Sustainability Report 2023

Wind. It means the world to us.™

Vestas Wind Systems A/S – Company reg. no.: 10403782
Hedeager 42, 8200 Aarhus N, Denmark

Vestas®

Contents

See our other reports →

About this report

In this report, we communicate our sustainability strategy, progress, governance, and selected data for 2023. This report is our mandatory annual statutory sustainability reporting in accordance with the Danish Financial Statements Act on 99a and the EU Sustainable Finance Taxonomy. We disclose eligibility and alignment with the EU Sustainable Finance Taxonomy on pages 66-71. We disclose metrics in alignment with the Sustainability. Accounting Standards Board (SASB) on pages 60-61. For Task Force on Climate-related Financial Disclosures (TCFD) reporting, see page 127 in the Annual Report. For more information about our approach to Responsible tax, see page 125 in the Annual Report. We have restructured the contents and added new disclosures this year in preparation for the Corporate Sustainability Reporting Directive (CSRD) and the drafts of the European Sustainability Reporting Standards (ESRS).

Executive statement

Delivering sustainability through partnership

Dear Vestas stakeholder,

In an era defined by the climate crisis, our commitment to sustainability is more than a choice; it is an imperative. As we navigate towards a more sustainable future aligned with the Paris Agreement, Vestas, a global leader in sustainable energy solutions, stands at the forefront of the green energy transition. Furthermore, our wind turbines are a key solution to mitigating global climate change. With over 177 GW of installed capacity and 152 GW under service, we estimate to have avoided 2.13 billion tonnes of CO_2e emissions since 1981, reflecting our unwavering dedication to a more sustainable future.

While our positive impact remains undeniable, we must also acknowledge the significant sustainability challenges we face throughout the wind value chain. With our strategic partners, we manage extensive raw material procurement, navigate complex global supply chains, collaborate with diverse communities, and train and retain specialised talent. Our collective actions have significant positive impacts, but they also carry substantial risks. Thus, we are determined to integrate sustainability in everything we do.

Reducing carbon emissions

Addressing carbon emissions is a top priority. We are pioneering technologies to decarbonise our own operations as part of our commitment to achieve carbon neutrality of scope 1 and 2 emissions by 2030, without using carbon offsets. One of our key efforts involves transitioning to electric vehicles (EVs). In 2023, we partnered with Volkswagen and Ford to introduce 465 sustainably fuelled vehicles to our service fleet, powered by electricity or biofuel. Furthermore, 88 percent of our benefit cars in-use or on order are now (PH)EVs.

Within our Offshore business, we have successfully piloted the world's first dual-fuelled methanol and hydrogen-powered service vessels. We

also announced the launch of the world's first completely methanol-fuelled vessel. However, increased offshore construction and service activity has led to an overall increase of vessel emissions. Even as expanding our Offshore business is a key solution to reduce emissions from global energy consumption, we remain committed to find alternatives to marine fuels in collaboration with our customers and suppliers.

In addition, we are transitioning the industrial heating system at our Taranto blades factory from natural gas to biomass, the second factory to be transitioned since 2020. And at our construction sites, we started to introduce hybrid generators to reduce emissions during the commissioning of new turbines.

As more than 98 percent of our emissions linked to our supply chain, we are actively collaborating with suppliers to reduce scope 3 emissions by 45 percent per MWh delivered by 2030. We have secured commitments from 77 of our key suppliers to track and report on CO_2e emissions and set aggressive reduction targets for themselves and their own suppliers. These efforts will cascade CO_2e emission reductions through our supply chain.

Emissions from steel and iron materials comprise around 50 percent of a wind farm's carbon footprint. In 2023, we secured our first multi-year contract to procure low-emission steel for turbine towers. This enables a unique sustainable product offering for our customers, and reduces emissions from our procured heavy steel plates by 66 percent compared to conventional steel. The transition to low-emission materials is an early step in fulfilling our commitment to procure at least 10 percent near-zero emission steel by 2030 as a member of the World Economic Forum's First Movers Coalition.

In 2023, we identified other key materials for which we will develop low-emission strategies, and maintained our investments in promising start-ups that are making breakthroughs in sustainable materials. For example, we continued to partner with Modvion™, a pioneering company that makes 'wooden' towers from laminated veneer lumber.

Pioneering circularity
With our industry-leading Circularity Roadmap, we seek to produce zero-waste wind turbines by adopting circularity principles within design, operations, and material recovery. For example, we announced an innovative blade recycling technology in February 2023. We are now working to scale up the availability of this circular blade recycling route by starting a pilot project with Stena Recycling that will run for two years.

While we work to industrialise a fully circular recycling process, we shredded 188 blades for material reuse, and repaired and reintroduced 250 blades to our projects. And to reduce waste in our supply chain, we secured commitments from 69 of our key suppliers to reduce waste by 50 percent for products delivered to Vestas by 2030.

Fostering social sustainability
Safety is a top priority. In 2023, our Total Recordable Injury Rate decreased by 9 percent, and we are revitalising initiatives to enhance safety across our businesses and operations.

The percentage of women in leadership positions increased to 24 percent in 2023, keeping us on track to achieve our target of 25 percent by 2025 and 30 percent by 2030.

Furthermore, through our community engagement efforts, we reached 9,769 community beneficiaries linked to our wind farm operations.

Leading the energy transition
We remain committed to advancing the global green energy transition. In 2023, we invested EUR 500 million in green energy research and development. Additionally, we continued to actively engage with politicians and external stakeholders to promote green energy adoption. For example, at COP28, we announced a renewed collaboration with DTEK to commence the second phase of the largest Ukrainian wind project.

As a result of all of these efforts, we are humbled and honoured to have been recognised as the most sustainable company in the entire energy industry for the third consecutive year, according to the Corporate Knights Global 100 ranking.

With our strategic partners, we are mitigating emissions, pioneering circularity, fostering social sustainability, and leading the transition to a world powered by renewable energy, delivering on our promise of "Sustainability in everything we do."

Sincerely,

Vestas Executive Management team
Copenhagen, 7th of February 2024

Henrik Andersen
Group President, CEO

Javier Rodriguez Diez
Sales, CSO

Hans Martin Smith
Finance, CFO

Christian Venderby
Service, CSO

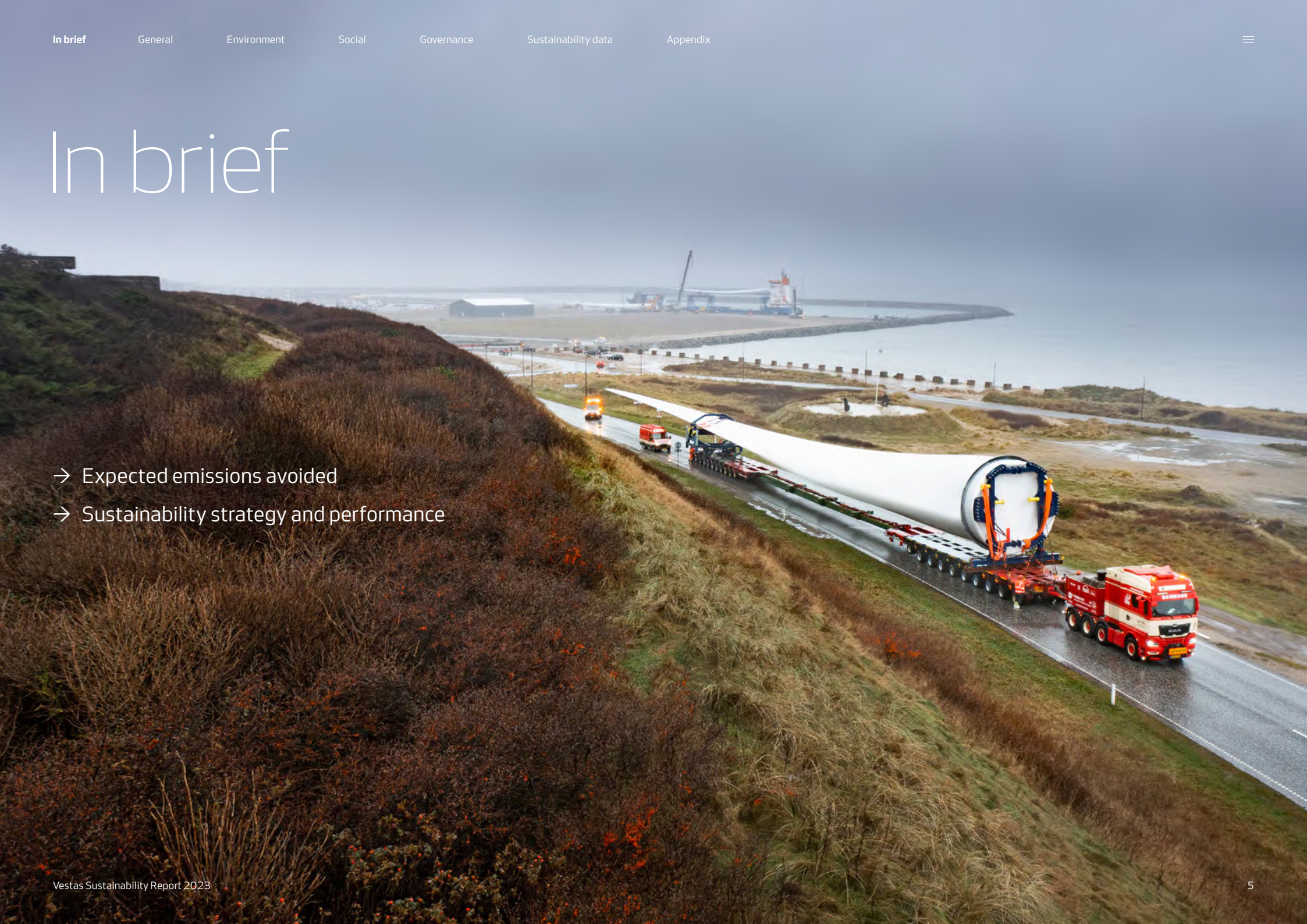
Anders Nielsen
Power Solutions, CTO

Anne Pearce
People & Culture, CPCO

Tommy Rahbek Nielsen
Manufacturing & Global Procurement, COO

Thomas Alsbjerg
Digital Solutions & Development

In brief



→ Expected emissions avoided

→ Sustainability strategy and performance

Expected CO_2e emissions avoided by the total installed fleet

2.13
bn tonnes
1981-2023

1.90
bn tonnes
1981-2022

Carbon impact

Expected emissions avoided

Vestas technology is a key enabler of the energy transition. In 2023, our total installed fleet of turbines is expected to avoid 231 million tonnes of CO_2e emissions.

Sustainability strategy and performance

Our sustainability strategy, titled "Sustainability in Everything We Do", consists of four key pillars and is based on a materiality assessment of issues critical to our stakeholders.

Carbon neutral in own operations and 45% reduction in supply chain emissions intensity by 2030

Emissions from own operations (scope 1 and 2) (k tonnes)

2023	2022
109	100

Emissions from supply chain (scope 3) (kg/MWh generated)

2023	2022
6.30	6.46

Expected emissions avoided (turbines produced and shipped) (m tonnes)

2023	2022
396	408

For initiatives linked to reducing greenhouse gas emissions, see pages 15-22.

For further information on calculating emissions avoided, see page 21.

Production of zero waste wind turbines by 2040

Material efficiency (tonnes of waste excl. recycled per MW produced and shipped)

2023	2022
1.2	1.6

Refurbished component utilisation (%)

2023	2022
17	17

Materials recycled (%)

2023	2022
68	55

For initiatives linked to design for circularity, see pages 27-31.

For initiatives linked to operational circularity, see page 30.

For initiatives linked to material recovery, see page 31.

The safest, most inclusive, and socially responsible company in the energy industry

Injury rate (Total Recordable Injuries per million working hours)

2023	2022
3.0	3.3

Women in leadership positions (%)

2023	2022
24	23

Community beneficiaries reached (thousand)

2023	2022
9.8	7.6

For initiatives linked to health and safety, see pages 35-36.

For initiatives linked to diversity, equity, inclusion, and belonging, see pages 41-42.

For initiatives linked to social responsibility, see pages 43-53.

Leading the transition to a world powered by renewable energy

Green energy R&D (EURm)

2023	2022
500	514

Installed turbines (GW)

2023	2022
13	13

Political engagement

Helped boost a sustainable wind industry with enactment of the EU Wind Power Package

For initiatives linked to political engagement, see pages 54-55.

General

- → Business model
- → Materiality approach
- → Sustainability governance

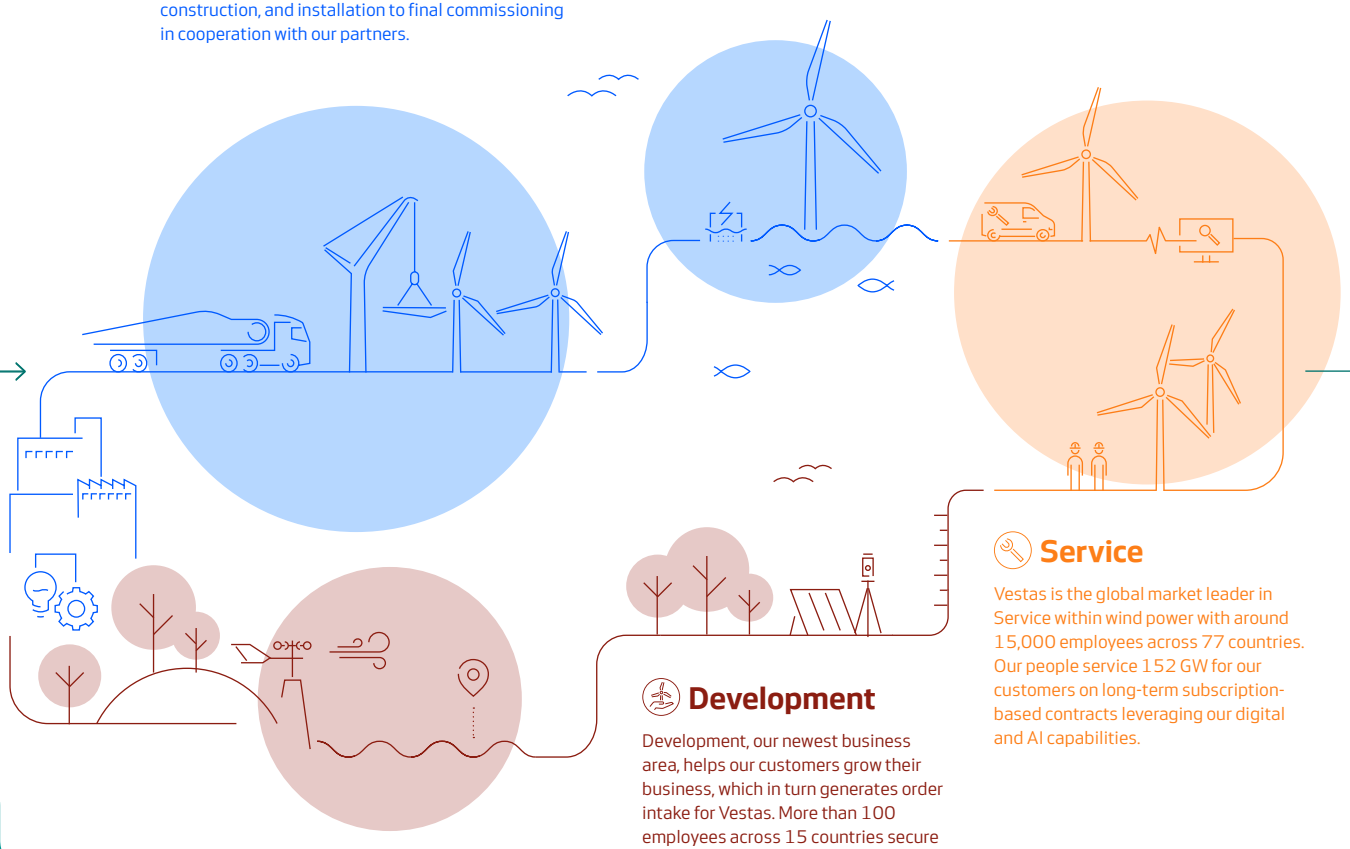
Business model

Onshore wind

Vestas is the market leader with more than 40 years of experience in Onshore wind. Based on our own onshore wind turbine product design and development, we offer customers wind power solutions and we take care of everything from siting, manufacturing, construction, and installation to final commissioning in cooperation with our partners.

Offshore wind

Vestas is becoming a leading player in Offshore wind with almost 30 years of experience. Based on our own offshore wind turbine product design and development, we offer customers wind power solutions and we take care of all stages from siting through final commissioning.



Inputs

- EUR 6.4bn Capital Employed
- 1.3 million tonnes of raw materials
- 7.8 million tonnes of CO_2e emissions (scope 1, 2, and 3)
- 71.5 million working hours

Outputs

- EBIT margin before special items of 1.5%
- 12.7 GW turbines installed
- 396 million tonnes of CO_2e avoided
- Total recordable injury rate of 3.0

Service

Vestas is the global market leader in Service within wind power with around 15,000 employees across 77 countries. Our people service 152 GW for our customers on long-term subscription-based contracts leveraging our digital and AI capabilities.

Development

Development, our newest business area, helps our customers grow their business, which in turn generates order intake for Vestas. More than 100 employees across 15 countries secure land rights and permits, design sites, ensure grid connection, and secure project offtake agreements to create quality projects.

Upstream

- Mining and refinement of raw materials
- Procured component supply chain
- Enabling goods and services, including long-distance transport
- Non-Vestas development activities

Downstream

- Pre-owned aftermarket
- Decommissioning and recycling

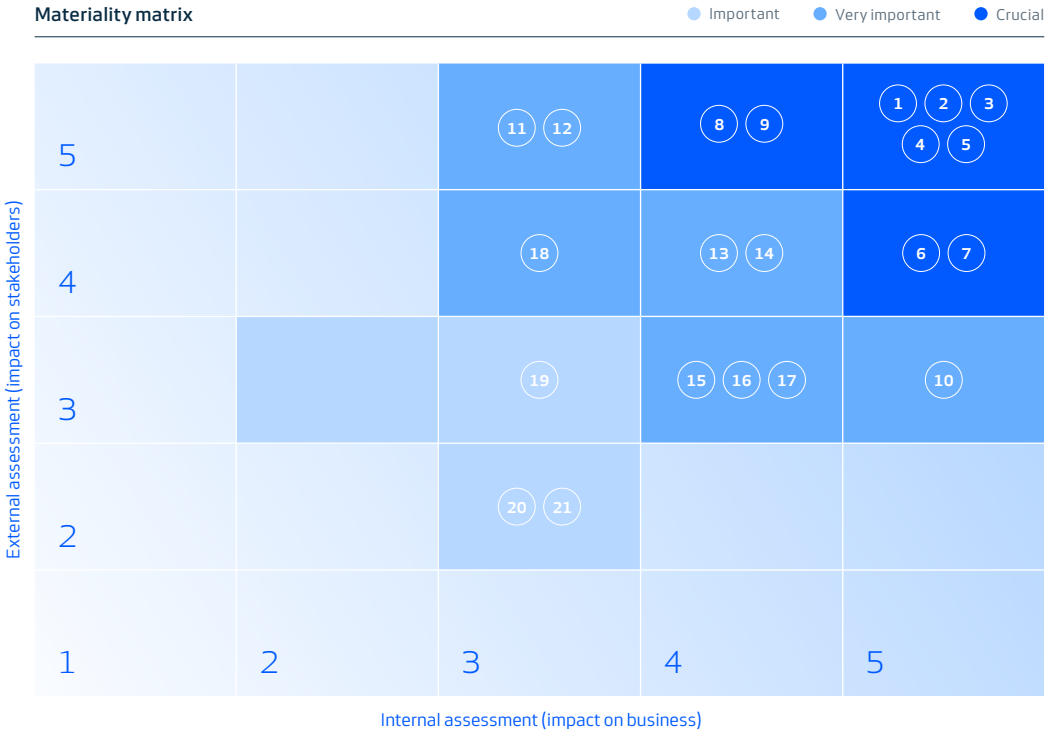
Materiality approach

Our materiality assessment enables us to identify and prioritise key topics that are critical for our business and stakeholders. During 2023, we strengthened our existing materiality assessment while preparing a new assessment based on the principle of double materiality.

The most recent materiality assessment conducted in 2020 mapped our major economic, environmental, and social impacts against stakeholders' interests. As a result of this process, we have been able to prioritise and allocate resources to the areas where they were needed the most for the past three years.

We engaged with external advisors to assist with our 2020 materiality assessment, which included four key phases. First, a gap assessment was carried out to evaluate our sustainability strategy against emerging mega-trends. Second, selected groups of internal and external stakeholders were prioritised according to their interest in

Materiality matrix



Topic tiering

Crucial

1. Materials efficiency, sourcing and disposal
2. Emissions and climate change strategy
3. Waste management
4. Occupational health and safety
5. Supply chain management
6. Product health and safety
7. Community relations
8. Broader environmental role in society
9. Diversity and inclusion

Very important

10. Business ethics and anti-corruption
11. Stakeholder dialogue
12. Management of the regulatory and legal environment
13. Human rights
14. Labour conditions
15. Ecological impact of project development
16. Employee engagement and wellbeing
17. Talent attraction and retention
18. Critical incident risk management

Important

19. Corporate governance
20. Responsible tax
21. Water management

Topics have been scored on a scale from 0 to 5.
0: Not relevant, **1:** Of little importance, **2:** Somewhat important, **3:** Important, **4:** Very important, **5:** Crucial.
Please note that issues within the same quadrant have equal weighting, e.g. issues 11 and 12.

and influence over our sustainability performance, including investors, customers, employees, and NGOs. Third, during the stakeholder engagement phase, some of our stakeholders were asked to evaluate the issues identified in phase one. Finally, these issues were ranked in the materiality matrix.

The matrix confirms that crucial topics are embedded in our sustainability strategy and helps guide our future sustainability endeavours.

During 2023, we initiated a double materiality assessment process supported by a stronger governance landscape, methods, and tools. An updated stakeholder consultation was performed, and tools to assess impacts on people, the environment, and the enterprise were further developed. These results will be integrated into our existing risk management processes. Additionally, a closer collaboration between our Sustainability and Finance functions will help strengthen our approach to both financial impact assessment and third-party limited assurance.

While further progress is necessary, we have taken the fundamental steps to prepare for the upcoming EU Corporate Sustainability Reporting Directive (CSRD) disclosure requirements.

Sustainability governance

Solid governance structures form the backbone of our work on sustainability. This section summarises how sustainability is managed and governed at Vestas and outlines our central activities in 2023.

Group Sustainability

Group Sustainability, led by the Vice President and Head of Sustainability, is responsible for developing and coordinating our sustainability strategy. In close collaboration with our functional areas, the department also drives and practically supports the execution of the strategy. Group Sustainability reports to the CEO monthly, to the Sustainability Committee and Executive Management team multiple times a year, and to the Board of Directors at least once a year. It also participates and reports frequently to the Audit Committee and the Technology & Manufacturing Committee.

Must Win Battle Sustainability: Matrix organisation

The environmental scope of sustainability is one of our so-called Must Win Battles (MWB). As a result, we adopt a unique matrix-based governance model to achieve our environmental goals. We have identified a set of priority projects to decarbonise our own operations and supply chain and improve circularity, which have been approved by the Board. Through MWB governance, employees in virtually every part of the organisation, from service to procurement to R&D, are assigned ownership of specific priority projects. The CEO is the owner of MWB Sustainability, and the VP Sustainability is the lead. In 2024, sustainability will be embedded throughout our six strategic priorities.

Sustainability Leads

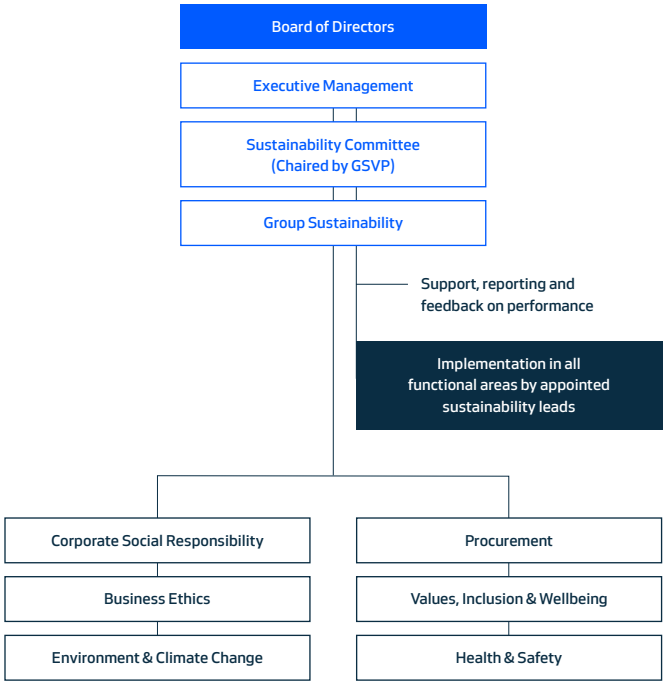
Vestas has Sustainability Leads for each area of the business. In close collaboration with Group Sustainability, these individuals define action plans and resource allocation to support the achievement of our sustainability goals and targets within their business area. Individual departments are responsible for specific global policies, procedures and overall guidance on sustainability. We have Module Sustainability Leads (e.g. blades and towers) working to reduce carbon emissions and waste through the design of their specific wind turbine part. As of 2024, we will have more full-time resources to work on the low-emission strategies for iron-based materials and blade materials.

Sustainability Committee

The Vestas Sustainability Committee prioritises, oversees, and coordinates cross-functional sustainability initiatives. It is essential that the Committee represents Vestas in its entirety. Therefore, each member speaks for their respective function or department, while the Committee reports to Vestas' Executive Management team. The following functions are represented in the Committee: Investor Relations, Compliance & CSR (Corporate Social Responsibility), Sustainability, Finance (Reporting & Compliance), Service, Sales, Procurement, Quality, Safety & Environment, Global Supply Chain & Transport, and Power Solutions.

In 2023, the Sustainability Committee met on a quarterly basis. Key priorities included the discussion of initiatives to deliver on our sustainability strategy, including emissions-reduced steel offerings, emissions targets in modules, and circularity. In 2024, the Committee, in close dialogue with Group Sustainability, will continue to oversee the execution of our sustainability strategy.

Our Sustainability Governance



Additional information
In 2023, we have been preparing for the new disclosure requirements related to governance of sustainability matters and the role of administrative, management and supervisory bodies. Additional roles and responsibilities have been divided between the involved parties, as described in the Annual Report 2023 Risk Governance section, page 42. More information on our overall corporate governance, remuneration, and evaluation of governance is available in our Corporate Governance Report 2023 and Remuneration Report 2023, available on vestas.com.

Product design governance and assessment

The Vestas Way to Market
We consider sustainability throughout design and development, a process we call the Vestas Way to Market. We use this framework to plan, manage, and execute technology and product development across the value chain, while maintaining a firm focus on customer requirements. By involving relevant stakeholders in the development process, we can build requirements into product design at an early stage.

The Vestas Way to Market is a stage-gate process, with a group of gatekeepers positioned at each milestone. This approach helps us to decide whether to progress a project to the next stage and ensures that specification requirements are met. Specifications are based on internal commitments (such as our Prohibited and Restricted Substances document) and international legislation (such as European directives). They are also based on internationally recognised codes and standards set by organisations such as the American Society of Mechanical Engineers (ASME), the International Organization for Standardization (ISO), and the International Electrotechnical Commission (IEC), as well as commitments in our sustainability strategy.

Life cycle assessment
Since 1999, we have developed Life Cycle Assessments (LCAs) to provide a 'cradle-to-grave' evaluation of the environmental impacts of our products and activities. In these LCAs we focus on two key actions:

- Documenting the environmental performance of Vestas wind turbines
- Analysing results to improve or develop wind turbines with a lower environmental impact

The studies assess each wind turbine's entire bill of materials, accounting for the approximately 25,000 parts that make up a single wind turbine. In our LCAs, we conduct complete assessments of wind power plants, up to the point of connection with the electricity grid. These assessments encompass wind turbines, their foundations, site cabling, and transformer stations.

In 2023, we engaged a taskforce within WindEurope to help standardise LCA approaches among major western wind turbine manufacturers. In time, we expect this collaboration to improve the comparability of LCA results across the wind industry. All published LCAs are accessible on our corporate website.

Vestas SiteLCA™
We offer our customers the opportunity to receive a customised LCA of their own wind power plants. We call this service a Vestas SiteLCA™. Each assessment determines key indicators of environmental performance and takes the wind turbine type, site-specific conditions, and production supply chain into consideration.

The environmental performance of wind power plants varies across the globe. For this reason, SiteLCA™ provides our customers with focused and transparent environmental data, such as a specific wind power plant's carbon footprint, return on energy, or water use. These fact-based indicators increase business case certainty by supporting a customer's energy strategy. They also support project planning and permitting processes, for example regarding decommissioning, public consultation and response.

For more information, please see the Vestas SiteLCA™ brochure on our corporate website.

Management systems

The Vestas Management System enables us to put all external and internal sustainability requirements into practice systematically, efficiently, and effectively. It is a key part of our ambition to make sustainability an integral component of all business processes. In order to further demonstrate our commitment to meeting the highest standards of health, safety, and the environment, our operations are built on global certifications, such as ISO 9001 for Quality, ISO 14001 for Environment, and ISO 45001 for Health and Safety.

Environment

- Climate change mitigation
- Pollution prevention
- Water and marine resources
- Biodiversity and ecosystems
- Resource use and circular economy

Climate change mitigation

Vestas technology is a key enabler of the green energy transition and one of the most impactful tools to mitigate global climate change. We have committed to ambitious targets to avoid and reduce greenhouse gas emissions throughout our own operations and value chain.

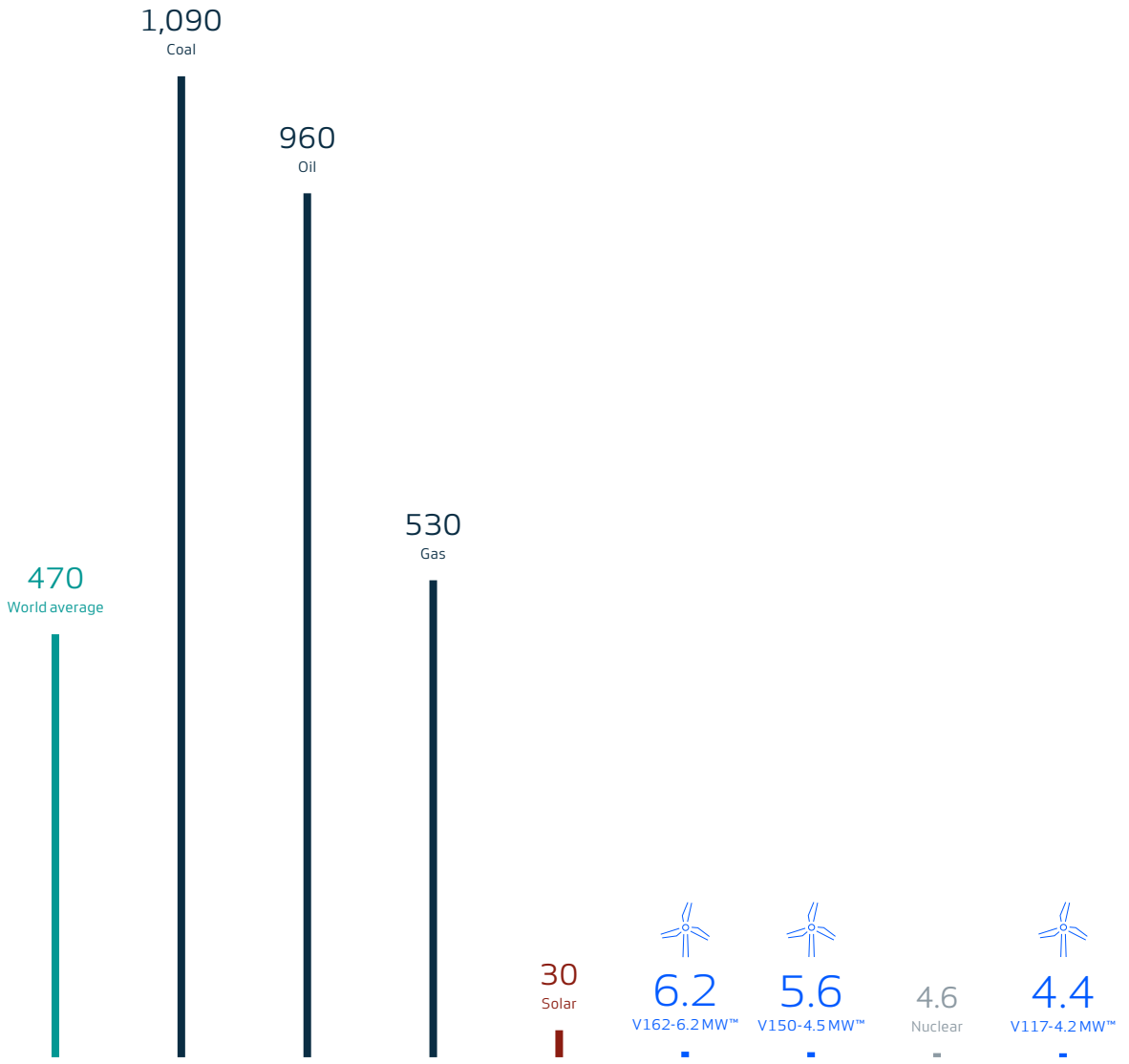
Generating wind energy is one of the most carbon efficient ways of producing electricity. Our wind turbines generate around 30 to 50 times more energy than is consumed during their lifecycle. For example, our V117-4.2MW™ generates around 50 times more energy than is consumed during its life cycle.[1]

Although our products contribute to a more sustainable future we need to reduce value chain emissions and drive down the carbon footprint of our products that negatively impact the environment. We committed to become carbon neutral in our own operations by 2030, without using carbon offsets and we drive several strategic initiatives to reach our targets.

In line with our Safety, Quality, Health, and Environmental (SQHE) policy, we have a commitment to proactively identify and mitigate risks in all activities and promote risk-based thinking and acting.

We work with carbon accounting to understand our impact and to set clear targets and milestones towards becoming carbon neutral.

1 V117-4.2MW, 91.5m hub height, wind class IEC1B



Life cycle emissions from different energy sources
Kilograms of CO_2e per MWh*

We also use climate change risk assessments to assess and adapt to our exposure to climate change.

Climate change adaptation
At Vestas, we conduct a climate scenario analysis annually (see Vestas Climate Risk Report 2023 at vestas.com). The analysis applies leading methodological standards and covers all our revenue generating business activities and most critical suppliers.

The analysis confirms that the impact of physical climate risks on Vestas is low across the short- and medium-term. It also highlights that political, legal and market transition risks in terms of carbon taxes and raw material prices could have significant impact on our business in the short- and medium-term.

Additionally, rapid decarbonisation of CO_2e-intense materials, such as steel, is necessary to reduce our scope 3 emissions, but this transformation also requires significant investments throughout our value chain. Our business outlook is overall influenced by our capability to adjust and respond to actual or expected climate change effects including political and legal developments that might slow down the build out of renewables. For more information about our approach to these topics, see pages 19 and 54.

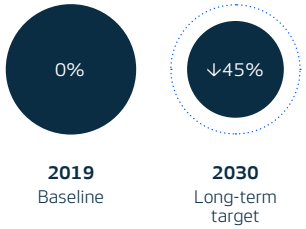
We need to focus on both climate mitigation and adaptation. As much as our fleet of turbines already avoids a massive sum of carbon emissions, we need to ensure long-term resilience and plan for a transition to a climate neutral economy to address all impacts, risks and opportunities.

* Vestas turbines range from 4-9 kilograms per MWh, based on Lifecycle Assessments published on vestas.com. Source for Nuclear, Solar, Gas, Oil, Coal: Sphera (2023). Sphera – LCA FE dataset documentation for the software-system and databases, LBP, University of Stuttgart and Sphera Solutions GmbH, Germany. Source for World average: IEA (2023). CO_2e emission from fuel consumption highlights

Targets for scope 1 and 2 emissions

Carbon neutrality by 2030 – without using carbon offsets

Targets for scope 3 emissions



Reduce CO_2e emissions in the supply chain by 45 percent per MWh generated.

Emission reduction targets

Targets for scope 1 and 2 emissions
We are committed to reducing emissions from our own operations by 55 percent by 2025, and by 100 percent by 2030 (from a 2019 baseline). We aim to achieve these goals through our own actions without using offsets.

In August 2020, the carbon neutrality target for our own operations was validated by the Science Based Target initiative (SBTi), a partnership between CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). The SBTi confirmed that our carbon neutrality target is in line with the efforts required to limit global warming to 1.5°C above pre-industrial levels, granting Vestas the most ambitious designation available through the SBTi validation process.

Targets for scope 3 emissions
By 2030, we will reduce carbon emissions from our supply chain by 45 percent per MWh delivered to the market. We will do this by:

- Supporting our key suppliers in developing strategies to measure and reduce their emissions
- Redesigning wind turbines with less carbon-intensive materials

We have chosen a physical intensity-based target, as this incentivises sustainability partnerships with suppliers who reduce carbon emissions. It also allows for the continued growth of the renewable energy sector, which is a critical element of the global decarbonisation journey.

Our key sustainability levers are as follows:

- Our scope 1 and 2 emissions will be reduced by 100 percent by 2030, reaching carbon neutrality without using offsets. This will be achieved by emissions reductions in our Service (71 percent), Construction (19 percent), and Manufacturing (8 percent) business areas.

- Our scope 3 emissions intensity reduction of 45 percent per MWh produced will be achieved by emission reductions in the following areas: Product mix and performance improvements (20 percent), raw materials (18 percent), transport (4.5 percent), and fabrication (2.5 percent).

Currently, none of our emissions are regulated under emissions trading schemes, but as of 2027 our offshore service vessels will fall under EU Emissions Trading System (EU ETS) regulations.

In 2023, our greenhouse gas (GHG) emissions intensity based on net revenue was 505.1 tonnes of CO_2e/million EUR.

> Our carbon neutrality target is in line with the efforts required to limit global warming to 1.5°C above pre-industrial levels, granting Vestas the most ambitious designation available through the SBTi validation process.

> For our onshore service activities, we aim to make all new service vehicles zero-emission from 2025.

Action plans for scope 1 and 2 emissions

Since 2020, we have sourced 100 percent renewable electricity across our operations globally.

By 2025, we will phase out fossil fuel-powered company cars, five years ahead of our carbon neutrality target by 2030. In 2023, 88 percent of our benefit cars, either in-use or on order, were electric or hybrid vehicles. To support the scale-up of electric vehicles (EVs), we installed charging infrastructure across our major locations.

For our onshore service activities, we aim to make all new service vehicles zero-emission from 2025. To support the transition to EVs, we have partnered with Ford and Volkswagen in Europe and the USA. During 2023, we added 465 sustainably fuelled vehicles to our service fleet, including EVs and biofuel vehicles. It highlights our strong commitments since this is more than we introduced between 2020 and 2022 combined.

To transition to sustainable biofuels for our offshore service vessels, in July 2022 we pioneered the first hydrogen-powered vessel in the wind industry. In 2023, we extended the existing charter of a dual-fuel crew transfer vessel (CTV) from five to ten years. The original vessel was powered by methanol but could fall back on marine gas oil if methanol was not available. Going forward, the vessel will be fully powered by biomethanol, leading to an annual reduction of 1114 tonnes of CO_2e. These pilot projects will provide valuable learning opportuities to enable the complete green transition of our fleet by 2030.

We are also transitioning to renewable energy for heating in our factories, while improving our energy efficiency across all sites globally. In 2023, we continued mapping our energy consumption and initiated a number of efficiency projects. With a view to transitioning to renewable energy and reducing annual CO_2e emissions by 800 tonnes, we replaced one natural gas boiler with a biomass boiler and replaced another with renewable district heating. Our OPEX and CAPEX related to the reduction of scope 1 and 2 emissions are aligned with the Commission Delegated Regulation 2021/2178. For more information on our reporting against EU Taxonomy Regulation, see pages 66-71.

In 2023, scope 1 emissions from our own operations amounted to 107,691 tonnes of CO_2e. Scope 2 emissions amounted to 1,262 tonnes calculated on a market basis, and 44,685 tonnes on a location basis. These figures represent an increase in scope 1 and 2 GHG emissions of 9 percent compared to 2022. This is due to our rapidly growing offshore construction and service businesses, which are reliant on marine vessel fuels. We remain committed to working with our customers and suppliers to accelerate alternatives to marine fuels in offshore vessels. For our energy consumption mix, see pages 57 and 58.

Action plans for scope 3 emissions

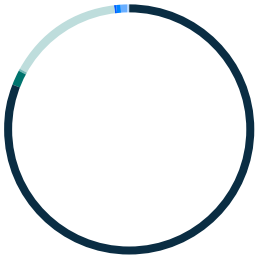
As part of our sustainability strategy, Sustainability in Everything We Do, we are committed to reduce carbon emissions from our supply chain by 45 percent per MWh generated by 2030. To achieve this goal, we depend on our key suppliers' collaboration.

In 2023, our supply chain CO_2e emissions amounted to 7.66 million tonnes; see the pie chart on the right for a breakdown of these emissions. Our supply chain CO_2e emission intensity decreased 8 percent from the 2019 baseline, and 2 percent from 2022 to a rate of 6.30 $kgCO_2e/MWh$.

Why we do not use carbon offsets

Carbon offsetting means investing in environmental projects that work to reduce future carbon emissions. Examples include financing the transition from coal to natural gas, or planting trees as a form of carbon storage. Carbon offsetting can play a critical role in accelerating the transition to net-zero emissions at the global level. However, it does not replace the need to reduce value chain emissions in line with scientific targets and methods (SBTi 2020).

Our supply chain (scope 3) CO_2e emissions in 2023



- Purchased goods and service (81.1%)
- Capital goods (1.8%)
- Fuel and energy related activities (0.3%)
- Upstream transport and distribution (15.0%)
- Waste generated in operations (0.3%)
- Business travel (0.4%)
- Employee commuting (0.9%)
- End of life of sold products (0.2%)

Supply chain engagement
More than 98 percent of our total carbon footprint stems from our suppliers, so we are determined to work collaboratively towards making our supply chain more sustainable. Since 2022, we have actively worked with our key suppliers in three hot-spot areas to reduce their emissions in line with Vestas' targets. These areas are: 'Towers & Steel', 'Blades', and 'Transport'. Cumulatively, these supplier categories account for approximately 70 percent of our scope 3 emissions. Reductions made at suppliers' production facilities, but also in their supply chain, have a significant impact on these emissions.

To enable the achievement of our sustainability goals, we have invested in a sustainability data platform that uses digital twin technology to calculate real-time climate footprints and run scenarios that support monitoring, forecasting, optimisation, and target achievement. To reduce scope 3 emissions effectively, we are prioritising the gathering of sustainability data from suppliers, starting with the highest emitting sources, such as steel and blade production.

By the end of 2023, we successfully onboarded 104 suppliers, all of whom actively delivered emissions data through the platform. This collaborative engagement will enable us to have an evidence-based target-setting dialogue with suppliers, while demonstrating progress towards our overall scope 3 reduction target. Looking ahead, we are committed to continuous improvement and development of our network of onboarded suppliers.

Emissions-reduced steel
Steel and iron make up between 80 and 90 percent of a wind turbine's material mass and are accountable for around 50 percent of our scope 3 emissions. Finding ways to decarbonise the emissions produced during the raw material extraction and refinement of steel is vital to the achievement of our scope 3 reduction target. In addition, the Carbon Border Adjustment Mechanism (CBAM), a tax for carbon emitted during the production of carbon-intensive materials entering the EU, will lead to significant cost increases for conventional steel. These developments increase the need to identify and source emissions-reduced steel in a constrained market.

> We are happy to partner with Vestas to install the first wind farm in the industry to use low-emission steel, underscoring our commitment to innovation and environmental stewardship. This step reflects our collective dedication at Baltic Power, alongside our sponsors, to effectuate genuine change and make our planet a better place for current and future generations.

Jarosław Broda, CEO Baltic Power

During 2023, there were signs of movement in the production of emissions-reduced steel, with announcements of decarbonised steel offerings from sizeable steel producers. Commitment from our customers is vital to drive the transition and convince steel manufacturers to undergo the transformation despite not seeing immediate returns. We firmly believe demand will continue to increase, and emissions-reduced steel will be widely adopted in the near future. The transition has started, but progress is not being made fast enough or at the scale necessary to achieve a net-zero scenario – a universal challenge that extends beyond the wind industry.

As part of our programme to decarbonise steel production, in May 2022 we joined the World Economic Forum's First Movers Coalition, committing to procure at least 10 percent near-zero emissions steel by 2030.

Through this commitment, we are underlining our desire to see transformative changes in the production of steel and to work with steel companies that invest in emissions-reduced products.

While we are pushing to accelerate the decarbonisation of steel, further collaboration with the steel industry, and increased incentives for green steel production, will be key to achieving our goals. To help decarbonise steel production, we are:

- Incentivising the production of CO_2-reduced steel in partnership with our suppliers
- Partnering with our customers to jointly secure emissions-reduced steel volumes
- Investing in the development of alternative materials, such as wooden towers, to manufacture our wind turbines

In 2023, Vestas established a partnership with ArcelorMittal to launch a low-emission steel offering that can reduce CO_2e emissions from heavy steel plates by 66 percent compared to steel produced via the conventional steelmaking route.

Utilising low-emission steel in the top two sections of an offshore tower would translate to approximately 25 percent reduction of emissions. For an entire onshore tower, the CO_2e reduction is at least 52 percent.

The first project utilising low-emission steel will be the Baltic Power Offshore Wind Project off the coast of Poland. During 2025, we will start the construction of the offshore wind farm consisting of 76 V236-15.0 MW™ wind turbines out of which 52 will be made with low-emission steel in the top sections of the tower.

Alternative materials

Through Vestas Ventures, our corporate venture capital arm, we actively invest in Modvion™, a wood technology company specialising in modular sustainable wind turbine towers. Modvion's™ towers are made from laminated veneer lumber (LVL), a low-carbon building material sustainably sourced from a supplier network aligned with robust reforestation strategies. Compared to the value chains linked to conventional steel towers or concrete hybrid towers, wooden towers enable dramatic reductions in carbon emissions, as wood stores the carbon that is absorbed by trees as they grow. The result is that more carbon emissions are stored in the tower than emitted during the production process.

We will leverage our position as an investor to support Modvion's™ scale-up strategy. Our goal is to integrate LVL towers into our design process and manufacturing operations, and together with Modvion we have initiated dialogues with selected customers. Through this collaboration, we aim to strengthen our ability to support customers in their sustainability journey, while continuing to offer competitive solutions that address factors such as increased ease of transportation and cost effectiveness.

Collaboration with CS Wind on Pueblo factory

In 2019, we initiated a sustainability project to reduce carbon emissions in our own operations. Our tower factory in Pueblo, Colorado, was identified as a major contributor to CO_2e emissions.

Engineering studies recommended to electrify the factory using solar photovoltaics (PVs) and a Battery Energy Storage System (BESS). The former would be supplied by a contractor and the latter by Vestas. Furthermore, all the gas furnaces would be replaced by electric heat pumps. These two measures aimed to reduce the CO_2e emissions of the factory by around 60 percent.

During the course of construction, the factory was sold to our partner CS Wind Corporation in June 2021. Consequently, CS Wind assumed the role of the end customer and owner of the factory. In light of this transition, the decision to pursue the replacement of gas furnaces and the subsequent reduction in the factory's carbon footprint rested with CS Wind.

Engaging in close collaboration with CS Wind's executive management, we facilitated a smooth transition, allowing the sustainability project to proceed as initially intended. This collaborative effort underscores our commitment to engage with our partners to integrate more sustainable practices throughout the supply chain.

We anticipate completing the project and fully handing it over to CS Wind in February 2024.

Supplier Forum
Developing a sustainable supply base is essential for driving long-term progress towards our sustainability commitments. To this end, every year we host the Vestas Supplier Forum, where we engage with around 200 of our key suppliers, who collectively account for the majority of our scope 3 emissions. During the event, we share our expectations for the future development of the renewable energy industry.

In 2023, the theme of the Supplier Forum was 'Scaling new heights together'. One of the key messages was 'Sustainability is the new digital arena', which conveys to suppliers that data transparency and accuracy are vital for success, both socially and environmentally. We also encouraged suppliers to collaborate with each other to elevate the industry's sustainability performance.

Each year at the Forum, we present a sustainability award to a supplier who has shown commitment to the renewable energy transition, has a clear reduction strategy for carbon emissions and waste, and is working on product circularity and/or other innovative solutions. In 2023, the award went to Esvagt.

Supplier evaluation of environmental matters
In 2023, we enhanced our supplier evaluation by updating the environmental and social sustainability content. All changes were communicated to our suppliers in advance. In the environmental section, we increased the question weight from awareness questions to scored questions for two central topics: emissions reduction and waste reduction target setting. From 2023 onwards, suppliers without reduction targets in place will receive a lower chapter score. We will continue to update our Safety & Sustainability survey in accordance with our expected supplier maturity level.

For information about how we engage with suppliers on social sustainability, see pages 43-46.

Expected avoided GHG emissions (scope 4)

As the oldest and largest wind turbine manufacturer and servicer in the world, we are a leading contributor to the decarbonisation of global energy demand.

Generating wind energy is one of the most carbon-efficient ways of producing electricity. A single Vestas wind turbine generates around 30 to 50 times more energy than it consumes during its lifecycle. This offers enormous potential to reduce carbon emissions across the global energy system.

To date, our total installed capacity of more than 177 GW globally is expected to avoid 2.13 billion tonnes of carbon emissions, equivalent to the CO_2e emissions from 4.9 billion barrels of oil. And we are continuing to scale this potential. In 2023, we increased our total aggregate installed capacity by 6.6 percent compared to 2022.

We also calculate the amount of expected CO_2e that will be avoided over the lifetime of the turbines produced and shipped in the year. In 2023, the turbines we produced and shipped are expected to avoid 396 million tonnes of CO_2e over their lifetime. This is calculated by first converting the MW of turbines installed into MWh per year, and then multiplying by the average capacity factor of Vestas serviced wind farms, the expected lifetime of the turbine in years based on the design criteria, and the global average emissions intensity of electricity as calculated by the International Energy Agency.

How we calculate expected CO_2e emissions avoided

Expected CO_2e avoided over the lifetime of the capacity produced and shipped in 2023 (million tonnes):

102,194,160	×	35.0	×	23.7	×	466.3	=	396
Turbines produced and shipped (MWh)		Capacity factor (%)		Expected lifetime of the turbine (years)		Emissions intensity of electricity (g CO_2e / kWh)		Expected CO_2e avoided (million tonnes)
MW produced × days/year × hours/day = 11,666 × 365 × 24		Average of all Vestas serviced wind projects		Average of design specification of turbines produced and shipped		Global average CO_2e emissions of electricity from IEA's 2023 report		

The financial impact of climate change

Assessing the financial impact of physical and transitional risks and opportunities is an area of increasing importance within our strategic prioritisation. The assessment is an annually recurring activity that is based on subject matter expertise and public and internal data, including our annual scenario analysis.

Our approach is based on principles of simplicity and consistency, which ensures our reporting presents comparative information. We base our calculations of financial effects related to climate change on reasonable assumptions and estimations, but recognise the uncertainty around climate change and the impact this has on calculations.

The expected growth of wind energy, and related renewable energy sources such as green hydrogen, presents a significant financial opportunity for Vestas. As the global leader in sustainable energy solutions, it is an opportunity we are well equipped to exploit. Our innovative solutions are also becoming a key differentiator in winning tenders, opening up further opportunities.

To become carbon neutral by 2030, without using carbon offsets, we are investing capital to ensure our factories are energy efficient and run on renewable energy. We are also investing to build a service fleet of electric or renewably fuelled vehicles. Although these initiatives come at a cost, they enable us to reach our targets and grasp the opportunities in front of us.

> In total, interest rates on EUR 4bn are linked to our sustainability performance.

Significant investments across our value chain are necessary if we are to reach our scope 3 emissions reduction targets. We need to source lower-emission materials, such as emissions-reduced steel, but this will increase prices and reduce our margins if we do not pass the costs on to our customers. Increased commodity prices as a result of decarbonisation can also lower the cost competitiveness of renewables, at least in the short and medium term.

Carbon taxes are important to ensure the cost competitiveness of renewables. We rely on politicians to implement carbon taxes necessary to end our dependence on fossil energy. The slow phase-in of carbon taxes and tariffs can financially impact Vestas, as this reduces the attractiveness of renewables.

Sustainability-linked financing
In total, interest rates on EUR 4bn are linked to our sustainability performance. Our interest rates will be adjusted based on yearly defined sustainability targets in the following areas:

- Reducing the carbon footprint of our own operations (scope 1 and 2)
- Reducing carbon emissions in our supply chain (scope 3)
- Increasing material efficiency in our own operations

Sustainability-linked loan
In 2021, we signed up to a EUR 2,000m revolving multi-currency credit facility with a group of leading banks. The facility's margin is closely linked to our sustainability key performance indicators (KPIs) and will support our ambitions to accelerate the deployment of renewable energy and drive technological innovation.

Directly linked to our sustainability strategy, the facility's interest rate margin will be adjusted based on sustainability-linked performance targets. These targets measure our ability to reduce our carbon footprint and enhance workplace safety, while adding ambitious targets to drive improvements across our supply chain. Our ambitions to increase both the use of sustainable materials and recyclability across the turbine value chain will contribute to the performance targets.

Sustainability-linked bonds
To firmly link progress on our sustainability targets to our financial performance, we became the first Danish company to issue sustainability-linked bonds in 2022 with two EUR 500m sustainability-linked bonds. This was followed up during 2023 with another EUR 500m sustainability-linked bond in March and a EUR 500m sustainability-linked bond in November.

The full sustainability-linked bond framework agreement, including yearly defined targets on these KPIs, is publicly available on our corporate website, along with progress reports on the bonds issued annually. By linking our sustainability performance to our financing, we reinforce our commitment to realise our sustainability targets while gaining access to favourable interest rates through our financial partners.

Additional green financing
During 2022 Vestas signed a EUR 475m Green Loan with the European Investment Bank (EIB) to fund its research, development, and innovation (RDI) activities.

Pollution prevention

Controlling chemicals and hazardous substances used in the development, manufacturing, and service of wind turbines is an important part of our management system.

Pollution prevention and control is essential to our overall sustainability performance. We have committed to prevent pollution and protect the environment through our SQHE policy. We therefore actively work to find safer and more environmentally friendly products to ensure a healthy workplace and minimise our ecological footprint.

Our chemical management process follows global procedures for the approval of new chemicals. We also provide local instructions for handling, transporting, and storing chemicals, and a global chemical database for sharing knowledge with suppliers.

To adapt to changing chemical legislation globally, such as the Classification, Labelling, and Packaging (CLP) Regulation and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation, we continuously update our central list of substances. This list identifies chemicals that are prohibited around the world and restricts certain substances in our product manufacturing and servicing processes.

For all products delivered, we insist our suppliers fulfil the requirements set out in the Vestas Prohibited and Restricted Substances document. We also conduct due diligence to prevent buying products containing prohibited chemicals. If a product contains restricted chemicals, the supplier must perform health and safety evaluations to ensure correct use of the materials in question.

Furthermore, we expect our suppliers to create action plans for phasing out restricted substances and finding sustainable alternatives. In parallel with this process, we consider whether a time-bound dispensation can be signed off, and/or if the product can be substituted.

To avoid emissions of volatile organic compounds (VOC) from the painting of wind turbine blades, we are actively transitioning to low-VOC paint (see page 58 for our VOC emissions in 2023).

> We expect our suppliers to create action plans for phasing out restricted substances and finding sustainable alternatives.

Water and marine resources

Fresh water is a finite and vulnerable resource that sustains life, requiring effective water management. Producing electricity from wind does not require water[1], making wind energy an important enabler for sustainable development in regions that experience water scarcity. We also monitor water consumption from a risk perspective.

We measure freshwater withdrawal for our own operations globally. However, as our primary water usage is related to domestic purposes in our buildings, the environmental impacts resulting from water usage are considered to be minor.

In 2023, our freshwater withdrawal decreased due to a decrease in our planned production levels.

Refer to page 58 for complete data on our freshwater withdrawal and discharge in 2023.

1 Source: Jaber, Suaad. "Environmental impacts of wind energy." Journal of Clean Energy Technologies 1.3 (2013): 251-254. http://www.jocet.org/papers/057-J30009.pdf

Biodiversity and ecosystems

Wind farms can impact biodiversity both positively and negatively. However, by replacing traditional energy generation, utilising nature-based solutions, and mitigating harm through technology, wind farms can have a nature-positive biodiversity impact.

Biodiversity preservation

Biodiversity – the rich diversity of life on Earth – is being lost at an alarming rate. The population sizes of mammals, birds, amphibians, and reptiles have seen an average drop of nearly 70 percent since 1970. And more than half of all species face high extinction risk under a business-as-usual climate scenario.

Biodiversity loss endangers human health and food production, and erodes the significant value of our natural resources. It is therefore clear that protecting biodiversity is a necessary strategic investment to preserve not only the planet's species, but our health, wealth, and security.

Renewable energy, principally wind and solar photovoltaics (PV), plays an important role in mitigating climate change and ultimately in stemming global biodiversity loss. However, as we accelerate the transition to a world powered by renewable energy, we must do so in balance with local ecosystems and species. By carefully considering biodiversity in the lifecycle of our projects, we can minimise, or even make a positive impact on local fauna and flora.

Failing to take biodiversity into consideration can lead to costly curtailment of our customers' energy-generating capabilities. And in the most severe cases, it can threaten to close entire wind farms.

Biodiversity has not been a material focus of our sustainability strategy to date. However, several scientific and framework developments, such as SBTN (Science Based Targets for Nature) and TNFD (Taskforce on Nature-related Financial Disclosures), will enable us to incorporate biodiversity into our sustainability efforts systemically. We plan to start this work by conducting a biodiversity impact assessment of our operations and supply chain.

Siting

Our greatest opportunity to positively impact biodiversity lies in the spatial planning of wind energy development zones. Through wind resource and biodiversity impact assessments, we can optimise locations within established wind zones. This ensures new wind farms do not contribute to habitat loss or endanger threatened species. Working with local agencies and regulations, we carry out environmental impact assessments when developing new projects. We also take appropriate measures to mitigate or compensate for any anticipated adverse impacts our projects might have.

Impact assessment

When establishing a wind plant, the planning process should always include a location impact assessment. In many countries, environmental impact assessments are required by law; they can also be required by the financial institutions that support infrastructure projects. In most cases, our customers have the primary responsibility for undertaking environmental assessments and developing environmental management systems for their wind plants. However, we are responsible for these steps in the projects we develop ourselves. In either case, we work closely with our customers at every stage.

Environmental assessments typically take into account direct and indirect impacts, including:

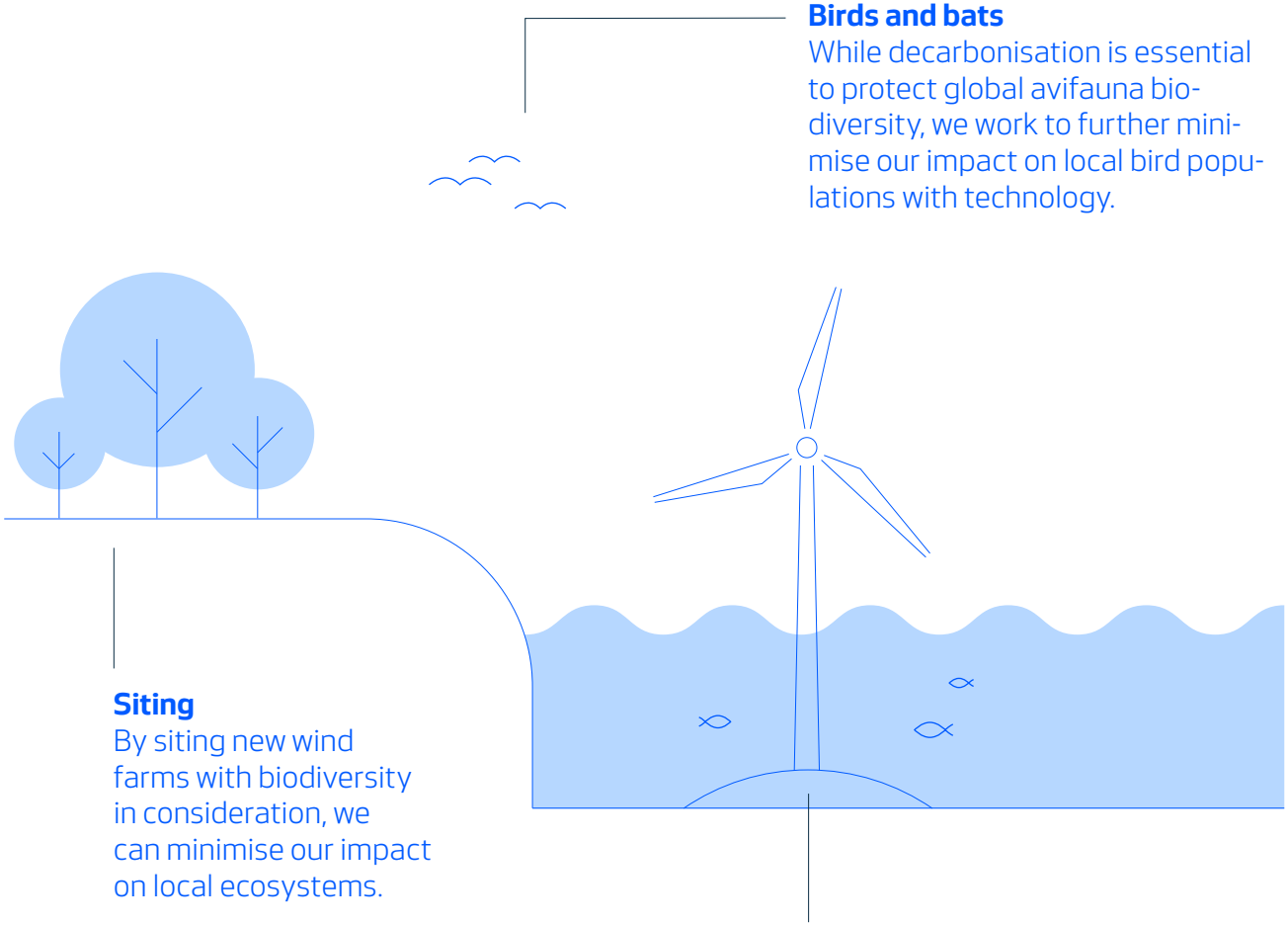
- Landscape and visual impressions
- Flora (e.g. native vegetation)
- Fauna (e.g. birds, mammals, fish)
- Noise
- Shadows

Impact on birds and bats
Most biodiversity impacts relating to wind development are short-term and linked to construction. However, some longer-term impacts, such as the direct collision of birds and bats with turbine blades, can also occur. Through careful siting outside major migration corridors and other sensitive areas, the risk to birds and bats can be greatly reduced.

Remaining impacts to local bird species can be further reduced through the operational curtailment of our wind farms. Indeed, our turbines can be optimised to curtail operations based on the historical peaks of local bird and bat activity, and can incorporate radar based systems to track birds and bats even more effectively.

Artificial reefs
Offshore wind farms have the potential to help support marine wildlife. Wind turbine foundations and scour protection areas can create new habitats for marine species to colonise. In turn, these habitats attract additional species in a process known as the 'artificial reef effect', leading to more productive and species-rich ecosystems.

Marine protection
According to the UN's Global Framework for Managing Nature Through 2030, more than 30 percent of marine areas need to be protected by the end of the decade to ensure marine health is maintained and restored for the future. By conducting environmental impact assessments for offshore wind farms, we can contribute to the scientific knowledge base that supports marine protection. We can also help establish areas with reduced marine traffic, where the most environmentally damaging activities, such as bottom trawling, are prohibited.



Birds and bats
While decarbonisation is essential to protect global avifauna biodiversity, we work to further minimise our impact on local bird populations with technology.

Siting
By siting new wind farms with biodiversity in consideration, we can minimise our impact on local ecosystems.

Reefs
Offshore wind turbines can help protect marine areas and the foundations can create artificial reefs, helping restore an ecosystem heavily damaged by overfishing and bottom trawling

Resource use and circular economy

We promote circularity principles throughout the lifecycle of our products through three strategic areas: Design for circularity, Operational circularity, and Material recovery.

Vestas has a commitment to produce zero waste turbines by 2040 and our Circularity Roadmap translates this ambition into actionable targets and goals.

In our own operations and supply chain, waste is generated during construction, manufacturing, and service activities, including end of life. This negatively impacts the environment through loss of resources and related CO_2 emissions. The largest waste fraction relates to blade manufacturing and end-of-life solutions.

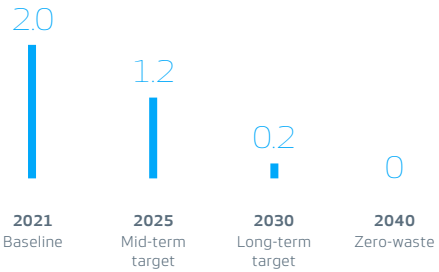
We actively work to limit this impact and innovate processes and technologies designed to solve these challenges. For example, our blade circularity solution, innovated through the CETEC (Circular Economy for Thermosets Epoxy Composites) project together with partners, makes our wind turbine blades fully circular. These innovations not only present important solutions to the biggest circularity challenges in our industry, they also create significant financial opportunities.

In 2021, we released our Circularity Roadmap, becoming the first organisation in the wind industry, and one of the first organisations worldwide, to translate the theory of circular economy into actionable targets and goals. This Roadmap will help us to reduce our waste across the value chain, with the ultimate ambition of producing zero-waste wind turbines by 2040. Our Circularity Roadmap is based on three key areas: design, operations, and material recovery.

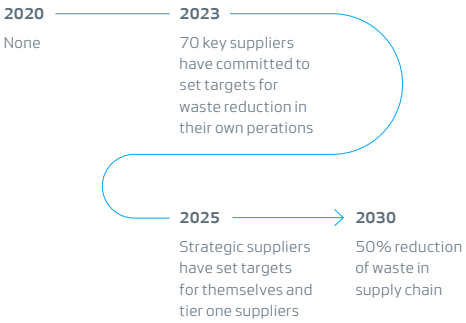
Circularity Roadmap

Design for circularity

Improve material efficiency
Metric: Tonnes of waste / MW produced and shipped



Engage with suppliers on waste reductions
Metric: Suppliers committed

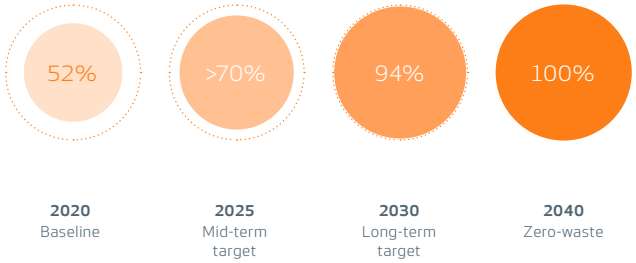


Operational circularity

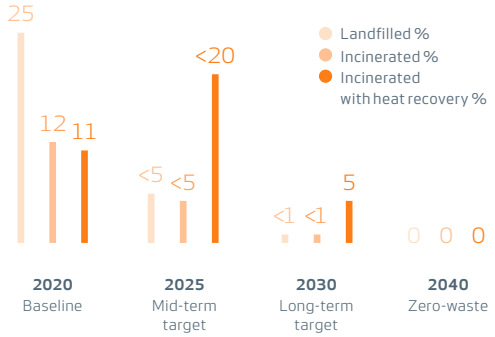
Repair and refurbish components
Metric: Refurbished components utilisation rate (% of components)

Material recovery

Increase recycling rate of waste
Metric: % recycled or reused (own operations)



Reduce landfilling and incineration of waste
Metric: % (own operations)



Recyclability of wind turbine blades

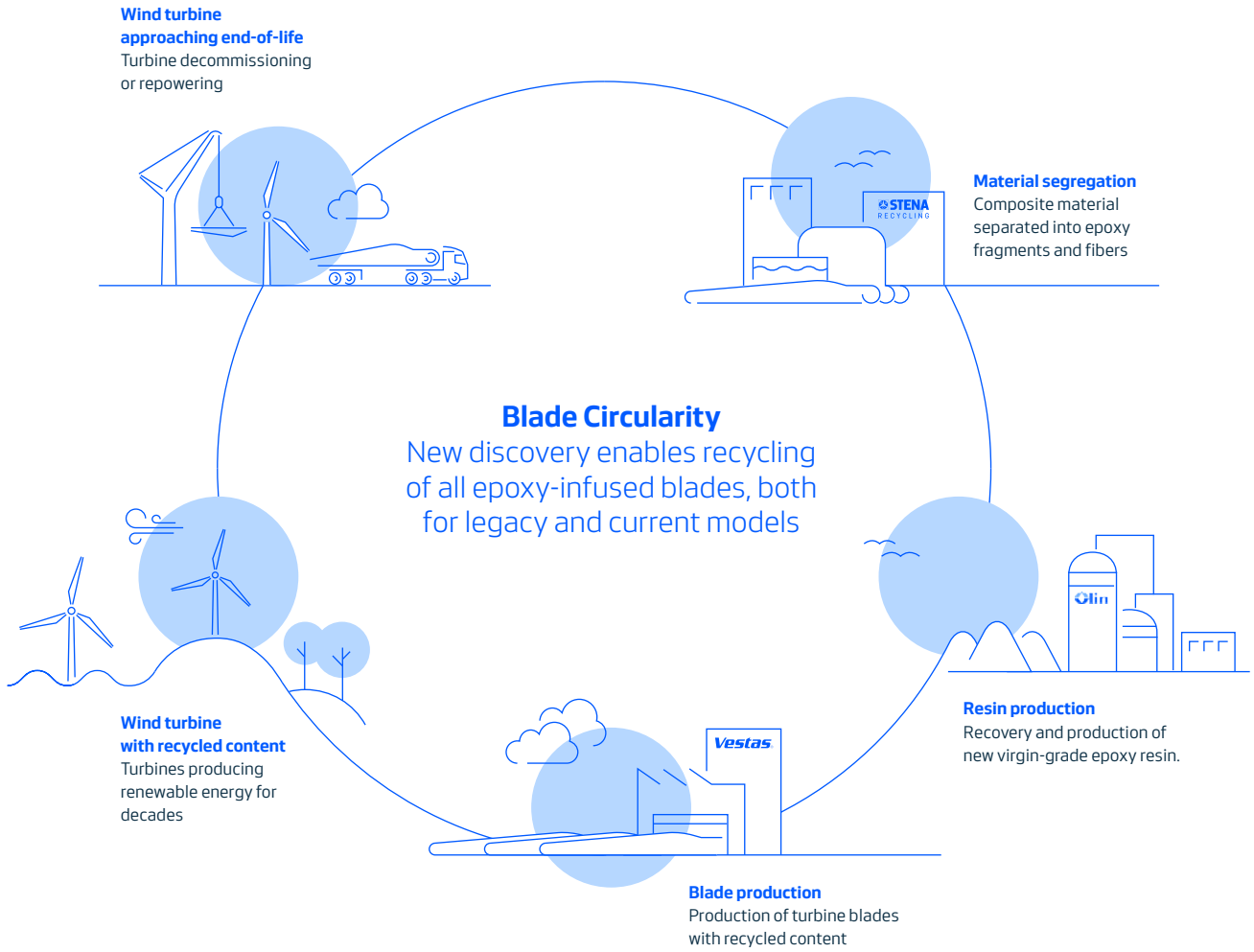
We are significantly accelerating our ambition around blade recyclability. We have committed to creating a rotor that can be 100 percent recyclable, while avoiding the down-cycling of blade materials as much as possible. While recent innovations have enabled us to recycle our blades in some regions, the materials recovered from these processes are significantly down-cycled. Under our new target, the value of such materials will be preserved, enabling recovery and reuse in the creation of new wind turbines or similar devices. In this way, we are pushing the boundaries of circularity and committing to creating the first truly circular blade. Beyond blades, we are also working to integrate recyclability requirements across the full wind turbine structure. To achieve a zero-waste wind turbine, we are investigating new recycling pathways for difficult-to-recycle materials. Our ambition is to redesign the wind turbine, or develop new circularity routes, so that every component will be recyclable by 2040.

In February 2023, we launched a new solution that renders epoxy-infused wind turbine blades circular, without needing to change the design or composition of the blade material. Combining newly discovered chemical technology – developed within the CETEC initiative and through partnerships with Olin and Stena Recycling – the solution can be applied to epoxy-infused blades currently in operation. Once matured, this will eliminate the need for blade redesign, or for landfill disposal of epoxy-infused blades when they are decommissioned.

Vestas' solution is enabled by a novel process that can chemically break down epoxy resin into virgin-grade materials. This chemical process was developed in collaboration with CETEC project partners, Aarhus University, the Danish Technological Institute, and Olin – a coalition of industry and academia established to investigate circular technology for wind turbine blades.

Through a newly established value chain, we will now focus on scaling up the novel chemical disassembly process into a commercial solution. Once mature, the solution will signal the beginning of a circular economy for all existing and future epoxy-infused wind turbine blades.

For all other non-epoxy infused blades, our DecomBlades project focuses on value chains for end-of-life (EOL) recycling. Launched in



↑
A breakthrough in the CETEC project has resulted in a chemical solution that efficiently enables recycling of epoxy-infused blades without changing the design or composition of blade material.

A partnership between Vestas, Olin and Stena Recycling will explore how to optimally scale the solution.

January 2021, DecomBlades is run in collaboration with other major wind turbine manufacturers, recycling companies, and knowledge partners. It aims to identify sustainable, globally available, and economically feasible recycling routes for EOL blades. In 2023, DecomBlades achieved a major breakthrough for the circular wind industry. It proved that glass fibres retrieved from old wind turbine blades can be processed and melted into high-quality fibre, which can be used in new blades.

Also in 2023, we recycled 188 blades (compared to 475 in 2022) as part of our large-scale recycling project in the USA. This total included nacelle covers and hub covers. The funding of the Inflation Reduction Act created a significant lull in the repowering market in the USA, leading to a decline in recycled blades. We therefore adjusted our forecast for 2024 as we expect to recycle around 600 blades. Recycling methods can include cement co-processing, gasification, new composite materials, and glass and carbon fibre reclamation.

We are currently carrying out this service in the USA, while exploring opportunities to expand to other regions where local recycling infrastructure is robust, and where customer demand can be established.

Material efficiency
To decrease production waste, we aim to increase our material efficiency by 90 percent by 2030. Our initial focus is on blade manufacturing, which is our largest contributor to internal waste. This work will involve raising waste awareness within our factories, optimising blade design and production methods, sourcing more efficient manufacturing kits, and including circularity metrics in our key performance indicators.

In 2023, our material efficiency improved 25 percent to 1.2 tonnes of non-recycled waste per MW produced and shipped, compared to 1.6 in 2022. Moving forward, reducing blade manufacturing waste will be key to increasing the material efficiency of our own operations by 90 percent by 2030. Consequently, we are further optimising the use of carbon, glass fabric, and chemicals in our blade manufacturing processes. At the same time, we are running initiatives to map out waste streams in all areas of manufacturing and minimise the use of materials through design and packaging waste reductions.

Supply chain engagement
In addition to reducing waste in our own operations, we are also committing to a 50 percent decrease in the waste intensity of our supply chain by 2030. We require our key suppliers, covering nearly 50 percent of procurement spend, to report on their waste generation, and to set waste reduction targets for themselves and their own suppliers. We continue to actively engage with suppliers on the waste reduction journey through regular meetings.

Operational circularity

Repair and refurbishment
Across our operations, we are committed to expanding our efforts to refurbish and reuse wind turbine components, while regionalising our repair and refurbishment infrastructure where possible. Through refurbishment, we can reuse up to 70 percent of component materials. This process also emits 45 percent less CO_2e than manufacturing a new component, even after considering emissions linked to transportation.

The major components of our wind turbines are already largely refurbished and reutilised. However, our Roadmap commits us to achieving 55 percent total refurbished component utilisation by 2030 and 75 percent by 2040, mostly by creating new repair loops for minor components. This will lead to further waste reduction, lower carbon emissions, and local job creation.

In 2023, we achieved a total refurbished component utilisation rate of 17 percent. The parts we currently refurbish are primarily main components, such as blades, generators, gearboxes, and main shafts, where we achieved a utilisation rate of 68.5 percent. For minor components we achieved a utilisation rate of 16 percent, which is a continued year-on-year improvement. Meanwhile, we also introduced over 100 new repair loops for minor components.

Moving forward, we will continue to expand our repair capabilities of minor components, and regionalise our infrastructure to improve the business case and sustainability impact of refurbishment.

Material recovery

Eliminating landfilling and incineration
Within material recovery, we are committing to reduce the amount of manufacturing waste going to landfill to less than 1 percent; waste incinerated to less than 1 percent; and waste incinerated with energy recover to less than 5 percent, all by 2030. As most of our internal waste is centralised in manufacturing facilities, these targets go hand-in-hand with improving our material efficiency. However, we are not only focusing on our manufacturing waste.

All our functional areas, including manufacturing, construction, and service, will begin by mapping out their waste streams. As part of this process, they will identify priority projects to divert from landfill as quickly as possible, with the majority of landfill reductions planned to occur before 2025. As we decrease landfilling and incineration, we will increase our recycling rate to more than 94 percent by 2030. This marks a significant increase from our present recycling rate of 68 percent.

In 2023, our total amount of waste was 44,000 tonnes, of which 93 percent was non-hazardous and 7 percent hazardous. We landfilled 7 percent of our internal waste, incinerated 25 percent, reused 0 percent, and recycled 68 percent (see environmental data and SASB disclosures on pages 57-61).

> In addition to reducing waste in our own operations, we are also committing to a 50 percent decrease in the waste intensity of our supply chain by 2030.

During the year, our waste generation decreased relative to production levels. It should be noted that the overall environmental performance of our manufacturing facilities varies globally. These fluctuations are linked to local infrastructure, wind turbine variants, and the frequency with which these variants are introduced. In 2022, we activated our governance structure to introduce our new circularity targets, covering the entire value chain. For example, we worked with sustainability module leads responsible for developing and implementing circularity initiatives and targets for each wind turbine part. We also utilised a regionalised Health, Safety, and Environment (HSE) structure to introduce year-on-year recycling targets for each of our factories.

Circularity implementation and governance
In line with our overall sustainability strategy, our Circularity Roadmap is entrenched throughout the organisation: from our engineers designing new wind turbines, to our factories manufacturing components, to our workers across our global supply chain. Nearly every functional area within Vestas will have a part to play in achieving our circularity ambitions. Internally, the targets outlined above have been agreed between Group Sustainability and respective functional areas. Interim yearly targets will be established and implemented through various internal mechanisms, including our Vestas Way to Market stage-gate system (see page 13), and specific year-on-year recycling targets established for each factory.

Externally, governance around circularity is still relatively immature. As part of the Roadmap, we are planning to engage with external partners and the wind industry to create shared circularity governance. This will enable us to increase transparency and comparability of circularity between companies.

Social

- → Human rights assessment and policy
- → Own workforce
- → Workers in the value chain
- → Affected communities

Human rights assessment and policy

We are committed to embedding respect for human rights in the way we do business. In 2023, we were ranked as the number one turbine manufacturer in the Renewable Energy & Human Rights benchmark.

Human Rights Assessment

Our Corporate-Wide Human Rights Assessment (CW-HRA) is the core foundation on which we identify the most material social impacts, risks, and opportunities related to our workforce, value chain, and affected communities. The CW-HRA was conducted by external consultants in 2022 and mapped out actual and potential human rights risks.

The assessment consisted of desktop research, an analysis of internal management processes, and interviews with internal and external stakeholders. The assessment identified a set of recommendations for Vestas to implement in the coming years. Following a recommendation to strengthen our human rights governance, we established a steering committee in 2023 with cross-functional members from Corporate Social Responisbility (CSR), People and Culture (P&C), Sustainable Procurement, and Health, Safety, and Environment (HSE) to work on implementing the recommendations of our CW-HRA. For more information on the results of our CW-HRA and its implementation, including identified salient human rights issues, please see our corporate human rights page on vestas.com.

Human Rights Policy

Our Human Rights Policy outlines our commitment to respecting human rights, wherever we operate. This includes respecting the labour rights of our own workers and acknowledging salient human rights issues, including the rights of Indigenous Peoples, and community engagement. Our human rights policy also outlines our commitment to remedying adverse impacts on individuals, workers, and communities that might arise from our activities.

Our policy supports the following international instruments: the UN International Bill of Human Rights; the International Labour Organisation's (ILO) eight fundamental conventions; the UN Guiding Principles on Business and Human Rights (UNGPs); the Organisation for Economic Co-operation and Development (OECD)'s Guidelines for Multinational Enterprises; the ILO Convention 169 on Indigenous and Tribal Peoples; and the UN Declaration on the Rights of Indigenous Peoples. We have also been a signatory to the UN Global Compact since 2009.

Where local laws and regulations set lower standards but do not prohibit applying international standards, we abide by the latter. When establishing our policy, we considered various internal stakeholders and engaged an international consultancy to carry out a review. The policy applies globally, and we expect our business relations both upstream and downstream to respect human rights within their scope. The Human Rights Policy is signed by Vestas' Board Chair and is publicly available on vestas.com, as well as via internal channels.

Own workforce

Vestas is composed of more than 30,000 employees who are dedicated to power the solution by accelerating the energy transition. We value our employees immensely, and strive to create a safe, healthy, diverse, and inclusive working environment for all.

Employee Code of Conduct

The Vestas Employee Code of Conduct lays out the behavioural expectations for our 30,000-plus employees across the globe. The Code was drafted in consultation with external and internal stakeholders, representing different regions and functions across the organisation. It is signed by our CEO, approved by the rest of our Executive Management team, and our Board of Directors. The Code is made available to employees through our internal Code of Conduct Portal, mandatory micro-learnings, in-person training, and communication material.

The Code endorses the UN Guiding Principles on Business and Human Rights. It also follows the Universal Declaration of Human Rights, the ILO's Declaration of Fundamental Principles and Rights at Work, and the OECD's Guidelines for Multinational Enterprises' recommendations on responsible business conduct.

All employees are expected to act in accordance with the Code in terms of respecting our commitments and principles related to e.g. health and safety, labour rights, discrimination, anti-bribery and corruption, political and community engagement, environment, corporate assets and data privacy. Day-to-day responsibility for ensuring its implementation rests with all Vestas managers, who are expected to lead by example and drive a culture of integrity across the company.

Processes and channels for employees

Open communication, transparency, and visible commitment from leadership are key to creating an environment where employees feel comfortable raising concerns about negative impacts. We foster a culture of trust by providing clear reporting mechanisms and appropriate channels for raising such concerns.

We have formalised several key channels for employees, including HR tickets through service desk platforms, Employee Engagement Surveys (EES), our whistleblower system EthicsLine (see page 53), and work councils.

We actively support the availability of these channels, while also sharing information through our organisational intranet page and other public pages. We ensure that these grievance mechanisms are accessible and well known to employees and workers representatives.

We have a central HR operations hub which investigates HR tickets, plus regional help desks to support where relevant. We receive HR tickets ranging from minimal personal info updates to specific concerns that can require personnel intervention.

Our Employee Engagement Survey is a crucial source of insights, feedback, ideas, and concerns on Vestas as a workplace. We conduct the Survey twice a year to enable a continuous listening approach. The core deliverable from this process is an action plan that addresses the feedback and key focus areas identified by our employees. All Vestas employees, including third-party colleagues (where relevant), are invited to participate in the survey. The survey is available in 20 languages to facilitate broader participation.

In countries where there are work councils, they also serve as one of the channels for addressing employee concerns and grievances. Through regular scheduled meetings and open communication, the councils allow employee issues and suggestions to be voiced, ensuring that management is aware of their needs. They collaborate with management to find solutions, playing a crucial role in resolving workplace problems.

The available channels encompass a broad spectrum of concerns related to working conditions, equality of opportunity, and non-discrimination. They cover entire employee lifecycle activities, wages, and other work-related rights. We are committed to fostering a culture where employees can freely express their concerns and seek resolution. These channels are designed to ensure a safe and confidential environment for raising issues related to working conditions, equal opportunities, and other work-related rights.

We actively monitor the awareness and trust of our workers regarding these structures and processes. We also ensure that policies are in place to protect individuals, including workers' representatives, against any form of retaliation for using these channels.

> "Our success lies in a workforce driven by purpose, innovation, and a shared commitment to sustainability, which allows us to empower our people and foster a dynamic workplace where everyone plays a pivotal role.

Ole Kvist Nicholaisen
Interim CPCO

Health and Safety

Vestas site personnel are exposed to a high-risk working environment with generic risks such as working at heights, in confined spaces, with high-voltage electricity, vibration, noise, and weather-related risks.

We care deeply about our people and their safety is the overriding priority. In the last 10 years, we have seen significant improvements on personal safety. However, since 2020, our safety performance has plateaued.

Our serious injuries and fatalities in the last few years were related to the complex interactions between people, equipment, systems and processes. Learning from our peers in other industries has helped to identify ways in which we can continue to build upon our strong foundations to make a step change in our safety performance.

We have also increased focus on human performance, which starts with a simple truth – we are all human and as humans we can and do make mistakes. This does not mean that lower standards of performance are acceptable, but rather we need to learn quickly from mistakes and integrate our learnings into the way work gets planned and done to prevent mistakes leading to injuries.

> Safety training is a mandatory part of the onboarding process for all employees.

Safety will always be a material topic to Vestas, and it is extremely important that we continuously focus on establishing a strong safety culture, supported by policies, procedures, training, and continuous risk management.

Safety, Quality, Health and Environment policy
The Vestas Safety, Quality, Health and Environment (SQHE) policy outlines our approach to identifying, mitigating, and reporting health, safety, and environmental risks for our own workforce, as well as for all contractors and suppliers in our global value chain. The SQHE policy is approved by Executive Management, with quarterly reporting on injury rate available to the Board.

New Health, Safety and Environmental Management System
In 2023, we launched a new risk-based Health, Safety and Environmental (HSE) Management system. The system includes key processes required to address our high-risk activities such as working at heights, confined spaces, lifting operations, and hazardous energies. Our HSE Management system is linked to our risk profile that we will update on a continuous basis based on intelligence from incidents, audits, inspections, etc.

HSE actions and resources
We must ensure the right conditions for working safely at Vestas. Our actions and resources within this area are dedicated to building a strong HSE system, creating safety awareness, reporting, and analysing root causes to prevent incidents.

Safety awareness
Widespread awareness is integral to the management and prevention of safety hazards. Safety training is a mandatory part of the onboarding process for all employees. The ultimate objective of this programme is to eliminate all Lost Time Injuries (LTIs). To further strengthen our safety culture and encourage good safety behaviours, 28,886 of our employees participated in safety induction training in 2023.

As well as participating in the safety induction programme, we launched a refreshed 'Walk and Talk programme'. The programme strives to create opportunities for leaders to have meaningful and personal conversations with our colleagues about their work at

Vestas. The expected outcomes are to drive awareness, engagement, and commitment to safety.

In 2023, we launched the first Global Safety Campaign. An important element in achieving our ambitious HSE vision is our commitment to an open safety culture where our employees feel secure in seeking advice and raising concerns. The Global Safety Campaigns aim to strengthen awareness about safety and put focus on some of the areas where we have room for improvement.

In 2023, based our HSE performance in 2022, our campaign focused on the following four improvement areas:

- Hand and finger injuries
- Lifting activities
- Slips, trips, and falls
- Foot injuries

To support local activities, we developed a global campaign toolkit with materials available for local HSE teams and communication teams to customise for local use.

In 2023, we also focused on HSE leadership and awareness, including personal safety action plans, global campaigns, and enhanced training products. These programmes will help to drive our vision and ambition to establish a culture where safety is second nature. The bottom line is that safety needs to be a natural part of our working culture. To drive awareness, we have started developing dashboards to provide intelligence on HSE performance across all organisational levels.

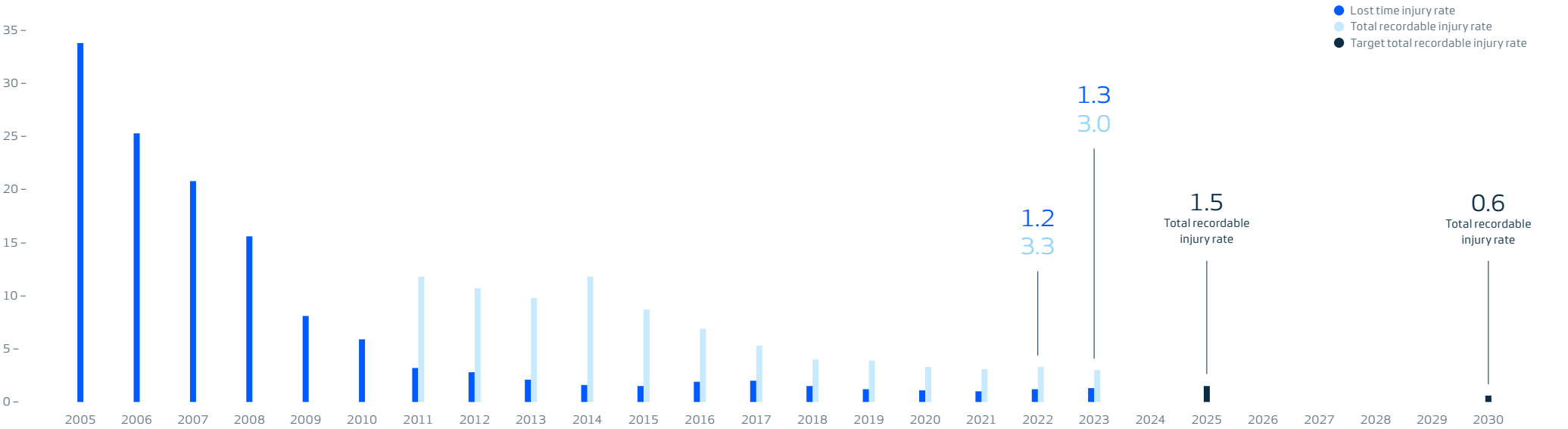
Health and Safety targets and metrics

We want to become the safest company in the energy industry and are committed to reducing our Total Recordable Injury Rate (TRIR) to 1.5 by 2025 and 0.6 by 2030. TRIR includes 'restricted work injuries' and 'medical treatment injuries' in addition to LTIs. The TRIR therefore provides greater insight to help inform our activities and initiatives. The scope of our TRIR reporting includes Vestas employees and supervised contractors.

Our safety performance in 2023

Our TRIR decreased to 3.0, from 3.3 in 2022. While we have managed to reduce our TRIR by 9 percent from 2022, we remain committed to maintaining progress and meeting our 2025 and 2030 targets. During 2023, our LTIR per million working hours increased to 1.3, from 1.2 in 2022. We continued to focus on incidents with high actual or high potential severity. However, it is with deep regret that we report one employee fatality in 2023. We will ensure we learn from these incidents and share the lessons across the organisation to help prevent reoccurrence.

Our safety performance
Injuries per million working hours



Talent management

Attracting and Recruiting

Our objective is to attract, develop, and retain the best talents in the sustainable energy industry by 2024, to be the preferred employer of choice while fostering a global and inclusive culture. This journey began in 2021 when we formulated a new Employer Value Proposition (EVP) to strengthen our employer brand. Throughout 2022, our efforts focused on materialising the EVP through various initiatives, including strengthening partnerships with educational institutions, and achieving Great Place to Work certifications in key markets.

In 2023, we worked on strengthening the new employer branding for regional workforces and enhancing the content and channels used for external communication, ensuring that we reach and attract a diverse pool of candidates. To be the employer of choice, we recognise the paramount importance of integrating precise assessment processes and diversity measures into our recruitment strategy.

Our recruitment process involves multifaceted candidate evaluations, which are instrumental in mitigating bias and ensuring an accurate evaluation of skill sets. We utilise diverse platforms and tools, including Develop Diverse, and have introduced mandatory psychometric assessments for all leadership positions to enhance inclusive communication and gain a deeper understanding of candidates in the process regarding our internal talent pipeline. We have dedicated time and resources to encourage our employees to apply for and develop a career within the organisation, fast-tracking them through our recruitment processes. The Talent Attraction and Acquisition team has ambitious KPIs focusing exclusively on candidate pipeline diversity, intended to inspire and motivate them to continue finding or designing new ways to attract and hire diverse employees.

Onboarding

At Vestas, we are continuously enhancing our onboarding process to ensure our new employees feel a sense of belonging from the start. In 2023, we standardised our onboarding process, aligning global and regional practices to facilitate a seamless transition for new colleagues globally. These efforts pave the way for the establishment of a Global Onboarding Network, facilitating knowledge sharing across regions and functions.

Improving engagement across the employee lifecycle

Our ongoing initiatives extend to continuous improvements on our Global Onboarding intranet pages, offering essential resources for new hires, managers, and buddies. Additionally, we provide e-learning modules and an Onboarding Survey to gather valuable feedback. To ensure a seamless onboarding experience, new employees are encouraged to update their performance objectives within the first three months.

Looking ahead, our goal for the coming year is to further strengthen and upgrade these initiatives, ensuring that new employees embark on their journey with a positive start, feeling a strong sense of belonging and engagement from the start.

Learning and Development

We have a strong and a clear Global Learning and Development (L&D) strategy with four key objectives through which we are building a solid foundation for future developments. Our L&D approach aligns with our Diversity, Equity, Inclusion and Belonging (DEIB) principles, offering equitable and diverse learning opportunities to all colleagues, spanning a wide array of formats and resources, respecting their diverse backgrounds and preferences.

> As a forward-thinking organisation, we prioritise individual growth and skill enhancement while fostering open communication.

We recognise that everyone has a different learning style and preferences which is why we offer a broad range of learning and development offerings for our colleagues to choose from. Consequently, our L&D offering formats include traditional classroom training, online instructor-led courses, recorded webinars, e-learning modules, peer-to-peer mentoring, e-books, audiobooks, podcasts, and gamified learning paths. To ensure all our colleagues can develop their core skills, we have created 22 skills catalogues (e.g. Career Development, Project Management, Communication for Business) that are regularly updated. Subsequently, we are equitably empowering our colleagues to take ownership of their professional learning needs and growth, at their own pace, and in their preferred format.

In 2023, we established an operational Train the Trainers model to extend inclusive leadership training to all people managers and Corporate Leadership Positions. In 2024, we seek to establish a similar model for an even more comprehensive leadership learning journey. To build on our foundation, we outlined a new Global L&D strategy with four key objectives: maintaining a solid L&D foundation, fostering an inclusive learning culture, enabling colleagues' growth and establishing functional training, and scaling by advising the business on best practice regarding L&D. These objectives are based on a comprehensive needs assessment, setting the stage for exciting developments in the years ahead.

We are deeply committed to a culture of continuous development within our workforce through the implementation of robust talent programmes and training initiatives. As a forward-thinking organisation, we prioritise individual growth and skill enhancement while fostering open communication. Our emphasis on intent-based leadership further supports professional development, and our onboarding processes ensure that new employees feel engaged and welcomed right from the start.

In 2023, we continued our annual Vestas Leadership Forum, where our senior leaders come together to ensure alignment across regions and functions. The forum spans two days, providing leaders with updates on our shared strategic direction and equipping them with tools to translate this direction to their teams through intent-based leadership. A significant focus of the event is dedicated to enhancing the leadership skills of participants, featuring keynotes, labs, and group work, with a focus on personal leadership during challenging times.

Performance and Development

Our Continuous Performance and Development (CPD) process is a key part of the employee lifecycle. The CPD process is our global performance and development concept, which ensures that employees understand their responsibilities and contributions. This also includes clear annual performance and development objectives and ongoing feedback driving both personal development and organisational growth.

A part of the CPD process is the year-end performance assessment, a multidimensional appraisal which captures input from various stakeholders that our employees work with towards fulfilling their objectives. People leaders' performance ratings include scores on inclusive leadership and evaluations by employees of their immediate managers, which are gathered through the employee engagement survey. In 2023, we achieved a 98 percent completion rate of employees whom received performance feedback, displaying Vestas' commitment to a culture of growth and development. In addition, our dedication to fairness and equal opportunities led to a 2023 review of the performance assessment process to identify and address any instances of bias.

Corporate leadership performance ratings are calibrated as part of people review meetings where management teams reflect on their employees, discuss their development, and identify employees for succession plans. We place a strong emphasis on identifying and nurturing internal talents, preparing our people for critical roles. Part of the CPD process is to identify employees with potential for advancing within the organisation, which is vital for our continuous growth. Each year we aim to fill 65 percent of our positions with internal employees, and in 2023 we achieved 67 percent.

Embedded in our CPD, the people review process also facilitates talent development as an integral part of our succession pipeline. In this context, each management team engages in reflection, deliberating employee development and identifying potential candidates for our talent programmes. These programmes are designed to equip participants with the skills necessary to assume critical positions, thereby fortifying our organisation for the future.

To grow our organisation and people, we align our business needs with our current and potential talent. We conduct various in-house talent and leadership programmes for high-potential employees. These programmes include the Vestas Graduate Programme, a two-year international programme aimed at attracting and developing talented young professionals who aspire to hold future key positions; the Regional Talent Programme, a 10-month programme that serves the mid-and short-term business needs of regional business units; and the Rising Executives Programme, a 10-month programme that focuses on developing global leaders with executive potential.

> We place a strong emphasis on identifying and nurturing internal talents, preparing our people for critical roles.

Our talent development programmes are structured by levels and are designed to equip some of our employees for critical roles. They prepare participants for the next corporate level, emphasising leadership and personal growth. These programmes are inclusive of employees from various career tracks and promote gender diversity.

Across all programmes, we are ensuring a diverse group of participants. In 2023, the Vestas Graduate Programme had 56 percent women and 44 percent men in its cohort. The Regional Talent Programme had 50 percent women and the Rising Executives Programme had 24 percent women in 2023.

Employee Engagement Survey

Our biannual employee engagement survey serves as a cornerstone of our commitment to cultivating a workplace that prioritises the well-being and satisfaction of our employees. The survey is designed to capture the pulse of our workforce, providing a platform for employees to openly express their thoughts and sentiments.

The survey covers a spectrum of aspects related to our employees' daily lives within and around the workplace. It explores their experiences, perceptions, and expectations, providing valuable insights into the dynamics that shape their professional environment. By gauging sentiment on factors such as work culture, communication, leadership, and overall job satisfaction, we gain a nuanced understanding of what contributes to a fulfilling and rewarding work experience.

In the third quarter survey of 2023, 10 scores increased while 2 scores decreased, and all others remained stable. The response rate achieved was 89 percent and the overall Engagement Score (eSat) was 73. The survey also showed an increase in the Employee Net Promoter Score (eNPS). Most survey scores improved, including work-life balance, recognition, career, empowerment, feedback, management, and processes. We received over 45,900 comments that offered valuable insights into the scores.

The Employee Engagement Survey process is described and available on our intranet, along with supporting materials and sessions designed to equip leaders to effectively share, discuss, and act on the results with their teams. This process is supported by the People & Culture (P&C) Business Partners, who have a facilitator role. Actions for key focus areas are suggested by the user-friendly survey platform, Glint, and additional actions can also be added in the same platform. This simplifies the process of documenting, sharing, and monitoring agreed-upon actions.

Employee Benefits

Vestas provides competitive and fair compensation packages, benchmarked against industry standards, to ensure that employees receive equitable remuneration. Through these initiatives, we not only recognise the importance of our workforce, but we also foster motivation by offering competitive salaries. This motivation contributes to a positive impact on the organisation's overall growth.

Vestas leverages data from an external partner to establish compensation levels for our workforce, considering factors such as current market rates, industry benchmarks, job roles, and organisational hierarchies. Each employee is provided a competitive salary in alignment with these defined guidelines. Our pay grades and bands are determined based on recommendations from external partners, ensuring a fair and non-discriminatory compensation structure. Also, we consistently harmonise our internal salary structure and tools with prevailing market practices, updating them annually to stay in line with industry standards.

However, Vestas is cognisant of the challenges ahead, including recent changes in cost-of-living, leading to heightened compensation expectations and increasing transparency across various sectors.

To address these dynamics, we continuously monitor global benefits. In 2023, we assessed maternity and paternity leave to ensure alignment with market practices, identifying any gaps or areas for improvement in the near future.

One distinctive component of our compensation structure is our global bonus programme. This programme includes all Vestas employees and rewards them based on our annual performance. We employ bonus scorecards to determine the precise bonus amounts to be allocated each year, with bonuses disbursed if and when the minimum success criteria for Group profits are achieved.

We have special programmes in place to recognise and encourage employees filing Intellectual Property Rights (IPRs). We have devised integrated mobility solutions to support internal mobility and attract employees from a range of markets.

To support our goal of achieving carbon neutrality by 2030, we have made significant updates to our company car benefit programme. Launched in 2022, and continuing in 2023, we exclusively offer (PH) EVs as part of this scheme, except in rare cases where our primary benefit car supplier does not have coverage. By January 2025, our entire company car fleet will consist solely of zero-emission vehicles. This transition is accompanied by the installation of EV charging infrastructure at numerous office locations.

Social protection is a key focus area at Vestas. It encompasses various components, such as healthcare benefits, retirement and pension plans, disability insurances, paid leave, income protection, workplace safety, physical well-being, training, and development. We ensure that we provide social protection by complying with local legislation and benchmarking any benefits for the specific markets in which we operate.

Fair Pay
We regularly harmonise our internal salary structure and tools with current market practices, conducting annual updates to remain compliant with industry standards. The results from employee surveys consistently demonstrate a positive trajectory, affirming our commitment to providing employee compensation in line with established guidelines.

Furthermore, we implemented additional measures to promote pay equity in 2023. These included comprehensive training and education for our People and Culture community, encompassing Business Partners and Talent Acquisition to ensure responsible pay setting. Additionally, we incorporated relevant guidelines and information into internal resources, enabling employees to access details regarding the actions taken in this area.

> We consistently harmonise our internal salary structure and tools with prevailing market practices, updating them annually to stay in line with industry standards.

Exit
For high-turnover areas where keeping our employees is essential for business success, we have created a retention toolbox. Designed for our People & Culture (P&C) Business Partners, the toolbox provides resources to support managers in keeping their teams intact and energised.

In the instances where an employee does leave Vestas, due to retirement, resignation, or other reasons, we want them to feel positive about their time with us. We aim to learn from each departure to improve our work environment, for example by collecting feedback through our exit survey. In the unfortunate event of contract terminations, we ensure fair severance packages in line with industry standards.

Diversity, Equity, Inclusion, and Belonging

At Vestas, we are committed to fostering a global, inclusive culture where every employee can thrive and unleash their full potential. Central to our corporate identity, this commitment to Diversity, Equity, Inclusion and Belonging (DEIB) shapes our strategic vision. Our goal is clear – to become the employer of choice in the sustainable energy industry by 2024. To achieve this goal, our DEIB policy is comprehensive, encompassing gender diversity, ethnicity, age, seniority, and the prevention of harassment and discrimination. It aligns with Danish and European legislation, ensuring that we meet and exceed regional standards for workplace equity and diversity. This policy is the cornerstone of our approach to creating an inclusive and equitable work environment, crucial for attracting and retaining top talent.

By adhering to our DEIB principles, we unlock significant opportunities. These include enhanced talent attraction and retention, fostering innovation, increasing employee satisfaction, and securing a competitive edge in the market. We have also set clear targets to boost gender diversity, particularly in leadership roles. Our aim is to achieve 25 percent female leadership by 2025 and 30 percent by 2030. Currently, with 24 percent female representation in leadership, we are progressing well towards these goals. Such targets demonstrate our commitment to tangible outcomes in DEIB.

To ensure the effectiveness of our DEIB policy, we have established robust monitoring mechanisms. These include annual reporting, strategic alignment with our Executive Committee, and the formation of Regional DEIB teams and Regionalized Employee Resource Groups (ERGs), anchored within the regional management, and aligned with our Global DEIB team. These groups are pivotal in tracking progress, evaluating the impact of our initiatives, and refining our approach as necessary. The comprehensive scope of our DEIB policy covers all employees, units, functions, and regulated subsidiaries globally.

The DEIB Policy is actively communicated through various channels, including our intranet, internal communications, training sessions, and the P&C organisation. The Global Head of DEIB, leading the Global DEIB Team, is responsible for the policy's effective execution and ongoing relevance. This leadership ensures that our DEIB commitments are deeply embedded in our organisational culture and practices.

In 2023, we focused on strengthening our employer brand within regional workforces and enhancing our external communication channels to attract a diverse talent pool. To achieve our goals, we have integrated precise assessment processes and diversity measures into our recruitment strategy, ensuring a fair and accurate evaluation of candidates' skill sets.

We have adopted a variety of platforms and tools, including Develop Diverse, and have made psychometric assessments mandatory for all leadership positions to promote inclusive communication. Internally, we are committed to empowering our employees' career advancement within the organisation by optimising our fast-track recruitment processes. Our Talent Attraction and Acquisition team is committed to diversity, with challenging KPIs to motivate them to explore innovative ways of attracting and hiring diverse talent.

Recognising the vital role leaders play in shaping a healthy and sustainable culture, we are committed to equipping our leaders to foster inclusivity throughout the organisation. In 2023, we successfully rolled out the foundations of our Inclusive Leadership programme to 90 percent of our people managers. This programme is rooted in the belief that all employees, in various capacities, exhibit

leadership, whether it be in leading people, knowledge, processes, interactions, or group dynamics. Following up on this vision, we also initiated the rollout of the foundations of the inclusive leadership programme for corporate leaders without managerial responsibilities, achieving 40 percent completion by the end of 2023. We also integrated inclusive leadership principles into our Regional Talent Programmes and our Rising Executives Programme, with plans to further expand this effort in 2024.

In line with our focus on ethnicity and building on the foundations of our Inclusive Leadership programme, we developed Module 1 in 2023. This Module is a natural extension of the Inclusive Leadership programme, offering tools to our employees for engaging in inclusive interactions that foster a psychologically safe workplace. It focuses on effectively addressing micro-aggressions to promote a respectful and supportive environment. We started rolling out Module 1 in the end of the third quarter of 2023, with plans for continued implementation throughout 2024.

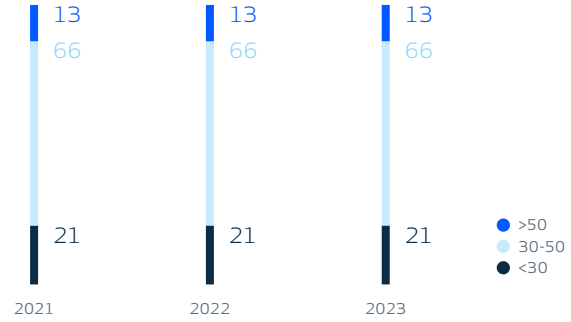
To help ensure true inclusion and equitable opportunities for all employees, we have translated the material of the Foundations of our Inclusive Leadership programme into 12 languages and piloted the training in Portuguese in Brazil. We have more pilots scheduled for various regions and languages in 2024.

Accountability is a core value at Vestas, and a corner stone of our Inclusive Leadership programme, and in 2023 we introduced a metric and follow-up procedures to assess inclusive leadership capabilities within the organisation. With an ambitious benchmark of 62, leaders scoring below this threshold will receive tailored action plans, including educational programmes, coaching, and training. The score has increased from 74 in March 2023 to 75 by the end of September.

Cultural diversity*

Number of nationalities (#)

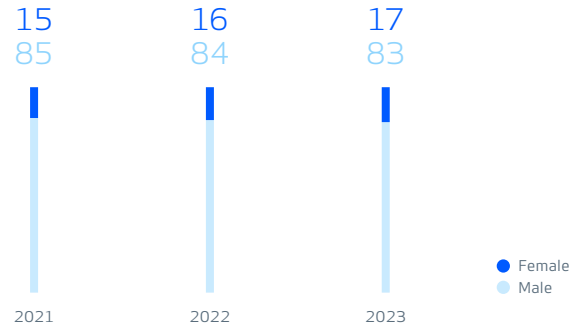
Reflecting Vestas' commitment to global representation, the increase from 123 nationalities in 2022 to 131 in 2023 signifies not just numbers, but the richness of perspectives that fuel our innovation and strengthen our global community. Each nationality brings unique insights, helping Vestas to remain a leader in the sustainable energy sector and a champion for inclusive progress worldwide.



Generational diversity*

Employees by age group (%)

At Vestas, we value the wisdom of experience and the innovation of youth. Our age distribution graph showcases the rich generational diversity within our workforce. This blend of seasoned expertise and fresh perspectives is crucial in driving our vision to power the green energy transition. Each generation contributes with unique strengths and ideas, ensuring that Vestas remains at the forefront of sustainable solutions for today's challenges and tomorrow's opportunities.



Gender diversity*

Gender of employees (%)

Vestas' commitment to gender balance is reflected in our progressive increase in female representation, from 16 percent in 2022 to 17 percent in 2023. This upward trend underscores our dedication to creating equitable opportunities and fostering a workforce where all genders can thrive. Embracing gender diversity is not just a goal, but a cornerstone of our strategy to build a more inclusive and innovative company, powering the future of green energy.

* Excluding employees from Utopus Insights Inc.

Workers in the value chain

Suppliers are part of our foundation to develop, deliver, and service our sustainable energy solutions.

We engage with suppliers around the world including direct, upstream suppliers who manufacture the turbine components and materials delivered to our factories and our external suppliers. We also engage with indirect, downstream suppliers that deliver products and services at wind farms.

Our global suppliers are vital to our sustainable energy solutions and we recognise that we may contribute or be linked to negative impacts through the relationship with our suppliers. This includes upstream manufacturers of turbine components and raw materials, and downstream providers of products and services.

The type of workers in our value chain varies and can include employees at a factory, contractors at a site, or workers involved in mineral extraction. This might also include vulnerable groups, such as migrants and young people. In some regions, women may also be considered a vulnerable group.

Policies and processes

In order to manage risks connected to workers in the value chain we embed requirements from our Human Rights Policy (see page 33) into our supplier onboarding and auditing process, aiming to build a sustainable and resilient supply base. In addition to our Human Rights Policy, we supplement the management of potential risks related to value chain workers with the Vestas Conflict Minerals Policy and the Vestas Supplier Code of Conduct.

Conflict Minerals Policy
In 2022, we introduced the Conflict Minerals Policy to identify, reduce, and eliminate the use of conflict minerals within our supply chain, mitigating risks, and ensuring ethical sourcing. Aligned with the OECD Due Diligence Guidance, this policy sets supplier expectations to enhance transparency. This policy indirectly safeguards rights of value chain workers by promoting responsible mineral sourcing and adherence to international standards. The policy, signed by the Head of Global Procurement, is communicated via vestas.com.

Supplier Code of Conduct
The Vestas Supplier Code of Conduct (The Code) outlines our expectations to suppliers in four main areas: Human Rights, Working with Integrity, Respecting the Environment, and Fair Business Practices. The Code is an integrated part of our purchase agreements and applicable to all suppliers. Specific labour rights are part of the Human Rights chapter. In addition to suppliers' own workers, we also request our suppliers to take diligent and reasonable steps to prevent human and labour rights violations within their own supply chains. The chapter also addresses modern slavery, child and juvenile labour.

The Code aligns with our commitments to the UN Global Compact principles. Rightholder interests, including vulnerable groups, are prioritised. We communicate the policy through purchasing agreements and on our website.

Risk-based approach
At Vestas, our evaluation of high-risk sustainability suppliers hinges on their potential to pose adverse social (human rights) and environmental impacts, considering our dependency on them. In 2023, we undertook a comprehensive revision of our risk matrix for direct suppliers, with the objective of fortifying it by introducing additional risk indicators in the domains of Human Rights, Politics, and Environment.

These new indices encompass critical aspects such as Land, Housing, and Property Rights, Freedom of Assembly, Arbitrary Arrest and Detention, Torture and Other Ill-treatment, Air Quality, Hazardous Waste, Mercury Pollution, and Persistent Organic Pollution. For the time being, elements from this risk matrix are used for the assessment of indirect suppliers while we are working on the implementation of the matrix for direct suppliers.

Processes for engaging with workers in the value chain
The engagement with value chain workers happens mainly via our verification onsite audits during onboarding. Selection of indirect suppliers for onsite audits is based on the onboarding questionnaire (see page 46) results combined with specific high-risk matrix outcomes. For direct suppliers, all new suppliers are assessed onsite which includes worker interviews. Audits at suppliers are conducted by Vestas' own team, and for some indirect suppliers we also make use of a third party who incoporates employee interviews as well.

The framework includes aspects such as forced labour, including employees' freedom of movement during their employment tenure and their ability to terminate their employment contract when necessary, child labour, working hours, wages, and health and safety standards to verify presence of any material risks. If any non-conformities are detected, a corrective action plan will be developed to mitigate negative impact, and it might incorporate input from value chain workers. We also assess the implementation of a grievance mechanism at our suppliers to ensure a clear and transparent framework for addressing complaints leading to remedy when needed.

We continuously assess our engagement with value chain workers and we are open to opportunities for enhancement.

Processes to remediate and channels for raising concerns
In addition to requesting that our suppliers provide their own grievance mechanism, the Supplier Code of Conduct refers to the Vestas EthicsLine (see page 53). EthicsLine can be used by value chain workers to raise any concern and seek remedy. All reports, whether through a Vestas system or a supplier, should be investigated in a fair and timely manner. Value chain workers should also be able to voice concerns anonymously and without fear of retaliation.

In 2023, one case was reported to EthicsLine regarding concerns by value chain workers. The case is still under investigation. Making these channels available confirms our approach to respect human rights and value chain workers, and to leverage our influence to ensure that appropriate actions are taken to address the concerns.

Safety and sustainability of workers in the value chain

Supplier safety & Sustainability survey
In response to the findings from our 2022 Corporate-Wide Human Rights Assessment (CW-HRA), which highlighted key occupational health and safety concerns, we have undertaken proactive measures. One of the initiatives is that we have refined the content of our Supplier Safety & Sustainability Survey (the Survey), a quarterly evaluation tool that measures the maturity of our suppliers in areas encompassing health and safety, environmental responsibility, and social sustainability.

To enhance the comprehensiveness of the Survey, we have incorporated four new questions in the social sustainability chapter pertaining to: Human Rights policy, Human Rights due diligence, commitment to the UN Global Compact, and adherence to the UN Guiding Principles. Furthermore, we have updated our Vestas Prohibited and Restricted Substance document, clearly stating our suppliers' obligations regarding chemical management, hence taking into consideration the health and safety of value chain workers.

In 2023, we distributed the Safety and Sustainability Survey to 201 key suppliers. We achieved an average score of 74 percent. By year-end, our engagement helped to improve sustainability performance for 89 suppliers who took part in the survey.

In addition, we created an educational guide to the Survey, offering comprehensive insights into the area of Conflict Minerals. The value chain workers in mining are far upstream in the value chain and difficult for Vestas to reach on our own. This guide equips our suppliers with a baseline on how they can respect human rights in their supply chain. As this initiative is recent, we do not yet know of its effectiveness.

Contractor safety
As the safety performance of our own employees has improved over the years, the performance of contractors has become an increasingly important focus area. In 2023, 0 contractor fatalities occurred.

We continue to collaborate with external partners to drive and improve performance across the industry. In 2023, we matured our contractor safety governance. Our data shows that our contractors contribute a disproportionate share of incidents compared to their exposure hours. In 2024, we will strengthen our contractor safety governance through audits and inspections.

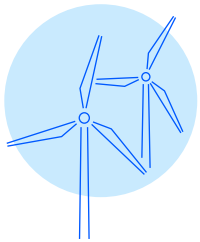
With the rapid expansion of the wind industry, many inexperienced contractors are exposed to the risks of working at heights, in tight spaces, with high-voltage electricity, and surrounded by high-lift operations. To minimise these risks, we are committed to only work with trained and competent technicians.

During the year, we globally implemented a new incident management platform to facilitate better reporting, develop more systematic approaches, and follow corrective actions. We also established a set of root cause categories in our management system to better determine which causes should be addressed first.

Social sustainability in the supply chain

Vestas Conflict Minerals Programme
To help address impacts associated with forced and child labour in the transition minerals supply chain, we have established a Conflict Minerals Programme (CMP) to assess in-scope suppliers. In 2023, we successfully completed the third iteration of the CMP, which involved surveying 197 suppliers with a third-party supply chain data management solution. Supplier responses were recorded using the Conflict Minerals Reporting Template (CMRT). Notably, the supplier response rate showed significant improvement, increasing from 89 percent in 2022 to 98 percent in 2023.

In 2023, we updated our approach and used the learnings from previous programmes to reduce the number of suppliers in scope. We also organised two informative webinars prior to launching the third CMP in 2023. These webinars attracted participation from over 140 attendees, and aimed to enhance our suppliers' understanding of the CMP requirements and their capacity to effectively communicate these expectations within their respective supply chains. Additionally, we adjusted our communication with suppliers, tailoring our messaging based on their prior experience with the CMP. This customisation fostered improved collaboration with our suppliers playing an important role in achieving this higher response rate.



98%
response rate in our Conflict Minerals Programme

Supply chain due diligence
In 2023, we revisited our due diligence framework for tier 1 suppliers and initiated preparation for a new human rights risk heatmap for our tier 2 suppliers, with the overall aim to use our leverage to mitigate potential adverse human rights impacts on workers in the value chain.

To address salient human rights findings relating to forced labour, child labour, and conflict-affected high-risk areas from CW-HRA, we initially planned to map the use of rare earth elements in our wind turbines in 2023. However, this assessment is now planned for 2024. This mapping will help us identify suppliers in scope, and help create more transparency, including country of origin.

We are on a journey to set social sustainability targets related to value chain workers, and have established policies, processes and initiatives to manage overall potential adverse impacts.

In 2023, we conducted more than 2900 due diligence assessments for potential suppliers, prior to the supplier onboarding process.

We also conducted a total of 109 sustainability audits such as onsite/online supplier (re)assessments at our direct and indirect suppliers.

For the specific onsite supplier assessments (85 percent of the total), where a quantitative scoring is applicable, 89 percent of the applicable suppliers scored above 70 percent, which is the minimum score for being accepted as a Vestas supplier.

For suppliers scoring below 70 percent (11 percent of the applicable suppliers), corrective action plans were defined and agreed upon with the supplier, and of these, one specific supplier was rejected.

Mitigating non-conformities from supplier audits
Every supplier found to have non-conformities in their operations will have a corrective action plan. This plan is collaboratively agreed with the involvement of either a third-party auditor or our Quality teams in conjunction with the supplier. The specific approach depends on the scope of the audit and the nature of the supplier.

Supply chain due diligence framework
Businesses can play a major role in contributing to economic, environmental and social progress especially when minimising the adverse impacts of their own operations and supply chains.

To identify, assess, monitor and mitigate potential risk to supply chain workers, our supplier due diligence framework includes several steps for the onboarding of new suppliers and the ongoing monitoring of existing suppliers. The Supplier Code of Conduct is the foundation of our framework. It outlines our expectations for our suppliers towards their employees and subcontractors.

The onboarding process of new suppliers is designed to ensure that suppliers are aware of our expectations while being committed to our Supplier Code of Conduct. This process includes screening suppliers for sanctions and business ethics risks, Supplier Business Assessment (SBA/self-assessment questionnaire) tailored to their scope of supply, verification of the SBA outcomes through onsite or desktop assessments and agreeing to remedy/mitigation plans when non-conformities are detected.

The monitoring process of existing suppliers is designed to ensure suppliers continue to meet our expectations. This includes quarterly safety & sustainability surveys used as part of performance dialogues. We also conduct ongoing monitoring for sanctions and business ethics.

For the ongoing monitoring, we also include ad hoc assessments based upon substantiated knowledge, media coverage, etc. We work with our suppliers to help them improve their performance, however, we are also prepared to discontinue working with suppliers should they fail to correct concerning matters.

Overall, our supplier due diligence framework is based on the principles of transparency, accountability, and continuous improvement. By working with suppliers to secure their commitment to the Vestas Supplier Code of Conduct, we minimise the risks to our supply chain workers and contribute to economic, environmental, and social progress.

Affected communities

Cross-stakeholder collaboration in wind farm projects is essential to ensure resilient relationships with communities impacted by our operations.

Ensuring that the energy transition is just, inclusive, and responsible is key to the sustainable running of our business. At Vestas, we are committed to building resilient relationships with communities impacted by our operations, and we prioritise working with all stakeholders to achieve this goal.

We aim to ensure that the views, interests, and rights of potentially affected communities are discussed and considered in all wind farm projects. To this end, we proactively engage with communities to understand, prevent, and mitigate any potential adverse impacts.

Impacts and risks for affected communities

Affected communities include those directly within the area of influence of our operations. These can be communities living or working in the same area that has been or may be affected by our development activities, factories, facilities, or wind farms we service or support. Our operations may also indirectly impact other stakeholders depending on the context; for example, communities living along access roads. To manage these impacts and potential risks we have established policies, procedures and metrics to address and prevent potential risks and opportunities related to these impacts.

Policies and processes
Our Human Rights Policy (see page 33) and Employee and Supplier Code of Conduct (see page 43) form the basis of our commitment to respecting human rights of affected communities. This commitment extends to Indigenous and Tribal Peoples as our policies endorse the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the International Labour Organisation's Convention concerning Indigenous and Tribal Peoples (ILO No. 169).

Social Due Diligence Process

Social Due Diligence process during construction
We recognise our responsibility to take proactive measures to respect human rights in collaboration with our customers in projects around the world. In emerging markets, our Social Due Diligence (SDD) process is applied to Engineering, Procurement and Construction (EPC) and supply-and-installation projects of more than 100 MW. It is also applied to projects in OECD countries where there might be a risk of impacting Indigenous Peoples' lands, territories, and livelihoods. In projects where Indigenous Peoples' lands are involved, we take additional measures to establish whether the project is to be developed in accordance with national law and international standards, including the right to Free, Prior, and Informed consent where applicable (FPIC).

Through the SDD process, we identify and asses the social risks at the tender phase by evaluating project documents prior to project commencement. These documents include our customers' Environmental

Social Due Diligence Tool
Our tool to identify and manage social risks during construction

Our SDD tool facilitates the review of our customer's Environmental & Social Impact Assessment (ESIA) & Stakeholder Engagement Plan

It also establishes social roles & responsibilities across project stakeholders

↑ Our Social Due Diligence Tool evaluates projects based on the IFC Performance Standards, ILO standards, & UNGP's.

Social Management Plan
Our action plan to mitigate social risks together with the project stakeholders and maximise local opportunities

Establish relationship with and maximise affected communities' opportunities

Establish operational grievance mechanism between Vestas and the community

Identify project-related community initiatives with community project stakeholders

> We engage with communities during the construction phase through various means, including public meetings, participation in community meeting groups, one-to-one interactions, and others.

& Social Impact Assessment (ESIA) and associated studies against international standards and principles, such as the International Finance Corporation (IFC) Performance Standards, International Labor Organization (ILO) standards, and the UN Guiding Principles on Business and Human Rights. This assessment also includes evaluating in-depth knowledge about the local social context. This evaluation may be conducted through customer dialogues or, in more complex projects, through dialogues with credible proxies for affected communities, such as local or national institutions and non-governmental organisations (NGOs). Based on these assessments, we divide roles and responsibilities across project stakeholders to define the implementation of our Social Management Plan.

The implementation of the Social Management Plan begins during construction, which is when we start engagement with the local community as a supplier. As part of this process, we may hire a social coordinator who will engage directly with the community. Alternatively, the project or construction manager may act as our primary representative towards communities and oversee community engagement. In these roles, our representatives hold the highest operational responsibility to ensure that appropriate community engagement takes place.

Besides the Social Management Plan, we engage with communities during the construction phase through various means, including public meetings, participation in community meeting groups, one-to-one interactions, and others.

Our Social Management Plans generally include several community benefit initiatives, often conducted in collaboration with the project developer. Such benefits might include procurement of local services and materials (i.e., construction materials), and the enhancement of job opportunities by giving community members hiring priority on local wind farms.

Our SDD framework ensures that we identify, prevent, and mitigate potential adverse human rights impacts on affected communities in a timely manner, and take their perspective into consideration in our decision-making processes. At the same time, we strive to enhance positive impacts, thereby making our projects more inclusive.

Grievance mechanism and remediation during construction

We are committed to remedying actual adverse impacts on individuals, workers, and communities that we may have caused or to which we may have contributed. Where adverse impacts are committed by third parties with links to Vestas, we aim to ensure that those adversely impacted are supported and compensated. We are committed to strengthening our understanding of the concerns, doubts, and expectations of affected communities.

Consequently, we have put in place an operational-level Grievance Mechanism (GM) for our construction projects where an individual or group can raise concerns, complaints, and doubts transparently and safely, without fear of reprisals. In sharing grievances as they arise, we can strengthen our relationship with affected communities and proactively engage to solve the issues affecting them.

The GM can take the form of various communication channels, which may vary depending on local customs and characteristics. The pimary channel is face-to-face communication, but we also use suggestion boxes, email, a toll-free telephone hotline, and regular meetings.

Roles and responsibilities for handling grievances are clearly defined between us and the project developer before a project commences.

Depending on the project scope, we may be responsible for managing concerns and grievances related to the operational impacts that occur during construction. These impacts might include livelihood issues, such as dust impact, or community health and safety issues, such as road safety. There may also be concerns about cultural heritage or customs, land compensation, and other topics.

When a grievance is received, we investigate and collect facts about the case, determine whether the grievance has merit, and clarify if Vestas or any of Vestas' contractors are involved. Where merit is established, we seek to remedy adverse impacts. Depending on the case, remediation may take the form of apologies, restitution, rehabilitation, financial or non-financial compensation, or punitive sanctions. We may also aim to prevent harm through injunctions or guarantees of non-repetition. We assess the effectiveness of the remedy provided by engaging with the complainant. In cases where the remedy is not accepted, we inform the stakeholder of external options for settling the grievance and maintain an open dialogue.

The closing timeline for a grievance will depend on each case. However, regardless of whether a complaint is accepted or not, a response to the stakeholder must be promptly provided in an understandable and transparent way. We ensure that all records and evidence are kept in the Vestas Incident Management System (IMS).

We do not tolerate any form of retaliation against complainants who share their views about our operations. And we approach any complaints brought to our attention with a high degree of diligence, including allegations of retaliation caused by any of our suppliers.

As part of the implementation of our CW-HRA recommendations, in 2023 we updated our process for handling grievances in the GM to be better aligned with the UNGP's 8 Effectiveness Criteria for grievance and remediation mechanisms.

Community engagement and consultation during development

We are committed to building relationships and respectfully engaging with communities in the areas where we plan and operate projects. We are sensitive to environmental and cultural values, and we aim to make a positive contribution locally. We recognise the importance of community and stakeholder acceptance and engagement for the impact and success of our wind farm projects. Engagement must therefore be initiated as early as possible in the screening of feasible wind farm areas.

Best practice wind farm development requires that social acceptance and social risk analyses form an integral part of site investigations. These assessments must also be conducted in tandem with technical and economic analyses. We take an active role in working with communities, landowners, agencies, and partners throughout the development process. This ensures stakeholders get timely updates of project news and community members are informed of any actions that might relate to their property, business, or day-to-day activities.

Involving local people in the development process offers opportunities to identify and promote a project design that is well-aligned with local identity, existing land use, and sense of place. Key stakeholders and interest groups will need to be engaged in various ways, depending on their level of interest and influence in the project. Since no community is homogeneous, engagement must take multiple forms and remain adaptable to the local context.

Means of engagement with community members and local stakeholders can include interactions in both individual and group settings. These could take the form of public consultations, meetings with local representatives, open houses, webinars, local public events, one-to-one meetings with concerned stakeholders, and other interactions.

Free Prior and Informed Consent

In cases where affected communities are Indigenous Peoples including Tribal Peoples, Vestas is committed to taking measures to respect their right to Free Prior and Informed Consent (FPIC), and to prevent adverse impacts. We will also strive to ensure they benefit from development activities in their land and territories. As our development function expands, there is a growing possibility of operating in regions where Indigenous Peoples hold traditional ownership, occupations, and land-user rights. Although we implement steps to respect these rights, and comply with local socio-environmental legislation, we risk causing adverse impacts in these areas.

We understand that FPIC is both a process and a fundamental right that operationalises the right to self-determination for Indigenous Peoples. FPIC considerations inform our decisions when scoping projects in certain areas in terms of project viability and feasibility. Lack of consent may arise from a consultation process that lacks meaningful engagement and adherence to FPIC, potentially affecting Indigenous Peoples' rights to land, resources, culture, spiritual traditions, and self-determination.

We strive to take an active role in identifying and involving indigenous communities or their legitimate representatives as early on as possible. We make information available in relevant languages and use culturally appropriate procedures through different means. We respect the right to give or withhold consent. Consent shall be evidenced by an explicit statement of agreement. In some cases, it may be appropriate to develop a separate Indigenous People Plan.

Metrics and targets for affected communities

We have several metrics and associated targets to monitor our efforts to prevent or mitigate adverse impacts on the rights of affected communities and to advance positive impacts.

1. The share of in-scope projects having undergone the SDD process
To ensure we take appropriate measures to prevent and mitigate risks, we strive to conduct our SDD process in 100 percent of our in-scope projects on a yearly basis. Conducting our SDD enables us to identify risks and define the actions needed to prevent or mitigate risk related to impacts on affected communities. It also helps to advance positive impacts.

Our time-bound target is to conduct 100 percent of the assessments for qualifying projects on a yearly basis by 2025. In 2023, 59 percent of these projects underwent the SDD process. While we are encouraged by this high rate, we acknowledge that we still have work to do to meet our target.

2. The number of community beneficiaries reached
Our SDD process identifies the social risks at a project-level and establishes a Social Management Plan to implement initiatives aiming to advance positive impacts. The resources set for these initiatives are decided on a joint basis, together with our customers. Each year, we track the number of community beneficiaries reached through our community engagement initiatives to assess the scale and success of our actions.

When we started tracking this key performance indicator in 2019, our goal was to reach 35,000 beneficiaries by 2025. In 2022, we achieved our goal ahead of schedule.

In 2023, we reached 9,769 direct beneficiaries across our Latin American, Asia Pacific, and Mediterranean regions. With our most recent projects, we have reached 46,440 cumulative beneficiaries since 2019. Our 2023 initiatives focused mainly on wind energy education, vocational skills trainings for improved livelihoods, and infrastructure and sanitation activities.

Looking ahead, partnerships with our customers will be essential to deliver positive impacts to, and maintaining relationships with affected communities.

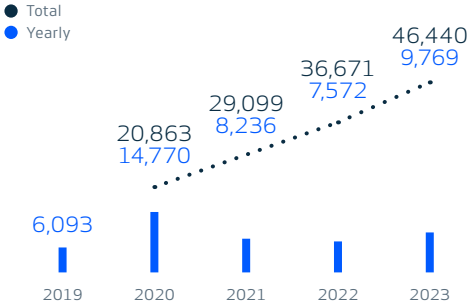
3. The number of community grievances received
We maintain an operational-level Grievance Mechanism (GM) to allow individuals potentially affected by a project to voice their concerns. We report on the number of community grievances received on a yearly basis.

In 2023, we received three community grievances. These related to maintaining gates closed at sites, using demarcated lay-down areas during construction, and speed limits.

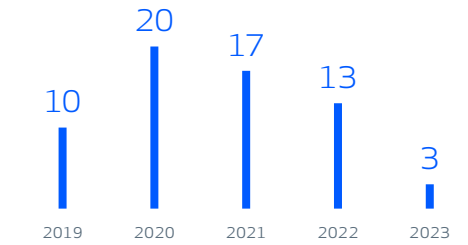
We are pleased to see that our grievance mechanism is being used. We will continue to revise and improve it to ensure local communities can alert us to issues as soon as they arise, as outlined in our Human Rights Policy.

The percentage of qualifying projects having undergone the SDD process in 2023

The number of community beneficiaries reached



The number of community grievances received



Governance

- → Business conduct
- → Political engagement

Business Conduct

Conducting business with integrity is the foundation of building long-lasting relationships with our stakeholders to be a trusted partner in the energy transition.

Global Compliance Survey
Our annual Global Compliance Survey is sent to all our office employees and service technicians. It aims to evaluate our corporate culture, levels of trust in our whistleblowing system, and employees' perception of bribery and corruption risks at Vestas.

Approximately 56 percent of those employees invited to participate replied, and more than 3,460 written comments were received. This created enough data to identify trends and improvement areas. The findings were shared with management, and specific mitigating action points were included in Global and Regional Anti-Bribery & Corruption (ABC) Compliance Programmes. We will continue to carry out the survey annually, enabling us to track trends over time.

Business conduct policies
We have several policies in place to address the identification, assessment, management, and remediation of material impacts related to business conduct matters.

Our Employee Code of Conduct and Supplier Code of Conduct outline our expectations for our own employees and requirements for suppliers (see pages 34 and 43). Our EthicsLine Policy describes in detail how Vestas manages whistleblowing cases, as well as our approach to anti-retaliation. Our Business Ethics Policy deals with Business Conduct matters related to anti-corruption in more detail.

Business Ethics Policy
Our Business Ethics Policy outlines our standards and expectations regarding bribery, facilitation payments, gifts and hospitality, donations, and conflicts of interest. These standards are further clarified through supplementary guidelines for each topic. The Policy applies to all our employees globally and covers all Vestas activities, including activities that involve Vestas' engagement with business partners.

Global Compliance owns the Business Ethics Policy and is responsible for maintaining it. However, it is the responsibility of all Vestas employees to familiarise themselves with this policy and its guidelines. Managers have an additional responsibility for driving the culture of integrity at Vestas, leading by example, and ensuring that their teams are made aware of this policy.

Prevention and detection of corruption and bribery

Vestas' Global and Regional Compliance Programmes
As a global company, we acknowledge that corruption risks are present across our operations. To manage corruption and bribery risks, we have established Annual Global and Regional Compliance Programmes. Every year, these programmes are updated to reinstate our governance structure, update it if necessary, and establish a work plan to actively work with compliance year-round in line with the principles set out in the UK Bribery Act.

The programmes are comprised of five pillars. 'Programme Governance', 'Learning & Awareness', and 'Culture & Behaviour' aim to prevent misconduct, while 'Monitoring & Auditing' and 'EthicsLine' are used to detect and manage misconduct.

The programmes delineate the role of the Executive Management team in promoting a culture of compliance and providing oversight, as well as the Audit Committee's role in evaluating the effectiveness of our ABC Compliance Programmes. The programmes are governed by our Codes of Conduct and Global Policies and are executed by Global Compliance and Regional Legal & Compliance functions.

EthicsLine is our primary system for detecting misconduct, including bribery and corruption. We also conduct due diligence screenings and monitor our suppliers and customers to identify and mitigate any potential bribery or corruption issues. More information on our approach to supplier relationships can be found on pages 43 to 46.

The programmes also define our strategy for delivering training and communication, with a focus on compliance training to prevent corruption and bribery. Our Code of Conduct micro-learnings, which include corruption, are mandatory for all office employees and service technicians. These groups are identified as being at the highest risk in terms of corruption and bribery. Additional online and face-to-face sessions on various Code of Conduct topics are provided, such as an analysis of our Global Compliance Survey results.

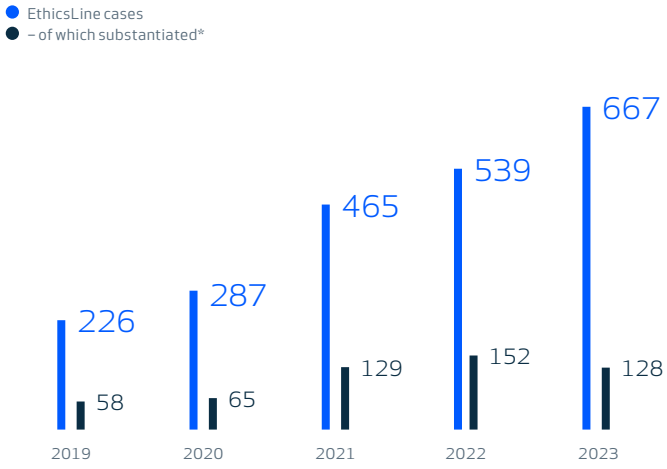
Communication is essential in developing and promoting a strong compliance culture at Vestas and is an integral part of our Compliance Programmes. Establishing the 'tone from the top' to showcase our global and regional leadership's commitment to business ethics is crucial. Our Compliance Programmes outline our commitment to work with global and regional management to promote this culture across the organisation, and to develop communication initiatives for internal engagement on a yearly basis.

In 2023, we launched a series of Compliance & Ethics weeks that were held both at our headquarters and regionally. As part of these initiatives, we conducted a range of awareness and training events to promote a good speak-up culture and highlight different topics within our Code of Conduct. Examples included interactive panel discussions, quiz competitions, articles on our intranet, nomination awards for compliance champions, and more.

EthicsLine

EthicsLine is our whistleblower system. It allows our employees and business partners to report violations of the Vestas Codes of Conduct, all applicable laws, and Vestas policies. EthicsLine is hosted on a secure external platform where anyone can raise a concern without fear of repercussion. The platform allows reporters to remain anonymous, except in instances when this would be specifically prohibited by law.

Development in EthicsLine cases
Number



* Note that at the end of year, 78 cases from 2023 and one case from 2022 remain under investigation. The number of substantiated cases for the two years reflect current status and may change subsequently. See pages 53, 57 and 64 for data and accounting policies.

To support the availability of EthicsLine, the platform is accessible publicly on Vestas.com, on the Vestas Compliance app (available via the App Store and Google Store), internally on our intranet, and by phone in the USA. To raise further awareness of EthicsLine and how to use it, we conduct several training sessions and communication initiatives across the organisation. Our training material, which has been translated into several languages, is available on the Code of Conduct Portal and includes training slides with anonymised EthicsLine cases.

In 2023, a total of 667 EthicsLine cases were raised. Of these cases, 128 were substantiated, leading to various disciplinary actions. We perceive the number of EthicsLine reports as a sign that employees and business partners are aware of and trust the whistleblower system and find it easy to use.

EthicsLine Policy

The Vestas EthicsLine Policy sets the governance framework for our whistleblower system. The policy underscores the importance of fostering a safe reporting environment and details the protections available to individuals who report misconduct or cooperate in good faith with an EthicsLine investigation.

The policy stipulates that EthicsLine should be managed independently from the management of the implicated person(s) the report is against. If an employee believes they are being subjected to retaliation as part of an EthicsLine investigation, they are encouraged to immediately inform EthicsLine. In such instances, EthicsLine, in collaboration with the relevant Ethics Committee, may implement special non-retaliation measures. A dedicated person from People & Culture (P&C) or a higher-level manager may be appointed to serve as a non-retaliation contact for the employee. This contact acts as a communication hub for the person and provides support and assistance to the reporter.

The policy is implemented by the EthicsLine function, with assistance from Regional and Group Level Ethics Committees. The Ethics Committees support and supervise the EthicsLine function at both global and regional levels, determining appropriate outcomes of investigations on a case-by-case basis, including disciplinary steps and other remediation actions.

At the highest level of the organisation, responsibility for EthicsLine lies with the Executive Vice-President of Finance. The Audit Committee of the Vestas Board of Directors oversees and assesses the effectiveness of the EthicsLine function as part of their mandate.

The EthicsLine Policy is publicly accessible through our internal channels, website, EthicsLine platform, and the Vestas Compliance app, which is available worldwide.

Reporting on Legal Incidents

In 2023, Vestas was not subject to any convictions or fines for violating anti-corruption or anti-bribery laws.

Political engagement

As a pioneer in renewable energy, we contribute to the development of policies and associated regulations that promote the role of wind power in the clean energy transition, thereby creating and shaping new markets across the globe.

Engaging with public stakeholders to accelerate the energy transition

We are a key player in the global energy transition and participate in energy debates at international, national, and local levels. We engage with governments and public stakeholders through direct advocacy, information campaigns, meetings with officials and politicians on issues linked to wind energy, and through indirect lobbying via associations. We are registered in the EU Transparency Register under the reference number 769186224869-06 and seek to promote our interests in energy and renewables in a legal, ethical, and transparent manner. Our objective is to accelerate the clean energy transition in line with the Paris Agreement goal of limiting global warming to 1.50 °C above pre-industrial levels, and to increase the contribution wind energy makes towards achieving this goal across the globe.

Our Public Affairs department has a global reach, with locally based experts who collectively have political networks across all continents. Our Head of Global Public Affairs monitors the activities of the department and ensures board oversight through quarterly reporting of these activities. Members of our Board and executive management have not held comparable public positions within the two years prior to their appointment.

Financial or in-kind contributions

In general, we do not donate corporate funds to political parties or individual politicians. Any exemptions to this rule must be in accordance with local law and have prior written approval from the Group President and CEO. In 2023, we did not donate to any political organisations.

Through our membership in over 100 renewable energy associations at global, regional, and national level, we help define policy recommendations and consultation responses on various legislative proposals.

↑
Maxim Timchenko (CEO of DTEK), Kadri Simson (European Commissioner for Energy), and Morten Dyrholm (Group SVP Public Affairs, Sustainability, and MarCom at Vestas) sign an agreement at COP28 to collaborate on the Tyligulska wind project, Ukraine's largest.

We support policies that aim to accelerate the energy transition and achieve the ambitions of the Paris Agreement, including:

- Increasing renewable energy build-out
- Scaling-up grid infrastructure and flexible solutions on supply and demand side
- Removing permitting and other bottlenecks that can impede the rapid scale-up of renewable energy
- Balancing the need for affordable electricity with healthy supply chains, while incentivising broader system benefits in auction frameworks
- Strengthening renewable energy's contribution to energy security
- Aligning electricity markets with the characteristics of variable renewable energy
- Reducing barriers to renewable energy procurement
- Ensuring that legislation does not lock in fossil fuel-based solutions
- Setting a meaningful price on greenhouse gas emissions
- Promoting direct electrification through renewable electricity
- Laying the groundwork for indirect electrification to decarbonise hard-to-electrify sectors
- Facilitating the passage of green recovery packages
- Incentivising circular economy principles for the recycling of wind turbine blades

Our contribution to the establishment of policy recommendations and responses to public consultations has a positive material impact, creating value within and beyond our company. Overcoming regulatory hurdles and boosting incentives for wind accelerates the clean energy transition while benefiting our own operations.

In 2023, we actively contributed to the realisation of the European Commission's Wind Power Package. This package is a significant move towards ensuring a sustainable, affordable, and reliable energy supply for Europe. It features an Action Plan outlining important steps to advancing the energy transition. This includes accelerating permitting, designing auctions that add value, expanding the grid, implementing a cybersecurity plan based on risk, and ensuring a fair and level playing field across Europe.

Major trade associations

1. Global Wind Energy Council (GWEC)
GWEC is an international trade association that represents the entire wind energy sector. GWEC works at the highest international political level to create a better policy environment for wind power. The association and its members are active all over the world, educating local and national governments and international agencies about the benefits of wind power.

2. WindEurope
WindEurope actively promotes wind energy across Europe and analyses, formulates, and establishes policy positions for the wind industry on key strategic sectoral issues. It cooperates with industry and research institutions on a number of market development and technology research projects. Additionally, the lobbying activities undertaken by WindEurope help to create a suitable legal framework for wind energy.

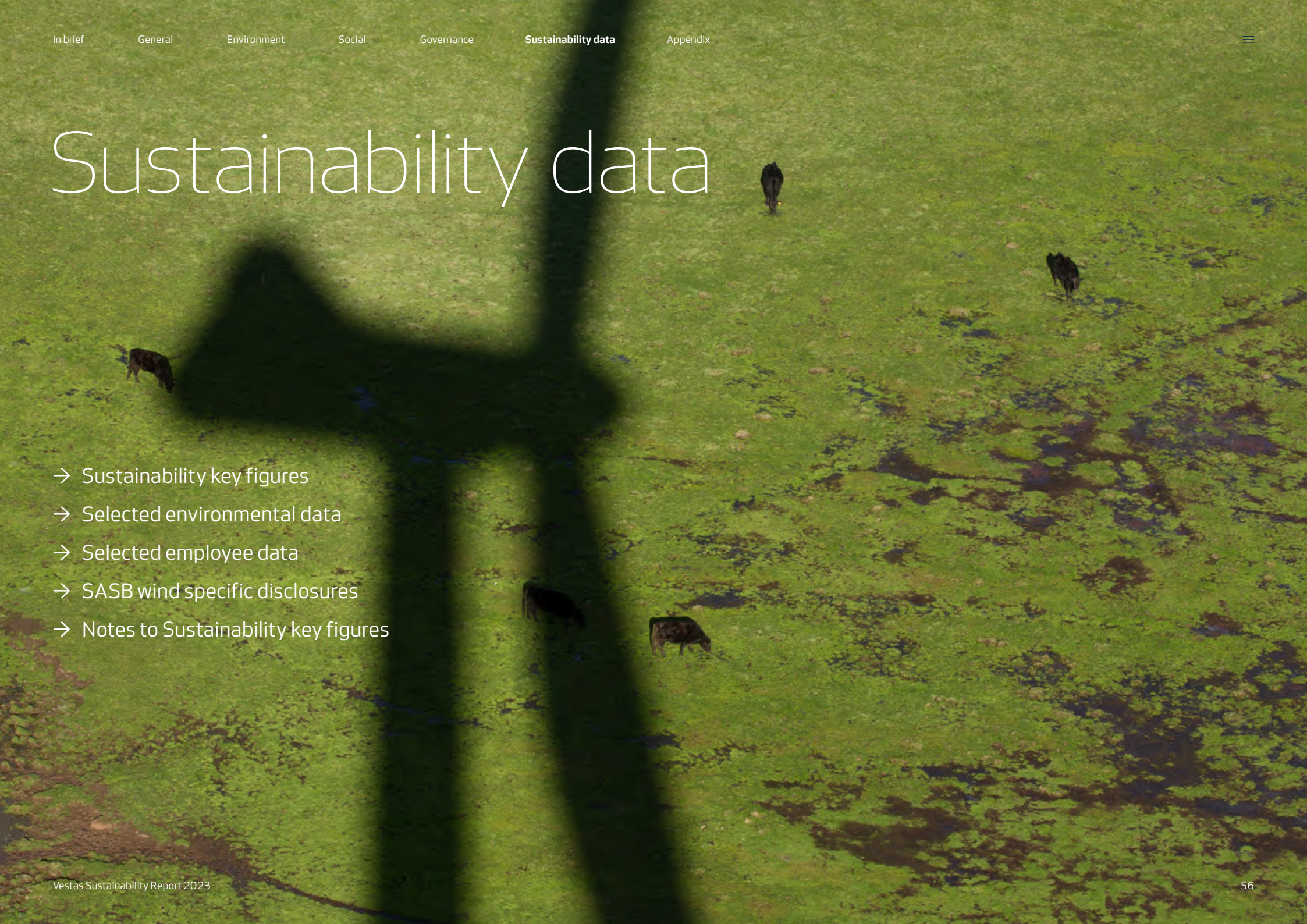
3. American Clean Power (ACP)
ACP promotes the acceleration of the clean energy transition in the USA. It is the voice of companies from across the clean power sector that are powering the USA's future and providing cost-effective solutions to the climate crisis. ACP also creates jobs, spurring massive investment in the US economy and driving high-tech innovation across the nation.

We also receive assistance from consultancies, law firms, and the Danish Trade Council to help promote Vestas' interests in markets where we have limited in-house resources. The Danish Trade Council, which operates under the Ministry of Foreign Affairs, supports both Danish and international companies by offering services related to export and investment promotion.

Political engagement spending in 2023 (EURm)

Membership fees of trade associations	~3.8
External assistance	~2.0

Sustainability data



- → Sustainability key figures
- → Selected environmental data
- → Selected employee data
- → SASB wind specific disclosures
- → Notes to Sustainability key figures

Sustainability key figures

Environmental	2023	2022	2021	2020	2019
Utilisation of resources					
Consumption of energy (GWh)	658	641	738	621	638
– of which renewable energy (GWh)	213	231	283	295	258
– of which renewable electricity (GWh)	166	187	233	261	227
Renewable energy (%)	32	36	38	48	40
Renewable electricity for own activities (%)	100	100	100	100	82
Withdrawal of fresh water (1,000 m³)	279	341	378	421	473
Waste					
Volume of waste from own operations (1,000 t)	44	47	70	89	85
– of which collected for recycling (1,000 t)	30	26	35	46	43
Recyclability rate of hub and blade (%)	90	42	42	41	42
Material efficiency (tonnes of waste excl. recycled per MW produced and shipped)	1.2	1.6	2.0	2.5	3.3
CO_2 emissions					
Direct emissions of CO_2e (scope 1) (1,000 t)	108	98	99	83	66
Indirect emissions of CO_2e (scope 2) (1,000 t)	1	2	3	14	48
Indirect emissions of CO_2e from the supply chain (scope 3) (million t)	7.66	8.18	10.56	10.59	7.83
Indirect emissions of CO_2e from the supply chain (scope 3) (kg per MWh generated)	6.30	6.46	6.65	6.63	6.82
Products					
Expected CO_2e avoided over the lifetime of the capacity produced and shipped during the period (million t)	396	408	532	493	322
Expected annual CO_2e avoided by the total aggregated installed fleet (million t)	231	219	210	186	154

Social	2023	2022	2021	2020	2019
Safety					
Total Recordable Injuries (number)	216	200	201	185	213
– of which Lost Time Injuries (number)	91	73	67	65	67
– of which fatal injuries (number)	1	0	0	0	1
Total Recordable Injuries per million working hours (TRIR)	3.0	3.3	3.1	3.3	3.9
Lost Time Injuries per million working hours (LTIR)	1.3	1.2	1.0	1.2	1.2
Employees					
Average number of employees (FTEs)	29,463	28,779	29,164	26,121	24,964
Employees at the end of the period (FTEs)	30,586	28,438	29,427	29,378	25,542
Diversity and inclusion					
Women in the Board and Executive Management team at the end of the period (%)	21	25	27	27	23
Women in leadership positions at the end of the period (%)	24	23	21	19	19
Human rights					
Community grievances (number)	3	13	17	20	10
Community beneficiaries (number)	9,769	7,572	8,236	14,770	6,093
Social Due Diligence on projects in scope (%)	59	65	0	78	32

Governance					
Whistle-blower system[1]					
EthicsLine cases (number)	667	539	465	287	226
– of which substantiated (number)	128	152	129	65	58
– of which unsubstantiated (number)	461	386	336	222	168

1 'EthicsLine cases' here represents the total number of unsubstantiated cases, plus the number of substantiated cases and cases still under investigation at the time of reporting. For the years 2022 and 2023, at the end of 2023, 78 cases from 2023 and one case from 2022 were still under investigation, and hence the substantiation rate for the two years may change.

§ For definitions and accounting policies for the Sustainability key figures, see the Notes on page 62.

Selected environmental data

Our energy consumption was divided into the following categories:

Energy consumption by source

1,000 MWh	2023	2022	2021	2020	2019
Fuels for heating (direct energy)					
(Diesel) Oil	18	8	19	16	15
Gas	40	53	96	114	134
Biomass	12	10	1.3	1.2	1.4
Indirect energy					
Electricity	166 (100% renewable)	187 (100% renewable)	233 (100% renewable)	261 (100% renewable)	278 (82% renewable)
Heat	33 (81% renewable)	45 (82% renewable)	56 (75% renewable)	38 (71% renewable)	35 (71% renewable)
Fuels for transportation					
Liquefied petroleum gas (LPG)	0.1	0.1	0.3	0.8	0.3
Diesel oil	130	132	133	138	132
Petrol	85	73	60	53	44
Marine gas oil	174	142	139	//	//

Our water withdrawal was divided into the following categories:

Water withdrawal by source

1,000 m^3	2023	2022	2021	2020	2019
Fresh water withdrawal					
From municipal water supplies or other water utilities	238	277	312	233	389
From ground water	36	58	60	84	82
Fresh water from surface water, including water from wetlands, rivers and lakes	5	6	6	4	2
Non-fresh water withdrawal					
From surface water, including water from wetlands and oceans	0	0	0	0	0
Cooling water					
From surface water, including water from wetlands, rivers, lakes, and oceans	0	0	0	0	0

We emitted wastewater to the following destinations:

Waste water

1,000 m^3	2023	2022	2021	2020	2019
Treated by Vestas to public treatment facility	51	50	48	64	56
Treated by Vestas directly to environment	4	13	21	25	41
Non-treated wastewater to public treatment facility	168	199	224	226	241
Non-treated wastewater directly to environment	11	6	4	10	17

Our waste disposal was divided into:

Waste disposal

1,000 tonnes	2023	2022	2021	2020	2019
Recycling non-hazardous	28	23	32.6	43.7	41.6
Recycling hazardous	2	3	2.9	2.2	1.9
Incineration non-hazardous	10	16	21.8	17	13.9
Incineration hazardous	1	1.4	2.6	3.6	4.2
Landfill non-hazardous	3	3	10.2	22	23
Landfill hazardous	0.4	0.2	0.3	0.4	0.5

We recorded the following air emissions:

Air emissions

Tonnes	2023	2022	2021	2020	2019
VOC	44	100	205	268	270

Selected employee data

Employees by region and function[1,2]

Number	EMEA	Americas	Asia Pacific	Total
Manufacturing & Global Sourcing	4,752	1,119	1,530	7,401
Sales and service	10,182	4,665	2,384	17,231
Power Solutions	2,077	114	960	3,151
Others	1,247	248	1,189	2,684
Total	**18,258**	**6,146**	**6,063**	**30,467**

Employees by age group and gender[1,2]

Percent	<30 years	30–50 years	>50 years	Total
Female	4.2	10.6	1.9	16.8
Male	17.1	54.9	11.2	83.2
Total	**21.3**	**65.5**	**13.1**	**100.0**

Employees by level and gender[1,2]

Percent	Female	Male	Total
Leadership positions	4.4	14.2	18.6
Other	12.4	69.0	81.4
Total	**16.8**	**83.2**	**100.0**

New employees by region and gender[1,3]

Number	EMEA	Americas	Asia Pacific	Total
Female	600	267	347	1,214
Male	2,482	1,296	864	4,642
Total	**3,082**	**1,563**	**1,211**	**5,856**

New employees by age group and gender[1,3]

Number	<30 years	30–50 years	>50 years	Total
Female	545	620	49	1,214
Male	2,075	2,305	262	4,642
Total	**2,620**	**2,925**	**311**	**5,856**

Turnover by gender[1,3]

Number · Percent	Female	Male	Total
No. employees	4,690	23,991	28,681
No. employees leaving	567	3,009	3,576
Turnover (%)	**12.1**	**12.5**	**12.5**

Turnover by region[1,3]

Number · Percent	EMEA	Americas	Asia Pacific	Total
No. employees	17,345	5,637	5,699	28,681
No. employees leaving	1,891	941	744	3,576
Turnover (%)	**10.9**	**16.7**	**13.1**	**12.5**

Turnover by age group[1,3]

Number · Percent	<30 years	30–50 years	>50 years	Total
No. employees	5,686	19,164	3,831	28,681
No. employees leaving	959	2,283	334	3,576
Turnover (%)	**16.9**	**11.9**	**8.7**	**12.5**

Employees (standard employment) by employment type and gender[1,2]

Number	Full time	Part time	Total
Female	5,062	63	5,125
Male	25,287	55	25,342
Total	**30,349**	**118**	**30,467**

Board of Directors by age group and gender

Percent	<30 years	30–50 years	>50 years	Total
Female	0	0	43	43
Male	0	0	57	57
Total	**0**	**0**	**100**	**100**

Employees by age group and level[1,3]

Number	<30 years	30–50 years	>50 years	Total
Leadership positions	181	4,391	1,102	5,674
Other	6,320	15,570	2,903	24,793
Total	**6,501**	**19,961**	**4,005**	**30,467**

Employees by employment contract and gender[1,2]

Number	Standard employment	Temporary	Total
Female	4,935	190	5,125
Male	24,802	540	25,342
Total	**29,737**	**730**	**30,467**

1 Employees from Utopus are not included.
2 Based on Financial FTE.
3 Based on Number of Employees.
4 Only Board members elected by the general meeting are included.

SASB wind specific disclosures

Topic	Accounting metric	SASB reference	2023	2022	2021
Workforce health & safety	1) Total recordable incident rate (TRIR)	R-WT-320a.1	3.0 per million working hours 0.6 per 200,000 working hours	3.3 per million working hours 0.66 per 200,000 working hours	3.1 per million working hours 0.62 per 200,000 working hours
	2) Fatality rate for: (a) direct employees and (b) contract employees [1]	R-WT-320a.1	1 for direct employee 0 for contract employees	0 for direct employees 0 for contract employees	0 for direct employees 0 for contract employees
Ecological impacts of project development	Average A-weighted sound power level of wind turbines, by wind turbine class	RR-WT-410a.1	Max sound power level for model range is 103.8-111.7 dB(A)2	Max sound power level for model range is 103.8-111.7 dB(A)2	Max sound power level for model range is 103.8-110.6 Db.2
	Backlog cancellations associated with community or ecological impacts	RR-WT-410a.2	0	0	0
	Description of efforts to address ecological and community impacts of wind energy production through turbine design	RR-WT-410a.3	Vestas Sustainability Report 2023, pages 23-26 and 47-50	Vestas Sustainability Report 2022, page 24-25 and 31-33	Vestas Sustainability Report 2021, page 30-38
Materials sourcing	Description of the management of risks associated with the use of critical materials	RR-WT-440a.1	Vestas Sustainability Report 2023, page 43-46	Vestas Sustainability Report 2022, page 31 and 53-57	Vestas Sustainability Report 2021, page 35-36

1 Contract employees are defined by SASB's Wind Technology Project Developer's Standard 2018 "as those who are not on the entity's payroll, but who are supervised by the entity on a day-to-day basis, including independent contractors and those employed by third parties (e.g., temp agencies and labor brokers)."
2 Sound emissions can be significantly lower during normal operation, since the given range consists of the maximum sound power levels of the different turbine models installed in the year. We also offer a number of noise-reduced operational modes where lower sound emissions are required.
3 Wind class data based is based on design wind class and does not correlate to delivered figures per wind-class.

Topic	Accounting metric	SASB reference	2023	2022	2021
Materials efficiency	Top five materials consumed, by weight	RR-WT-440b.1	Tonnes (turbine only) Steel & iron 1,130,900 Composites 94,900 Polymers 58,200 Aluminium 18,500 Electrical/electronic 11,400 Copper 10,100 Others 7,300	Tonnes (turbine only) Steel & iron 1,311,100 Composites 111,400 Polymers 55,200 Aluminium 22,900 Electrical/electronic 11,900 Copper 11,300 Others 6,800	Tonnes (turbine only) Steel & iron 1,827,800 Composites 153,100 Polymers 76,800 Aluminium 31,100 Electrical/electronic 17,300 Copper 15,900 Others 8,600
	Average top head mass per turbine capacity, by wind turbine class	RR-WT-440b.2	Average tonnes3 Global 56 IEC1 53 IEC2 55 IEC3 54 IEC S 59	Average tonnes3 Global 55 IEC1 54 IEC2 56 IEC3 54 IEC S 54	Average tonnes3 Global 59 IEC1 58 IEC2 54 IEC3 54 IEC S 69
	Description of approach to optimise materials efficiency of wind turbine design	RR-WT-440b.3	Vestas Sustainability Report 2023, page 27-31	Vestas Sustainability Report 2022, page 34-37	Vestas Sustainability Report 2021, page 19-21 and 32-34
Activity metrics	Number of delivered wind turbines, by wind turbine class	RR-WT-000.A	# WTGs IEC1 / S 116 IEC2 / S 148 IEC3 / S 1,247 IECS 899 DIBT / WZ 111	# WTGs IEC1 / S 46 IEC2 / S 255 IEC3 / S 470 IECS 2,109 DIBT / WZ 241	# WTGs IEC1 / S 89 IEC2 / S 306 IEC3 / S 894 IECS 2,927 DIBT / WZ 226
	Aggregate capacity of delivered wind turbines, by wind turbine class	RR-WT-000.B	MW IEC1 / S 445 IEC2 / S 479 IEC3 / S 5,543 IECS 4,724 DIBT / WZ 447	MW IEC1 / S 163 IEC2 / S 888 IEC3 / S 1,794 IECS 9,187 DIBT / WZ 1,075	MW IEC1 / S 327 IEC2 / S 983 IEC3 / S 3,309 IECS 12,260 DIBT / WZ 966
	Amount of turbine backlog	R-WT-000.C	EUR 26.0bn	EUR 19.0bn	EUR 18.1bn
	Aggregate capacity of turbine backlog	RR-WT-000.D	25,315 MW	19,623 MW	21,984 MW

1 Contract employees are defined by SASB's Wind Technology Project Developer's Standard 2018 "as those who are not on the entity's payroll, but who are supervised by the entity on a day-to-day basis, including independent contractors and those employed by third parties (e.g., temp agencies and labor brokers)."
2 Sound emissions can be significantly lower during normal operation, since the given range consists of the maximum sound power levels of the different turbine models installed in the year. We also offer a number of noise-reduced operational modes where lower sound emissions are required.
3 Wind class data based is based on design wind class and does not correlate to delivered figures per wind-class.

Notes to Sustainability key figures

Basis for preparation of the statement

General reporting approach
The below description of accounting policies refers to the environmental, social, and governance indicators presented on page 57.

All Vestas' wholly owned companies are covered by the report. Newly established companies are included from the time of production start, and companies are excluded from the reporting from the specific time when they leave Vestas' control. Acquired companies are included from the specific time when coming under Vestas' control.

Defining materiality
Vestas performs its materiality assessment based on an analysis of significant economic, environmental and social impacts of the company's activities. The analysis is based on internal priorities as well as experience from dialogue with and direct involvement of customers, investors, policy makers, employees, and media. The result of the analysis is incorporated in the Vestas Sustainability Report, which is published on an annual basis. In 2023 Vestas has continued to drive and report on progress in line with the materiality assessment conducted in 2020, see pages 10 and 11.

Environmental

Vestas' environmental key figures encompass the Vestas Group in an operational control perspective (including owned and leased entities) ensuring a comprehensive and accurate statement of these figures. This approach applies to all environmental indicators that are reported for the accounting period, based on data registered locally in the Vestas reporting system, consolidated on Group level.

Utilisation of resources
Consumption of energy (GWh)
This indicator includes electricity, gas, oil, biomass, LPG, diesel, gasoline, marine gas oil and district heating. Energy is reported based on quantities consumed, including cars owned and leased by Vestas, employee benefit cars, and fuel for transportation on project sites, production equipment, and machinery. Consumption of electricity comprises electricity purchased externally. Oil for heating is based on external purchases and meter readings at the end of the reporting period.

'Of which renewable energy (GWh)': Electricity and heating from renewable energy sources are calculated on the basis of renewable energy certificates for electricity (RECs) and supplier statements. Renewable share of fuel for transport is based on local renewable energy mix in line with fuel specific legal requirements and where legal requirements are exceeded the added renewable energy is based on supplier statements.

'Of which renewable electricity (GWh)': Electricity from renewable energy sources is calculated on the basis of renewable energy certificates (RECs) and supplier statements. Only 100 percent renewable electricity is counted as renewable electricity.

Renewable energy (%)
Percentage of renewable energy is based on total consumption of energy.

Renewable electricity for own activities (%)
Percentage of renewable electricity for own activities is based on total consumption of electricity.

Withdrawal of fresh water (1,000 m^3)
The withdrawal of water is measured by withdrawal of fresh water based on supplier statements and metre readings.

Waste
Volume of waste from own operations (1,000 tonnes) and – of which collected for recycling (1,000 tonnes)
Volume of waste is based on weight which is calculated on the basis of supplier statements, internal weighing, destination certificates, etc. Waste disposal method is based on supplier statements.

Recyclability rate of hub and blade (%)
Recyclability rate of hub and blade is calculated as the recyclable share of the total rotor (i.e. hub and blade) mass. The measure is based on the material composition of all turbine types that were produced and shipped in the reporting year. Recyclability rates of different materials and component types are quantified and estimated based on information from life cycle assessment (LCA) reports. During 2023 the recyclability rate of blades has been adjusted to reflect the latest development in technology related to our CETEC project. This means that all epoxy-infused blades are 100 percent recyclable, which increases the overall rotor recyclability.

Material efficiency (tonnes of waste excl. recycled per MW produced and shipped)
Material efficiency is defined as the total tonnes of non-recycled waste materials from Vestas' own manufacturing per MW capacity produced and shipped during the reporting period. Non-recycled waste materials include those that are incinerated or landfilled.

CO_2e emissions
Carbon emissions are measured using the carbon dioxide equivalent (CO_2e) to include all relevant greenhouse gasses according to the Greenhouse Gas Protocol. A distinction is made between scope 1, 2, and 3 emissions, as also defined by the Greenhouse Gas Protocol.

Direct emissions of CO_2e (scope 1) (1,000 t)
Scope 1: Direct emissions of CO_2e are calculated based on determined amounts of fuel for own transport and the direct consumption of fossil-based fuels (e.g., oil and gas), with the usage of standard factors published by the UK Department for Business, Energy & Industrial Strategy (BEIS) (2023).

Indirect emissions of CO_2e (scope 2) (1,000 t)
Scope 2: Covers emissions released in connection with the consumption of purchased electricity and heat. Indirect market-based emissions of CO_2e from consumption of electricity are calculated using national grid emission factors published by the International Energy Agency (2023). Indirect CO_2e emissions from district heating are calculated using BEIS (2023) emission factors.

Indirect emissions of CO_2e from the supply chain (scope 3) (million t)
Scope 3: Indirect emissions of CO_2e from the value chain are reported based on the Greenhouse Gas Protocol. Scope 3 categories 8, 9, 10, 11, 13 and 15 are immaterial for Vestas and category 14 is not applicable.

Wind plant: The largest part of the emissions is in category 1 'Purchased goods and services', emissions from materials going into products are calculated based on LCAs following ISO 14040 & 14044, publicly available at vestas.com. The CO_2e emissions of different materials and component types are based on the total quantity of annual produced and shipped turbines and the material composition of the individual turbine types as stated in the LCA reports. Based on this, the global material mass balance is calculated for all materials consumed during the production and CO_2e emissions are calculated using GaBi (2023) emission factors per material group for raw materials used in production and manufacturing processes. The actual steel mass for all produced and shipped turbines is used to calculate global CO_2e emissions for the raw material production of steel and for foundation materials. The CO_2e emissions from concrete and steel used in foundations is based on the same LCA reports as the remaining material groups.

Construction: The CO_2e emissions emitted during the construction of a wind farm is estimated based on the quantity of diesel-fuel consumed per wind turbine produced and shipped in markets in which Vestas is responsible for installing the wind turbine. LCA studies for the diesel combustion per turbine installation and respective BEIS emission factors (2023) are applied.

Service: CO_2e emissions from service operations are estimated using the quantity of spare parts that are replaced and repaired in the reporting year, as well as expected repair and replacement levels. GaBi (2023) emission factors for the raw materials are applied to estimate global CO_2e emissions.

Capital goods: (category 1) Other purchased goods and services and capital goods (category 2) and waste generated in operations (category 5) are estimated based on spend data using BEIS factors (2023) for Indirect emissions from the supply chain (2011). Fuel- and energy-related activities are calculated using BEIS factors for emissions related to the production of fuel and NREL factors (2019) for renewable electricity and IEA factors (2023) for grid electricity.

Transportation: Emissions from upstream transportation (category 4) are based on supplier information and estimated based on the LCA reports for weight and distance of components transported and BEIS (2023) carbon emissions factors. Business travel (category 6) emissions for air flights, hotels and rental cars are activity-based data provided by the travel agency used for all bookings. Employee commuting (category 7) is reported on daily commute by car, which is estimated based on the average number of FTEs and a selected sample of commuting distance. It applies standard factors published by the BEIS (2023).

End-of-life treatment: Of sold products (category 12) is estimated based on material composition of all produced and shipped wind turbines in the reporting year. For materials that are not recyclable, an average GaBi (2023) emission factor for inert landfill is applied.

Indirect emissions of CO_2e from the supply chain (scope 3) (kg per MWh generated)

The amount of MWh generated is based on the number and type of wind turbines produced and shipped in the financial year along with values for wind turbine capacity factor and site-specific lifetime. Vestas applies an expected lifetime based on site- specific agreed lifetimes where this differs from the standard design lifetime. In relation to the target to reduce carbon emissions in the value chain, indirect emissions of CO_2e from the value chain per MWh generated include 70 percent of the scope 3 emissions.

Products

Expected CO_2e avoided over the lifetime of the capacity produced and shipped during the period (million tonnes)

This is based on total wind turbines (MW) produced and shipped during the reporting period. A weighted average capacity factor was applied in 2023, based on actual hourly performance data from the wind turbine types produced and shipped in the reporting year. Vestas applies an expected lifetime based on site-specific agreed lifetimes where this differs from the standard design lifetime. The expected CO_2e avoided over the lifetime of the wind turbines is calculated using the latest updated standard factor of global average carbon emissions for electricity from the International Energy Agency (2023).

Expected annual CO_2e avoided by the total aggregated installed fleet (million tonnes)

Expected annual CO_2e avoided by the total aggregated installed fleet is calculated on one year operation of total annual installed capacity and global average CO_2e emissions. Vestas applies a fleet average capacity factor from 2023. The expected CO_2e avoided is based on the latest updated standard factor of global average carbon emissions for electricity from the International Energy Agency (2023).

Social

Safety

Total Recordable Injuries (number)

The total recordable injuries (TRI) include fatalities, lost time incidents, restricted work injuries and medical treatment injuries.

TRI includes injuries for employees and externally employed workers under Vestas' supervision. Supervision of an external worker is day-to-day working directions.

'Of which Lost Time injuries' (number): The lost time injuries are based on incidents reported in Vestas' reporting system, with more than one day of absence from work, including externally employed workers under Vestas' supervision.

'Of which fatal injuries' (number): The fatal injuries are based on incidents reported in Vestas' reporting system, including externally employed workers under Vestas' supervision.

Total Recordable Injuries per million working hours (TRIR)

Total Recordable Injury Rate (TRIR) represents all injuries reported in the Vestas reporting system per one million working hours, including externally employed workers under Vestas' supervision.

Lost Time Injuries per million working hours (LTIR)

Lost Time Injuries are injuries that have caused at least one workday of absence after the day of the injury per one million working hours. The Lost Time Injury Rate (LTIR) represents all Lost Time injuries reported per one million working hours. The number of working hours and external supervised workers are registered and measured on the same basis as the Total Recordable Injuries. The LTIR includes fatalities.

The number of working hours is measured on the basis of hours registered in the system for hourly-paid employees, and prescribed working hours for salaried employees excluding e.g. holidays, absence due to illness and maternity leave.

Employees

Average number of employees (FTEs)

The average number of employees is calculated as the twelve-month average number of full-time equivalents (FTEs). The employees included are under Vestas' financial control (i.e. have standard and temporary contracts directly with Vestas).

Employees at the end of the period (FTEs)

Employees at the end of the period are calculated based on total full-time equivalents (FTE). The employees included are under Vestas' financial control (i.e. have standard and temporary contracts directly with Vestas).

Diversity and inclusion

The share of women in the Board, the Executive management team and leadership positions are calculated based on headcounts at the end of the reporting period. Headcount is based on number of individuals employed , irrespective of contract (full-time/part-time).

Women in the Board and Executive Management team at the end of the period (%)

Women in the Board and Executive Management team is the share of women among the members of the Board who are elected by the Annual General Meeting and the share of women among the members of the Executive Management team combined.

Women in leadership positions at the end of the period (%)

The share of women in leadership positions is calculated based on headcounts at the end of the reporting period. The parameter is calculated based on the number of women in leadership positions divided by the total number of leadership positions. Employee information is from the company's ordinary registration systems with specification of gender and management level. Leadership positions comprise managers, specialists, project managers, and above.

Human rights

Community grievances (number)

The number of community grievances is calculated based on incidents registered in the reporting system. The measure "Community grievances" covers the total number of community complaints registered in the reporting system in the reporting year. Vestas registers and handles community incidents caused by Vestas or its contractors on communities that turn into a grievance, where a "community" is a person or group that is either directly or indirectly affected by Vestas or Vestas' activities. The cases occur in connection with a wind farm project and its associated facilities (e.g. accommodation facilities), a Vestas factory or a Vestas Research and Development Centre.

Community beneficiaries (number)

Community beneficiaries are defined as individuals that have benefitted by participating in Vestas' community development initiatives intended to upgrade skills or by receiving financial or equivalent aid.

These initiatives are implemented during the reporting period in connection to a wind farm project and associated facilities, a Vestas factory, or Vestas Research and Development Centre.

Community development initiatives are identified in collaboration with local stakeholders, such as local authorities and members of the local community to ensure that the initiatives meet local needs.

This indicator only includes defined community members that benefit directly. It does not include Vestas employees or community members in cases where the number of beneficiaries is undefined e.g. installation of solar cells on a village health clinic. Where the beneficiary is a household, Vestas calculates the total beneficiaries based on the average number of individuals per household defined by the UN Department of Economic and Social Affairs (UN 2017).

Social Due Diligence on projects in scope (%)

This measures the share of wind power projects, materialised as firm orders, that have been subject to social due diligence (SDD) processes in the reporting period. Wind farm projects in scope for SDD are: 1) Engineering, Procurement and Construction (EPC) projects in emerging markets; 2) all Supply-and-installation projects of 100 MW or above in emerging markets; and 3) projects in OECD countries with a risk rating of 'Extreme' or 'High' according to the Verisk Maplecroft's "Indigenous People" risk index on risks related to indigenous people's lands, territories or livelihoods under threat. In this context, 'Emerging markets' are defined as non-OECD, high-income countries, as defined by the World Bank classifications. SDD procedures include: 1) a high-level country assessment; 2) 'Know Your Customer' assessment; and 3) an in-depth project assessment on social matters.

Governance

Whistle-blower system

EthicsLine cases (number)

All whistleblower cases reported to the EthicsLine whistle-blower hotline are investigated by the EthicsLine function supported by the relevant Ethics Committee, with the purpose of identifying whether a violation of the Code of Conduct has taken place.

Of which substantiated (number) or unsubstantiated (number): Upon the completion of the investigation, cases are classified as either substantiated or unsubstantiated. At the end of the reporting year, the variance between the total number of reported cases and the combined total of substantiated and unsubstantiated cases are calculated to identify the number of open cases still under investigation. These are expected to be assessed during the following reporting year, and included in the number of substantiated or unsubstantiated cases in the reporting year when the case is closed.

Appendix

→ EU Taxonomy reporting

→ UN Sustainable Development Goals

EU Taxonomy reporting

The EU Taxonomy for sustainable activities (the "Taxonomy") is a classification system of economic activities that are determined by the EU to make a substantial contribution to environmental sustainability.

Under Article 8(1) of the Taxonomy regulation (EU) 2020/852, companies required to publish non-financial information pursuant to the Non-Financial Reporting Directive ("NFRD") shall disclose information to the public on how and to what extent their activities are associated with environmentally sustainable economic activities in line with the Climate Delegated Act and the Environmental Delegated Act.

For reporting year 2023, companies are required to report on 1) the eligibility of their economic activities considering all six environmental objectives, 2) the environmental objective(s) their eligible activities substantially contribute to, and 3) the alignment of their eligible activities in line with the Climate Delegated Act considering the applicable Do No Significant Harm ("DNSH") criteria and the Minimum Safeguards (Article 3 of EU/2020/852 and supplementing regulations).

Substantial contribution and allocation of activities

Our manufacturing activities substantially contribute to climate change mitigation by manufacturing renewable energy technologies, and our development, construction, service, and sale of spare parts activities substantially contribute to climate change mitigation by developing, constructing, or servicing wind farms and thereby generating or supporting electricity generation from wind power.

In 2023, we have adjusted the allocation of our economic activities to meet the updated guidance of the commission notice adopted on the 20th of October 2023. We have also assessed the additional four environmental objectives of the Environmental Delegated Act and the sustainable activities relating thereto but have concluded that none of our activities substantially contribute to any of these environmental objectives.

In line with FAQ 139 of the first commission notice, our service and development activities are now allocated to activity 4.3 instead of activity 7.6, as neither activity is related to technical building systems, which activity 7.6 is limited to. However, in line with the description of activity 4.3, the technical screening criteria of activity 7.6 apply to our service activities, as they are an integral element of the 'maintenance and repair of renewable energy technologies' as referred to under activity 7.6. As such, the allocation change for service only affects the presentation of the activity, not the alignment criteria.

In line with FAQ 22 of the second commission notice and IFRS 15's requirements on bundled performance obligations to be combined for reporting purposes, revenue from supply-only, supply-and-installation and EPC contracts is now reported together under activity 3.1, while revenue from our service and sale of spare parts activities is reported together under activity 4.3, as these activities are not treated as distinct in our financial accounting. In line with FAQ 9 of the first commission notice, activities have only been screened against DNSH criteria that are relevant to the activity.

Following the changes in allocation, we report our manufacturing and construction activities as eligible under activity 3.1: Manufacture of renewable energy technologies, and our development, service, and sale of spare parts activities as eligible under activity 4.3: Electricity generation from wind power.

Taxonomy alignment

Economic activities are reported as taxonomy-aligned if they 1) contribute to one or more of the six environmental objectives, 2) do no significant harm to any of the other environmental objectives, and 3) comply with the Minimum Safeguards. Extensive work has been conducted to determine and document compliance with these three alignment criteria.

Climate Change Adaptation

The requirements of the DNSH criteria related to Climate Change Adaptation are applicable to all our eligible activities. To comply with the criteria, we have conducted a climate risk analysis in line with recommendations from the TCFD framework and the requirements of Appendix A of the Taxonomy for all our economic activities and critical suppliers.

The materiality of the significant risks identified has been assessed, and adequate adaptation solutions have been implemented where necessary. Further elaboration on the methodological approach and the results is available in our Vestas Climate Risk Report 2023 (see Climate Scenario Analysis 2023 on vestas.com).

Activity 3.1

All DNSH criteria of Activity 3.1 are applicable to our manufacturing activities. However, we do not consider Transition to Circular Economy applicable to our construction activities, as the criteria is related to the manufacture of products.

We confirm compliance with Sustainable Use and Protection of Water and Marine Resources and Protection and Restoration of Biodiversity and Ecosystems as defined in the EU Taxonomy, as an Environmental Impact Assessment ("EIA") or screening in accordance with Directive 2011/92/EU, including an assessment of the impact on water in accordance with Directive 2000/60/EC or equivalent, has been carried out for all manufacturing facilities and construction sites in the EU. For facilities and construction sites in countries outside the EU, an EIA or screening as well as water permits equivalent to the standards of the EU shall be present.

We confirm compliance with Transition to Circular Economy for our manufacturing activities as we, among other actions, have committed to ambitious targets and initiatives for design and operational circularity and material recovery through our Circularity Roadmap (see more information page 28-31), and have innovated a groundbreaking new technology that renders epoxy-infused blades fully circular (see more information page 29).

We confirm compliance with Pollution Prevention and Control, as our Prohibited and Restricted Substance Management document, which is used to regulate restricted and prohibited chemicals at all business levels and units at Vestas, meet the standards under the five sub-criteria: Persistent Organic Pollutants, Mercury, Ozone Depleting Substances, Substances in Electrical and Electronic Equipment, and Certain Dangerous Substances.

Activity 4.3

All DNSH criteria of Activity 4.3 are applicable to our development activities. Only Climate Change Adaptation is applicable to our service and sale of spare parts activities.

We confirm compliance with Sustainable Use and Protection of Water and Marine Resources and Protection and Restoration of Biodiversity and Ecosystems, as an EIA or screening in accordance with Directive 2011/92/EU is carried out for all development projects in the EU, and because we do not hamper the achievement of good environmental status as set out in Directive 2008/56/EC in offshore development projects. For development projects in countries outside EU, an EIA or screening equivalent to the standards of the EU internationally recognised EIA best practices is conducted, and good environmental status for offshore projects is ensured.

We confirm compliance with Transition to Circular Economy, as the few components used in development are highly durable, easy to dismantle and reuse, and recyclable to a great extent at end of life.

Minimum Safeguards

Vestas works with human rights according to the United Nations Guiding Principles on Business and Human Rights ("UNGPs") and Organisation for Economic Co-operation and Development ("OECD") Guidelines for Multinational Enterprises. Our commitment to respect human rights is embedded into several policies including our Human Rights Policy and Codes of Conduct.

We constantly work to identify and assess salient human rights issues and risks in our operations through our corporate-wide human rights assessments every third year, and our due diligence systems both upstream and downstream in the value chain on an ongoing basis. We proactively take measures to prevent and mitigate risks and make our Operational Grievance Mechanism and EthicsLine channels available for affected stakeholders to raise concerns and access remediation where necessary. For more information, visit our corporate human rights website.

Our Global and Regional Anti-Bribery and Corruption Compliance Programme consists of five pillars: program governance, learning & awareness, culture & behaviour, monitoring & auditing, and EthicsLine. Our annual Global Anti-Bribery and Corruption Survey is taken by Vestas employees globally and ensures that we can spot corruption risks proactively to take appropriate prevention and mitigation actions in our Compliance Programmes. For more information see page 52 of the Sustainabiliy Report.

Our Employee Code of Conduct and Supplier Code of Conduct each include a section on competition law which contains clear expectations on how our employees and suppliers should behave to ensure fair competition. We have also developed a detailed Competition Law Guideline and mandatory e-learning on Competition Law for our office employees.

Our Tax Policy covers all decisions that directly or indirectly affect reporting and/or payment of taxes under the liability of any Vestas Group Company, and our Tax Risk Management reporting.

During 2023, we have not registered any final court convictions violating labour law & human rights, tax laws, corruption laws, or fair competition laws against the Vestas Group or senior management.

Taxonomy-aligned revenue

99 percent of our revenue is aligned for 2023. 76 percent of the aligned revenue is related to activity 3.1, and 23 percent of the aligned revenue is related to activity 4.3. Our aligned revenue in 2023 has increased because we have confirmed that our development activities and part of our sale of spare parts activities are aligned. For further information on key drivers of change in revenue please refer to note 1.2 in our financial statements.

Revenue not Taxonomy-aligned
1 percent of our revenue is non-eligible for 2023. Based on our assessment, we cannot conclude that the 1 percent of revenue related to 'over the counter' sale of spare parts, is eligible under any of the six environmental objectives.

Accounting principles – revenue

Vestas recognises revenue in compliance with IFRS 15, split into two segments: Power Solutions and Service. Refer to Note 1.1 in the Annual Report.

The Power Solutions segment comprises revenue relating to Supply-only, Supply-and-installation and EPC (Engineering, Procurement and Construction) contracts.

The Service segment comprises revenue relating to contracts for servicing wind turbines manufactured by Vestas as well as wind turbines manufactured by third parties.

In 2021, Vestas launched Global Development as a stand-alone business unit. Revenue from Global Development is reported under supply-only in the Power Solutions segment.

Vestas also sells spare parts through longstanding and one-off service contracts and as 'over the counter' sales. Revenue generated from the sale of spare parts is reported under 'products and services transferred at a point in time' in the Service segment. More details on key accounting estimates, judgements, and accounting policies for revenue are available on page 62, Note 1.2 in our Annual Report 2023.

For 2022 reporting, we separated revenue resulting from supply in both 1) Supply-and-installation and 2) EPC projects. These activities are bundled performance obligations as per IFRS 15.29. Following FAQ 22, we now report them together under activity 3.1 in line with the presentation of our financial note.

Similarly, service and sale of spare parts are presented together under activity 4.3 in line with our financial note. In 2022, all revenue from the sale of spare parts was considered non-eligible. In 2023, only revenue driven from 'over the counter' sale of spare parts is considered non-eligible.

Revenue resulting from Global Development was considered eligible under activity 7.6 but presented under activity 3.1 for 2022 reporting. In 2023, Global Development is presented under activity 4.3, as it is a distinct activity and matches the technical screening criteria of activity 4.3.

To ensure comparability of data, we have restated our reporting for 2022 using the same accounting principles as applied for 2023 reporting.

We report all our eligible revenue as aligned. The non-eligible revenue relating to 'over the counter' sale of spare parts is presented separately. To avoid double counting, we excluded non-aligned revenue from the total revenue when calculating the percentage of aligned revenue.

No Taxonomy-aligned activities have been consumed internally.

We recognise the continuous development of the Taxonomy's accounting principles and will update our approach accordingly.

Taxonomy-aligned OPEX

92 percent of our operating expenditure ("OPEX") is aligned for 2023. 45 percent of the aligned OPEX is related to activity 3.1, and 47 percent of the aligned OPEX is related to activity 4.3. The aligned OPEX has decreased by 47m EUR in 2023 as a result of increased spend on short term leases related to support functions.

The aligned OPEX consists of expenditures relating to short term leases, research and development costs not capitalised during the year, building renovation measures and other direct expenditures linked to service and operation of assets related to manufacturing, construction, development, and service.

OPEX not Taxonomy-aligned
8 percent of our OPEX is non-eligible as it is related to 'over the counter' sale of spare parts, and supporting administrative functions not directly linked to our eligible business activities.

Accounting principles – OPEX

Our OPEX in the financial statements comprises 1) research and development costs not capitalised during the year and 2) distribution costs and administration costs.

The definition of OPEX in the Taxonomy is different from the one used at Vestas. Following the definition of OPEX in Article 8(2) of the Delegated Act, we have included all expenditures relating to short term leases, repair and maintenance, research and development not capitalised during the year, building renovation measures and other direct expenditures relating to servicing and operation of assets in our calculation of OPEX.

The denominator includes OPEX relating to eligible as well as non-eligible activities. The numerator includes OPEX directly linked to aligned business activities and therefore excludes OPEX related to the non-eligible part of sale of spare parts, and support functions. Selected accounts that match the definition of OPEX have been classified based on specific business activities and summed up to calculate the numerator and the denominator. Each account is added to the sum only once to avoid double counting.

To ensure comparability of data, we have restated our reporting for 2022 using the same accounting principles asapplied for 2023 reporting.

Taxonomy-aligned CAPEX

97 percent of our capital expenditure ("CAPEX") is aligned for 2023. All CAPEX relating to assets in manufacturing, technology, sales, development, and service is aligned. Our aligned CAPEX increased in 2023 because CAPEX related to development and the aligned part of sale of spare parts is included.

CAPEX not Taxonomy-aligned
3 percent of our CAPEX is non-eligible as it is related to 'over the counter' sale of spare parts, and supporting administrative functions not directly linked to our eligible business activities.

Accounting principles – CAPEX

Vestas has fixed assets presented as Intangible assets and Property, Plant and Equipment in the Balance Sheet as specified on page 52 in the Annual Report 2023.

Any additions to these asset categories are considered as CAPEX. Refer to accounting policies in note 3.1 and 3.2 in the Annual Report 2023.

For Taxonomy reporting, the following assets are considered as additions: software, other intangible assets, development projects in progress, land and buildings, plant and machinery, other fixtures and fittings, tools and equipment in progress and right-of-use assets.

Both cash and non-cash additions to these assets are considered as CAPEX.

The denominator includes all CAPEX for the assets mentioned above.

The numerator includes CAPEX directly linked to aligned business activities and therefore excludes any CAPEX related to 'over the counter' sale of spare parts, and assets owned by support functions.

The CAPEX relating to 'over the counter' sale of spare parts has been calculated using an allocation key based on revenue. The capital expenditure relating to our service warehouses was proportionately allocated to 'over the counter' sale of spare parts, as a percentage of its revenue out of the total service revenue.

To avoid double counting, we have calculated the percentage of eligible CAPEX by excluding non-eligible CAPEX from total CAPEX for all asset classes.

To ensure comparability of data, we have restated our reporting for 2022 using the same accounting principles as applied for 2023 reporting.

Revenue

				Substantial Contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activity (1)	**Code (2)**	**Absolute revenue (3)**	**Proportion of revenue, year 2023 (4)**	**Climate change mitigation (5)**	**Climate change adaption (6)**	**Water and marine resources (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaption (12)**	**Water and marine resources (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) revenue, year 2022 (18)**	**Category (enabling activity or) (19)**	**Category (transitional activity) (20)**
		mEUR	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies[1]	CCM 3.1	11,747	76%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	79%	E	
Electricity generation from wind power[2]	CCM 4.3	3,449	23%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	-	Y	Y	Y	20%	E	
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**15,196**	**99%**	**99%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**99%**	**E**	
Of which Enabling		**15,196**	**99%**	**99%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**99%**	**E**	
Of which Transitional		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
N/A		0	0%	-	-	-	-	-	-								0%		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. Revenue of Taxonomy-eligible activities (A.1+A.2)		**15,196**	**99%**	**99%**	**0%**	**0%**	**0%**	**0%**	**0%**								**99%**	**E**	
B. Taxonomy non-eligible activities																			
Revenue of Taxonomy-non-eligible activities		**186**	**1%**																
Total		**15,382**	**100%**																

1 Codes: C27,C28.
2 Codes: F42, F43.

Operating expenditure (OPEX)

				Substantial Contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activity (1)	**Code (2)**	**OPEX (3)**	**Proportion of OPEX, year 2023 (4)**	**Climate change mitigation (5)**	**Climate change adaption (6)**	**Water and marine resources (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaption (12)**	**Water and marine resources (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OPEX, year 2022 (18)**	**Category (enabling activity or) (19)**	**Category (transitional activity) (20)**
		mEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies[1]	CCM 3.1	164	45%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	58%	E	
Electricity generation from wind power[2]	CCM 4.3	170	47%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	-	Y	Y	Y	36%	E	
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**334**	**92%**	**92%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**94%**	**E**	
Of which Enabling		**334**	**92%**	**92%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**94%**	**E**	
Of which Transitional		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
N/A		0	0%	-	-	-	-	-	-								0%		
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. OPEX of Taxonomy-eligible activities (A.1+A.2)		**334**	**92%**	**92%**	**0%**	**0%**	**0%**	**0%**	**0%**								**94%**	**E**	
B. Taxonomy non-eligible activities																			
OPEX of Taxonomy-non-eligible activities (B)		**29**	**8%**																
Total		**363**	**100%**																

1 Codes: C27,C28.
2 Codes: F42, F43.

Capital expenditure (CAPEX)

				Substantial Contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activity (1)	**Code (2)**	**CAPEX (3)**	**Proportion of CAPEX, year 2023 (4)**	**Climate change mitigation (5)**	**Climate change adaption (6)**	**Water and marine resources (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaption (12)**	**Water and marine resources (13)**	**Pollution (14)**	**Circular economy (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CAPEX, year 2022 (18)**	**Category (enabling activity or) (19)**	**Category (transitional activity) (20)**
		mEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies[1]	CCM 3.1	922	81%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	86%	E	
Electricity generation from wind power[2]	CCM 4.3	190	16%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	-	Y	Y	Y	11%	E	
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,112**	**97%**	**97%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**97%**	**E**	
Of which Enabling		**1,112**	**97%**	**97%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**97%**	**E**	
Of which Transitional		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
N/A		0	0%	-	-	-	-	-	-								0%		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. CAPEX of Taxonomy-eligible activities (A.1+A.2)		**1,112**	**97%**	**97%**	**0%**	**0%**	**0%**	**0%**	**0%**								**97%**	**E**	
B. Taxonomy non-eligible activities																			
CAPEX of Taxonomy-non-eligible activities (B)		**32**	**3%**																
Total		**1,144**	**100%**																

1 Codes: C27,C28.
2 Codes: F42, F43.

UN Sustainable Development Goals

Where we can reduce the negative impacts of our operations

Goal: Ensure sustainable consumption and production patterns

UN Target (Indicator)	Our contributions
12.2 By 2030, achieve the sustainable management and efficient use of natural resources (12.2.1 Material footprint, material footprint per capita, and material footprint per GDP)	With our Circularity Roadmap, we were the first company to release a holistic plan for circularity in the wind industry. Today, all our turbines are based on proven technology using drive trains that have a minimal use of rare earth materials. The contribution of rare earth elements used in the turbine generator magnets, and also in the magnets used in the tower contribute with below 0.1 percent of total life cycle impacts (Vestas 2014).
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse (National recycling rate, tons of material recycled)	We have the ambition to build zero-waste wind turbines by 2040. This means that we are aiming to create a value chain that generates no waste materials. In 2021, we launched our Circularity Roadmap, which includes our commitment to landfill less than 1 percent and recycle more than 94 percent of waste by 2030. In 2023, we reduced waste in our own operations by 6% since last year.
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle (12.6.1 Number of companies publishing sustainability reports)	We value transparent communication with our stakeholders. In our Annual Sustainability Report, we provide information about our sustainability strategy and performance.

Where we can create positive impacts with our customers and value chain

Goal: Ensure access to affordable, reliable, sustainable and modern energy for all

UN Target (Indicator)	Our contributions
7.1 By 2030, ensure universal access to affordable, reliable and modern energy services (7.1.1 Proportion of population with access to electricity; 7.1.2: Proportion of population with primary reliance on clean fuels and technology)	Being a pioneer and leader in wind energy solutions for several decades, we worked to make wind a competitive source of energy. On average, electricity from onshore wind is produced with one of the lowest levelised costs of energy. This achievement is supported by our global service business, improving our customers' business cases and enabling a stable supply of renewable electricity.
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix (7.2.1 Renewable energy share in the total final energy consumption)	We remain at the forefront of the transition towards affordable and clean energy – delivering between 30 and 50 units of energy back to society for every unit needed in the life cycle of a Vestas wind turbine. By the end of 2023, the company has collaborated with its closest stakeholders to install wind turbines in 36 countries, adding up to a total capacity installed of 177 GW. In 2023, Vestas sourced 100 percent of its electricity consumption from renewable sources.

Goal: Take urgent action to combat climate change and its impacts

UN Target (Indicator)	Our contributions
13.2 Integrate climate change measures into national policies, strategies and planning (13.2.1 Number of countries that have communicated the establishment or operationalisation of an integrated policy/strategy/plan which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production)	With 177 GW of installed wind energy, we along with our stakeholders have avoided the emission of 2.13 billion tonnes of CO_2e. In 2023, we actively contributed to the realisation of the European Commission's Wind Power Package. This package is a significant move towards ensuring a sustainable, affordable, and reliable energy supply for Europe.

Where we can create positive impacts with our customers and value chain

Goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

UN Target (Indicator)		Our contributions
8.1	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product growth per annum in the least developed countries (Annual growth rate of real GDP per capita)	As our industry scales to meet the world's sustainable energy demands, Vestas has grown its revenue by 27 percent over the last four years. This growth creates even more jobs in our supply chain and affiliated industries.
8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors (8.2.1 Annual growth rate of real GDP per employed person)	Adding renewable energy capacity increases jobs faster than investing in fossil fuels as renewables are more labour intensive and are quicker to build than thermal power plants. Per USD 10 million investment, renewable energy creates 75 jobs (direct and indirect), as compared to 27 from fossil fuels.[1] In 2023, we invested EUR 500m in R&D related to the further scale-up of clean energy.
8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value (8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities)	Aside from a competitive salary, working for Vestas comes hand-in-hand with a range of other benefits (depending on the local market conditions): Pension, insurance plans, health insurance, subsidised lunch, gym access and work/life policies. Our compensation packages are benchmarked against local market salaries for each position – to ensure equal and fair pay regardless of social identity.
8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms (8.7.1 Proportion and number of children aged 5-17 years engaged in child labour, by sex and age)	For the past decade, we have been working to develop and promote a unique approach to respecting human rights. In our Human Rights Policy, we recognise our responsibility to respect human rights as set out in the United Nations Universal Declaration of Human Rights and according to the framework outlined in the UN Guiding Principles on Business and Human Rights. Our Supplier Code of Conduct outlines this expectation to all our stakeholders, and we publicly endorse and advocate for mandatory human rights due diligence. Through our Social Due Diligence Process and supplier screening, we work to end forced labour, modern slavery, and child labour as part of our ambition to be the most socially responsible company in the energy industry.
8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment (8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status)	In our Freedom of Association Policy, we commit to respecting employee's rights to freedom of association and collective bargaining. We continue our work to reduce the total recordable injury rate – achieving Total Recordable Injury Rate (TRIR) of 3.0 per million working hours in 2023. By 2025 we want to demonstrate a TRIR of 1.5, on our trajectory to become the safest workplace in the energy industry.

1 Sources: McKinsey & Company, How a post-pandemic stimulus can both create jobs and help the climate, 05/2020, https://www.mckinsey.com/business-functions/sustainability/our-insights/how-a-post-pandemic-stimulus-can-both-create-jobs-and-help-the-climate#; Irena, Global Renewables Outlook, 04/2020, https://www.irena.org/publications/2020/Apr/Global-Renewables-Outlook-2020

How we can influence society at large

Goal: Strengthen the means of implementation and revitalise the global partnership for sustainable development

UN Target (Indicator)		Our contributions
17.1	Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection (17.1.2 Proportion of domestic budget funded by domestic taxes)	In 2023, we publicly released our tax contribution in our Annual Report 2023 on vestas.com for every country we operate in. We support the harmonisation of international tax rules and collaboration between governments to ensure a fair tax environment, where international trade is facilitated, corporations contribute their fair share, and tax disputes are handled in an efficient manner under due process.
17.17	Encourage and promote effective public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships (17.17.1 Amount of United States dollars committed to public-private and civil society partnerships)	We seek a partnership approach to sustainable development and are engaged in various supplier and customer collaborations to improve environmental performance in our operations and products as well as to drive the sustainable energy transition.

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