DKK -4,896 million, which primarily relates to our Shared Functions services as well as our B2B business activities.

Segment information

Note 2.1 – continued

2022 income statement DKKm	Offshore	Onshore	Bioenergy & Other	Reportable segments	Other activities/ eliminations	Total
External revenue	61,110	3,014	50,279	114,403	14	114,417
Intra-group revenue	8,151	-	(4,036)	4,115	(4,115)[1]	-
Revenue	**69,261**	**3,014**	**46,243**	**118,518**	**(4,101)**	**114,417**
Cost of sales	(48,538)	(57)	(34,748)	(83,343)	4,040	(79,303)
Employee costs and other external expenses	(8,410)	(1,831)	(2,370)	(12,611)	284	(12,327)
Gain (loss) on disposal of non-current assets	10,864	43	(22)	10,885	-	10,885
Additional other operating income and expenses	(3,716)	2,472	(487)	(1,731)	2	(1,729)
Share of profit (loss) in associates and joint ventures	108	3	3	114	-	114
EBITDA	**19,569**	**3,644**	**8,619**	**31,832**	**225**	**32,057**
Depreciation and amortisation	(7,006)	(1,644)	(859)	(9,509)	(245)	(9,754)
Impairment losses	(2,529)	-	-	(2,529)	-	(2,529)
Operating profit (loss) (EBIT)	**10,034**	**2,000**	**7,760**	**19,794**	**(20)**	**19,774**
Key ratios						
Intangible assets, and property, plant, and equipment	114,130	57,320	8,868	180,318	1,376	181,694
Equity investments and non-current receivables	605	100	124	829	167	996
Net working capital, capital expenditures	(5,050)	(572)	(43)	(5,665)	-	(5,665)
Net working capital, work in progress	1,430	41	-	1,471	-	1,471
Net working capital, tax equity	-	(15,157)	-	(15,157)	-	(15,157)
Net working capital, other items	9,093	85	873	10,051	1,877	11,928
Derivatives, net	(25,914)	(7,604)	99	(33,419)	1,097	(32,322)
Decommissioning obligations	(10,233)	(1,769)	(2,074)	(14,076)	-	(14,076)
Other provisions	(1,910)	(39)	(1,520)	(3,469)	(2,161)	(5,630)
Tax, net	5,598	(3,938)	(1,119)	541	1,068	1,609
Other receivables and other payables, net	2,192	(4)	3	2,191	(936)	1,255
Capital employed at 31 December	**89,941**	**28,463**	**5,211**	**123,615**	**2,488**	**126,103**
Return on capital employed (ROCE), %						**16.8**
Cash flows from operating activities	5,272	2,509	2,622	10,403	1,521	11,924
Gross investments	(26,710)	(10,396)	(267)	(37,373)	(74)	(37,447)
Divestments	25,451	56	(4)	25,503	133	25,636
Free cash flow (FCF)	**4,013**	**(7,831)**	**2,351**	**(1,467)**	**1,580**	**113**

The column 'Other activities/eliminations' primarily covers the elimination of inter-segment transactions. It also includes income and costs, assets and liabilities, investment activity, taxes, etc., handled at Group level.

[1] Including the elimination of other activities, the total elimination of intra-group revenue amounts to DKK -7,296 million, which primarily relates to our Shared Functions services as well as our B2B business activities.

Revenue

Note 2.2

Revenue DKKm	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations	2023 total	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations	2022 total
Generation of power	10,585	2,171	6,306	-	19,062	15,149	2,121	12,701	-	29,971
Sale of power	25,329	3	395	(288)	25,439	34,392	-	5,936	(4,099)	36,229
Revenue from construction of wind farms and transmission assets	6,589	148	-	-	6,737	11,640	-	-	-	11,640
Generation and sale of heat and steam	-	-	3,776	-	3,776	-	-	3,002	-	3,002
Sale of gas	-	-	6,296	-	6,296	-	-	20,954	-	20,954
Distribution and transmission	-	-	309	(1)	308	-	-	277	(5)	272
O&M and other services	4,045	163	942	(733)	4,417	2,403	31	733	(45)	3,122
Total revenue from customers	**46,548**	**2,485**	**18,024**	**(1,022)**	**66,035**	**63,584**	**2,152**	**43,603**	**(4,149)**	**105,190**
Government grants	9,518	296	364	-	10,178	4,831	862	493	-	6,186
Miscellaneous revenue	2,361	(161)	842	-	3,042	846	-	2,147	48	3,041
Total revenue	**58,427**	**2,620**	**19,230**	**(1,022)**	**79,255**	**69,261**	**3,014**	**46,243**	**(4,101)**	**114,417**
Timing of revenue recognition from customers										
At a point in time	34,657	2,485	10,722	(1,022)	46,842	48,833	2,152	26,564	(4,149)	73,400
Over time	11,891	-	7,302	-	19,193	14,751	-	17,039	-	31,790
Total revenue from customers	**46,548**	**2,485**	**18,024**	**(1,022)**	**66,035**	**63,584**	**2,152**	**43,603**	**(4,149)**	**105,190**
Revenue from sale of goods and services										
Revenue from sale of goods	54,602	2,585	18,736	(303)	75,620	66,984	3,001	45,837	(4,044)	111,778
Revenue from sale of services	3,825	35	494	(719)	3,635	2,277	13	406	(57)	2,639
Total revenue	**58,427**	**2,620**	**19,230**	**(1,023)**	**79,255**	**69,261**	**3,014**	**46,243**	**(4,101)**	**114,417**

Revenue
The timing of transfer of goods or services to customers is categorised as follows:

'At a point in time' mainly comprises:
- sale of power or gas in the market, e.g. Nord Pool, TTF, NBP, and ERCOT
- sale of transmission assets from offshore wind farms.

'Over time' mainly comprises:
- construction agreements for wind farms and transmission assets
- long-term contracts with customers to deliver power, heat, or gas.

Backlog
Order backlog for the construction of wind farms and offshore transmission assets is remaining revenue on construction agreements to be recognised in future years.

The overview does not include revenue from contracts with customers to deliver gas, heat, and power, or our operations and maintenance agreements. For these types of goods and services, we recognise the revenue that corresponds directly to the value transferred to the customer.

Order backlog

DKKm	2023	2022
31 December	6,538	5,989
Within one year	99%	43%
In more than one year	1%	57%

Revenue for the year decreased by 31% to DKK 79,255 million in 2023. The decrease was primarily driven by significantly lower power and gas prices across all markets as well as lower volumes of gas and power sold.

Revenue from construction agreements was DKK 6,737 million, mainly relating to the construction of Borkum Riffgrund 3 for partners and the divestment of the Hornsea 2 transmission asset.

In 2022, revenue from construction agreements mainly related to the farm-down of 50% of the Hornsea 2 offshore transmission asset and the contruction of Greater Changhua 1 for partners.

Income from government grants increased in 2023 due to power prices being below subsidy prices, leading to a higher subsidy per MWh produced.

On 1 January 2023, we changed our accounting policy with respect to presentation of revenue and related costs from the settlement of failed own-use power contracts. See more in note 1.2 'Basis of preparation'.

Revenue

Note 2.2 – continued

§ Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer (transaction price) and excludes amounts collected on behalf of third parties, i.e. VAT. We recognise revenue when we transfer control over a product or service to a customer or a partner.

If a part of the transaction price is variable, i.e. bonus payments, incentive payments for unmissed deadlines, etc., the variable consideration is recognised in revenue when it is highly probable that the revenue will not be reversed in subsequent periods.

We adjust the transaction price for the time value of money if the payments exceed twelve months.

Generation of power
Generation of power is the sale of power produced at our own wind farms, solar farms, and power stations as well as the sale of ancillary services. We recognise revenue as the power is produced, since this is when delivery to the customers occurs.

Fees for having CPH plants on standby or ready to increase or decrease the generation of power to balance the demand and supply in the system is considered one performance obligation fulfilled over time.

The consideration for the power is due when the actual power is delivered to the customer.

Sale of power
Sale of power includes revenue from the sale of power sourced from other producers. This includes the sale of power sourced from investor power purchase agreements, third-party balancing contracts, exchanges, and other sales contracts. The sale is recognised when the power is delivered to the grid.

Sales contracts for a fixed amount of power at a variable price, or where we are exclusive suppliers to the customer at a variable price, are considered one performance obligation with multiple deliveries to be satisfied over time. For such contracts and for long-term agreements on selling power at a fixed price, we recognise revenue in the amount up to which we have a right to invoice.

The consideration for the power is due when the actual power is delivered to the customer.

Revenue from construction of wind farms
Revenue from construction of wind farms includes development and construction. The construction agreements cover the construction phase from design to delivery of an operational asset. The agreement consists of two performance obligations:

- Wind farms.
- Offshore transmission assets, if applicable.

The construction agreements cover our partners' shares of the construction of the wind farm and offshore transmission assets, if applicable. If our contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost-plus margin.

We recognise revenue over time, using an input method to measure progress towards complete satisfaction of the performance obligation because the customer gains control of the wind farm during the construction process. The input method reflects the ongoing transfer of control.

The consideration for the construction of an offshore wind farm consists of a fixed fee and a relatively minor variable fee, depending on when the wind farm can be put into operation. The consideration for an offshore transmission asset is a fixed fee.

After signing the construction agreement, we carry out an assessment determining when the wind farm is expected to be completed. We calculate the size of the variable payment on this basis. We only recognise the variable fee when it is highly probable that a subsequent reversal will not take place.

Our partner pays the fixed consideration based on a payment schedule. The payment schedule is determined and based on the expected progress of the construction and transfer of control to the customer.

Generation and sale of heat and steam
Heat is sold under long-term heat contracts and recognised when the heat is delivered to our customer.

The individual heat customer has made a prepayment to finance the majority of our CAPEX associated with the biomass conversion of the CHP plant. The prepayment is recognised as a contract liability, and it is also recognised as revenue in step with the transfer of heat to the customer.

Payment for the sale of heat consists of fixed costs associated with operations and maintenance of a CHP plant, fuel costs for the generation of heat, and a financial return. The consideration is due when delivered.

Sale of gas
Sale of gas is our gas sourced from other producers, and it is recognised when the gas is transferred to our buyer. The transfer of control occurs either when the gas is injected into the distribution system or delivered to the customer.

Sales contracts for a fixed amount of gas at a variable price, or where we are exclusive suppliers to the customer at a variable price, are considered one performance obligation with multiple deliveries to be satisfied over time. For such contracts, we recognise revenue in the amount up to which we have a right to invoice. Some long-term gas sales contracts include clauses which give the right to renegotiate the fixed sales prices. Expectations for the outcomes of renegotiations are not included in revenue before we know the outcome of the individual renegotiations.

The consideration for the gas is due when the gas is injected into the distribution system or delivered to the customer.

Distribution and transmission
Fees for distribution and transmission of oil is recognised when the oil is delivered to the buyer, or when the capacity is made available.

Revenue is calculated as the amount to which we are entitled when the service is delivered to the customer, and consideration is payable when invoiced.

O&M and other services
Revenue from providing services is recognised over time as our customers simultaneously receive and consume the benefits provided.

For fixed-priced contracts, revenue is recognised based on the actual service rendered at the end of the reporting period as a proportion of the total services to be rendered. This is determined based on the actual labour hours spent relative to the total labour hours expected.

Fixed-price contracts are invoiced on a monthly basis, and consideration is payable when invoiced. Variable fee services are due after the services are rendered.

Cost of sales

Note 2.3

Cost of sales DKKm	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations	2023 total	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations	2022 total
Power including certificates	23,500	-	686	(134)	24,052	36,902	-	6,172	(4,014)	39,060
Costs of construction of wind farms and transmission assets	6,527	53	-	-	6,580	9,570	-	-	-	9,570
Biomass	-	-	3,753	-	3,753	-	-	3,323	-	3,323
Coal	-	-	2,017	(7)	2,010	-	-	2,955	-	2,955
Gas	-	-	5,640	(1)	5,639	-	-	19,676	-	19,676
Distribution and transmission costs	1,527	37	1,408	(59)	2,913	2,066	27	1,507	(50)	3,550
Other cost of sales	219	39	1,520	(101)	1,677	-	30	1,115	24	1,169
Total	**31,773**	**129**	**15,024**	**(302)**	**46,624**	**48,538**	**57**	**34,748**	**(4,040)**	**79,303**

Cost of sales decreased by 41% to DKK 46,624 million in 2023. The decrease was primarily due to the lower power and gas prices as well as the lower power and gas volumes sold across all markets.

'Costs of construction of wind farms and transmission assets' was DKK 6,580 million, mainly relating to the construction of Borkum Riffgrund 3 for partners and the divestment of the remaining 50% of the Hornsea 2 offshore transmission asset to an Ofgem-appointed buyer.

In 2022, 'Costs of construction of wind farms and transmission assets' was DKK 9,570 million, mainly relating to the construction of Greater Changhua 1 for partners and the farm-down of the first 50% of the offshore transmission asset at Hornsea 2 to partners.

On 1 January 2023, we changed our accounting policy with respect to presentation of revenue and related costs from the settlement of failed own-use power contracts. See more in note 1.2 'Basis of preparation'.

§ Accounting policies

Ørsted constructs offshore transmission assets in the UK which are required to be divested to third parties due to EU unbundling regulations. The construction costs are presented as inventories and transferred to cost of sales when the asset is divested to either a farm-down partner or to the buyer appointed by Ofgem.

Government grants

Note 2.4

Government grants DKKm	2023	2022
Government grants recognised in profit (loss) for the year under revenue	10,178	6,186
Government grants recognised in profit (loss) for the year under other operating income	26	28
Government grants recognised in the balance sheet	(26)	(28)
Government grants recognised for the year	**10,178**	**6,186**

Energinet, the transmission system operator in Denmark, administers subsidies for environmentally sustainable power generation, including biomass and offshore wind farms. We treat the subsidies as a government grant, as it is paid by the Danish state.

In the UK, we receive subsidies under two schemes: contracts for difference (CfD) and the Renewable Obligation scheme (renewable obligation certificate (ROC) regime). The Burbo Bank Extension, Walney Extension, and Hornsea 1 offshore wind farms are under the CfD regime, while our other UK wind farms are entitled to ROCs. We treat the payments from the schemes as government grants.

Feed-in tariffs from our Irish, French, Dutch, and German wind farms are also recognised as government grants.

For subsidies in the US, see note 3.9 'Tax equity liabilities'.

Income from government grants increased in 2023 due to power prices being below subsidy prices, leading to a higher subsidy per MWh produced.

§ Accounting policies

Government grants comprise grants for environmentally sustainable power generation, grants for the funding of development projects, investment grants, etc.

Government grants are recognised when there is reasonable assurance that the grants will be received.

As grants for power generation are intended as a compensation for the price of power, we systematically recognise the grants under revenue in step with the power generation and thus the related revenue.

Research and development expenditures

Note 2.5

Expensed research and development expenditures 2023 DKKm	Offshore[1]	Onshore	Bioenergy & Other	Total
Research	239	-	-	239
Development	1,606	460	1	2,067
Total	**1,845**	**460**	**1**	**2,306**

Expensed research and development expenditures 2022 DKKm				
Research	122	-	-	122
Development	1,736	266	10	2,012
Total	**1,858**	**266**	**10**	**2,134**

[1] In 2023, development expenditures in Offshore include P2X development costs of DKK 338 million (2022: DKK 159 million).

§ Accounting policies

Research costs are costs incurred to find new or improve existing technologies (e.g. improving offshore foundations, optimising the blade stability and performance of wind farms, and developing new ways of converting renewable electrons to renewable molecules and synthetic fuels).

Research costs are recognised in the income statement as incurred.

Development costs primarly comprise salaries (presented in Note 2.7 'Employee costs') as well as internal and external costs, which can be directly or indirectly attributed to design and development of offshore and onshore wind farms, solar farms, P2X production facilities, and energy storage facilities.

Development costs are expensed until the capitalisation criteria are met. Development costs incurred after that are capitalised as 'Property, plant, and equipment under construction' (see note 3.1 'Intangible assets, and property, plant and equipment').

Other operating income and expenses

Note 2.6

Other operating income DKKm	2023	2022
Gain on divestment of assets	5,895	11,018
Insurance compensation	116	-
US tax credits and tax attributes	2,577	2,556
Other compensation	800	175
Miscellaneous operating income	941	370
Total	**10,329**	**14,119**

Other operating expenses DKKm	2023	2022
Cancellation fees	9,621	-
Ineffective hedges, etc.	512	4,591
Loss on divestment of assets	150	133
Miscellaneous operating expenses	125	239
Total	**10,408**	**4,963**

Other operating income

In 2023, 'Other operating income' was DKK 10,329 million, which was DKK 3,790 million lower than in 2022.

In 2023, 'Gain on divestment of assets' primarily related to the divestment of London Array, the 50% farm-down of Gode Wind 3, and other minor adjustments to finalised projects. In 2022, 'Gain on divestments of assets' related to the 50% farm-downs of Hornsea 2 and Borkum Riffgrund 3.

'Other compensation' was primarily compensations regarding outages and curtailments from TenneT, the German grid operator, and compensations from US operating asset performance guarantees.

'Miscellaneous operating income' primarily related to adjustment of provisions toward partners.

Other operating expenses

'Cancellation fees' amounted to DKK 9,621 million and related to the decision to cease the development of Ocean Wind 1.

Costs related to fulfilling and cancelling contracts on Ocean Wind 1 were recognised as 'Cancellation fees' when the obligation arose, and to the extent these exceeded the provision for onerous contracts made as part of the impairment losses recognised in our interim report for the first nine months of 2023. Adjustments to this provision will be recognised in 'Other operating expenses' as 'Cancellation fees'.

See note 3.10 'Provisions and contingent liabilities' for more information about the cancellation fees and provisions made in relation to this.

'Ineffective hedges' in 2023 mainly related to hedges, which we cannot document as being 'effective' from a hedge accounting perspective. In 2022, we also had volume-ineffective hedges.

§ Accounting policies

Gains from farm-downs of ownership interests in wind farms are recognised on the divestment date as other operating income.

Gains from future construction of the partner's share of the wind farm are recognised over time in the income statement in step with construction. See notes 2.2 'Revenue' and 3.5 'Contract assets and liabilities'.

The accounting policies for the income from 'US tax credits and tax attributes' are described in note 3.9 'Tax equity liabilities'.

Losses from our market trading activities are presented as other operating expenses under 'Ineffecive hedges, etc.'.

Divestment of ownership interests in our offshore wind farms
When we divest an ownership interest in an offshore wind farm to a partner, we typically also enter into agreements on the construction and future operation of the offshore wind farm.

Contracts in connection with a divestment are typically agreements on:

- the sale of shares (divestment of assets) (SPA)
- the future construction of the offshore wind farm (construction agreements or construction management agreements, if not in operation)
- the future operation of the offshore wind farm (O&M agreements).

⌕ Key accounting estimate

Variable selling price related to divestments of offshore wind farms and offshore transmission assets
When we divest an ownership interest in an offshore wind farm and an offshore transmission asset to a partner, we consider all terms and activities in the contracts in order to determine the transaction price.

If the consideration includes a variable amount, we estimate the consideration to which we are entitled in exchange for transferring the asset, the wind farm, and the transmission asset to our partner.

The variable considerations are estimated at contract inception based on future outcome of events, e.g.:

- the divestment price of the offshore transmission asset through a competitive tender process
- the impact on production from future wind farms
- the winning bid of the tender revenue stream through a competitive tender process.

We consider 'the most likely amount' to provide the most appropriate estimate of the expected variable consideration.

⌕ Key accounting judgement

Classification of divestment
When we divest ownership interests in an offshore wind farm, we carry out an individual assessment, determining whether the divestment qualifies as a divestment of an enterprise or a divestment of assets. We have typically assessed that the offshore wind farms do not constitute an enterprise, as no employees are transferred, and processes are transferred to a limited extent only.

Consolidation method for partnerships
On establishment of partnerships and in connection with any restructuring of existing partnerships, we assess whether the structure is a joint arrangement under shared control. For joint arrangements, we subsequently assess whether they are joint ventures or joint operations.

In assessing joint operations, we look at:
- the corporate form of the operation
- whether we are only entitled to the net profit (loss) or to income and expenses resulting from the operation.

In addition, the fact that the parties buy or are assigned all output, for example the power generated, will lead to the structure being considered a joint operation if we have joint control.

Employee costs

Note 2.7

Employee costs DKKm	2023	2022
Wages, salaries, and remuneration	6,550	5,510
Share-based payment	32	32
Pensions	536	430
Other social security costs	268	233
Other employee costs	185	92
Employee costs before transfer to assets	**7,571**	**6,297**
Transfer to assets	(1,197)	(1,019)
Total employee costs	**6,374**	**5,278**

Salaries and remuneration for the Group Executive Team and the Board of Directors	Executive Board[1]		Other members of the Group Executive Team[2]		Board of Directors		Total	
DKK 000	2023	2022	2023	2022	2023	2022	2023	2022
Fixed salary	27,849	30,632	36,278	20,337	6,907	6,807	71,034	57,776
Short-term cash-based incentive scheme	3,711	6,454	5,046	4,402	-	-	8,757	10,856
Share-based payment	6,270[3]	3,989	4,622	2,338	-	-	10,892	6,327
Pension, incl. social security and benefits	858	860	7,650	4,521	-	-	8,508	5,381
Salary in notice period	8,443[4]	14,553[5]	12,850	693	-	-	21,293	15,246
Severance payment	6,210	9,270	14,309	4,793	-	-	20,519	14,063
Total	**53,341**	**65,758**	**80,755**	**37,084**	**6,907**	**6,807**	**141,003**	**109,649**

[1] The Executive Board in 2023 consisted of: Mads Nipper, Rasmus Errboe (joined on 14 November 2023), Daniel Lerup (left on 14 November 2023), and Henriette Fenger Ellekrog. The decrease is due to the change in composition of the executive board.

[2] Other members of the Group Executive Team in 2023 were: Olivia Breese, Andrew Brown (joined on 14 November 2023), Rasmus Errboe (until 14 November 2023 when he joined the Executive Board), Anders Zoëga Hansen, David Hardy, Richard Hunter (left on 14 November 2023), Per Mejnert Kristensen, Neil O'Donovan (left on 31 July 2023), Ingrid Reumert, and Varun Sivaram (joined on 1 August 2023). The increase is due to number of members increasing from three in 2022 to seven at the end of 2023.

[3] The expensed remuneration for Mads Nipper includes an expense related to the cancellation of two LTI grants due to not meeting the shareholding requirement. Despite his increase in shareholding, the total value of his shares was not sufficient to satisfy the build-up of the shareholding requirement for continued participation in the share program. In accordance with IFRS 2, the 2023 and future expense related to the two grants from 2021 and 2022 have been accelerated, and DKK 4.5 million have been expensed and reported as share-based remuneration to Mads in 2023 despite him not receiving any remuneration from the two grants.

[4] Including DKK 1,373 thousand related to share-based payments as, in accordance with the programme terms, Daniel Lerup kept his rights to the 2021, 2022, and 2023 grants.

[5] Including DKK 3,147 thousand related to share-based payments as, in accordance with the programme terms, Martin Neubert kept his rights to the 2020, 2021, and 2022 grants. As Martin has entered into a new position in 2023 during the notice period, we have the right to offset his new salary.

Pension plans and number of employees

Pension plans are defined-contribution plans that do not commit Ørsted beyond the amounts contributed.

In 2023, our average number of employees was 8,666 (2022: 7,428).

Remuneration of the Group Executive Team

The remuneration of the Group Executive Team is based on a fixed salary, including personal benefits, such as a company car, free telephone, etc., a variable salary, and share-based payment. The non-executive members of the Group Executive Team also receive a pension.

The members of the Board of Directors are paid a fixed remuneration only for their work in Ørsted. In addition, Ørsted reimburses any travel expenses.

For more details on the remuneration of the Executive Board, please refer to the remuneration report orsted.com/remuneration2023.

Share-based payment

Note 2.8

Market value of PSUs and key assumptions for valuation in executive share programme	Time of granting 2023	Time of granting 2022	Time of granting 2021
Market value of 1 PSU	729	909	1,246
Key assumptions			
Share price	583	835	1,025
Average volatility rate	30.6%	30.2%	28.8%
Volatility, Ørsted	36.2%	34.8%	29.6%
Risk-free interest rate	2.5%	0.9%	0.1%
Expected term at time of granting	3 years	3 years	3 years

Required number of locked-up shares relative to fixed salary	
CEO	75% of fixed salary
CFO, Chief HR Officer	50% of fixed salary
Other members of the Group Executive Team	25% – 50% of fixed salary
Other participants	15% – 25% of fixed salary

The figure shows the shareholding requirement in percentage of the participants' fixed salary. A build-up period of up to five years is allowed.

Executive share programme

The Group Executive Team and a number of other senior executives participate in the share programme (approx. 150). As a condition for the granting of performance share units (PSUs), the participant must own a number of shares in Ørsted corresponding to a portion of the individual participant's annual fixed salary. The portion depends on the employee category, and it makes up 75% of our CEO's fixed salary. See the table above for more information. The participants in the programme must invest in Ørsted shares prior to the first granting. A build-up period for the shareholding requirements of up to five years is allowed. If the participants fulfil the shareholding requirement at the time of granting, they will be granted a number of PSUs each year, representing a value of 15-20% (15-40% in the US) of the annual fixed salary on the date of granting.

The granted PSUs have a vesting period of approximately three years. Then, each PSU entitles the holder, without payment, to receive a number of shares corresponding to 0-200% of the number of PSUs granted. The vesting is conditional upon continued employment. Assuming no share price development since the grant, the value would correspond to 0-30% or 0-40% (0-80% in the US) of the fixed salary on the date of grant. The final number of shares for each participant will be determined on the basis of the total shareholder return delivered by Ørsted, benchmarked against ten comparable European energy companies.

The highest rate (200%) will be triggered if Ørsted's results, measured as the total return to shareholders, outperform those of the comparable companies. For each lower ranking, the number of shares granted will fall by 20 percentage points. If, for example, Ørsted ranks third, the participants will be entitled to 160% of the target.

If Ørsted ranks 11 in the comparison, no shares will be granted to the participants. The right to shares is conditional upon continued employment.

Retention share programme

The target group for the share-based retention agreements will typically be employees responsible for vital, long-term projects. The use of these share-based retention agreements will be limited to 25 concurrent agreements with an individual time frame of up to five years. Members of the Executive Board (CEO, CFO, and Chief HR Officer) cannot be granted such retention agreements.

The number of retention share units (RSUs) to be granted will be determined on the basis of the price of Ørsted's shares at the time of the grant and will be limited to an amount corresponding to a maximum of six months' base pay for the employee in question. At vesting, each RSU will entitle the employee to one Ørsted share free of charge. However, the total value of the shares to be received at vesting will be capped at a maximum of twelve months' base pay for the employee in question.

§ Accounting policies

The share programme is classified as an equity-based programme as the programme is settled in shares. The market value of the PSUs and the estimated number of PSUs granted are measured at the time of granting and recognised:

- in the income statement under employee costs over the vesting period
- as an offset in the balance sheet under equity over the vesting period.

The valuation of the PSUs and the estimate of the number of PSUs expected to be granted are carried out as a probability simulation based on Ørsted's expected total shareholder return relative to ten comparable European energy companies. The expectations are factored into the market value and are not adjusted subsequently. The participants are compensated for any dividend payments by receiving additional PSUs.

Share-based payment

Note 2.8 – continued

Maximum number of outstanding shares at 31 December '000 Time of granting	Executive Board[2]	Other members of the Group Executive Team[2]	Senior executives	Other employees	2023	2022	2023 in % of share capital	Market value of shares at granting DKKm	Years until expiry as of 2023
1 April 2020	-	-	-	-	-	63	-	-	-
1 April 2021	3	4	40	-	47	53	0.01 %	29	0.3
1 April 2022	4	7	78	-	89	102	0.02 %	41	1.3
1 April 2023	7	13	116	-	136	-	0.03 %	50	2.3
Share retention programme	-	1	-	7	8	15	0.00 %	5	
Maximum number of outstanding shares at 31 December	**14**	**25**	**234**	**7**	**280**	**233**	**0.06 %**	**125**	

Development in maximum number of outstanding shares '000						
Maximum number of outstanding shares at 1 January	36	24	160	13	233	234
Compensation for dividends paid (2020, 2021, and 2022 programmes)	-	1	4	-	5	4
Transfer between categories	(9)	(14)	23	-	-	-
Exercised (2020 programme)[1]	(7)	(5)	(53)	-	(65)	-
Exercised (2019 programme)	-	-	-	-	-	(84)
Granted (2023 programme)	8	24	135	-	167	-
Granted (2022 programme)	-	-	-	-	-	101
Cancelled (2023 programme)	-	(4)	(28)	-	(32)	-
Cancelled (2022 programme)	(9)[3]	-	(5)		(14)	(1)
Cancelled (2021 programme)	(5)[3]	-	(2)	-	(7)	(6)
Cancelled (2020 programme)	-	-	-	-	-	(11)
Share retention programme	-	(1)	-	(6)	(7)	(4)
Maximum number of outstanding shares at 31 December	**14**	**25**	**234**	**7**	**280**	**233**

DKKm						
Market value of share programme at the time of granting	6	11	103	5	125	114
Maximum market value of share programme at 31 December	5	9	88	3	105	147

[1] At vesting, Ørsted did not outperform any of the 10 competitors, and, as a result, no shares were granted to the participants.
[2] Members as of 31 Dec. 2023 are included in this category.
[3] Cancellation of Mads Nipper's LTI grants for 2021 and 2022. Despite his increase in shareholding, the total value of his shares was not sufficient to satisfy the build-up of the shareholding requirement for continued participation in the share programme, and consequently, the awarded PSUs were cancelled.

The maximum market value of the share programme at 31 December is based on the assumption that the participants receive the maximum number of shares (i.e. 200 % of the granted PSUs/RSUs). This requires Ørsted to deliver the highest shareholder return, benchmarked against ten comparable companies.

The share price at the time of exercising in 2023 was DKK 583.

Capital employed
Note 3

Our capital employed primarily relates to production assets, including assets under construction.

We monitor investment projects closely, as a large part of our value is created in the development and construction phases.

Capital employed by segment[1]
% 2023

Gross investments by segment[2]
% 2023

Capital employed

DKKm	2023	2022
Intangible assets, and property, plant, and equipment	183,195	181,694
Equity investments and non-current receivables	1,172	996
Net working capital, capital expenditures	(4,542)	(5,665)
Net working capital, work in progress[3]	1,705	1,471
Net working capital, tax equity	(15,811)	(15,157)
Net working capital, other items	7,794	11,928
Derivatives, net	(10,383)	(32,322)
Decommissioning obligations	(12,977)	(14,076)
Other provisions	(19,886)	(5,630)
Tax, net	(1,047)	1,609
Other receivables and other payables, net	(4,050)	1,255
Total capital employed	**125,170**	**126,103**

Gross and net investments

DKKm	2023	2022
Cash flows from investing activities	(34,732)	(17,912)
Dividends received and capital reductions reversed	(19)	(23)
Purchase and sale of securities, reversed	4,350)	5,634
Loans to associates and joint ventures, reversed	78	-
Sale of non-current assets, reversed	(8,186)	(24,175)
Interest-bearing debt in acquired enterprises	-	(972)
Restricted cash in acquired enterprises	-	1
Gross investments	**(38,509)**	**(37,447)**
Transactions with non-controlling interests in connection with divestments and acquisitions	(6,644)	1,461
Sale of non-current assets	8,186	24,175
Divestments	**1,542**	**25,636**
Net investments	**(36,967)**	**(11,811)**

[1] Capital employed by segment is based on capital employed for reportable segments of DKK 123,863 million.

[2] Gross investments by segment is based on gross investments for reportable segments of DKK 38,410 million.

[3] 'Net working capital, work in progress' consists of inventories related to transmission assets, construction agreements, and construction management agreements in connection with the construction of transmission assets and offshore wind farms for partners as well as related trade payables.

Intangible assets, and property, plant, and equipment

Note 3.1

Intangible assets, and property, plant, and equipment DKKm	Intangible assets	Land and buildings	Production assets	Fixtures and fittings, tools, and equipment	Property, plant, and equipment under construction	Property, plant, and equipment
Cost at 1 January 2023	5,707	10,747	179,094	3,076	52,088	245,005
Exchange rate adjustments	9	(47)	159	(23)	(1,551)	(1,462)
Additions	19	551	349	889	36,164	37,953
Disposals	(580)	(114)	(5,125)	-	(1,477)	(6,716)
Adjustment of decommissioning obligations	-	-	(1,803)	-	539	(1,264)
Reclassified assets	22	16	16,430	98	(16,566)	(22)
Cost at 31 December 2023	**5,177**	**11,153**	**189,104**	**4,040**	**69,197**	**273,494**
Depreciation and amortisation at 1 January 2023	(973)	(2,767)	(59,102)	(1,533)	-	(63,402)
Exchange rate adjustments	-	(6)	(586)	(2)	.	(594)
Depreciation and amortisation	(59)	(614)	(8,661)	(459)	-	(9,734)
Disposals	(16)	41	2,710	-	-	2,751
Depreciation and amortisation at 31 December 2023	**(1,048)**	**(3,346)**	**(65,639)**	**(1,994)**	**-**	**(70,979)**
Impairment losses at 1 January 2023	(705)	-	(781)	-	(3,157)	(3,938)
Exchange rate adjustments	2	-	17	-	438	455
Impairment losses and reversals	-	(30)	(1,058)	(4)	(18,190)	(19,282)[1]
Disposals	-	-	-	-	19	19
Impairment losses at 31 December 2023	**(703)**	**(30)**	**(1,822)**	**(4)**	**(20,890)**	**(22,746)**
Carrying amount at 31 December 2023	**3,426**	**7,777**	**121,643**	**2,042**	**48,307**	**179,769**

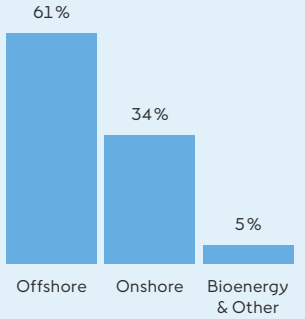
[1] We recognised total impairment losses of DKK 26,775 million for the year. Of that amount, DKK 19,282 million are recognised under 'Property, plant, and equipment' and DKK 7,493 million under 'Provisions' as 'Onerous contracts'. See note 3.2 'Impairments' and note 3.10 'Provisions and contingent liabilities' for more information.

Intangible assets

Intangible assets consist of goodwill of DKK 1,847 million (2022: DKK 1,843 million), carbon emission allowances of DKK 871 million (2022 DKK 1,464 million), other rights of DKK 626 million (2022: DKK 614 million), completed development projects of DKK 61 million (2022: DKK 28 million), and development projects in progress of DKK 21 million (2022: DKK 80 million). Recognised goodwill primarily relates to Onshore Europe.

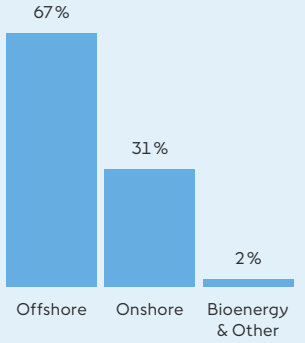
Production assets by segment
% 2023

DKK 121,643 million



Property, plant, and equipment under construction by segment
% 2023

DKK 48,307 million



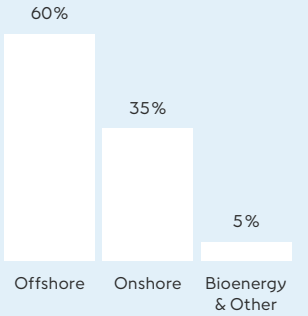
Intangible assets, and property, plant, and equipment

Note 3.1 – continued

Intangible assets, and property, plant, and equipment DKKm	Intangible assets	Land and buildings	Production assets	Fixtures and fittings, tools, and equipment	Property, plant, and equipment under construction	Property, plant, and equipment
Cost at 1 January 2022	3,243	10,311	148,309	1,858	57,852	218,330
Exchange rate adjustments	(10)	(18)	(2,019)	(62)	(555)	(2,654)
Additions	1,314	720	1,728	1,240	29,394	33,082
Additions on acquisition of enterprises	1,886	53	1,179	7	1,103	2,342
Disposals	(726)	(484)	(9,634)	(12)	(1,136)	(11,266)
Adjustment of decommissioning obligations	-	-	4,398	-	503	4,901
Reclassified assets	-	165	34,993	45	(35,203)	-
Reclassified from assets classified as held for sale	-	-	140	-	130	270
Cost at 31 December 2022	**5,707**	**10,747**	**179,094**	**3,076**	**52,088**	**245,005**
Depreciation and amortisation at 1 January 2022	(999)	(2,245)	(51,906)	(1,254)	-	(55,405)
Exchange rate adjustments	1	32	1,278	13	-	1,323
Depreciation and amortisation	(36)	(607)	(8,814)	(297)	-	(9,718)
Disposals	61	53	340	5	-	398
Depreciation and amortisation at 31 December 2022	**(973)**	**(2,767)**	**(59,102)**	**(1,533)**	**-**	**(63,402)**
Impairment losses at 1 January 2022	(701)	-	(785)	-	(744)	(1,529)
Exchange rate adjustments	(2)	-	4	-	53	57
Impairment losses and reversals	-	-	-	-	(2,529)	(2,529)
Disposals	(2)	-	-	-	63	63
Impairment losses at 31 December 2022	**(705)**	**-**	**(781)**	**-**	**(3,157)**	**(3,938)**
Carrying amount at 31 December 2022	**4,029**	**7,980**	**119,211**	**1,543**	**48,931**	**177,665**

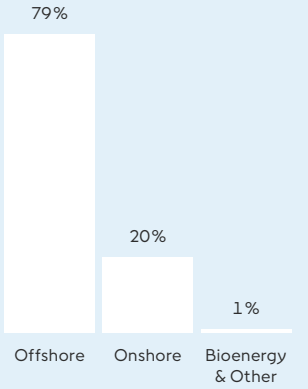
Production assets by segment
% 2022

DKK 119,211 million



Property, plant, and equipment under construction by segment
% 2022

DKK 48,931 million



Intangible assets, and property, plant, and equipment

Note 3.1 – continued

Lease assets DKKm	Land and buildings	Production assets	Fixtures and fittings, tools, and equipment	Property, plant, and equipment
Carrying amount at 1 January 2023	6,409	43	1,157	7,609
Exchange rate adjustments	(45)	1	(32)	(76)
Additions	137	4	814	955
Disposals	(67)	-	-	(67)
Impairment	(30)	-	-	(30)
Depreciation	(523)	(21)	(372)	(916)
Carrying amount at 31 December 2023	**5,881**	**27**	**1,567**	**7,475**

Lease assets DKKm				
Carrying amount at 1 January 2022	6,628	104	255	6,987
Exchange rate adjustments	40	-	(42)	(2)
Additions	635	8	1,171	1,814
Additions on acquisition of enterprises	53	-	-	53
Disposals	(431)	-	(7)	(438)
Depreciation	(516)	(69)	(220)	(805)
Carrying amount at 31 December 2022	**6,409**	**43**	**1,157**	**7,609**

Contractual obligations by segment DKKm	0-1 year	1-5 years	5-10 years	2023	2022
Offshore	38,714	47,298	3	86,015	74,806
Onshore	8,282	2,655	-	10,937	13,078
Bioenergy & Other	1,528	746	-	2,274	178
Total	**48,524**	**50,699**	**3**	**99,226**	**88,062**

Overview of contracts entered into where delivery had not taken place at 31 December 2023.
The obligations are measured at nominal value.

Leases

We mainly lease office buildings, service and installation vessels, seabeds related to offshore wind farms, and plots of land related to onshore wind farms, solar farms, and battery storage facilities.

Seabed leases include variable lease payments, which depend on the number of megawatt hours generated. However, we have typically agreed on minimum lease payments for the seabeds, and these minimum payments are included in the lease liabilities.

Expenses for the year relating to variable lease payments not included in lease liabilities were DKK 717 million in 2023 (2022: DKK 609 million). Interests on lease debt expensed in profit (loss) were DKK 308 million in 2023 (2022: DKK 256 million).

Total cash outflow for leases were DKK 1,737 million in 2023 (2022: DKK 1,447 million).

We have not entered into lease liabilities which have not been commenced per 31 December 2023 and consequently not included in the balance sheet.

For a maturity analysis of lease liabilities, we refer to note 5.5 'Maturity analysis of financial liabilities'.

Contractual obligations

Our contractual obligations for property, plant, and equipment at 31 December 2023 mainly related to wind turbines, foundations, and cables, etc., for the construction of offshore wind farms (primarily Borkum Riffgrund 3, Gode Wind 3, Greater Changhua 2b and 4, Hornsea 3, Revolution Wind, South Fork, and Sunrise Wind).

The obligations in Onshore mainly related to purchases of wind turbines and solar PV modules.

Useful lives	
Battery storage	15 years
Buildings	20-50 years
Fixtures and fittings, tools, and equipment	3-10 years
Gas transportation systems (marine pipelines)	20-40 years
Offshore wind farms	20-30 years
Onshore wind farms	24-30 years
Production assets, power (thermal), and district heating	20-25 years
Solar farms	35 years
Goodwill	Indefinite

Intangible assets, and property, plant, and equipment

Note 3.1 – continued

§ Accounting policies

Intangible assets
Rights are measured at cost less accumulated amortisation and impairment losses. Rights are amortised on a straight-line basis over their estimated future useful lives, which are 5-20 years.

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets of the acquired company. The carrying amount of goodwill is allocated to the Group's cash-generating units, which are the operating segments at the acquisition date. Goodwill is not tax deductable.

Annual impairment tests are carried out for goodwill and other intangible assets with indefinite useful lives.

Property, plant, and equipment
Property, plant, and equipment which is not a lease is measured at cost less accumulated depreciation and impairment losses. Cost of property, plant, and equipment is depreciated by using the straight-line method, the diminishing-balance method, or the reducing-fraction method. The diminishing-balance method and the reducing-fraction method result in decreasing depreciation over the useful life. These methods are used for some of our offshore wind farms.

The residual values, useful lives, and methods of depreciation of property, plant, and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Costs comprise purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The costs of self-constructed assets comprise direct and indirect costs of materials, components, sub-suppliers, and labour. Borrowing costs relating to both specific and general borrowing directly attributable to assets under construction with a lengthy construction period are recognised in costs during the construction period. Costs are increased by the present value of the estimated obligations for demolition and decommissioning of assets to the extent that the obligations are recognised as provisions.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant, and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Group from the expenses incurred. Any residual value of the replaced parts is recognised in the income statement as loss on disposal of non-current assets. Other repair and maintenance expenses are recognised in profit (loss) for the year as incurred.

Leases
Our lease assets are classified alongside our owned assets of similar type under property, plant, and equipment. Initially, we measure a lease asset at cost, being the initial amount of the lease liability. We depreciate our lease assets over the lease term. The depreciation method used is the straight-line method for all our lease assets, except for seabed leases where the depreciation method is aligned with the depreciation method for the related offshore wind farm. Therefore, seabed lease assets are depreciated using either the straight-line method or the reducing-fraction method.

Our lease liabilities are initially measured at the net present value of the in-substance fixed lease payments for the use of a lease asset. If, at inception of the lease, we are reasonably certain about exercising an option to extend a lease, we will include the lease payments in the option period when calculating the lease liability. We measure the lease asset to the value of the lease liability at initial recognition.

Contracts may contain both lease and non-lease components. We allocate the consideration in a contract to the lease and non-lease components based on their relative stand-alone prices. We account for non-lease components in accordance with the accounting policy applicable for such items. Non-lease components comprise building services and operating costs of leased vessels, etc.

Variable lease expenses are recognised in other external expenses in the period when the condition triggering those payments occurs. Interests of lease liabilities are recognised in financial expenses.

Each lease payment is separated into repayment of the lease liability and payment of interests of the lease liability. Debt repayments are classified as cash flows from financing activities, and payment of interests are classified as cash flows from operating activities.

Impairments

Note 3.2

Impairment losses on segment level

DKKm	2023	2022
Offshore	25,526	2,529
Onshore	927	-
Bioenergy & Other	322	-
Total impairment losses	**26,775**	**2,529**

WACC levels

%	
Base discount rate applied for the US	5.50 – 7.00%

The base discount rate after tax applied for the value-in-use calculation is determined per CGU.

On 29 August 2023, we announced anticipated impairments on our US portfolio due to adverse impacts related to the supply chain, lack of favourable progress in investment tax credit (ITC) guidance, and increased interest rates. Following this, we recognised impairment losses of DKK 28.4 billion in our interim financial report for the first nine months of 2023.

We have updated our impairment calculations as of 31 December 2023. Management has taken the above-mentioned impacts and other related risks and inherent uncertainties into consideration when estimating the future cash flows for the value-in-use calculations of our cash-generating units (CGUs).

Based on this, our impairment tests prepared in Q4 2023 have resulted in a reversal of impairment losses of DKK 1.6 billion, mainly driven by a decrease in the US long-dated interest rate from 30 September to 31 December 2023, which lowered our WACCs. Thus, we have recognised total impairment losses of DKK 26.8 billion in 2023.

In 2022, we recognised impairment losses of DKK 2.5 billion related to Sunrise Wind.

Ceasing development of Ocean Wind 1

On 31 October, we decided to cease the development of Ocean Wind 1 in the form it was awarded by the New Jersey Board of Public Utilities. In the wake of the COVID-19 pandemic and Russia's invasion of Ukraine, Ocean Wind 1 had been faced with a variety of challenges, such as higher costs of capital (US risk-free rate increasing by approx. 300 bps from the award in 2019), cost inflation, supply chain challenges, and slow permitting.

As explained in our interim financial report for the first nine months of 2023, the decision to cease the development was taken after additional supplier delays further impacted the project schedule, which led to an additional significant delay to the project. In addition, we had updated our view on certain assumptions, including tax credit monetisation and the timing and likelihood of final construction permits. Finally, continued increases to long-dated US interest rates had further deteriorated the business case.

We also ceased the development of Ocean Wind 2, which did not lead to an impairment as the carrying amount was insignificant.

Costs related to fulfilling and cancelling contracts were recognised as 'Other operating expenses' when the obligation arose and to the extent these exceeded the provision for onerous contracts made as part of the impairment losses recognised in our interim report for the first nine months of 2023. See note 3.10 'Provisions and contingent liabilities' for more information about the cancellation fees and the provisions made in relation to this.

Impairment test

The circumstances and assumptions with the most significant impairment impact and high involvement of estimates and uncertainties are described in the following sections.

CGUs in Offshore

The cash-generating units (CGUs) are made up of individual offshore wind farms or seabeds, each of which generates cash flows for the segment independently of each other.

Significant CGUs
Europe: Baltica 2, Baltica 3, Borkum Riffgrund 1, Borkum Riffgrund 2, Borkum Riffgrund 3, Borssele 1 & 2, Gode Wind 1, Gode Wind 2, Gode Wind 3, Hornsea 1, Hornsea 2, Hornsea 3, Race Bank, Walney, and Walney Extension.
The US: Block Island, Revolution Wind, Skipjack Wind (seabed), South Fork, Sunrise Wind, and Ocean Wind 1 (seabed).
APAC: Greater Changhua 1 and 2a and Greater Changhua 2b and 4.

CGUs in Onshore

The CGUs are made up of individual onshore wind and solar farms, each of which generates cash flows for the segment independently of each other.

Significant CGUs
The US: Amazon, Eleven Mile, Ford Ridge, Haystack, Helena Energy Center, Lincoln Land Wind, Lockett, Muscle Shoals, Old 300, Permian Energy Center, Sage Draw Wind, Sunflower Wind, Tahoka Wind, Western Trail, and Willow Springs Wind.
Europe: Portfolio of projects.

CGUs in Bioenergy & Other

The Danish CHP plants constitute a single CGU, as overall production planning is for the entire Danish portfolio. In addition, the Danish offshore gas pipeline system is deemed to constitute an independent CGU.

Significant CGUs
Central CHP plants (including goodwill) and the offshore gas pipeline system.

Impairments

Note 3.2 – continued

CGUs DKKm	Impairment losses	Recoverable amount	ITC bonus credits assumed in impairment tests: ITC bonus credits	ITC bonus credits assumed in impairment tests: Probability weighting	Sensitivity impact DKK billion: No ITC bonus credits	Sensitivity impact DKK billion: 40% ITC bonus credits, 100% probability	Sensitivity impact DKK billion: +50 bps WACC	Sensitivity impact DKK billion: -50 bps WACC
Ocean Wind 1	19,875	n.a.	n.a.	n.a.	n.a	n.a	n.a	n.a
Sunrise Wind	2,069	2,006	10%	95%	(1.4)	0.1	(0.7)	0.7
Revolution Wind	2,706	3,723	10%	95%	(1.0)	0.1	(0.6)	0.6
South Fork	554	2,993	10%	0%	n.a	n.a	(0.2)	0.2
Block Island	322	1,304	n.a	n.a	n.a	n.a	0.0	0.0
Offshore	**25,526**	**10,026**						
Onshore	**927**	**2,667**	**n.a**	**n.a**	**n.a**	**n.a.**	**(0.3)**	**0.3**
Bioenergy & Other	**322**	**n.a.**						
Total	**26,775**	**12,693**						

Supply chain (including revenue and OPEX)

The Ocean Wind 1, Sunrise Wind, and Revolution Wind projects have been adversely impacted by supply chain bottlenecks on top of the cost inflation experienced in recent years. In late August, we concluded that risks remained in the suppliers' ability to deliver on their commitments and contracted schedules, in part due to worldwide vessel scarcity. These risks could create knock-on effects, requiring future remobilisations to finish installation as well as potentially delayed revenues, extra costs, and other business case implications.

At 31 December 2023, these risks are still present, and assumptions and estimates in relation to these risks have been reassessed and taken into consideration in our impairment calculations. Further, our impairment tests are based on a probability-weighted assessment of the likelihood of these and other supply chain impacts. While we are taking mitigating actions to the extent possible, we continue to see risks, especially regarding vessel availability.

The effect from changes in supplier-related assumptions, including derived impacts on revenue and OPEX, has led to an impairment loss of DKK 17.8 billion and relates to our US offshore projects. The main part relates to Ocean Wind 1. Furthermore, we now assume a new installation approach with a longer timeline for Revolution Wind and Sunrise Wind.

Investment tax credit guidance

The 2022 Inflation Reduction Act (IRA) reaffirmed the existing 30% ITC for all US offshore projects. The IRA also made two additional 10% ITC bonus credits available to projects meeting 'domestic content' and 'energy community' criteria. Projects can qualify for one or both ITC bonus credits.

The US treasury has provided preliminary guidance on how 'energy community' and 'domestic content' requirements will be defined and implemented by the Internal Revenue Service (IRS), and which exemptions to the requirements may be allowed.

Estimation uncertainty and sensitivity analyses

Due to the impairments recognised, estimation uncertainty exists on the assets impaired. The assumptions with major uncertainties include investment tax credits, interest rates, OREC levels, and the supply chain.

The sensitivity analyses presented in the table show the related impact on impairment losses when a change in a given assumption increases or decreases the 'value-in-use' for our CGUs. The analyses are performed with all other assumptions unchanged.

We have included sensitivity analyses of impairment effects if WACC levels or assumptions related to ITC bonus credits change. The high probabilities for Revolution Wind and Sunrise Wind qualifying for the additional 10% ITC bonus credits are based on our assessment that the onshore substations are located on brownfield sites as defined by the current 'energy community' guidance.

If WACC had increased by 50 basis points in the impairment test of e.g. Revolution Wind as of 31 December 2023, the impairment loss would have been DKK 0.6 billion higher.

If we had not included the probability-weighted additional 10% ITC bonus credits in the impairment test of e.g. Revolution Wind as of 31 December 2023, the impairment loss would have been DKK 1.0 billion higher.

Impairment breakdown on balance sheet

The total impairment losses are recognised with DKK 19,282 million under 'Property, plant, and equipment' and DKK 7,493 million under 'Provisions' as 'Onerous contracts'.

Impairments

Note 3.2 – continued

In our impairment testing, we have assumed a 95% probability of achieving an additional 10% ITC bonus credit for Revolution Wind and Sunrise Wind due to the brownfield status of both sites under the current 'energy community' guidance. These assumptions are unchanged compared to our expectations as of 30 September 2023 and 31 December 2022. However, for Ocean Wind 1, we reduced the probability of achieving an additional 10% ITC bonus credit from 95% at the end of 2022 to 15% as of 30 September 2023. As at 31 December 2023, Ocean Wind 1 is terminated, and the probability of achieving ITC is no longer relevant.

For the impairment testing in September, we changed our tax credit monetisation assumptions as a result of the deterioration of the business cases and our understanding of market conditions for third-party tax monetisation of US offshore wind ITCs. These changes, which were kept in December, had a negative impact on the recoverable amounts.

The effect from the change in assumptions related to achieving and monetising ITCs for offshore projects is included in the impairment loss with DKK 4.7 billion.

Sunrise Wind OREC price

In 2019, Sunrise Wind signed a 25-year OREC purchase-and-sale agreement with the New York State Energy Research and Development Authority (NYSERDA), with an OREC strike price at USD 110 per MWh.

In June 2023, we submitted a petition to the state of New York to increase the OREC price by 27% to USD 140 per MWh due to significant cost and inflation increases since the agreement was entered into. This petition was denied by the state on 12 October 2023.

Following the rejected petition and the outcome of the New York 3 tender in October, the state of New York commenced a new solicitation for capacity with bid deadline on 25 January 2024. Together with our partner, we decided to rebid our Sunrise Wind project at a bid price level reflecting the current component and financing costs.

As a consequence of participating in the solicitation, the OREC awarded in 2019 is no longer valid, meaning that we will have a merchant project if we do not get an award. In our impairment test for Q4 2023, we have assumed a 75% probability of achieving an award, whereas we assumed a 50% probability of an award in the impairment test prepared in Q3 2023.

The higher applied probability weighting is based on the evaluation criteria of the request for proposal (RFP), the size of the solicitation, a competitor analysis, and the price level we submitted.

If we get an award, the impairment loss will be reduced by approx. DKK 1.8 billion. If we do not get an award, the impairment loss will be approx. DKK 5.5 billion higher. These sensitivity analyses are performed with

§ Accounting policies

For the purpose of assessing impairment losses, 'Intangible assets', and 'Property, plant, and equipment' are grouped at the level for which there are separately identifiable cash flows (cash-generating units (CGUs)).

CGUs are assessed for impairment whenever events or circumstances indicate that the carrying amount of an asset or CGU may not be recoverable. If any indication of impairment exists, an estimate of the asset's or CGU's recoverable amount is made.

The value of a CGU is impaired if the net book value exceeds the recoverable amount, which is the higher of the estimated value-in-use and the fair value less costs of disposal. Value-in-use calculations are based on management's expectations to future cash flows from financial forecasts and business plans and include a number of assumptions and estimates. Fair value less costs of disposal is used for seabeds and is based on a multiple analysis and discounted cash flow models, if a business case is available.

Estimating expected cash flows involves a number of assumptions and estimates. In the US, key estimates and assumptions for the forecast periods are CAPEX (including knock-on effects from supplier delays, etc.), inflation, terms of conditions in new power purchase agreements, possible renegotiations of existing ORECs (which do not have inflation indexation), eligibility for bonus ITCs, and tax equity arrangements or alternative ways of monetising the ITCs. All these key estimates and assumptions are determined specifically for each CGU.

The discount rate applied when calculating value-in-use takes general risks into account and is based on the weighted average cost of capital (WACC) after tax, whereas the estimated future cash flows are adjusted for risks specific to the asset. Estimated future cash flows are discounted using a nominal post-tax discount rate.

Impairment losses are recognised in the income statement and, except in the case of goodwill, reversed if there has been a change in the estimates used to determine the CGU's recoverable amount. Reversal of an impairment loss is recognised as income in the income statement net of depreciation if no impairment loss had been recognised for the CGU.

Impairments

Note 3.2 – continued

all other assumptions unchanged. The outcome of the solicitation is expected in March.

Increasing interest rates

The US long-dated interest rate has increased significantly during the last couple of years and took another increase of approx. 75 bps from 30 June to 30 September 2023, after which it decreased approx. 50 bps from 30 September to 31 December 2023.

The effect from the increase and subsequent decrease in the interest rate was asymmetrical, as we terminated the Ocean Wind 1 project on 31 October 2023. The net effect of the change in interest rate assumptions was an impairment of DKK 4.4 billion after reversing losses of DKK 1.9 billion compared to the recognised impairment loss in our interim financial report for the first nine months of 2023. These impairment losses relate to our US offshore and onshore projects.

Seabed value of Ocean Wind 1 and Skipjack Wind

When estimating the recoverable amount of the seabeds related to Ocean Wind 1 and Skipjack Wind, we have used the approach 'fair value less costs of disposal' (FVLCD) to determine if the carrying amounts exceed the recoverable amounts.

We have used multiple analysis and discounted cash flow models where a business case is available to estimate the recoverable amount of the seabeds. These valuations are subject to significant uncertainties. There are limited transactions for seabeds in the market and limited auctions reflecting what a third party could obtain as a PPA (OREC) price in a re-bid or new tender under the current component and financing costs. Our assessments include comparisons with current merchant prices, such as the winning prices in the New York 3 round, multiples from the 2022 NY Bight Bureau of Ocean Energy Management (BOEM) lease auction, and other relevant lease sales in the US, such as in North Carolina and California. The fair value measurements are categorised as level 3 of the fair value hierarchy.

Potential consequences of further adverse development

In addition to the sensitivities described, further adverse developments may lead us to cease development of or reconfigure projects currently under development. Besides impairing the capitalised value of these projects, ceasing to develop projects could lead to compensation to suppliers or other stakeholders for cancelling contracts. Costs related to cancelling contracts will be recognised as 'Other operating expenses' in our income statement (part of EBITDA) when the obligation arises, and to the extent these exceed already recognised onerous contracts.

Impairment losses relating to intangible assets

We have not recognised any material impairment losses to goodwill or other intangible assets in 2023.

Goodwill primarily relates to Onshore Europe.

⌕ Key accounting estimate

Key assumptions in impairment tests
Value-in-use calculations are based on management's expectations to future cash flows from financial budgets and forecasts and include a number of assumptions and estimates.

These assumptions include construction schedules, estimates of future market conditions, CAPEX, market prices of energy and commodities, inflation, discount rates, useful lives of the projects, tax incentives, including the ability to qualify for tax credits from the US Inflation Reduction Act, etc.

The market prices applied are based on available forward prices for a period of up to five years and our best estimate of long-term prices for the remainder of the period.

As goodwill relates to greenfield onshore wind and solar development in Europe, an assumption included in the value-in-use calculations for goodwill is the ability to develop new sites. This assumption is based on current and future build-out plans for renewable energy in Europe.

While there are inherent uncertainties in the assumptions, the assumptions reflect management's best estimate over the lives of the Group's CGUs.

Acquisition of enterprises

Note 3.3

Cash flows used for acquisitions DKKm	2023	2022
Fair value at time of acquisition:		
Other intangible assets than goodwill	-	167
Property, plant, and equipment	-	2,342
Joint ventures	-	339
Contract assets and liabilities, net	-	(76)
Trade receivables	-	135
Other receivables	-	73
Receivables from associates and joint ventures	-	174
Cash	-	432
Interest-bearing debt, excl. lease liabilities	-	(437)
Provisions	-	(10)
Derivatives	-	-
Deferred tax	-	(525)
Other liabilities	-	(234)
Net assets acquired	**-**	**2,380**
Goodwill	-	1,718
Purchase price	**-**	**4,098**
Cash, available and acquired	-	(432)
Contingent consideration	-	-
Accrued purchase price	-	(260)
Cash flow used for acquisition of enterprises	**-**	**3,406**
Purchase price	-	4,091
Adjustments for cash	-	(432)
Adjustments for interest-bearing debt	-	437
Adjustments for other debt and net working capital items	-	(65)
Adjustments for cash, debt, and net working capital items in JVs	-	1,118
Enterprise value	**-**	**5,149**

We had no acquisition of enterprises during 2023.

On 19 September 2022, we acquired Ostwind, a German and French onshore wind platform. The acquisition of Ostwind constituted Ørsted's entry into the sizeable and growing German and French onshore markets and substantially expanded Ørsted's onshore footprint in Europe.

During 2023, the opening balances for Ostwind have been finalised without any adjustments to the provisional opening balances.

§ Accounting policies

Acquisition of enterprises is recognised using the acquisition method. Under this method, assets and liabilities as well as contingent liabilities of the acquired enterprise are measured at fair value on the date of acquisition.

The fair values of production assets and assets under construction are normally determined using an income approach where they are valued at present value based on the expected cash flows they can generate, including any non-separable power purchase agreements, and on income, such as production tax credits.

The fair value of derivatives is determined using our normal approach for such items, which is based on market prices or expectations for prices over the term of the derivatives.

The fair values of other assets and liabilities are valued using the approach we find most relevant for the individual item, which can be either a market approach, an income approach, or a cost approach.

An acquired enterprise is included in the consolidated financial statements from the date of acquisition, which is the date when we obtain control.

When an acquired enterprise has entered into a power purchase agreement classified as a derivative, the fair value of the agreement will be included in the opening balance. Post-acquisition, this fair value is recognised as an adjustment to revenue over the duration of the contract, based on the fair value calculation at the time of the acquisition.

Inventories

Note 3.4

Inventories DKKm	2023	2022
Offshore transmission assets	3,944	5,119
Biomass	928	778
Coal	566	1,169
Gas	2,167	4,557
Oil	339	354
Green certificates	2,371	2,053
Carbon emission allowances (purchased)	213	49
Other	11	24
Total inventories	**10,539**	**14,103**
Inventories recognised as an expense in 'Cost of sales' during the year	9,626	15,427

Inventories measured at fair value are disclosed in note 6.6 'Fair value measurement'.

'Offshore transmission assets' relates to the Hornsea 3 transmission asset. The remaining 50% of the Hornsea 2 transmission asset was divested in 2023.

'Gas' primarily relates to our gas trade activities.

'Green certificates' are primarily renewable obligation certificates (ROCs), which are issued to renewable energy power generators in the UK.

§ Accounting policies

Offshore transmission assets are recognised as inventory until divestment and measured at cost. The costs comprise costs of materials used in construction, site labour costs, costs of renting equipment as well as indirect production costs, such as employee costs.

Gas storage in non-Danish facilities are managed on a fair value basis, and therefore, the gas in these storage facilities is recognised at fair value less costs to sell. Changes in the fair value less costs to sell are recognised in cost of sales in the period of the change.

Gas in Danish storage facilities are recognised at cost, determined as a weighted average of the previous month's purchase price, including transport costs.

Purchased carbon emission allowances are measured at market value.

Green certificates, which we earn by generating power using renewable energy sources, are recognised in inventories in step with our generation. We measure green certificates (earned and bought) at cost using the first-in, first-out (FIFO) principle.

Other inventories are measured at cost, determined on a first-in, first-out basis (e.g. for coal and biomass) or by net realisable value, if net realisable value is lower.

Inventories are written down to the lower of net realisable value and cost price. For offshore transmission assets, it is the expected final transfer value announced by Ofgem.

The net realisable value is the sum (discounted) which the inventories are expected to generate through a normal sale.

Contract assets and liabilities

Note 3.5

Revenue from contracts with customers DKKm	2023	2022
Revenue included in contract liabilities at the beginning of the year	(6)	21
Revenue from performance obligations satisfied in previous years	(592)	(471)

Contract balances DKKm		
Contract assets		
Current contract assets	802	408
Total contract assets	**802**	**408**
Contract liabilities		
Non-current contract liabilities	3,297	3,085
Current contract liabilities	2,785	2,269
Total contract liabilities	**6,082**	**5,354**

The table shows the amount of our revenue relating to contract liabilities carried forward (as prepayments and deferred revenue) and the amount relating to performance obligations satisfied in a prior year (e.g. renegotiations or constraints on variable considerations that are not recognised until they are highly probable).

Contract assets and contract liabilities primarily related to:

- the construction of offshore wind farms with partners, with each party typically owning 50% of the offshore wind farm
- prepayments from heat customers.

Our contract assets primarily related to the construction of Greater Changhua 1.

At the end of 2023, current contract liabilities related to the construction of Borkum Riffgrund 3 and Gode Wind 3. Non-current contract liabilities primarily related to prepayments from heat customers.

At the end of 2022, contract liabilities related to the construction of Borkum Riffgrund 3.

§ Accounting policies

We recognise a contract asset when we perform a service or transfer goods in advance of receiving consideration, and the consideration is conditional. When the consideration is unconditional, and the goods or services are delivered, we recognise a receivable. A right to consideration is unconditional if only the passage of time is required before the payment is due.

Contract assets are measured at the transaction price of the goods delivered or services performed less invoicing on account.

We recognise a contract liability when the invoicing on account and expected losses exceed the transaction price of the goods or services transferred to our customer.

Trade receivables

Note 3.6

Trade receivables DKKm	2023	2022
Trade receivables, not due	10,480	11,025
Trade receivables, 1-30 days overdue	291	892
Trade receivables, more than 30 days overdue	358	835
Trade receivables, write-downs	(22)	(51)
Total trade receivables	**11,107**	**12,701**

We continuously perform credit ratings of our customers. For customers with a general credit risk, a write-down of 0-1 % is carried out on initial recognition.

In 2023, we have written-down a loan given to support US suppliers in the amount of DKK 571 million, which we do not expect to recover after the termination of Ocean Wind 1 and 2. Except for this, we have not made any write-downs of receivables in 2023 or 2022.

Reversal of write-downs was DKK 29 million.

§ Accounting policies

We keep our receivables until maturity, and therefore, they are measured at amortised cost.

Write-downs are carried out from initial recognition of our receivables. The write-down is calculated as the difference between the carrying amount of the receivable and the net present value of expected future cash flows from the receivable. The discount rate used is the effective interest rate for the individual receivable or the individual portfolio.

We apply the simplified approach to the write-down of trade receivables, which permits calculating the write-down as the full loss during the entire term of the receivable.

Supply chain finance

Note 3.7

	2023		2022	
Supply chain finance – liabilities paid by supplier finance banks DKKm	**Recognised in balance sheet**	**Of which is paid by supplier finance banks**	**Recognised in balance sheet**	**Of which is paid by supplier finance banks**
Trade payables	14,915	1,571	20,641	482

We have entered into supply chain finance agreements with a limited number of suppliers. This provides the supplier with the possibility of requesting the participating bank to pay the invoice before our due date.

We expect that more of our suppliers will make use of supply chain finance in the future.

'Trade payables', to which supplier financing is offered, retain their classification in our balance sheet.

Liabilities that are part of supply chain finance are due 120-180 days after invoice date. Comparable liabilities that are not part of supply chain finance are due up to 90 days after invoice date.

Other receivables and other payables

Note 3.8

Other receivables DKKm	**2023**	**2022**
Receivables from the divestment of assets and enterprises	1,472	7,644
Receivables from the divestment of equity investments to non-controlling interests	735	713
Collateral provided[1]	4,773	5,888
Cash, not available for use	481	2,471
VAT and other indirect tax receivables	1,640	1,392
Prepayments	1,265	870
Deposits	308	624
Other	2,990	3,930
Total other receivables	**13,664**	**23,532**
Of which, working capital	6,739	9,896
Of which, other capital employed	1,847	7,876
Of which, interest-bearing net debt	5,078	5,760

Other payables DKKm		
M&A related liabilities	2,753	4,203
Payables related to the divestment of assets[2]	2,900	2,904
Accrued interest	3,097	2,358
Collateral received[3]	287	1,184
Salary-related items payable	844	671
VAT and other indirect taxes payable	535	593
Other deferred income	104	345
Other	1,978	2,623
Total other payables	**12,498**	**14,881**
Of which, working capital	3,306	3,384
Of which, other capital employed	5,854	6,574
Of which, interest-bearing net debt	3,338	4,923

[1] The collateral provided by the Group is receivables from banks in connection with hedging activities.
[2] Mainly related to the divestment of a portfolio of four onshore projects.
[3] The collateral received by the Group is cash received from banks in connection with the hedging of derivatives.

Tax equity liabilities

Note 3.9

Tax equity liabilities DKKm	2023	2022
Balance at 1 January	16,393	14,564
Contribution received from tax equity partners	2,942	1,945
Additions from acquisitions	-	643
Tax attributes and PTCs/ITCs recognised in other operating income	(2,531)	(2,521)
Cash paid to tax equity partners	(219)	(301)
Tax equity partners' contractual return	965	1,134
Exchange rate adjustments	(543)	929
Balance at 31 December	**17,007**	**16,393**
Of which, working capital	15,811	15,157
Of which, interest-bearing debt	1,196	1,236

In the US, we have fifteen operational wind and solar farms with tax equity partners. During 2023, we commissioned the onshore wind farm Sunflower, and we received a tax equity contribution from our partner for this project. We also received a tax equity contribution related to our offshore wind farm South Fork, which is still under construction.

Description of tax equity partnerships

Tax equity partnerships are characterised by a tax equity partner, who contributes an upfront payment as part of the initial project investment and generally does not have an operational role in the project. The partner receives a contractually agreed return on the contribution. In order to 'repay' the initial contribution and the return, a disproportionate share of the production tax credits (PTCs) or the investment tax credits (ITCs) and other tax attributes (accelerated tax depreciation and other taxable results) are allocated to the partner during the first part of the project's lifetime. The partner also receives some cash payment-based percentages specified in the partnership agreements. Once the partner receives the agreed return, the agreement flips, and the partner is typically entitled to a minor part of the cash distributions from the project, unless we repurchase this right from them, which is highly likely.

§ Accounting policies

Due to the operational and financial nature of the tax equity partnerships, we normally have the power to affect relevant activites and make decisions for the projects as the managing partner in the agreements. Therefore, we normally fully consolidate companies that have tax equity partners.

The tax equity contribution generally has the characteristics of a liability as the initial contribution is repaid, including an agreed return, and the partner does not share in the risks of the project in the same way as a shareholder.

As such, the contribution is accounted for as a liability and measured at amortised cost. The liability is based on the expected method of repayment and is divided into:

- a net working capital element to be repaid through PTCs/ITCs and other tax attributes
- an interest-bearing debt element expected to be repaid through cash distributions.

The partner's agreed return is expensed as a financial expense and is recognised as an increase of the tax equity liability. PTCs, ITCs and other tax attributes transferred to the tax equity partner are recognised as other operating income. PTCs are recognised in the periods earned, while ITCs and other tax attributes are recognised on a straight-line basis over the estimated contractual length of the partnership.

In addition to the above, we recognise a liability for the expected purchase price for the partner's post-flip rights to cash distributions. This liability is recognised at fair value, and adjustments are expensed as a financial item. This recognition reflects the intention and high likelihood that we will purchase the partner's post-flip rights, and they are part of the financial costs of the arrangement.

⌕ Key accounting judgement

Recognition of tax equity partnerships
On formation of a tax equity partnership, we assess the appropriate recognition of the partner's contribution as well as the method of recognition for the elements used to repay the partner, such as PTCs, ITCs, and tax attributes.

When assessing the recognition of the partner's contribution, we look at:

- the expected flows of PTCs/ITCs, tax attributes, and cash payments to the partner
- the rights and obligations of both us and the tax equity partner.

The deferral of the income related to tax attributes and the recognition of the contribution as working capital or interest-bearing debt are affected by our expectation to the size, method, and timing of repayments.

Government support in the US
In the US, PTCs, ITCs, and other tax attributes are used to incentivise investment in renewable energy assets – similar to subsidies in other countries.

Provisions and contingent liabilities

Note 3.10

Provisions DKKm	2023 Decommissioning obligations	2023 Onerous contracts	2023 Other provisions	2023 Total	2022 Decommissioning obligations	2022 Onerous contracts	2022 Other provisions	2022 Total
Provisions at 1 January	14,076	280	5,350	19,706	8,851	866	6,171	15,888
Exchange rate adjustments	62	(675)	11	(602)	(203)	(5)	(41)	(249)
Used during the year	(30)	(4,206)	(824)	(5,060)	-	(304)	(1,078)	(1,382)
Provisions reversed during the year	-	-	(1,447)	(1,447)	-	(300)	(1,359)	(1,659)
Provisions made during the year	526	20,246	1,150	21,922	832	1	1,662	2,495
Disposals	(349)	-	(12)	(361)	(376)	-	-	(376)
Additions on acquisition of enterprises	-	-	-	-	33	-	-	33
Divestment of enterprises	-	-	-	-	-	-	(5)	(5)
Change in estimates	(1,790)	-	-	(1,790)	4,087	-	-	4,087
Transferred to or from assets and liabilities classified as held for sale	-	-	-	-	414	-	-	414
Interest element of provisions	482	9	4	495	438	22	-	460
Total provisions at 31 December	**12,977**	**15,654**	**4,232**	**32,863**	**14,076**	**280**	**5,350**	**19,706**
Falling due as follows:								
In 0-1 year	250	15,007	698	15,955	217	31	337	585
In 1-5 years	1,499	536	3,350	5,385	1,798	154	4,632	6,584
After 5 years	11,228	111	184	11,523	12,061	95	381	12,537

Decommissioning obligations by segment

DKKm	0-5 years	5-10 years	10-20 years	After 20 years	2023	2022
Offshore	1,160	2,544	2,833	2,303	8,840	10,233
Onshore	-	-	42	2,020	2,062	1,769
Bioenergy & Other	589	260	204	1,022	2,075	2,074
Total	**1,749**	**2,804**	**3,079**	**5,345**	**12,977**	**14,076**

Decommissioning obligations

Decommissioning obligations comprise estimated expenses relating to decommissioning and disposal of our offshore wind, onshore wind, and solar farms, the restoration of seabeds, the decommissioning of our CHP plants, the Nybro gas plant, and our oil and gas pipes.

We are obliged to decommission our wind and solar farms and restore the surroundings. When we construct offshore wind farms in cooperation with partners, they are liable for their share of the decommissioning costs. Therefore, we have only included the decommissioning obligations associated with our ownership interest in the offshore wind farms.

Other provisions

Other provisions comprise primarily:

- offshore partnership provisions, including warranty obligations
- obligations in relation to the divestment of our oil and gas business in 2017
- obligations in respect of our own carbon emissions
- other contractual obligations.

Provisions and contingent liabilities

Note 3.10 – continued

Onerous contracts

Onerous contracts primarily relate to ceasing the development of Ocean Wind 1 where we have a provision of DKK 15 billion at the end of 2023. The provision relates to cancellation fees on contracts and has been recognised in two steps.

First, as an onerous contract provision as part of the impairment of Ocean Wind 1 in the interim financial report for the first nine months of 2023 (CAPEX provision), net of investments incurred on the project up until it was terminated on 1 November.

Secondly, a further provision was recognised at year-end ('Other operating expenses' provision) to cover cancellation fees not covered by the provision on 30 September 2023.

As a result, a total of DKK 9.6 billion was recognised in 'Other operating expenses', with the remaining amount being recognised in 'Impairment losses on intangible assets, and property, plant and equipment'.

'Used during the year' primarily relates to CAPEX spent on construction of Ocean Wind 1 until the termination of the project and other costs associated with terminating the project. 'Used during the year' also relates to CAPEX spent on the construction of Sunrise Wind.

When measuring the provision for 'Onerous contracts' related to the cancellation fees, we have assessed the contracts related to the Ocean Wind 1 project. This assessment has included an evaluation of the contractual terms, including whether the contracts will be terminated for cause or convenience, and the expected costs of fulfilling or cancelling the contracts.

The most significant contracts relate to the construction and installation of wind turbine generators, export cable systems, fabrication and construction of pipes and foundations, offshore and onshore substations, and other contractual agreements for transportation, mobilisation, and installation of components.

The assessment also includes an evaluation of the possibilities of reusing or selling certain project development assets and reselling the seabed lease to a third party. We expect to reuse the export cables for another offshore wind farm project, which is reflected in the provision.

The measurement of the total provision is impacted by significant estimates and judgements and depends on negotiations with subcontractors and contractual partners. As of 31 December 2023, we have only agreed on settlement of a small portion of the contracts' value. While the recognised provision is management's best estimate, the outcome could deviate materially.

§ Accounting policies

Provisions are recognised when the following criteria are fulfilled:

- We have a legal or constructive obligation as a result of an earlier event.
- The settlement of the obligation is expected to result in an outflow of resources.
- The obligation can be measured reliably.

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning as expected at the balance sheet date. The present value of the provision and changes in estimate are recognised as part of the cost of property, plant, and equipment and depreciated together with the associated asset. The addition of interest on provisions is recognised in the income statement under financial expenses.

For onerous contracts, a provision is made when the expected income to be derived from a contract is lower than the unavoidable cost of meeting our obligations under the contract.

Provisions concerning carbon emissions are recognised when our actual emissions exceed our holding of carbon emission allowances.

⌕ Key accounting estimate

Assumptions for provisions
We continually assess our provisions recognised to cover contractual obligations and claims raised against Ørsted. Timing, probabilities, amounts, etc., which have a bearing on our provisions' estimates, are updated quarterly based on our expectations.

Estimates of provisions are based on our expectations of, for example:

- timing and scope of obligation
- future cost level
- legal assessment.

If deemed material, non-current provisions are discounted using either the structural risk-free interest rate or the incremental borrowing rate. The structural risk-free interest rate is used for decommissioning liabilities and onerous contracts. It is calculated as the sum of real return (gross domestic product growth rate), inflation, and inflation premium for other risks. Separate structural risk-free interest rates are calculated for Europe, the UK, the US, and Taiwan.

The outcome of our contractual obligations and claims may depend on future events, which are uncertain by nature.

Key assumptions in estimating cancellation fees
Measuring the provision for 'Onerous contracts' related to cancellation fees for Ocean Wind 1 involves a number of assumptions and significant estimates and judgements. On contract level, we have assessed the contractual terms and obligations, including the expexted costs of fulfilling or cancelling the contracts. The assessment also includes an evaluation of the possibilities of reusing or selling certain project development assets and reselling of the seabed lease to a third party.

To a high degree, the estimation of the total provision depends on negotiations with subcontractors and contractual partners, which impact the settlement of the individual contracts. The measuring and estimation of the total provision for 'Onerous contracts' is based on management's expectations and best estimate of total costs.

Provisions and contingent liabilities

Note 3.10 – continued

Contingent liabilities

Liability to pay compensation

In case of any environmental accidents or other types of damage caused by our gas and oil transport, the companies Ørsted Salg & Service A/S and Danish Oil Pipe A/S are liable to pay compensation according to legislation. This also applies if there is no proof of negligence (strict liability). We have taken out insurance to cover any such claims.

Secondary liability

As part of the divestment of our oil and gas business in 2017, we assumed a secondary liability regarding the decommissioning of offshore installations.

Litigation

We are party to a number of court cases and legal disputes. In our assessment, none of these will significantly impact Ørsted's financial position, neither individually nor collectively.

We have been party to actions relating to the Danish competition authorities' claim that the former Elsam A/S and Elsam Kraft A/S ('Elsam'), now part of Ørsted, charged excessive prices in the Danish wholesale power market in the period 1 July 2003 to 31 December 2006. There are no longer any outstanding cases with the competition authorities claiming Elsam infringed competition law, but in connection with the former cases, some energy trading companies, some of their customers, and others have filed claims for damages, which are still pending. The biggest claim was filed in 2007 before the Copenhagen Maritime & Commercial Court, amounting to approx. DKK 4.4 billion with addition of litigation interest. The case is at the moment under preparation for the Maritime & Commercial Court.

Ørsted is involved in ongoing transfer pricing disputes. For further information, we refer to section 4.1 'Approach to taxes'.

Change of control

Some of our activities are subject to consents, permits, and licences granted by public authorities. We may be faced with a claim for acceptance of any transfer, possibly with additional terms and conditions, if the Danish state holds less than 50% of the share capital or voting rights in Ørsted A/S. Read more in note 5.1 'Interest-bearing net debt and FFO'.

Non-controlling interests

Note 3.11

Non-controlling interests DKKm	Gunfleet Sands Holding Ltd. Group 2023	 2022	Walney (UK) Offshore Windfarms Ltd. 2023	 2022	Ocean Wind JV HoldCo LLC 2023	 2022
Statement of comprehensive income						
Revenue	564	518	1,462	1,348	-	-
EBITDA	318	317	775	608	-	2
Profit (loss) for the year	65	70	215	76	-	(21)
Total comprehensive income	93	4	298	(113)	-	2
Profit (loss) for the year attributable to non-controlling interests	32	35	108	38	-	(5)
Balance sheet						
Non-current assets	1,378	1,582	3,778	4,424	-	8,234
Current assets	205	171	338	364	-	444
Non-current liabilities	538	607	1,072	1,352	-	310
Current liabilities	135	58	235	290	-	908
Carrying amount of non-controlling interests	454	543	1,402	1,570	-	1,843
Statement of cash flows						
Cash flows from operating activities	360	246	597	544	-	93
Cash flows from investing activities	(61)	-	(8)	(29)	-	(5,710)
Cash flows from financing activities	(275)	(261)	(647)	(413)	-	5,838
– of which, dividends paid to non-controlling interests	(135)	(128)	(278)	(166)	-	-

Transactions with non-controlling interests DKKm	2023	2022
Transactions with non-controlling interests		
Dividends paid to non-controlling interests	(413)	(294)
Acquisition of non-controlling interests	(7,032)	-
Divestment of equity investments to non-controlling interests	(153)	3
Other capital transactions with non-controlling interests	537	1,461
Total transactions, cf. statement of cash flows	**(7,061)**	**1,170**
Divestment of equity investments to non-controlling interests		
Changes in receivables relating to the acquisition and divestment of non-controlling interests	(7,185)	3
Cash selling price, total	**(7,185)**	**3**

In the table, we provide financial information for subsidiaries with significant non-controlling interests. The amounts stated are the consolidated accounting figures of the individual enterprises or groups, determined according to our accounting policies. Amounts are stated before intra-group eliminations.

Subsidiaries with significant non-controlling interests[1]	Non-controlling interest	Registered office
Gunfleet Sands Holding Ltd	49.9%	London, UK
Walney (UK) Offshore Windfarms Ltd	49.9%	London, UK

[1] Entities are fully consolidated.

In 2023, we acquired the remaining 25% equity stake in Ocean Wind JV HoldCo LLC. The acquisition provided Ørsted with 100% ownership of Ocean Wind JV HoldCo LLC. Hence, financial information is only provided for 2022.

In 2023, we also acquired the remaining 50% equity stakes in Bay State Wind LLC and BSW Projectco LLC (Lease Area 500), respectively. Subsidiaries with immaterial non-controlling interests.

§ Accounting policies

Transactions with non-controlling interests are accounted for as transactions with the shareholder base.

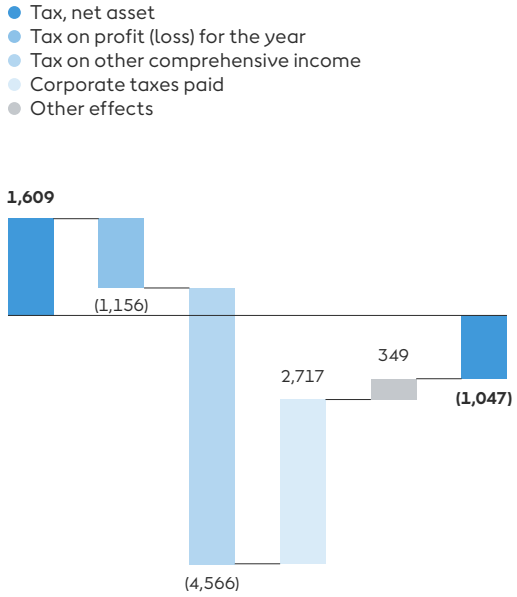
Gains and losses on the divestment of equity investments to non-controlling interests are recognised in equity when the divestment does not result in a loss of control.

Net assets acquired are not revalued on the acquisition of non-controlling interests. Any difference between the carrying amount and the acquisition or selling price is recognised in equity.

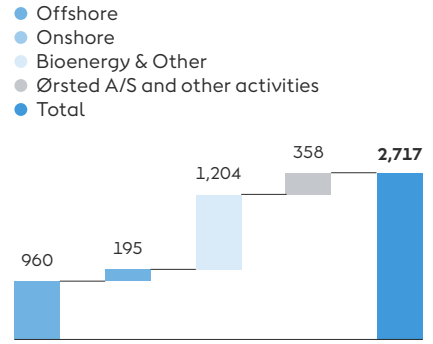
Tax
Note 4

The Group's taxes reflect our business operations and applicable tax legislation in the countries where we operate.

Development in current and deferred tax asset and liabilities (tax, net), 2022-2023
DKKm



Corporate income tax paid by segment, 2023
DKKm



2023 DKKm	Profit (loss) before tax	Tax	Tax in %
Tax equity, deferred tax liability	-	874	n.a.
Gain (loss) on divestment of enterprises and assets	4,654	-	0%
Impairment	(26,775)	1,326	5%
Cancellation fees	(9,621)	-	0%
Other adjustments	-	(794)	n.a.
Remaining business	12,716	(2,562)	20%
Effective tax for the year	**(19,026)**	**(1,156)**	**(6)%**

'Other adjustments' include changes in tax rates, movements in uncertain tax positions, tax concerning previous years, and unrecognised tax losses. Impairment and cancellation fees are primarily related to the termination of the Ocean Wind 1 project.

2.7 bn

Corporate income tax paid by the Group in 2023 totalled DKK 2,717 million against DKK 1,263 million in 2022.

2.9 bn

Current corporate income tax in 2023 totalled DKK 2,876 million against DKK 2,906 million in 2022.

7.9 bn

Our total tax contribution in 2023 totalled DKK 7,887 million against DKK 6,500 million in 2022.

-6 %

Effective tax rate for the Group for 2023 was -6% against 15% in 2022.

Approach to taxes

Note 4.1

At Ørsted, we want to provide user-friendly and transparent information about our global tax positions.

We are committed to paying the right amount of tax, at the right time, in the right place – in accordance with the tax laws of the countries where we operate. We seek to comply not only with the letter of the law but also with the underlying tax policy intent.

We believe that taxes are a core part of our corporate social responsibility.

We are committed to conducting our business in a way that contributes to the United Nations' Sustainable Development Goals (SDGs). Taxes are a key contribution to the SDGs, in particular target 16.6 on the development of effective, accountable, and transparent institutions.

For more details on our approach to taxes, we refer to our tax policy, which can be found here: orsted.com/tax-policy.

Transparency and sustainability

We continue to report with inspiration from the GRI (Global Reporting Initiative) 207: Tax standard when presenting our approach to and reporting of tax. The purpose of our transparency initiatives is to create certainty around our tax positions for our stakeholders, such as investors and the local communities where we pay our taxes, and where we operate.

In line with our tax policy, we engage constructively in national and international dialogue with governments, business groups, and civil society to support the development of effective tax systems, legislation, and administration. We believe that by providing relevant and constructive input, we can contribute to an informed discussion around taxes and tax policy. The purpose of our engagement is to promote the development of tax regimes that support the green transformation.

During 2023, we have submitted two responses to public consultations by the OECD on Pillar 2 as well as offered our perspectives in a panel debate arranged by OECD on simplification of the Pillar 2 rules. Further, we have provided our responses on several public consultations in the US pertaining to the implementation of and guidance to the Inflation Reduction Act. To promote responsible tax practices, we are engaging with CSR Europe on developing a European index for responsible tax practices. Further, we participated in several panel debates, including at the Danish people's meeting, 'Folkemødet', in Denmark, with a view to promoting responsible tax practices.

In connection with the national implementation of the European revenue cap, we have engaged in discussions with the governments in Denmark, Germany, and the Netherlands, offering our industry insights on the workings of the power markets as well as hedging profiles of large integrated energy companies.

Similarly, we have participated in discussions with the UK government in respect of the adoption and implementation of the UK Electricity Generator Levy, referred to as windfall taxes. Due to declining power prices, the windfall tax regimes have not impacted us significantly.

By engaging with civil society and gathering input on, for example, how we share information, we believe we can contribute to increasing the public's confidence in the corporate tax system.

As a testament to our progressive and transparent approach to tax we have, besides being Fair Tax Mark accreditated for the second year running, achieved an overall tax compliance risk management rating of 'low' by HM Revenue & Customs (the UK) in the Business Risk Review (BRR+).

Pillar 2

In December 2021, OECD released the Pillar 2 model rules to reform international corporate taxation. The key purpose of these rules is to ensure that large multinational groups (defined by having a global revenue exceeding EUR 750 million) are subject to a minimum effective tax rate of 15%. The rules will have to be implemented in national legislation in all individual countries that decide to adopt them. Many countries, including Denmark where the ultimate parent company of the Ørsted Group is headquartered, have already implemented the rules.

UN SDG (no. 16)
We are transparent about our approach to tax. We actively participate in the development of effective, accountable, and transparent legislation by our engagement with the OECD on Pillar 2.

We endorse the B Team Responsible Tax Principles. The B Team is a group of business leaders, working to redefine the culture of accountability in business, for companies, communities, and future generations by creating and cascading new norms of corporate leadership that can build a better world.

ISRS 4400
AUP on application of GRI 207: Tax
We have drawn inspiration from the GRI 207: Tax standard when presenting our approach to and reporting of tax. The leadership team has been provided with a statement (ISRS 4400 – Agreed Upon Procedures/AUP) from our auditors on our application of GRI 207: Tax.

The Fair Tax Mark accreditation scheme seeks to encourage and recognise businesses that pay the right amount of corporation tax at the right time and in the right place. We seek to pay tax responsibly and transparently and are proud to have qualified for the Fair Tax Mark in 2022 and again in 2023.

Approach to taxes

Note 4.1 – continued

Based on initial analysis of our 2023 figures and 2024 forecast, we expect to benefit from the temporary safe harbour rules in all of the jurisdictions where we operate.

Tax governance

Taxes are overseen by the Board of Directors, and within the Board, the Chair of the Audit & Risk Committee is accountable for our tax policy. The responsibility for tax risk management lies with the CFO and is overseen by the Audit & Risk Committee. The day-to-day tax management is handled by a centralised global tax team.

Our tax function is involved in the planning, implementation, and documentation of all significant business decisions and processes to ensure a coordinated assessment of all tax compliance and risks. The tax function also regularly monitors and updates tax risks and related controls.

Complying with tax rules can be complex, as the interpretation of legislation and case law may not always be clear cut and may change over time, giving rise to tax risks. We have implemented a governance framework, which ensures appropriate processes and organisational structures to identify, assess, monitor, and manage tax risks at different levels of the Group. We manage our tax risks by preventing unnecessary disputes, which we strive to achieve through strong technical positions, thorough documentation and explanations of our positions, robust compliance procedures, and by engaging in up-front dialogues with tax authorities.

We define a tax risk as any consequence relating to the application of our tax policy, day-to-day operations, compliance, or external reporting that impacts the business in the form of cash liabilities, financial reporting misstatements, or reputational damage. We continuously update our tax control framework to ensure that we are aligned with business objectives and stakeholder expectations.

We have a standardised review process in place, and our controls are continuously reviewed, assessed, and, where applicable, substituted by automated processes. Tax decisions in relation to matters which are subject to approval by the Group Executive Team or the Board of Directors are approved by the Head of Tax.

Our tax risk management work includes considering uncertain tax positions, e.g. when we have taken a position where there is an uncertainty created by a comparison of the wording of the law, the expressed policy intent or lack thereof, or fluctuating or divergent application by tax authorities or judicial systems in the countries where we operate.

Occasionally, a multinational enterprise like Ørsted faces potential double taxation. This occurs when two or more tax jurisdictions seek to tax the same business income. We believe that profit should only be taxed once, and where the value is created in line with the position of the OECD.

In response to the tax risks connected to cross-border activities, including the controversies described in this section, we have made tax-related provisions in accordance with IAS 12, IAS 37, and relevant interpretation, such as IFRIC 23. The provisions have been calculated based on differences in tax rates and statistical risks of suffering economic or legal double taxation.

Tax planning and use of tax incentives

We only use business structures that are driven by commercial considerations and aligned with our business activities. We do not use so-called secrecy jurisdictions or tax havens to avoid taxes. If we establish an entity in a low or nil-rate jurisdiction, it will be for substantive and commercial reasons. This is the case with our Isle of Man entity, which holds a licence to develop and build a local offshore wind farm providing renewable energy to the Isle of Man, and with our Singapore entity, which provides technical and administrative services to wind farm projects. To remain competitive, we make use of incentives and tax relief implemented by governments where we have commercial substance, and our business activities are the intended beneficiaries of such incentives and relief. The tax function uses risk and opportunities analyses to provide strong business case assessment and forecast tax data. We therefore include the expected outcome of such opportunities in our long-term planning and decisions, and we seek to get certainty on the available incentives and tax reliefs in our planning activities.

Approach to taxes

Note 4.1 – continued

Tax controversies

During 2023, the Danish Tax Agency has opened further enquiries on development services in relation to non-Danish wind farms.

To date, Ørsted Wind Power A/S has received final administrative decisions from the Danish Tax Agency in relation to the development of the offshore wind farms Hornsea 1, Walney Extension, Race Bank, and Borssele 1 & 2. We have also received an information request in relation to the offshore wind farm Hornsea 2. In all its decisions, the Danish Tax Agency claims that Ørsted Wind Power A/S has not acted at arm's length terms when charging fees for technical development services provided to the project companies. The Danish Tax Agency claims that the full value of expected, future cash flows related to the offshore wind farms should be taxed in Denmark.

Up until 31 December 2023, the Danish Tax Agency has increased Ørsted Wind Power A/S's tax payments to Denmark with DKK 8.9 billion for the income years 2015-2017. The amount, which is excluding any interest, is detailed per wind farm in the table below.

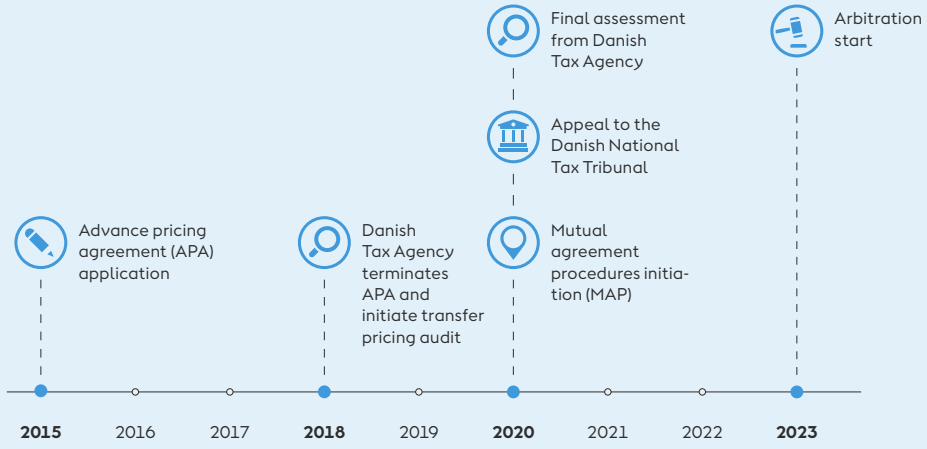
The table illustrates the tax payable to Denmark per wind farm, should the Danish Tax Agency's position prevail, and the expected corresponding adjustments. The Danish tax would be payable upfront, plus interests since the original decisions, and the corresponding adjustments would crystalise over the remaining lifetime of the wind farms.

As described in our key accounting estimates on page 189, we have made provisions for uncertain tax positions according to IFRIC 23. In relation to these transfer pricing disputes, we have used a weighted average of several different scenarios, where the base case is that we will win the cases, but a number of scenarios include different adjustments resulting in increased tax payable to Denmark. The scenarios with additional tax payable to Denmark assumes corresponding adjustments.

Decisions made by the Danish Tax Agency DKKm	**Walney Extension**	**Hornsea 1**	**Race Bank**	**Borssele 1 & 2**	**Total**
Potential additional Danish tax payment excluding any interest	2,949	2,337	2,488	1,088	8,862
Tax value of potential corresponding adjustment	2,651	2,294	2,236	1,180	8,361
Likely timing of settlement of potential tax in Denmark, if the Danish Tax Agency prevails	1st half of 2025	1st half of 2025	TBD[1]	TBD[1]	

[1] Timing of settlement is likely to follow the same process and timeline as for Walney Extension and Hornsea 1.

Hornsea 1 and Walney Extension tax audit timeline



Tax controversies timeline

Tax controversies related to the development services provided from Danish entities to our projects outside of Denmark take multiple years to settle. The dispute concerning Hornsea 1 and Walney Extension has currently been ongoing for more than eight years from initiation of an advanced pricing agreement, which failed when the Danish Tax Agency chose to terminate negotiations with the British tax authorites (HM Revenue & Customs) and instead intiated an audit. The next step is for the cases to be settled in arbitration, which we expect to happen in the latter half of 2024. Above, we have summarised the timeline for Hornsea 1 and Walney Extension. Also, we have included a status of the other projects where a transfer pricing audit has started.

Race Bank

We have appealed the administrative decision to the Danish Tax Tribunal. We continue to consider our further options, including an elaborated appeal to the Danish Tax Tribunal, a direct appeal to the court system, or a request for a MAP under the double tax agreement between Denmark and the UK.

Borssele 1 & 2

We have appealed the administrative decision to the Danish Tax Tribunal. We continue to consider our further options, including an elaborated appeal to the Danish Tax Tribunal, a direct appeal to the court system, or a request for a MAP under the double tax agreement between Denmark, the Netherlands, and the EU Arbitration Convention.

Hornsea 2

The Danish Tax Agency issued an information request in October 2023. Discussions are on-going. In Denmark, the deadline for issuing a draft administrative decision is on 1 May 2024.

Closed audits

The Danish Tax Agency has closed the audits of Burbo Bank Extension and Borkum Riffgrund 2 without adjustments.

Tax on profit (loss) for the year

Note 4.2

Effective tax rate DKKm, %	2023 DKK million	2023 %	2022 DKK million	2022 %
Tax on profit (loss) for the year can be explained as follows:				
Calculated 22 % tax on profit (loss) before tax	4,186	22	(3,874)	22
Adjustments of calculated tax in foreign subsidiaries in relation to 22 %	825	4	348	(2)
Tax effect of:				
Non-taxable income and non-deductible costs, net	1,519	8	2,243	(13)
Unrecognised tax assets	(8,084)	(43)	(651)	4
Tax equity contributions	874	5	(354)	2
Movements in uncertain tax positions	(251)	(1)	10	-
Changes in tax rates	(21)	-	29	-
Adjustment of tax concerning previous years	(204)	(1)	(364)	2
Effective tax for the year	**(1,156)**	**(6)**	**(2,613)**	**15**

Income tax

Tax on profit (loss) was DKK 1,156 million in 2023 against DKK 2,613 million in 2022. The effective tax rate was -6 % in 2023 against 15 % in 2022.

The effective tax rate was primarily affected by the largely tax-exempt divestments of the offshore wind farms Gode Wind 3 and London Array, the non-recognition of deferred tax assets in connection with the termination of the Ocean Wind 1 project, and the recognition of deferred tax liabilities in connection with capitalisation of project costs in the US where we have entered into tax equity agreements on the following projects:

- Sunflower Wind
- Sparta Solar
- Old 300

And from the final build-up recognition of deferred tax liabilities on:

- South Fork Wind

See more regarding tax equity partnerships in notes 3.9 'Tax equity liabilities' and 4.3 'Deferred tax'.

Further, the deferred tax liability previously recognised on Ocean Wind 1 has been reversed in connection with the ceasing of that project.

The adjustment of tax concerning previous years primarily relates to tax in France regarding our Ostwind activities.

The effective tax rate in 2022 was primarily affected by the largely tax-exempt divestments of the offshore wind farms Hornsea 2 and Borkum Riffgrund 3 and the recognition of a deferred tax liability in connection with tax equity partnerships in the US related to Helena Energy Center, Old 300, the North-East cluster, and Ocean Wind 1.

§ Accounting policies

Tax for the year consists of current tax, changes in deferred tax, and adjustments in respect of previous years. Tax on profit (loss) for the year is recognised in the income statement. Tax relating to other items is recognised in other comprehensive income.

Our uncertain tax positions are measured by using either of the following two methods, depending on which method we expect to better predict the resolution of the uncertainty:

- The most-likely-outcome method is applied in cases where there are only two possible outcomes.
- The weighted-average method is used in cases where there are more than two possible outcomes.

Our uncertain tax positions are recognised under 'Income tax' or 'Deferred tax', depending on how the realisation of the tax position will affect the financial statement.

We have adopted the narrow-scope amendments to IAS 12, 'Income taxes', which provide temporary relief from accounting for deferred taxes arising from the implementation of the Pillar 2 model rules.

Tax on profit (loss) for the year

Note 4.2 – continued

Income tax

DKKm	2023	2022
Tax on profit (loss) for the year	(1,156)	(2,613)
Tax on other comprehensive income	(4,566)	(236)
Tax on hybrid capital related to equity	2	13
Total tax for the year	**(5,720)**	**(2,836)**
Tax on profit (loss) for the year can be broken down as follows:		
Current tax	(2,876)	(2,906)
Deferred tax	1,207	868
Changes in tax rates	(21)	29
Uncertain tax positions	(251)	10
Tax on hybrid capital	115	104
Tax equity	874	(354)
Adjustment of tax concerning previous years	(204)	(364)
Tax on profit (loss) for the year	**(1,156)**	**(2,613)**
Tax on other comprehensive income can be broken down as follows:		
Current tax	(1,262)	60
Deferred tax	(3,304)	(296)
Tax on other comprehensive income	**(4,566)**	**(236)**

Tax on profit (loss) for the year and other comprehensive income

In 2023, total tax for the year was DKK 5,720 million, consisting of tax on profit (loss) for the year, tax on other comprehensive income, and tax on hybrid capital related to equity.

Current tax

Current tax is the tax incurred by Ørsted on profit for the year. This differs from taxes paid because of payments or refunds regarding prior years and residual payments for the current year.

Because of the high level of investments and the subsequent deferrals of payable tax as a consequence of accelerated tax depreciation, our current tax is generally lower than the statutory corporate tax rates during construction and the initial years after first power from a wind farm.

Pillar 2

We are assessing our exposure to the Pillar 2 legislation. Our initial assessment indicates the average effective tax rate based on the accounting profit being minimum 15 % and within the safe harbour rules exemption.

Key accounting estimate

Estimates regarding recognition of income taxes

We are subject to income taxes in all the countries where we operate. Significant judgement and estimates are required in determining the worldwide income taxes and income tax assets and liabilities, including provisions for uncertain tax positions.

While conducting business around the world, tax and transfer pricing disputes with tax authorities may occur due to the complex nature of the tax rules related to the business. Judgement is applied to assess the possible outcome of such disputes. We apply the methods prescribed in IFRIC 23 'Uncertainty over Income Tax Treatments' when making provisions for uncertain tax positions, and the provisions made are based on different scenarios of possible outcomes. We consider the provisions made to be adequate. The actual obligation may deviate and might lead to tax in excess of the uncertain tax provisions included. This depends on the result of litigations and settlements with the relevant tax authorities.

Ongoing tax disputes, primarily related to transfer pricing cases, are included as part of 'Income tax' and 'Deferred tax'. Estimates in respect of transfer pricing cases depend, among others, on whether corresponding adjustments can be obtained in the relevant jurisdictions, and, in terms of disputes regarding project companies with partners, whether compensation can be obtained from these partners. Any expected compensation from partners is included as part of 'Other receivables'.

Deferred tax

Note 4.3

Net deferred tax for 2023 primarily consist of	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations
Assets				
Recognition of tax loss carryforwards	●			
Financial instruments	●			
Liabilities				
Tax equity structures	●	●		
Accelerated tax depreciation compared to accounting depreciation	●		●	
Acquistions		●		

Deferred tax 2023 DKKm	Offshore	Onshore	Bioenergy & Other	Other activities/ eliminations	Deferred tax at 31 December
Deferred tax, assets	10,038	64	41	(1,951)	8,192
Deferred tax, liabilities	1,748	3,760	148	(2,217)	3,439
Unrecognised tax assets	9,691	109	33	40	9,873

Deferred tax 2022 DKKm					
Deferred tax, assets	14,554	61	1,457	(2,353)	13,719
Deferred tax, liabilities	3,471	3,915	2,496	(2,468)	7,414
Unrecognised tax assets	895	83	100	-	1,078

The table shows the reconciliation of deferred tax to the balance sheet by segment. The unrecognised tax asset is primarily due to ring-fenced tax losses and other losses not meeting the criteria for recognition under IAS 12. These primarily relate to losses in connection with the termination of the Ocean Wind 1 project. There is no expiry of our unrecognised tax assets. No provision for withholding tax on dividends has been included as the amounts where a concrete dividend distribution is planned are considered immaterial in 2023. 'Other activities/eliminations' primarily consist of eliminations between segments.

Significant movements in deferred tax assets and liabilities

Assets

↑ Tax loss carryforwards due to the accelerated depreciation for tax purposes.

Difference between tax and accounting treatment of financial instruments.

↓ Adjustments to previous year's tax returns in Denmark.

Utilisation of tax loss carryforwards in Denmark and the UK and surrender of consortium relief in the UK.

Deferred tax transferred to current tax in Denmark because of the net gains on hedges.

De-recognition of tax loss carry-forwards.

Liabilities

↑ Recognition of tax liabilities in connection with tax equity partnerships related to Old 300, Sparta Solar, and Sunflower and the termination of Ocean Wind 1 in our US portfolio.

↓ Adjustment related to Haystack and Muscle Shoals due to impairments for accounting purposes.

Divestment of London Array and Gode Wind 3.

Deferred tax

Note 4.3 – continued

Development in deferred tax assets and liabilities, 2023 DKKm	Deferred tax balances at 1 January, net	Movements	Deferred tax balances at 31 December, net	Assets	Liabilities
Intangible assets	(38)	(150)	(188)	18	206
Property, plant, and equipment	(6,134)	4,485	(1,649)	4,709	6,358
Other non-current assets	16	(318)	(302)	5	307
Current assets	-	(1)	(1)	1	2
Decommissioning obligations	2,101	105	2,206	2,212	6
Other non-current liabilities	415	(34)	381	625	244
Current liabilities	3,373	(3,742)	(369)	3	372
Tax loss carryforwards	6,572	(1,897)	4,675	4,675	-
Offset				(4,056)	(4,056)
Total	**6,305**	**(1,552)**	**4,753**	**8,192**	**3,439**

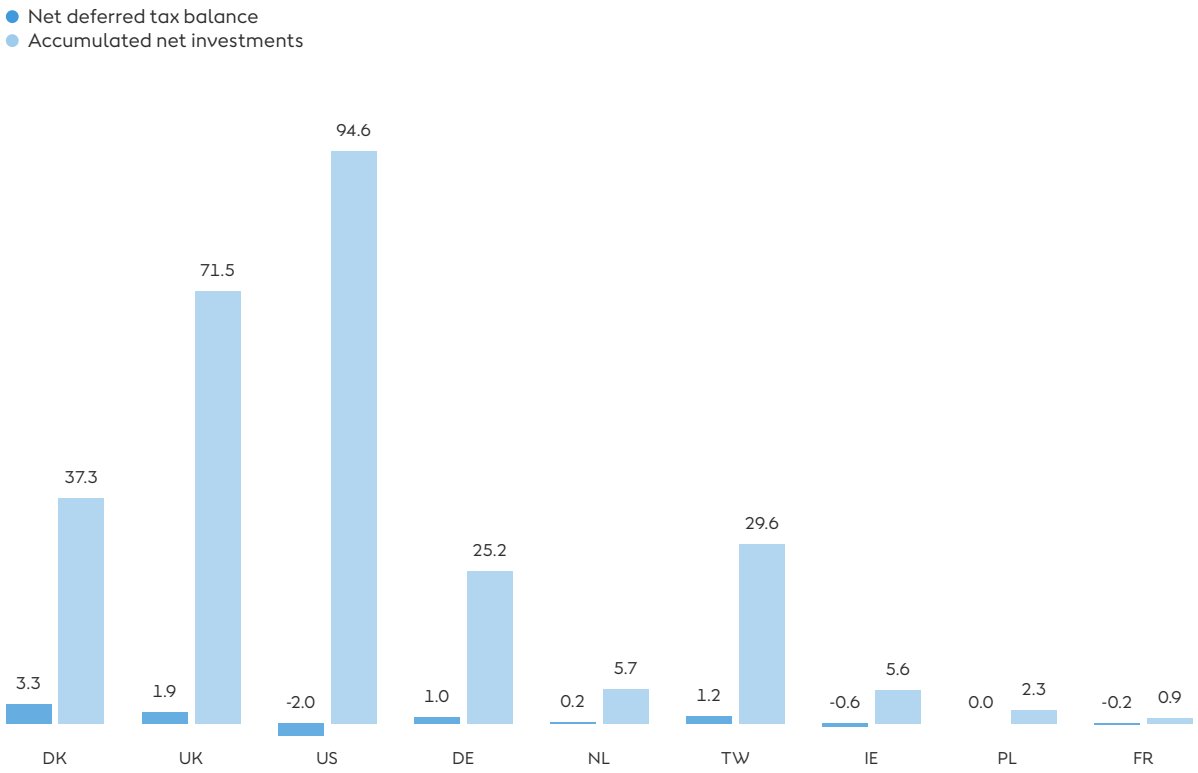
Development in deferred tax assets and liabilities, 2022 DKKm					
Intangible assets	(40)	2	(38)	1	39
Property, plant, and equipment	(8,198)	2,064	(6,134)	4,001	10,135
Other non-current assets	(8)	24	16	30	14
Current assets	(50)	50	-	1	1
Decommissioning obligations	1,350	751	2,101	2,101	-
Other non-current liabilities	4,666	(4,251)	415	499	84
Current liabilities	3,937	(564)	3,373	3,373	-
Tax loss carryforwards	6,008	564	6,572	6,572	-
Offset				(2,859)	(2,859)
Total	**7,665**	**(1,360)**	**6,305**	**13,719**	**7,414**

For tax purposes, depreciation of fixed assets is typically accelerated compared with accounting purposes. As the accelerated depreciation is larger than our taxable profits when we make large investments, our tax loss carryforwards increase when more wind farms enter into operation. The tax loss carryforwards are either offset against deferred tax liabilities on the same wind farm or jurisdiction or offset against expected future profits from the very same wind farm or jurisdiction. Our decommissioning liability increases as we expand operations. In most tax jurisdictions, the cost is not tax-deductible before it incurs.

Deferred tax

Note 4.3 – continued

Net deferred tax and accumulated investments, 2023
DKKbn



The figure shows the net deferred tax assets (+) or liabilities (-) at country level as well as total net accumulated investments in each country. The distribution of net investments is affected by the sale of assets constructed by Ørsted in Denmark for operations outside Denmark where Ørsted only has part ownership. Jurisdictions not yet material are excluded from the overview.

§ Accounting policies

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax is not recognised in respect of temporary differences relating to:

- the acquisition of joint operations, including licence interests
- other items where differences arise at the time of acquisition, affecting neither the profit (loss) for the year nor the taxable income. However, this does not include differences arising in connection with company acquisitions. Except for right-of-use assets, lease liabilities, decommissioning, restoration, and similar liabilities where the corresponding amounts are recognised as part of the costs of the related assets.

Differences arising in connection with company acquisitions are recognised.

Deferred tax is measured depending on how we plan to use the assets and settle the liabilities. We offset tax assets and liabilities when the tax assets can be offset against tax liabilities in the year in which the deferred tax assets are expected to be used. Intra-group gains and losses are eliminated when calculating deferred tax. In countries where taxes can be offset between companies due to joint taxation schemes, we have netted within a tax jurisdiction. Where no such possibility is feasible, the deferred tax is included in the gross amount on a company-by-company level.

Tax losses carried forward in jurisdictions where we have a history of losses are recognised based on other convincing evidence of future profits. The other convincing evidence is based on our long-term forecast model approved by the Board of Directors.

Adjustments to unrecognised tax assets are recognised in profit (loss) or other comprehensive income depending on the underlying source of the adjustment.

Deferred tax is measured based on the tax rules and rates applying when the deferred tax becomes current tax. Changes in deferred tax because of changes in tax rates are recognised in profit (loss) for the year.

Deferred tax (net liabilities) related to tax equity structures are recognised as a tax expense in the income statement when the tax equity partnership agreement is effective, and we start to or have capitalised the corresponding assets. The liability recognised is the amount that we expect to take over once the contribution from the equity partner is repaid, and the tax equity structure flips.

US tax equity partnerships
We have entered into several tax equity partnership agreements in the US.

The expected value of the deferred tax liability related to property, plant, and equipment at the flip date in the tax equity partnership agreement is included in our accounts when the tax equity partnership agreement is effective, and we start to or have capitalised the corresponding assets. The deferred tax liability from existing tax equity partnerships will gradually be reduced based on accounting depreciation after the flip date. See more regarding tax equity partnerships in note 3.9 'Tax equity liabilities'.

Our tax footprint

Note 4.4

Our tax footprint is an effect of how and where we conduct our business.

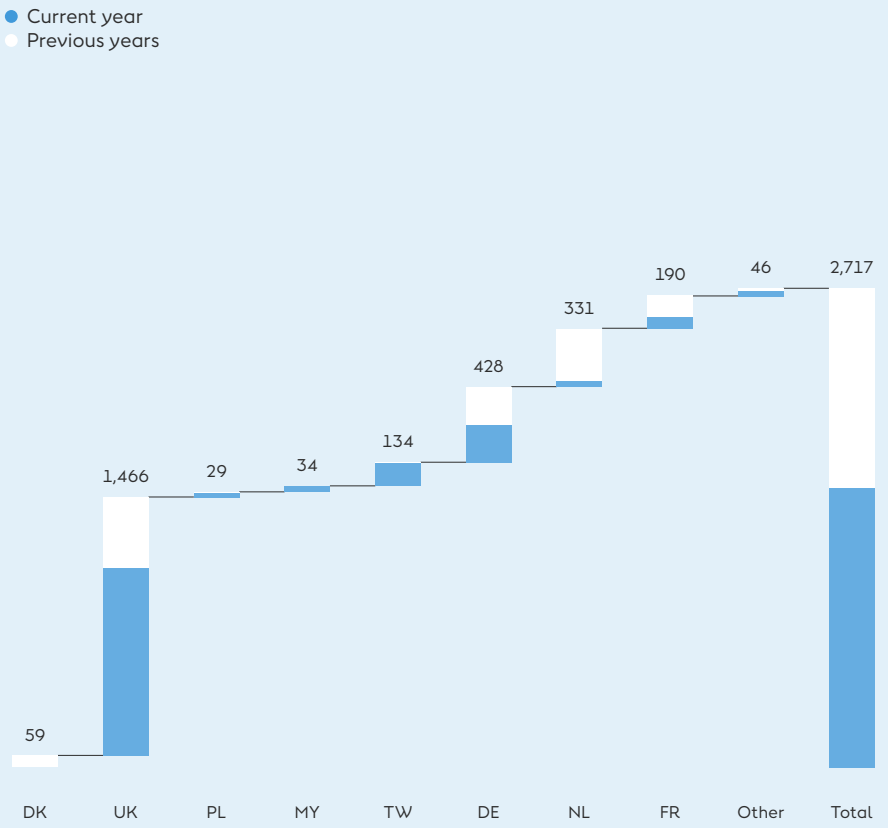
Local corporate taxes paid

We have made significant investments in offshore wind farms in the UK, Germany, the Netherlands, the US, and Taiwan, resulting in the accumulation of large tax assets in recent years. Historically, we have not paid significant taxes in these countries besides the UK. This is changing as our offshore wind farms are being commissioned and generating positive taxable income, resulting currently in paid taxes in more countries.

We are also continuously investing in the US. We do, however, not expect to pay material corporate taxes in the US in the near future due to the commercial structures in the US and the significant amount of tax assets not recognised in connection with the termination of the Ocean Wind 1 project. The funding in the US is carried out applying the US tax equity set-up, which effectively means that tax attributes are transferred to the tax equity partner as repayment and return on investment. See more regarding tax equity partnerships in note 3.9 'Tax equity liabilities'.

→ As our business matures, we start to incur corporate taxes in the countries where we operate. Taxes in Denmark of DKK 1 billion regarding the current year was paid on 1 February 2024.

Payments, corporate taxes
DKKm



Our tax footprint

Note 4.4 – continued

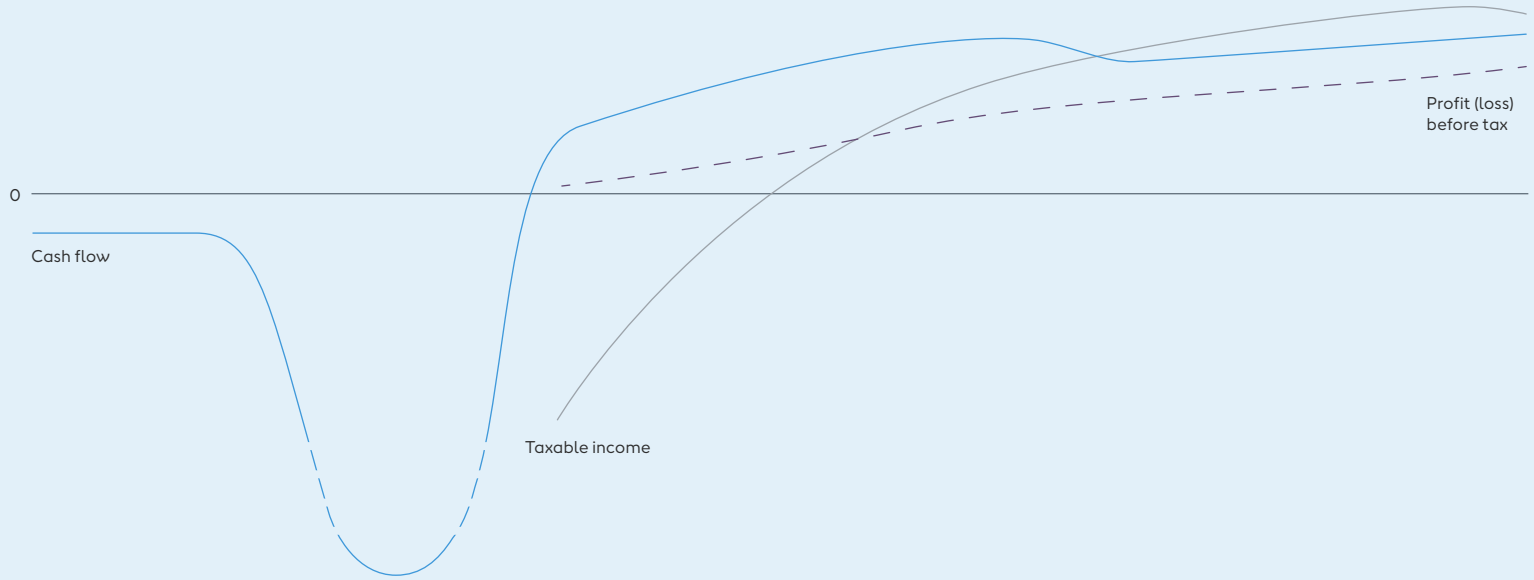
A wind farm life cycle

We operate in several countries (see our global footprint in the 'Management's review'). The design of the individual tax regime in each jurisdiction impacts the tax over the life cycle of our investments and thereby the timing of our tax payments. A wind farm life cycle begins with the development phase. This includes opportunity screening, if applicable, bid preparation, and obtaining land rights, grid connection, and permits. The latter activities are further matured if an investment decision is made, and the construction phase commences, which includes construction of the wind farm. During both phases, product, people, and property taxes are borne or collected (see our total tax contribution section).

When the wind farm is commissioned and put into operation, income and positive cash flows are generated. In many cases, the effect of tax incentives results in a deferral of taxable income compared to profit before tax for accounting purposes. Conversely, once the deferral ends, the taxable income related to the wind farm will exceed the accounting profit.

For this reason, the applicable corporate tax rate and the cash tax paid will always differ, but accumulated over the lifetime of the wind farm, they will be very similar.Also, in some of the jurisdictions where we operate, there are mandatory or voluntary tax groupings. This means that we will only pay tax on the consolidated result of all our activities in that country. As a result, continued significant investments in such a country may further defer the time when we pay taxes in that country.

Wind farm life cycle example

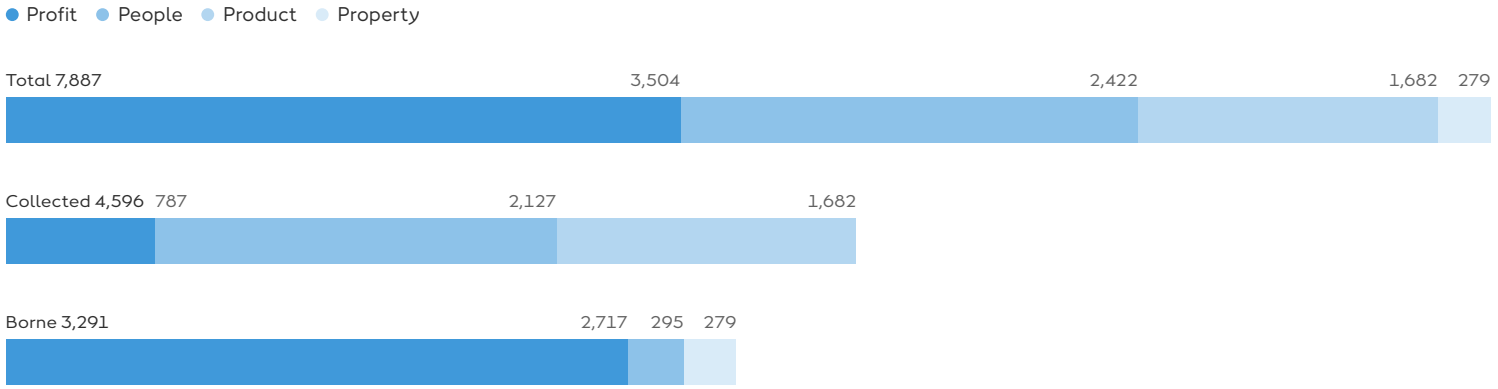


Project phases			
Development ~2-6 years	**Construction** ~2-4 years	**Operation** ~25-30 years	
Consents and permits Site investigations	Capital investment Asset construction Staff and contractors	Revenue Operating expenses Profit	Late-life development Decommissioning
Indirect taxes Employment taxes	Indirect taxes Employment taxes Corporate income taxes	Indirect taxes Employment taxes Corporate income taxes	Indirect taxes Employment taxes
Development activities result in negative cash flows in the beginning of the project life cycle. During construction, the capital employed accelerates materially. Positive income begins when the project enters into operation.		Some corporate income taxes may be paid during development if internal development services are provided between tax jurisdictions.	Also, corporate income taxes may be paid during late-life development subject to deductibility of decommissioning costs and joint taxation legislation.

Our tax footprint

Note 4.4 – continued

Total tax contribution
DKKm



Total tax contribution

The total tax contribution represents our cash tax payments to government revenues, including amounts paid through an agent. Tax does not result in a return of value to Ørsted for a right or asset used in the business.

Taxes borne by us are those that represent a direct cost and are reflected in the financial result. Taxes borne are charged to the profit and loss account.

Taxes collected are those which are generated by our operations, but do not constitute a tax liability for Ørsted. Ørsted generates the commercial activity that gives rise to the taxes and then collects and administers them on behalf of the tax authorities in the countries where we operate.

Country-by-country reporting

To increase transparency, we present key figures on tax jurisdiction levels on the following pages. Our country-by-country reporting content widely follows the GRI 207: Tax standard. To ensure internal coherence throughout the annual report, corporate income tax is calculated based on IFRS accounting standards instead of GRI methodology. The tax incentives provided on green investments defer our tax payments, resulting in a difference between profit (loss) in the financial statements and taxable income during the life cycle of a wind farm. This is applicable in most of the countries where we operate.

Total global taxes paid in 2023

Profit taxes
These include taxes on company profits that are borne (such as corporate income tax or withholding taxes ultimately borne by the group on a consolidated level) and collected (such as withholding tax on payments to third parties).

People taxes
Taxes on employment, both borne and collected (including income tax and social security tax payments).

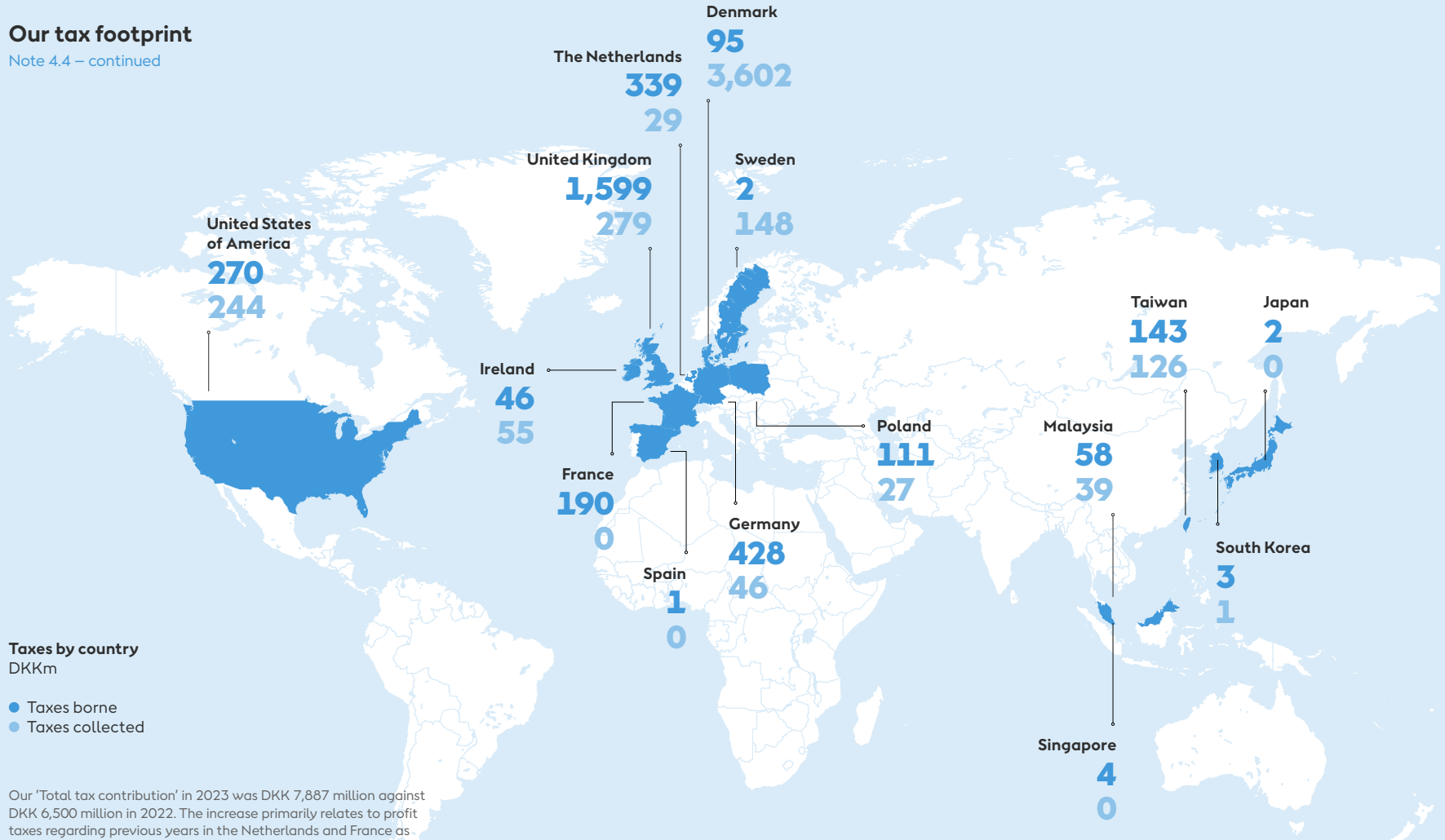
Product taxes
Indirect taxes on the production and consumption of goods and services, including net VAT and sales tax, custom duties, windfall taxes, and insurance premium tax.

Net VAT in countries in a net refund position is excluded in the total tax contribution, as it is considered a repayment of tax already paid within the year. Included are also planet taxes, which are insignificant for this summary.

Property taxes
Taxes on the ownership, sale, transfer, or occupancy of property.

Our tax footprint

Note 4.4 – continued



Taxes by country
DKKm

- Taxes borne
- Taxes collected

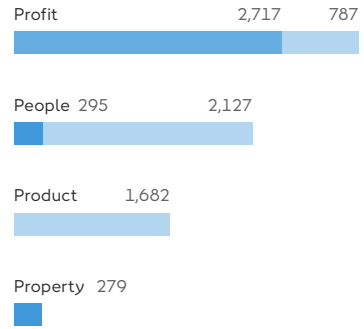
Our 'Total tax contribution' in 2023 was DKK 7,887 million against DKK 6,500 million in 2022. The increase primarily relates to profit taxes regarding previous years in the Netherlands and France as well as profit taxes from increased activities, primarily in Europe and Taiwan. Product taxes decreased due the discontinuation of our B2B business in the UK and refunds received in relation to investments in Germany, Taiwan, and other countries as well.

Total tax contribution
DKKm

3,291
4,596

Taxes by tax type
DKKm

- Taxes borne
- Taxes collected



Our tax footprint

Note 4.4 – continued

Country-by-country key figures, 2023 DKKm	Number of employees FTEs	Total employee remuneration[1]	Revenue from third-party sales	Revenue from intra-group transactions with other tax jurisdictions	Property, plant, and equipment, and inventory	Balance of intra-company debt	Corporate income tax paid on a cash basis
Denmark	4,354	4,094	62,884	6,361	15,898	65,249	59
The UK	1,311	1,106	10,169	16,784	48,072	56,535	1,466
Poland	776	321	47	625	2,297	-	29
Malaysia	769	221	11	528	11	-	34
The US	746	1,051	2,027	139	69,139	31,678	23
Germany	385	308	1,721	1,827	15,953	17,371	428
Taiwan	193	139	1,042	36	28,755	23,218	134
The Netherlands	114	86	32	1,035	4,335	4,616	331
Ireland	105	93	659	39	4,219	1,023	11
France	70	33	209	-	895	-	190
Singapore	22	27	40	81	4	-	4
Korea	21	33	-	31	-	154	3
Japan	19	30	-	21	-	77	2
Sweden	11	7	413	3	716	14	2
Spain	9	6	1	-	14	94	1
Vietnam	-	5	-	2	-	9	-
Belgium	-	10	-	-	-	-	-
Norway	-	1	-	2	-	-	-
Australia	-	-	-	-	-	-	-
Total	**8,905**	**7,571**	**79,255**	**27,514**	**190,308**	**200,038**	**2,717**

Current tax explanation on country level, 2023 DKKm	Profit (loss) before tax	Calculated local corporate tax on profit (loss) before tax	Non-taxable income and non-deductible costs, net	Unrecognised tax assets	Deferred tax	Current tax on hybrid capital and other adjustments	Current tax
Denmark	7,785	(1,648)	253	-	1,743	(115)	233
The UK	10,758	(2,521)	1,058	(123)	(587)	-	(2,173)
Poland	97	(28)	-	(1)	1	-	(28)
Malaysia	177	(42)	-	-	-	-	(42)
The US	(37,530)	9,382	73	(7,947)	(1,508)	-	-
Germany	1,165	(349)	30	79	(93)	-	(333)
Taiwan	(997)	276	19	-	(594)	-	(299)
The Netherlands	395	(99)	-	-	(48)	-	(147)
Ireland	(495)	(26)	86	-	(101)	-	(41)
France	79	(20)	-	-	(14)	-	(34)
Singapore	30	(5)	-	-	-	-	(5)
Korea	(191)	18	-	(20)	-	-	(2)
Japan	(35)	16	-	(21)	-	-	(5)
Sweden	(112)	23	-	(17)	(6)	-	-
Spain	(73)	16	-	(16)	-	-	-
Vietnam	(6)	1	-	(1)	-	-	-
Belgium	(12)	3	-	(3)	-	-	-
Norway	(54)	12	-	(12)	-	-	-
Australia	(7)	2	-	(2)	-	-	-
Total	**(19,026)**	**5,011**	**1,519**	**(8,084)**	**(1,207)**	**(115)**	**(2,876)**

Country-by-country key figures
The table shows the reporting of financial, economic, and tax-related information for each jurisdiction where we operate. This information can be compared with our total tax contribution. Our tax contributions reflect that some of our development and construction activities have been based in Denmark, and that our operations in the coming years are beginning to ramp up in markets that have been developed. Also, our presence and the corresponding tax position is affected by hedging, which is primarily handled centrally in Denmark.

Withholding taxes are reported under the country where the payment is made.

The windfall taxes that came into effect in December 2022 have resulted in additional tax payments of DKK 3.3 million.

Current tax explanation on country level
The table shows our profit (loss) before tax in tax jurisdictions and the journey to current tax. Current tax for Denmark is impacted by effects from hedges. Also, the table shows the effect from the impairment of our Ocean Wind 1 project in the US. As we do not fulfil the recognition requirements in IAS 12, the deferred tax asset associated with the impairment is not recognised. If our tax postion changes in the US, we may recognise the tax asset in future years.

See more in the section 'Accounting policies' in note 4.3 'Deferred tax'.

[1] Including employee costs transferred to assets.

Capital structure
Note 5

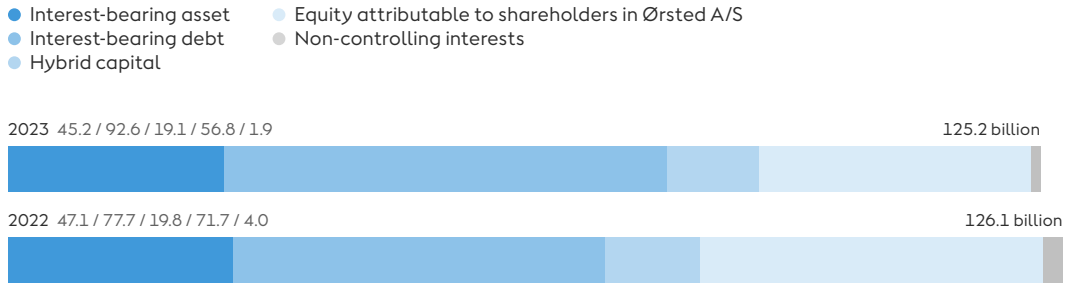
An appropriate capital structure is important to ensure we have the ability to raise new debt with attractive terms.

The costs related to terminating our Ocean Wind 1 project as well as lower forward power prices, further supply chain delays and costs to mitigate this, increasing capital expenditures (per MW) and OPEX due to cost inflation and supply chain bottlenecks have negatively impacted our credit metric (FFO/adjusted net debt) projections in 2023. Therefore, we have taken and will continue to take measures to ensure a robust balance sheet supporting long-term growth and capital structure resilience towards 2030.

In February 2023, we issued three green bonds with a total nominal value of EUR 2,000 million (DKK 14,885 million).

In June 2023, we issued a EUR 100 million (DKK 745 million) blue bond. The net proceeds from the issuance will be allocated to investments in offshore biodiversity.

Equity and interest-bearing net debt
DKKbn



Capital structure
To ensure we have the financial strength to operate in the international energy and capital markets and secure financing on attractive terms, we target a solid investment grade rating with all three major rating agencies. This includes an FFO/adjusted interest-bearing net debt credit metric above 30%.

Financing policy
The aim of our financing policy is to minimise liquidity and refinancing risks while minimising financing costs and matching the currency composition of our debt with our revenue.

We obtain funding in different markets and with different maturities. Our debt is primarily consolidated in the parent company where cash resources are made available to the Group companies via an internal bank.

Cash management and liquidity reserve
A group-wide cash management set-up ensures optimal allocation of cash in relation to our day-to-day operations and investment programme. We target a liquidity reserve that ensures adequate coverage of our use of liquidity on a rolling 12 month forward-looking basis to limit the company's sensitivity to unforeseen developments, including unrest in the financial markets.

28.6%

Funds from operations (FFO) relative to adjusted interest-bearing net debt amounted to 28.6% at 31 December 2023 against 42.7% at 31 December 2022.

47.4 bn

Our interest-bearing net debt totalled DKK 47,379 million at 31 December 2023 against DKK 30,571 million at 31 December 2022.

90.7 bn

Our liquidity reserve totalled DKK 90,665 million at 31 December 2023 against DKK 97,784 million at 31 December 2022.

Interest-bearing net debt and FFO

Note 5.1

Interest-bearing debt and interest-bearing assets DKKm	2023	2022
Interest-bearing debt:		
Bank debt	9,031	8,913
Bond debt	70,589	54,368
Total bond and bank debt	**79,620**	**63,281**
Tax equity liability (see note 3.9)	1,196	1,236
Lease liability	8,426	8,266
Other interest-bearing debt:		
Debt in connection with divestments	2,900	2,904
Debt from receiving collateral under credit support annexes	286	1,196
Other interest-bearing debt	153	824
Total interest-bearing debt	**92,581**	**77,707**
Interest-bearing assets:		
Securities	29,902	25,197
Cash	10,145	16,178
Receivables from associates and joint ventures	77	-
Cash, not available for use	481	2,471
Other interest-bearing receivables:		
Receivables from placing collateral under credit support annexes	3,854	2,449
Receivables in connection with divestments	735	713
Other receivables	8	128
Total interest-bearing assets	**45,202**	**47,136**
Total interest-bearing net debt at 31 December	**47,379**	**30,571**
50% of hybrid capital	9,552	9,897
Other interest-bearing debt, add back	(3,339)	(4,924)
Other interest-bearing receivables, add back	4,597	3,290
Cash and securities not available for distribution, excluding repo loans	867	3,241
Total adjusted interest-bearing net debt	**59,056**	**42,075**

Funds from operations (FFO) DKKm	2023	2022
EBITDA	**18,717**	**32,057**
Change in provisions and other adjustments	8,742	(2,213)
Change in derivatives	4,274	(8,687)
Variation margin (add back)	(7,086)	10,332
Reversal of gain (loss) on divestment of assets	(5,745)	(10,885)
Income tax paid	(2,717)	(1,263)
Interest and similar items, received/paid	1,385	(563)
Reversal of interest expenses transferred to assets	(453)	(586)
50% of coupon payments on hybrid capital	(273)	(264)
Dividends received and capital reductions	19	23
Funds from operations (FFO)	**16,863**	**17,951**

Funds from operations (FFO)/adjusted interest-bearing net debt %	2024	2023	2022
Funds from operations (FFO)		16,863	17,951
Total adjusted interest-bearing net debt		59,056	42,075
Funds from operations (FFO)/adjusted interest-bearing net debt		**28.6%**	**42.7%**
Target	Above 30%	~25.0%	~25.0%

FFO/adjusted interest-bearing net debt was 28.6% compared with 42.7% in 2022. The decrease in 'FFO/adjusted interest-bearing net debt' is mainly due to an increase in adjusted interest-bearing net debt of DKK 17.0 billion.

'Interest-bearing net debt' totalled DKK 47,379 million compared with DKK 30,571 million in 2022.

Interest-bearing net debt and FFO

Note 5.1 – continued

Interest-bearing net debt

Interest-bearing net debt totalled DKK 47,379 million at the end of 2023, an increase of DKK 16,808 million relative to 2022. The increase in interest-bearing net debt consists of an increase in interest-bearing debt of DKK 14,874 million and a decrease in interest-bearing assets of DKK 1,934 million.

In February, we issued three new green senior bonds in the amount of EUR 2,000 million (DKK 14,885 million):

- EUR 700 million (DKK 5,210 million), 3.625% interest, maturing in March 2026
- EUR 600 million (DKK 4,465 million), 3.750% interest, maturing in March 2030
- EUR 700 million (DKK 5,210 million), 4.125% interest, maturing in March 2035.

In June, we also issued a EUR 100 million (DKK 745 million) blue senior bond with maturity in June 2028 and a fixed interest rate of 3.625%. The net proceeds from the issuance will be allocated to investments in offshore biodiversity.

Rating

We have a corporate credit rating of BBB+/Baa1/BBB+ from Standard & Poor's, Moody's, and Fitch.

Following our announcement regarding impairment of our US portfolio on 29 August 2023, Moody's changed their outlook from stable to negative in September 2023, and Standard & Poor's and Fitch followed in November 2023.

If our ratings should be downgraded by one notch to BBB/Baa2/BBB following clarification by the rating agencies, it will not impact Ørsted's business activities.

'FFO/adjusted interest-bearing net debt' was 28.6% in 2023.

Market value of bond and bank debt

The market value of our bond and bank debt amounted to DKK 68,671 million and DKK 8,711 million, respectively, at 31 December 2023 (2022: DKK 53,358 million and DKK 8,483 million, respectively). The market value of issued bonds has been determined as the market value at 31 December (level 1 – quoted prices).

The market value of bank loans has been determined as the present value of expected future instalments and interest payments using the Group's current interest rate on loans as the discount rate (level 2 – observable inputs).

Due to the level of interest rates being lower at the time of issuance, the market value of our bond and bank debt is below the carrying amount.

Changes in interest-bearing debt

DKKm	2023	2022
Interest-bearing debt at 1 January	77,707	60,358
Cash transactions:		
Proceeds from raising loans	17,584	37,090
Instalments on loans	(1,580)	(21,482)
Instalments on leases	(712)	(582)
Change in other interest-bearing debt and tax equity liability	(1,625)	1,291
Non-cash transactions:		
Raising lease debt, etc.	872	1,316
Bank loans acquired in a business combination	-	437
Foreign exchange adjustments, amortisation, etc.	335	(721)
Interest-bearing debt at 31 December	**92,581**	**77,707**

Loan arrangements and credit facilities

At 31 December 2023, we had bank loan obligations totalling DKK 5,030 million (2022: DKK 5,880 million) to the European Investment Bank and Nordic Investment Bank. The loans offered by these multilateral financial institutions cofund specific energy projects with maturities exceeding those normally available in the commercial banking market.

Furthermore, we had non-cancellable credit facilities and undrawn loan agreements of DKK 51,159 million at 31 December 2023 (2022: DKK 57,179 million) with a number of Scandinavian, international, and Taiwanese banks. See note 5.4 'Liquidity reserve' for further details.

In connection with these loan arrangements and credit facilities, we may be met with demands for cancellation and repayment of any drawn amount in the event of shareholders other than a group consisting of the Danish state and Danish power distribution companies controlling more than 50% of the share capital or voting rights in Ørsted A/S. Our financing agreements are not subject to any other unusual terms or conditions.

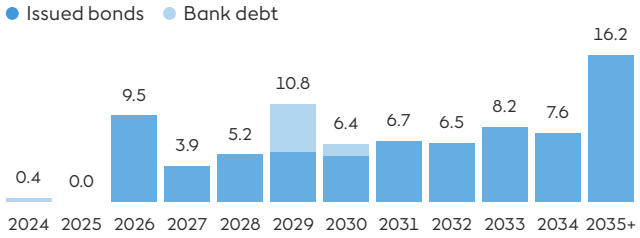
Interest-bearing net debt and FFO

Note 5.1 – continued

Senior bonds issued at 31 December 2023 Million, currency	Type of financing	Outstanding amount Currency	DKK	Coupon (%)	Time of issue	Maturing	Quoted in
EUR	Green	600	4,473	2.250	June 2022	June 2028	Luxembourg
EUR	Green	750	5,591	1.500	Nov. 2017	Nov. 2029	London
EUR	Green	900	6,709	3.250	Sep. 2022	Sep. 2031	Luxembourg
EUR	Green	750	5,591	2.875	June 2022	June 2033	Luxembourg
EUR	Green	700	5,218	3.625	Feb. 2023	March 2026	Luxembourg
EUR	Blue	100	745	3.625	June 2023	June 2028	Luxembourg
EUR	Green	600	4,473	3.750	Feb. 2023	March 2030	Luxembourg
EUR	Green	700	5,218	4.125	Feb. 2023	March 2035	Luxembourg
GBP	Green	350	3,011	2.125	May 2019	May 2027	Luxembourg
GBP	-	750	6,452	4.875	Jan. 2012	Jan. 2032	London
GBP	Green	300	2,581	2.500	May 2019	May 2033	Luxembourg
GBP	Green	250[1]	2,151	CPI+0.375	May 2019	May 2034	Luxembourg
GBP	Green	375	3,226	5.125	Sep. 2022	Sep. 2034	Luxembourg
GBP	-	500	4,301	5.750	Apr. 2010	Apr. 2040	London
GBP	Green	575	4,947	5.375	Sep. 2022	Sep. 2042	Luxembourg
NTD	Green	4,000	880	0.920	Nov. 2019	Nov. 2026	Taipei
NTD	Green	4,000	880	0.600	Nov. 2020	Nov. 2027	Taipei
NTD	Green	3,000	660	0.700	Nov. 2020	Nov. 2030	Taipei
NTD	Green	8,000	1,759	1.500	Nov. 2019	Nov. 2034	Taipei
NTD	Green	8,000	1,759	0.980	Nov. 2020	Nov. 2040	Taipei

[1] Issued principal is indexed to an outstanding amount of GBP 309 million corresponding to DKK 2,654 million at 31 December 2023. In addition to senior bonds, we have issued a number of hybrid bonds, see note 5.3 'Hybrid capital'.

Maturity profile of issued senior bonds and bank debt
DKK billion



§ Accounting policies

Bond debt, bank debt, and other payables are recognised at inception at market value (typically proceeds received) net of transaction costs incurred. In subsequent periods, the liabilities are measured at amortised cost, so that the difference between the cost (proceeds) and the nominal value is recognised in profit (loss) for the year as interest expenses over the term of the loan, using the effective interest rate method.

Financial liabilities are classified as current, unless the Group has an unconditional right to defer settlement of the liability to at least one year after the balance sheet date.

Equity

Note 5.2

Earnings per share DKKm	**2023**	**2022**
Profit (loss) for the year	(20,182)	14,996
Interest and costs, hybrid capital owners of Ørsted A/S	(553)	(577)
Non-controlling interests	(324)	130
Ørsted's share of profit (loss) for the year	**(21,059)**	**14,549**
('000)		
Average number of outstanding shares	420,227	420,209
Dilutive effect of share programme	280	233
Average number of outstanding shares, diluted	**420,507**	**420,442**
(DKK)		
Earnings per share	(50.1)	34.6
Diluted earnings per share	(50.1)	34.6

Share capital

Ørsted's share capital is DKK 4,203,810,800 (2022: 4,204 million), divided into shares of DKK 10. The share capital is unchanged from last year. No shares are subject to special rights or restrictions on voting rights. All shares are fully paid up.

Treasury shares

To secure our share programme, we have acquired treasury shares in accordance with the authorisation approved by the general meeting. The total portfolio of treasury shares consists of 150,784 shares at 31 December 2023 (2022: 154,344), corresponding to less than 0.1 % of the share capital.

Dividends

The Board of Directors recommends that dividends of DKK 0 million (2022: DKK 5,675 million) be paid for the financial year, corresponding to DKK 0 per share (2022: DKK 13.50 per share).

Owners in Ørsted

The Danish state is the principal shareholder with an ownership interest of 50.1 %. In addition, Andel have an ownership interest above 5 %. See note 16 'Ownership information' in the parent company's financial statements.

Dividend yield
%

The graph shows the proposed dividends compared to the closing price for an Ørsted share on the last trading day of the year.

Equity

Note 5.2 – continued

Reserves 2023 DKKm	Foreign currency translation reserve	Hedging reserve[1]					Total reserves
		Hedging of net investments	Hedging of revenue	Hedging of divestments	Hedging of interest	Hedging of production assets	
Reserves at 1 January	(725)	(1,178)	(26,694)	-	2,130	-	(26,467)
Exchange rate adjustments	531	-	-	-	-	-	531
Value adjustments of hedging	-	(328)	24,950	(41)	108	-	24,689
Value adjustments transferred to:							
Revenue	-	-	(2,437)	-	-	-	(2,437)
Other operating income – gain on divestment of assets	(80)	21	-	(44)	-	-	(103)
Other operating expenses	-	-	512	-	-	-	512
Financial income and expenses	-	(236)	134	-	(2,308)	-	(2,410)
Tax:							
Tax on hedging and currency adjustments	(110)	120	(5,080)	20	484	-	(4,566)
Movement for the year	**341**	**(423)**	**18,079**	**(65)**	**(1,716)**	**-**	**16,216**
Total reserves including tax at 31 December	**(384)**	**(1,601)**	**(8,615)**	**(65)**	**414**	**-**	**(10,251)**
Total reserves excluding tax at 31 December	**(1,093)**	**(2,053)**	**(9,827)**	**(85)**	**530**	**-**	**(12,528)**

Reserves 2022 DKKm							
Reserves at 1 January	1,475	(1,833)	(24,585)	(460)	574	51	(24,778)
Exchange rate adjustments	(3,625)	-	-	-	-	-	(3,625)
Value adjustments of hedging	-	738	(29,935)	3,786	2,578	50	(22,783)
Value adjustments transferred to:							
Revenue	-	-	11,730	-	-	-	11,730
Other operating income – gain on divestment of assets	574	102	11,970	(3,197)	-	-	9,449
Other operating expenses	-	-	4,475	-		-	4,475
Financial income and expenses	-	-	-	-	(583)	-	(583)
Property, plant, and equipment	-	-	-	-	-	(116)	(116)
Tax:							
Tax on hedging and currency adjustments	851	(185)	(349)	(129)	(439)	15	(236)
Movement for the year	**(2,200)**	**655**	**(2,109)**	**460**	**1,556**	**(51)**	**(1,689)**
Total reserves including tax at 31 December	**(725)**	**(1,178)**	**(26,694)**	**-**	**2,130**	**-**	**(26,467)**
Total reserves excluding tax at 31 December	**(1,544)**	**(1,510)**	**(33,000)**	**-**	**2,731**	**-**	**(33,323)**

Foreign currency translation reserve
The foreign currency translation reserve comprises:

- exchange rate adjustments arising on translation of the financial statements of foreign entities with a currency that is not the Group's presentation currency
- exchange rate adjustments relating to loans that form part of our net investment in such entities
- exchange rate adjustments relating to hedging transactions on our net investment in such entities.

On realisation or partial realisation of the net investment, the exchange rate adjustments are recognised in profit (loss) for the year if a foreign exchange gain (loss) is realised by the divested entity. The foreign exchange gain (loss) is transferred to the item where the gain (loss) is recognised.

Hedging of revenue
Hedging of revenue includes hedging of energy, currency, and inflation risks associated with revenue.

Share premium reserve
Retained earnings include the share premium reserve of DKK 21,279 million (2022: 21,279 million), representing the excess of the amount of subscribed-for share capital over the nominal value of these shares in connection with capital injections.

[1] Costs of hedging related to basis spread on currency swaps and option premiums included in the hedging reserve amount to DKK 6 million (2022: 10 million).

Hybrid capital

Note 5.3

Hybrid bonds	Green due in 3017	Green due in 3019	Green due in 3021	Green due in 3022	Green due in 3021
Type	Subordinated	Subordinated	Subordinated	Subordinated	Subordinated
Carrying amount	DKK 3,668 million	DKK 4,416 million	DKK 3,697 million	DKK 3,692 million	DKK 3,630 million
Financial classification	Equity	Equity	Equity	Equity	Equity
Notional amount	EUR 500 million (DKK 3,727 million)	EUR 600 million (DKK 4,473 million)	EUR 500 milllion (DKK 3,727 million)	EUR 500 milllion (DKK 3,727 million)	GBP 425 million (DKK 3,656 million)
Issued	November 2017	December 2019	February 2021	December 2022	February 2021
Maturing	November 3017	December 3019	February 3021	December 3022	February 3021
Quoted in	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg
First redemption at par	24 November 2024	9 December 2027	18 February 2031	8 December 2028	18 February 2033
Coupon for the first	Seven years fixed at 2.250% p.a.	Eight years fixed at 1.750% p.a.	Ten years fixed at 1.500% p.a.	Six years fixed at 5.250% p.a.	12 years fixed at 2.500% p.a.
Coupon in subsequent period is adjusted every five years with the five-year euro swap	+1.899% points from 2024, +2.149% points from 2029, and +2.899% points from 2044	+1.952% points from 2027, +2.020% points from 2032, and +2.952% points from 2047	+1.860% points from 2031 and +2.610% points from 2051	+2.619% points from 2028, +2.869% points from 2033, and +3.619% points from 2048	Adjusted every five years with the five-year benchmark gilt +2.136% points from 2033 and +2.886% points from 2053
Deferral of interest payment	Optional	Optional	Optional	Optional	Optional

We have issued hybrid capital which is subordinate to our other creditors. The purpose of issuing hybrid capital is to strengthen our capital base and fund our investments. We have issued EUR hybrid bonds with a total nominal value of EUR 2,100 million and GBP 425 million, respectively, equivalent to DKK 19,310 million (2022: EUR 2,194 million and GBP 425 million, respectively, equivalent to DKK 19,877 million).

For all our hybrid bonds, we have the right to defer coupon payments and ultimately decide not to pay them at maturity. Deferred coupon payments become payable, however, if we decide to pay dividends to our shareholders or pay coupon payments on other hybrid bonds.

As a consequence of the special terms regarding the hybrid bonds, these are classified as equity, and therefore coupon payments are recognised in equity.

§ Accounting policies

Hybrid capital comprises issued bonds that qualify for treatment in accordance with the rules on compound financial instruments due to the special characteristics of the bonds. The notional amount, which constitutes a liability, is recognised at present value, and equity has been increased by the difference between the net proceeds received and the present value of the discounted liability. The carrying amount of the liability component amounted to nil on initial recognition as the only payment obligation is the repayment of the nominal value in 1,000 years.

Coupon payments are accounted for as dividends, which are recognised directly in equity at the time the payment obligation arises. This is because the coupon is discretionary, and therefore any deferred coupon lapses upon maturity of the hybrid capital. Coupon payments are recognised in the statement of cash flows within financing activities.

On redemption of hybrid capital, the payment will be distributed between liability and equity, applying the same ratio as when the hybrid capital was issued. This means that the difference between the payment on redemption and the net proceeds received on issue is recognised directly in equity, as the liability portion of the existing hybrid issues will be nil during the first part of the life of the hybrid capital.

Liquidity reserve

Note 5.4

Liquidity reserve

Liquidity reserve at 31 December 2023 amounted to DKK 90.7 billion (31 December 2022: DKK 97.8 billion).

The change in liquidity reserve is due to a decrease in cash and undrawn credit facilities of DKK 6,033 million and DKK 6,174 million, respectively. Partly countered by an increase in available securities of DKK 5,088 million.

Collateral and margin postings

When we trade in derivatives to execute our hedging strategy, we have two alternatives:

- Trading where the market value is settled on an ongoing basis through receipt or placement of collateral.
- Trading where we accept the credit risk that will occur if we gain on the transaction.

We are trading under both types of agreements to increase the number of counterparties with whom we are engaging to achieve the most optimal price.

To mitigate and limit the potential negative impact on our cash position from temporary fluctuations in market prices, we actively manage the volume of trades between trading with and without collateral arrangements.

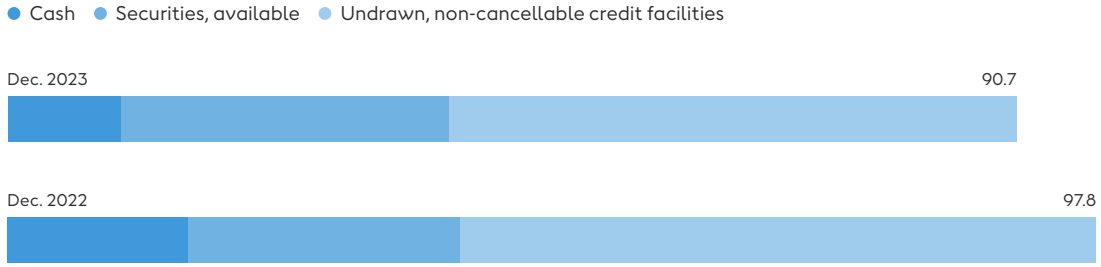
As of 31 December 2023, 12 % (2022: 31 %) of our power and gas trades and 88 % (2022: 86 %) of our currency, inflation, and interest rate hedges had daily margin settlements.

To limit cash impact, we also provide non-cash collateral as parent company and bank guarantees, where possible. At the end of December 2023, we had covered EUR 0.5 billion in collateral for initial margins and variation margins on energy hedges through a parent company guarantee.

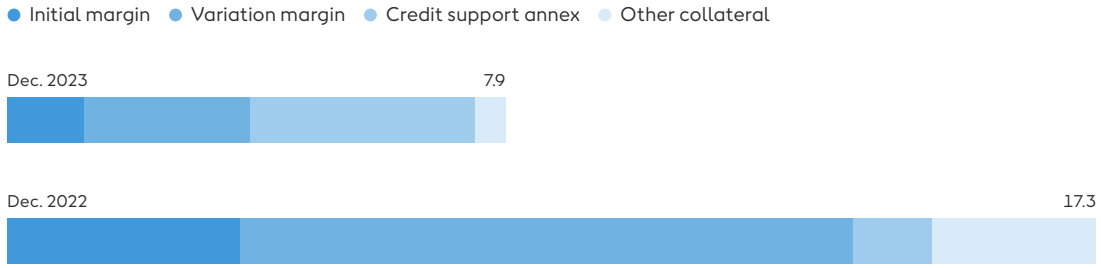
Our collateral and margin payments related to trading with derivatives and collateral related to insurance liabilities and escrow accounts have decreased from DKK 17.3 billion at 31 December 2022 to DKK 7.9 billion at 31 December 2023. The decrease was primarily driven by the large decrease in power and gas prices. During the year, collateral payments related to variation and initial margins decreased by DKK 2.5 billion and DKK 7.1 billion, respectively, and amounted to DKK 3.9 billion at 31 December 2023.

Initial margin and variation margin relate to energy hedges, and the credit support annex (CSA) relates to currency, inflation, and interest rate hedges. Other collateral mainly relates to insurance liabilities and escrow accounts. Further securities can be placed as collateral in repo transactions as part of our cash management.

Liquidity reserve
DKKbn



Collateral and margin postings
DKKbn



Liquidity reserve

Note 5.4 – continued

Cash and cash equivalents, securities DKKm	2023	2022
Cash, cf. balance sheet	10,145	16,178
Bank overdrafts that are part of the ongoing cash management	(1)	(3)
Total cash and cash equivalents at 31 December, cf. statement of cash flows	**10,144**	**16,175**
Cash can be specified as follows:		
Cash cf. balance sheet	10,145	16,178
Cash, not available for use	481	2,471
Securities can be specified as follows:		
Securities, available	29,515	24,428
Securities, not available for use	387	769
Total securities at 31 December	**29,902**	**25,197**

The table shows our cash and securities divided into available and not available for use.

Overview of securities DKKm	Fixed rate	Floating rate	2023	Fixed rate	Floating rate	2022
Maturities						
0-2 years	3,064	12,032	15,096	37	12,278	12,315
2-5 years	371	8,287	8,658	961	6,025	6,986
After 5 years	2,583	3,565	6,148	1,666	4,230	5,896
Total carrying amount	**6,018**	**23,884**	**29,902**	**2,664**	**22,533**	**25,197**

The table shows our securities split into maturities and fixed or floating interest rates. The overview includes interest rate swaps used to manage the interest rate risk on the securities.

Cash, cash equivalents, and securities

Securities are a key element in our liquidity reserve, and therefore, investments are mainly made in liquid AAA-rated Danish mortgage bonds and, to a lesser extent, in other bonds. Most of the securities qualify for repo transactions with the Danish central bank, 'Danmarks Nationalbank'.

'Securities not available for use' comprise securities pledged as collateral for:

- insurance-related provisions: DKK 387 million at 31 December 2023 (2022: DKK 381 million)
- trading in financial instruments: DKK 0 million at 31 December 2023 (2022: DKK 388 million).

At 31 December 2023, we had received cash collateral in the amount of DKK 286 million (2022: DKK 1,194 million) concerning the positive market value of derivatives.

'Cash not available for use' comprises:

- collateral for power purchase agreements and trading with financial instruments: DKK 421 million (2022: DKK 366 million)
- collateral for insurance-related provisions: DKK 41 million (2022: DKK 38 million)
- payables for the purchase of gas that has not yet been settled, placed on a restricted account: DKK 0 million (2022: DKK 2,029 million)
- collateral for other transactions: DKK 19 million (2022: DKK 38 million).

§ Accounting policies

Securities comprise bonds that are monitored, measured, and reported at market value on an ongoing basis in conformity with the Group's investment policy. Changes in market value are recognised in profit (loss) for the year as financial income and expenses. Purchase and sale of securities are recognised at the settlement date.

For listed securities, market value equals the market price, and for unlisted securities, market value is estimated based on generally accepted valuation methods and market data.

Divested securities where repurchase agreements (repo transactions) have been made at the time of sale are recognised in the balance sheet at the settlement date as if the securities were still held. The amount received is recognised as a liability, and the difference between the selling price and the purchase price is recognised in profit (loss) for the year over the term as interest. The return on the securities is recognised in profit (loss) for the year.

Maturity analysis of financial liabilities

Note 5.5

Maturity analysis of financial liabilities 2023 DKKm	2024	2025	2026-2027	After 2027	2023
Bank loans and issued bonds:					
Notional amount	408	-	13,388	66,165	79,961
Interest payments	2,485	2,480	4,762	15,380	25,107
Trade payables	14,915	-	-	-	14,915
Lease liabilities	1,009	844	1,552	8,634	12,039
Tax equity debt	153	213	443	681	1,490
Other non-derivative payables	4,090	1,730	808	11,390	18,018
Derivatives	7,611	3,445	4,015	7,404	22,475
Total payment obligations	**30,671**	**8,712**	**24,968**	**109,654**	**174,005**

Maturity analysis of financial liabilities 2022 DKKm	2023	2024	2025-2026	After 2026	2022
Bank loans and issued bonds:					
Notional amount	3,087	53	1,487	59,077	63,704
Interest payments	1,883	1,880	3,741	14,721	22,225
Trade payables	20,641	-	-	-	20,641
Lease liabilities	817	664	1,288	9,182	11,951
Tax equity debt	150	158	343	845	1,496
Other non-derivative payables	8,019	1,543	489	12,810	22,861
Derivatives	32,636	13,442	6,059	11,288	63,425
Total payment obligations	**67,233**	**17,740**	**13,407**	**107,923**	**206,303**

The Group's cash needs in respect of its financial loans and borrowings are shown in the table. The maturity analysis was determined on 31 December.

The maturity analysis is based on undiscounted cash flows, including estimated interest payments. Interest payments are based on market conditions and interest rate hedging entered into on 31 December. The maturity analysis does not include hybrid capital classified as equity. At 31 December 2023, we had issued hybrid capital with a notional amount totalling DKK 19,310 million due after 2027.

Financial income and expenses

Note 5.6

Net financial income and expenses[1]

DKKm	2023	2022
Interest expenses, net	(1,764)	(1,895)
Interest expenses, leasing	(308)	(256)
Interest element of provisions, etc.	(662)	(613)
Tax equity partner's contractual return	(965)	(1,134)
Value adjustments of derivatives, net	1,850	1,593
Capital gains/losses on securities at market value, net	489	(1,556)
Exchange rate adjustments, net	(140)	1,343
Other financial income and expenses	57	(18)
Net financial income and expenses	**(1,443)**	**(2,536)**

Financial income and expenses[2]

DKKm	2023	2022
Interest income from cash, etc.	926	211
Interest income from securities at market value	716	157
Capital gains on securities at market value	489	34
Foreign exchange gains	4,674	8,226
Value adjustments of derivatives	5,548	6,885
Other financial income	26	1
Total financial income	**12,379**	**15,514**
Interest expenses relating to loans and borrowings, etc.	(4,167)	(2,848)
Interest expenses transferred to assets	453	585
Interest expenses, leasing	(308)	(256)
Interest element of provisions	(257)	(513)
Tax equity partner's contractual returns	(965)	(1,134)
Capital losses on securities at market value	-	(1,596)
Foreign exchange losses	(5,042)	(7,323)
Value adjustments of derivatives	(3,470)	(4,800)
Other financial expenses	(66)	(165)
Total financial expenses	**(13,822)**	**(18,050)**
Net financial income and expenses	**(1,443)**	**(2,536)**

[1] The table shows net financial income and expenses, corresponding to our internal reporting.

'Value adjustments of derivatives, net' and 'Capital gains/losses on securities at market value, net' were both impacted by the significant increase in interest rates in 2022 as we use interest rate swaps to adjust the maturity of our bond portfolio and thereby reduce the interest rate risk of our bond portfolio. In 2023, 'Value adjustments of derivatives, net' is affected by a gain of DKK 2,399 million due to hedge ineffectiveness, mainly driven by less funding needed in the US after the termination of Ocean Wind 1.

'Exchange rate adjustments, net' are mainly affected by inter-company balances between entities with different functional currencies and do not impact the statement of cash flows or interest-bearing net debt. Negative 'Exchange rate adjustments, net' in 2023 were mostly driven by the increase in GBP/DKK exchange rate. The GBP/DKK rate decreased significantly in 2022, which led to positive exchange rate adjustments for that period.

[2] Exchange rate adjustments of currency hedging are recognised in revenue and cost of sales with a loss of DKK 451 million (2022: a loss of DKK 349 million).

Borrowing costs transferred to property, plant, and equipment under construction are calculated as the weighted average effective interest rate for general borrowing. This amounted to 3.4 % in 2023 (2022: 3.1 %).

§ Accounting policies

Market value adjustments of interest rate and currency derivatives that have not been entered into for hedging purposes are presented as financial income or expenses.

The accounting policy for the tax equity partner's contractual return is described in note 3.9 'Tax equity liabilities'.

Risk management
Note 6

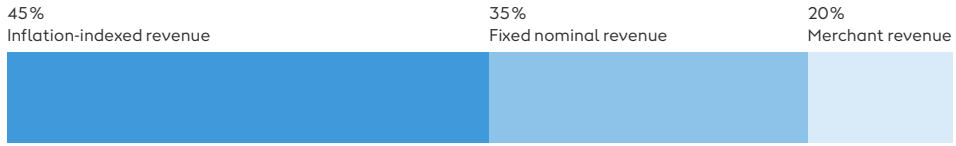
We are exposed to financial risks in the form of market, credit, and liquidity risks as part of our business, hedging, and trading activities. Through our risk management, we monitor and proactively manage the risks according to our risk appetite.

In this note, we describe the origination, governance, and management of market and credit risks. The management of liquidity risk can be found in note 5.

Our financial market risks relate to energy prices, commodity prices related to CAPEX, currency exchange rates, interest rates, and inflation. Although not a financial risk, changes to our expected volumes produced or sold can increase or decrease the impact of these risks. The composition of the expected revenue from our offshore and onshore assets for 2024-2030 (shown to the right) illustrates the relative size of the risks.

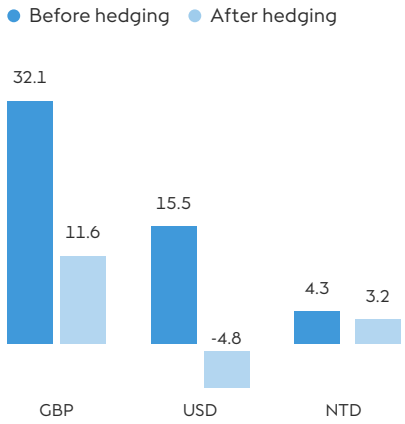
Furthermore, our cash flows denominated in foreign currencies are exposed to changes in the value of foreign currencies against Danish kroner.

Revenue composition of offshore and onshore assets 2024-2030



For the period 2024-2030, approximately 80% of our expected revenue from our wind and solar PV assets are fixed price inflation-indexed or fixed nominal. The remaining 20% is exposed to fluctuations in power prices.

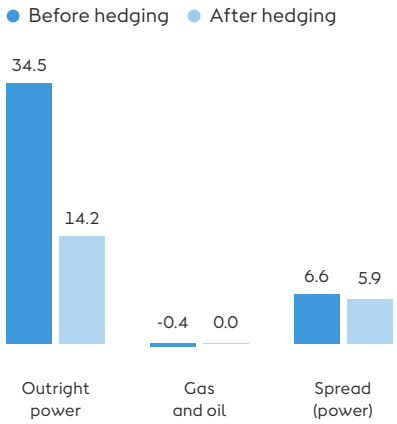
Currency exposure 2024-2028[1]
DKKbn



[1] For USD and NTD, we manage our risk to a natural time spread between front-end capital expenditures and long-term revenue. For USD, we have hedged more than our current exposures in 2024-2028 due to a combination of hedges to be rolled further out in time and large changes to the exposures following the decision not to build Ocean Wind 1 and 2.

We do not deem EUR to constitute a risk as we expect Denmark to maintain its fixed exchange-rate policy.

Energy exposure 2024-2026[2]
DKKbn



[2] Energy exposure before hedging does not include revenue from inflation-indexed and fixed nominal prices as these do not contain any energy exposure.

Our outright power exposure has decreased in 2023 due to the decrease in power prices.

~45% inflation-indexed revenue

~45% of our revenue from offshore and onshore assets are fixed price-indexed to inflation, mainly from ROC and CfD subsidies in the UK and Poland.

~35% fixed nominal revenue

~35% of our revenue from offshore and onshore assets are fixed in nominal terms, mainly from fixed-price subsidies and CPPAs in Continental Europe, Taiwan, and the US as well as hedges swapping inflation-indexed cash flows to fixed.

~20% merchant revenue

~20% of our revenue from offshore and onshore assets are exposed to merchant power prices, mainly from the period after expiry of subsidies or CPPAs.

DKK -9.9 billion

The value of our hedging instruments (mainly power) that will impact EBITDA in the future amounts to a loss of DKK 9.9 billion at 31 December 2023 (2022: DKK 33.0 billion)

Risk framework

Note 6.1

The overall objective of our financial risk management is to:

- increase the predictability of our short-term income and construction costs
- protect our current and future investment capacity by stabilising key rating metrics like FFO/NIBD
- protect the long-term real value of the shareholders' investment in Ørsted.

The governance for managing market, credit, and liquidity risks are based on the three lines of defence model:

- The first line of defence is responsible for all risks we take on through our business, hedging, and trading activities.
- The second line of defence is Risk Management, which oversees the activities of the first line, challenges, monitors, and reports risk exposures, and mandate compliance.
- The third line of defence is Internal Audit.

The mandates for first line are established during the business planning processes and evaluated according to our risk appetite. An example is deciding on the target hedge level for price exposures from intermittent power production as described in note 6.2 'Energy price risks'.

In our financial risk management processes, financial risks are quantified and assessed against our risk appetite – alongside decisions on suitable risk mitigation measures. Our biggest business risks and associated risk mitigation measures are presented in the 'Risk and risk management' section in the 'Management's review'.

The Board of Directors overseas our risk management through the Audit & Risk Committee and approves associated frameworks, mandates, and limits per risk factor. See the 'Corporate governance' section in the 'Management's review' for governance around our committees.

We govern the accounting treatment and effectiveness of hedges by applying hedge accounting on energy, commodity, currency, interest rate, and inflation hedging.

§ Accounting policies

Hedge accounting
We apply hedge accounting to our energy, commodity, currency, interest, and inflation hedges.

Almost all of the hedging instruments we use fully match the market risk of the exposure we hedge. The UK power exposure, for example, is hedged using UK power swaps or futures. Thus, the main source of ineffectiveness is related to the volume and timing of the actual production versus the settlement of the hedge. This difference in timing is referred to as volume risk and is described in more detail on the next page.

To the extent that a risk needs to be hedged, and if there is no fully effective instrument available in the market, analyses are performed of the expected effectiveness of the hedging instrument before the hedging transaction is concluded. In this case, the ratio between the hedged risk and the hedging instrument may deviate from the one-to-one principle and will be determined as the ratio which most effectively hedges the desired risk.

When we conclude a hedging transaction, and each time we present financial statements thereafter, we assess the correlation between the hedged exposure and the hedging instrument. The effective change in market value of the hedging instrument is recognised as a hedge of future cash flows in other comprehensive income in the hedging reserve.

If the hedged cash flows are no longer expected to be realised, the in-full or partially accumulated value change is transferred to profit (loss) for the year. Ineffective hedges related to energy and commodity exposures are recognised in other operating expenses. Ineffectiveness related to other hedges are recognised in financial income or expenses.

On realisation of the hedged cash flow, the resulting gains or losses are transferred from equity and recognised in the same item as the hedged item. However, on hedging of proceeds from future loans, the resulting gain or loss is transferred from equity over the term of the loan.

For currency swaps, the basis spread is accounted for according to the cost of the hedging model.

⌕ Key accounting estimate

Valuation of long-term power purchase agreements
When we measure our power purchase agreements at fair value, we use estimates of non-observable prices, such as:

- production forecasts
- forecasted long-term power prices and exchange rates
- forecasted inflation expectations.

Hedge accounting
Hedge effectiveness is measured using forecasted production as well as estimates regarding energy prices, intermittency, interest, currency, and inflation. For periods where we are close to fully hedged, volume overhedging is possible if the forecasted production does not materialise, which will lead to recognition of ineffectiveness.

⌕ Key accounting judgement

Valuation of long-term power purchase agreements
We measure our power purchase agreements at fair value, but they cannot always be measured against quoted prices in active markets due to the long duration of the contracts. We therefore use elements of judgement when measuring the fair value, and we aim to limit the use of subjective estimates and base the fair values on external information, including external pricing and benchmark services.

Hedge accounting
Judgements are used to consider whether forecasted transactions are highly probable exposures as hedged items in a hedge relationship, e.g. expected production from wind farms, and judgement is applied as to whether the hedge instruments applied in the hedge relationships identified are effective.

Energy price risks

Note 6.2

Our main energy price risk stems from our intermittent power production from wind and solar PV assets. By nature, this is exposed to volume uncertainty, primarily driven by weather, price uncertainty, and the often negative correlation between the two. We are also exposed to other energy prices through our CHP plants and gas business.

Intermittent Offshore and Onshore power production

Around 20% of revenue from our power production in Offshore and Onshore in 2024-2026 is exposed to power prices.

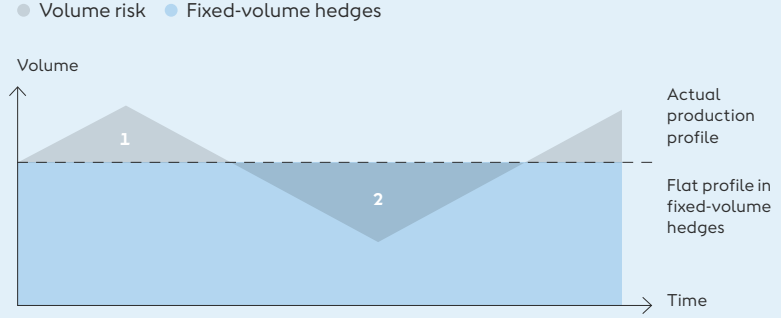
A large part of our income in Onshore comes from PTCs or ITCs related to power generation or investments in the US (see note 3.9 'Tax equity liabilities'). The tax credits are not exposed to a price risk. However, there is a price risk associated with the power produced, which we mainly reduce by entering into CPPAs. The current CPPAs cover approx. 73% of the expected generation for the period 2024-2026. In general, the CPPAs are structured with a minimum price per MWh and a mechanism where we retain most of the upside from high power prices.

To mitigate our residual exposure to power price risks, we mainly use fixed-volume hedges. As both the value, volume produced, and the actual hourly production profile delivered by our assets differ from the fixed-volume hedges we use, we account for this in our hedging policy and strategies. The correlation between volumes produced and power prices is often negative, which is referred to as volume risk.

A dynamic hedging approach is used to hedge up to 70% of the residual power price exposure within a two-year horizon. This hedging level significantly reduces the risk of being overhedged while providing an adequate risk reduction.

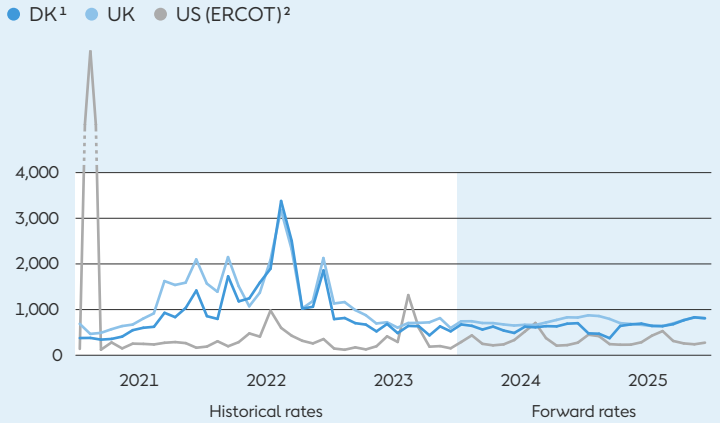
We may hedge beyond the two-year horizon if the price level is commercially attractive.

Volume risk



The grey area illustrates the volume risk where our actual production is either above or below the fixed volume in our hedges. When the additional value of the production (volume x market price) in area 1 does not match the missing value of the production in area 2, our actual production will not fully match our fixed-volume hedges. Due to the large share of renewable capacity, high production causes lower prices and vice versa.

Development in power prices, DKK



The graph shows the historic development in monthly average spot power prices for the past three years and the forward rates for 2024 and 2025 as of 31 December 2023. The graph covers our main markets where we are exposed to power prices.

¹ Average of DK1 and DK2.
² Average of north and west.

Energy price risks

Note 6.2 – continued

Power generation at our CHP plants

Our combined heat and power (CHP) plants consist of biomass- and fossil-fuelled plants in Denmark. The profitability of power generation is determined by the difference between the selling price of power and the purchase price of fuel and, for other fuels than biomass, carbon emission allowances. If the spreads are attractive, we provide condensing power generation in addition to CHP generation. The total net risk associated with power from CHP generation for the period 2024-2026 is DKK 5.9 billion after hedging, covering both heat-bound and condensing base generation. We are not exposed to price risks related to heat generation.

Gas sales

The price risk associated with sale of gas stems from differences in the sale and purchase prices. To the extent we purchase gas at a fixed price, we aim to use hedges to swap the purchase into a variable price. When we both have a variable purchase and sales price, our margin becomes fixed. The main risk after hedging is related to contracts where the purchase price is fixed, but where the volumes delivered to us depend on our suppliers' actual production.

Risk after hedging

Our energy exposure after hedging for the years 2024-2026 can be summarised as shown in the table.

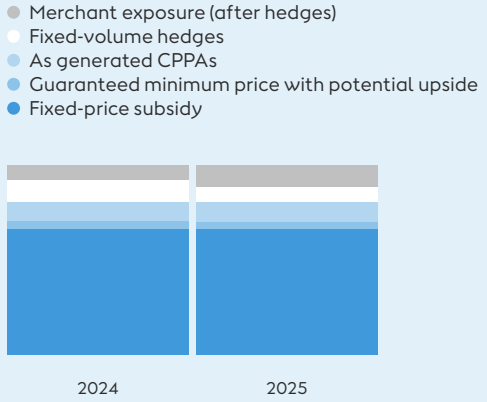
Risk after hedging	Effect of price change	
DKKbn	+10%	-10%
Power: 14.2 sell position	+1.4	-1.4
Spread (power): 5.9	+0.6	-0.6

A 10% increase in the power price will result in a gain of DKK 1.4 billion over the period 2024-2026, all else remaining unchanged. Gas and oil activities have a limited risk after hedging of DKK 0.0 billion for the period 2024-2026.

§ Principles for estimating exposures

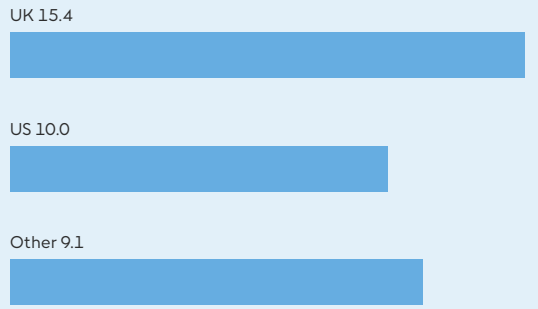
Exposure is calculated as the expected production (or net purchase/sale) times the forward price for the respective years.

Composition of revenue from generation of power in Offshore and Onshore



The graph shows the split of the expected revenue from generation of power in Offshore and Onshore in 2024 and 2025. The revenue from inflation-indexed or fixed nominal (covered by the three blue components in the graph) is 81% and 81%, respectively compared to the 80% from inflation-indexed or fixed nominal from 2024-2030 shown in section 6.0.

Power price exposure before hedges for 2024-2026 split on markets
DKKbn



The graph shows our power exposure towards power prices in different markets before hedges for the period 2024-2026.

Energy price risks

Note 6.2 – continued

Energy price cash flow hedge accounting 2023 DKKm	Contractual principal amount	Maturity analysis 2024	 2025	 After 2025	Market value Asset	 Liability	Recognised in comprehensive income	Expected transfers to EBITDA/CAPEX 2024	 2025	 After 2025
EBITDA impact										
Power swaps and futures (sell position)	12,923	4,905	3,688	4,330	3,611	(14,348)	(5,112)	762	(1,041)	(4.833)
Power options (buy position)	171	-	171	-	-	-	(72)	(71)	(1)	-
Gas swaps and options (sell position)	1,165	456	648	61	172	(314)	(896)	(761)	(62)	(73)
Oil futures (buy position)	8	8	-	-	-	-	(1)	(1)	-	-

Energy price cash flow hedge accounting 2022 DKKm		2023	2024	After 2024				2023	2024	After 2024
EBITDA impact										
Power swaps and futures (sell position)	32,300	8,480	7,856	15,964	6,291	(39,641)	(27,779)	(8,435)	(6,649)	(12,695)
Power options (buy position)	1,071	-	922	149	22	-	(91)	-	(88)	(3)
Gas swaps and options (sell position)	1,171	312	387	472	396	(1,596)	(1,915)	(672)	(907)	(336)
Carbon emission allowances (sell pos.)	46	46	-	-	-	-	(35)	(35)	-	-
Oil futures (buy position)	15	9	6	-	-	-	2	1	1	-

Contracts accounted for at fair value through profit or loss (EBITDA) DKKm	2023 Contractual principal amount	 Market value	2022 Contractual principal amount	 Market value
Energy				
Oil swaps and options (buy position)	166	(492)	507	(803)
Power swaps (buy position)	245	2,126	3,264	3,872
Power options (sell position)	2,279	(67)	7,821	(1,894)
Gas swaps and options (sell position)	1,528	2,395	3,416	2,920
Other (sell position)	175	-	69	-

In 2023, we recognised ineffective hedges in the amount of DKK -512 million (2022: DKK -4,475 million) in other operating expenses, of which volume-related ineffectiveness related to Offshore amounted to DKK -418 million (2022: DKK -3,771 million), inflation-indexed related ineffectiveness amounted to DKK +105 million (2022: DKK -658 million), and other ineffectiveness amounted to DKK -199 million (2022: DKK -46 million).

Inflation and interest rate risks

Note 6.3

Approximately 80% of our revenue from offshore and onshore assets for the period 2024-2030 stems from either fixed nominal or inflation-indexed contracts. The long duration of these cash flows exposes us towards changes in interest rates and inflation, particularly for assets where the fixed nominal price received is constant regardless of interest rate, inflation, or merchant price level.

We have seen this first-hand during 2023 when increases from both interest rates and inflation affected our portfolio, particularly our fixed nominal assets in the US through rising interest rates, affecting the cost of capital and inflation through higher CAPEX and dilution of the value of our ORECs (PPAs).

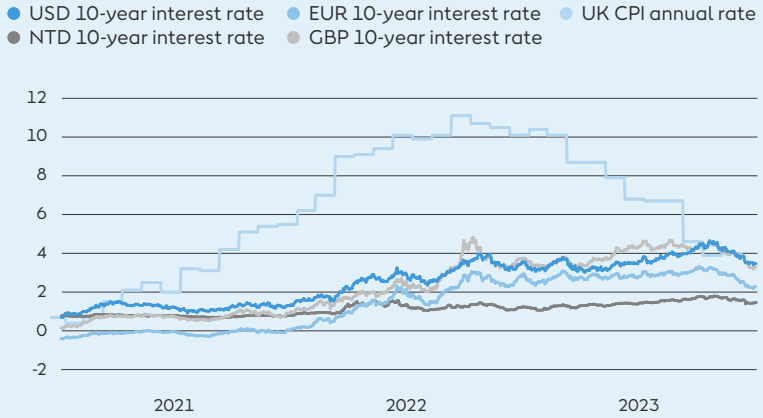
Our risk framework builds on the important central assumption that shareholders prefer exposure to inflation-indexed cash flows over nominal cash flows, as this protects the real value of their investment. We apply an asset and liability management framework for handling interest rate and inflation risk. The objective is to manage the shareholders' real value by ensuring that fixed rate debt is matched with fixed nominal cash flows.

Inflation risk

We actively incentivise assets with inflation-indexed revenue streams in business decisions to mitigate our cost-inflation risk. Our cost inflation mainly stems from OPEX, COGS, DEVEX, and CAPEX, which to a large extent increase with inflation. In addition, CAPEX is exposed to the price development in a number of commodities, most significantly steel. When the commodity adjustment mechanisms in our CAPEX contracts are based on financially tradeable indices, we aim to hedge the risk. Operational costs are assessed together with the inflation-indexed revenue to reduce the net risk.

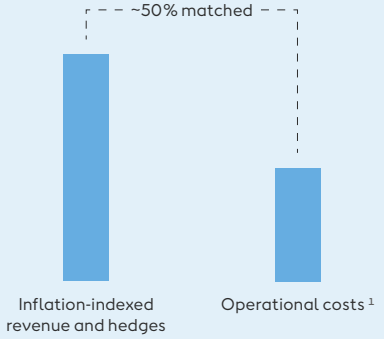
Development in inflation and interest rates

%



The graph shows the historic development in interest and inflation rates for the past three years. The graph covers our main markets where we are exposed to interest and inflation.

Inflation-indexed revenue in 2024-2030 is partly offset by inflation-indexed operational costs



1 Operational costs are comprised of OPEX, COGS, and DEVEX after deduction of income from PTCs.

Inflation and interest rate risks

Note 6.3 – continued

Interest rate risk

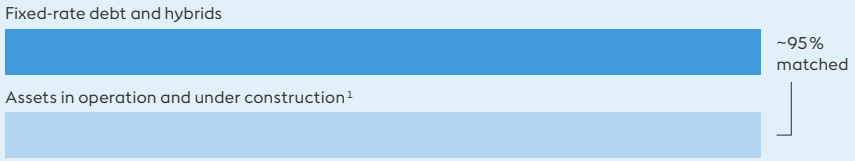
We actively match our debt with our assets per currency and modified duration. Modified duration of both assets and debt is the change in value in response to a 1 percentage point change in interest rates. As a rule of thumb, modified duration is matched within ±2 percentage points. For example, the fixed nominal cash flows from our Taiwanese projects with an average of 8.4% in modified duration are matched with fixed-rate NTD debt with roughly 9.0% modified duration.

For assets in operation and under construction, 95% of the lifetime present value of fixed nominal cash flow, excluding CAPEX, is matched with corresponding fixed-rate senior and hybrid debt. Part of this matching has been done by entering into inflation swaps on our inflation-indexed CfD and ROC revenue in the UK to match our fixed-rate debt. As our portfolio of awarded assets mature, we can execute interest rate swaps to lock in the interest rates before funding is secured.

A total of 25% of the lifetime present value of fixed nominal cash flows, excluding CAPEX, on our awarded pre-construction offshore assets are matched with interest rate swaps.

Finally, when we farm down part of an offshore asset, we normally hedge part of the interest, inflation, and currency risks related to the divestment proceeds.

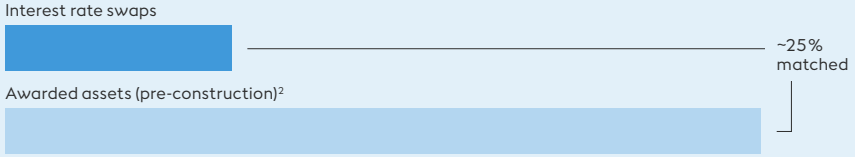
Fixed-rate debt used to protect fixed nominal cash flows against interest rate increases



For assets in operation and under construction, approximately 95% of the fixed nominal cash flows are matched with a fixed interest rate on our debt and hybrid portfolio.

[1] Lifetime present value of fixed nominal cash flows, excluding CAPEX. Assets under construction include the Borkum Riffgrund 3, Gode Wind 3, Greater Changhua 1 and 2a and South Fork Wind offshore wind farms.

Interest rate hedging for awarded assets to increase as they progress towards construction



For awarded assets where construction has not started, approximately 25% of the fixed nominal cash flows are matched with interest rate swaps.

[2] Awarded assets (pre-construction) include Greater Changhua 2b and 4, Revolution Wind, and Sunrise Wind.

Inflation and interest rate risks

Note 6.3 – continued

Cash flow hedge accounting 2023 DKKm	Contractual principal amount	Maturity analysis 2024-27	 2028-33	 After 2033	Market value Asset	 Liability	Recognised in comprehensive income	Expected transfers to income statement 2024	 2025	 After 2025
EBITDA impact										
Inflation swap (pay variable/receive fixed – UK), revenue	22,883	6,409	12,818	3,656	-	(3,125)	(3,414)	(202)	(204)	(3,008)
Interest rate swap (pay fixed/receive variable – NTD), divestment	4,776	4,776	-	-	-	(85)	(85)	(85)	-	-
Financial items impact										
Interest rate swap (pay fixed/receive variable – USD), future loan issuance	3,036	-	-	3,036	-	(142)	530	-	-	530
Interest rate swap (pay fixed/receive variable – NTD), future loan issuance	2,639	-	-	2,639	-	(6)	-	-	-	-

Cash flow hedge accounting 2022 DKKm		 2023-26	 2027-32	 After 2032				 2023	 2024	 After 2024
EBITDA impact										
Inflation swap (pay var/receive fixed – UK), revenue	22,295	6,244	9,681	6,370	-	(3,070)	(3,366)	-	(202)	(3,164)
Financial items impact										
Interest rate swap (pay fixed/receive var – USD), future loan issuance	15,678	-	-	15,678	478	(3)	2,727	49	189	2,489

	2023		2022	
Contracts accounted for at fair value through profit or loss (financial items) DKKm	**Contractual principal amount**	**Market value**	**Contractual principal amount**	**Market value**
Interest rate swaps (pay fixed/receive variable)	21,806	(369)	8,902	1,103

Interest rate swaps are used to adjust the maturity of our bond portfolio.
The year 2023 includes ineeffective USD interest rate swaps with a contractual principal amount of DKK 12,148 million.

We hedge our UK inflation risk related to revenue from ROC and CfD subsidies. Furthermore, we hedge the interest and inflation risk related to divestments. All the inflation risks that we hedge are separately identifiable in the underlying contract.

We hedge the interest on expected USD (since 2020) and NTD (since 2023) debt issuance (USD and NTD interest risk). The size of the expected USD issuance has been reduced and postponed to 2025 or 2026 due to less funding needed after the termination of Ocean Wind 1. Due to a reduction in the expected funding, we have recognised ineffectiveness of DKK 2,344 million (gain) (2022: ineffectiveness gain of DKK 529 million) related to the US interest rate hedges in financial income and DKK 6 million (expense) related to the Taiwanese interest rate hedges in financial expenses. Further, we had an early redemption of an EIB loan, resulting in recognised ineffetiveness of DKK 41 million (2022: DKK 0 million) in financial expenses.

Currency risks

Note 6.4

Our cash flows consist of multiple different currencies, which expose us to fluctuations in currency exchange rates. Our main currency exposures are GBP, USD, and NTD. While our exposure to EUR is also significant, we do not deem EUR to constitute a risk as we expect Denmark to maintain its fixed exchange-rate policy.

For GBP, our significant earnings from assets in operation and expected farm-downs are larger than our planned CAPEX, resulting in a net-positive GBP exposure, both short- and long-term. The net exposure was lowered in 2023 by the inclusion of more planned GBP CAPEX following FID for Hornsea 3. A 10% increase in the GBP/DKK exchange rate will result in a gain of DKK 1.2 billion over the period 2024-2028, all else remaining unchanged.

For USD, our portfolio of offshore and onshore development and operating assets translate to a short- to medium-term negative USD exposure. However, on a longer time horizon, revenue from assets result in a net positive USD exposure.

Our general approach to managing currency risks is to use structural risk management tools, such as local currency sourcing contracts, netting income and expenses in the same currency, issuing local currency debt to naturally balance our portfolio, and prioritising local currency costs to match revenue in our asset projects to minimise the need for hedging.

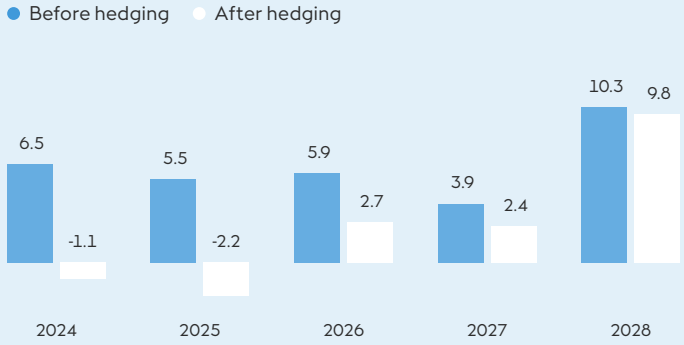
The currency denomination of debt issuance is aimed at optimising the currency composition of net debt with that of forecasted FFO to ensure stability in FFO/NIBD against adverse movements in exchange rates. Debt can be particularly effective in new markets to mitigate the time-spread risk since the proceeds from the debt issuance can be used to fund and hedge construction costs, while the debt repayment profile can be sculpted to match future revenue.

The residual currency risk after netting of exposures and debt are managed via financial derivatives according to our desired risk appetite. Our overall hedge horizon is five years, covering only highly certain cash flows to avoid hedge ineffectiveness. For energy price risks in foreign currencies, we do not hedge the exchange rate risk until the energy exposure has been hedged. For cash flows that relate to subsidised GBP income from our UK offshore wind farms less operating expenses, we hedge on a declining level over a five-year rolling horizon. The target is to hedge 100% in year 1, declining by 20 percentage points each year to 20% in year 5.

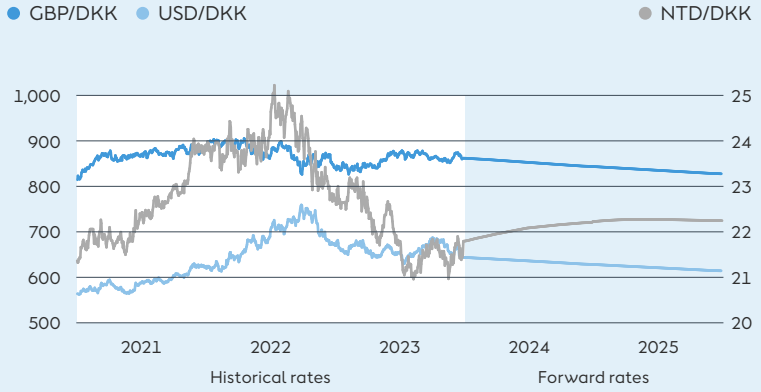
Our currency exposure from production, sales, investments, and divestments after hedging for the years 2024-2028 can be summarised as shown in the table.

Risk after hedging DKKbn	Effect of price change +10%	 -10%
GBP: 11.6 sell position	+1.2	-1.2
USD: 4.8 buy position	-0.5	+0.5
NTD: 3.2 sell position	+0.3	-0.3

GBP exposures[1]
DKKbn



Development in currency rates[2]



[1] The graph shows our GBP exposure before and after hedges from divestments and investments, green certificates, and hedged energy.

[2] The graph shows the historic development in spot currency rates for the past three years and the forward rates for 2024 and 2025 as of 31 December 2023.

Currency risks

Note 6.4 – continued

Currency cash flow hedge accounting 2023 DKKm	Contractual principal amount	Maturity analysis 2024	 2025	 After 2025	Market value Asset	 Liability	Recognised in comprehensive income	Expected transfers to income statement 2024	 2025	 After 2025
EBITDA impact										
GBP forwards and cross-currency swaps	24,191	5,961	6,115	12,115	131	(481)	(331)	(218)	(33)	(80)
USD forwards	3	3	-	-	-	-	-	-	-	-

Currency cash flow hedge accounting 2022 DKKm		2023	2024	After 2024				2023	2024	After 2024
EBITDA impact										
GBP forwards and cross-currency swaps	24,199	2,953	7,416	13,830	151	-	182	(109)	29	262
USD forwards	3	-	3	-	-	(21)	2	1	1	-
Impact on other line items										
GBP forwards (Interest payments)	553	553	-	-	32	-	4	4	-	-

The GBP exchange rate for hedges impacting EBITDA in 2024 and 2025 is hedged at an average of GBP/DKK 8.3 and 8.2, respectively. Ineffectiveness from currency cash flow hedges in 2023 amounts to a loss of DKK -134 million (2022: DKK 189 million) recognised in financial items.

Contracts accounted for at fair value through profit or loss (financial items) DKKm	2023 Contractual principal amount	 Market value	2022 Contractual principal amount	 Market value
Currency				
Forward exchange contracts	24,504	(54)	30,549	27

The table shows cash management positions which are not hedge accounted. The positions consist of EUR and, to a lesser extent, GBP and USD.

Currency risks

Note 6.4 – continued

Hedging of net investments in foreign subsidiaries DKKm Currency 2023	Net investment	Of which, non-controlling interests	Hedged amount in currency	Net position	Accumulated exchange rate adjustments in equity
GBP	70,682	(1,876)	(31,197)	37,609	(3,075)
EUR	37,602	-	-	37,602	9
USD	22,809	-	(20,045)	2,764	(301)
NTD	25,778	-	(5,937)	19,841	131
Other	3,853	-	-	3,853	90
Total	**160,724**	**(1,876)**	**(57,179)**	**101,669**	**(3,146)**
Currency 2022					
GBP	54,674	(2,132)	(34,536)	18,006	(3,806)
EUR	35,004	-	-	35,004	(49)
USD	29,881	(1,839)	(21,916)	6,126	617
NTD	14,884	-	(6,122)	8,762	288
Other	1,892	-	-	1,892	(104)
Total	**136,335**	**(3,971)**	**(62,574)**	**69,790**	**(3,054)**

		Maturity analysis			Market value	
Net investment hedges 2023 DKKm	**Contractual principal amount**	**2024**	**2025**	**After 2025**	**Asset**	**Liability**
GBP issued senior bonds	26,669	-	-	26,669	-	-
GBP forwards and cross-currency swaps	4,528	774	1,131	2,623	7	-
USD bank loans	1,332	-	-	1,332	-	-
USD forwards and cross-currency swaps	18,713	4,926	3,934	9,853	657	-
NTD issued senior bonds	5,937	-	-	5,937	-	-

Net investment hedges 2022 DKKm		**2023**	**2024**	**After 2024**		
GBP issued senior bonds	25,983	-	-	25,983	-	-
GBP forwards and cross-currency swaps	8,553	4,895	-	3,658	92	-
USD bank loans	5,194	-	-	5,194	-	-
USD forwards and cross-currency swaps	16,722	3,114	8,919	4,689	-	(676)
NTD issued senior bonds and forwards	6,122	-	-	6,122	-	-

Ineffectiveness from net investment hedges in 2023 amounts to a gain of DKK 236 million (2022: DKK 0 million), recognised in financial items. The ineffectiveness is caused by the impairments on our US activities.

The net position expresses the accounting exposure. If, for example, the GBP/DKK exchange rate increased by 10% on 31 December 2023, equity would have increased by DKK 3,761 million, corresponding to 10% of DKK 37,609 million.

Hedging of net investments in foreign subsidiaries

Our foreign subsidiaries entail currency risks. We hedge these currency risks by raising loans in foreign currencies and by entering into forward exchange contracts, currency swaps, and options.

On 31 December 2023, the accumulated exchange rate adjustments totalled DKK -3,146 million (2022: DKK -3,054 million), divided between the exchange rate adjustment of the net investment of DKK -1,093 million (2022: DKK -1,544 million) and the hedging thereof of DKK -2,053 million (2022: DKK -1,510 million).

§ Accounting policies

Hedging of net investments in foreign subsidiaries
Changes in the market value of currency derivatives and currency adjustment of loans that are classified as net investment hedges in foreign subsidiaries or associates are recognised in the consolidated financial statements directly in equity within a separate foreign currency translation reserve.

Credit risks

Note 6.5

Offsetting of financial assets DKKm	Derivatives	Trade receivables	2023	Derivatives	Trade receivables	2022
Financial assets	17,775	21,728	39,503	43,507	121,693	165,200
Financial liabilities, offset	(6,911)	(16,849)	(23,760)	(22,232)	(114,438)	(136,670)
Financial assets in the balance sheet	**10,864**	**4,879**	**15,743**	**21,275**	**7,255**	**28,530**
Amounts not offset in the balance sheet:						
Liabilities with offsetting rights	(2,529)	-	(2,529)	(7,094)	-	(7,094)
Collateral received	(468)	-	(468)	(4,515)	-	(4,515)
Net	**7,867**	**4,879**	**12,746**	**9,666**	**7,255**	**16,921**

Offsetting of financial liabilities DKKm						
Financial liabilities	17,864	20,981	38,845	60,891	121,661	182,552
Financial assets, offset	(6,911)	(16,849)	(23,760)	(22,232)	(114,438)	(136,670)
Financial liabilities in the balance sheet	**10,953**	**4,132**	**15,085**	**38,659**	**7,223**	**45,882**
Amounts not offset in the balance sheet:						
Assets with offsetting rights	(2,529)	-	(2,529)	(7,094)	-	(7,094)
Collateral provided	(4,214)	-	(4,214)	(2,744)	-	(2,744)
Net	**4,210**	**4,132**	**8,342**	**28,821**	**7,223**	**36,044**

A large part of the gross assets and liabilities can be offset due to the nature in trading activities where energy is both purchased and sold with a limited number of participants in the energy markets.
In addition, the high energy prices increase the gross values to be netted, especially in 2022.

Credit quality of the Group's counterparties[1] DKKm	2023	2022
AAA/Aaa	27,301	23,351
AA/Aa	7,518	2,568
A/A	10,501	23,551
BBB/Baa	9,020	15,665
Other	9,198	16,649
Total credit exposure	**63,538**	**81,784**

[1] The figures do not reflect our actual credit exposure, as the positions are calculated before offsetting our debt to such counterparties.

We are exposed to credit risks from our hedging activities, construction activities, and all other activities where a counterparty's failure to meet their obligations may cause a loss. A large part of our credit risk is towards major international energy companies, suppliers, and banks. Where possible, the underlying contracts include minimum credit rating clauses, netting provisions, and other risk-mitigating clauses.

We mitigate our credit risks mainly by:

- having minimum rating requirements
- monitoring the credit worthiness on the ongoing basis to be able to react in due time
- requiring that collateral be furnished or credit security put in place.

Mitigating our credit risks is not always commercially possible and can be omitted if deemed necessary and balanced. For the most significant counterparties, an internal rating is assigned in connection with establishing credit limits. The rating is based on information from external credit rating agencies, publicly available information, credit risk information systems, and our own analyses.

In 2023, we have expensed a loan given to our US suppliers in the amount of DKK 571 million, which we do not expect to recover after the termination of Ocean Wind 1 and 2. Apart from this, we have not made any significant impairments on receivables in 2022 or 2023.

§ Accounting policies

We only offset positive and negative values if we are entitled to and intend to settle several financial instruments net.

Fair value measurement

Note 6.6

Fair value hierarchy of financial instruments
DKKm

Assets	Quoted prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	2023	Quoted prices (level 1)	Observable input (level 2)	Non-observable input (level 3)	2022
Gas inventory	1,513	-	-	1,513	3,442	-	-	3,442
Total inventory	**1,513**	**-**	**-**	**1,513**	**3,442**	**-**	**-**	**3,442**
Bonds	-	29,902	-	29,902	-	25,197	-	25,197
Total securities	**-**	**29,902**	**-**	**29,902**	**-**	**25,197**	**-**	**25,197**
Energy derivatives	4,484	5,701	559	10,744	14,474	7,241	563	22,278
Currency derivatives	-	749	-	749	-	1,378	-	1,378
Interest and inflation derivatives	-	336	-	336	-	1,581	-	1,581
Total derivative assets	**4,484**	**6,786**	**559**	**11,829**	**14,474**	**10,200**	**563**	**25,237**
Liabilities								
Energy derivatives	5,149	4,424	8,087	17,660	12,871	24,592	15,250	52,713
Currency derivatives	-	489	-	489	-	1,773	-	1,773
Interest and inflation derivatives	-	4,063	-	4,063	-	3,073	-	3,073
Total derivative liabilities	**5,149**	**8,976**	**8,087**	**22,212**	**12,871**	**29,438**	**15,250**	**57,559**

All assets and liabilities measured at market value are measured on a recurring basis.

We measure our securities and derivatives at fair value. A number of our derivatives, mainly power purchase agreements, are measured based on unobservable inputs due to the long duration of the contracts.

The most significant non-observable inputs are the long-term US power prices (mainly ERCOT) and the German power prices.

Valuation principles and process

In order to minimise the use of subjective estimates or modifications of parameters and calculation models, it is our policy to determine fair value based on the external information that most accurately reflects the market values. We use pricing services and benchmark services to increase the data quality. Market values are determined by the Risk Management function.

We use external price providers to ensure a high quality in our price curves. Where prices are not available, we model the prices based on our prior experience and best estimates. Where relevant and possible, we validate our price curves against third-party data.

Fair value hierarchy

Market values based on quoted prices comprise quoted securities and derivatives that are traded in active markets. The market values of derivatives traded in an active market is often settled on a daily basis, thereby minimising the market value presented on the balance sheet.

Market values based on observable inputs comprise derivatives where valuation models with observable inputs are used to measure fair value.

Market values based on non-observable inputs mainly comprise long-term power purchase agreements (CPPAs) that lock the power price of the expected power generation over a period of up to 10-20 years. Due to the long duration of these CPPAs, power prices are not observable for a large part of the duration. The most significant non-observable inputs are based on US power prices (mainly ERCOT) and German power prices.

Estimating as-produced power prices

Since our CPPAs are normally settled on the actual production, and the power prices available in the market are based on a constant production (flat profile), we take into account that our expected production is not constant, and thus our CPPAs will not be settled against a flat profile price (see description of volume risk in note 6.2). For the majority of our markets, the flat profile power price can be observed for a maximum of four to six years in the market, after which an active market no longer exists.

Fair value measurement

Note 6.6 – continued

Derivatives valued on the basis of unobservable input DKKm	2023	2022
Market value at 1 January	(14,687)	(7,448)
Value adjustments through profit or loss	(31)	(322)
Value adjustments through other comprehensive income	3,766	(6,476)
Sales/redemptions	1,366	1,190
Purchases/issues	750	(497)
Transferred from quoted prices and observable input	-	(1,773)
Transferred to quoted prices and observable input	1, 308	639
Market value at 31 December	**(7,528)**	**(14,687)**

Unobservable input per commodity price DKKm		
US ERCOT power prices	(5,261)	(5,580)
German power prices	(1,484)	(5,642)
US MISO power prices	(737)	(1,263)
Other power prices	(37)	(2,132)
Gas prices	(9)	(70)
Total	**(7,528)**	**(14,687)**

The main unobservable inputs are US power prices and German power prices.

		Power price (DKK/MWh)		Sensitivity (DKKm)	
Overview of significant unobservable inputs and sensitivities	**Weighted average**	**Monthly minimum**	**Monthly maximum**	**+25%**	**-25%**
Intermittency-adjusted power price					
US ERCOT (2024-2033)	297	81	971	(3,303)	3,634
Germany (2025-2035)	440	332	654	(1,256)	1,256
US MISO (2024-2033)	302	149	422	(530)	520
US SPP (2024-2035)	189	128	358	(436)	583
Ireland (2024-2042)	524	389	808	(69)	69

The table shows the significant unobservable inputs used in the fair value measurements categorised as level 3 of the fair value hierarchy, together with a sensitivity analysis as at 31 December 2023.

If intermittency-adjusted power prices in Germany as of 31 December 2023 increased/decreased by 25%, the market value would decrease/increase by DKK 1,256 million.

Valuation techniques and significant unobservable inputs

We use a discounted cash flow model for the valuation of power derivatives.

The US power purchase agreements give exposure to the long-term US power prices, mainly in the ERCOT, SPP, and MISO regions. The power price is observable for the first four to six years. For the following four to six years, the power price is estimated based on observable inputs (gas prices and heat rates). For the subsequent period, the power price is non-observable and estimated by extrapolating the power price towards the U.S. Energy Information Administration's long-term power price forecast, assuming similar seasonality as in previous periods. As only a minor part of the contract period is within the period when power prices are non-observable, we classify the contracts as based on observable input.

In Germany and other countries where we have long-term PPA contracts, the power price is observable for up to five years. When power prices are no longer observable in the market, we have estimated the power price by extrapolating the last year with an observable power price, taking expected inflation and seasonality into account.

Acquired CPPAs

The initial negative fair value from long-term CPPAs acquired in a business combination is recognised as revenue in profit or loss in the future period to which the market value relates. This effectively increases or decreases the revenue from the contract price to the forward price at the closing date.

In 2023, we have recognised an income of DKK 197 million (2022: DKK 228 million) related to the initial fair value from CPPAs. The total amount of initial fair value as of 31 December 2023 amounts to a loss of DKK 1,243 million (2022: loss of DKK 1,497 million), which will be recognised as revenue in a future period.

§ Accounting policies

When the fair value at 'initiation recognition' differs from the transaction price, and the fair value is not purely based on observable prices, the difference between the fair value at initial recognition and the transaction price is deferred and recognised over the lifetime of the PPA.

Energy trading portfolio

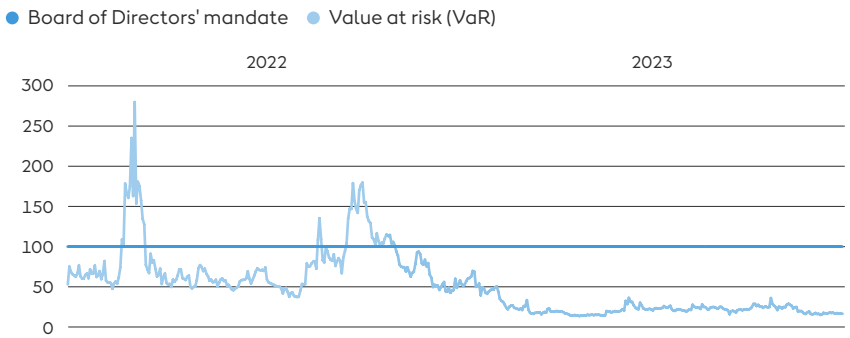
Note 6.7

Overview of the Group's energy trading portfolio[1] DKKm	2023 Contractual principal amount	2023 Unrealised gain/(loss)	2022 Contractual principal amount	2022 Unrealised gain/(loss)
Power swaps (sell position)	3,305	(492)	4,683	(7,854)
Power options (buy position)	5,906	1,406	3,060	8,680
Gas swaps and options (sell position)	2,138	(312)	3,601	(774)
Oil swaps and options (buy position)	156	(137)	498	(204)
Other (sell position)	175	13	74	(50)

Trading mandates[2]

VaR limit in 2023: DKK 100 million	Stress limit in 2023: DKK 400 million	Maximum open positions in trading portfolio
VaR indicates the largest loss in one trading day at a probability of 95 %. VaR is based on data for the past 45 trading days, with the heaviest weighting being assigned to the most recent trading days.	Stress indicates the largest daily loss we risk sustaining with the given portfolio. Stress is based on data from 1 January 2006 to the present day.	· Max. 6 TWh of power · Max. 9.5 TWh of gas · Max. 1 million boe of oil · Max. 1.5 million tonnes of carbon emissions · Max. 0.5 million tonnes of coal and biomass

Daily positions in the trading portfolio, market trading mandates[3]
DKKm



[1] The contractual principal amount has been determined as the net position per derivative type. The risks associated with our options are smaller than for our swaps. The market value mostly consists of received exposure from our assets with settlement at maturity, whereas part of the external trade is settled on a daily basis and included with the settled margin.

[2] Trading activities are carried out under mandates approved by the Board of Directors. The mandates comprise a value-at-risk (VaR) mandate and a stress mandate as well as a limit for the maximum positions measured in energy units per product (power, gas, etc.).

[3] The graph shows the daily VaR position for the period 2022-2023. VaR reached DKK 280 million on 9 March 2022, causing a passive breach of the Board of Directors' mandate of DKK 100 million due to the Russian invasion of Ukraine and the large reduction in gas supplies to Europe, causing the European energy prices to spike. In 2022, there were further passive breaches in August due to Russian gas supply cuts and in September-November due to a halt of gas through the Nord Stream 1 and 2 pipelines after the explosions in September.

§ Accounting policies

Market value adjustments of physical and financial contracts relating to energy that are entered into with the purpose of generating gains from short-term price changes are recognised as revenue.

Trading portfolio

The purpose of our trading portfolio is to:

- optimise hedging execution
- contribute to increased market insight
- profit from short-term fluctuations in energy prices.

The energy trading portfolio receives the exposure from our assets and takes that exposure into the external market in the most efficient way possible, given the mandates shown to the left. The overview of the Group's energy trading portfolio to the left is the net of the internal exposures received from the assets and the external trades in line with internal risk management.

The trading portfolio primarily consists of positions in power and gas.

The trading portfolio constitutes a smaller part of our total portfolio of derivatives, and the associated risk is limited.

Categories of financial instruments

Note 6.8

Categories of financial instruments DKKm	2023	2022
Energy, currency, and interest derivatives	7,251	17,775
Securities	29,902	25,197
Financial assets measured at fair value via the income statement	**37,153**	**42,972**
Energy derivatives	3,783	6,709
Currency derivatives	795	275
Interest and inflation derivatives	-	478
Derivatives (assets) used as hedging instruments	**4,578**	**7,462**
Trade receivables	11,107	12,701
Other accounts receivable	7,200	9,459
Cash	10,626	18,649
Financial assets measured at amortised cost	**28,933**	**40,809**
Energy, currency, and interest derivatives	3,712	12,551
Financial liabilities measured at fair value via the income statement	**3,712**	**12,551**
Energy derivatives	14,661	41,237
Currency derivatives	481	697
Interest and inflation derivatives	3,358	3,073
Derivatives (liabilities) used as hedging instruments	**18,500**	**45,007**
Bank loans and issued bonds	79,620	63,281
Trade payables	14,915	20,641
Other accounts payable	8,591	11,310
Financial liabilities measured at amortised cost	**103,126**	**95,232**

The table shows our financial instruments divided into categories.
The categories indicate how the financial instruments are recognised in the financial statement.

Financial instruments are used for various purposes. The purpose determines the category, and whether the value adjustment of the instrument should be recognised in the profit (loss) for the year or as part of the hedging reserve in equity.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount with the exception of bank loans and issued bonds where the market value is stated in note 5.1 'Interest-bearing net debt and FFO'.

Sensitivity analysis of financial instruments

Note 6.9

Sensitivity analysis of financial instruments DKKm	Price change	31 December 2023 Effect on profit (loss) before tax	31 December 2023 Effect on equity before tax	31 December 2022 Effect on profit (loss) before tax	31 December 2022 Effect on equity before tax
Power	25%	(277)	(8,119)	(1,791)	(14,382)
	-25%	562	8,263	1,794	14,402
Gas	25%	(588)	(127)	(764)	177
	-25%	588	127	764	(177)
Oil	25%	(360)	260	(533)	277
	-25%	360	(158)	608	(6)
GBP	10%	817	(2,965)	(2,430)	(4,727)
	-10%	(817)	2,965	2,430	4,727
USD	10%	(2,070)	(662)	(947)	(853)
	-10%	2,070	662	947	853
NTD	10%	(386)	(9)	(743)	-
	-10%	386	9	743	-
EUR	1%	(212)	(15)	(899)	(125)
	-1%	212	15	899	125
Inflation	1% point	-	(2,059)	-	(2,162)
Interest	1% point	620	920	(332)	1,224

The sensitivity analysis in the table shows the effect of market value changes, assuming a relative price change at 31 December.

The effect on profit (loss) before tax comprises financial instruments that remained open at the balance sheet date, and which have an effect on profit (loss) in the current financial year.

Effect on equity before tax comprises financial instruments that remained open at the balance sheet date, and which are value-adjusted directly in equity.

Financial instruments include derivatives as well as receivables and payables in foreign currencies.

The illustrated sensitivities only comprise the impact of our financial instruments.

If the hedged exposure had been included in the sensitivity analysis, the effect of a price change would have been reduced or offset entirely.

Net investments and associated hedging of net investments in foreign subsidiaries are not included in the table, as the effects of the sum of the investments and the hedging are considered to be neutral to changes in currencies.

A 10% increase in the currencies hedged in connection with net investments would reduce equity by DKK 5,718 million (2022: DKK 6,257 million).

Other notes
Note 7

Related-party transactions
Note 7.1

Joint ventures DKKm	2023	2022
Dividends received	86	70
Capital transactions, net	(222)	(92)
Sales of goods and services	64	-
Receivables	9	-

Associates DKKm		
Capital transactions, net	(54)	(37)
Sale of goods and services	-	14
Purchase of goods and services	(186)	(180)
Receivables	-	-
Payables	(25)	(44)

Related parties that have control over the Group comprise the Danish state, represented by the Danish Ministry of Finance.

Other related parties are the Group's associates and joint ventures, members of the Board of Directors and the Executive Board, and other senior executives.

See note 7.4 'Company overview' for an overview of our joint ventures and associates.

Related-party transactions are made on arm's length terms. Intra-group transactions have been eliminated in the consolidated financial statements.

The remuneration and share programmes for the Group Executive Team and the Board of Directors are described in notes 2.7 'Employee costs' and 2.8 'Share-based payment'.

We use the exemption set out in IAS 24.25 concerning entities in which the Danish state is a related party, and therefore transactions with government-related companies are not disclosed.

There were no other related-party transactions during the period.

Auditor's fees

Note 7.2

PwC is Ørsted's auditor appointed by the annual general meeting. PwC audits the consolidated financial statements of Ørsted and our subsidiaries' statutory financial statements in all the countries where we are represented.

It is our policy that the annual fee for non-audit services provided by our statutory auditor cannot exceed the annual fee for statutory audit services measured at Group level. The cap may be exceeded subject to approval by the Audit & Risk Committee.

'Other assurance engagements' primarily included reviews of ESG data, assurance services related to the issuance of bonds, audit of special regulatory financial statements, and assurance services related to other reporting to third parties.

'Tax and VAT advice' primarily included advice in connection with tax due diligence, transfer pricing advice, and advice in connection with the preparation and review of tax returns.

'Other services' included other consultancy services, primarily related to vendor due diligence and regression testing.

Fees for services other than statutory audit supplied by PwC Denmark to Ørsted amounted to DKK 8 million (2022: DKK 7 million) and consisted of assurance services related to the issuance of bonds, due diligence, regression testing, review of ESG data, and other general accounting, tax, and transfer pricing advice.

Auditor's fees

DKKm	2023	2022
Audit and audit-related fees		
Statutory audit	37	30
Other assurance engagements	5	4
Non-audit services		
Tax and VAT advice	2	3
Other services	4	3
Total fees to PwC	**48**	**40**
Fee for non-audit services in percent of statutory audit fee	**28%**	**31%**
PwC Denmark non-audit service ratio	**74%**	**69%**

The non-audit services provided by the Group auditor in Denmark cannot exceed 70%. The 'PwC Denmark non-audit service ratio' includes an assurance service related to a contemplated bond issuance for which we have received an exemption from the Danish Business Authorities. The 'PwC Denmark non-audit service ratio', excluding this exempted service, constitues 55% for 2023.

Non-IFRS financial measures

Note 7.3

We present financial measures in the consolidated financial statements to describe the Group's financial performance and cash flows. We use these financial measures as we believe they provide valuable information to our stakeholders and management.

The financial measures should not be considered a replacement for the performance measures as defined under IFRS but rather as supplementary information.

The financial ratios are an overview of our financial performance and operational efficiency based on common ratio types relevant to Ørsted.

Our definitions of the financial measures and reasoning for using them are shown in the table.

	Description	Reason for the use of the measurements
EBITDA	Reflecting 'Earnings before interest, taxes, depreciation, amortisation, and impairments'.	Measurement for our core operational performance. Given our capital-intensitive portfolio of assets, our primary operations are best measured by excluding depreciation and financing costs. Ørsted guides externally on this non-IFRS measure.
Net interest-bearing debt (NIBD)	Equals interest-bearing debt to be repaid in cash, including Issued bonds, bank debt and lease liabilities, less securities, cash, and other interest-bearing assets.	Measurement of the sum of our interest-bearing assets and liabilites. Thus, important for mangement to monitor in order to ensure adequate debt levels.
Gross investments	Gross investments reflect our total investments in assets and enterprises. It comprises cash flows from investing activities, excluding dividends received from associates, joint ventures, and equity investments, purchase and sale of securities, loans to joint ventures and joint operations, and divestments of assets and enterprises. To this is added acquired debt and restricted cash in connection with acquisitions.	Measurement used to monitor the net interest-bearing debt impact of our investment activities in assets and enterprises. Ørsted guides externally on this non-IFRS measure.
Net investments	Net investments are gross investments less divestments of assets and enterprises, the selling price for non-controlling interests, and subsequent capital injections from non-controlling interests. Furthermore, interest-bearing debt transferred in connection with a divestment is deducted.	Measurement to monitor the net interest-bearing debt impact of our investment activities in assets and enterprises, net of divestments.
Funds from operations (FFO)	EBITDA adjusted for gain (loss) on divestment of assets; variation margin, change in provisions and other adjustments; income tax paid; interest and similar items, received or paid, including capitalised interest expenses; 50% of coupon payments on hybrid capital; dividends received, and capital reductions.	Measurement used to monitor our funds, directly and indirectly, generated from our operations. Funds from operations is the numerator in our rating metric.
Adjusted interest-bearing net debt	Adjusted interest-bearing net debt is interest-bearing net debt plus: · cash and securities not available for distribution (excluding repo loans) · 50% of hybrid capital · Other interest-bearing debt (add back) · Other interest-bearing receivables (add back)	Measurement used as an indicator of our interest-bearing net debt in a format comparable to the ones used by rating agencies. Net interest-bearing debt is the denominator in our rating metric.
FFO to adjusted interest-bearing net debt	$\frac{\text{FFO}}{\text{Adjusted interest-bearing net debt}}$	Measurement used to monitor our ability to generate funds from our operations which can serve our interest-bearing debt. It is the metric used by rating agencies when assessing their rating of Ørsted.
Free cash flow (FCF)	Free cash flows are cash flows from operating activities and divestments less gross investments.	Measurement used as an indicator to see if we can self-fund our growth.
Capital employed	Capital employed are all assets and liabilities, except for equity and interest-bearing net debt.	Measurement used to monitor the capital tied within the business which is utilised for the primary activities of generating profits.

Non-IFRS financial measures

Note 7.3 – continued

	Description	Reason for the use of the measurements
Return on capital employed (ROCE)	$\frac{\text{EBIT}}{\text{Average capital employed}}$	Common measurement to monitor the return generated on the capital invested within the company over the duration of the year passed.
Proposed dividend per share (DPS)	$\frac{\text{Total proposed dividend}}{\text{Number of shares at year end}}$	Common formula to monitor the proposed dividend per share issued.
Dividend yield	$\frac{\text{Dividend per share (proposed)}}{\text{Share price on the last trading day of the year}}$	Measurement to indicate the return obtained solely from dividends.
Average number of shares	$\frac{1}{\text{Number of days}} \times \sum_{i=1}^{\text{Number of days}} = X1$	Common formula to calculate the average number of shares issued during the year.
Net working capital	Net working capital is inventories, contract assets (net), trade receivables, and other current operating assets less trade payables, other current operating liabilities, and working capital elements of tax equity balances.	Common measurement to monitor the capital invested in short-term operating facilities.
Other definitions (IFRS financial measure)		
Profit (loss) per share	$\frac{\text{Shareholder's share of the profit (loss) for the period}}{\text{Average number of shares}}$	Common measurement to indicate the profit to which each share is entitled.
Diluted profit (loss) per share	$\frac{\text{Shareholder's share of the profit (loss) for the period}}{\text{Average number of shares, including dilutive effect of free shares}}$	Common measurement to indicate the profit to which each share is entitled, including any dilutive effects arising from free shares.

Company overview

Note 7.4

Segment/company	Country	Type[1]	Ownership interest
Parent Company			
Ørsted A/S	Denmark		
Offshore			
Anholt Havvindmøllepark I/S	Denmark	JO	50%
Borkum Riffgrund 1 Windpark A/S GmbH & Co. oHG	Germany	JO	50%
Borkum Riffgrund 2 Offshore Wind Farm GmbH & Co. oHG	Germany	JO	50%
Borssele Windfarm C.V.	The Netherlands	JO	50%
Breesea Ltd[2]	The UK	JO	50%
Gode Wind 1 Offshore Wind Farm GmbH & Co. oHG	Germany	JO	50%
Gode Wind 2 Offshore Wind Farm P/S GmbH	Germany	JO	50%
Gode Wind 3 GmbH & Co. oHG[2]	Germany	JO	50%
Greater Changhua Offshore Wind Farm NW Ltd.	Taiwan	S	100%
Greater Changhua Offshore Wind Farm SE Ltd2[2]	Taiwan	JO	50%
Greater Changhua Offshore Wind Farm SW Ltd2	Taiwan	S	100%
Hornsea 1 Limited[2]	The UK	JO	50%
Ocean Wind LLC	The US	S	100%
Orsted Borssele Holding B.V.	The Netherlands	S	100%
Orsted Hornsea 1 Holdings Limited	The UK	S	100%
Orsted Hornsea Project Three (UK) Ltd	The UK	S	100%
Orsted Hornsea Two Holdings Ltd	The UK	S	100%
Orsted North America Inc	The US	S	100%
Orsted Power (UK) Ltd	The UK	S	100%
Orsted Race Bank (Holding) Ltd	The UK	S	100%
Orsted Taiwan Ltd	Taiwan	S	100%
Orsted Walney Extension Holdings Limited	The UK	S	100%
Orsted West of Duddon Sands (UK) Ltd	The UK	S	100%
Race Bank Wind Farm Limited[2]	The UK	JO	50%
Revolution Wind, LLC[2]	The US	JO	50%
Sonningmay Wind Limited[2]	The UK	JO	50%
Soundmark Wind Limited[2]	The UK	JO	50%
South Fork, LLC[2]	The US	JO	50%
Walney (UK) Offshore Windfarms Limited	The UK	S	50%
West Of Duddon Sands	The UK	JO	50%
Ørsted Horns Rev 2 A/S	Denmark	S	100%
Ørsted Wind Power A/S	Denmark	S	100%
Ørsted Wind Power Holding A/S[3]	Denmark	S	100%
Onshore			
2W Permian Solar, LLC	The US	S	100%
Eleven Mile Solar Center, LLC	The US	S	100%
Haystack Wind Project, LLC	The US	S	100%
Helena Wind, LLC	The US	S	100%
Lincoln Land, LLC	The US	S	100%
Mockingbird Solar Center, LLC	The US	S	100%
Muscle Shoals Solar, LLC	The US	S	100%
Old 300 Solar Center, LLC	The US	S	100%
Orsted Onshore Ireland Green Energy Limited	Ireland	S	100%
Sage Draw Wind, LLC	The US	S	100%
Sparta Solar, LLC	The US	S	100%
Sunflower Energy, LLC	The US	S	100%
Tahoka Wind, LLC	The US	S	100%
Western Trail Wind, LLC	The US	S	100%
Ørsted Onshore Holding A/S[3]	Denmark	S	100%
Bioenergy & Other			
Ørsted Bioenergy & Thermal Power A/S[3]	Denmark	S	100%
Ørsted Salg & Service A/S[3]	Denmark	S	100%
Shared Functions			
Ørsted North America Holding A/S	Denmark	S	100%
Ørsted Wind Power TW Holding A/S	Denmark	S	100%

[1] S = subsidiary, JO = joint operation.
[2] The company is owned through a company which is not owned 100% by Ørsted. The disclosed ownership interest is Ørsted's ultimate ownership interest in the company.
[3] Subsidiaries owned directly by Ørsted A/S.

Companies without significant activities are not included in the list.
A full comprehensive list of companies is available at:
https://orsted.com/company-overview

Events after the reporting period

Note 7.5

Sunrise Wind

In 2024, Ørsted signed an agreement to acquire Eversource's 50% share of Sunrise Wind. The acquisition is subject to the successful award of Sunrise Wind in the state of New York solicitation for offshore wind capacity. The acquisition would give Ørsted 100% ownership of Sunrise Wind.

Parent company financial statements

→ Ørsted donated almost 1,000 acres of land adjacent to Mockingbird Solar Center to The Nature Conservancy to protect native prairie in north-east Texas.

Less than one percent of the original tallgrass prairies of Texas survive today, and less than five percent remain nationally. Our joint conservation effort will be the largest preservation effort on record for this type of native prairie and Ørsted's first biodiversity initiative in the US.

Income statement

1 January – 31 December

Note	Income statement DKKm	2023	2022
	Revenue	259	229
2	Employee costs	(59)	(82)
	External expenses	(172)	(243)
	Operating profit (loss) before depreciation, amortisation, and impairment losses (EBITDA)	**28**	**(96)**
	Amortisation, depreciation, and impairment losses on property, plant, and equipment	(113)	(112)
	Operating profit (loss) (EBIT)	**(85)**	**(208)**
	Gain (loss) on divestment of enterprises	791	(224)
3	Financial income	21,262	23,126
3	Financial expenses	(15,114)	(19,673)
	Profit (loss) before tax	**6,854**	**3,021**
4	Tax on profit (loss) for the year	(1,240)	344
5	**Profit (loss) for the year**	**5,614**	**3,365**

Balance sheet

31 December

Note	Assets DKKm	2023	2022
6	Land and buildings	569	712
6	**Property, plant, and equipment**	**569**	**712**
7	Investments in subsidiaries	50,864	51,276
8	Receivables from subsidiaries	194,064	163,616
4	Deferred tax	246	33
	Other receivables	13	14
	Financial assets	**245,187**	**214,939**
	Non-current assets	**245,756**	**215,651**
	Receivables from subsidiaries	42,635	28,542
9	Derivatives	5,092	6,661
	Other receivables	4,379	2,702
	Income tax	-	56
	Receivables	**52,106**	**37,961**
10	Securities	29,514	24,428
	Cash	4,324	8,840
	Current assets	**85,944**	**71,229**
	Assets	**331,700**	**286,880**

Note	Equity and liabilities DKKm	2023	2022
	Share capital	4,204	4,204
	Reserves	414	2,130
	Retained earnings	51,597	46,530
	Proposed dividends	-	5,675
	Equity attributable to shareholders in Ørsted A/S	**56,215**	**58,539**
11	Hybrid capital	19,103	19,793
	Equity	**75,318**	**78,332**
12	Other provisions	1,771	1,949
11	Lease liabilities	514	659
11	Bond and bank debt	69,695	54,033
	Non-current liabilities	**71,980**	**56,641**
12	Other provisions	8	22
	Lease liabilities	115	107
	Bond and bank debt	1,281	1,547
9	Derivatives	4,781	5,564
	Trade payables	107	64
	Payables to subsidiaries	175,457	142,297
	Other payables	1,887	2,306
	Income tax	766	-
	Current liabilities	**184,402**	**151,907**
	Liabilities	**256,382**	**208,548**
	Equity and liabilities	**331,700**	**286,880**

Statement of changes in equity

1 January – 31 December

Statement of changes in equity DKKm	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Shareholders in Ørsted A/S	Hybrid capital	Total
Equity at 1 January 2023	4,204	2,130	46,530	5,675	58,539	19,793	78,332
Profit (loss) for the year	-	-	5,061	-	5,061	553	5,614
Dividends paid	-	-	2	(5,675)	(5,673)	-	(5,673)
Value adjustments of hedging instruments	-	108	-	-	108	-	108
Value adjustments transferred to financial income and expenses	-	(2,308)	-	-	(2,308)	-	(2,308)
Tax on changes in equity	-	484	-	-	484	2	486
Coupon payments, hybrid capital	-	-	-	-	-	(546)	(546)
Disposals, hybrid capital	-	-	-	-	-	(699)	(699)
Share-based payments	-	-	4	-	4	-	4
Changes in equity in 2023	**-**	**(1,716)**	**5,067**	**(5,675)**	**(2,324)**	**(690)**	**(3,014)**
Equity at 31 December 2023	**4,204**	**414**	**51,597**	**-**	**56,215**	**19,103**	**75,318**
Equity at 1 January 2022	4,204	573	49,411	5,255	59,443	17,984	77,427
Profit (loss) for the year	-	-	2,788	-	2,788	577	3,365
Dividends paid	-	-	2	(5,255)	(5,253)	-	(5,253)
Proposed dividends	-	-	(5,675)	5,675	-	-	-
Value adjustments of hedging instruments	-	2,578	-	-	2,578	-	2,578
Value adjustments transferred to financial income and expenses	-	(583)	-	-	(583)	-	(583)
Tax on changes in equity	-	(438)	-	-	(438)	13	(425)
Coupon payments, hybrid capital	-	-	-	-	-	(529)	(529)
Additions, hybrid capital	-	-	-	-	-	3,693	3,693
Disposals, hybrid capital	-	-	-	-	-	(1,945)	(1,945)
Share-based payments	-	-	4	-	4	-	4
Changes in equity in 2022	**-**	**1,557**	**(2,881)**	**420**	**(904)**	**1,809**	**905**
Equity at 31 December 2022	**4,204**	**2,130**	**46,530**	**5,675**	**58,539**	**19,793**	**78,332**

Basis of reporting

Note 1

Accounting policies

The parent company financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act ('Årsregnskabsloven') (reporting class D).

The accounting policies remain unchanged from previous year.

Unless otherwise stated, the financial statements are presented in Danish kroner (DKK).

The parent company accounting policies are consistent with the accounting policies described for the consolidated financial statements, with the following exceptions.

Foreign currency translation

We recognise exchange rate adjustments of receivables from and payables to subsidiaries as financial income and expenses in the income statement when the balances are accounted for as part of the total net investment in foreign enterprises. Likewise, we recognise foreign exchange gains and losses on loans and derivatives in the income statement as financial income and expenses when they have been entered into hedge net investment in the foreign enterprises.

Revenue

Rental income comprises income from commercial leases and is recognised over the term of the lease. Income from services is recognised when delivery has taken place.

Dividends from investments

Dividends from subsidiaries and associates are recognised in the income statement for the financial year in which the dividends are approved at the annual general meeting. If the dividends exceed the total income after takeover, the dividends are recognised as a reduction of the cost of the investment under assets.

Investments

We measure our investments in subsidiaries and associates at cost. If there is any indication that the value of a company is lower than our future earnings in the company, impairment testing of the company is carried out as described in the consolidated financial statements. The carrying amount is written down to the recoverable amount whenever the carrying amount exceeds the future earnings in the company (recoverable amount).

If we have a legal or constructive obligation to cover a deficit in subsidiaries and associates, we recognise a provision for this.

Tax

Ørsted A/S is taxed jointly with its Danish subsidiaries. The jointly taxed companies are part of joint taxation with the parent company as the management company.

Subsidiaries are included in the joint taxation from the date they are consolidated in the consolidated financial statements and up to the date on which they are no longer consolidated.

Current tax for 2023 is recognised by the individual, jointly taxed companies.

Statement of cash flows

We do not prepare a separate statement of cash flows for the parent company. Reference is made to the consolidated statement of cash flows on pages 147-148.

Key accounting estimate

In connection with the preparation of the financial statements, a number of accounting estimates have been made that affect the profit (loss) and balance sheet. Estimates are regularly reassessed by the management on the basis of historical experience and other relevant factors.

Impairment test
If there is any indication that the carrying amount is lower than our future earnings in a company, we test for impairment as described in the consolidated financial statements.
The future earnings of the company (recoverable amount) are calculated based on assumptions concerning significant estimates.

Employee costs

Note 2

Employee costs DKKm	2023	2022
Wages and salaries	47	70
Share-based payment	4	4
Pensions and social costs	1	1
Remuneration	7	7
Total employee costs	**59**	**82**

Salaries and remuneration of the Executive Board DKK '000		
Fixed salary	27,849	30,632
Cash-based incentive scheme	3,711	6,454
Share-based payment	6,270	3,989
Pension, incl. social security and benefits	858	860
Salary in notice period	8,443	14,553
Severance payment	6,210	9,270
Total	**53,341**	**65,758**

Notes 2.7 'Employee costs' and 2.8 'Share-based payment' to the consolidated financial statements describe the remuneration of the Executive Board and the Board of Directors as well as the share-based payment, termination, and bonus scheme for the Executive Board and details on the remuneration of the Board of Directors.

The parent company had an average of nine employees in 2023 (2022: eight employees).

Remuneration of the Board of Directors totals DKK 7 million (2022: DKK 7 million).

Financial income and expenses

Note 3

Financial income and expenses DKKm	2023	2022
Interest income from cash, etc.	528	104
Interest income from subsidiaries	10,516	4,006
Interest income from securities at market value	707	150
Reversal impairment of investments in subsidiaries	-	165
Foreign exchange gains	1,356	3,531
Value adjustments of derivatives	8,142	11,109
Dividends received	13	4,061
Total financial income	**21,262**	**23,126**
Interest expenses relating to loans and borrowings	(2,759)	(1,824)
Interest expenses, leases	(18)	(20)
Interest expenses to subsidiaries	(5,413)	(765)
Impairment of investments in subsidiaries	-	(39)
Capital losses on securities at market value	-	(1,574)
Foreign exchange losses	(1,427)	(5,664)
Value adjustments of derivatives	(5,321)	(9,592)
Other financial expenses	(176)	(195)
Total financial expenses	**(15,114)**	**(19,673)**
Net financial income and expenses	**6,148**	**3,453**

Tax on profit (loss) for the year and deferred tax

Note 4

Income tax

DKKm	2023	2022
Tax on profit (loss) for the year	(1,240)	344
Tax on changes in equity	486	(425)
Total tax for the year	**(754)**	**(81)**
Tax on profit (loss) for the year can be broken down as follows:		
Current tax	(1,261)	470
Adjustments to deferred tax	39	(170)
Adjustments to current tax in respect of prior years	(192)	1
Adjustments to deferred tax in respect of prior years	174	43
Tax on profit (loss) for the year	**(1,240)**	**344**

Development in deferred tax

DKKm		
Deferred tax at 1 January	(33)	(160)
Adjustments for the year recognised in profit (loss) for the year	(39)	170
Adjustments to deferred tax in respect of prior years	(174)	(43)
Deferred tax at 31 December	**(246)**	**(33)**

Specification of deferred tax

DKKm		
Property, plant and equipment	125	157
Other current assets	(1)	(3)
Non-current liabilities	(301)	(144)
Tax loss carryforwards	(69)	(43)
Deferred tax, asset	**246**	**33**
Deferred tax, liability	**-**	**-**

Distribution of net profit

Note 5

Distribution of net profit

DKKm	2023	2022
Profit (loss) for the year is attributable to:		
Shareholders in Ørsted A/S, proposed dividends for the financial year	-	5,675
Shareholders in Ørsted A/S, retained earnings	5,061	(2,887)
Interest payments and costs, hybrid capital owners of Ørsted A/S	553	577
Profit (loss) for the year	**5,614**	**3,365**

Property, plant, and equipment

Note 6

Property, plant, and equipment: Land and buildings DKKm	2023	2022
Cost at 1 January	1,153	1,120
Additions	-	33
Disposals	(39)	-
Cost at 31 December	**1,114**	**1,153**
Depreciation and amortisation at 1 January	(441)	(329)
Depreciation and amortisation	(113)	(112)
Disposals	9	-
Depreciation and amortisation at 31 December	**(545)**	**(441)**
Carrying amount at 31 December	**569**	**712**
Value of leased assets	**569**	**712**

We have entered into leases for office premises, primarily in Gentofte, Denmark (expiring in 2028).

We have entered into operating leases with subsidiaries for sublease of office premises.

In 2023, an amount of DKK 147 million was recognised (2022: DKK 95 million) in profit (loss) for the year in respect of rental income.

Investments in subsidiaries

Note 7

Investments in subsidiaries DKKm	2023	2022
Cost at 1 January	51,809	36,809
Additions	-	15,000
Disposals	(412)	-
Cost at 31 December	**51,397**	**51,809**
Value adjustments at 1 January	(533)	(659)
Impairment losses/reversals	-	126
Value adjustments at 31 December	**(533)**	**(533)**
Carrying amount at 31 December	**50,864**	**51,276**

Note 7.4 'Company overview of the consolidated financial statements' contains an overview of subsidiaries, etc.

We have tested investments in subsidiaries for impairment by comparing the expected future income from the individual subsidiaries with their carrying amounts.

The impairment test in 2023 did not give rise to any impairment of investments in subsidiaries.

In 2022, the 'Additions' related to capital injections in Ørsted Salg & Service A/S.

Receivables from subsidiaries

Note 8

Non-current receivables from subsidiaries

DKKm	2023	2022
Cost at 1 January	163,616	107,894
Additions	50,485	84,638
Disposals	(20,037)	(28,916)
Cost at 31 December	**194,064**	**163,616**

Derivatives

Note 9

Overview of derivative positions

DKKm	2023		2022	
	Contractual principal amount	**Market value**	**Contractual principal amount**	**Market value**
Interest derivatives	25,141	(517)	22,185	1,578
Currency derivatives	39,213	828	47,318	(481)
Total	**64,354**	**311**	**69,503**	**1,097**
Assets		**5,092**		**6,661**
Equity and liabilities		**(4,781)**		**(5,564)**

See note 6.1 'Risk framework' to the consolidated financial statements and the chapter on 'Risks and risk management' in the 'Management's review on pages 34-37 for more details on risk and risk management.

Ørsted A/S has assumed the subsidiaries' currency risks via forward exchange contracts, which have subsequently been hedged in the market. Furthermore, hedging contracts have been concluded to hedge the currency risk associated with investments in subsidiaries in foreign currencies.

We have also entered into a number of interest rate swaps to manage our interest rate risk.

The company has 'fair value' hedged loans and receivables in GBP and USD. The value of the 'fair value' hedge offset in the income statement amounted to DKK -162 million (2022: DKK -879 million).

Derivatives at the end of December 2023 mature as follows: 2024: DKK 177 million, 2025: DKK 370 million, after 2025: DKK -236 million (2022: 2023: DKK -651 million, 2024: DKK 89 million, after 2024: DKK 1,659 million).

All derivatives are classified based on observable inputs in the 'fair value' hierarchy.

Securities

Note 10

Securities DKKm	2023	2022
Securities, available for use	29,514	24,428
Total securities	**29,514**	**24,428**

Securities are a key element in our financial resources, and therefore investments are primarily made in liquid AAA-rated Danish mortgage bonds and, to a lesser extent, in other bonds. Most of the securities qualify for repo transactions in the Danish central bank, 'Danmarks Nationalbank'.

All securities are classified based on observable inputs in the fair value hierarchy.

Loans and borrowings

Note 11

On 31 December 2023, we had issued hybrid capital with a total notional amount of DKK 19,310 million (2022: DKK 19,877 million). The hybrid bonds have a 1,000-year term and expire as follows: DKK 3,727 million in 3017, DKK 4,473 million in 3019, DKK 7,383 million in 3021, and DKK 3,727 million in 3022, respectively.

The long-term portion of lease debt amounted to DKK 514 million at 31 December 2023 (2022: DKK 659 million), of which DKK 28 million (2022: DKK 208 million) fall due in more than five years.

The long-term portion of bank loans and issued bonds amounted to DKK 69,695 million at 31 December 2023 (2022: DKK 54,033 million), of which DKK 56,769 million (2022: DKK 50,930 million) fall due in more than five years.

Other provisions

Note 12

We have made provisions for non-current liabilities totalling DKK 1,779 million (2022: DKK 1,971 million), of which DKK 8 million fall due within 1 year, and DKK 1,771 million fall due in 1-5 years.

The provisions mainly concern the divestment of our oil and gas business in 2017 and the sale of our Danish power distribution, residential customer, and city light businesses to SEAS-NVE (now Andel) in 2020.

Related-party transactions

Note 13

Related parties are the Board of Directors, the Executive Board, Ørsted A/S's subsidiaries, and the Danish state.

Remuneration of the Board of Directors and the Executive Board is disclosed in notes 2.7 'Employee costs' and 2.8 'Share-based payment' in the consolidated financial statements.

Our related-party transactions are made on arm's length terms.

Contingent liabilities

Note 14

Guarantees

Ørsted A/S has provided guarantees in connection with participation by subsidiaries and subsidiaries' joint operations and joint ventures in the construction and operation of offshore wind farms and natural gas installations as well as guarantees in respect of leases, energy trading activities, purchase, sale, and supply agreements, decommissioning obligations, farm-downs and other M&A transactions as well as secondary liability on decommissioning of offshore installations related to the divestment of the oil and gas business, etc.

Ørsted A/S acts as guarantor or surety provider with primary liability for bank liabilities in certain subsidiaries, including guarantees in favour of banks and investors covering credit facilities established and bonds issued in Taiwan.

Furthermore, in support of the ratings of Ørsted Salg & Service A/S by Moody's and Ørsted Wind Power TW Holding A/S by Taiwan Ratings, Ørsted A/S has provided general guarantees covering all obligations and liabilities undertaken in the ordinary course of business by these two entities.

Indemnities

Ørsted A/S is taxed jointly with the Danish companies in the Ørsted Group. As management company, Ørsted A/S has unlimited as well as joint and several liability together with the other jointly taxed companies for Danish income taxes and withholding taxes on dividends, interest, and royalties related to the jointly taxed companies.

Litigation

Ørsted is involved in ongoing transfer pricing disputes. For further information, we refer to section 4.1 'Approach to taxes' to the consolidated financial statements. Ørsted A/S is not a party to any litigation proceedings or legal disputes that could have an effect on the company's financial position, either individually or collectively.

Auditor's fees

Note 15

Auditor's fees DKKm	**2023**	**2022**
Statutory audit	4	4
Other assurance engangements	3	3
Total fees to PwC	**7**	**7**

'Other assurance engagements' primarily included assurance services related to the issuance of bonds.

Ownership information

Note 16

Ownership information **31 December 2023**	**Registered office**	**Ownership interests**	**Voting share**
The Danish state represented by the Danish Ministry of Finance	Copenhagen K, Denmark	50.12%	50.74%
Andel A.M.B.A.	Svinninge, Denmark	5.01%	5.07%

The table shows the shareholders with ownership interests and voting shares of at least 5%. The difference between ownership interests and voting shares is because voting rights of Ørsted's treasury shares cannot be exercised.

Management's statement, auditor's reports, and glossary

→ Ireland's offshore wind footprint continues to grow. This year, we partnered with ESB, Ireland's leading utility, in a landmark deal to develop up to 5 GW of renewable energy.

With a maritime area more than ten times the size of its landmass, Ireland is ideally positioned to grow a strong and vibrant offshore sector, which will help decarbonise the Irish electricity system and enable future renewable energy exports to Europe.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and adopted the annual report of Ørsted A/S for the financial year 1 January – 31 December 2023.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act. The Management's Report has been prepared in accordance with the Danish Financial Statements Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2023, and of the results of the Group's and the parent company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2023.

In our opinion, the Management's Review included in the Management's Report represents a true and fair account of the development in the Group's and the parent company's operations and financial circumstances, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

In our opinion, the Sustainability statements included in the Management's Report represents a reasonable, fair, and balanced representation of the Group's sustainability performance and are prepared in accordance with the stated accounting policies.

In our opinion, the annual report of Ørsted A/S for the financial year 1 January – 31 December 2023 with the file name: Orsted-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the annual report is adopted at the annual general meeting.

Skærbæk, 7 February 2024

Executive Board:

Mads Nipper
Group President and CEO

Rasmus Errboe
Interim CFO

Henriette Fenger Ellekrog
Chief HR Officer

Board of Directors:

Thomas Thune Andersen
Chair

Lene Skole
Deputy Chair

Annica Bresky

Andrew Brown

Jørgen Kildahl

Julia King, the Baroness Brown of Cambridge

Peter Korsholm

Dieter Wemmer

Benny Gøbel*

Leticia Francisca Torres Mandiola*

Alice Florence Marion Vallienne*

Anne Cathrine Collet Yde*

* Board member elected by the employees

Independent Auditor's Reports

To the shareholders of Ørsted A/S

Report on the audit of the Financial Statements

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit & Risk Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Ørsted A/S for the financial year 1 January to 31 December 2023, pages 142-231 and 242-243, comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes to the consolidated financial statements, including material accounting policy information.

The Parent Company Financial Statements of Ørsted A/S for the financial year 1 January to 31 December 2023, pages 232-243, comprise the income statement, the balance sheet, the statement of changes in equity, and the notes, including material accounting policy information.

Collectively referred to as the 'Financial Statements'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

We were first appointed auditors of Ørsted A/S on 19 April 2010 for the financial year 2010. We have been reappointed annually by shareholder resolution for a total uninterrupted period of engagement of 14 years, including the financial year 2023. We were reappointed at the annual general meeting on 7 March 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non-current assets

Key audit matter

During 2023, Management identified impairment indicators for a number of production and development assets (non-current assets) due to, amongst others, the adverse impacts related to the supply chain, increased interest rates, as well as the ability to obtain investment tax credit (ITC) for the US portfolio.

On this basis, Management has prepared impairment tests resulting in impairment losses recognised for production and development assets; mainly related to the US offshore wind farm portfolio.

The impairment tests are based on Management's assumptions of expected cash inflows and outflows for the individual cash-generating units (CGUs), and these cash flows are discounted using the relevant discount rates (value-in-use impairment models). This requires significant estimates and judgements amongst others related to the future power prices, expected government subsidy schemes, impact of the supply chain challenges, cost prices, and discount rates (WACC). Furthermore, some value-in-use models are based on probability-weighted scenarios due to amongst other rebids for offshore renewable energy certificates (ORECs) as well as expected outcome of the supply chain challenges.

For impairment tests related to the seabeds for Ocean Wind 1 and Skipjack Wind, Management has applied fair value less cost to sell calculations, which are based on multiple analyses supported by discounted cash flow calculations where required data and assumptions are available.

We focused on this area because impact on the profit for the year is significant and because the impairment tests of non-current assets are considered complex non-routine transactions and require significant, judgements in determining the assumptions applied in the significant estimates.

Refer to notes 1.2 and 3.1-3.2 in the consolidated financial statements.

How our audit addressed the key audit matter

As part of our audit, we challenged the impairment indicator assessments performed by Management. We considered the appropriateness of the CGUs defined by Management and the methodology used by Management to assess the carrying amount of non-current assets assigned to CGUs.

We carried out risk assessment procedures in order to obtain an understanding of IT systems, business processes, and relevant controls regarding data and assumptions used in the impairment models. For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement. For selected controls that we planned to rely on, we tested whether they were performed on a consistent basis.

We challenged the impairment models prepared by Management and tested the mathematical accuracy of the relevant value-in-use and fair value less cost to sell models, challenged the data and significant assumptions applied in relation to future selling prices, supply chain challenges, interest rates, as well as the ability to obtain investment tax credits (ITC). Also, we reconciled the carrying amounts to the accounting records.

In assessing the discounting rates (WACCs) and the overall methodology applied, we involved our valuation specialists.

Finally, we assessed the appropriateness of the related disclosures of these matters in the Consolidated Financial Statement, including the sensitivity analysis expressing the significant estimation uncertainty related to the valuation of the CGUs.

Provisions for onerous contracts

Key audit matter

On 31 October 2023, Ørsted decided to cease the development of Ocean Wind 1 and recognised a provision for the onerous contracts related to the development project, taking into consideration Ørsteds contractual obligations and the expected outcome of the cancellation of these contracts.

The provision is based on Management's assessment of the individual contractual obligations, including termination and compensation clauses, assumptions for cash outflow, as well as cash inflow from sale or reuse of parts of the project. This requires significant estimates and judgements in assessing the potential scenarios and cash flows.

We focused on this area because impact on the profit for the year is significant, and because the provisions for contractual obligations are considered complex non-routine transactions and require significant judgements in determining the assumptions applied in the significant estimates. Refer to notes 1.2 and 3.10 in the consolidated financial statements.

How our audit addressed the key audit matter

As part of our audit, we read the accounting memorandum prepared, assessed the process applied and competencies involved to identify and review relevant contracts for contractual obligations, read contracts on a sample basis, and obtained relevant formal confirmations from Ørsted's internal lawyers.

Furthermore, we challenged the judgements and assumptions applied by Management when calculating the provision.

Finally, we assessed the appropriateness of the related disclosures of these matters in the Consolidated Financial Statements.

Valuation of derivative financial instruments and documentation of hedge accounting

Key audit matter

Ørsted applies hedge accounting for derivative financial instruments used for hedging of:

- energy prices, currency and inflation risks associated with revenue (energy hedges)
- commodity price and currency risks associated with the construction of wind farms
- interest rate risk associated with loans and divestments.

We focused on this area because the valuation of the derivative financial instruments (hedging instruments) and assessment of hedge relationships and hedge effectiveness are complex and require significant judgements and estimates.

On this basis, the valuation of the derivative financial instruments and the application of hedge accounting was a matter of most significance in our audit.

Refer to notes 1.2 and 6.1-6.9 in the consolidated financial statements.

How our audit addressed the key audit matter

We carried out risk assessment procedures in order to obtain an understanding of IT systems, business processes, and relevant controls regarding derivative financial instruments and hedge accounting. For the controls, we assessed whether they were designed and implemented to effectively address the risk of material misstatement. For selected controls that we planned to rely on, we tested whether they were performed on a consistent basis.

In this connection, we assessed and obtained an understanding of the exposures subject to hedging, the hedging instruments applied, the hedge relationships, including the methods, data and assumptions applied for documentation of the fair value of hedging instruments, and hedge effectiveness.

We challenged the accounting treatment applied by Management, including in relation to the hedging instruments used and the hedge reserve recognised in the consolidated statement of comprehensive income by reviewing Management's IFRS 9 hedge documentation, including underlying memos and calculations.

We challenged the significant data, assumptions, and models applied by Management when assessing the value of the hedging instruments, the hedge relationships, and hedge effectiveness by assessing and testing the main data, significant assumptions, and models applied.

As part of our audit, we tested the valuation of the derivative financial instruments and the documentation of hedge effectiveness of energy, commodity, interest rates, and related foreign exchange risk hedges.

In assessing the valuation of the derivative financial instruments and application of hedge accounting, we involved our financial instrument specialists.

We assessed and tested the appropriateness of the related disclosures provided in the Consolidated Financial Statements.

Income taxes

Key audit matter

Ørsted is subject to income taxes in the countries where they operate. Significant judgements and estimates are required in determining the income taxes and in measuring income tax assets and liabilities, including uncertain tax positions.

We focused on this area because Management makes significant judgments and estimates when calculating and assessing the income taxes due to the complex nature of the tax rules related to the business activities conducted in different tax jurisdictions. Furthermore, Management makes estimates when measuring the tax assets, including when and to which extent these can be utilised in the future, and when measuring tax liabilities, including assessing deferred taxes in tax equity partnerships.

Additionally, Ørsted is a party in tax and transfer pricing disputes where Management assesses the possible outcomes and consequently recognise provisions for these uncertain tax positions. Ørsted has received administrative decisions from the Danish Tax Agency entailing additional tax payments and related interests, which Management disputes and has appealed to the relevant authorities. Furthermore, tax cases are ongoing regarding corresponding tax adjustments.

On this basis, income taxes were a matter of most significance in our audit.

Refer to notes 1.2 and 4.1-4.3 in the consolidated financial statements.

How our audit addressed the key audit matter

As part of our audit, we evaluated the assumptions applied by Management in determining the recognition and measurement of income taxes and deferred taxes, including those related to tax equity partnerships, while taking into account relevant correspondence with tax authorities and external advisors.

We assessed Management's judgements and estimates of tax balances and carrying amounts as well as the related applied tax rates when calculating these. We also assessed the reasonableness of the main data and assumptions used to calculate the taxable income forecasts underlying the recognition and recoverability of the deferred tax assets relating to tax losses carried forward.

We evaluated and tested Ørsted's processes for recording, assessing, and continually reassessing provisions for uncertain tax positions.

During our audit of uncertain tax positions, we obtained and reviewed the correspondence with relevant tax authorities to consider the completeness of the tax disputes and the related provisions.

We assessed the measurement of the provisions and challenged the assumptions used, including the possibility of obtaining corresponding tax adjustments, compensations from partners, and the likelihood of different outcomes. In addition, we assessed relevant opinions obtained by Management from third parties related to the tax disputes, and we evaluated the disclosures provided by Management in the consolidated financial statements.

In assessing income taxes, we involved our tax specialists.

Statement on Management's Report

Management is responsible for Management's Report, pages 3-141.

Our opinion on the Financial Statements does not cover Management's Report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Report and, in doing so, consider whether Management's Report is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Report includes the disclosures required by the Danish Financial Statements Act and Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, in our view, Management's Report is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act and the disclosure requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement in Management's Report.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management

- conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern

- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Ørsted A/S for the financial year 1 January to 31 December 2023 with the filename Orsted-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- the preparing of the annual report in XHTML format
- the selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary
- ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format
- for such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- testing whether the annual report is prepared in XHTML format
- obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process
- evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes
- evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified
- evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy
- reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Ørsted A/S for the financial year 1 January to 31 December 2023 with the file name Orsted-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 7 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Anders Stig Lauritsen
State Authorised Public Accountant
mne32800

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

Independent limited assurance report on selected ESG data in the Sustainability statements

To the stakeholders of Ørsted A/S

Ørsted A/S engaged us to provide limited assurance on selected ESG data as described below for the period 1 January – 31 December 2023 as stated on pages 81-130 and 141 in tables marked with a 'blue eye icon' ( ) (the 'Selected ESG Data').

Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the Selected ESG Data in tables marked with a 'blue eye icon' ( ) for the period 1 January – 31 December 2023 for Ørsted A/S are prepared, in all material respects, in accordance with the applied accounting policies developed by Ørsted A/S as stated on pages 81-130 and 141 (the 'Accounting policies').

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

What we are assuring

The scope of our work was limited to assurance over the Selected ESG Data as defined in the first paragraph of our report.

Regarding reporting on article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation) on pages 81-85 we only provide limited assurance on whether the included data have been stated in accordance with the EU Taxonomy related accounting policies as stated on pages 81 and 85, and not whether the data are in compliance with the EU regulation.

We express limited assurance in our conclusion.

Professional standards applied and level of assurance

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

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

Our independence and quality control

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

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected ESG Data needs to be read and understood together with the accounting policies.
The accounting policies used for the preparation of the Selected ESG Data are the applied accounting policies developed by Ørsted A/S which Management is solely responsible for selecting and applying.

The absence of a significant body of established practice on which to draw to evaluate and measure ESG data allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected ESG Data. In doing so and based on our professional judgement, we:

- evaluated the appropriateness of the accounting policies used, their consistent application and related disclosures
- made inquiries and conducted interviews with Group functions with responsibility for management and reporting of the Selected ESG Data to assess

reporting and consolidation processes, use of company-wide systems, and controls performed

- checked the Selected ESG Data on a sample basis to underlying documentation and evaluated the appropriateness of quantification methods and compliance with the accounting policies for preparing the Selected ESG Data
- performed analytical review and trend explanation of the Selected ESG Data
- considered the disclosure and presentation of the Selected ESG Data
- evaluated the obtained evidence.

Management's responsibilities

Management of Ørsted A/S is responsible for:

- designing, implementing, and maintaining internal control over information relevant to the preparation of Selected ESG Data that are free from material misstatement, whether due to fraud or error
- establishing objective accounting policies for preparing the Selected ESG Data
- measuring and reporting the information in the Selected ESG Data based on the accounting policies
- the content of the Selected ESG Data.

Our responsibility

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected ESG Data for the period 1 January – 31 December 2023 are prepared, in all material respects, in accordance with the accounting policies
- forming an independent conclusion, based on the procedures performed and the evidence obtained
- reporting our conclusion to the stakeholders of Ørsted A/S.

Hellerup, 7 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

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Glossary

Availability
Availability is calculated as the ratio of actual production to the possible production, which is the sum of lost production and actual production in a given period. The production-based availability (PBA) is impacted by grid and wind turbine outages, which are technical production losses. PBA is not impacted by market requested shutdowns and wind farm curtailments, as this is deemed not to be reflective of site performance, but due to external factors.

Avoided emissions
The amount other sources of energy would have emitted if we had not generated energy from renewable sources.

Awarded capacity
Offshore capacity that we have been awarded in auctions and tenders, but where we have yet to sign a PPA and take final investment decision.

Blockage effect
The blockage effect arises from the wind slowing down as it approaches the wind turbines.

BSUoS tariffs
Costs related to the day-to-day operation of the transmission system imposed on generators and suppliers.

Carbon emission allowances
Carbon emission allowances subject to the European Union Emissions Trading Scheme (EU ETS).

CfD
A contract for difference is a subsidy that guarantees the difference between the market reference price and the exercise price won.

Commissioning/COD
When our assets are in operation, and the legal liability has been transferred from the supplier to us.

Contracted capacity
Onshore capacity where we have signed PPAs covering more than 50% of the asset's capacity, but where we have not yet taken final investment decision.

CSRD
Corporate Sustainability Reporting Directive.

Decided (FID) and installed capacity
Installed generation capacity plus capacity for assets where a final investment decision has been made.

Degree days
Number of degrees in absolute figures in difference between the average temperature and the official Danish indoor temperature of 17 °C.

DMA
Double materiality assessment.

EPC
Engineering, procurement, and construction. The part of our business which handles the construction and installation of assets.

ESRS
European Sustainability Reporting Standards.

FID
Final investment decision. When the Board of Directors approves major investments for construction assets.

Generation capacity
Ørsted's ownership of the asset. Offshore wind turbines are included when each turbine has passed the 240-hour test. Onshore capacities are included after COD of the entire asset.

Green certificates
Certificate awarded to producers of environment-friendly power as a supplement to the market price of power in the given price area.

Green dark spread (GDS)
Represents the contribution margin per MWh of power generated at a coal-fired CHP plant with a given efficiency. It is determined as the difference between the market price of power and the cost of the coal (including associated freight costs) and carbon emission allowances used to generate the power.

Ineffective hedges
When we hedge our exposure with an instrument that is not 100% correlated with the exposure, we may see ineffectiveness in our hedging (i.e. results from such hedges should be recognised in the P&L immediately).

Installed capacity
Installed capacity where the asset has been completed and has passed a final test.

Investment tax credits (ITCs)
Federal tax credit based on qualifying renewable investment costs.

Load factor
The ratio between the actual power generation in a given period relative to the potential generation which is possible by continuously exploiting the maximum capacity over the same period.

Offshore transmission assets
Connect offshore generation to the onshore grid and typically include the offshore power transmission infrastructure, an onshore substation, and the electrical equipment relating to the operation of the substation.

Overhedging
When our hedged volumes are higher than our actual generation, we are overhedged. This is normally caused by lower wind speeds and lead to financial losses if market prices are above our hedged prices.

Partnership income
Income originating from our partners' purchase of ownership interests in the offshore wind farms. Includes both the gain in connection with the farm-down and the subsequent construction of the wind farm.

Power purchase agreement (PPA)
An agreement between us and a buyer/seller to purchase/sell the power we generate, which includes all commercial terms (price, delivery, volumes, etc.).

Production tax credit (PTC)
Federal tax credit based on eligible power generation in the US.

ROCs
Renewable obligation certificates issued by Ofgem in the UK to operators of accredited generating stations for the eligible renewable energy they generate. Operators can trade ROCs with other parties.

Tax equity
An arrangement where an investor obtains rights to federal tax credits and other tax attributes in exchange for a cash contribution.

TCFD
Task Force on Climate-Related Financial Disclosures.

TEC
Transmission entry capacity (TEC) defines a generator's maximum contractual level of transmission access in MW.

TNUoS tariffs
Costs related to the use of the transmission networks in the UK based on TEC.

TRIR
In addition to lost-time injuries, the total recordable injury rate (TRIR) also includes injuries where the injured person is able to perform restricted work the day after the accident as well as accidents where the injured person has received medical treatment.

Wake effect
Wake within wind farms and between neighbouring wind farms. There is a wake after each wind turbine where the wind slows down. As the wind flow continues, the wake spreads, and the wind speed recovers.

Wind speed
Shows the wind speed at Ørsted's wind farms. The wind measurements are weighted on the basis of our generation capacity and can be compared to a normal wind period.

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Design and layout
e-Types with The Agency, Ørsted

Images
All images by Ørsted

Publication
7 February 2024

Ørsted
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