

Ørsted

Modern slavery
and human
trafficking
statement 2020

This statement is published pursuant to UK Modern Slavery Act 2015 Section 54(1) for all relevant Ørsted entities covered by the provisions of the Act.

“In a year marked by crisis, addressing challenges such as modern slavery and human trafficking becomes ever more important. As business grows, navigating such complexities and addressing these challenges remains a key focus area.

Ørsted’s vision is a world that runs entirely on green energy. As a company, we strive to act responsibly and with integrity to achieve our vision, both in the way we conduct business and within our supply chains.”

Mads Nipper, CEO Ørsted

Modern slavery and human trafficking

1. Our organisation and supply chain

Ørsted develops, constructs, and operates offshore and onshore wind farms, solar farms, energy storage facilities, and bioenergy plants, and provides energy products to its customers. Headquartered in Denmark, Ørsted employs over 6,500 people, including approximately 1,100 in the UK.

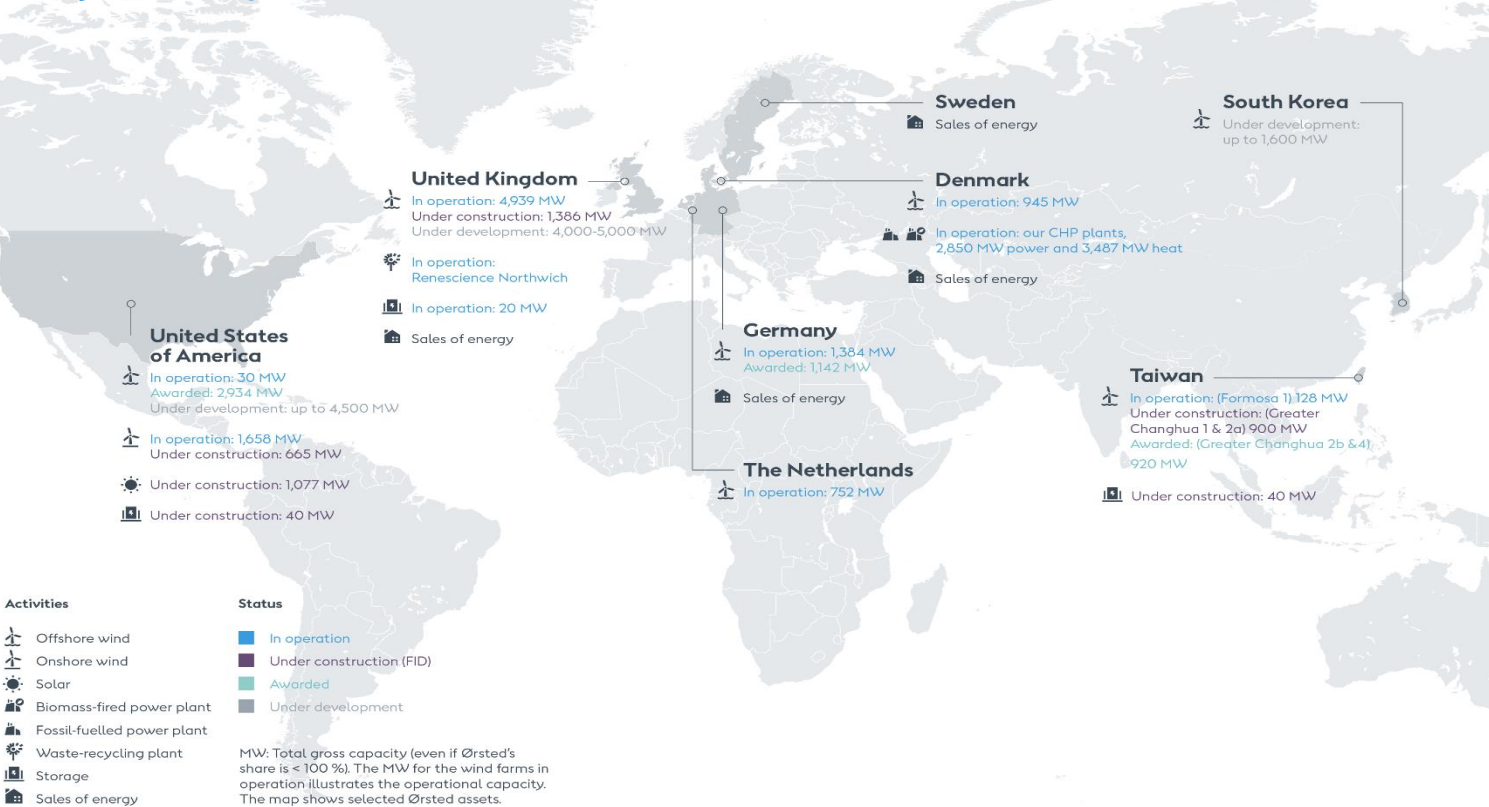
Over the past 10 years, Ørsted has transformed from a carbon-intensive energy company to being named as the world’s most sustainable energy company in the Corporate Knights Global 100 index.

Ørsted has set very ambitious green energy targets,

including a carbon-neutral supply chain programme. To achieve these targets, we work very closely with our immediate as well as indirect suppliers. We work with a diverse and complex supply chain, across categories, including heavy manufacturing, construction, and maritime services.

In 2020, the geographical distribution of our products and services spend was approximately 23 % in the UK, 50 % in the EU, 13 % in the USA, and 14 % in Asia¹. The spend is up in the USA and Asia compared to 2019, which is attributable to an increase in operational activities in both geographies.

Our global footprint



¹ Data based on invoicing country.

2. Policy framework

Ørsted is committed to maximising our contribution to the United Nations Sustainable Development Goals, and our approach is guided by the United Nations Global Compact, United Nations guiding principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises in addition to other international conventions.

Governance

Management of human rights in our own operations and within our supply chain is managed by Ørsted's Responsible Business Partner Programme (RPP) team, that is based in our Group Sustainability department. The RPP is an integral part of our programmatic approach to sustainability, that addresses the societal challenges that we, and our stakeholders, believe are most material to our business.

The RPP team works alongside our Procurement teams and other departments in Ørsted to ensure that the topics of human trafficking and modern slavery are embedded in the business and our supply chain. The RPP programme is governed by a steering committee and regularly reports on identified risks and mitigating actions taken in the supply chain to the Compliance Committee, chaired by Ørsted's CEO, and the Sustainability Committee, chaired by Ørsted's CFO.

The Board of Directors is the highest authority that oversees our sustainability work, while the Group Executive Management has accountability for our sustainability programmes with specialist support from appointed committees.

Policies

Ørsted is committed to addressing risks of human trafficking and modern slavery by operating responsibly, safely, and with integrity. We have developed several policies to ensure that both we and our suppliers uphold high ethical standards that respect human rights.

Our [Sustainability Commitment](#), which has been approved by our Board of Directors, highlights our resolve to adhere to the United Nations Global Compact principles. This includes environment, labour and human rights, rule of law, economic development, and engagement in regular communication with our stakeholders. The Sustainability Commitment further highlights our commitment to treat all people with respect, work against discrimination and build an inclusive organisation.

Our human resource policy promotes an open and transparent recruitment process, thereby minimising the risk of forced and trafficked labour. [Our Global Diversity and Inclusion Policy](#) commits to zero tolerance towards discrimination, victimisation, and harassment, and supports a respectful and inclusive work environment.

The [Code of Conduct for Business Partners](#) (Code of Conduct) outlines Ørsted's requirements regarding compliance with environmental, social, and anti-corruption standards from our business partners. It mandates that we collectively work towards preventing forced labour and human trafficking. In Ørsted, we fully commit ourselves to the principles of the Code of Conduct.



Ørsted operates in accordance to its [Good Business Conduct Policy](#) which promotes high integrity in our operations as well as interactions with our business partners. It sets the requirements for expected behaviour from our employees and encourages them to speak up and report concerns related to our policies and procedure framework as well as applicable laws and regulations.

Ørsted's [whistleblower hotline](#) allows employees, business partners, customers, and other stakeholders to report concerns in a confidential and secure manner. Suspected misconduct related to legal, ethical, or human rights concerns, including modern slavery and human trafficking, can be reported via the whistleblower scheme, which is hosted externally and investigated by the Internal Audit team in Ørsted. The Internal Audit team is an independent function reporting to the Board of Directors.

Increased accessibility to the whistleblower hotline via different channels (e.g. website, app, etc.) provides ease of use to the end user and increases confidence in reporting concerns. The whistleblower hotline is available in all the main languages spoken by workers in our supply chain. Remedial action is taken to address improvement areas identified as part of whistleblower investigations. Reporting is done on an ongoing basis on concerns raised and actions taken by the Compliance Committee, Audit and Risk Committee, and these are included in the Annual Report.

In 2020, a communication campaign 'See something? Say something!' was rolled out in several languages on all Ørsted sites to increase awareness among Ørsted staff and contactors on site.

3. Our due diligence process

Based on our risk assessment (see section 4), we identified *forced labour* as a potential human rights risk in some parts of our supply chains. With the aim of mitigating these risks, we continue to implement and strengthen our due diligence approach. The approach consists of five steps:

1 It is mandatory for our suppliers to accept our Code of Conduct as part of contractual agreements. The Code of Conduct promotes integrity and ethics and maintains zero tolerance towards human trafficking and forced labour and is part of Ørsted's contract templates. It also sets clear requirements to all our business partners relating to hiring practices, child labour as well as expectations relating to working hours, remuneration, harassment, abuse, and disciplinary measures.

2 All suppliers and business partners with a contractual agreement above GBP 20,000 (DKK 200,000) are risk screened in a system called Compliance Catalyst which identifies concerns related to human rights, labour rights, anti-bribery, and anti-corruption for suppliers and business partners. The Legal and Compliance teams identify the severity and impact of these concerns and determine whether to continue interactions with the specific counterparty.

3 For activities in high-risk markets, risk screening of potential suppliers is carried out before qualifying the supplier during a tender evaluation. Risk screening of contracted suppliers is carried out immediately after contract signing for projects in other markets. The parameters taken into consideration for the risk screening are the country risk, category/sector risk, and the level of spend with the supplier.

4 High-risk and strategic suppliers are assessed against our expectations through either desktop or on-site assessments. Desktop assessments are based on questionnaires that are sent out to suppliers to evaluate their policies and procedures. On-site assessments evaluate the suppliers' policies and procedures as well as their practices through interviewing workers and other staff on the supplier's premises. The assessments aid us in evaluating the suppliers' efforts to prevent forced labour, human trafficking, child labour, and all other practices that are not in line with our Code of Conduct.

5 For assessed suppliers, an assessment report is created which highlights key findings and improvement areas. The RPP team will assist the supplier in developing and implementing an improvement plan to address the gaps identified. There is ongoing follow-up with the suppliers to verify the implementation of the improvement plan.

All our significant suppliers and business partners are monitored on an ongoing basis as part of our due diligence system, the Compliance Catalyst, which also monitors legal cases as well as adverse media related to human rights issues such as human trafficking, forced labour, etc. In 2020, we continued the build-out of green energy projects in the UK, the EU, the USA, and Taiwan (Asia-Pacific). Due to our strengthening and expanding foothold within Offshore, Onshore, and Solar PV especially in the USA, new risk areas have been identified with respect to human rights. Since our previous statement, we have strengthened our due diligence in the following ways:

- Hiring practices of seafarers – we are currently implementing a process to evaluate hiring practices of seafarers during the tender process for vessels, used for operation and maintenance of our wind farms. If seafarers are hired through recruitment agencies, we verify whether the supplier's due diligence approach is based on the Maritime Labour Convention to protect seafarers and provide them with decent living and working conditions.
- Corporate power purchase agreement (CPPA) – we have implemented a new process for evaluating potential customers' public policy commitment towards labour and human rights among other parameters.
- Joint Ventures and Mergers & Acquisitions – we have formalised our internal due diligence process for evaluating potential business partners in relation to our Code of Conduct to also focus on labour and human rights.
- Gas and power – we have added our gas and power suppliers to our existing RPP due diligence process.

4. Risk assessment and management

The RPP team manages the risks related to modern slavery and human trafficking by conducting due diligence of the high-risk suppliers and sub-suppliers in line with our due diligence framework. There has been special focus on identifying the potential risks that could arise due to the COVID-19 pandemic, keeping in mind the health and safety of its employees and the workers in the supply chain.

Implementation of on-site supplier assessments has been impacted by COVID-19, and it has not been possible to conduct the planned number of site assessments in 2020. Instead, more desktop assessments have been conducted.

Previous assessments of key human rights risk showed that the risk of modern slavery and human trafficking is low in our own operations. However, in our supply chain, we have identified the following focus areas:

- Potential confinement of workers in dormitories as part of local lockdowns during the COVID-19 pandemic
- Negative human rights impact on local communities in onshore projects and supply chains
- The Asia-Pacific (APAC) region, including Taiwan, remains a key focus area
- Migrant workers and forced labour, e.g. through withholding of passports or monetary penalties, is still one of the primary human rights issues
- Suppliers of key renewable energy raw materials (especially minerals and metals).

When issues are identified, we agree with our suppliers that they take immediate remedial actions on all relevant issues identified. Through this, suppliers improve their management systems to prevent the reoccurrence of identified issues. As part of our Code of Conduct, we expect our business partners to introduce safe and confidential grievance mechanisms appropriate to their sector and size for workers to raise complaints.

Every year, we analyse our 'top 80 % spend' suppliers to evaluate the effectiveness of our screening procedure for capturing high-risk suppliers. We use this to prioritise strategic or key suppliers for further screenings and assessments. Based on the result of this analysis, we can conclude that we have a robust risk screening procedure in place.

We continue to participate in multi-stakeholder collaboration and peer learning groups in order to continuously improve our ability to understand and address modern slavery risks. We participate in the Danish Ethical Trading Initiative's working group on human rights impact assessments, the Global Compact Network Denmark's working group on human rights, the European Responsible Sourcing Council hosted by The Conference Board, and the Dutch Wind Covenant. We are also participating in the Wind Europe Sustainability Working Group where we are currently working on developing industry-aligned due diligence tools.



5. Reporting and training

In 2020, we screened 303 suppliers based on country and category risk and conducted 81 extended risk screenings based on additional risk parameters related to, e.g., the use of migrant workers and subcontractors. 45 self-assessments and six on-site assessments were carried out, identifying potential areas of improvement that suppliers should address.

As part of Ørsted's onboarding, it is mandatory for all employees to complete the Good Business Conduct e-learning programme. Further, we continue to strengthen our targeted employee awareness to ensure that human rights are protected within our own business and within our supply chain. In 2020, this was done through training programmes and through internal communication platforms. Instructor-led training sessions have been conducted over web-based interfaces due to COVID-19. This has assisted in covering a larger group of employees located across our global organisation. Our training programmes were mainly targeted at the procurement staff and included the risk of forced labour and modern slavery within our supply chain. Training sessions are conducted as part of employee onboarding as well as knowledge boost sessions on a regular basis to relevant employees.

We report on both a quarterly and annual basis on screenings and risk assessments via our quarterly [ESG performance report](#) as well as our annual [Sustainability Report](#). In 2020, we improved our ESG Supplier due diligence reporting to capture the full scope of Ørsted's ESG supply chain due diligence activities. These activities are carried out by our Health, Safety, and Environment (HSE) Supplier Qualification, Marine Inspection, Business Ethics Compliance (BEC), and RPP teams.

6. Looking ahead

Ørsted will ensure that our activities and policies are designed to eliminate modern slavery and human trafficking. To achieve that, we will focus on the following in 2021:

- Creating a human rights policy for our own operations
- Enhancing the capabilities and awareness of our suppliers on human rights topics especially modern slavery and human trafficking
- Updating our Code of Conduct to highlight upcoming areas of risks identified in the supply chain
- Providing targeted training/communication on modern slavery risks to our employees.

This statement was approved by the Boards of Directors of all applicable² Ørsted companies.

Signed on behalf of the Boards

Benjamin Sykes

Head of UK Market, Consents & External Affairs
24-Jun-2021

² Applicable Ørsted companies included in Page 8

This statement relates to the financial year ending 31 December 2020.

The organisations covered by this statement are the following:

- Burbo Extension Limited
- Hornsea 1 Limited
- Lincs Wind Farm Limited
- Orsted Burbo Extension Holding Limited
- Orsted Hornsea 1 Holdings Limited
- Orsted Lincs (UK) Limited
- Orsted London Array II Limited
- Orsted Power (UK) Limited
- Orsted Power Sales (UK) Limited
- Orsted Race Bank (Holding) Limited
- Orsted Sales (UK) Limited
- Orsted Walney Extension Holdings Limited
- Orsted West of Duddon Sands (UK) Limited
- Orsted Westermost Rough Limited
- Race Bank Wind Farm Limited
- Walney (UK) Offshore Windfarms Limited
- Walney Extension (UK) Limited
- Westermost Rough Limited
- Ørsted Bioenergy & Thermal Power A/S
- Ørsted Salg & Service A/S
- Ørsted Wind Power A/S