



Vestas[®]



Proposal for
Remuneration Policy

Vestas Wind Systems A/S
Company reg. no.:10403782

Wind. It means the world to us.[™]

Indholdsfortegnelse

1. Purpose and remuneration principles/objectives.....	3
2. Remuneration to the Board of Directors.....	3
2.1 Fixed remuneration	4
2.2 Committee remuneration.....	4
2.3 Remuneration for ad hoc tasks.....	4
2.4 Social security taxes and similar taxes	4
2.5 Shareholding obligations	4
2.6 Board member election and remuneration.....	4
2.7 Compensation in the event of a takeover of Vestas	4
2.8 Reimbursement of expenses	5
2.9 Pension scheme.....	5
2.10 Insurance	5
3. Remuneration to the Executive Management	5
3.1 Annual fixed salary	5
3.2 Ancillary benefits	6
3.3 Pension scheme.....	6
3.4 Variable components.....	6
3.4.1 Cash bonus	7
3.4.2 Performance shares	7
3.5 Shareholding obligations	8
3.6 Claw-back	8
3.7 Notice of termination	8
3.8 Redundancy pay/severance pay.....	8
3.9 Addendums	8
3.10 Special arrangements under the Remuneration Policy	8
4. Derogation from policy	9
5. Policy approval.....	9
6. Appendix.....	10

1. Purpose and remuneration principles/objectives

This remuneration policy (Remuneration Policy) is designed to attract, motivate and retain qualified members of the Board of Directors (the Board) and the Executive Management of Vestas Wind Systems A/S (the Company), and reflects the interests of the Company's shareholders and stakeholders. The Executive Management refers in this policy only to members of the Executive Management of the Company registered as such with the Danish Business Authority.

The Remuneration Policy is prepared in accordance with sections 139 and 139a of the Danish Companies Act.

The policy is reviewed by relevant internal stakeholders reflecting legislative updates, good corporate governance as well as any feedback regarding the Remuneration Policy or the remuneration report (Remuneration Report) received at the Annual General Meeting from shareholders. The policy will be reviewed annually by the Company's Nomination & Compensation Committee. In case of significant changes to the policy, or at least every 4th year, the Remuneration Policy will be presented for approval by the shareholders at the Company's Annual General Meeting.

To avoid conflicts of interest in the review of the Remuneration Policy, the Company involves both various internal stakeholders and an external partner in reviewing and amending the Remuneration Policy before presenting it for approval at the Annual General Meeting. To avoid conflicts of interest in relation to the actual remuneration, the shareholders approve the remuneration of the Board at the Annual General Meeting. The remuneration of the Executive Management outlined in this Remuneration Policy is based on a recommendation from the Nomination & Compensation Committee and later approved by the Board in order to mitigate the risk of conflicts of interest.

The remuneration of the Board and the Executive Management must support Vestas'¹ strategic goals and promote long-term value creation aligned with the interest of the Company's shareholders. Through involvement of internal stakeholders and the Nomination & Compensation Committee, Vestas' strategy for sustainability is considered as part of the strategic input for the overall compensation design for Executive Management. Vestas' vision of being the global leader in sustainable energy solutions requires Vestas to sustain a talented, agile and cost-effective organisation. This combined with the long-term performance of the company and the corporate values – Simplicity, Collaboration, Accountability, and Passion – guides the overall principles for and the individual elements of remuneration for both the Board and the Executive Management. To ensure that Vestas' remuneration promotes both strategic goals as well as long-term value creation and sustainability, the Remuneration Policy includes both fixed remuneration, short-term incentives, and long-term incentives.

With due consideration of market practice for remuneration and other terms of employment for boards of directors and executive management in comparable companies and the duties and responsibilities of the Board and Executive Management, the Board considers the Remuneration Policy to be appropriate in relation to the pay and employment conditions of Vestas' non-executive employees. Vestas uses the same methodology and approach for the review and benchmarking of remuneration levels for all positions with consideration of, among others, the impact and scope of the position.

2. Remuneration to the Board of Directors

The remuneration of the Board and its committees is set to match the remuneration levels in comparable companies, considering the Board members' required competencies, efforts and the scope of the Board's work, including the number of meetings.

Board members elected by the employees receive the same remuneration as the board members elected by the Annual General Meeting.

Members of the Board are remunerated with a fixed annual fee and shall not be covered by incentive programmes or otherwise be entitled to variable remuneration.

The remuneration of the Board members for the past year is presented as part of the annual Remuneration Report. The level of Board remuneration for the current year is approved at the Annual General Meeting.

¹ "Vestas" is the entity covering the two business areas Power solutions and Service. The entity includes all subsidiaries over which Vestas has control.

2.1 Fixed remuneration

Members of the Board receive a fixed cash payment (basic board remuneration).

The basic board remuneration for the chairman corresponds to triple basic Board remuneration, and for the deputy chairman it corresponds to double basic board remuneration, provided to compensate for their extended board duties.

Board members residing outside of Europe may receive an additional fixed fee that will not exceed the basic board remuneration to compensate for time spent on travelling.

2.2 Committee remuneration

Board members who are also members of one of the board committees are paid an annual committee remuneration. The committee remuneration is determined as a base fee, and the committee chairman receives an additional remuneration of 80 percent of the committee remuneration.

The total committee remuneration which a member of the Board can receive annually is capped at 200 percent of the basic board remuneration applicable to each board member.

2.3 Remuneration for ad hoc tasks

Individual board members may take on specific ad hoc tasks outside their normal duties assigned by the Board. In each such case, the Board shall determine a fixed remuneration for the work carried out in relation to those tasks. The fixed remuneration will be presented for approval at the following Annual General Meeting.

Additional compensation may be offered for board members taking up board responsibilities on behalf of Vestas in joint ventures and/or Vestas' subsidiaries. If payable by Vestas or a subsidiary of Vestas, the Board shall determine a fixed remuneration for the work carried out in relation to those tasks. The fixed remuneration will be presented for approval at the following Annual General Meeting.

The total ad hoc remuneration a member of the Board can receive annually is capped at 150 percent of the basic board remuneration applicable to each board member.

2.4 Social security taxes and similar taxes

Vestas may pay social security taxes and similar taxes imposed by non-Danish authorities in relation to the remuneration. Such payments to a member of the Board are capped annually at 50 percent of the basic board remuneration applicable to each board member.

2.5 Shareholding obligations

A board member elected by the General Meeting is obligated to maintain a holding of Vestas shares. The value of this holding must have a value equal to or above the gross value of the total annual basic board remuneration received by each individual board member, as approved by the General Meeting.

The board members have five years to accumulate the guided shareholdings, and the Nomination & Compensation Committee will assess the compliance annually in connection with the preparation of the Remuneration Report. Evaluation of the shareholdings and any individual exception follow the guidance set by the Nomination & Compensation Committee. The Board can allow for a short period of individual exception.

2.6 Board member election and remuneration

Board members elected by the General Meeting shall retire at the following Annual General Meeting and no compensation will be offered to board members who are not re-elected.

2.7 Compensation in the event of a takeover of Vestas

In the event of any takeover, retiring board members will not receive any compensation for their lost board remuneration and similar benefits.

2.8 Reimbursement of expenses

Actual expenses incurred by the board member in connection with board and committee meetings or in connection with the performance of the board member's duties are reimbursed.

2.9 Pension scheme

The Board is not covered by any Vestas pension scheme.

2.10 Insurance

The Board is covered by a directors and officers liability insurance paid by Vestas.

3. Remuneration to the Executive Management

This Remuneration Policy describes the terms and governance for remuneration of members of Executive Management registered with the Danish Business Authority.

The Board believes that a combination of fixed and performance-based pay to the Executive Management contributes to Vestas' ability to attract and retain key employees. The variable remuneration of the Executive Management is an incentive to create added value aligned with the interests of the Company's shareholders and enables flexible remuneration costs.

Members of Executive Management are individually employed under executive service contracts, facilitated by the Board and the Nomination & Compensation Committee in accordance with this policy.

The Nomination & Compensation Committee submits proposals concerning the remuneration of Executive Management for approval by the Board, and ensures the proposals are in line with conditions in comparable companies.

Executive Management receives a competitive remuneration package consisting of the following fixed and variable components:

- Fixed remuneration (annual fixed salary)
- Ancillary benefits
- Variable remuneration
 - Cash bonus (short-term incentives)
 - Performance shares (long-term incentives)
- Other forms of special remuneration provided for in the Remuneration Policy

3.1 Annual fixed salary

The annual fixed salary is set to provide a competitive remuneration to attract and retain members of the Executive Management having the required professional and personal competences. The salary level is decided based on valid market information and is reviewed annually by the Nomination & Compensation Committee against comparable positions as well as the salary development for Vestas' employees in general. When reviewing the salary level, the impact and scope of the roles as well as the size and type of the company is considered to ensure valid market comparison.

Members of the Executive Management do not receive any remuneration for directorships (whether executive positions or board memberships) held in Vestas' subsidiaries or joint ventures.

The above does not apply to directorships in companies that are not controlled by Vestas and where members of Executive Management nominated to serve directorships by Vestas may receive a remuneration alongside other directors of such companies.

3.2 Ancillary benefits

Members of the Executive Management are entitled to customary work-related benefits, including company car, telephone, internet access, work-related newspapers, magazines, etc. The extent of individual benefits is negotiated with each member of the Executive Management and reflects local market practice.

Furthermore, the Executive Management is covered by Vestas' insurances:

- Accident insurance
- Health insurance
- Directors and officers liability insurance

Members of the Executive Management may also be offered relocation benefits, e.g. housing allowance, children's school tuition fee, and reimbursement of tax.

The value of the benefits and allowances provided to the relevant Executive Management members may not exceed 50 percent of their fixed annual salary.

3.3 Pension scheme

Members of the Executive Management are not covered by Vestas' employer administered pension plan, as this is considered included in their annual fixed salary.

3.4 Variable components

In addition to the annual fixed salary the Executive Management receives variable remuneration. The variable remuneration reflects both the short- and long-term performance of Vestas. The variable components shall always be within the limits of the terms of the Remuneration Policy adopted by the General Meeting.

In the event of recruitment of new members to the Executive Management, the Nomination & Compensation Committee may extraordinarily decide to grant a sign-on cash or share incentive. The sign-on incentive must be finally approved by the Board and reported as part of the remuneration report presented at the Annual General Meeting. Subject to the same procedure, the Board may also enter into agreements regarding payment of extraordinary severance pay to the Executive Management.

Executive Management is eligible for the following variable remuneration programmes:

- Cash bonus (short-term incentives)
- Performance shares (long-term incentives)

The purpose of the design and use of the two forms of variable remuneration is to ensure alignment of the Executive Management and the shareholders and to motivate the Executive Management to achieve strategic goals and long-term value creation for Vestas.

The balanced approach to short- and long-term performance in the remuneration ensures that Vestas rewards the annual performance as well as the long-term perspective to support a sustainable development of Vestas by avoiding short-term-focused or risky behaviour by the Executive Management.

The annual process for selecting KPIs and setting targets for the incentives is based on Vestas' strategic direction for the coming and future years. The process includes input from each business area and leads to a consolidated strategic prioritisation from the Executive Management and the Board when deciding the KPIs and targets for the coming performance year.

The variable remuneration for the Executive Management is relative to the annual fixed salary as follows;

- Cash bonus: 50 percent of fixed salary on target level – capped at 75 percent of fixed salary.
- Performance shares: 100-200 percent of fixed salary on target level on time of programme allotment – capped at 1.5 times target level (the number of shares allotted to Executive Management is evaluated annually and assessed by the Nomination & Compensation Committee in comparison with development in the Vestas share price). The actual value of shares vesting for the Executive Management is capped at a maximum value of 300 percent of the annual fixed salary at the time of vesting. If the cap is reached the number of shares vesting will be adjusted accordingly.

3.4.1 Cash bonus

Members of the Executive Management participate in an annual cash incentive based on the results for the year. The bonus is intended to ensure the attainment of Vestas' short-term objectives, and payment is dependent on the adoption of the annual report for the relevant financial year.

The bonus pay-out level is defined by a weighted target achievement and is capped at a certain percentage of the individual fixed salary, with the target and maximum pay-out levels set at 50 percent and 75 percent of the annual fixed salary, respectively.

The bonus is based on target achievement on a number of parameters approved by the Board including financial and commercial KPIs such as EBIT margin, free cash flow, revenue, as well as any other approved KPIs aligned to the strategic priorities of the financial year.

Based on input from the Nomination & Compensation Committee, the Board ascertains whether the individual bonus parameters have been met by the relevant members of the Executive Management, based on their insight in the operations of Vestas and any relevant key figures derived from the adopted annual report. An Executive Management member's failure to meet the targets at a defined minimum acceptable performance level may result in the annulment of the bonus for the financial year.

3.4.2 Performance shares

The Executive Management is eligible for participation in a performance share incentive programme. The objective of the programme is to retain members of the Executive Management, create long-term shareholder value, and ensure achievement of Vestas' long-term strategic goals in a sustainable way. The programme is based on restricted performance shares and contains elements of both short- and long-term performance.

The main terms of the programme are disclosed in connection with the Board's approval of the programme. Granting of shares under the programme is contingent on continued employment at the time of vesting, subject to certain good leaver provisions.

The performance shares are conditionally awarded free of charge as annual revolving grants with a three-year vesting period. This ensures a long-term connection to the share price development for the remuneration of the Executive Management. The development of Vestas' share price is a direct indicator of the sustainability of the company – both by displaying the long-term economic condition of the company and due to the correlation of sustainable and responsible companies and better long-term performance.

The Nomination & Compensation Committee can propose for the Board to extraordinarily deviate from any requirements in relation to continued employment or vesting, ref. section 3.10.

For any financial year, the Executive Management may be rewarded with restricted performance shares based on achievement of certain targets. The targets may be KPIs based on financial targets including earnings per share, return on capital employed, the Vestas market share, as well as any other approved KPIs aligned to the strategic priorities of the financial year. All KPIs and targets are defined by the Nomination & Compensation Committee and approved by the Board.

The programme is based on three performance years. The actual number of performance shares is dependent on the performance in the three performance years, and will be adjusted upwards or downwards, based on Vestas' performance on the selected KPIs. The overall performance measurement is decided by the Board and evaluated annually to reflect the current strategic priorities and the long-term value creation.

The Nomination & Compensation Committee will evaluate the selected KPIs annually and may redefine or adjust these for any individual performance year, subject to approval by the Board. For any financial year, the target number of shares will be evaluated by the Nomination & Compensation Committee based on the market level for long-term incentives for comparable positions.

The annual target number of shares may amount to a value of 100-200 percent of the annual fixed salary for the Executive Management at a target achievement and compared to the Vestas share price at or around the communication of the target number to the Executive Management. The actual number of restricted performance shares available for distribution ranges between 0 and 150 percent of the target level.

However, the actual value of shares vesting for the Executive Management is capped at a maximum value of 300 percent of the annual fixed salary at the time of vesting. If the cap is reached the number of shares vesting will be adjusted accordingly.

The performance shares will vest in full three years after the disclosure of the programme.

Vestas performance share incentive programme includes the option to allot additional shares with the purpose of retention of members of the Executive Management through non-performance adjusted restricted shares however following the vesting period and all other terms and conditions for the performance share incentives. The additional share incentives are to be used only in extraordinary cases, serving as alternative to cash at sign-on or as retention of members of Executive Management. Selected individuals and number of shares will be approved by the Board of Directors and reported in the Remuneration Report.

The number of performance shares available for vesting may be adjusted in the event of changes in Vestas's capital structure. In the event of a change of control, merger, winding-up or demerger of the company, accelerated vesting may extraordinarily take place. Furthermore, in the event of certain transfers of activities or changes in ownership interests within the Vestas Group, adjustment, replacement of the programme and/or settlement in cash of the programme entirely or partly may take place.

Vestas may cover any awarded and vested performance shares by purchase of treasury shares, ref. the Annual General Meeting's authorisation to the Board.

3.5 Shareholding obligations

All members of Executive Management are subject to the guidance of holding Vestas shares at a value equal to or above the gross value of their annual fixed salary. The intention is for the Executive Management to obtain ownership of the shares through participation in Vestas' share incentive programmes. The members of Executive Management have five years to accumulate the required shareholdings, and the Nomination & Compensation Committee will assess the compliance with the obligation, as part of the preparation of the annual Remuneration Report. The Nomination & Compensation Committee can propose for the Board to allow for a short period of individual exception. Evaluation of the shareholdings and any individual exception follow the guidance set by the Nomination & Compensation Committee.

3.6 Claw-back

In the situation where bonus, performance shares (both vested and non-vested shares) or other variable remuneration have been provided to a member of the Executive Management on the basis of data or accounts which prove to be misstated, Vestas may within certain limitations reclaim the variable remuneration in full or in part.

3.7 Notice of termination

Vestas can terminate the employment of members of the Executive Management by giving 24 months' notice to the end of a month. A member of the Executive Management can terminate the employment with Vestas by giving 12 months' notice to the end of a month.

3.8 Redundancy pay/severance pay

There is no agreed redundancy pay/compensation for voluntary or non-voluntary termination.

3.9 Addendums

If a member of the Executive Management holds addendums or the like with special terms of any kind then this will be described in the Remuneration Report to the extent such disclosure is required by the Danish Companies Act.

3.10 Special arrangements under the Remuneration Policy

In extraordinary cases, the Board may approve additional remuneration on a discretionary basis if the Board finds that it is in the overall interest of Vestas, and if it is recommended by the Nomination & Compensation Committee. Such additional remuneration may be made in the form of sign-on bonuses, one-off bonuses, retention bonuses or severance payments. Such remuneration may consist of cash payments and/or share-based remuneration and may or may not include performance criteria for the Executive Management member. The value of such extraordinary remuneration may not exceed 100 percent of the individual Executive Management member's fixed annual salary for the year in which the remuneration is approved. In case of an on-boarding process, the agreed annual fixed salary effective at the commencement of the employment shall serve as the basis for the above cap.

4. Derogation from policy

In the event of a new member joining the Executive Management, or Vestas experiencing a challenging financial situation or a change of ownership (defined in section above), the Board can extraordinarily approve derogation from the Remuneration Policy. Any derogation must be informed to the shareholders at the coming Annual General Meeting by including a description thereof in the Remuneration Report presented at that Annual General Meeting.

5. Policy approval

The Remuneration Policy has been approved by the Board in February 2024 and approved by the Annual General Meeting on 9 April 2024 (voting details).

This Remuneration Policy replaces the Remuneration Policy for Vestas adopted at the Annual General Meeting held 8 April 2021.

The Remuneration Policy is available at Vestas' website.

6. Appendix

Significant changes to the Remuneration Policy and information on how the shareholders' voting and views on the remuneration policy and the remuneration reports, have been taken into account since the Annual General Meeting of Vestas Wind Systems A/S held on 8 April 2021, cf. section 139 a(4) of the Danish Companies Act.

Year	Section	Description of significant changes added to the Remuneration Policy or input from the shareholders since 2021	Votes cast (% of the valid votes at the AGM)
2021	-	Remuneration Report 2020 No questions or comments.	For: 93.1% Against: 6.3% Abstain: 0.6%
2021	-	Remuneration Policy No questions or comments. The following wording was added:	For: 94.2% Against: 5.3% Abstain: 0.5%
	3.1	The above does not apply to directorships in companies that are not controlled by Vestas and where members of the Executive Management nominated to serve directorships by Vestas may receive a remuneration alongside other directors of such companies.	
	3.4	The actual value of shares vesting for the Executive Management is capped at a maximum value of 300 percent of the annual fixed salary at the time of vesting. If the cap is reached the number of shares vesting will be adjusted accordingly.	
	3.4.2	However, the actual value of shares vesting for the Executive Management is capped at a maximum value of 300 percent of the annual fixed salary at the time of vesting. If the cap is reached the number of shares vesting will be adjusted accordingly. The performance shares will vest in full three years after the disclosure of the programme. Vestas performance share incentive programme includes the option to allot additional shares with the purpose of retention of members of the Executive Management through non-performance adjusted restricted shares however following the vesting period and all other terms and conditions for the performance share incentives. The additional share incentives are to be used only in extraordinary cases, serving as alternative to cash at sign-on or as retention of members of Executive Management. Selected individuals and number of shares will be approved by the Board of Directors and reported in the Remuneration Report.	
2022	-	Remuneration Report 2021 No questions or comments.	For: 96.3% Against: 3.2% Abstain: 0.5%
2023	-	Remuneration Report 2022 No questions or comments.	For: 94.4% Against: 4.7% Abstain: 0.9%

Year	Section	Description of significant changes added or input from the shareholders since 2021	Votes cast (% of the valid votes at the AGM)
-	-	During the period from the Annual General Meeting held on 8 April 2021 until the notice of 8 March 2024 convening the Annual General Meeting of 2024, Vestas Wind Systems A/S has not received any input from the Company's shareholders regarding the Remuneration Policy.	-
2024	-	Remuneration Report 2024 -	For: - Against: - Abstain: -
2024		Remuneration Policy -	For: - Against: - Abstain: -
	2.1	The following wording was added: New addition to the provision, pursuant to which Board members residing outside of Europe may receive an additional fixed fee that will not exceed the basic board remuneration in order to compensate for time spent on travelling.	

Vestas Wind Systems A/S
Hedeager 42, 8200 Aarhus N, Denmark
Tel: +45 9730 0000, Fax: +45 9730 0001
vestas@vestas.com, vestas.com