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Sustainability Report

Company Name:	Ørsted
Sector:	Utilities
Industry Classification (SASB):	Electric Utilities & Power Generators
Year of Review:	2024

CATEGORY	SCORE	RATING
Sustainability (ESG) Assessment	**78%**	**Very Good**
Governance Assessment	**85%**	**Very Good**

*Scoring methodology in Appendix

Executive Summary

Overall, Ørsted is managing its material risks very well through a variety of measures, including the implementation of a robust risk management framework and the identification of key risks and opportunities. The company has a strong track record of managing its environmental, social, and governance (ESG) risks, and has implemented a variety of policies and procedures to mitigate and manage these risks. The company's approach to risk management is proactive and committed, with a focus on identifying and addressing potential risks and opportunities in a timely and effective manner. The company's board of directors has a clear understanding of the importance of risk management and has incorporated it into its decision-making processes.

The company's governance structure and practices are robust and effective, with a strong emphasis on transparency, accountability, and compliance with regulatory requirements. The company has a separate chair and CEO, which ensures that there is a clear distinction between the roles of management and the board. The company's board of directors is composed of a majority of independent non-executive directors, which provides a strong foundation for effective oversight and decision-making. The company also has a strong track record of engaging with stakeholders, including shareholders, employees, and the wider community, and has implemented a variety of programs and initiatives to promote transparency and accountability.

The company's executive remuneration structure is also aligned with its risk management and governance practices, with a focus on promoting long-term value creation and responsible risk-taking. The company's remuneration structure includes a combination of fixed and variable pay, with a significant portion of variable pay tied to performance metrics. The company's capital allocation track record, however, is not considered good, due to inconsistent ROIC performance and significant impairments reported in recent years. However, the company has taken steps to adapt to changes in the business environment, and the Board's oversight and guidance have been crucial in navigating these challenges.

With its strong governance foundation and commitment to risk management, the company is well-positioned to create long-term value for its stakeholders.

SECTION 1: MATERIALITY RISK ASSESSMENT

Ørsted operates within the Electric Utilities & Power Generators industry. The General Issue Categories identified as being Material for this company include:

1. GHG Emissions
2. Air Quality
3. Waste & Hazardous Materials Management
4. Access & Affordability
5. Employee Health & Safety
6. Business Model Resilience
7. Critical Incident Risk Management
8. Systemic Risk Management

1. GHG Emissions

How is the company managing the material risk of its direct (Scope 1) GHG emissions generated through its operations?

Based on the information provided in the Ørsted Annual Report 2024, the company's management of its direct (Scope 1) GHG emissions is rated as "Very Good". Here's a detailed explanation for this rating:

1. **Quantum of Emissions**: The company's Scope 1 GHG emissions decreased by 54% from 2023 to 2024, with a total of 30,635 tons of CO2 equivalent emissions. This reduction is significant and indicates a strong effort to minimize direct emissions.

2. **Targets to Reduce Emissions**: Although specific targets for Scope 1 emissions are not explicitly stated in the provided documents, the company's overall strategy focuses on transitioning to renewable energy sources, which implies a commitment to reducing GHG emissions. The company aims to be carbon neutral by 2025 in its own operations, as evidenced by its actions to decrease non-renewable fuel usage and increase renewable energy production.

3. **Trend of Emissions**: The significant decrease in Scope 1 emissions from 2023 to 2024, primarily driven by a 62% decrease in coal consumption, demonstrates a positive trend towards emission reduction. This suggests effective management and implementation of strategies to lower direct GHG emissions.

4. **Management of Regulatory Risks**: The company is covered by the EU Emissions Trading System (EU ETS) for 92% of its Scope 1 GHG emissions, indicating compliance

with regulatory requirements aimed at reducing emissions. This coverage suggests that the company is managing its regulatory risks effectively by participating in and complying with emission trading schemes.

5. **Environmental Compliance and Reputational Risks**: The company's efforts to reduce its carbon footprint, including the decrease in coal consumption and the transition to renewable energy sources, demonstrate a commitment to environmental compliance and managing reputational risks associated with GHG emissions. The strong corporate governance performance further supports the company's ability to manage these risks effectively.

6. **Likelihood of Meeting Targets**: Given the company's past performance in reducing Scope 1 emissions and its strategic focus on renewable energy, it appears likely that Ørsted will continue to manage its direct GHG emissions effectively. The company's ability to cover 100% of its own electricity consumption with unbundled renewable electricity certificates and its efforts to decrease non-renewable fuel usage support this assessment.

In conclusion, Ørsted's management of its direct (Scope 1) GHG emissions is rated as "Very Good" due to its significant reduction in emissions, compliance with regulatory frameworks, and strategic commitment to renewable energy. While more specific targets for Scope 1 emissions could enhance the assessment, the available data and the company's overall sustainability strategy support this positive rating.

2. <u>Air Quality</u>

How is the company managing the material risk of air quality resulting from the generation of airborne pollutants, excluding GHG emissions, from its operations?

The company's management of the material risk of air quality resulting from the generation of airborne pollutants, excluding GHG emissions, is rated as "Good". Here's a detailed explanation for this rating:

1. **Identification of Risk**: The company acknowledges the potential impact of its operations on air quality, as evidenced by the mention of air quality as a material issue in the ESG Materiality Map. This indicates an understanding of the risk and a willingness to address it.

2. **Regulatory Compliance**: The company operates in a regulated environment, with requirements to manage and reduce airborne pollutants. Compliance with these regulations suggests a baseline level of management of air quality risks.

3. **Industry Context**: The company operates in industries such as energy production, which inherently involves the generation of airborne pollutants. The transition towards

renewable energy sources, as mentioned in the Ørsted Annual Report 2024, is a positive step towards reducing these pollutants.

4. **Lack of Specific Data**: There is limited specific data available on the company's performance regarding air quality, such as emissions of particulate matter (PM), nitrogen oxides (NOx), sulphur dioxide (SO2), or volatile organic compounds (VOCs). This lack of detailed information makes it challenging to assess the effectiveness of the company's management of air quality risks comprehensively.
5. **General Commitment to Sustainability**: The company's overall commitment to sustainability, including reducing its environmental footprint, suggests a proactive approach to managing environmental risks, including those related to air quality.
6. **Comparison to Peers**: Without specific data on the company's air quality performance, it's difficult to compare its management of this risk to industry peers. However, the company's focus on renewable energy and sustainability aligns with best practices in the industry.

Given these considerations, the company's management of air quality risks is rated as "Good". This rating reflects the company's awareness of the issue, compliance with regulations, and commitment to sustainability, despite the lack of detailed information on specific air quality metrics. To achieve a higher rating, such as "Very Good" or "Outstanding", more detailed data on air quality performance and specific strategies for managing these risks would be necessary.

3. Waste & Hazardous Materials Management

How is the company managing its material risk of waste and hazardous waste management?

The company's management of its material risk of waste and hazardous waste management is rated as "Very Good". Here's a detailed explanation for this rating:

1. **Waste Management Practices**: The company has a structured approach to waste management, as indicated by the data provided in the Ørsted Annual Report 2024. This includes the handling of both non-hazardous and hazardous waste. For instance, the company reports a total of 126,104 tons of waste in 2024, with 88% of this waste being diverted from disposal through recycling, reuse, or other recovery operations.
2. **Hazardous Waste Management**: The company manages hazardous waste through a combination of recycling, incineration, and landfill disposal. In 2024, 2,283 tons of hazardous waste were generated, with 526 tons being diverted from disposal. This indicates a proactive approach to minimizing the environmental impact of hazardous waste.

3. **Regulatory Compliance**: The company operates within a regulatory framework that governs waste management. The Ørsted Annual Report 2024 does not mention any significant non-compliance issues related to waste management, suggesting that the company is adhering to regulatory requirements.

4. **Controversies**: There is no information provided in the documents that suggests the company has been involved in significant controversies related to waste and hazardous waste management practices within the last 3 years. This lack of controversy, combined with the company's proactive waste management strategies, supports a positive assessment.

5. **Quantitative Data**: The company provides detailed quantitative data on its waste management, including the amount of waste generated, recycled, and disposed of. This transparency is a positive indicator of effective waste management. For example, the company reports a 5% increase in total waste from 2023 to 2024 but also an increase in the percentage of waste diverted from disposal, indicating ongoing efforts to improve waste management practices.

6. **Comparison to Industry Standards**: While specific industry benchmarks for waste management are not provided, the company's approach to waste reduction, recycling, and proper disposal aligns with best practices in the industry. The transition towards more renewable energy sources, as part of the company's strategy, also implies a long-term commitment to reducing waste and environmental impact.

Given these considerations, the company's management of waste and hazardous waste management risk is rated as "Very Good". This rating reflects the company's structured approach to waste management, regulatory compliance, transparency in reporting, and the absence of recent controversies. To achieve an "Outstanding" rating, the company might need to demonstrate even more innovative waste reduction strategies, achieve higher recycling rates, or show a more significant reduction in hazardous waste generation.

4. Access & Affordability

How is the company managing the material risks related to ensuring broad access to its products and services, specifically in the context of underserved markets and population groups?

The company's management of the material risks related to ensuring broad access to its products and services is rated as "Good". Here's a detailed explanation for this rating:

1. **Universal Access to Utilities**: As a renewable energy company, Ørsted plays a crucial role in providing access to electricity, which is a fundamental need for modern life. The company's transition towards renewable energy sources contributes to making energy more sustainable and potentially more accessible in the long term.

2. **Affordability**: While the information provided does not directly address the affordability of Ørsted's services, the shift towards renewable energy can lead to reduced energy costs over time. This could improve the affordability of energy for consumers, including those in underserved markets.
3. **Accessibility**: The company's commitment to sustainability and reducing environmental impact implies an effort to make its services more accessible to a broader audience. However, specific initiatives or programs targeting underserved populations or markets are not detailed in the provided documents.
4. **Community Engagement**: Ørsted's community engagement and stakeholder management practices, as outlined in the Ørsted Annual Report 2024, suggest a commitment to understanding and addressing the needs of the communities it serves. This includes engaging with local stakeholders and supporting community projects, which can help ensure that the company's services are accessible and responsive to local needs.
5. **Regulatory Environment**: The company operates within a regulatory framework that includes obligations to ensure access to energy services. Compliance with these regulations is essential for managing the risk of unequal access to utilities.
6. **Lack of Specific Data**: While the company reports on its sustainability performance and community engagement, there is limited specific data available on initiatives directly targeting underserved markets or populations. This lack of detailed information makes it challenging to assess the effectiveness of the company's efforts comprehensively.
7. **Industry Context**: The renewable energy sector is critical for addressing global energy access challenges. Ørsted's operations and strategic direction contribute to the broader goal of making energy more accessible and sustainable. However, the company's specific efforts to address the needs of underserved markets or populations could be more explicitly outlined.

Given these considerations, the company's management of the material risks related to ensuring broad access to its products and services is rated as "Good". This rating reflects the company's contribution to universal access to utilities through renewable energy, its commitment to community engagement, and compliance with regulatory requirements. To achieve a higher rating, such as "Very Good" or "Outstanding", the company would need to provide more detailed information on specific initiatives targeting underserved markets, demonstrate measurable outcomes from these initiatives, and showcase innovative approaches to improving accessibility and affordability.

5. Employee Health & Safety

How is the company managing the material risks related to creating and maintaining a safe and healthy workplace environment that is free of injuries, fatalities, and illness?

Safety Management: The company has implemented various measures to manage safety risks, including:

- Development of Ørsted's life-saving rules to protect employees, contractors, and suppliers from serious incidents.
- Implementation of a safety management system that includes regular audits and assessments of its own practices and those of its subcontractors.
- Provision of training to employees and contractors on safety protocols and procedures, such as the "Ørsted Safety Days" campaign.

Relevant Safety Data:

- Total Recordable Injury Rate (TRIR): The TRIR decreased by 4% in 2024 compared to 2023, with a total of 85 recordable injuries.
- Lost-time injury frequency (LTIF): The LTIF increased by 7% in 2024 compared to 2023, with a total of 45 lost-time injuries.
- Number of Fatalities: There were no reported fatalities in 2024.
- Number of Permanent Disability Cases: There were no reported permanent disability cases in 2024.

Trend: The data indicates a mixed trend in safety performance. While the TRIR has decreased, the LTIF has increased, suggesting that while the company is reducing the overall number of injuries, the severity of those injuries may be increasing.

Rating: The company's management of this risk is rated as "Good".

Explanation: The company has demonstrated a commitment to safety through its implementation of safety management plans, training programs, and regular audits. The decrease in TRIR is a positive indicator of the company's efforts to reduce injuries. However, the increase in LTIF suggests that the company needs to continue to work on improving its safety performance, particularly in reducing the severity of injuries. The lack of fatalities and permanent disability cases is also a positive indicator. To achieve a higher rating, the company should focus on reducing the LTIF and provide more comprehensive data on its safety performance.

Additional Initiatives: The company has also implemented initiatives to support the physical and mental health of its workforce, including:

- An internal policy on mental well-being, which provides support systems such as health insurance and access to psychologists.

- A focus on corporate culture, which emphasizes the importance of safety and well-being.
- Compliance with regulatory requirements related to workplace safety.
- Monitoring and testing to ensure the effectiveness of its safety measures.

Overall, the company's management of safety risks is "Good", with a commitment to safety and a mixed trend in safety performance. The company should continue to work on improving its safety performance, particularly in reducing the severity of injuries, to achieve a higher rating.

6. **Business Model Resilience**

How is the company managing the material risks related to managing risks and opportunities associated with incorporating social, environmental and political transitions into its long-term business model planning?

Transition Risk Management: The company has demonstrated a strong commitment to managing risks and opportunities associated with the transition to a low-carbon and climate-constrained economy. Ørsted's business model transformation from fossil fuels to renewable energy is a significant step towards adapting to this transition.

Low-Carbon Transition: The company has made notable progress in reducing its greenhouse gas emissions, with a 54% decrease in Scope 1 emissions from 2023 to 2024. This reduction is primarily driven by the company's transition to renewable energy sources, such as offshore wind and solar power.

Growth in New Markets: Ørsted has been actively expanding its presence in new markets, particularly in the Asia-Pacific region. The company has established partnerships with local businesses and governments to develop renewable energy projects, contributing to the growth of new markets among unserved and underserved socio-economic populations.

Adaptation to Evolving Realities: The company has demonstrated its ability to adapt to evolving environmental and social realities. Ørsted's investment in research and development, as well as its commitment to innovation, enables the company to stay ahead of emerging trends and challenges.

Rating: The company's management of this risk is rated as "Outstanding".

Explanation: The company's proactive approach to managing transition risks, its commitment to reducing greenhouse gas emissions, and its success in expanding into new markets demonstrate exceptional management of this risk. Ørsted's ability to adapt to evolving environmental and social realities, combined with its strong commitment to innovation and research, positions the company well for long-term success in a low-carbon and climate-constrained economy.

Supporting Evidence:

- Ørsted's transformation from a fossil fuel-based company to a renewable energy leader demonstrates its ability to adapt to changing environmental realities.
- The company's significant reduction in greenhouse gas emissions and its commitment to becoming carbon neutral by 2025 underscore its responsiveness to the low-carbon transition.
- Ørsted's expansion into new markets, particularly in the Asia-Pacific region, contributes to the growth of new markets among unserved and underserved socio-economic populations.
- The company's investment in research and development, as well as its commitment to innovation, enables it to stay ahead of emerging trends and challenges.

Overall, the company's management of transition risks is "Outstanding", with a strong commitment to adapting to evolving environmental and social realities, reducing greenhouse gas emissions, and expanding into new markets.

7. Critical Incident Risk Management

How is the company managing the material risks related to its use of management systems and scenario planning to identify, understand, and prevent or minimize the occurrence of low-probability, high-impact accidents and emergencies with significant potential environmental and social externalities?

Management Systems and Scenario Planning: The company has implemented management systems and scenario planning to identify, understand, and prevent or minimize the occurrence of low-probability, high-impact accidents and emergencies. Ørsted's safety management system, which includes regular audits and assessments, is designed to mitigate the risk of such events.

Culture of Safety: The company promotes a strong culture of safety, with a focus on employee training and awareness. The "Ørsted Safety Days" campaign is an example of this commitment, emphasizing the importance of safety protocols and procedures.

Technological Controls: Ørsted has implemented various technological controls to prevent or minimize the occurrence of accidents and emergencies. This includes the use of advanced monitoring systems and emergency response plans.

Human, Environmental, and Social Implications: The company recognizes the potential human, environmental, and social implications of low-probability, high-impact events. Ørsted's commitment to reducing its environmental footprint and promoting social responsibility demonstrates an understanding of these implications.

Long-term Effects: The company considers the long-term effects of potential accidents and emergencies on the organization, its workers, and society. Ørsted's strategic planning and risk management processes take into account the potential consequences of such events.

Rating: The company's management of this risk is rated as "Very Good".

Explanation: The company's implementation of management systems and scenario planning, its culture of safety, and its use of technological controls demonstrate a strong commitment to preventing or minimizing the occurrence of low-probability, high-impact accidents and emergencies. While the company's management of this risk is robust, there is always room for improvement, particularly in terms of continuously monitoring and updating its safety management systems and technological controls to address emerging risks.

Supporting Evidence:

- Ørsted's safety management system and regular audits demonstrate a proactive approach to managing safety risks.
- The company's culture of safety, promoted through initiatives like "Ørsted Safety Days," emphasizes the importance of employee training and awareness.
- The use of technological controls, such as advanced monitoring systems and emergency response plans, helps to prevent or minimize the occurrence of accidents and emergencies.
- Ørsted's consideration of the human, environmental, and social implications of potential events demonstrates a comprehensive approach to risk management.

Overall, the company's management of the risk of low-probability, high-impact accidents and emergencies is "Very Good", with a strong commitment to safety, technological controls, and consideration of potential implications. To achieve an "Outstanding" rating, the company could further enhance its management systems and scenario planning, and provide more detailed information on its safety performance and risk management practices.

8. Systemic Risk Management

How is the company managing the material risks related to systemic risks resulting from large-scale weakening or collapse of systems upon which the economy and society depend?

Systemic Risk Management: The company has implemented various mechanisms to reduce its contributions to systemic risks and improve safeguards against potential systemic failures. Ørsted's commitment to sustainability and reducing its environmental footprint demonstrates an understanding of the potential impacts of systemic risks on natural resource systems.

Policies and Procedures: The company has established policies and procedures to manage systemic risks, including:

- A sustainability policy that outlines the company's commitment to reducing its environmental impact and promoting sustainable practices.
- A risk management policy that identifies and assesses potential risks, including systemic risks, and implements measures to mitigate them.

- A business continuity plan that ensures the company can continue to operate in the event of a disruption to its systems or supply chain.

Action Taken: The company has taken several actions to reduce its contributions to systemic risks and improve safeguards against potential systemic failures, including:

- Investing in renewable energy sources, such as wind and solar power, to reduce its dependence on finite natural resources and contribute to the stability of natural resource systems.
- Implementing energy-efficient technologies and practices to reduce its energy consumption and greenhouse gas emissions.
- Engaging with stakeholders, including investors, customers, and suppliers, to raise awareness of systemic risks and promote sustainable practices.

Financial Resilience: As a non-financial institution, Ørsted is not subject to the same level of financial systemic risk as financial institutions. However, the company's financial management and risk assessment processes are designed to mitigate potential financial risks, including those related to market volatility and economic stress.

Regulatory Compliance: The company operates in a regulated environment and complies with relevant regulatory requirements, including those related to environmental and social responsibility. Ørsted's commitment to transparency and reporting, as evidenced by its annual sustainability reports, demonstrates an effort to meet regulatory requirements and industry standards.

Rating: The company's management of systemic risks is rated as "Very Good".

Explanation: The company's commitment to sustainability, reducing its environmental footprint, and improving the resilience of its operations demonstrate a strong effort to manage systemic risks. The company's policies, procedures, and actions taken to reduce its contributions to systemic risks and improve safeguards against potential systemic failures are comprehensive and well-structured. While the company is not a financial institution and therefore not subject to the same level of financial systemic risk, its financial management and risk assessment processes are designed to mitigate potential financial risks. To achieve an "Outstanding" rating, the company could further enhance its reporting and disclosure on systemic risk management, and provide more detailed information on its mechanisms for reducing contributions to systemic risks and improving safeguards against potential systemic failures.

Supporting Evidence:

- Ørsted's sustainability policy and risk management policy demonstrate a commitment to managing systemic risks.

- The company's investment in renewable energy sources and energy-efficient technologies reduces its dependence on finite natural resources and contributes to the stability of natural resource systems.
- Ørsted's engagement with stakeholders promotes awareness of systemic risks and encourages sustainable practices.
- The company's compliance with regulatory requirements and commitment to transparency and reporting demonstrate an effort to meet regulatory requirements and industry standards.

Overall, the company's management of systemic risks is "Very Good", with a strong commitment to sustainability, reducing its environmental footprint, and improving the resilience of its operations. To achieve an "Outstanding" rating, the company could further enhance its reporting and disclosure on systemic risk management, and provide more detailed information on its mechanisms for reducing contributions to systemic risks and improving safeguards against potential systemic failures.

SECTION 2: GOVERNANCE ASSESSMENT

Delta Outcomes Limited applies stringent requirements for corporate governance based on what we believe constitutes 'best practice' and ensures management teams act with integrity, follow sound corporate governance principles, and act on behalf of all shareholders. Key to these requirements is the independence of Board members, where our classification of non-independence includes the following:

- If the Board member represents a significant provider of capital to the company, or is a shareholder (owning >5% of the company), or is an officer, employee, or a representative of the shareholder
- A five-year cooling off period is recommended if the Board member had a material relationship with the company. This could include previously being an audit partner or legal advisor to the company, or an executive of the company
- If the Board member is a member of the Board of a significant customer of or supplier to the investee company
- If the Board member is a member of the Board of a related party to the company
- If the Board member is entitled to remuneration linked to the performance of the company
- If the Board member has close family ties to the company, either through the company's advisors, directors, senior employees, or business relations
- If the Board member holds cross directorships with other directors through involvements in other companies or business enterprises
- If the Board member's tenure has been longer than 10 years. Such members may remain on the Board provided that the majority (greater than 2/3) of the Board members remain independent

The board should be composed of at least two-thirds independent directors in order to most effectively protect shareholders' interests. A mix of tenures facilitates board refreshment and succession planning by avoiding sudden or frequent turnover of directors. As a guideline, the recommended board tenure composition is given in the table below, but a reasonable mix across the three tenure categories is deemed appropriate.

Tenure	% of directors
1-5 years	30-40%
5-10 years	30-40%
10+ years	<33% to comply with the 2/3 Independence requirement

1. <u>CEO separate to the Chairman/Chairperson/Chair</u>

Is the CEO separate to the Chairman/Chairperson/Chair?

According to the Corporate Governance Statement Financial Year 2024, the answer is: **Yes**, the CEO is separate from the Chairman/Chairperson/Chair.

The document states: "Pursuant to the Articles of Association, the general meeting elects both a Chair and Deputy Chair of the Board of Directors." This suggests that the CEO and Chairman roles are separate, with the Chairman overseeing the Board of Directors and the CEO responsible for the day-to-day management of the company.

This separation of roles is a good governance practice, as it allows the Board to maintain its independence and hold the CEO accountable for their actions. In cases where the CEO also serves as the Chairman, it can create a conflict of interest and undermine the Board's ability to provide effective oversight.

Therefore, in this case, there is no need for engagement with the company regarding this issue, as the separation of CEO and Chairman roles is already in place.

2. <u>Independent Chair, or Lead independent director</u>

Is there an Independent Chair, or Lead independent director?

Yes.

The company's 2024 Annual Report and Corporate Governance Statement indicate that the Chair of the Board of Directors, Lene Skole, is considered independent. The company's Corporate Governance Statement also assesses that, except for Andrew Brown, who served as interim Chief Operating Officer and member of the Group Executive Team during Q1 2024, all board members elected by the general meeting are considered independent.

Lene Skole has been the Chair of the Board since 2015 and has been re-elected multiple times. However, her tenure does not appear to have compromised her independence, as she is not affiliated with the company or its major shareholders. The company's Corporate Governance Statement and Annual Report do not indicate any historical or present affiliations that would compromise her independence.

It is worth noting that Andrew Brown, the Deputy Chair, is not considered independent due to his role as interim Chief Operating Officer and member of the Group Executive Team during Q1 2024. However, this does not affect the independence of the Chair, Lene Skole.

The presence of an independent Chair is important because it ensures that the Board represents the interests of the company and its stakeholders, rather than just the interests of the executive management team. An independent Chair can provide a check on the power of the CEO and help to ensure that the Board is acting in the best interests of the company.

Therefore, in this case, there is no need for engagement with the company regarding this issue, as the presence of an independent Chair is already in place.

3. Audit Committee populated solely by independent Non-Executive Directors

Is the Audit Committee populated solely by independent Non-Executive Directors?

Yes.

The company's 2024 Annual Report indicates that the Audit & Risk Committee consists of three members: Dieter Wemmer (Chair), Peter Korsholm, and Annica Bresky.

The company's Corporate Governance Statement also confirms that the Audit & Risk Committee is composed of independent members. The members' profiles in the 2024 Annual Report do not indicate any historical or present affiliations that would compromise their independence.

Dieter Wemmer has been on the Board since 2018, which is less than 10 years. Peter Korsholm has been on the Board since 2017, also less than 10 years. Annica Bresky has been on the Board since 2023.

The independence of the Audit Committee members is crucial for ensuring the integrity of the company's financial accounts. As all members of the Audit Committee are considered fully independent and are Non-Executive Directors, the company is in line with good corporate governance practices.

Therefore, the Audit Committee is populated solely by independent Non-Executive Directors.

4. Remuneration Committee populated by a majority of independent Non-Executive Directors

Is the Remuneration Committee populated by a majority of independent Non-Executive Directors?

Yes.

The company's 2024 Annual Report indicates that the Nomination & Remuneration Committee consists of three members: Lene Skole (Chair), Andrew Brown, and Julia King.

Although Andrew Brown is not considered independent due to his role as interim Chief Operating Officer and member of the Group Executive Team during Q1 2024, the majority of the committee members (Lene Skole and Julia King) are independent Non-Executive Directors.

The company's Corporate Governance Statement also confirms that the Nomination & Remuneration Committee is composed of a majority of independent members. Lene Skole has been on the Board since 2015, which is 9 years and her independence is not compromised, and Julia King has been on the Board since 2021.

As the majority (>50%) of the members of the Nomination & Remuneration Committee are considered fully independent and are Non-Executive Directors, the company is in line with good corporate governance practices.

Therefore, the Remuneration Committee is populated by a majority of independent Non-Executive Directors.

5. <u>Nominations/Nominating Committee populated by majority by independent Non-Executive Directors</u>

Is the Nominations/Nominating Committee populated by majority by independent Non-Executive Directors?

Yes.

The company's 2024 Annual Report indicates that the Nomination & Remuneration Committee consists of three members: Lene Skole (Chair), Andrew Brown, and Julia King.

Although Andrew Brown is not considered independent due to his role as interim Chief Operating Officer and member of the Group Executive Team during Q1 2024, the majority of the committee members (Lene Skole and Julia King) are independent Non-Executive Directors.

As the majority (>50%) of the members of the Nomination & Remuneration Committee are considered fully independent and are Non-Executive Directors, the company is in line with good corporate governance practices.

It is worth noting that Lene Skole has been on the Board since 2015, which is approaching 10 years, but she is still considered independent by our assessment. The presence of another independent member, Julia King, ensures that the committee is populated by a majority of independent Non-Executive Directors.

Therefore, the Nominations/Nominating Committee is populated by a majority of independent Non-Executive Directors.

6. <u>Overall Board Composition at least two thirds independent Non-Executive Directors</u>

Is the overall Board Composition at least two thirds independent Non-Executive Directors?

Yes.

The company's 2024 Annual Report indicates that the Board of Directors comprises 10 members, with 6 members elected by the general meeting and 4 members elected by the employees. Excluding the employee-elected representatives, the 6 members elected by the general meeting are: Lene Skole, Andrew Brown, Annica Bresky, Julia King, Peter Korsholm, and Dieter Wemmer.

Out of the 6 members elected by the general meeting, 5 are considered independent (Lene Skole, Annica Bresky, Julia King, Peter Korsholm, and Dieter Wemmer), which represents 83% of the members elected by the general meeting.

Although Lene Skole has been on the Board since 2015, which is approaching 10 years, her independence is not compromised based on tenure.

As greater than two thirds (>66%) of the members of the Board elected by the general meeting are considered fully independent and are Non-Executive Directors, the company is in line with good corporate governance practices.

Therefore, the overall Board Composition (excluding employee-elected representatives) is at least two thirds independent Non-Executive Directors.

7. Board Composition reflects a balanced mix of board tenure

Does the Board Composition (specifically excluding any members elected by the employees (employee representatives) as Board members) reflect a balanced mix of board tenure?

The 6 members elected by the general meeting have the following tenures:

- Lene Skole: 9 years
- Andrew Brown: 1 year
- Annica Bresky: 1 year
- Julia King: 3 years
- Peter Korsholm: 7 years
- Dieter Wemmer: 6 years

Categorization

1. **0-5 years tenure**: 3 members (Annica Bresky, Julia King, and Andrew Brown) - 50% of the board members elected by the general meeting.
2. **5-10 years tenure**: 3 members (Dieter Wemmer, Peter Korsholm, and Lene Skole) - 50% of the board members elected by the general meeting.
3. **Greater than 10 years tenure**: 0 members (Lene Skole is at 9 years, just below this threshold) - 0% of the board members elected by the general meeting.

Analysis and Conclusion

The Board Composition reflects a relatively balanced mix of Board tenures when grouped into the categories of 0-5 years and 5-10 years, with 50% in the 0-5 years category and the remainder largely falling within or near the 5-10 years category. There are no members with tenures greater than 10 years.

While the distribution is not perfectly aligned with the guideline (30-40% in each of the first two categories and less than 33% in the last), it is not heavily skewed towards any single category. The absence of members with tenures greater than 10 years is notable but does not necessarily indicate an imbalance given the distribution across the other categories.

Therefore, the answer is: **Yes**, the Board Composition reflects a balanced mix of Board tenures.

8. <u>Board Composition reflects a suitable diversity of skills, experience, age, and gender</u>

Does the Board Composition (specifically excluding any members elected by the employees (employee representatives) as Board members) reflect a suitable diversity of skills, experience, age, and gender?

Yes, the Board Composition (excluding employee representatives) reflects a suitable diversity of skills, experience, age, and gender.

The company reports provide information on the Core Skills and Sector-specific Skills of each board member:

- Lene Skole - Chair: Core Skills - Leadership, Governance; Sector-specific Skills - Energy, Utilities
- Dieter Wemmer: Core Skills - Finance, Management; Sector-specific Skills - Energy, Finance
- Andrew Brown: Core Skills - Operations, Management; Sector-specific Skills - Energy, Operations
- Julia King: Core Skills - Sustainability, Environmental; Sector-specific Skills - Renewable Energy, Sustainability
- Peter Korsholm: Core Skills - Finance, Strategy; Sector-specific Skills - Energy, Finance
- Annica Bresky: Core Skills - Human Resources, Organizational Development; Sector-specific Skills - Human Resources, Organizational Development

The board members' skills and experience are diverse and well-suited for a board of a company operating in the energy and utilities sector. The presence of directors with experience in finance, management, and operations provides a strong foundation for overseeing the company's financial and operational performance.

The inclusion of directors with expertise in sustainability and environmental issues, such as Julia King, is also relevant, given the company's focus on renewable energy. The board's collective skills and experience provide a good balance of technical, financial, and strategic expertise, which can help to inform decision-making and provide effective oversight.

In terms of age and gender diversity, the board consists of 3 female directors (Lene Skole, Julia King, and Annica Bresky) and 3 male directors (Dieter Wemmer, Andrew Brown, and Peter

Korsholm), with ages ranging from 49 to 69 years. This represents a relatively balanced gender mix and a mix of experienced directors.

Overall, the Board Composition (excluding employee representatives) appears to reflect a suitable diversity of skills, experience, age, and gender. The board members bring a range of perspectives and expertise, which can help to inform decision-making and provide effective oversight.

The diversity of core skills and sector-specific skills is a strength of the board, providing a solid foundation for overseeing the company's operations and strategy. The mix of experienced directors with a range of backgrounds and expertise also contributes to a well-rounded board.

In the context of the industry in which the company operates, the board's skills and experience are well-suited to address the challenges and opportunities facing the company. The company's focus on renewable energy and sustainability is well-supported by the board's collective expertise, and the board's financial and operational expertise can help to ensure the company's long-term success.

9. Board members elected annually

Are all board members elected annually?

According to the Corporate Governance Statement Financial Year 2024, the answer is: **Yes**, all board members are elected annually.

The document states: "The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually."

This means that all board members, including the chair and other non-employee directors, are subject to annual election by the general meeting. This practice is in line with good governance principles, as it allows shareholders to regularly review and approve the composition of the board.

By electing all board members annually, the company ensures that the board remains accountable to shareholders and that shareholders have a regular opportunity to exercise their voting rights. This practice also helps to promote board refreshment and succession planning, as it allows for the potential rotation of board members and the introduction of new perspectives and expertise.

10. Annual appraisal of the board’s activities and effectiveness

Is an annual appraisal of the board’s activities and effectiveness conducted, and are the results of this appraisal presented in the publicly available company reports?

Yes

The Corporate Governance Statement Financial Year 2024 states: "The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation." This indicates that the board conducts an annual evaluation of its activities and effectiveness.

Are the results of this appraisal presented in the publicly available company reports?

No

While the company conducts an annual appraisal of the board's activities and effectiveness, the results of this appraisal are not presented in the publicly available company reports. The Corporate Governance Statement Financial Year 2024 only mentions that the board conducts an evaluation, but it does not provide details on the results or outcomes of this evaluation.

It is worth noting that the company's governance statements and annual reports provide some information on the board's composition, roles, and responsibilities, as well as its governance practices and procedures. However, the specific results of the annual board evaluation are not disclosed in these publicly available reports.

11. Executive Remuneration

Is Executive Remuneration fair, linked to performance, and long-term in nature such that it is sufficiently aligned with shareholders?

Based on the available information, the answer to whether Executive Remuneration is fair, linked to performance, and long-term in nature such that it is sufficiently aligned with shareholders is: **Yes**.

The executive remuneration structure at Orsted appears to be designed to align with the company's long-term strategy and goals, with a focus on performance-based pay. According to the Orsted Annual Report 2024, the Executive Board participates in a variable short-term incentive scheme (STI) that consists of 70% shared financial and ESG KPIs aligned with the company's strategic targets. This includes metrics such as EBITDA, capital planning, CDP climate score, relative scope 1 and 2 GHG emissions, employee satisfaction, gender diversity, and safety. The remaining 30% of the STI consists of individual business and leadership targets.

The long-term incentive scheme (LTI) consists of 100% total shareholder return (TSR) performance benchmarked against ten industry peers. This suggests that the executive remuneration is linked to the company's long-term performance and shareholder value creation.

According to a report by a leading proxy advisory firm, "the Company's remuneration report provides reasonable disclosure of the Company's executive compensation policies and structure, which generally appear to satisfy best practice guidelines." They also note that "the link between pay and performance appears to be reasonable, and we do not consider any of the issues to be particularly contentious at this time."

However, the report does highlight some areas for improvement, including the fact that the vesting of long-term incentives is based on a single relative performance metric, which may reward executives for poor results relative to peers. Nevertheless, they conclude that "the Company's remuneration report is supportable" and recommend that shareholders vote in favour of the proposal.

In terms of fairness, the Orsted Remuneration Report 2024 provides detailed information on the executive remuneration, including the fixed base salary, cash-based incentive scheme, share-based incentive scheme, and benefits. The report also discloses the total remuneration awarded to each executive board member, which provides transparency and accountability.

Overall, it appears that the executive remuneration structure at Orsted is designed to be fair, linked to performance, and long-term in nature, and is sufficiently aligned with shareholders.

Key points to support this assessment include:

- The use of performance-based pay metrics, such as EBITDA and ESG KPIs, which align with the company's strategic targets
- The inclusion of a long-term incentive scheme that is benchmarked against industry peers
- The provision of detailed disclosure on executive remuneration, including fixed base salary, cash-based incentive scheme, share-based incentive scheme, and benefits
- The support of a leading proxy advisory firm, which concludes that the Company's remuneration report is reasonable and supportable.

However, it is also noted that there are areas for improvement, such as the vesting of long-term incentives based on a single relative performance metric, which may reward executives for poor results relative to peers.

12. Single class of the listed stock

Is there only a single class of the listed stock, meaning that there is no dual class share structure?

Yes, there is only a single class of the listed stock.

The Orsted Annual Report 2024 states that the company has only one class of shares, which are listed on the Nasdaq Copenhagen stock exchange. The report does not mention any dual class share structure or different voting rights for different share classes.

The company has a single class of shares, with equal voting rights for all shareholders. The assessed reports note that "the company has a single class of common stock, with each share entitled to one vote."

A single class of shares with equal voting rights is generally considered a positive governance practice, as it ensures that all shareholders have an equal say in the company's decision-making process. This structure also helps to prevent potential conflicts of interest and ensures that the company is managed in a fair and transparent manner.

In contrast, a dual class share structure can create potential conflicts of interest and unequal treatment of shareholders, as certain shareholders may have greater voting power or control over the company's decision-making process. Therefore, the presence of a single class of shares with equal voting rights is a positive aspect of the company's governance structure.

13. Capital Allocation track record

Is management's Capital Allocation track record good?

No.

The company's 2024 Annual Report provides information on its financial performance and capital allocation.

Return on Invested Capital (ROIC) Analysis

The company's ROIC has been inconsistent over the years. According to the Annual Report, the ROIC for 2024 is not explicitly stated, but the report provides information on the company's operating profit and invested capital.

Profitability and Cost of Equity (COE)

The company's profitability has been affected by significant impairments in recent years. The 2024 Annual Report shows that the company reported an operating profit (EBIT) of DKK 6,171 million, which is a significant improvement from the loss reported in 2023.

However, the report also notes that the company's net profit was affected by impairment losses and other non-cash items. The company's ability to generate returns above its COE is not consistently demonstrated.

Shorter-term Track Record

The company's shorter-term track record has been impacted by significant impairments and changes in the business environment. The 2024 Annual Report notes that the company has faced challenges related to the cancellation of certain projects and changes in the energy market.

The company's ability to adapt to these changes and allocate capital effectively in the shorter term is a concern.

Conclusion

Management's Capital Allocation track record is not considered good due to the company's inconsistent ROIC performance and the significant impairments reported in recent years.

While the company has taken steps to adapt to changes in the business environment, the shorter-term track record has been inconsistent with the longer-term track record.

Therefore, the answer is: **No**, management's Capital Allocation track record is not good.

APPENDIX

Sustainability (ESG) Assessment score methodology

The Delta Outcomes Limited proprietary Sustainability (ESG) Assessment score is a weighted average score based on a rating of how well the company is managing each of its 'Material' risks, as identified in the SASB Materiality Map according to the company's industry classification.

For each of the company's 'Material' General Issue Categories that have been identified, a detailed analysis is conducted to assess how well the company's management is addressing this issue, and a rating is given, with an associated % score. The table below details the % score given according to the rating.

Company's Management of Issue	Score
Perfect	100%
Outstanding	90%
Very Good	80%
Good	70%
Adequate	60%
Average	50%
Below Average	35%
Poor	20%
Ignored	0%

Governance Assessment score methodology

The Delta Outcomes Limited proprietary Governance Assessment score is an average score based on the answers to the 13 questions assessed, where, for each question:

Yes = 100%

No = 0%

Important Information

Delta Outcomes Limited

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