

Impact Report

Company Name: Orsted
Ticker: Orsted DC Equity
Sector: Utilities
Industry: Alternative Power Generation
Year of Review: 2024



Impact Business Model	Impact Centred
Impact Score*	85.29%

*Scoring methodology in Appendix

EXECUTIVE SUMMARY

Ørsted is a climate change mitigation company that generates significant impact by developing, constructing, and operating renewable energy assets, thereby reducing greenhouse gas emissions and contributing to a low-carbon economy.

Ørsted's primary business is the development, construction, and operation of offshore and onshore wind farms, as well as solar PV and bioenergy plants. This operating approach leads to significant emissions avoided, with over 18.2 million tonnes of CO₂e emissions avoided in the 2022 financial year. Additionally, the company has set ambitious targets to reduce its own greenhouse gas emissions, including a 98% reduction in scope 1-2 emissions intensity by 2025 and a 77% reduction in scope 1-3 emissions intensity by 2030.

Ørsted has also made a commitment to become carbon neutral by 2040, and has been recognized for its efforts, including being ranked as the world's most sustainable energy company by Corporate Knights. The company's aspirations are aligned with the UN's Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

Through its intentional focus on renewable energy and emissions reduction, Ørsted is driving transformational change in the energy sector. The company's activities are contributing to a low-carbon economy, and its commitment to sustainability has been recognized through various awards and rankings, such as the CDP Climate Change A List and the Dow Jones Sustainability Index.

SECTION 1: THEORY OF CHANGE

Overview

Specific Problem(s) Targeted by the Investment

The investment targets issues related to climate change, specifically the transition to renewable energy sources and reduction of greenhouse gas emissions. Ørsted is involved in offshore wind and other renewable energy projects, aiming to reduce carbon footprint and contribute to a sustainable future.

Beneficiaries

The beneficiaries of this investment include:

- Communities affected by climate change, who will experience improved environmental conditions and potentially economic benefits through job creation and local investment.
- Places vulnerable to the impacts of climate change, such as coastal areas prone to rising sea levels and extreme weather events, which will benefit from reduced global emissions.
- Groups advocating for sustainable practices and renewable energy, who will see an increase in renewable energy capacity and a decrease in dependence on fossil fuels.

Changes or Contributions from the Investee Company

Ørsted, as the investee company, contributes to the change by:

- Developing and operating offshore wind farms and other renewable energy projects, thereby increasing the global capacity for renewable energy.
- Reducing greenhouse gas emissions through the replacement of fossil fuels with renewable energy sources.
- Promoting sustainable practices within its operations and supply chain, setting an example for other companies.

Investor Contribution

The investor contributes to this change by:

- Providing capital for Ørsted to develop new renewable energy projects.
- Engaging with the company to ensure alignment with sustainability and emission reduction goals.
- Maintaining patient holding periods to allow Ørsted to achieve its long-term sustainability objectives without undue pressure for short-term financial returns.

Impact on Portfolio Construction and Management

The intended impact affects portfolio construction and management in several ways:

- **ESG Criteria:** The investment decision is influenced by Environmental, Social, and Governance (ESG) criteria, ensuring that investments contribute positively to sustainability.
- **Long-term Approach:** The investor adopts a long-term perspective, prioritizing sustainable growth over short-term gains.
- **Active Ownership:** The investor engages actively with Ørsted to ensure that the company remains committed to its sustainability goals.

Non-Financial Targets

Non-financial targets playing a material role in stock selection and ongoing evaluation include:

- **Greenhouse Gas Emission Reductions:** Measurable decreases in GHG emissions as a result of Ørsted's operations.
- **Renewable Energy Capacity:** Increases in the capacity of renewable energy sources developed and operated by Ørsted.
- **Sustainability Reporting:** Transparent and regular reporting by Ørsted on its sustainability performance and progress towards its goals.

These non-financial targets are crucial for evaluating the success of the investment in achieving its intended impact and for making informed decisions about ongoing engagement and portfolio management.

Inputs

The Inputs component of the Theory of Change analysis for Ørsted encompasses the resources and investments utilized to deliver its activities. This includes people, raw materials, and other essential inputs.

People

Ørsted's workforce is a crucial input, comprising skilled professionals in various fields such as engineering, operations, and sustainability. The company's human capital is instrumental in driving its mission to create a world that runs entirely on green energy. To ensure responsible labour practices, Ørsted has implemented the following policies:

- **Human Rights Management and Integration:** Ørsted is committed to respecting human rights in its operations, supply chains, and local communities. The company has integrated human rights into its business practices, ensuring that all employees, contractors, and partners adhere to its human rights policy.
- **Diverse and Inclusive Energy Sector:** Ørsted aims to improve diversity, equity, and inclusion within its organization and among its suppliers. The company promotes equal

opportunities, non-discrimination, and a respectful work environment, fostering a culture of inclusivity and respect.

- **Skills and Talent for the Green Transformation:** Ørsted recognizes the need for skilled professionals to drive the green transition. The company invests in talent development, providing training and upskilling programs for its employees to ensure they have the necessary skills to excel in the renewable energy sector.

Raw Materials

Ørsted requires various raw materials to manufacture and maintain its renewable energy infrastructure, including:

- **Metals and Minerals:** The company sources metals like steel, copper, and rare earth metals for its wind turbines and solar panels.
- **Recycled Materials:** Ørsted prioritizes the use of recycled materials in its operations, reducing waste and minimizing environmental impacts.
- **Sustainable Sourcing:** The company ensures that its raw materials are sourced responsibly, adhering to international standards and guidelines for sustainable sourcing.

To guarantee responsible sourcing practices, Ørsted has established the following policies:

- **Responsible Sourcing of Minerals and Metals:** Ørsted is committed to sourcing minerals and metals in a socially responsible manner. The company engages with suppliers who adhere to international standards, ensuring that materials are sourced without causing harm to people or the environment.
- **Supply Chain Management:** Ørsted implements a robust supply chain management system, monitoring and assessing its suppliers' performance on environmental, social, and governance (ESG) factors. This ensures that the company's supply chain is transparent, accountable, and aligned with its sustainability goals.

Alignment with International Principles and Guidelines

Ørsted's policies and practices are designed to comply with minimum social safeguards and align with United Nations principles and OECD guidelines. Specifically:

- **United Nations Guiding Principles on Business and Human Rights (UNGPs):** Ørsted's human rights policy and practices are guided by the UNGPs, which provide a framework for companies to respect and protect human rights.
- **OECD Guidelines for Multinational Enterprises:** Ørsted adheres to the OECD Guidelines, which promote responsible business conduct and provide guidance on human rights, labour, environment, and anti-corruption.
- **International Labour Organization (ILO) Conventions:** Ørsted respects and promotes fundamental labour rights, as outlined in ILO Conventions, including freedom of association, collective bargaining, and non-discrimination.

By prioritizing responsible sourcing and labour practices, Ørsted minimizes its environmental footprint, promotes social responsibility, and contributes to a more sustainable future. The

company's commitment to these values is reflected in its policies and practices, ensuring that its inputs are utilized efficiently and effectively to drive its mission forward.

Activities

Product and Service Delivery Activities

- **Offshore Wind Farm Construction and Operation:** Ørsted is involved in the construction and operation of offshore wind farms. This includes the installation of wind turbines, foundation laying, and the connection of these turbines to the power grid.
- **Renewable Energy Sales:** Ørsted sells the renewable energy produced by their wind farms to consumers and businesses, contributing to a reduction in greenhouse gas emissions.

Marketing Activity

- **Sustainability Campaigns:** Ørsted engages in marketing campaigns to promote the importance of renewable energy and sustainability, aiming to educate consumers about the benefits of green energy.
- **Partnerships and Collaborations:** The company partners with other organizations to promote sustainable practices and expand its reach in the renewable energy market.

Planning Activities

- **Project Planning:** Ørsted undertakes thorough planning for each offshore wind project, including site selection, feasibility studies, and obtaining necessary permits.
- **Supply Chain Planning:** They plan and manage their supply chain to ensure the timely and cost-effective delivery of materials and components needed for wind farm construction.

Design Activities

- **Wind Turbine Design:** Ørsted works with manufacturers to design and optimize wind turbines for maximum energy production and durability.
- **Farm Layout Design:** The company designs the layout of the wind farms to maximize energy production while minimizing environmental impact.

Engineering Activities

- **Technical Engineering:** Ørsted's engineers work on the technical aspects of wind farm construction, including the design of foundations, electrical infrastructure, and transmission systems.
- **Innovation and R&D:** The company invests in research and development to improve the efficiency and cost-effectiveness of offshore wind technology.

Manufacturing and Production Activities

- **Component Manufacturing:** While Ørsted may not manufacture components directly, they work closely with suppliers who produce wind turbine components, such as blades and towers.
- **Wind Farm Construction:** The actual construction of wind farms, including the assembly and installation of turbines, is a critical production activity.

Supply Chain Activities

- **Procurement:** Ørsted procures materials and services from a variety of suppliers, ranging from turbine manufacturers to shipping and logistics companies.
- **Logistics and Transportation:** The company manages the transportation of heavy and oversized equipment to construction sites, often in remote or hard-to-reach locations.
- **Quality Control and Assurance:** Ørsted ensures that all components and services meet high standards of quality to guarantee the performance and longevity of their wind farms.

In summary, Ørsted's activities are comprehensive and complex, covering all aspects from planning and design to manufacturing and delivery of renewable energy solutions. Their focus on sustainability, innovation, and quality underpins their mission to create a world that runs entirely on green energy.

Outputs

1. Wind Power Generation

Products/Services: Ørsted develops, constructs, and operates offshore and onshore wind farms. The primary product is electricity generated from wind energy, which is sold to utilities, businesses, and households.

Examples: The Hornsea 1 offshore wind farm in the UK, which is one of the largest offshore wind farms in the world, is an example of Ørsted's wind power generation capabilities.

By-products/Waste: The construction and operation of wind farms can generate waste, including packaging materials from equipment, and during the decommissioning phase, the turbines and foundations themselves become waste. However, Ørsted has initiatives in place to recycle and responsibly dispose of such waste.

2. Solar Power Generation

Products/Services: Ørsted develops, constructs, and operates solar farms, generating electricity from solar power.

Examples: Ørsted's solar farms in the US and Europe, which contribute to the company's renewable energy portfolio.

By-products/Waste: Similar to wind farms, the construction and operation of solar farms can generate waste, including packaging materials and, at the end of their life cycle, the solar panels themselves. However, Ørsted aims to recycle and responsibly manage such waste.

3. Bioenergy

Products/Services: Ørsted produces bioenergy, including heat and power, from biomass. This involves the combustion of organic materials to generate energy.

Examples: Ørsted's biomass-fired combined heat and power (CHP) plants in the UK, which provide both electricity and heat to local communities.

By-products/Waste: Ash from the combustion process, which can be used in construction materials, and emissions, although the latter are significantly reduced compared to fossil fuel-based power plants.

4. Green Hydrogen Production

Products/Services: Ørsted is involved in the production of green hydrogen through its Power-to-X (P2X) technology, converting excess energy from renewable sources into hydrogen.

Examples: Ørsted's projects focused on producing green hydrogen for industrial use, transport, and other applications, contributing to the decarbonization of hard-to-abate sectors.

By-products/Waste: The production of green hydrogen can generate oxygen as a by-product, which can be used in various industrial processes or released into the atmosphere.

5. Energy Storage Solutions

Products/Services: Ørsted offers energy storage solutions, including battery storage, to stabilize the grid and ensure a stable energy supply.

Examples: Ørsted's battery storage projects, which help to balance the variability of renewable energy sources and provide grid stability services.

By-products/Waste: The end-of-life batteries from these storage solutions can be recycled, recovering valuable materials such as lithium, nickel, and cobalt.

6. Energy Distribution and Sales

Products/Services: Ørsted sells electricity directly to consumers, offering renewable energy contracts.

Examples: Ørsted's consumer-facing brands, such as Ørsted UK, provide households with 100% renewable electricity.

By-products/Waste: Minimal direct waste, but the company may generate administrative and packaging waste from its operations.

7. Consultancy and Partnership Services

Products/Services: Ørsted offers consulting services and partners with other companies to develop renewable energy projects.

Examples: Collaborations with other energy companies or governments to develop new renewable energy projects, sharing expertise and risk.

By-products/Waste: Intellectual property and data generated from these partnerships, which can lead to new technologies or more efficient processes. Administrative waste from offices.

8. Green Certificates and Carbon Credits

Products/Services: Ørsted generates and trades green certificates and carbon credits from its renewable energy production.

Examples: Guarantees of Origin (GOs) in Europe and Renewable Energy Certificates (RECs) in the US, which are traded to companies seeking to offset their carbon footprint.

By-products/Waste: Digital certificates, which do not generate physical waste but contribute to a market mechanism that incentivizes renewable energy production.

Associated By-products and Waste Products

The production and delivery of Ørsted's products and services generate various by-products and waste, including:

- **Recyclable Materials:** From wind turbine blades, solar panels, and electrical equipment at the end of their life cycles.
- **Ash from Bioenergy Production:** Can be repurposed in construction.
- **Oxygen from Green Hydrogen Production:** Can be used in industrial processes or released into the atmosphere.
- **End-of-Life Batteries:** From energy storage solutions, which can be recycled to recover valuable materials.
- **Administrative Waste:** From office operations, such as paper, plastic, and electronic waste.
- **CO₂ Emissions Reductions:** While not a physical by-product, the reduction in CO₂ emissions is a significant outcome of Ørsted's operations, contributing to global efforts to combat climate change.

In conclusion, Ørsted's outputs are diverse and focused on renewable energy solutions, with a variety of products and services aimed at reducing dependence on fossil fuels and mitigating climate change. The company's approach to managing by-products and waste emphasizes sustainability and environmental responsibility, aligning with its mission to create a world that runs entirely on green energy.

Outcomes for the beneficiary

The key beneficiaries of Ørsted's activities include:

- **Households and Businesses:** Consumers who benefit from access to renewable energy sources, leading to reduced energy costs and carbon footprints.

- **Local Communities:** Areas surrounding Ørsted's projects, which can experience economic benefits, job creation, and improved environmental conditions.
- **The Environment:** Ecosystems and natural habitats affected by Ørsted's operations, which are protected and restored through the company's sustainability practices.
- **Future Generations:** People who will benefit from a cleaner, more sustainable environment and a mitigated climate change impact due to Ørsted's contributions to reducing greenhouse gas emissions.

Outcomes for the Beneficiary

- The outcomes for the beneficiaries of Ørsted's activities result in an improved level of well-being for people and a better condition of the natural environment. Specifically:
- **Increased Access to Renewable Energy:** Households and businesses have access to cleaner energy sources, reducing their reliance on fossil fuels and lowering their carbon footprint.
- **Improved Air Quality:** The shift to renewable energy leads to a reduction in air pollutants, resulting in better public health outcomes for local communities.
- **Job Creation and Economic Growth:** Ørsted's investments in renewable energy projects create new job opportunities and stimulate local economies.
- **Enhanced Energy Security:** By investing in renewable energy, Ørsted contributes to reducing dependence on imported fossil fuels, enhancing energy security for nations.
- **Climate Change Mitigation:** The company's transition to renewable energy sources contributes to global efforts to mitigate climate change, benefiting the environment and future generations.

Summary of Outcomes

In summary, the outcomes for the beneficiaries of Ørsted's activities are multifaceted, ranging from improved access to renewable energy and enhanced energy security to job creation and climate change mitigation. The outcomes can be categorized into three timeframes:

- **Long-term Outcomes:** Substantial reduction in greenhouse gas emissions, significant improvements in public health, and establishment of renewable energy as a dominant energy source.
- **Mid-term Outcomes:** Increased adoption of renewable energy technologies, creation of new job opportunities, and initial improvements in local air quality.
- **Short-term Outcomes:** Completion of new renewable energy projects, initial reductions in greenhouse gas emissions, and creation of construction jobs.

These outcomes highlight the positive impacts of Ørsted's activities on both human well-being and the natural environment, underscoring the company's role in promoting a sustainable future.

Impact

The impact generated by Ørsted, as a leading renewable energy company, is primarily focused on driving a systemic change towards a more sustainable and environmentally friendly energy system. This impact is expected to be positive, as the company's products and services are designed to reduce greenhouse gas emissions and promote the use of renewable energy sources.

Positive Impact:

Intended Impact: Ørsted's transition to renewable energy sources, such as wind and solar power, leads to a significant reduction in greenhouse gas emissions, contributing to global efforts to mitigate climate change. This is an intended impact, as the company's mission is to create a world that runs entirely on green energy.

Statistics: As of 2022, Ørsted has reduced its carbon emissions by 83% compared to 2006, with a target to be carbon neutral by 2045.

Negative Impact:

Unintended Impact: While the overall impact of Ørsted's operations is positive, there may be unintended negative impacts, such as the potential disruption of natural habitats during the construction of offshore wind farms. However, the company has implemented measures to minimize these impacts, such as conducting thorough environmental impact assessments and implementing mitigation strategies.

Statistics: According to Ørsted's sustainability reports, the company has implemented measures to reduce the environmental impact of its operations, including the creation of artificial reefs and bird sanctuaries.

Overall Statistics:

- **Greenhouse Gas Emissions Reduction:** Ørsted has reduced its carbon emissions by 83% since 2006, with a target to be carbon neutral by 2045.
- **Carbon Dioxide Equivalent (CO₂e) Emissions Avoided:** Ørsted's renewable energy generation has avoided approximately 18.2 million tons of CO₂e emissions in 2022 alone
- **Renewable Energy Capacity:** Ørsted has installed over 18.2 GW of renewable energy capacity.
- **Job Creation:** The renewable energy sector, which Ørsted is a part of, is expected to support up to 46 million jobs globally by 2050, up from 11 million in 2018.

- **Air Pollution Reduction:** A transition to 100% renewable energy by 2050 could prevent up to 12 million premature deaths annually due to air pollution, according to the International Renewable Energy Agency (IRENA).
- **Biodiversity Protection:** Ørsted has committed to no net loss of biodiversity in its operations and has implemented measures to protect and restore natural habitats.

In summary, the impact generated by Ørsted is primarily positive, with a significant reduction in greenhouse gas emissions, an increase in the share of renewable energy, job creation, and improved air quality. While there may be unintended negative impacts, the company has implemented measures to minimize these effects. Overall, Ørsted's operations are expected to contribute to a better environment and improved public health outcomes, aligning with the company's mission to create a world that runs entirely on green energy.

Theory of Change evaluation

Alignment

The investment in Ørsted clearly contributes to the intended impact of reducing greenhouse gas emissions and promoting a sustainable energy system. Ørsted's business model is focused on developing and operating renewable energy sources, such as wind and solar power, which directly addresses the intended impact.

The range of activities performed by Ørsted, including the development, construction, and operation of offshore and onshore wind farms, as well as its investments in solar power and energy storage, align with the theory of change. These activities prioritize the development of renewable energy sources and reduce carbon emissions, which is consistent with the intended impact.

The overall rating of the alignment is **High**, indicating full alignment where the business model is Impact Centred and impact is generated lock-step with revenue generation. Ørsted's investment in renewable energy sources and its range of activities both contribute to the intended impact and align with the theory of change, demonstrating a strong commitment to sustainability and environmental responsibility.

Intentionality

The overall rating of Ørsted's intentionality is **High**, indicating a clear and significant intent to contribute to positive social and environmental outcomes. This rating is based on the company's mission, values, and activities, which demonstrate a strong commitment to sustainability and environmental responsibility.

Ørsted's mission to create a world that runs entirely on green energy is a clear indication of the company's intent to contribute to positive environmental outcomes. The company's investments in renewable energy sources, such as wind and solar power, and its efforts to reduce carbon emissions, demonstrate a significant intent to address the intended impact of promoting a sustainable energy system.

Additionally, Ørsted's commitment to sustainability and environmental responsibility is evident in its business model and operating approach. The company's activities, such as reducing carbon emissions and promoting sustainable development, align with its mission and values, indicating a strong intent to address the intended impact.

The company's target to be carbon neutral by 2045 and its efforts to protect and restore natural habitats, such as the creation of artificial reefs and bird sanctuaries, further support its intentionality. Overall, Ørsted's intentionality is clear and significant, demonstrating a strong commitment to contributing to positive social and environmental outcomes.

Evidence:

- Ørsted's mission to create a world that runs entirely on green energy
- Investments in renewable energy sources, such as wind and solar power
- Efforts to reduce carbon emissions and promote sustainable development
- Commitment to sustainability and environmental responsibility
- Target to be carbon neutral by 2045
- Protection and restoration of natural habitats, such as artificial reefs and bird sanctuaries

This evidence demonstrates Ørsted's clear and significant intent to contribute to positive social and environmental outcomes, supporting the overall rating of High intentionality.

Materiality

The overall rating of the materiality of the target outcomes is **High**, indicating that the outcomes are material and significant for the beneficiaries. This rating is based on the quality quantitative and qualitative data showing the positive impact of Ørsted's products, services, and operating approach on the target people and parts of the natural environment.

The beneficiaries of Ørsted's activities include the environment, local communities, and future generations. The company's products and services, such as renewable energy generation, have resulted in significant outcomes, including:

- **Reduction in Greenhouse Gas Emissions:** Ørsted's renewable energy generation has reduced carbon emissions, contributing to a decrease in air pollution and climate change.

- **Job Creation:** The company's investments in renewable energy projects have created thousands of jobs in the renewable energy sector, contributing to local economic growth and development.
- **Protection of Natural Habitats:** Ørsted's commitment to sustainability and environmental responsibility has led to the protection and restoration of natural habitats, such as the creation of artificial reefs and bird sanctuaries.

These outcomes are material and significant for the beneficiaries, as they contribute to a cleaner environment, improved public health, and sustainable development. The quality quantitative and qualitative data supporting these outcomes includes:

- **Carbon Emissions Reduction:** Ørsted's renewable energy generation has reduced carbon emissions by a significant amount, with a target to be carbon neutral by 2045.
- **Job Creation Data:** The company's investments in renewable energy projects have created a substantial number of jobs, contributing to local economic growth and development.
- **Environmental Impact Assessments:** Ørsted's commitment to sustainability and environmental responsibility has led to the protection and restoration of natural habitats, as evidenced by environmental impact assessments and monitoring reports.

Overall, the materiality of the target outcomes is High, indicating that the outcomes are significant and material for the beneficiaries. The quality quantitative and qualitative data demonstrates the positive impact of Ørsted's products, services, and operating approach on the target people and parts of the natural environment.

Evidence:

- Ørsted's renewable energy generation and carbon emissions reduction data
- Job creation data and economic impact assessments
- Environmental impact assessments and monitoring reports
- Testimonials from local communities and stakeholders

This evidence demonstrates the materiality of the target outcomes, supporting the overall rating of High materiality.

Additionality

Additionality refers to the extent to which the company's products or services contribute to the outcome, beyond what would have occurred without their involvement.

Evidence of Additionality:

1. **Renewable Energy Capacity:** Ørsted has installed a significant amount of renewable energy capacity, with a total installed renewable capacity of 18,170 MW in 2024. This

capacity would not have been built without Ørsted's activities, demonstrating a high level of additionality.

2. **Greenhouse Gas (GHG) Emissions Reduction:** Ørsted's renewable energy production has led to a reduction in GHG emissions. The company reports a reduction in energy consumption from non-renewable sources by 51%. This reduction is directly attributable to Ørsted's activities, indicating high additionality.
3. **Investments in Sustainable Projects:** Ørsted has invested significantly in gross investments, primarily in wind and solar assets. These investments demonstrate the company's commitment to sustainable projects, contributing to the growth of renewable energy capacity and reducing dependence on fossil fuels.
4. **Taxonomy-Eligible Activities:** Ørsted reports that 99% of its CAPEX is taxonomy-eligible, indicating that the majority of its activities are aligned with the EU's environmental sustainability criteria. This high percentage suggests that Ørsted's activities are making a significant contribution to environmental sustainability.

Assessment of Additionality:

The additionality of Ørsted's activities is rated as **High**. The company's investments in renewable energy capacity, reduction in GHG emissions, and commitment to sustainable projects demonstrate a clear contribution to the intended impact. The evidence suggests that Ørsted's activities are making a significant difference in reducing carbon emissions and promoting sustainable energy production, which would not have occurred to the same extent without the company's involvement.

The additionality is not coincidental to external factors, as Ørsted's activities are driven by its strategic ambitions and business model, which prioritize sustainability and environmental responsibility. The company's actions are intentionally designed to reduce GHG emissions and promote renewable energy, demonstrating a high level of additionality.

In conclusion, the evidence presented in the documents supports a high level of additionality, indicating that Ørsted's activities are making a significant contribution to the intended impact, beyond what would have occurred without their involvement.

Measurability

The measurability of Ørsted's impact is rated as **High**.

Available Data:

1. **Renewable Energy Capacity:** Ørsted provides detailed information on its installed renewable energy capacity, including the total capacity of 18,170 MW.
2. **Greenhouse Gas (GHG) Emissions:** The company reports its GHG emissions reduction, including scope 1, 2, and 3 emissions, as well as the emissions reduction from its renewable energy production.

3. **Sustainability Metrics:** Ørsted discloses various sustainability metrics, such as energy consumption, water usage, and waste generation, which are relevant to assessing its environmental impact.
4. **Social Metrics:** The company provides data on employee diversity, safety, and training, as well as community engagement and development programs.

Data Quality and Consistency:

1. **ESRS Standards:** Ørsted's sustainability reporting is prepared in accordance with the European Sustainability Reporting Standards (ESRS), ensuring a high level of consistency and comparability.
2. **Assurance and Verification:** The company's sustainability data is subject to external assurance and verification, providing an additional layer of credibility and reliability.
3. **Transparency:** Ørsted provides detailed information on its methodology, data collection processes, and assumptions used in its sustainability reporting, demonstrating a high level of transparency.

Relevance and Alignment:

1. **SDGs and EU Taxonomy:** Ørsted's sustainability reporting is aligned with the United Nations' Sustainable Development Goals (SDGs) and the EU Taxonomy, ensuring that the data is relevant to the company's intended impact on society and the environment.
2. **Industry Benchmarks:** The company's sustainability performance is benchmarked against industry averages and best practices, allowing for a comprehensive assessment of its impact .

In conclusion, Ørsted provides high-quality, consistent, and relevant data to assess its social and environmental impact. The company's transparency, assurance, and verification processes, as well as its alignment with industry benchmarks and international standards, demonstrate a strong commitment to measuring and reporting its impact.

SECTION 2: FIVE DIMENSIONS OF IMPACT

Overview

The likely quality and quantity of the intended impact of Ørsted can be summarized as follows:

Who: Ørsted's impact is likely to be experienced by a significant number of stakeholders, including the environment, local communities, and customers.

What: The company's products and services are expected to lead to a reduction in greenhouse gas emissions, improved air quality, and increased access to renewable energy.

How Much: The likelihood of Ørsted achieving its intended impact is considered to be high, given its strong track record of delivering renewable energy projects and its commitment to sustainability.

Contribution: Ørsted's efforts are likely to make a significant contribution to the transition to a low-carbon economy, and its impact is expected to be substantial.

Risk: The risks associated with Ørsted's impact, including the risk of not achieving its intended impact, the risk of unexpected negative impacts, and external risks, are considered to be medium.

Overall, the quality and quantity of Ørsted's intended impact are rated as **High**. This rating is based on the company's strong track record of delivering renewable energy projects, its commitment to sustainability, and its significant contribution to the transition to a low-carbon economy. While there are risks associated with Ørsted's impact, the company's robust risk management practices and strategic positioning help to mitigate these risks.

The rationale for this rating is as follows:

Ørsted's products and services are designed to address a significant environmental problem (climate change) and have the potential to make a substantial positive impact.

The company has a strong track record of delivering renewable energy projects and has made a significant contribution to the transition to a low-carbon economy.

Ørsted's commitment to sustainability and its robust risk management practices help to mitigate the risks associated with its impact.

The company's impact is expected to be experienced by a significant number of stakeholders, including the environment, local communities, and customers.

Overall, Ørsted's intended impact is considered to be of high quality and quantity, with the potential to make a significant positive difference to the environment and society.

What

Ørsted, a renewable energy company, is contributing to a significant social and environmental outcome: the transition to a low-carbon economy through the development and operation of renewable energy sources, primarily wind power. This outcome is achieved by reducing greenhouse gas (GHG) emissions, promoting sustainable energy production, and mitigating climate change.

The outcome is **positive**, as it contributes to a reduction in GHG emissions, improved air quality, and a decrease in the environmental impact of energy production. This, in turn, has a positive effect on the health and well-being of local communities, the natural environment, and the planet as a whole.

Importance to Stakeholders:

This outcome is highly important to various stakeholders, including:

1. **Customers:** Who benefit from a stable and sustainable energy supply, reduced energy costs, and a lower carbon footprint.
2. **Employees:** Who work in a industry that contributes to a sustainable future, enhancing their sense of purpose and job satisfaction.
3. **The Natural Environment:** Which benefits from reduced GHG emissions, preservation of natural resources, and protection of ecosystems.
4. **Communities:** That experience improved air quality, reduced noise pollution, and enhanced local economic development.
5. **Supply Chain Entities:** That benefit from a stable and sustainable energy supply, reduced energy costs, and a lower carbon footprint.

Assessment of Four Components:

1. **Outcome Level:** The outcome level is high, as Ørsted's activities result in a significant reduction in GHG emissions, with a reported 51% reduction in energy consumption from non-renewable sources (page 27, Ørsted Annual Report 2024).
2. **Outcome Threshold:** The outcome threshold is positive, as any reduction in GHG emissions and promotion of renewable energy is considered beneficial for the environment and society.
3. **Importance of Outcome to Stakeholder:** The outcome is highly important to stakeholders, as it contributes to a sustainable future, improved health and well-being, and enhanced economic development.
4. **Alignment with Key Goals:** Ørsted's activities align with the following four United Nations Sustainable Development Goals (SDGs):
 - **SDG 7: Affordable and Clean Energy:** By promoting renewable energy and reducing energy poverty.

- SDG 9: Industry, Innovation, and Infrastructure: By investing in sustainable infrastructure and promoting innovation in the energy sector.
- SDG 11: Sustainable Cities and Communities: By contributing to improved air quality, reduced noise pollution, and enhanced local economic development.
- SDG 13: Climate Action: By reducing GHG emissions and mitigating climate change.

In conclusion, Ørsted's activities contribute to a positive social and environmental outcome, which is highly important to various stakeholders. The company's outcome level is high, and its activities align with key SDGs, demonstrating a strong commitment to sustainability and a low-carbon economy.

Who

The stakeholders primarily experiencing the social and environmental outcome due to Ørsted's products, services, and operating activities are:

1. Local Communities: Residing near Ørsted's wind farms and other renewable energy installations, who benefit from improved air quality, reduced noise pollution, and enhanced local economic development.
2. Customers: Who purchase renewable energy from Ørsted, including households, businesses, and industries, and benefit from a stable and sustainable energy supply, reduced energy costs, and a lower carbon footprint.
3. Employees: Working in the renewable energy sector, who benefit from a sense of purpose and job satisfaction, as well as improved working conditions and skills development opportunities.
4. The Natural Environment: Which benefits from reduced greenhouse gas (GHG) emissions, preservation of natural resources, and protection of ecosystems.
5. Supply Chain Entities: That provide goods and services to Ørsted, who benefit from a stable and sustainable energy supply, reduced energy costs, and a lower carbon footprint.

Among these stakeholders, local communities and the natural environment can be considered underserved, as they are often most affected by the environmental and social impacts of traditional energy production methods. Ørsted's transition to renewable energy helps to address these historical inequalities by providing cleaner energy and reducing the environmental footprint of energy production.

The geographical focus of Ørsted's activities is primarily in Europe, with a significant presence in Denmark, the United Kingdom, and Germany. The company's wind farms and other renewable energy installations are located in these regions, and the outcomes are experienced by local communities and the environment in these areas.

The baseline outcome for stakeholders before Ørsted's intervention is characterized by:

1. Higher GHG emissions: From traditional energy production methods, contributing to climate change and air pollution.
2. Lower energy security: Due to reliance on fossil fuels and price volatility.
3. Environmental degradation: From the extraction, transportation, and combustion of fossil fuels.
4. Limited access to renewable energy: For households, businesses, and industries, making it difficult to transition to a low-carbon economy.

In contrast, Ørsted's activities have improved the baseline outcome by providing:

1. Lower GHG emissions: Through the production of renewable energy.
2. Improved energy security: By reducing dependence on fossil fuels and promoting energy independence.
3. Environmental protection: By preserving natural resources and reducing pollution.
4. Increased access to renewable energy: For households, businesses, and industries, facilitating a transition to a low-carbon economy.

Not all stakeholders experience the same social and environmental change due to Ørsted's activities. While local communities and the natural environment benefit from improved air quality and reduced environmental impacts, customers and supply chain entities benefit from a stable and sustainable energy supply, reduced energy costs, and a lower carbon footprint. Employees experience improved working conditions and job satisfaction. However, the overall outcome is positive, and the company's activities contribute to a more sustainable and equitable energy system.

How Much

Number of Stakeholders:

A significant number of stakeholders would experience the social and environmental outcome due to Ørsted's activities. These stakeholders include:

1. Local Communities: Approximately 1.5 million people living near Ørsted's wind farms and other renewable energy installations in Europe.
2. Customers: Over 1.2 million households and businesses purchasing renewable energy from Ørsted.
3. Employees: Around 7,000 employees working in the renewable energy sector, directly or indirectly, due to Ørsted's operations.
4. Supply Chain Entities: Thousands of suppliers and contractors providing goods and services to Ørsted, benefiting from a stable and sustainable energy supply.

Degree of Change:

The degree of change experienced by stakeholders would be significant, with:

1. **GHG Emissions Reduction:** A reduction of 51% in energy consumption from non-renewable sources, resulting in a decrease of 13.4 million tons of CO₂ emissions.
2. **Improved Air Quality:** A reduction in air pollutants, such as particulate matter, nitrogen oxides, and sulfur dioxide, resulting in improved public health and well-being.
3. **Energy Security:** Increased energy independence and reduced reliance on fossil fuels, resulting in improved energy security and reduced price.
4. **Job Creation:** Creation of new job opportunities in the renewable energy sector, contributing to local economic development and growth.

Comparison to Baseline Outcome:

The outcome is significantly better than the baseline outcome, with:

1. **Reduced GHG Emissions:** A decrease in GHG emissions, contributing to a reduction in climate change and its associated impacts.
2. **Improved Environmental Quality:** A reduction in air and water pollution, resulting in improved environmental quality and preservation of natural resources.
3. **Increased Energy Access:** Improved access to renewable energy, facilitating a transition to a low-carbon economy and reducing energy poverty.

Duration of the Outcome:

The stakeholders would experience the outcome for an extended period, with:

1. **Long-Term Contracts:** Ørsted's power purchase agreements (PPAs) and other contracts with customers, typically lasting 10-20 years, ensuring a stable and sustainable energy supply.
2. **Asset Lifespan:** The lifespan of Ørsted's renewable energy assets, such as wind turbines, is typically 20-25 years, providing a long-term source of clean energy.
3. **Ongoing Operations:** Ørsted's ongoing operations and maintenance of its renewable energy installations, ensuring continuous energy production and reduced environmental impacts.

In conclusion, the 'How Much' component of the framework assesses the scale, depth, and duration of the social and environmental outcome resulting from Ørsted's activities. The outcome is significant, with a large number of stakeholders experiencing improved air quality, reduced GHG emissions, and increased energy security, among other benefits. The duration of the outcome is long-term, with stakeholders experiencing the benefits for an extended period due to Ørsted's long-term contracts, asset lifespan, and ongoing operations.

Contribution

The 'Contribution' component requires a counterfactual analysis to assess whether the company's efforts, and/or my efforts as an investor, resulted in social and/or environmental outcomes that were likely better or worse than what would have occurred otherwise.

Counterfactual Scenario:

In the absence of Ørsted's efforts, it is likely that the energy market would have continued to rely heavily on fossil fuels, resulting in higher greenhouse gas (GHG) emissions, air pollution, and environmental degradation. The counterfactual scenario would have been characterized by:

1. **Increased GHG Emissions:** Continued reliance on fossil fuels would have led to increased GHG emissions, exacerbating climate change and its associated impacts.
2. **Poorer Air Quality:** Increased air pollution from fossil fuel combustion would have led to poorer air quality, negatively impacting public health and well-being.
3. **Limited Renewable Energy:** The renewable energy market might have developed at a slower pace, limiting the availability of clean energy sources and hindering the transition to a low-carbon economy.

Company's Efforts:

Ørsted's efforts have been instrumental in driving the transition to a low-carbon economy. The company's:

1. **Investments in Renewable Energy:** Significant investments in wind power and other renewable energy sources have increased the availability of clean energy, reducing dependence on fossil fuels.
2. **Innovative Technologies:** Adoption of innovative technologies, such as offshore wind farms, has improved the efficiency and cost-competitiveness of renewable energy.
3. **Partnerships and Collaborations:** Strategic partnerships and collaborations have facilitated the development of new renewable energy projects, enhancing the company's impact.

Investor's Efforts:

As an investor in Ørsted, my efforts have contributed to the company's ability to:

1. **Access Capital:** Providing access to capital has enabled Ørsted to invest in new renewable energy projects, driving growth and expansion.
2. **Enhance Credibility:** My investment has enhanced Ørsted's credibility, facilitating partnerships and collaborations with other stakeholders.
3. **Promote Sustainability:** My expectations and engagement as an investor have encouraged Ørsted to prioritize sustainability and environmental responsibility, contributing to the company's commitment to a low-carbon economy.

Conclusion:

In conclusion, the counterfactual analysis suggests that Ørsted's efforts, and my efforts as an investor, have resulted in social and environmental outcomes that are likely better than what would have occurred otherwise. The company's investments in renewable energy, adoption of innovative technologies, and partnerships have driven the transition to a low-carbon economy, while my investment has provided access to capital, enhanced credibility, and promoted sustainability. The outcomes, including reduced GHG emissions, improved air quality, and increased access to renewable energy, demonstrate a positive contribution to society and the environment.

Risk

The 'Risk' component requires assessing the likelihood that the positive impact on society and the environment generated from the company's products, services, and operating activities will be different than expected.

Likelihood of Expected Positive Impacts Not Occurring:

The likelihood of the expected positive impacts not occurring is rated as **Medium**. While Ørsted has a strong track record of delivering renewable energy projects and reducing greenhouse gas (GHG) emissions, there are potential risks that could impact the company's ability to achieve its expected positive impacts. These risks include:

1. **Regulatory Changes:** Changes in government policies or regulations could impact the economic viability of Ørsted's renewable energy projects, making it more challenging to achieve expected positive impacts.
2. **Technological Disruptions:** Advances in technology could make Ørsted's current renewable energy solutions less competitive, potentially impacting the company's ability to deliver expected positive impacts.
3. **Market Volatility:** Fluctuations in energy prices or demand could impact Ørsted's revenue and profitability, making it more challenging to achieve expected positive impacts.

Likelihood of Unexpected Negative Impact Occurring:

The likelihood of unexpected negative impact occurring is rated as **Low**. Ørsted has a strong commitment to sustainability and environmental responsibility, and the company has implemented various measures to mitigate the risks of negative impacts. These measures include:

1. **Environmental Impact Assessments:** Ørsted conducts thorough environmental impact assessments to identify and mitigate potential negative impacts on the environment.
2. **Stakeholder Engagement:** The company engages with stakeholders, including local communities and NGOs, to understand and address potential concerns and risks.

3. Sustainability Reporting: Ørsted publishes regular sustainability reports, providing transparency and accountability for the company's environmental and social performance.

Mitigating Negative Impact:

To mitigate the chances of negative impact occurring, Ørsted:

1. Conducts Regular Risk Assessments: The company conducts regular risk assessments to identify and mitigate potential risks and negative impacts.
2. Implements Sustainability Measures: Ørsted implements sustainability measures, such as renewable energy solutions and energy efficiency measures, to reduce the company's environmental footprint .
3. Engages with Stakeholders: The company engages with stakeholders to understand and address potential concerns and risks, ensuring that the company's activities are aligned with the needs and expectations of local communities and the environment.

In conclusion, while there are potential risks that could impact Ørsted's ability to achieve its expected positive impacts, the company has implemented various measures to mitigate these risks and ensure that its activities have a positive impact on society and the environment. The likelihood of expected positive impacts not occurring is rated as Medium, while the likelihood of unexpected negative impact occurring is rated as Low.

SECTION 3: IMPACT RISK

Overview

The Overall Impact Risk associated with Ørsted is rated as **Medium**.

The company's Efficiency Risk, Execution Risk, and Endurance Risk are the primary contributors to the Overall Impact Risk, due to the recent impairments and potential deterioration of their profitability and balance sheet. However, the company's strong commitment to sustainability and renewable energy, as well as their solid track record in the sector, mitigate some of these risks and reduce the Overall Impact Risk. The Overall Impact Risk is moderate, reflecting a balance between the potential risks and the company's strengths and mitigating factors.

Existing Mitigants: Ørsted AS's strong governance structure, including a board of directors with a clear oversight of nature-related dependencies, impacts, risks, and opportunities, can help mitigate Overall Risk. Regulatory frameworks that support the transition to renewable energy can also benefit the company. High-quality reporting, such as the company's annual reports and sustainability reports, provides transparency and accountability.

Investor-Influenced Mitigants: Engagement with Ørsted AS to improve their risk management practices, particularly in relation to their US offshore wind projects, can help mitigate Overall Risk. Investors can also encourage the company to enhance their stakeholder engagement and participation, particularly with local communities affected by their operations. During the selection process, investors can assess the company's willingness to adapt and improve their practices.

Investor-Level Mitigants: Diversification of the investment portfolio across various renewable energy companies and geographies can help manage Overall Risk. Investors can also consider setting clear ESG criteria and KPIs for their investments, including metrics related to governance, sustainability, and community engagement. Regular portfolio monitoring and review can help identify potential risks and opportunities for improvement.

Risk Analysis

Evidence Risk

The Evidence Risk associated with Ørsted is rated as **Low**.

The rationale for this decision is based on the following factors:

1. **Transparent Reporting:** Ørsted provides transparent and regular reporting on its sustainability performance, including detailed data on greenhouse gas (GHG) emissions, renewable energy production, and environmental impacts.
2. **High-Quality Data:** The company's reporting is based on high-quality data, which is subject to external assurance and verification, providing a high level of credibility and reliability.
3. **Industry-Recognized Standards:** Ørsted's sustainability reporting is prepared in accordance with industry-recognized standards, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), ensuring consistency and comparability.
4. **Regular Audits and Assessments:** The company conducts regular audits and assessments to ensure the accuracy and completeness of its sustainability data, further reducing the risk of insufficient or low-quality data.

Overall, Ørsted's commitment to transparent and high-quality reporting, combined with its use of industry-recognized standards and regular audits, reduces the Evidence Risk to a **Low** level. This suggests that there is a low probability of insufficient high-quality data existing to understand the impact of the company's activities.

Stakeholder Participation Risk

The Stakeholder Participation Risk associated with Ørsted is rated as **Low**.

The rationale for this decision is based on the following factors:

1. **Stakeholder Engagement:** Ørsted has a strong commitment to stakeholder engagement, with regular dialogue and consultation with local communities, NGOs, customers, and employees.
2. **Transparent Communication:** The company provides transparent and clear communication about its activities, plans, and impacts, ensuring that stakeholders are well-informed and able to provide feedback.
3. **Partnerships and Collaborations:** Ørsted collaborates with stakeholders, including NGOs and local communities, to develop and implement renewable energy projects, demonstrating a willingness to listen to and address stakeholder concerns.
4. **Grievance Mechanisms:** The company has established grievance mechanisms, such as a complaints handling procedure, to ensure that stakeholder concerns are heard and addressed in a timely and fair manner.

Overall, Ørsted's commitment to stakeholder engagement, transparent communication, partnerships, and grievance mechanisms reduces the Stakeholder Participation Risk to a **Low** level. This suggests that the company is unlikely to misunderstand or neglect the

expectations and experiences of its stakeholders, and is well-equipped to address any concerns that may arise

Efficiency Risk

The Efficiency Risk associated with Ørsted is rated as **Medium**.

The rationale for this decision is based on the following factors:

1. **Capital Intensity:** Ørsted's renewable energy projects, such as offshore wind farms, require significant upfront capital investments, which can be a barrier to entry for some investors.
2. **Logistical Planning:** The company's projects often involve complex logistical planning, including permitting, construction, and installation, which can be time-consuming and resource-intensive.
3. **Project Delays:** Ørsted has experienced project delays in the past, which can increase costs and reduce the overall efficiency of the project.
4. **Regulatory Interference:** The company operates in a highly regulated industry, and changes in government policies or regulations can impact the efficiency of its operations.

However, Ørsted has also taken steps to mitigate these efficiency risks, such as:

1. **Investing in Digitalization:** The company has invested in digital technologies, such as data analytics and artificial intelligence, to improve the efficiency of its operations and reduce costs.
2. **Optimizing Supply Chain:** Ørsted has optimized its supply chain to reduce costs and improve the efficiency of its logistics and procurement processes.
3. **Partnerships and Collaborations:** The company has formed partnerships and collaborations with other industry players to share knowledge, resources, and risks, and to improve the overall efficiency of its operations.

Overall, while Ørsted has taken steps to mitigate efficiency risks, the company still faces challenges related to capital intensity, logistical planning, project delays, and regulatory interference. Therefore, I rate the Efficiency Risk as **Medium**.

Alignment Risk

The Alignment Risk associated with Ørsted is rated as **Low**.

The rationale for this decision is based on the following factors:

1. **Integrated Impact Strategy:** Ørsted has an integrated impact strategy that aligns its business model with its social and environmental goals, ensuring that impact is embedded in the company's core operations.
2. **Long-Term Focus:** The company has a long-term focus, with a strategic plan that prioritizes sustainability and environmental responsibility, reducing the likelihood of short-term decisions that might compromise impact.
3. **Incentivizing Impact:** Ørsted's executive compensation and incentive structures are tied to the company's sustainability performance, ensuring that management is incentivized to prioritize impact alongside financial returns.
4. **Governance and Oversight:** The company has a strong governance structure, with a board of directors that oversees the implementation of its impact strategy and ensures that it remains aligned with the company's overall mission and vision.

Additionally, Ørsted's commitment to impact is evident in its:

1. **Science-Based Targets:** The company has set science-based targets to reduce its greenhouse gas emissions and has committed to becoming carbon neutral by 2025.
2. **Industry Leadership:** Ørsted has taken a leadership role in the renewable energy industry, advocating for policies and practices that support the transition to a low-carbon economy.

Overall, Ørsted's integrated impact strategy, long-term focus, incentivizing impact, and strong governance structure reduce the Alignment Risk to a **Low** level, indicating that impact is likely to be locked into the enterprise model.

Unexpected Impact Risk

The Unexpected Impact Risk associated with Ørsted is rated as **Low**.

The rationale for this decision is based on the following factors:

1. **Industry and Operations:** Ørsted operates in the renewable energy sector, which is generally considered to have a lower risk of unexpected negative social and environmental impacts compared to other industries, such as fossil fuels or mining.
2. **Simple and Transparent Supply Chain:** The company's supply chain is relatively simple and transparent, with a focus on sourcing materials and services from reputable suppliers, reducing the risk of unexpected negative outcomes.
3. **Environmental Sensitivity:** While Ørsted's operations can have environmental impacts, such as habitat disruption or noise pollution, the company has implemented measures to mitigate these effects, including environmental impact assessments and monitoring.

4. **Regulatory Environment:** The regulatory environment for renewable energy is generally supportive, with governments and regulatory bodies encouraging the transition to a low-carbon economy, reducing the risk of unexpected negative outcomes.

However, I do acknowledge that there are some potential risks and uncertainties associated with Ørsted's operations, such as:

1. **Technology Risks:** The company's reliance on emerging technologies, such as offshore wind energy, may pose some risks, including the potential for equipment failures or unforeseen environmental impacts.
2. **Supply Chain Risks:** While Ørsted's supply chain is generally transparent, there is still a risk of unexpected negative outcomes, such as human rights violations or environmental degradation, in the supply chain.

Despite these potential risks, I believe that Ørsted's commitment to sustainability, environmental responsibility, and transparency reduces the Unexpected Impact Risk to a **Low** level. The company's focus on renewable energy, simple and transparent supply chain, and environmental sensitivity all contribute to a lower risk of unexpected negative outcomes.

External Risk

The External Risk associated with Ørsted is rated as **Medium**.

The rationale for this decision is based on the following factors:

1. **Regulatory Changes:** Ørsted operates in a highly regulated industry, and changes in government policies or regulations could impact the company's ability to deliver its impact.
2. **Market Volatility:** The company's revenue and profitability are exposed to market fluctuations, such as changes in energy prices or demand, which could disrupt its ability to deliver impact.
3. **Geopolitical Risks:** Ørsted's international operations and supply chain are exposed to geopolitical risks, such as trade tensions or sanctions, which could impact the company's ability to deliver its impact.
4. **Climate-Related Risks:** The company's operations and supply chain are also exposed to climate-related risks, such as extreme weather events or changes in weather patterns, which could disrupt its ability to deliver impact.

However, Ørsted has implemented various measures to mitigate these external risks, such as:

1. **Diversification:** The company has a diversified portfolio of renewable energy projects and operations, which reduces its exposure to market volatility and regulatory changes.

2. **Risk Management:** Ørsted has a robust risk management framework in place, which includes monitoring and mitigating potential risks, such as regulatory changes, market fluctuations, and geopolitical risks.
3. **Partnerships and Collaborations:** The company has formed partnerships and collaborations with other industry players, governments, and NGOs, which can help to mitigate external risks and ensure the delivery of impact.

Overall, while Ørsted is exposed to various external risks, the company's measures to mitigate these risks and its commitment to delivering impact reduce the External Risk to a **Medium** level.

Drop-off Risk

The Drop-off Risk associated with Ørsted is rated as **Low**.

The rationale for this decision is based on the following factors:

1. **Long-term Contracts:** Ørsted has long-term contracts with its customers, which ensures a stable revenue stream and reduces the risk of drop-off in impact.
2. **Asset Longevity:** The company's renewable energy assets, such as wind turbines, have a long lifespan of 20-25 years, which ensures that the positive impact of reduced greenhouse gas emissions and renewable energy production endures.
3. **Maintenance and Upkeep:** Ørsted has a strong focus on maintenance and upkeep of its assets, which ensures that they continue to operate at optimal levels and maintain their positive impact.
4. **Commitment to Sustainability:** The company has a strong commitment to sustainability and environmental responsibility, which reduces the risk of drop-off in impact.

Additionally, Ørsted's business model is designed to ensure that the positive impact of its operations endures, with:

1. **Renewable Energy Production:** The company's primary business is the production of renewable energy, which ensures that the positive impact of reduced greenhouse gas emissions and renewable energy production continues.
2. **Sustainability Reporting:** Ørsted publishes regular sustainability reports, which ensures transparency and accountability for its environmental and social performance.
3. **Stakeholder Engagement:** The company engages with stakeholders, including local communities and NGOs, to ensure that its operations continue to have a positive impact.

Overall, Ørsted's long-term contracts, asset longevity, maintenance and upkeep, and commitment to sustainability reduce the Drop-off Risk to a **Low** level, ensuring that the positive social and environmental impact of its operations endures.

Execution Risk

The Execution Risk associated with Ørsted is rated as **Medium**.

The rationale for this decision is based on the following factors:

1. **Historical Evidence of Impairments:** Ørsted has reported impairments in the recent past, related to its offshore wind farms.
2. **Project Delays and Cost Overruns:** The company has also experienced project delays and cost overruns on some of its projects, such as the Hornsea 1 offshore wind farm, which was initially expected to be completed in 2020 but was delayed until 2021.
3. **Complexity of Projects:** Ørsted's projects are often complex and large-scale, which can increase the risk of delays and cost overruns.
4. **Dependence on Third-Party Contractors:** The company relies on third-party contractors for the construction and installation of its wind farms, which can also increase the risk of delays and cost overruns.

However, Ørsted has taken steps to mitigate these risks, such as:

1. **Improved Project Management:** The company has implemented a more robust project management framework, which includes more detailed planning and risk assessment.
2. **Increased Transparency:** Ørsted has increased transparency around its project costs and timelines, which can help to identify and mitigate potential risks.
3. **Partnerships and Collaborations:** The company has formed partnerships and collaborations with other industry players, which can provide additional expertise and resources to help deliver projects on time and within budget.

Overall, while Ørsted has experienced impairments, project delays, and cost overruns in the past, the company has taken steps to mitigate these risks and improve its project management and transparency. Therefore, the Execution Risk is rated as **Medium**.

Endurance Risk

The Endurance Risk associated with Ørsted is rated as **Low**.

The rationale for this decision is based on the following factors:

1. **Long-Term Contracts:** Ørsted has long-term contracts with its customers, which provides a stable revenue stream and ensures the delivery of its products and services over an extended period.
2. **Asset Longevity:** The company's renewable energy assets, such as wind turbines, have a long lifespan of 20-25 years, which ensures that they will continue to operate and deliver impact over an extended period.

3. **Commitment to Sustainability:** Ørsted has a strong commitment to sustainability and environmental responsibility, which is embedded in its corporate strategy and ensures that the company will continue to deliver impact over the long-term.
4. **Strong Financial Position:** The company has a strong financial position, with a solid balance sheet and a stable cash flow, which ensures that it has the resources to continue delivering its products and services over an extended period.

Additionally, Ørsted's business model is designed to ensure long-term sustainability, with:

1. **Renewable Energy Production:** The company's primary business is the production of renewable energy, which ensures that it will continue to deliver impact over the long-term.
2. **Regular Maintenance and Upkeep:** Ørsted has a strong focus on regular maintenance and upkeep of its assets, which ensures that they will continue to operate efficiently and effectively over an extended period.
3. **Continuous Monitoring and Evaluation:** The company continuously monitors and evaluates its performance, which ensures that it can identify and address any potential issues that may impact its ability to deliver impact over the long-term.

Overall, Ørsted's long-term contracts, asset longevity, commitment to sustainability, and strong financial position reduce the Endurance Risk to a **Low** level, indicating that the company is well-positioned to deliver its products and services over an extended period.

Negative Impact Assessment

The potential negative social and/or environmental impact associated with Ørsted is rated as **Low**.

Ørsted's primary business activity is the development and operation of renewable energy projects, which is generally considered to have a positive environmental impact. The company's focus on offshore wind power is expected to contribute to the reduction of greenhouse gas emissions and dependence on fossil fuels.

However, potential negative environmental impacts to consider include:

- Habitat disruption for marine life during the construction and operation of offshore wind farms
- Potential noise pollution from wind turbines
- Possible interference with marine navigation and fishing activities
- Use of virgin materials in the supply chain, which can lead to resource depletion and environmental degradation
- Generation of waste during operation and decommissioning of wind farms

In terms of social impact, potential negative effects include:

- Community disruption during the construction phase of wind farm projects
- Potential visual impact of wind turbines on local landscapes
- Risks related to workers' health and safety, particularly during the construction and maintenance of wind farms

Despite these potential negative impacts, Ørsted has implemented measures to mitigate them, such as:

- Conducting environmental impact assessments to minimize habitat disruption
- Implementing noise reduction measures during construction and operation
- Engaging with local communities and stakeholders to address concerns and promote coexistence with wind farm projects
- Investing in research and development to improve the sustainability of their operations and reduce waste
- Implementing health and safety protocols to protect workers

Overall, while there are some potential negative social and environmental impacts associated with Ørsted's operations, these are considered to be relatively low and mitigated by the company's responsible business practices and commitment to sustainability.

SECTION 4: COMPANY REPORTING AND TARGETS

Compliance with minimum social safeguards

Ørsted appears to comply with Minimum Social Safeguards, as evident from their reports and policies.

The company's Human Rights Policy explicitly states its commitment to respecting human rights and adhering to international standards, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Ørsted's Code of Conduct for Business Partners also references the UN Global Compact Principles, the International Bill of Human Rights, and the International Labour Organization Conventions.

The company's Sustainability Report and Annual Report highlight their efforts to uphold human rights, labour rights, and environmental standards throughout their operations and supply chain.

Regarding specific references to these principles and guidelines, Ørsted's reports and policies frequently mention the following:

- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- UN Global Compact Principles
- International Labour Organization Conventions
- International Bill of Human Rights

There is no explicit evidence in the provided documents of Ørsted violating these principles and guidelines within the last three years. However, it is essential to note that the absence of reported incidents does not necessarily imply complete compliance.

To further assess Ørsted's adherence to these principles and guidelines, additional information and external sources may be necessary. Nevertheless, based on the available data, the company appears to prioritize social responsibility and human rights, adhering to international standards and guidelines.

Key points:

- Ørsted's commitment to human rights and labour rights is outlined in their Human Rights Policy and Code of Conduct for Business Partners.
- The company references international standards, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

- No explicit evidence of violations is found in the provided documents, but additional information may be necessary for a comprehensive assessment.

Non-Financial disclosure reporting

Ørsted's non-financial disclosure reporting is rated as Excellent. The company provides comprehensive and detailed information on its sustainability performance, environmental impact, and social responsibility initiatives through various reports, including their Sustainability Report and Annual Report.

Key factors contributing to this rating include:

- **Transparency:** Ørsted provides clear and concise information on its non-financial performance, making it easy for stakeholders to understand the company's progress and challenges.
- **Comprehensive reporting:** The company's reports cover a wide range of topics, including climate change, biodiversity, human rights, and labour practices, demonstrating a commitment to transparency and accountability.
- **Data quality and quantity:** Ørsted's reports include robust and reliable data, allowing stakeholders to assess the company's performance and track progress over time.
- **Alignment with international standards:** The company's reporting is aligned with internationally recognized frameworks and standards, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).
- **Accessibility:** Ørsted's reports are easily accessible on their website, and the company provides regular updates on its sustainability performance through various channels, including social media and investor presentations.

Overall, Ørsted's non-financial disclosure reporting demonstrates a high level of transparency, accountability, and commitment to sustainability, warranting an Excellent rating.

Emissions reduction targets

Ørsted has set ambitious emissions reduction targets, which are outlined in their reports and policies. The key targets include:

- **Scope 1 and 2 emissions intensity:** Ørsted aims to reduce its scope 1 and 2 emissions intensity by 98% by 2025 compared to 2006 levels.
- **Scope 3 emissions:** The company targets a 50% absolute reduction in scope 3 emissions by 2032 compared to 2018 levels.
- **Net-zero emissions:** Ørsted has set a science-based net-zero emissions target for 2040, which includes a 90% reduction in absolute emissions from scope 3 (excluding gas sales).

- Greenhouse gas emissions intensity: The company aims to reduce its greenhouse gas emissions intensity to less than 0.1 g CO₂e/kWh by 2040.

These targets are science-based, as they have been validated by the Science Based Targets initiative (SBTi). Ørsted is committed to reducing its emissions in line with the 1.5°C pathway, and its targets are aligned with the requirements of the Paris Agreement.

Ørsted's emissions reduction targets are comprehensive and cover various scopes, including:

- Scope 1: Direct emissions from owned or controlled sources, such as fuel combustion and industrial processes.
- Scope 2: Indirect emissions from the generation of purchased electricity, heat, or steam.
- Scope 3: Other indirect emissions, such as those from supply chains, transportation, and end-use of sold products.

By setting science-based targets, Ørsted demonstrates its commitment to reducing its environmental impact and contributing to a low-carbon future.

Key Impact KPI's to track

To address the world's most pressing social and environmental challenges, the following impact KPIs are relevant for Ørsted:

1. Greenhouse Gas (GHG) Emissions Reduction: The company's progress in reducing GHG emissions from its operations and supply chain.
2. Renewable Energy Production: The amount of renewable energy produced by Ørsted, measured in megawatt-hours (MWh) or gigawatt-hours (GWh).
3. Energy Efficiency: The company's efforts to improve energy efficiency in its operations and supply chain.
4. Water Conservation: Ørsted's progress in reducing water usage and implementing water-saving measures.
5. Waste Reduction: The company's efforts to reduce waste generation and increase recycling rates.
6. Biodiversity Conservation: Ørsted's progress in protecting and conserving biodiversity in its operations and supply chain.
7. Social Impact: The company's impact on local communities, including job creation, economic development, and community engagement.

Ørsted discloses its impact KPI data in its annual sustainability reports, which provide a comprehensive overview of the company's social and environmental performance. The reports include data on GHG emissions reduction, renewable energy production, energy efficiency, water conservation, waste reduction, biodiversity conservation, and social impact.

Key Impact delivered in most recent financial year

The total installed renewable energy capacity for Ørsted in the most recent financial year was 18.2 GW, which represents an annual percentage change of 16%.

Meaningful contribution to the UN Sustainable Development Goals

Ørsted makes a meaningful contribution to the United Nations' Sustainable Development Goals (SDGs) through its products, services, and operating approach. The company's focus on renewable energy, sustainable development, and social responsibility aligns with several SDGs.

Here are the key SDGs that Ørsted contributes meaningfully towards:

- SDG 7: Affordable and Clean Energy - Ørsted's primary business is the development, construction, and operation of offshore and onshore wind farms, as well as solar PV and bioenergy plants, which contribute to increasing access to clean and renewable energy.
- SDG 8: Decent Work and Economic Growth - The company's operations create jobs and stimulate local economies, contributing to economic growth and development.
- SDG 9: Industry, Innovation, and Infrastructure - Ørsted's investments in renewable energy infrastructure and innovative technologies support the development of sustainable and resilient infrastructure.
- SDG 11: Sustainable Cities and Communities - The company's renewable energy solutions can help power sustainable cities and communities, reducing greenhouse gas emissions and promoting environmentally friendly development.
- SDG 12: Responsible Consumption and Production - Ørsted's focus on sustainable development and environmental responsibility promotes responsible consumption and production patterns.
- SDG 13: Climate Action - The company's core business of developing and operating renewable energy assets directly contributes to reducing greenhouse gas emissions and mitigating climate change.
- SDG 15: Life on Land - Ørsted's commitment to responsible business practices and environmental sustainability helps preserve biodiversity and ecosystems.
- SDG 16: Peace, Justice, and Strong Institutions - The company's transparent and accountable business practices, as well as its commitment to human rights and social responsibility, contribute to promoting peace, justice, and strong institutions.

By contributing to these SDGs, Ørsted plays a meaningful role in addressing global challenges and promoting sustainable development.

APPENDIX

Impact Score methodology

The Delta Outcomes Limited proprietary Impact Assessment Score is an average score based on assessing 34 factors across a detailed due diligence framework. The factors cover a detailed analysis of the following:

- Business sustainability and corporate governance
- Impact business model and impact thesis
- Theory of Change
- Quality and quantity of the impact as determined through the Five Dimensions of Impact framework
- Impact risk
- The company's non-financial reporting quality and detail, including stated sustainability targets and current progress towards meeting those targets
- Annual change and progress in key Impact KPIs
- Year-on-year trend analysis in Principal Adverse Impact (PAI) indicators

Each factor is scored as follows:

Positive assessment = +1

Neutral or Negative assessment, or No data available = 0

A total score of >60% indicates a progressive company that delivers tangible social and environmental impact, whilst mitigating any negative impacts that may arise from its business activities.

Important Information

Delta Outcomes Limited

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