

DRIVING ØRSTED'S ICR TO THE NEXT LEVEL

'LET'S CREATE A WORLD THAT RUNS ENTIRELY ON GREEN ENERGY'

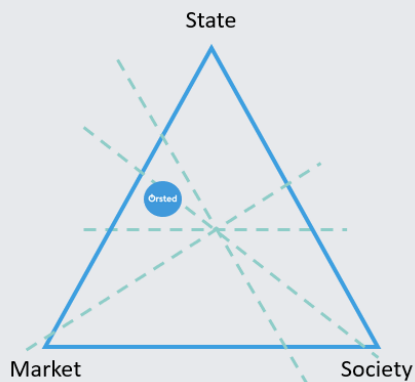
Company Information 1, 13

- ▶ Founded in 1973 (DONG Energy)
- 📍 HQ in Frederica, Denmark
- 🎯 Purpose shift: Gas and oil → RE
- 🌱 Green share of generation: 90%
- 📊 Revenue in 2020: 52,601 DDKm
- 👤 FTEs in 2020: 6,179

Governance 1, 4

Orsted is a semi-private electricity company with the Danish State as the majority shareholder (50.1%) and is publicly listed at the Nasdaq Copenhagen stock exchange. Orsted is divided into three business units: Offshore, Onshore, and Markets & Bioenergy with 83% of its capital employed in Offshore.

Triangulation 5, 6

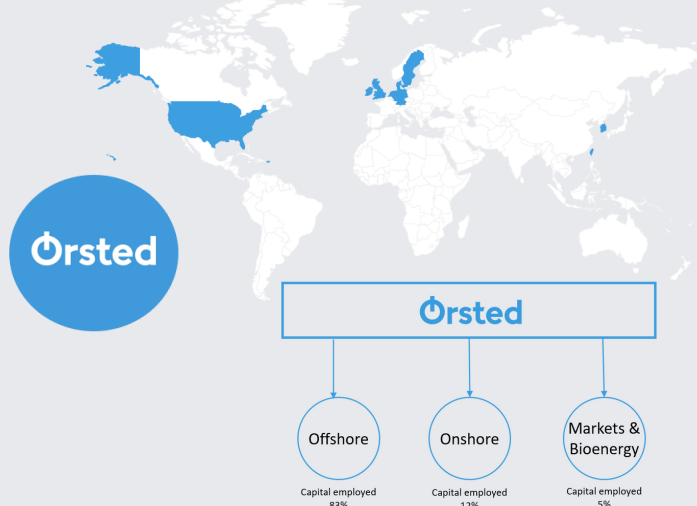


Value Chain 1, 2, 3, 4

As a B2B company, Orsted has significant partnership experience and an extensive industry network across Continental Europe. Furthermore, Orsted is actively engaging with its suppliers in order to reach net-zero emissions across their entire footprint by 2040. It further utilizes portfolio-scale advantages and know-how gained from previous projects in partnerships to foster supply chain solutions.

Internationalisation 1, 3, 6

Orsted operates in the UK, Continental Europe, North America, and Asia Pacific, excluding mainland China. Orsted recognizes the demand for renewable energy, however, is influenced by sector dynamics and regulations. As a global company, Orsted relies on its offshore wind construction competencies and is driven by its mixed motivation for internationalization.



CSR Strategy 2, 3, 5, 10

Orsted is aspired to have a transformative impact on Sustainable Development Goals 7 and 13. They have developed 20 sustainability programs to systematically address the most important challenges in order to contribute to several SDGs.

Catalyse green energy transformation

- Decarbonisation
- Deployment of off- & onshore renewables
- Financing green



Adress sustainability impacts

- Sourcing certified sustainable biomass
- Marine biodiversity
- Local communities
- Resource management



Trigger Event 1, 7, 12, 13

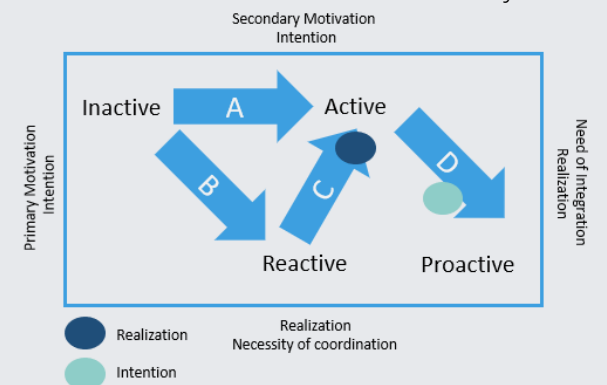
Orsted, formerly known as DONG Energy, underwent a restructuring process and changed its business model to a company with 85% of activities green energy-based. Two events heavily influenced its decision to restructure the company: In 2008, the European Commission published a Draft Report on the Renewable Energy Directive which mandates levels of renewable energy within the EU. In 2009, the COP15 was held in Copenhagen which impacted DONG. Furthermore, Orsted was disturbed internally due to protests against a coal power project under development in North-East Germany.

Mapping the Motivations 5

	Inactive	Reactive	Active	Proactive
Generic			🔘	
Systemic Approaches				🔘
ICR Approaches			🔘	
Supply Chain		🔘		
Marketing			🔘	
ICR HRM			🔘	
Finance				🔘
Natural Sourcing		🔘		
Innovation				🔘

Intention - Realisation 5, 6, 11

As depicted in the figure alongside, Orsted currently holds an active attitude and follows the strategic business case. Sustainability is essential for its long-term position in the industry. The results of the Better Business Scan indicate a large intention-realization gap for Orsted. Their intention outrights their realization. However, Orsted can be considered a frontrunner in its industry.



Bears on the Road

Avoiding Harm

Internalisation of externalities

As Orsted expands its business operations globally and constructs new offshore wind farms in e.g. South Korea, management of negative externalities becomes increasingly difficult. Barriers to the development and operation of wind farms arise from inadequate attention to socio-cultural concerns that relate to biodiversity loss and impacts on ecosystems.

Recommendation: Enhancing the way Orsted involves external stakeholders in their strategic planning of wind farms and increasing the value of stakeholder positions in its decision-making is the first step towards limiting negative externalities and therefore taking its ICR to the next level. With increasing geographical distance knowledge of local natural habitats is limited, therefore collaboration is immensely important for increasing the success chances. The external pressure strengthens Orsted's mixed motivation for internalization and is favorable for a company to get to the next level of international corporate responsibility.

2, 3, 5, 6

Doing Good

A large number of internal tipping points needs to be mastered

While Orsted's leadership position has already been established in the four regions that they operate in, numerous internal tipping points need to be mastered when driving Orsted's ICR to the next level. Management of external stakeholders requires coordinated efforts and open-mindedness. Entering partnerships and collaboration with external partners demands significant allocation of resources, financially and non-financially. Furthermore, the alignment of different positions deems challenging when motivations differ.

Recommendation: Orsted's management needs to analyze their current position in the transition phase and accept the necessity of investment to move to the next stage. In order to change the approach of the company to one aimed at solving societal challenges, a change in attitude towards stakeholders and the necessary investments to limit external externalities is required. However, due to different internal motivations, Orsted faces significant trade-offs that need to be considered when moving to a higher ICR level.

1, 2, 3, 5, 6, 13

Resources

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