



Remuneration Report 2022

This report is prepared according to section 139b of the Danish Companies Act
- the accounting period 1 January 2022 - 31 December 2022

Preface

This remuneration report ("Remuneration Report") provides the overview of the total remuneration received by the Board of Directors (Board) and the Executive Management of Vestas Wind Systems A/S, CVR no. 10403782 (the Company), during the financial year 2022 with comparative figures for the past five years. Executive Management refers in this Remuneration Report only to members of the Executive Management of the Company registered as such with the Danish Business Authority. This is currently the Group President & CEO (CEO) and the Executive Vice President & CFO (CFO).

The remuneration of the Board and Executive Management during the past financial year has been provided in accordance with the Remuneration Policy¹ of the Company adopted by the Annual General Meeting on 7 April 2021 (the Remuneration Policy).

The overall objective of the Remuneration Policy is to attract, motivate, and retain qualified members of the Board and Executive Management, to align the interests of the Board and Executive Management with the interests of the Company's shareholders and stakeholders as well as to support Vestas' strategic goals and promote value creation aligned to the interest of the shareholders. Vestas' vision to become 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 Vestas 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 Executive Management. To ensure that Vestas' remuneration promotes both strategic goals as well as long-term value creation and sustainability, the remuneration includes both fixed remuneration, short-term incentives, and long-term incentives. Remuneration of Executive Management is related to the result of Vestas' financial and sustainable performance through incentives. Vestas' financial health and performance is directly linked to its abilities to invest in research and development, thereby paving the way for even better solutions to provide the world with sustainable energy.

Remuneration Report 2022

The Remuneration Report has been prepared in accordance with section 139b of the Danish Companies Act and the European Commission Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement (the Guidelines).

The information included in the Remuneration Report has partly been derived from the audited annual reports of Vestas for the financial years 2018-2022² with additional information to support the explanation of the remuneration of the Board and Executive Management. All amounts are included in EUR, gross.

In 2022, when the Annual General Meeting was held, the Remuneration Report for 2021 was approved without any remarks for changes in the Remuneration Report for 2022.

Compliance with the Remuneration Policy

The remuneration of the Board and the Executive Management complies with the guidelines and framework set out in the Remuneration Policy. There has been no derogation from the Remuneration Policy.

¹ The Remuneration Policy can be found on our corporate website.

² Financial reports can be found on our corporate website.

Introduction

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For the year 2022, Vestas' revenue amounted to EUR 14.5bn, with an EBIT margin before special items of (8.0) percent, and total investments, excl. acquisitions of subsidiaries and any financial investments, of EUR 758m. The value of the combined order backlog increased from EUR 45.9bn in 2021 to EUR 49.5bn in 2022.

As a result of the performance in 2022, the Board proposes to the Annual General Meeting that no dividend be paid to the shareholders.

In 2022, shareholders elected one new member to the Board while one member resigned. 1 March 2022, Hans Martin Smith was appointed CFO and Executive Management now consist of Henrik Andersen, CEO, and Hans Martin Smith, CFO.

The Nomination & Compensation Committee (NCC) met five times in 2022 and had regular follow-up on the performance of Vestas and the link to the expected incentive pay-out, discussed the future position and succession for Board and Executive Management, performed an external review of the executive benchmarking approach, and discussed and proposed the future incentive design for Executive Management.

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Remuneration at a glance – 2022
Development from 2021 to 2022 in the remuneration awarded to members of the Board and Executive Management.

Board of Directors

	Board base fee		Fixed board committee fee	
Chair	EUR 183,540	↑ 2%	EUR 64,780	↑ 2%
Deputy chair	EUR 122,360	↑ 2%		
Members	EUR 61,180	↑ 2%	EUR 35,990	↑ 2%
Pension		Shareholding		
No pension entitlement		142,095 shares		
Benefits/variable pay		Sign-on fee		
Do not receive benefits or variable pay		No sign-on fee		

Executive Management

	Fixed pay		Short term incentive plan	Long term incentive plan
	Base salary		Bonus	2017-2019 LTIP vesting outcome
CEO	EUR 1.72m	↑ 4%	-	EUR 1.03m
CFO	EUR 0.56m		-	EUR 0.17m
	Pension		Sign-on bonus	2022 performance effect
CEO	No pension entitlement		-	100,000 shares forfeited (EUR 2.72m)
CFO	No pension entitlement		None	15,755 shares forfeited (EUR 0.43m)
	Shareholding		Total benefits (company car and insurance)	
CEO	116,722	↑ 80%	EUR 45,215	
CFO	7,438		EUR 30,552	

Board of Directors

- > Fixed remuneration
- > Shareholding obligations

Fixed remuneration

After reviewing the remuneration levels in December 2021, the Board and the NCC consider an increase on all member fees of the Board and its committees as matching the remuneration levels in comparable companies, considering, among others, the board members' required competencies, efforts, and the scope of the board work, including the number of meetings. Comparisons were made against Danish C25 companies as well as international levels for comparable companies.

Members of the Board received a fixed basic annual fee (basic board remuneration) approved by the Annual General Meeting in April 2022. The annual fees were increased with 2 percent from the level for 2021. The annual fees were last adjusted in 2020 and the increase of 2 percent for 2022 is considered in line with market comparison for similar companies.

Individual board members may take on specific ad hoc tasks outside the scope of duties assigned by the Board and may be entitled to additional fees for such tasks on the conditions set out in the Remuneration Policy. For the financial year 2022, none of the board members have received additional remuneration for carrying out ad hoc duties assigned by the Board. Additional compensation may be offered for board members taking up board responsibilities on behalf of Vestas in joint ventures and/or Vestas' subsidiaries.

For the financial year 2022, none of the board members have received additional compensation for taking up responsibilities in joint ventures of subsidiaries.

The Company pays social security taxes and similar taxes imposed on board members by non-Danish authorities in relation to the remuneration. In 2022, Vestas has covered the social security taxes for the non-Danish members.

For the financial year 2022, Vestas has paid for a directors and officers' liability insurance covering the Board.

New board members elected at the Annual General Meeting in April 2022 received pro rata of the annual basic remuneration and committee fee for the time in the Board, in 2022. Board members not re-elected at the Annual General Meeting receive pro-rata of the annual basic remuneration and committee fee for time in the Board in 2022.

Remuneration components

Component	Description	Size of component
Fixed fee	Members of the Board receive a fixed cash payment (basic board remuneration).	The basic board remuneration for the Chair corresponds to triple basic board remuneration, and for the Deputy Chair it corresponds to double basic board remuneration, provided to compensate for their extended board duties.
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.

Table 1: Fees approved at the Annual General Meeting for the financial year 2022

EUR

	Board	Audit Committee	Nomination & Compensation Committee	Technology & Manufacturing Committee
Member	61,180 (1x base fee)	35,990	35,990	35,990
Chair	183,540 (3 x base fee)	64,780	64,780	64,780
Deputy Chair	122,360 (2 x base fee)	-	-	-

Audit Committee:

Karl-Henrik Sundström, Chair
Bert Nordberg
Eva Merete Søfelde Berneke

Nomination & Compensation Committee:

Bert Nordberg, Chair
Anders Runevad
Eva Merete Søfelde Berneke
Helle Thorning-Schmidt

Technology & Manufacturing Committee:

Anders Runevad, Chair
Bruce Grant
Lena Olving

Table 2: Remuneration of Board of Directors 2022

EUR

Name and position	Annual fee ¹	Committee fees	Social security taxes	Total remuneration
Bert Nordberg (Chair) Chair Nomination & Compensation Committee Member Audit Committee	182,639	100,272	27,656	310,567
Anders Runevad (Deputy Chair) Chair Technology & Manufacturing Committee Member Nomination & Compensation Committee	121,759	100,272	42,468	264,499
Bruce Grant Member Technology & Manufacturing Committee	60,880	35,812	-	96,691
Eva Merete Søfelde Berneke Member Nomination & Compensation Committee Member Audit Committee	60,880	71,623	-	132,503
Helle Thorning-Schmidt Member Nomination & Compensation Committee	60,880	35,812	-	96,691
Karl-Henrik Sundström Chair Audit Committee	60,880	64,461	23,974	149,314
Kentaro Hosomi	60,880	-	-	60,880
Lars Josefsson ² Member Technology & Manufacturing Committee	14,995	8,821	2,266	26,082
Lena Olving ³ Member Technology & Manufacturing Committee	45,885	26,991	7,271	80,147
Claus Skov Christensen ⁴ Employee representative	40,786	-	-	40,786
Kim Hvid Thomsen ⁵ Employee representative	20,093	-	-	20,093
Michael Abildgaard Lisbjerg Employee representative	60,880	-	-	60,880
Pia Kirk Jensen Employee representative	60,880	-	-	60,880
Sussie Dvinge Employee representative	60,880	-	-	60,880
Total	913,197	444,064	103,635	1,460,893

¹ Fee is settled based on realised pay out in 2022 and is composed of fee levels from one quarter of the approved level from Annual General Meeting 2021 and three quarters of 2022 fee level.

² Member until the Annual General Meeting 5 April 2022.

³ Member since the Annual General Meeting 5 April 2022.

⁴ Member since 1 May 2022.

⁵ Member until 30 April 2022.

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 NCC 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 NCC. The Board can allow for a short period of individual exception.



Table 3: Shareholdings of Board members elected by the Annual General Meeting in 2022

Number of shares

Name	Member of the Board since	Holding as at 1 January 2022	Purchase	Sale	Holding as at 31 December 2022	Shareholding as percentage of base fee ² (%)	Shareholding obligation ³
Bert Nordberg	2012	73,000	-	-	73,000	3,241	Met
Anders Runevad	2020	40,480	20,000	20,000	40,480	1,797	Met
Bruce Grant	2019	0	-	-	0	-	Not met
Eva Merete Søfelde Berneke	2019	17,295	-	-	17,295	768	Met
Helle Thorning-Schmidt	2019	2,770	-	-	2,770	123	Met
Karl-Henrik Sundström	2020	8,200	-	-	8,200	364	Met
Kentaro Hosomi	2021	0	-	-	0	-	Not met
Lena Ölving	2022	0 ¹	350	-	350	16	Not met
Total		141,745	20,350	20,000	142,095		

¹.. Shareholding when entering the Board 5 April 2022.

².. Share price at year end, DKK 202.10 (EUR 27.16).

³.. The board members have five years to accumulate the guided shareholdings.

Executive Management

- > Remuneration components
- > Annual fixed salary
- > Cash bonus
- > Performance shares
- > Extraordinary items, termination, and severance payments
- > Claw-back

Remuneration components

The Executive Management received an annual remuneration in accordance with the Remuneration Policy, which may consist of the following fixed and variable remuneration components:

- Base salary (includes pension as per Remuneration Policy)
- Benefits
- Short-term incentive (STI)
- Long-term incentive (LTI)
- Shareholding obligations

These remuneration elements create a well-balanced package reflecting: (i) individual performance and responsibility of the Executive Management in relation to established goals and targets, both in the short and the long term, and (ii) Vestas' overall performance.

The table shows a summary of the actual remuneration of the Executive Management for 2022.

Henrik Andersen, CEO, participated in the 2019 programme, which first half of the programme vested in 2022.

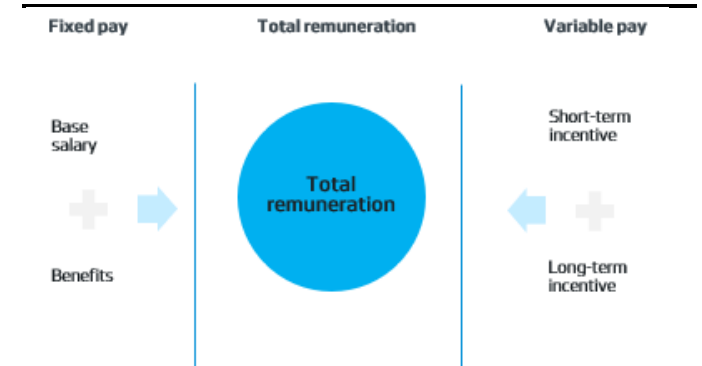
Hans Martin Smith, CFO, participated in the 2017 and 2019 programme. The first half of the 2019 programme and remaining half of 2017 programme vested in 2022. He participated in these programmes as part of his previous position in Vestas as Senior Vice President.

Component	2022 total effect - for CEO and CFO	Description	Size of component
Base salary	EUR 2,278,230	The annual fixed salary set to provide a competitive remuneration to attract and retain competent members of Executive Management, having the required professional and personal competences and enabling Vestas to obtain its short- and long-term goals.	The base pay of Executive Management is reviewed by the NCC annually and assessed against similar roles in comparable companies.
Benefits	EUR 75,767	Members of Executive Management have received customary work-related non-monetary employment benefits such as company car, insurance, newspaper, telephone, and internet access as approved by the Board and in line with the Remuneration Policy.	The extent of individual benefits is negotiated with each member of the Executive Management and reflects local market practice.
Short-term incentive	EUR 0	Members of Executive Management participate in an annual cash incentive based on the results of the financial year. The bonus is intended to ensure the attainment of Vestas' short-term objectives following the principles from the Remuneration Policy, and the payment is dependent on the adoption of the Annual Report of the relevant financial year.	The bonus pay-out level is defined by a weighted target achievement and is capped at 75 percent of the annual fixed salary with the target pay-out level set at 50 percent of the annual fixed salary.
Long-term incentive	Allotted EUR 3,692,496 Forfeited EUR 2,760,023	The Executive Management is eligible for participation in a performance share incentive programme. The objective of the performance share 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 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.
Shareholding obligations	CEO: Met CFO: In progress	All members of Executive Management are subject to the guidance of holding Vestas shares. The intention is for the Executive Management to obtain ownership of the shares through participation in Vestas' share incentive programmes.	Obligations of holding shares at a value equal to or above the gross value of the Executive Management's annual fixed salary.

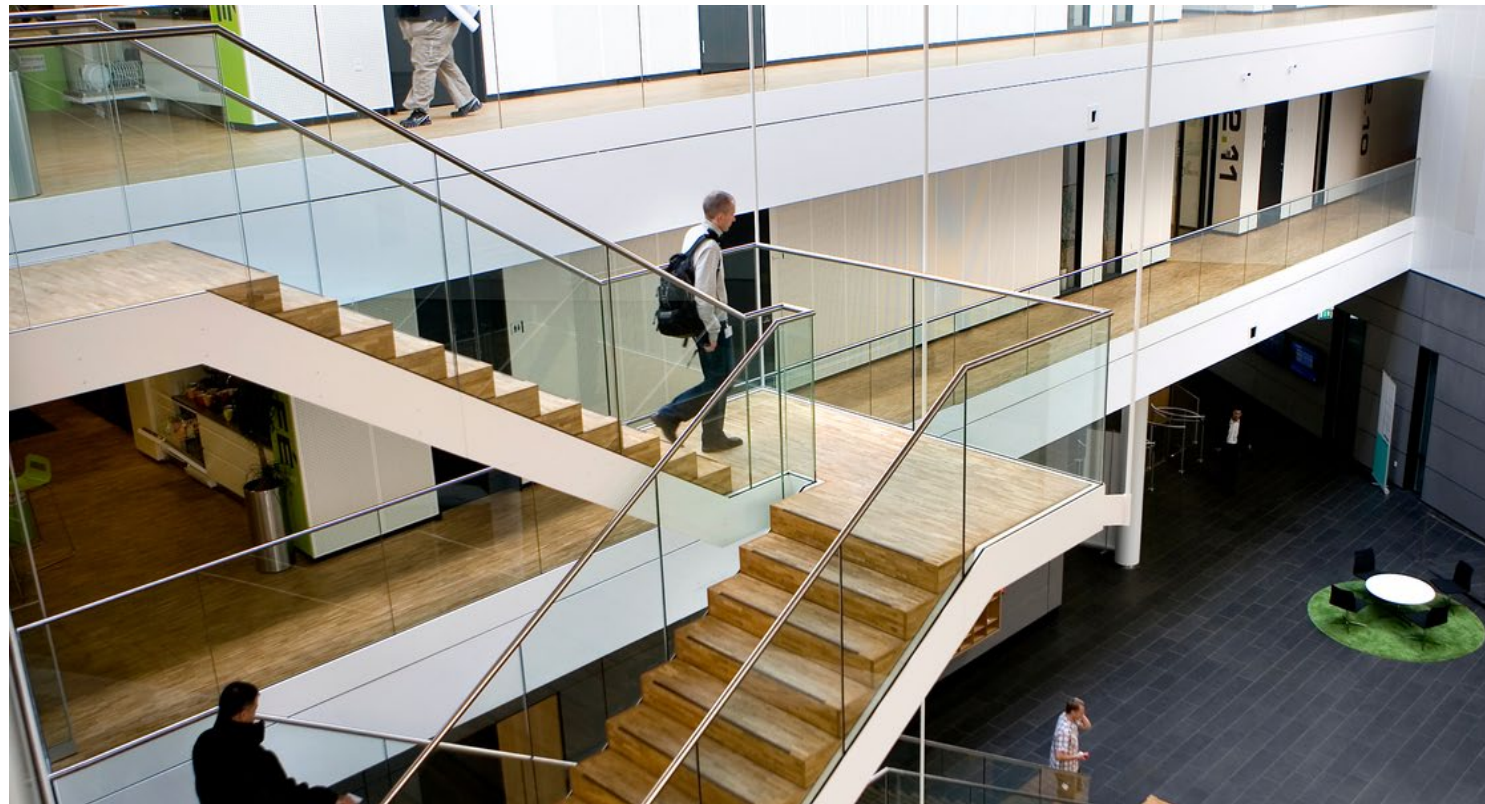
The Executive Management's short- and long-term incentive programmes are linked directly to the financial targets in Vestas' strategy. The composition of the remuneration of each executive is determined with a view to contributing to the Company's ability to attract, motivate, and retain competent key employees, while at the same time ensuring that the Executive Management has an incentive to create added value aligned to the interest of the Company's shareholders through variable remuneration.

The Executive Management's terms of employment and remuneration are agreed between the individual executive and the Board following the Remuneration Policy. Executive Management does not receive additional remuneration for directorships (whether executive positions or board memberships) in joint ventures and/or Vestas' subsidiaries.

The total remuneration components for the Executive Management



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.

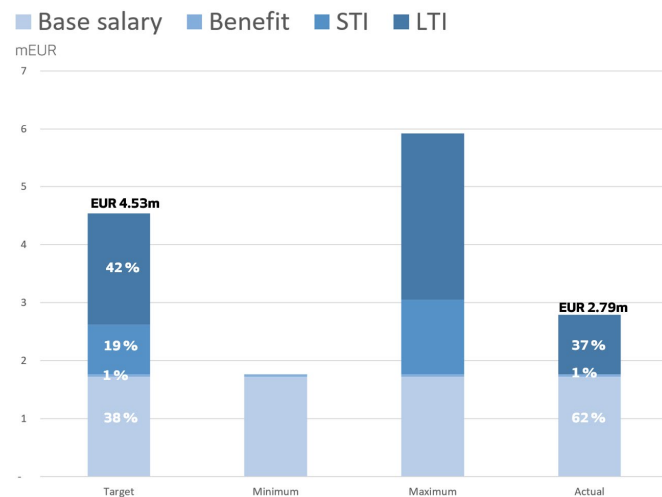


The intent and purpose of the relative remuneration composition is to show the relative value of each element in the remuneration package, based on actual results for 2022 cash bonus and the total allotted number of shares from the 2022 share programme. The share programme will be performance adjusted for three years but is stated without any performance adjustment. See table 10 (page 16) for details on the expected performance adjustment of the share programme.

On the right side, different scenarios are shown, illustrating the composition of remuneration in terms of minimum- and maximum performance. Additionally, the pillar showing the target composition consist of base salary, benefits, STI, and LTI, whereas LTI is shown as the value allotted for 2022. The pillar showing actual remuneration consists of remuneration paid out in 2022 including the value of vested shares. The value of vested shares can be seen in detail in table 9 (page 16).

In 2022, the Board discussed the potential need for additional actions to support the retention of key talents in a highly competitive talent market. As described in our Remuneration Policy, this could take the form of an extraordinary allocation of restricted shares to selected key talents. As such, it was decided by the Board that selected individuals were granted an additional allotment of restricted shares. The additional allotments are not adjusted for performance and these restricted shares will follow the vesting period and all other terms and conditions for the performance share incentives. As part of this initiative, the CEO was granted 37,500 shares on top of his standard allotment. The CFO was not granted an additional allotment being new in his position.

Overview of total remuneration composition for the CEO



Overview of total remuneration composition for the CFO

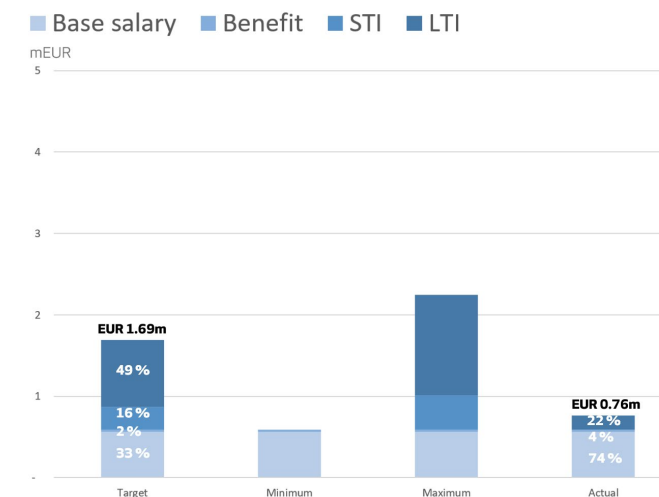


Table 4: Remuneration of current Executive Management and performances shares at target for 2022

Name and position	Fixed remuneration			Cash bonus	Variable remuneration			Total remuneration ⁶	Performance effect on share incentives applied in 2022 ⁸
	Base salary	Benefits	Total		Target share program ²	Retention allocation ⁴	Total		
Henrik Andersen, CEO	1,718,194	45,215	1,763,409	-	1,913,250	956,625	2,869,875	4,633,284	(2,587,500)
Hans Martin Smith, CFO ¹	560,036	30,552	590,588	-	822,621	-	822,621	1,413,209	(172,523)
Total	2,278,230	75,767	2,353,997	-	2,735,871³	956,625	3,692,496	6,046,493	(2,760,023)
Annual Report 2022	2,278,230	75,767	2,353,997	-	564,170	241,716	805,886⁵	3,159,883⁷	

¹- Hans Martin Smith was appointed CFO as per 1 March 2022.

²- The original awarded shares in the 2022 programme – the number of shares will be adjusted based on performance on the selected KPIs in 2022, 2023, and 2024.

³- Value of the share program is set at the closing share price on the day before the disclosure of the company announcement in April 2022 – share price EUR 25.51.

⁴- The CEO was allocated a retention share allotment in the 2022 performance share programme.

⁵- Difference in the share program 'Remuneration total' and Annual Report 2022 disclosure is due to IFRS2 principles and accounting standards. Please see detailed explanation in appendix 2 (page 24).

⁶- Numbers displayed in our Annual Report 2022 on the full remuneration for Executive Management differs on the share program. For the purpose of showing annual remuneration in this Remuneration Report, the full value of the share allotment for 2022 is displayed – for the Annual Report, the value of the share program is accounted for according to IFRS 2.

⁷- Ref. note 1.4 to the Consolidated Financial Statements, Annual Report 2022 (page 86).

⁸- In April 2022, the CEO had 112,500 shares removed as part of a performance adjustment across 2019, 2020, and 2021 performance share programmes based on performance results for 2021 known in April 2022. The CFO had 7,501 shares removed. The value is calculated using a share price of EUR 23.

Annual fixed salary

In connection with Vestas annual salary review process the salary for CEO and CFO was evaluated by the NCC. The salary was increased with 4.2 percent for the CEO. The salary for the CFO was not adjusted in the annual salary review process as Hans Martin Smith started the position as CFO 1 March 2022, the salary was reviewed as part of entering the position as CFO.

The base pay of Executive Management is reviewed by the NCC annually and assessed against similar roles in comparable companies. In 2022, the NCC performed a review of top 25 positions evaluating their impact and contribution by advice from an external partner with position evaluation of executive positions. The evaluation of executive positions is carried out consistently every second year by the NCC to ensure proper ground for comparison to market benchmark.

Based on the position evaluation, the NCC reviewed the compensation of the group against market benchmark for general industry on executive positions and against international benchmark in order to reflect the global nature of our business and in particular to be able to attract talent given the different compensation structures in competition with other multinationals companies. The NCC concluded that the current compensation approach and structure is in line with the relevant market. We are positioned "on market" for base pay and total cash (including short term incentives), and towards the upper quartile of the market for total compensation when including the share incentive. The NCC has reconfirmed this being the right approach in order to ensure Vestas' ability to attract and retain top candidates for our most critical positions and in order to reflect our market and industry leadership accordingly.

In 2022, the fixed salary for Executive Management is in line with the Remuneration Policy as concluded competitive to attract and retain when compared against comparable positions as well as the salary development in alignment with Vestas' employees in general.





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

Cash bonus

The bonus is based on target achievement on a number of parameters approved by the Board including financial and commercial KPIs aligned to the strategic priorities of the financial year, see table 5. Based on input from the NCC, the Board ascertains whether the 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 also displayed in the Annual Report. Each KPI in the bonus has a set threshold performance level (minimum condition for any pay-out at index 50 for the given KPI), target performance (index 100 for the given KPI) and stretched performance level (maximum pay-out at index 150 for the given KPI). If the KPI EBIT margin is not met at the threshold performance level, Vestas will not pay out from Vestas global bonus programme to Executive Management nor any other employee in Vestas.

CEO and CFO both share the same bonus scorecard as approved by the Board and displayed with indication of 2022 result. In 2022, "CO₂e emissions avoided" was introduced as a new KPI. This KPI measures all CO₂ emissions and equivalent avoided as a result of installing new wind turbines. All employees in Vestas share the same KPIs and targets as in table 5.

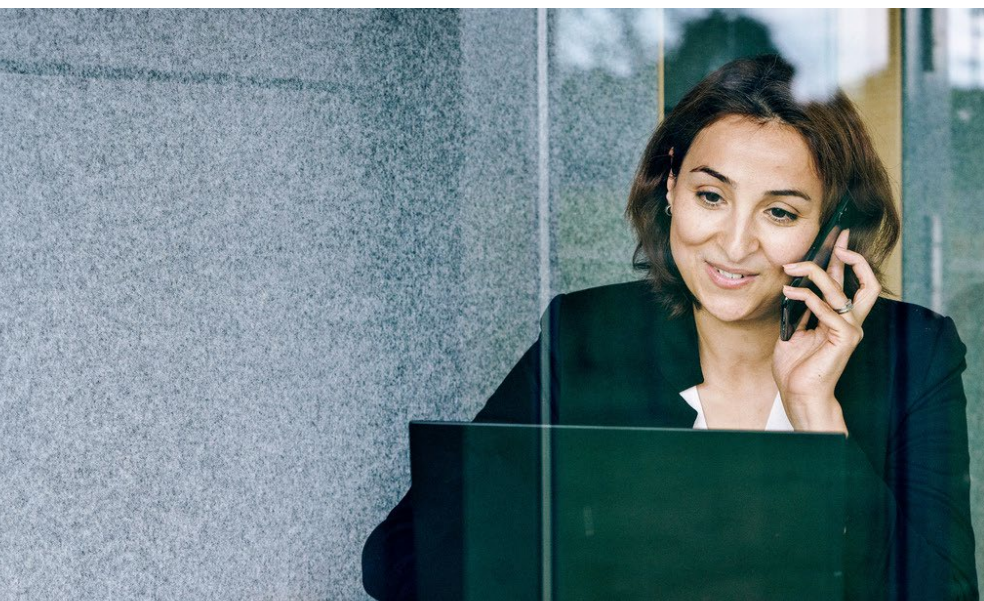
Table 5: 2022 bonus scorecard for Executive Management

KPI	Weight of KPI (%)	2022 result of KPI
EBIT margin (%) ¹	40	Below target
Free Cash Flow	30	Below target
CO ₂ e emissions avoided	30	Below target
Total	100	0% of base pay

¹- Minimum level of EBIT margin before special items (index 50 or above) must be reached as a requirement for any bonus payout.

Table 6: Historical summary of actual bonus pay-out for Executive Management

Year	CEO	CFO
2022	No payout	No payout
2021	No payout	No payout
2020	No payout	No payout
2019	EUR 0.95m	EUR 0.59m



Performance shares

The Executive Management is eligible for participation in a performance share incentive programme. The objective of the performance share 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 a company announcement in connection with the Board's approval of the programme. Vesting of shares under the programme is contingent on continued employment at the time of vesting, subject to certain good leaver provisions.

The 2022 performance share programme continues the simplification that was introduced with the 2021 performance share programme. The 2022 performance share programme will fully vest after a three-year performance period with all shares vesting at once instead of the previous split vesting in two portions. The simplification has been made with the purpose of better understanding and hence higher perceived value by participants as well as ease in explanation of the programme to relevant stakeholders. Before the simplification a market comparison was made, and this showed a clear tendency of full vesting after three years or less. Based on the above, the NCC recommended the Board's approval of the simplified 2021 performance share programme to offer competitive and easier to explain incentives. Performance period of three years was kept ensuring the long-term performance aspect of the programme.

2022 performance share programme

For 2022, the Executive Management was allocated performance shares contingent on future achievement of certain targets. In 2022, the KPIs were like previous years based on the financial targets earnings per share (EPS), return on capital employed (ROCE), and the Vestas market share, see table 8. All KPIs and targets were defined by the NCC and approved by the Board. Each KPI has a set threshold performance level (minimum condition for any pay-out at index 50 for the given KPI), target performance level (index 100 for the given KPI) and stretched performance level (maximum pay-out at index 150 for the given KPI).

The Board has assessed within the overall Remuneration Policy that the CEO is allotted 75,000 shares and the CFO 32,247 shares in 2022 performance share programme. The number of performance shares allocated to the CFO in 2022 is pro-rated based on time in position, as Hans Martin Smith started in the position 1 March 2022. The allocation therefore consists of a mix between target levels of a Senior Vice President and as CFO. The actual number of performance shares available for distribution will range between 0 and 150 percent of the allotted number. At the day of announcement, the value of the allotted number of shares corresponds to 158 percent of the CEO annualised fixed salary, and 127 percent of the CFO annual fixed salary which is within the limits set in the Remuneration Policy of 100-200 percent of the fixed annual salary for both CEO and CFO. In preparation for the 2022 allotment of share programme, the NCC evaluated the development of Vestas share price and in comparison, with international benchmark for incentive pay, decided on the proposed number of shares to be allotted for the CEO and CFO finally approval by the Board before communicated.

The programme is based on the three performance years 2022, 2023, and 2024. 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, see table 8.

Table 7: Historical performance index share programme

Performance year	Performance index of target
2022 (expected)	0
2021	10.0
2020	74.2
2019	89.2
2018	55.3

Table 8: Performance result share programmes - 2022 performance (indicative results for illustration only)

KPI	Weight of KPI (%)	2022 result of KPI
Earnings per share	50	Below target
ROCE	30	Below target
Market share	20	Pending
Total	100	Expected performance result for 2022 (assuming year end results): 0 percent of allotted number of shares



The objective of the performance share 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.

Performance shares vested in 2022

In 2022, Henrik Andersen, CEO, had first half of the 2019 programme vesting resulting in a pay-out in 2022. Hans Martin Smith, CFO, had the 2017 and 2019 performance share programmes partly vesting and resulted in pay-out in 2022.

Expected effect from 2022 performance adjustment

The 2022 programme will be adjusted based on 2022 performance for one third of the shares in the programme. The same performance adjustment for 2022 financial year also applies to one third of the shares in the 2020 and 2021 programmes. For CEO this is resulting in 100,000 shares to be removed from the 2020, 2021, and 2022 programme in total and for the CFO this is resulting in 15,755 shares to be removed from the 2020, 2021, and 2022 programme in total, see table 10. The actual performance adjustment of the share incentives will be applied in April 2023, when results are known for the final KPI "Market share" which cannot be completed until all financial reports of our competitors are published. In calculations within this Remuneration Report, the "Market share" KPI has been assumed results as of year-end 2022.

The NCC will evaluate the selected KPIs annually and may redefine or adjust these for any individual performance year, subject to approval by the Board.

Table 9: Performance shares vested in 2022

EUR – number of shares

Name and position	Award year	Performance period	Vesting dates	Awarded shares (target number)	Award share price (EUR)	Value at award (EUR)	Shares vested in 2022 ² (number)	Share price at vesting (EUR)	Value of vested shares (EUR)
Henrik Andersen, CEO	2019	2019-2021	<u>2024</u> <u>2022</u>	150,000	15	2,250,000	44,722	23	1,028,606
	2017	2017-2019	<u>2022</u> <u>2020</u>	10,000	16	160,000	4,462	23	102,626
Hans Martin Smith, CFO ¹	2019	2019-2021	<u>2024</u> <u>2022</u>	10,000	15	150,000	2,976	23	68,448

¹ Hans Martin Smith, CFO, participated in the 2017 and 2019 programme as part of his previous position in Vestas as Senior Vice President.

² Number of shares adjusted based on performance result of the selected KPIs in the performance period. The awarded shares vest only by half.

Table 10: Expected effect from 2022 performance on all share programme

Number of shares

Name and position	Programme	Original allotted #shares	#shares to be adjusted for 2022 performance (1/3 of allotted)	#shares performance adjusted in 2022	Total effect of expected 2022 performance for all programmes	#shares in programme after expected 2022 performance adjustment (including effect of previous performance years)
Henrik Andersen, CEO	2020	150,000	50,000	(50,000)	(100,000)	43,098
	2021	75,000	25,000	(25,000)		27,558
	2022	75,000	25,000	(25,000)		50,000
Hans Martin Smith, CFO	2020	10,000	3,340	(3,340)	(15,755)	2,872
	2021	5,000	1,666	(1,666)		1,838
	2022	32,247	10,749	(10,749)		21,498

Table 11: Performance shares outstanding as of 31 December 2022

Name and position	Award year	Performance period	Vesting dates	Awarded #shares (target)	Award share price (EUR)	Value of award (EUR)	Performance index					Total dividend in program	Outstanding unvested shares	Total vested shares
							2017	2018	2019	2020	2021			
Henrik Andersen, CEO	2019	2019-2021	May 2024 May 2022	150,000	15	2,250,000	-	-	89.2	74.2	10.0	2,744	44,722	44,722
	2020	2020-2022	May 2025 May 2023	150,000	17	2,550,000	-	-	-	74.2	10.0	998	93,098	-
	2021	2021-2023	May 2024	75,000	31	2,325,000	-	-	-	-	10.0	58	52,558	-
	2022	2022-2024	May 2025	112,500 ¹	25	2,812,500	-	-	-	-	-	-	112,500	-
Hans Martin Smith, CFO	2017 ²	2017-2019	May 2022 May 2020	10,000	16	160,000	109.3	55.3	89.2	-	-	232	-	4,462
	2018 ²	2018-2020	May 2023 May 2021	10,000	11	110,000	-	55.3	89.2	74.2	-	263	3,778	-
	2019 ²	2019-2021	May 2024 May 2022	10,000	15	150,000	-	-	89.2	74.2	10.0	178	2,976	2,976
	2020 ²	2020-2022	May 2025 May 2023	10,000	17	170,000	-	-	-	74.2	10.0	68	6,212	-
	2021 ²	2021-2023	May 2024	5,000	31	155,000	-	-	-	-	10.0	3	3,504	-
	2022	2022-2024	May 2025	32,247	25	806,175	-	-	-	-	-	-	32,247	-

¹ The number of shares showing is the target allocation along with the retention allocation.

² Hans Martin Smith, CFO, participated in the 2017, 2018, 2019, 2020, and 2021 programme as part of his previous position in Vestas as Senior Vice President.

Extraordinary items, termination, and severance payments

This section handles the extraordinary payments to the Executive Management.

As also described in Remuneration Report 2021, Vestas entered in 2021 into a severance agreement with CFO, Marika Frederiksson, who stepped down as CFO on 28 February 2022 and with final termination date 30 June 2022. This agreement included accelerated vestings of performance shares, and as an effect, performance shares were extraordinarily vesting after the applicable performance periods for each programme. The programmes will remain subject to the ordinary performance adjustments set out in the applicable terms and conditions.

In the coming years, the 2020 programme will vest in 2023, and the 2021 programme will vest in 2024 after all required performance adjustments have been applied to the respective programmes.

No severance payment has been agreed upon in the severance agreement. Other ancillary benefits covering relocation costs and assistance with tax returns have been provided to Marika Fredriksson as part of the severance agreement and these are capped at a total value of DKK 150,000 incl. VAT. The severance agreement is concluded in compliance with our Remuneration Policy as well as in line with the regulatory framework for remuneration of members of Executive Management.

Claw-back

The Company may within certain limitations decide to reclaim incentive remuneration in full or in part in cases where a cash bonus or other incentive remuneration has been provided to a member of the Executive Management on the basis of data or accounts which subsequently prove to have been misstated.

In the financial year 2022, no incentive remuneration was reclaimed.

Table 12: Remuneration of exiting CFO

EUR

Name and position	Fixed remuneration			Variable remuneration			Total remuneration
	Base salary	Benefits	Total	Cash bonus	Target share program ¹	Total	

Table 13: Shareholding by the Executive Management

Number of shares

Name and position	1 January 2022				Sale	31 December 2022			
	Holding	Purchase	Vested			Holding	Value of position (EUR) ¹	% of base salary	Shareholding
Henrik Andersen, CEO	64,825	11,300	44,722	-	116,772	3,171,999	185	Met	
Hans Martin Smith, CFO	0 ²	-	7,438	-	7,438	202,046	36	In progress ³	
Total	64,825		52,160		124,210	3,374,045			

¹ Share price at year end, DKK 2021.0 (EUR 27.16).

² Shareholding when entering as CFO – 1 March 2022.

³ Members of Executive Management have five years to accumulate the guided shareholdings.

Development in financial performance and remuneration



The remuneration components annual bonus and performance share programme influence the fluctuating remuneration development. The annual bonus has been paying out once in the past five years. The latest was in 2019 with a close to target pay-out. The salary for the CEO was evaluated by the NCC and the salary was increased with 4.2 percent. The salary for the CFO was reviewed as part of Hans Martin Smith entering the position.

In recent periods and especially during 2022, the general job market and the scarcity of talent has been driving a slight increase in salaries. These trends are seen throughout various markets and the development in salaries from 2021 to 2022 is considered to be on market level. Vestas prioritizes pay equity while still considering the job

market by actively reviewing salaries, considering both external and internal factors to ensure a pay at market level. The external pressure on the job market that have caused salaries to steadily increase year over year further emphasise the importance of pay equity and having processes and governance in place for setting pay when hiring new talent.

Between 2020 and 2021 a small increase was seen as MHI Vestas Offshore Wind A/S was integrated. In the period between 2017 and 2020 the average employee remuneration for the Company and Vestas followed the same trends in terms of development. Slight variations caused by a bonus pay-out in 2019 and the pay-out of an extraordinary recognition for 2020 have caused developments in the average remuneration per employee.

+ 9.6%

Average increase in salaries for employees in Vestas in 2022.

Table 14: Comparison of remuneration and Vestas' performance with yearly development over the past five years¹

EUR

	2022	Dev. (%)	2021	Dev. (%)	2020	Dev. (%)	2019	Dev. (%)	2018	Dev. (%)	2017
Revenue, mEUR (Vestas)	14,486	(7.1)	15,587	5.2	14,819	22.0	12,147	19.9	10,134	1.8	9,953
EBIT margin, before special items % (Vestas)	(8.0)	(366.7)	3.0	(36.2)	4.7	(43.4)	8.3	(8.8)	9.1	(26.6)	12.4
Henrik Andersen, CEO	4,633,284	14.4	4,051,726	(0.65)	4,078,187	(16)	4,880,706 ²	-	-	-	-
Hans Martin Smith, CFO	1,665,331	-	-	-	-	-	-	-	-	-	-
Marika Frederiksson, Former CFO	1,102,263	(51.3)	2,261,722	9.5	2,065,921	(17)	2,491,785	62.2	1,536,028	(32.7)	2,282,138
Average remuneration employees in Vestas ³	75,006	9.6	67,883	3.2	65,769	(11.4)	74,219	7.6	68,980	(7.4)	74,515
Revenue mEUR (the Company)	835	(42.1)	1,443	(17.8)	1,755	22.6	1,432	8.1	1,376	(18.7)	1,693
EBIT margin % (the Company)	(221.5)	(787.9)	(32.2)	(375)	11.7	(65.5)	33.9	(25.7)	49	(9.3)	54
Average remuneration employees in the Company ⁴	112,119	(3.4)	116,056	(2.6)	119,232	(6.5)	127,512	15.6	110,274	(9.8)	122,283

¹...The table sets a year-over-year comparison of remuneration and key financial results of the Company and Vestas. Percent change is calculated as separate year-over-year comparison.

²...Total remuneration is calculated with actual cash bonus. Henrik Andersen was appointed Group President & CEO as per 1 August 2019, his total remuneration is therefore based on annualised values.

³...Vestas (all Vestas Group) comparison is for salaried employees, settled at Full Time Equivalent (FTE) and full year. Total remuneration including base pay, cash allowances, variable pay elements, pension, company car, health/medical insurance, Life/Disability insurance, bonus, share incentives.

⁴...Comparison is made for the Company (Vestas Wind Systems A/S), settled at Full Time Equivalent (FTE) and full year. Total remuneration including base pay, cash allowances, variable pay elements, pension, company car, health/medical insurance, Life/Disability insurance, bonus, share incentives.

Statements

- > The Auditor's Statement on the Remuneration Report
- > The Board of Directors' Statement on the Remuneration Report



The Auditors' Statement on the Remuneration Report

To the shareholders of Vestas Wind Systems A/S

We have examined whether the remuneration report for Vestas Wind Systems A/S for the financial year 1 January - 31 December 2022 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers is subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the additional requirements applicable in Denmark to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Danish Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Danish Companies Act, section 139 b, subsection 3.

Hellerup, 8 February 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Claus Lindholm Jacobsen
State Authorised Public
Accountant
mne23328

Rune Kjeldsen
State Authorised Public
Accountant
mne34160

The Board of Directors' Statement on the Remuneration Report

The Board has today considered and adopted the Remuneration Report of Vestas A/S for the financial year 2022.

The report has been prepared in accordance with section 139 b of the Danish Companies Act (in Danish: "Selskabsloven").

The Remuneration Report will be presented to the Annual General Meeting 2023 for an advisory vote.

Aarhus, 8 February 2023

Bert Nordberg
Chair

Anders Runevad
Deputy chair

Kentaro Hosomi

Karl-Henrik Sundström

Helle Thorning-Schmidt

Michael Abildgaard Lisbjerg

Bruce Grant

Sussie Dvinge

Eva Merete Søfelde Berneke

Claus Christensen

Lena Olving

Pia Kirk Jensen

Appendix 1

Development in board remuneration over the past five years needs the following elaboration, which is reflected in the tables above:

Eva Merete Søfelde Berneke:

April 2019 – elected as new member of the Board
 August 2019 – elected as new member of the Nomination and Compensation Committee
 April 2020 – elected as new member of the Audit Committee

Jens Hesselberg Lund:

April 2018 – elected as new member of the Board
 April 2018 – elected as new member of the Audit Committee
 August 2019 – elected as new chair of the Audit Committee
 April 2020 – resigned from the position as member of the Board
 April 2020 – stepped down from the Audit Committee

Bruce Grant:

April 2019 – elected as new member of the Board
 April 2019 – elected as new member of the Technology & Manufacturing Committee

Helle Thorning-Schmidt:

April 2019 – elected as new member of the Board
 April 2019 – elected as new member of the Nomination & Compensation Committee

Kim Hvid Thomsen:

April 2019 – stepped down from the Technology & Manufacturing Committee
 April 2022 – resigned from the position as member of the Board

Eija Pitkänen:

April 2019 – resigned from the position as member of the Board
 April 2019 – stepped out of the Technology & Manufacturing Committee

Torben Ballegaard Sørensen:

April 2019 – resigned from the position as member of the Board
 April 2019 – stepped down from the Technology & Manufacturing Committee

Henry Sténson:

April 2018 – stepped down from the Audit Committee
 April 2019 – resigned from the position as member of the Board

Bert Nordberg:

August 2019 – elected as new member of the Audit Committee

Henrik Andersen:

August 2019 – resigned from the position as member of the Board
 August 2019 – stepped down from the Audit Committee
 August 2019 – stepped down from the Nomination & Compensation Committee

Lars Josefsson:

April 2020 – stepped down from the Nomination & Compensation Committee
 April 2021 – stepped down as Chair of the Technology & Manufacturing Committee
 April 2022 – stepped down from the Technology & Manufacturing Committee
 April 2022 – resigned from the position as member of the Board

Anders Runevad:

April 2020 – elected as new member of the Board
 April 2020 – elected as new member of the Nomination & Compensation Committee
 April 2020 – elected as new member of the Technology & Manufacturing Committee
 April 2021 – elected as Deputy Chair
 April 2021 – elected as new Chair of the Technology & Manufacturing Committee

Karl-Henrik Sundström:

April 2020 – elected as new member of the Board
 April 2020 – elected as new Chair of the Audit Committee

Peter Lindholm:

April 2020 – stepped down as member of the Board

Pia Kirk Jensen:

Maj 2020 – joined as new member of the Board

Kentaro Hosomi:

April 2021 – elected as new member of the Board

Carsten Bjerg:

April 2021 – resigned from the position as member of the Board
 April 2021 – stepped down from the Audit Committee
 April 2021 – stepped down from the Technology & Manufacturing Committee

Lena Olving:

April 2022 – elected as new member of the Board
 April 2022 – elected as new member of the Technology & Manufacturing Committee

Claus Skov Christensen:

Maj 2022 – joined as new member of the Board

Appendix 2

Remuneration of current Executive Management and performance shares at target for 2022 (table 4)

Table 4 (page 12) display how the share programs and total remuneration for CEO and CFO are calculated for Vestas Annual Report following the principles and accounting standards in IFRS 2. When displaying Executive Management in Vestas Annual Report, additional key management personnel besides the CEO and CFO are included and hence the difference in the displayed amounts. According to the IFRS 2, the value of the share programmes is pro-rated per vesting year and the expected performance adjustment for the financial year is included. This differs from the principles used when displaying the total remuneration for Executive Management in this remuneration report in table 4.

The total IFRS 2 cost of active share programmes in 2022 from table 4 is included for the total remuneration displayed in Vestas Annual Report for Executive Management, see note 1.4 to the consolidated financial statements, Annual Report 2022. The total remuneration from table 4 differs in displaying only the 2022 awarded share programme instead of the pro-rated cost from all active share programmes adjusted for the expected KPI performance in 2022. The difference on the displayed value of share programmes forms the explanation of the difference in the total remuneration displayed as EUR 3m to CEO and CFO from note 1.4 to the Consolidated financial statements, Annual Report 2022 (page 86).

Appendix 3

Table 15: Comparison of remuneration and Vestas' performance over the past five years

EUR

Board of Directors	2022	% Dev.	2021	% Dev.	2020	Dev. (%) ¹	2019	Dev. (%)	2018	Dev. (%)	2017
Bert Nordberg, Chair	310,567	(5.7)	329,497	3.0	320,011	2.2	290,817	16.9	267,566	0	267,524
Anders Runevad, Deputy Chair	264,499	13.3	233,460	108.3	112,104	-	-	-	-	-	-
Bruce Grant	96,691	2.7	94,165	4.0	90,563	0	67,862	-	-	-	-
Eva Merete S. Berneke	132,503	2.7	129,042	11.5	115,719	37	56,691	-	-	-	-
Helle Thorning-Schmidt	96,691	2.7	94,165	4.0	90,563	0	67,862	-	-	-	-
Karl-Henrik Sundström	149,314	2.3	145,980	37.7	106,043	-	-	-	-	-	-
Kentaro Hosomi	60,880	35.3	45,003	-	-	-	-	-	-	-	-
Lars Josefsson ²	26,082	(79.4)	126,814	(37.4)	202,421	(15.3)	227,175	(5.9)	243,242	0	243,204
Lena Olving ³	80,147	-	-	-	-	-	-	-	-	-	-
Claus Skov Christensen ⁴	40,786	-	-	-	-	-	-	-	-	-	-
Kim Hvid Thomsen ⁵	20,093	(66.1)	59,289	4.0	57,021	0	64,511	(34.6)	87,132	0	87,132
Michael A. Lisbjerg	60,880	2.7	59,289	4.0	57,021	0	56,133	6.2	53,619	0	53,619
Pia Kirk Jensen	60,880	2.7	59,289	56.0	38,013	-	-	-	-	-	-
Sussie Dvinge	60,880	2.7	59,289	4.0	57,021	0	56,133	6.2	53,619	0	53,619
Carsten Bjerg	-	-	31,094	(74.9)	124,104	0	123,157	2.8	120,644	0	120,644
Peter Lindholm	-	-	-	-	19,006	0	56,133	6.2	53,619	0	53,619
Jens Hesselberg Lund	-	-	-	-	29,349	(37)	100,816	3.8	65,349	-	-
Other members (not part of board in 2022) ⁶	-	-	-	-	-	-	146,737	-	409,207	-	409,207
Total cost	1,460,894	(0.4)	1,466,376	3.3	1,418,959	(0.9)	1,314,027	14.7	1,353,997	6.8	1,288,568

¹...The table sets a year-over-year comparison of remuneration of the Board (including social security taxes). Percent change is calculated as separate year-over-year comparison based on annualised values while remuneration is displayed in actual values.

²...Member until Annual General Meeting 5 April 2022.

³...Member since the Annual General Meeting 5 April 2022.

⁴...Member since 1 May 2022.

⁵...Member until 30 April 2022.

⁶...Other members included without naming to calculate total development.

Disclaimer and cautionary statement

This document contains forward-looking statements concerning Vestas' financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning Vestas' potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. A number of factors that affect Vestas' future operations and could cause Vestas' results to differ materially from those expressed in the forward-looking statements included in this document, include (without limitation): (a) changes in demand for Vestas' products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks, including adverse weather conditions; (e) legislative, fiscal, and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) product development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components; and (m) customer created delays affecting product installation, grid connections and other revenue-recognition factors.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in Vestas' Annual Report for the year ended 31 December 2022 (available at www.vestas.com/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this document. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.

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Our Annual Report

Prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.



Our Sustainability Report

Mandatory annual statutory sustainability reporting in accordance with the Danish Financial Statements Act on 99a, 99b, 107d and the E.U. Sustainable Finance Taxonomy can be found in our Sustainability Report 2022.



Our Corporate Governance Report

Prepared in accordance with section 107b of the Danish Financial Statements Act. Describes our compliance with the Danish Committee on Corporate Governance recommendations.

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