Decarbonizing the supply chain of renewables – together with suppliers

EuDA Workshop
16 Feb 2022

Virginia Dundas
Head of Strategic Environment Programmes, Global Sustainability

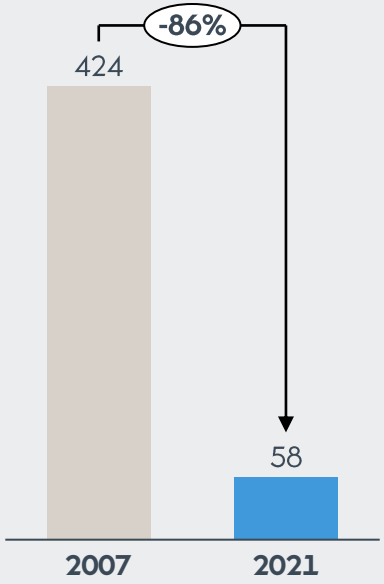
Our vision

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

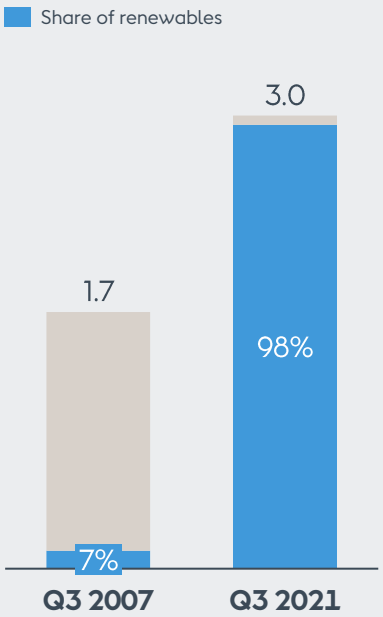
Ørsted
Love your home

We have transformed Ørsted to a sustainable business model

CO_2 reduction
g CO_2e/kWh

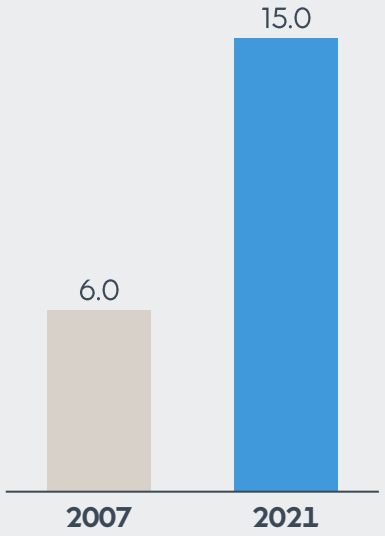


Green transformation
EBITDA, DKKbn, %



Renewable capacity
Installed capacity, GW

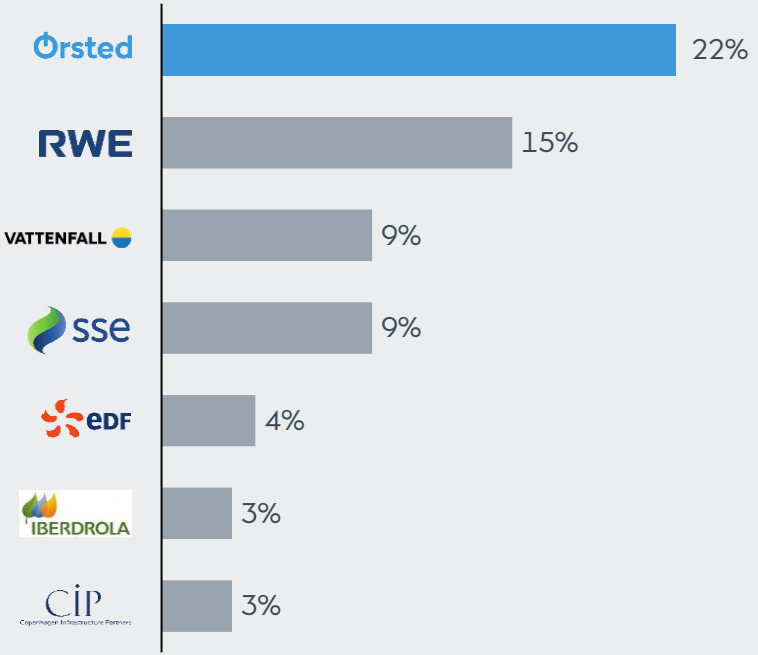
Profitability
ROCE, %



Ørsted's global market position today

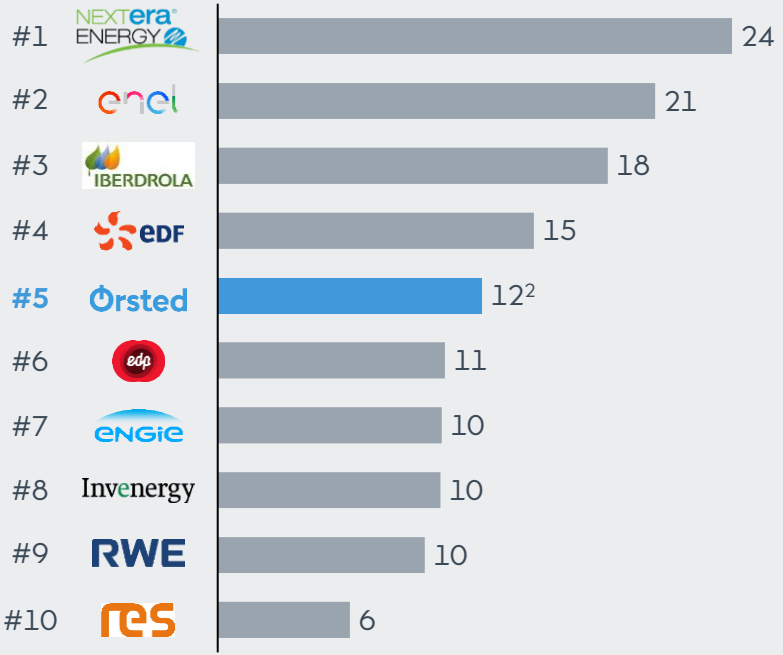
Global leader in offshore wind

Top constructors by offshore wind installed capacity share[3], %



Global top 5 renewable player

Renewable GW installed



Notes: 1: Capital IQ definition of Total Shareholder Return "Adjusted Closing Price" represents closing price adjusted for all security level corporate actions such as stock splits, reverse stock splits, bonus issue, stock dividends, cash dividends, rights offerings and spin offs 2: 12,390 MW includes 7,551 MW offshore wind capacity, 2,782 MW onshore wind and solar PV (incl. BRI 327 MW acquired assets and 367 MW of Western Trail Wind just installed) and 2,057 MW biomass capacity 3: Share of global offshore market capacity installed and under construction (excluding China), from Offshore Bid Support data (July 2021)

Ørsted

Ørsted's transformation ranks among the world's top business transformations of the decade

Harvard Business Review, 'Top 20 Business Transformations of the Last Decade'

No	Company name, HQ	No	Company name, HQ
1	Netflix, US	11	A.O. Smith, US
2	Adobe, US	12	Neste, Finland
3	Amazon, US	13	Siemens, Germany
4	Tencent, China	14	Schneider Electric, France
5	Microsoft, US	15	Cisco, US
6	Alibaba, China	16	Ecolab, US
7	**Ørsted, Denmark**	17	Fujifilm, Japan
8	Intuit, US	18	AIA Group, China
9	Ping An, China	19	Dell, US
10	DBS Group, Singapore	20	Philips, Netherlands

Source: Harvard Business Review (hbr.org), September 2019

The next frontier in our transformation is to become a global green energy major while ensuring a sustainable global green energy transformation

Three decisive industry challenges

1. Decarbonising supply chains
2. Improving biodiversity protection
3. Creating shared value with local communities

The most important action to limit global warming to 1.5C is to use green energy

Fossil-based energy is the main source of global carbon emissions.

73%

Fossil-based energy used for power, heat, industrial processes & transportation.

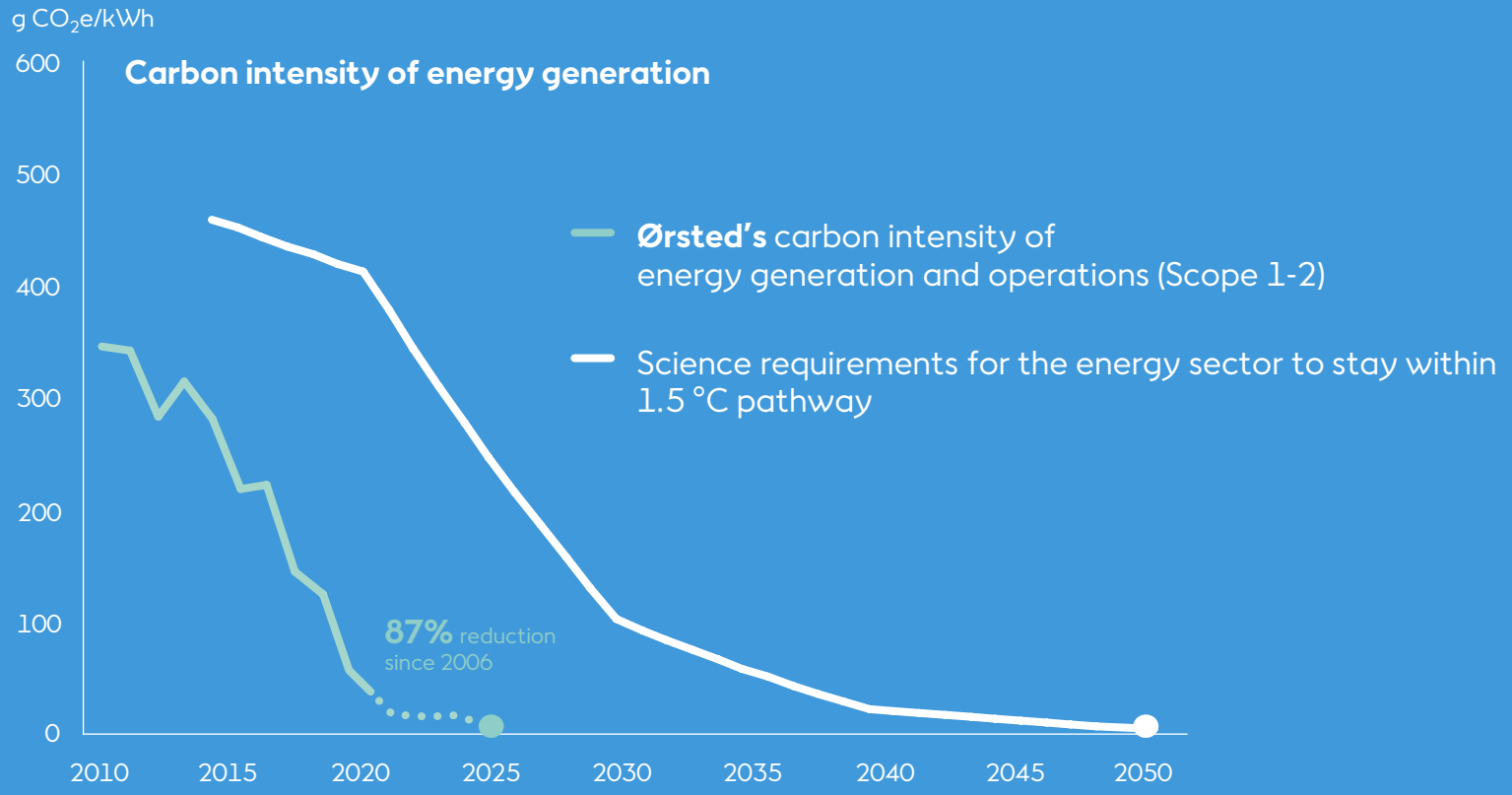
27%

Agriculture, forestry, land use; other.

Source: US EPA

Ørsted

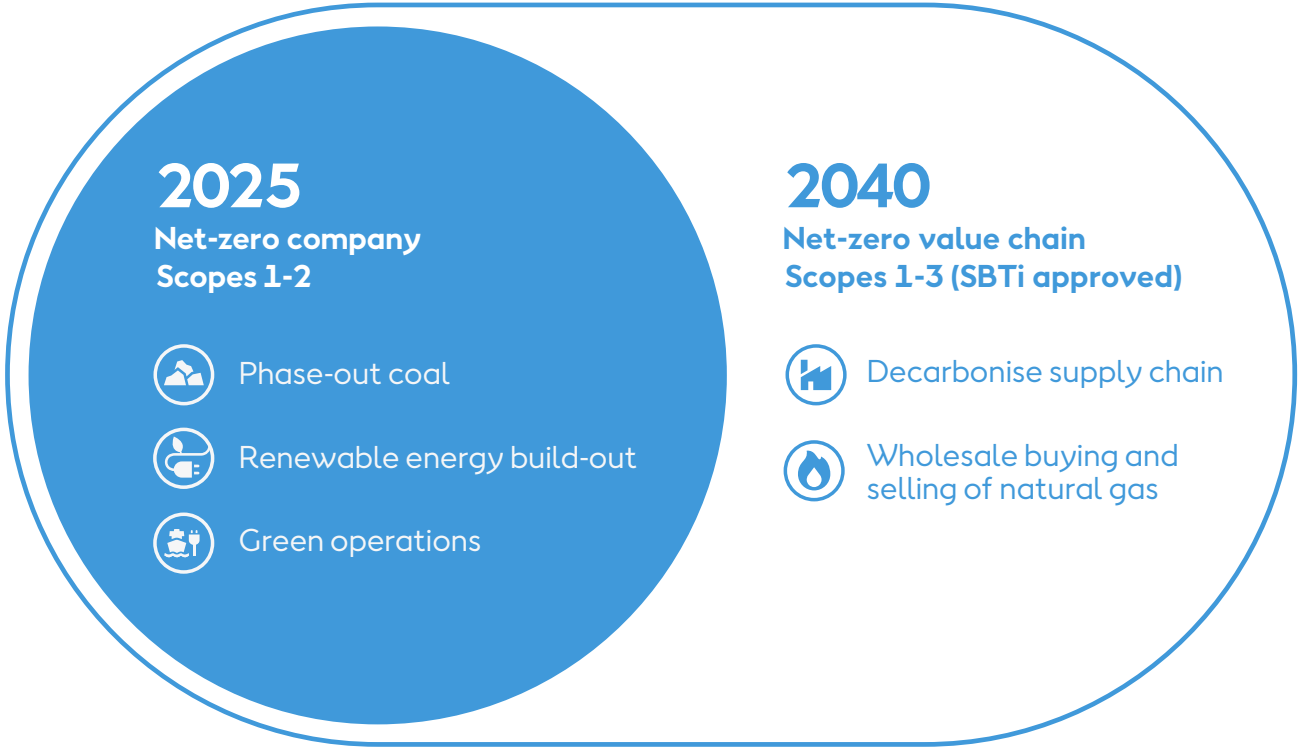
Our transformation supports the 1.5C limit
We are on track to be a carbon neutral company by 2025



Ørsted

We target net-zero value chain by 2040 to continue our decarbonization in line with 1.5°C

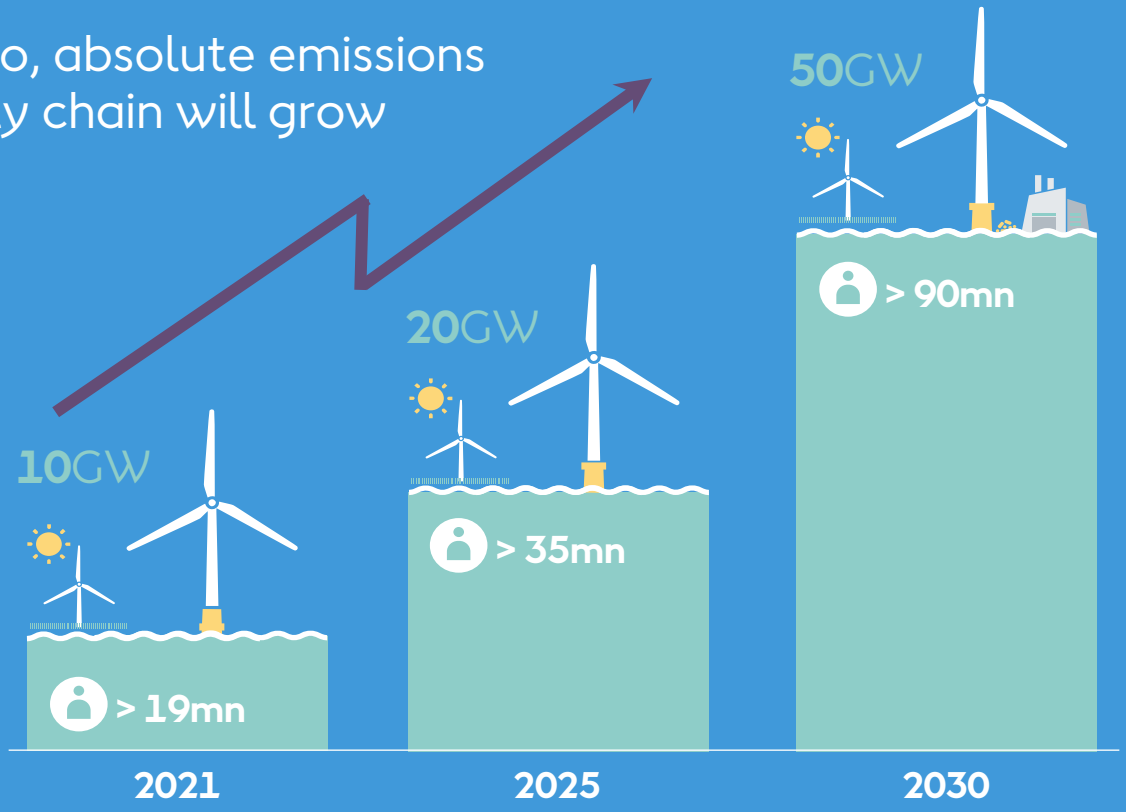
First energy company with a science-based scopes 1-3 net-zero target



Ørsted

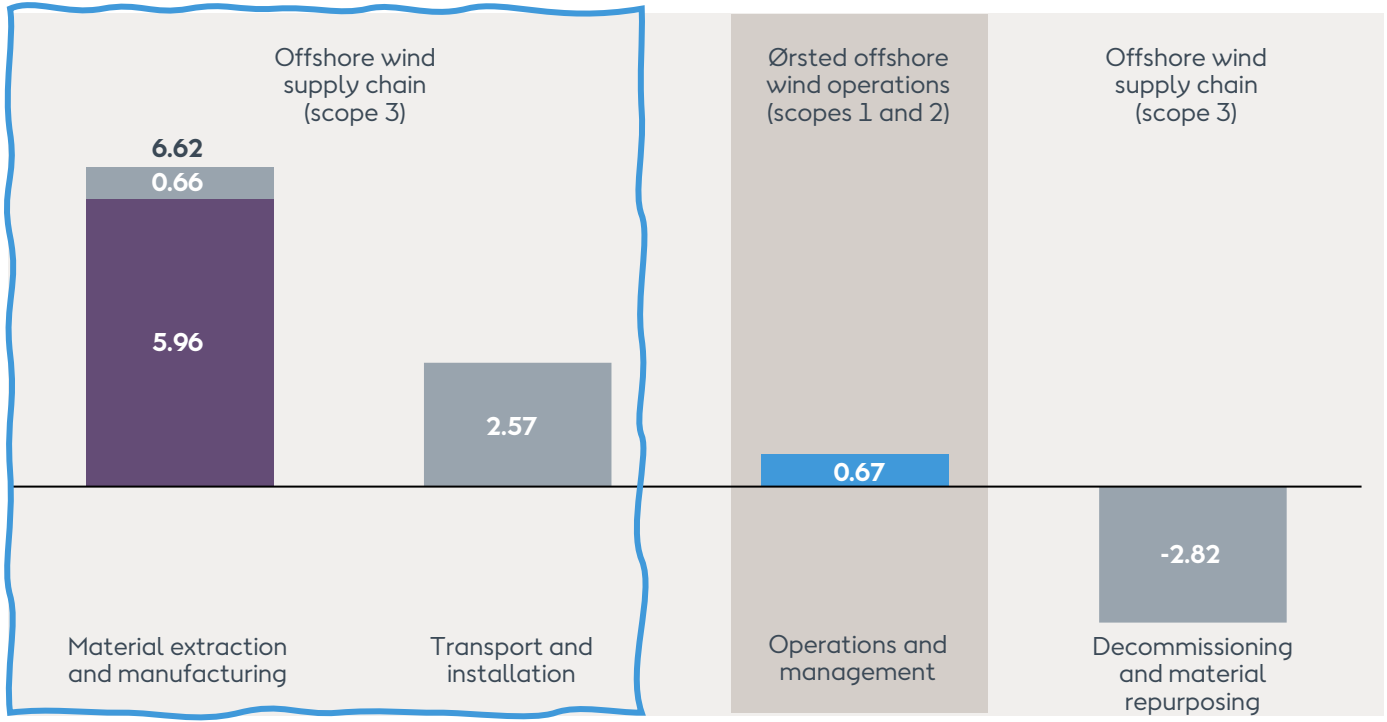
And we are accelerating our green energy build-out

But as we do so, absolute emissions from the supply chain will grow



People powered calculations are indicative and based on global electricity consumption patterns in 2021

Average emissions across the lifecycle of an Ørsted offshore wind farm (g CO_2e/kWh)



- ✓ Arise from the materials
- ✓ Occur mainly beyond tier 1
- ✓ Steel and fuels account for majority of emissions

1 Ørsted Tier 1 suppliers Suppliers beyond tier 1

Ørsted

The Ørsted Supply chain decarbonisation programme

- Launched in Jan 2020
- Places focus on:
  - The most CO_2-intensive parts of the supply chain, and
  - Strategic suppliers, relevant for our future pipeline of projects (~60% of total proc spend)
- We work in cross-sector collaboration with a focus on decarbonising heavy manufacturing and shipping
  - SteelZero
  - Getting to Zero Coalition

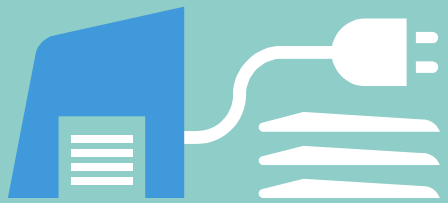
Three levers to decarbonise the renewable energy supply chain

1

Disclose their own emissions and set science-based carbon-reduction targets

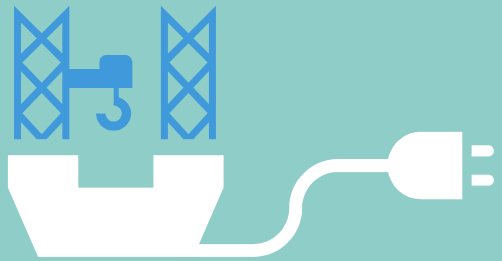
2

Use 100% renewable electricity in the manufacturing of wind turbines, foundations, cables, substations, and components



3

Optimise their vessel fleet and develop roadmap to power vessels with renewable energy



Ørsted

Thank you!