

# Ørsted

## Report on corporate governance 2021



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

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

The report forms a part of the management commentary of the annual report of Ørsted A/S concerning the financial year 1 January – 31 December 2021.

## I. Message from the Chairman

The Board of Directors firmly believes that purpose, diversity, and integrity are key drivers of good corporate governance. We will continue to strengthen our governance model addressing those important principles.

At the beginning of 2021, we had a successful and smooth CEO transition. We welcomed Mads Nipper as our new CEO, and he brought with him a deep commitment to the sustainability agenda, exceptional personal leadership, and an excellent track record in leading global companies. In addition, we welcomed Julia King and Henrik Poulsen, our former CEO. They are both visionary individuals who will provide us with important skills and experiences.

This year, we also took actions to further strengthen our corporate governance model, which is built on three pillars: enabling decision-making, having the right competences, and fostering a company culture rooted in integrity. These pillars are the foundation for our way of working throughout the organisation, from the Board to the individual employee.

We reorganised our business to strengthen decision-making power, engage in cross-functional collaboration, and enhance the complementarity of competences. We transitioned from traditional business units to a structure based on functions, with a commercially focused function and an EPC & Operations focused function. The new structure was designed to promote future growth opportunities with a more holistic and customer-centric market approach.

We welcome and generally follow the updated recommendations prepared by the Danish Committee on Corporate Governance. We are pleased to see the recommendations now include the companies' purpose, and that they ensure and promote good culture and values in the company, which we have had a strong emphasis on for many years.

The Board wants to ensure that sustainability is incorporated into our entire way of working, including our governance mechanisms. Therefore, we have updated the Executive Committee's short-term incentive (STI) scheme so it has a stronger and more systematic integration of ESG, effective from 2022. Our new STI is designed to support that we deliver on our core sustainability commitments, improve our sustainability leadership performance, and continue to push for new frontiers. Furthermore, it is a priority for the Board to support and develop a company culture based on high ethical standards and clear values that permeate across our entire business. Our Executive Committee is spearheading this culture throughout the organisation, focusing strongly on teamwork. Team efforts and collaboration are key to succeeding as a company and delivering strong results. Therefore, the Board has also updated the weight distribution of the STI for the Executive Committee. In the new STI, shared targets will increase from 40 % to 70 % of the total award.

We want to ensure the right competences to successfully drive our business forward. In the Board, we continuously work to promote the diversity of competences and perspectives, as we recognise the many advantages that diversity brings. At the annual general meeting in April 2022, we will

therefore propose that our employees outside of Denmark may participate in elections of employee representatives to the Board to enable more diversity in the Board itself.

Finally, we have reinforced our commitment to gender diversity across the company. Our ambition for gender balance is to have at least 40 % women across our total workforce by 2030. In addition, we will work to ensure that diversity and inclusion are further embedded in our hiring and promotion processes. These are just some of the many steps that we will take to ensure we attract, retain, and develop the right talent and competences.

On the following pages, you can read more about our corporate governance, and how we work with it. I look forward to continuing serving on the Board in the coming year.

Thomas Thune Andersen, Chairman

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

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

The Board of Directors appoints the Executive Board, consisting of the Group President and CEO, the Deputy Group CEO and CCO, and the CFO who undertake the day-to-day management of Ørsted through the Executive Committee. None of our executives are members of the Board of Directors. A management team consisting of the Executive Committee, the senior vice presidents, and certain vice presidents drives strategic development and cultural alignment across the company.

### Our governance model



## **Shareholders and general meeting**

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

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

## **Board of Directors**

Each year at the annual general meeting, the shareholders elect six to eight board members. In addition, our employees may elect members corresponding to half of the board members elected by the general meeting pursuant to Danish mandatory rules. Employee elections are held every four years, with the next election being in 2022.

For the time being, our Board of Directors comprises 11 members, eight members elected by the general meeting and three members elected by the employees. At the employee election in 2022, the employees will have a right to elect four members to the Board of Directors.

The Board of Directors is responsible for the overall and strategic management of the company. The Board of Directors lays down the company's strategy and makes decisions concerning major investments and divestments, the capital base, key policies, control and audit matters, risk management, and significant operational issues. You can see the most important tasks in 2021 on pages 5 – 6.

The Board of Directors monitors and oversees progress related to our sustainability and climate change strategy, including our ambitious net-zero carbon reduction targets for scope 1-3 emissions. We routinely integrate climate change considerations when setting our strategic direction, reviewing sustainability risks, setting performance objectives, deciding on our capital allocation, and when approving and overseeing major investments, acquisitions, and divestments.

The Board of Directors has prepared an overview of the competences required on the board. The list of required competences can be found at [orsted.com/competences-overview](https://orsted.com/competences-overview).

We have a diverse Board of Directors. With three female board members out of the eight elected by the general meeting, we have equal representation as defined under Danish law. The age of our board members spans from 50 to 71 years old among board members elected by the general meeting and from 37 to 54 years old among board members elected by the employees. Board members have different educational backgrounds within finance, economics, geophysics, or engineering and professional experience from the energy or other industries, private equity, private investments, and/or academia.

A description of the individual board members, including their other executive positions, independence, and how the individual board members contribute to the required competences can be found on pages 9-12. Their meeting attendance during 2021 can be found in the table on page 8.

Each year, the general meeting approves the remuneration for the members of the Board of Directors for the coming year. In the separate remuneration report, you can read more about the remuneration of the Board of Directors. Furthermore, we have considered the recommendations prepared by the Danish Committee on Corporate Governance. We partially comply with the following recommendations:

- Recommendation 1.2.1: Due to lack of shareholder interest in attending virtual general meetings, we do not, for the time being, offer this option to our shareholders.
- Recommendation 3.2.2: As former CEO Henrik Poulsen joined the Board of Directors in March 2021, we did not, at the time of his appointment, comply with the part of the recommendation setting out that an executive retiring from the executive management should not join the board of directors immediately thereafter. It is the assessment of the Board of Directors that it was in the best interest of Ørsted that Henrik Poulsen's skills and experience remained available to the company.

### **Important tasks managed by the Board of Directors in 2021**

#### *Investments, acquisitions, and divestments*

- Build-out of our offshore wind portfolio, including bids into seabed, project or transmission auctions and tenders in Denmark, Scotland, Japan, and the US, and entry into corporate power purchase agreements related to the Borkum Riffgrund 3 offshore wind project in Germany.
- Entry into 50/50 joint venture with PGE Polska Grupa Energetyczna S.A. for the development, construction, and operation of two offshore wind projects in the Baltic Sea.
- Signing of agreement to divest 50 % of the Borkum Riffgrund 3 offshore wind project in Germany to Glenmont Partners and taking final investment decision (FID) on the project. Simultaneously, FID on the Gode Wind 3 project.
- Signing and closing of agreement to divest 50 % of the Borssele 1 & 2 offshore wind project in the Netherlands to Norges Bank Investment Management.
- Build-out of our onshore portfolio in the US, including FID and entry into CPPAs on the combined wind and solar PV project Helena Energy Center and acquisition of the latestage Lincoln Land wind project.
- Acquisition of onshore wind platform in Ireland and UK from Brookfield Renewable.
- Strategic discussions on development of the hydrogen business

#### *Other tasks*

- Approval of new strategic ambition and financial guidance to accelerate growth and realisation of Ørsted's full potential as a global green energy major.
- Discussion of sustainability agenda and definition of strategic priorities for Ørsted.

- Nomination of Henrik Poulsen, former CEO of Ørsted, and Julia King, Baroness Brown of Cambridge, as new board members to be elected by the general meeting.
- Appointment of Martin Neubert as Deputy Group CEO and member of the Executive Board and reorganisation of the business into a primarily functional structure to position for future growth.
- Issuance of green hybrid securities to increase Ørsted's total amount of outstanding hybrid capital and refinancing part of the existing hybrid capital securities.
- Overseeing our financial results and guidance.
- Overseeing the results from the 2021 employee satisfaction survey, including the focus areas identified by the Executive Board.
- Overseeing and discussing the development of our consolidated environmental, social, and governance (ESG) statements.
- Monitoring the impacts of COVID-19

### **Committees of the Board of Directors**

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

#### **Audit & Risk Committee**

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

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

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

In 2021, the committee reviewed the financial impact of the implementation of IFRS hedge accounting on all commodity and related currency hedges, the acquisition of Brookfield Renewable Ireland, the implementation of the new EU taxonomy reporting, and lastly, the impact from the increased energy prices on the risk management procedures and the financial statement.

Furthermore, the committee continued to assess the claim made by the Danish Tax Agency requiring further Danish taxation of our British offshore wind farms Walney Extension, Hornsea 1, and Race Bank (added during the year), and lastly, it reviewed the progress in IT security.

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

The Chairman of the Audit & Risk Committee is responsible for managing our whistle-blower scheme. Internal Audit receives and handles any reports submitted. Our employees and other associates may report serious offences, such as cases of bribery, fraud, and other inappropriate or illegal conduct, to our whistleblower scheme or through our management system. In 2021, five substantiated cases of inappropriate or unlawful behaviour were reported through our whistle-blower scheme. Four cases related to the workplace environment, while one case concerned IT security. None of the reported cases were critical to our business, nor caused adjustments to our financial results. None of the cases required a police report.

Whistle-blower cases are taken very seriously, and we continuously enhance the awareness of good business conduct through education and awareness campaigns to minimise future similar cases. You can read more about the Audit & Risk Committee and the terms of reference for the committee at [orsted.com/audit-risk-committee](https://orsted.com/audit-risk-committee).

### **Nomination & Remuneration Committee**

Thomas Thune Andersen (Chairman), Lene Skole, and Lynda Armstrong are the members of the Nomination & Remuneration Committee. The committee assists the Board of Directors in matters regarding the composition, remuneration, and performance of the Board of Directors and the Executive Committee.

In 2021, the committee discussed, among other matters, changes to the Executive Board and Executive Committee, including the appointment of Martin Neubert as Deputy Group CEO, CCO, and new member of the Executive Board, the recruitment of Richard Hunter as new COO and member of the Executive Committee, and the appointment of Neil O'Donovan as new CEO of Onshore and member of the Executive Committee. Following CFO Marianne Wiinholt's resignation in December, the committee initiated a search process for her successor.

The committee also reviewed the remuneration policy for the Board of Directors and the Executive Board. The updates include the introduction of a fixed travel compensation for members for the Board of Directors residing outside of Europe and an authorisation for the Board of Directors to establish an indemnity scheme covering the Board of Directors and the Executive Board. For the time being, the Board of Directors has not made use of the authorisation to establish an indemnity scheme. An updated version of the remuneration policy was subsequently approved by the annual general meeting in March 2021. The committee also discussed changes to the Executive Committee's short-term incentive (STI) scheme. The scheme will be updated to have a stronger and more systematic integration of ESG to further support our sustainability strategy as well as a higher weight of shared targets to support team efforts and collaboration. It will be effective from 2022.

Finally, the committee discussed an equal pay analysis in addition to the gender pay gap reporting disclosed in the ESG performance report. You can read more about the Nomination & Remuneration Committee and the terms of reference for the committee at [orsted.com/nomination-remuneration-committee](https://orsted.com/nomination-remuneration-committee).

## Meeting attendance

Member of the board	Board of Directors		Audit & Risk Committee	Nomination & Remuneration Committee
	Ordinary	Extraordinary		
Thomas Thune Andersen	7/0	10/0		3/0
Lene Skole	7/0	10/0		3/0
Lynda Armstrong	7/0	10/0		2/1
Jørgen Kildahl	7/0	10/0	6/0	
Julia King	6/0	8/1		
Peter Korsholm	7/0	9/1	6/0	
Henrik Poulsen	6/0	8/1		
Dieter Wemmer	7/0	9/1	6/0	
Benny Gøbel	7/0	10/0		
Ole Henriksen	7/0	8/2		
Daniel Tas Sandermann	7/0	9/1		



The numbers indicate how many meetings in 2021 the members have attended or not attended, respectively, during the year.



# Board of Directors

Board members elected by the general meeting.

	Experience	Positions	Competences	
 <p><b>Thomas Thune Andersen</b> * 1955, Denmark</p> <p>Chairman since 2014 Independent Joined in 2014 Re-elected in 2021 Term of office expires in 2022</p>	<p>Extensive international leadership experience from leading positions in A.P. Møller-Maersk and non-executive directorships in listed and privately held companies within the energy, critical infrastructure, and other sectors.</p>	<p>Chairman: VKR Holding A/S, Lloyds Register Group Limited, and Lloyds Register Foundation Member: BW Group Ltd, IMI plc., Green Hydrogen Systems A/S, Det Østasiatiske Kompagnis Almennyttige Fond, and the Danish Committee on Corporate Governance.<sup>1</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>✓ Safety</li> <li>Financial</li> <li>✓ Risk</li> <li>✓ Project</li> <li>✓ Stakeholder</li> <li>Human resources</li> </ul>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>IT, technology, and digitalisation</li> <li>Investor and capital market relationships</li> <li>✓ ESG</li> </ul>
 <p><b>Lene Skole</b> * 1959, Denmark</p> <p>Deputy Chairman since 2015 Independent Joined in 2015 Re-elected in 2021 Term of office expires in 2022</p>	<p>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.</p>	<p>CEO: Lundbeckfonden and Lundbeckfond Invest A/S Chairman: LFI Equity A/S Deputy Chairman: ALK-Abelló A/S, H. Lundbeck A/S, and Falck A/S Member: Tryg A/S and Tryg Forsikring A/S.<sup>2</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>Safety</li> <li>✓ Financial</li> <li>✓ Risk</li> <li>Project</li> <li>✓ Stakeholder</li> <li>✓ Human resources</li> </ul>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>Energy sector</li> <li>IT, technology, and digitalisation</li> <li>✓ Investor and capital market relationships</li> <li>✓ ESG</li> </ul>
 <p><b>Lynda Armstrong</b> * 1950, Great Britain</p> <p>Independent Joined in 2015 Re-elected in 2021 Term of office expires in 2022</p>	<p>Strong global managerial experience from more than 30 years in leading positions in Shell, including as Vice President in Shell International, and from non-executive directorships in international companies and large organisations.</p>	<p>Chairman: The Engineering Construction Industry Training Board (ECITB).<sup>3</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>✓ Safety</li> <li>Financial</li> <li>✓ Risk</li> <li>✓ Project</li> <li>✓ Stakeholder</li> <li>✓ Human resources</li> </ul>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>IT, technology, and digitalisation</li> <li>Investor and capital market relationships</li> <li>✓ ESG</li> </ul>




<sup>1</sup> Board committees: Remuneration Committee of Lloyds Register Group Limited, Nomination Committee of Lloyds Register Foundation, Nomination Committee and Remuneration Committee of IMI plc, and Nomination Committee of VKR Holding A/S.

<sup>2</sup> Board committees: Audit & Risk Committee of Tryg A/S and Tryg Forsikring A/S, Chairman of the Audit Committee and member of the Remuneration Committee of Falck A/S, Nomination &

Remuneration Committee, Audit Committee and Scientific Committee of ALK-Abelló A/S, and Nomination & Remuneration Committee and Scientific Committee of H. Lundbeck A/S.

<sup>3</sup> Chairman of the Remuneration Committee, member of the HSE Committee, and member of the Project Assurance Committee of KAZ Minerals plc.

Board members elected by the general meeting.

	Experience	Positions	Competences	
 <p><b>Jørgen Kildahl</b> * 1963, Norway</p> <p>Independent Joined in 2018 Re-elected in 2021 Term of office expires in 2022</p>	<p>Strong international background in renewable energy and a profound knowledge of how the energy ecosystems work from positions as Executive Vice President of Statkraft and member of the Board of Management of E.ON SE.</p>	<p>Deputy Chairman: Telenor ASA. Member: Scatec ASA and Alpiq AG. Other: Senior Advisor and member of the Energy Investment Committee of Energy Infrastructure Partners, Switzerland, and advisor to the Board of Directors of Abu Dhabi National Energy Company PJSC (TAGA).<sup>1</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>✓ Safety</li> <li>Financial</li> <li>✓ Risk</li> <li>✓ Project</li> <li>✓ Stakeholder</li> <li>Human resources</li> </ul>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>✓ IT, technology, and digitalisation</li> <li>✓ Investor and capital market relationships</li> <li>✓ ESG</li> </ul>
 <p><b>Julia King, The Baroness Brown of Cambridge</b> * 1954, Great Britain</p> <p>Independent Joined in 2021 Term of office expires in 2022</p>	<p>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.</p>	<p>Chairman: The Carbon Trust, STEM Learning Ltd, and The Henry Royce Institute (UK National Institute for Advanced Materials) Non-executive director: Ceres Power Holdings and Frontier IP.<sup>2</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>Safety</li> <li>✓ Financial</li> <li>Risk</li> <li>✓ Project</li> <li>✓ Stakeholder</li> <li>Human resources</li> </ul>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>Energy sector</li> <li>✓ IT, technology, and digitalisation</li> <li>Investor and capital market relationships</li> <li>✓ ESG</li> </ul>
 <p><b>Peter Korsholm</b> * 1971, Denmark</p> <p>Independent Joined in 2017 Re-elected in 2021 Term of office expires in 2022</p>	<p>Extensive M&amp;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.</p>	<p>CEO: DSVM Invest A/S, DSV Miljø Group A/S, Togu ApS, and Totalleveranser Sverige AB Chairman: Nymølle Stenindustrier A/S, GDL Transport Holding AB, Lion Danmark I ApS, and Totalleveranser Sverige AB. Member: DSVM Invest A/S, A/S United Shipping and Trading Company, DANX Holding I ApS, BCHG Holding A/S.<sup>3</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>Safety</li> <li>✓ Financial</li> <li>✓ Risk</li> <li>Project</li> <li>✓ Stakeholder</li> <li>Human resources</li> </ul>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>Energy sector</li> <li>IT, technology, and digitalisation</li> <li>✓ Investor and capital market relationships</li> <li>✓ ESG</li> </ul>

<sup>1</sup> Chairman of the Sustainability & Compliance Committee and member of the Audit & Risk Committee of Telenor ASA, member of the Audit Committee of Scatec ASA, and member of the Audit Committee of Alpiq AG.

<sup>2</sup> Crossbench Peer in the UK House of Lords, Chairman of the Adaptation Committee of the Committee on Climate Change, and Council Member of Innovate UK.

<sup>3</sup> Chairman of the Investment Committee of Zoscales Partners and Chairman of the Board of Directors of two wholly-owned subsidiaries of Lion Danmark I ApS (Lomax Group). He is also a member of the Board of Directors of two wholly-owned subsidiaries of A/S United Shipping and Trading Company, three wholly-owned subsidiaries of DANX Holding I ApS, eight wholly-owned subsidiaries of DSVM Invest A/S, and two wholly-owned subsidiaries of BCHG Holding A/S.

Board members elected by the general meeting.

	Experience	Positions	Competences	
 <p><b>Henrik Poulsen</b> *1967, Denmark</p> <p>Not independent<sup>1</sup> Joined in 2021 Term of office expires in 2022</p>	<p>Unique company and industry knowledge from his former role as CEO of Ørsted. Extensive capabilities within strategy and value creation, transformational change, and finance from former executive positions in TDC, Capstone/KKR, and LEGO, and his current portfolio of non-executive directorships.</p>	<p>Chairman: Faerch A/S Deputy Chairman: ISS A/S, Carlsberg A/S Member: Bertelsmann SE &amp; Co. KGaA, Novo Holdings A/S, and Novo Nordisk A/S Advisor: Senior Advisor to A.P. Møller Holding A/S.<sup>2</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>✓ Safety</li> <li>✓ Financial</li> <li>✓ Risk</li> <li>✓ Project</li> <li>✓ Stakeholder</li> </ul> <p>Human resources</p>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>✓ IT, technology, and digitalisation</li> <li>✓ Investor and capital market relationships</li> <li>✓ ESG</li> </ul>
 <p><b>Dieter Wemmer</b> *1957, Switzerland</p> <p>Independent Joined in 2018 Re-elected in 2021 Term of office expires in 2022</p>	<p>Highly experienced in capital markets, investments, and risk management from leading positions within the finance sector. Before focusing solely on non-executive directorships, he was the CFO of Allianz.</p>	<p>Chairman: Marco Holding, Plc. and British Reserve Insurance Co, Ltd. Member: UBS Group AG and UBS AG.<sup>3</sup></p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>✓ Safety</li> <li>✓ Financial</li> <li>✓ Risk</li> <li>✓ Project</li> <li>✓ Stakeholder</li> </ul> <p>Human resources</p>	<p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>✓ IT, technology, and digitalisation</li> <li>✓ Investor and capital market relationships</li> <li>✓ ESG</li> </ul>

<sup>1</sup> Henrik Poulsen is not independent as he is the former CEO of Ørsted, cf. recommendation 3.1.2 of the Danish corporate governance recommendations.

<sup>2</sup> Chairman of the Board of Directors in one wholly-owned subsidiary of Faerch A/S and Deputy Chairman in one wholly-owned subsidiary of Carlsberg A/S.

<sup>3</sup> Member of the Audit Committee, Governance & Nomination Committee, and Compensation Committee of both UBS Group AG and UBS AG, respectively.

Board members elected by the employees.

	Experience	Positions	Competences
 <p><b>Benny Gøbel</b> *1967, Denmark</p> <p>Employee representative Not independent Joined in 2011 Re-elected in 2018 Term of office expires in 2022</p>	<p>Benny Gøbel has worked in Ørsted since 2005.</p>	<p>Engineer, Bioenergy &amp; Other</p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>General</li> <li>Safety</li> <li>Financial</li> <li>Risk</li> <li>Project</li> <li>Stakeholder</li> <li>Human resources</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>IT, technology, and digitalisation</li> <li>Investor and capital market relationships</li> <li>ESG</li> </ul>
 <p><b>Ole Henriksen</b> *1972, Denmark</p> <p>Employee representative. Not independent Joined in 2020 Term of office expires in 2022</p>	<p>Ole Henriksen has worked in Ørsted since 2007.</p>	<p>Operations Engineer, Bioenergy &amp; Other.</p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>General</li> <li>Safety</li> <li>Financial</li> <li>Risk</li> <li>Project</li> <li>Stakeholder</li> <li>Human resources</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>IT, technology, and digitalisation</li> <li>Investor and capital market relationships</li> <li>ESG</li> </ul>
 <p><b>Daniel Tas Sandermann</b> *1984, Denmark</p> <p>Employee representative Not independent Joined in 2020 Term of office expires in 2022</p>	<p>Daniel Tas Sandermann has worked in Ørsted since 2015.</p>	<p>Head of B2B, Bioenergy &amp; Other.</p>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>✓ General</li> <li>Safety</li> <li>Financial</li> <li>Risk</li> <li>✓ Project</li> <li>✓ Stakeholder</li> <li>Human resources</li> </ul> <p><b>Other</b></p> <ul style="list-style-type: none"> <li>✓ Energy sector</li> <li>✓ IT, technology, and digitalisation</li> <li>Investor and capital market relationships</li> <li>✓ ESG</li> </ul>

### **Executive Committee**

The six members of the Executive Committee undertake the day-to-day management.

Mads Nipper (Group President and CEO), Marianne Wiinholt (CFO), and Martin Neubert (Deputy Group CEO and CCO) are members of the Executive Board of Ørsted A/S.

In addition to Mads Nipper, Martin Neubert, and Marianne Wiinholt, the Executive Committee comprises Neil O'Donovan (CEO, Onshore), Richard Hunter (COO), and Henriette Fenger Ellekrog (CHRO).

The Board of Directors has laid down guidelines for the work of the Executive Board, including the division of work between the Board of Directors and the Executive Board and the Executive Board's powers to enter into agreements on behalf of the company.

The Board of Directors regularly discusses the CEO's performance, for example by following up on developments seen in relation to our strategy and objectives. The Chairman of the Board of Directors and the CEO also regularly discuss the cooperation between the Board of Directors and the Executive Board.

We describe the remuneration of the Executive Board in the separate remuneration report, available on [orsted.com/remuneration2021](https://orsted.com/remuneration2021). You can also find information about the members of the Executive Board on page 69 of the 2021 Annual Report.

### **Our Governance Positions**

As outlined above, we comply with a few exemptions with the 40 recommendations prepared by the Danish Committee on Corporate Governance applicable for the financial year 2021 (please see [www.corporategovernance.dk](http://www.corporategovernance.dk)).

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

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

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

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

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

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

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

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

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

### **Objectives and risk assessment**

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

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

### **Control activities**

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

### **Information, communication and reporting**

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

### **Monitoring**

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

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

## Danish Recommendations on Corporate Governance

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



<p><b>1.1.3. The Committee recommends</b> that the company publishes quarterly reports.</p>	<p>YES</p> <p><i>We publish a quarterly report prepared in accordance with IAS 34 Interim Financial reporting and the Danish rules for listed and state-owned companies. We also publish a quarterly ESG reports.</i></p>		
<p><b>1.2. The general meeting</b></p>			
<p><b>1.2.1. The Committee recommends</b> that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>	<p>PARTLY</p> <p><i>It is possible to attend general meetings by proxy, including to vote and raise questions to management prior to the general meetings.</i></p>	<p>Ørsted has previously tested shareholder interest for webcasting of general meetings. As very few shareholders followed the webcast, Ørsted has, for the time being, decided not to conduct full/partly electronic general meetings or webcast general meetings.</p>	<p>Shareholders, who are unable to participate at the general meeting, can subsequently download detailed minutes of the meeting from our website.</p>
<p><b>1.2.2. The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>	<p>YES</p> <p><i>No additional comments.</i></p>		
<p><b>1.3. Takeover bids</b></p>			
<p><b>1.3.1. The Committee recommends</b> that the company has a procedure in place in the event of takeover bids, containing a</p>	<p>YES</p> <p><i>No additional comments.</i></p>		

<p>“road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>			
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**1.4. Corporate Social Responsibility**

<p><b>1.4.1. The Committee recommends</b> that the board of directors adopts a policy for the company’s corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company’s website. The Committee recommends that the board of directors ensures compliance with the policy.</p>	<p>YES</p> <p><i>We have made a sustainability commitment, which has been approved by our Board of Directors. It commits us to operate our business in a way that contributes to the UN Sustainable Development Goals. In addition, we have adopted more specific policies, for example, a code of conduct for business partners that lays out our expectations towards suppliers and other business partners regarding governance, human rights, and the environment. The sustainability commitment and the other policies are available on our website.</i></p>		
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<p><b>1.4.2. The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company's website.</p>	<p>YES</p> <p>No additional comments.</p>		
<p><b>2. The duties and responsibilities of the board of directors</b></p> <p><b>2.1. Overall tasks and responsibilities</b></p>			
<p><b>2.1.1. The Committee recommends</b> that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.</p>	<p>YES</p> <p><i>Reference is made to our website and page 60 of the 2021 Annual Report.</i></p>		
<p><b>2.1.2. The Committee recommends</b> that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.</p>	<p>YES</p> <p>Our Board of Directors revisit our strategy and review the strategic progress at its ordinary meeting in June. In addition, it does strategic deep dives into specific topics on an ongoing basis.</p>		
<p><b>2.1.3. The Committee recommends</b> that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the</p>	<p>YES</p> <p>We refer to the 2021 Annual Report, page 25.</p>		

company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.			
<b>2.1.4. The Committee recommends</b> that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	YES  <i>Our Board of Directors has issued instructions to the Executive Board. The instructions were last reviewed in April 2021.</i>		
<b>2.2. Members of the board of directors</b>			
<b>2.2.1. The Committee recommends</b> that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.	YES  <i>No additional comments.</i>		
<b>2.2.2. The Committee recommends</b> that the chairperson in cooperation with the individual members of the board of directors ensures that the members update and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.	YES  <i>No additional comments.</i>		
<b>2.2.3. The Committee recommends</b> that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should	YES  <i>The situation has not occurred. Should the situation occur, we intend to comply with the recommendation.</i>		

<p>approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>			
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**3.1. Composition**

<p><b>3.1.1. The Committee recommends</b> that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> <li>• which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the board of directors.</li> </ul>	<p>YES</p> <p><i>Our Board of Directors has prepared a board competency profile. The profile is reviewed annually. The profile is available on our website.</i></p> <p><i>Our 2021 Annual Report describes the composition of our Board of Directors, including board diversity and the individual board member's competences (pages 61 and 63-66 of the 2021 Annual Report).</i></p>		
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<p><b>3.1.2. The Committee recommends</b> that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	<p>YES</p> <p><i>Our Board of Directors annually discusses our activities to ensure relevant diversity at different management levels.</i></p>		
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	<i>We have a global diversity and inclusion policy. The policy is available on our website.</i>		
<b>3.1.3. The committee recommends</b> that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.	<p>YES</p> <p><i>Our Nomination &amp; Remuneration Committee prepares recommendations regarding election of candidates for our Board of Directors as described in the terms of reference of the committee available on our website.</i></p>		
<b>3.1.4. The Committee recommends</b> that the notice convening general meetings, where election of members to the board of directors is on the agenda – in addition to the statutory items – also includes a description of the proposed candidates’ <ul style="list-style-type: none"> <li>• qualifications,</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organisational assignments and</li> <li>• independence.</li> </ul>	<p>YES</p> <p><i>No additional comments.</i></p>		
<b>3.1.5. The Committee recommends</b> that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.	<p>YES</p> <p><i>No additional comments.</i></p>		

### 3.2. The board of directors' independence

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

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

YES

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

<p>company's auditor elected in general meeting,</p> <ul style="list-style-type: none"> <li>• be a CEO in a company with cross-memberships in the company's management,</li> <li>• have been a member of the board of directors for more than twelve years, or</li> <li>• be closely related to persons, who are not independent, cf. the above-stated criteria.</li> </ul> <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>			
<p><b>3.2.2. The Committee recommends</b> that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>	<p>PARTIALLY</p> <p><i>None of the members of the Executive Board are members of the Board of Directors.</i></p>	<p><i>At the AGM in 2021, based on a recommendation from our Board of Directors, the general meeting elected former CEO of Ørsted, Henrik Poulsen, to the Board of Directors. Henrik Poulsen has unique skills and experience relevant to Ørsted. It is the assessment of the Board of Directors that it is in the best interest of Ørsted that Henrik Poulsen's skills and experience remain available to Ørsted.</i></p>	<p><i>During the first year of Henrik Poulsen's tenure as board member, it has been considered prudent, taking his former role in Ørsted into consideration, that he is not a member of the Audit &amp; Risk Committee or the Nomination &amp; Remuneration Committee.</i></p>



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

<p><b>3.3.1. The Committee recommends</b> that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	<p>YES</p> <p><i>As part of the most recent board evaluation in Q4 2020, the Board of Directors discussed and concluded that each of the board members allocates the necessary time to the board work.</i></p>		
<p><b>3.3.2. The Committee recommends</b> that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> <li>• position, age and gender,</li> <li>• competencies and qualifications relevant to the company,</li> <li>• independence,</li> <li>• year of joining the board of directors,</li> <li>• year of expiry of the current election period,</li> <li>• participation in meetings of the board of directors and committee meetings,</li> <li>• managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and</li> <li>• the number of shares, options, warrants, etc. that the member holds in the company and its group</li> </ul>	<p>YES</p> <p><i>We refer to the 2021 Annual Report (pages 63-66) and the 2021 Remuneration Report, both of which are available on our website.</i></p>		

companies and any changes in such holdings during the financial year.			
<b>3.4. Board committees</b>			
<p><b>3.4.1. The Committee recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>the board committees' most significant activities and number of meetings in the past year, and</li> <li>the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	<p>YES</p> <p><i>We refer to the 2021 Annual Report (page 67) and the terms of reference for our Audit &amp; Risk Committee and our Nomination &amp; Remuneration Committee, all of which are available on our website.</i></p>		
<p><b>3.4.2. The Committee recommends</b> that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	<p>YES</p> <p><i>No additional comments.</i></p>		
<p><b>3.4.3. The Committee recommends</b> that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p>	<p>YES</p> <p><i>We have established an Audit &amp; Risk Committee, which is chaired by Dieter Wemmer, who is not a chairman of the Board of Directors. The roles and responsibilities of the committee are set out in the</i></p>		

<ul style="list-style-type: none"> <li>• supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> <li>• reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>• assessing the need for internal audit,</li> <li>• performing the evaluation of the auditor elected by the general meeting,</li> <li>• reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>• supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>• ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.</li> </ul> <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p>	<p><i>terms of reference, which are available on our website.</i></p> <p><i>We have established an internal audit function. Our Audit &amp; Risk Committee complies with the recommendation in terms of assessing, ensuring and monitoring the matters set out in the recommendation in respect of the internal audit function.</i></p>		
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<ul style="list-style-type: none"> <li>• prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,</li> <li>• ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>• supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>			
<p><b>3.4.4. The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,</li> <li>• on an annual basis evaluating the board of directors and the executive management’s structure, size, composition and results and preparing recommendations for the board of directors for any changes,</li> <li>• in cooperation with the chairperson handling the annual evaluation of</li> </ul>	<p>YES</p> <p><i>We have established a Nomination &amp; Remuneration Committee. The roles and responsibilities of the committee are set out in the terms of reference, which are available on our website.</i></p>		

<p>the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors,</p> <ul style="list-style-type: none"> <li>• handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,</li> <li>• ensuring that a succession plan for the executive management is in place,</li> <li>• supervising executive managements' policy for the engagement of executive employees, and</li> <li>• supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>			
<p><b>3.4.5. The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>• providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>• providing a proposal to the board of directors on the remuneration of the board of directors prior to the</li> </ul>	<p>YES</p> <p><i>We have established a Nomination &amp; Remuneration Committee. The roles and responsibilities of the committee are set out in the terms of reference, which are available on our website.</i></p>		

<p>presentation at the general meeting,</p> <ul style="list-style-type: none"> <li>ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.</li> </ul>			
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**3.5. Evaluation of the board of directors and the executive management**

<p><b>3.5.1. The Committee recommends</b> that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> <li>the composition of the board of directors with focus on competencies and diversity</li> <li>the board of directors and the individual member's contribution and results,</li> <li>the cooperation on the board of directors and between the board of</li> </ul>	<p>YES</p> <p><i>We conduct an annual evaluation of the Board of Directors in accordance with the recommendation. Previously, the evaluation has been conducted during the second half of the year. Going forward, we will conduct the evaluation during the first half of the year. Due to this, the upcoming annual evaluation, which would normally have taken place in the second half of 2021, will be postponed to the first half of 2022.</i></p>		
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<p>directors and the executive management,</p> <ul style="list-style-type: none"> <li>• the chairperson’s leadership of the board of directors,</li> <li>• the committee structure and the work in the committees,</li> <li>• the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>• the board members’ preparation for and active participation in the meetings of the board of directors.</li> </ul>			
<p><b>3.5.2. The Committee recommends</b> that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company’s website and at the company’s general meeting.</p>	<p style="text-align: center;">YES</p> <p><i>We conduct an annual evaluation of the Board of Directors in accordance with the recommendation. Previously, the evaluation has been conducted during the second half of the year. Going forward, we will conduct the evaluation during the first half of the year. Due to this, the upcoming annual evaluation, which would normally have taken place in the second half of 2021, will be postponed to the first half of 2022.</i></p>		

<p><b>3.5.3. The Committee recommends</b> that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>	<p>YES</p> <p><i>Our Board of Directors regularly discusses the structure, composition, work and performance of our Executive Board, including in connection with the annual settlement of the members of the Executive Board's performance agreements.</i></p>		
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**4. Remuneration of management**

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

<p><b>4.1.1. The Committee recommends</b> that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.</p>	<p>YES</p> <p><i>We refer to the Remuneration Policy for the Board of Directors and the Executive Board, which is available on our website.</i></p>		
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<p><b>4.1.2. The Committee recommends</b> that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p>	<p>YES</p> <p><i>We refer to the description of the share-incentive program for the Executive Board in the Remuneration Policy for the Board of Directors and the Executive Board, which is available on our website.</i></p>		
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<p><b>4.1.3. The Committee recommends</b> that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.</p>	<p>YES</p> <p><i>We refer to the Remuneration Policy for the Board of Directors and the Executive Board and the 2021 Remuneration Report, both of which are available on our website.</i></p>		
<p><b>4.1.4. The Committee recommends</b> that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.</p>	<p>YES</p> <p><i>If we dismiss a member of our Executive Board, the member is entitled to salary during the notice period (12 months) and a severance payment (12 months' fixed salary).</i></p>		
<p><b>4.1.5. The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.</p>	<p>YES</p> <p><i>Under the Remuneration Policy for our Board of Directors and the Executive Board, it is not possible to remunerate members of the Board of Directors with share options and warrants.</i></p>		

<p><b>4.1.6. The Committee recommends</b> that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.</p>	<p style="text-align: center;">YES</p> <p>Our possibility to reduce variable pay before it has been paid out (malus) or after it has been paid out is described in our Remuneration Policy for the Board of Directors and the Executive Board, in the employment contracts of the Executive Board and in the detailed terms of our long-term share incentive program. Generally, we do not differ between malus and clawback situations. If the company may reclaim variable remuneration, this applies irrespective of whether the variable pay in question has been paid out or not. Clawback in the event of erroneous information generally requires that the recipient knew or should have known this. However, clawback under our long-term share incentive program may in certain events take place until six months after vesting, even if the recipient did not know or should have known about the claw-back event. Ørsted considers that this is a balanced mechanism, which complies with the recommendation.</p>		
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## 5.1. Identification of risks and openness in respect of additional information

<p><b>5.1.1. The Committee recommends</b> that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.</p>	<p>YES</p> <p><i>We refer to pages 31-34 of the 2021 Annual Report.</i></p>		
<p><b>5.1.2. The Committee recommends</b> that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p>	<p>YES</p> <p><i>No additional comments.</i></p>		