Leading the energy transition
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About this report
In this report, we communicate our sustainability strategy, progress, governance, and selected data for 2021. This report also explains how we worked to embed the 10 principles of the United Nations Global Compact into our strategies and operations during the year. We disclose metrics in regard to Sustainability Accounting Standards Board (SASB) on page 71.

For disclosures on EU Taxonomy and TCFD implementation, please see the Vestas Annual Report 2021 pages 61 and 141, respectively.

Is this the Vestas Communication on Progress 2021? Combined with the Vestas Annual Report 2021, this Sustainability Report constitutes Vestas’ Communication on Progress (COP). Pursuant to our UN Global Compact membership, we apply the option stipulated in section 99a of the Danish Financial Statements Act – concerning the statutory duty of large enterprises to report non-financial information by referring to the COP report.

Vestas Sustainability Report 2021
Introduction

→ Executive statement
→ Our approach
→ Value creation model
→ Overcoming key challenges

1.7 bn tonnes CO₂e avoided

Green electricity is key to decarbonisation. Over the last four decades, our aggregate fleet of installed turbines has avoided 1.6993 million tonnes of CO₂e, compared to the average carbon footprint of electricity in the countries the turbines were installed.
In January 2022, Vestas was ranked the most sustainable company in the world.

The Global 100 ranking of most sustainable companies is based on a detailed assessment of 6,914 companies, each with more than USD 1bn in revenue. It evaluates performance across a range of sustainability metrics and is published by Corporate Knights.
Decarbonising energy with our sustainable energy solutions

Our greatest sustainability impact, and core to our purpose as a company, is the decarbonisation of global energy demand. Our technology already avoids a titanic sum of emissions from the electricity sector. But to truly help mitigate the climate crisis, we must massively scale up production of our existing sustainable energy solutions and innovate to decarbonise non-electric energy demand, and we must do so faster than ever before.

532 million tonnes CO₂e avoided over the lifetime of turbines produced in 2021

that is equivalent to:

- 96.6 million homes’ electricity use for one year
- 2.64 million km² forest’s carbon sequestering in one year – a forest more than 5x the size of Spain
Dear Vestas stakeholder,

The climate emergency is sparking urgent action across the world. Although political commitments may have fallen short of securing the 1.5 degree scenario at COP26, the need for renewables to play a central role in the global energy system has never been more compelling. While the pathways towards change differ greatly from nation to nation, one thing is clear: A more sustainable energy system is key to limiting global warming, and to preventing the catastrophic impacts it threatens to unleash.

At Vestas, we are proud to offer a critical piece of the solution to climate change. Fulfilling the commitments made at COP26 will demand a drastic scale-up of green energy technologies, and as the demand for renewable power grows, we are ready to grow with it. Our technology is already making a huge difference. In 2021, the turbines produced and shipped in the year are expected to avoid 532 million tonnes of CO₂e over their lifetime, the equivalent of carbon avoided by a forest five times the size of Spain in a year.

But we can, and must, do more. As the world's largest supplier of wind energy technology, our expertise and scale can have a significant
As the world’s largest supplier of wind energy technology, our expertise and scale can have a significant impact on how the renewables industry matures. And our goal is to ensure it matures sustainably.

Impact on how the renewables industry matures. And our goal is to ensure it matures sustainably. For this reason, in the second year of executing our sustainability strategy, entitled “Sustainability in everything we do”, we have made new, more ambitious commitments, while continuing to deliver on our existing promises.

Taking steps to stimulate a circular economy across renewables is critical to limiting waste production as our industry grows. With the launch of our Circularity Roadmap, we are the first renewable energy manufacturer to translate the theory of circular economy into actionable targets across our entire value chain. By setting ambitious plans to pursue zero-waste through design, manufacturing, supply chain, operations, and end-of-life activities, we have engaged our entire organisation in waste reduction and raised the industry bar for circularity.

Through the launch of our CETEC project, we are working towards creating the world’s first circular turbine blade. The project will yield a novel technology, capable of reducing blades to their key components, and ensuring that these components can be reused in the manufacture of new materials. Beyond this, carving out pathways for the use of recycled materials across the industry is key. As part of the DecomBlades consortium, we are pursuing multiple avenues to scale up existing recycling technologies for legacy blades, and we are already offering blade recycling solutions in some regions.

Following the reintegration of our offshore business, we remain committed to achieving carbon neutrality within our own operations by 2030 without using carbon offsets, despite the added challenge of decarbonising fuels for offshore service vessels. In 2021, we continued to source 100 percent of our own electricity from renewable sources, while transitioning our benefit cars and service fleet to electric or sustainably-fuelled vehicles. We also conducted a thorough mapping of our factories’ heating systems and have taken the first steps to transition from natural gas to electricity, district heating, and biofuels.

Our industry’s supply network has undergone significant disruption in the wake of COVID-19, and the need for us to help our supply network build maturity has never been more pressing. This is why we are working closely with our suppliers to share expertise, set clear...
expectations for raising sustainability performance, and secure commitments across the industry. We have successfully engaged 50 suppliers to join our sustainability journey, developing new reporting software to make it easier for them to report on key sustainability metrics. Nurturing innovation, for example through our investment in bio-composite specialist Modvion™, is also key to reducing carbon emissions in our supply chain.

Paving the way for financial sustainability across renewables will be critical to supporting a decarbonised global energy system. Putting our money where our mouth is, we have entered into our first sustainability-linked loan, with an interest rate directly tied to our sustainability performance. As part of our effort to ensure transparency and integrity across all our operations, we have also, for the first time, publicly disclosed our tax contribution by region and major countries.

To successfully meet global climate targets, it is crucial to ensure the sustainable growth of the renewables industry. Although we have made tremendous technological progress over the past four decades, we cannot decarbonise energy through innovation alone. Renewables must nurture the maturity required to drive viable returns and strong overall profitability. We are leading the way on sustainable returns, and aim to grow renewables into a steadfast foundation for the accelerating growth of sustainable energy.

As a result of these actions and ambitions, in January 2022 we were ranked as the most sustainable company in the world by Corporate Knights. We are proud and humbled to receive this recognition, and it strengthens our resolve to deliver the solutions required to build a more sustainable future. A 1.5 degree warming scenario is still in sight, but we cannot shape a net-zero world alone. As we move forward on our sustainability journey, we urge the energy industry, governments, and the financial world to join us. Because a brighter future means putting sustainability at the heart of everything we do.

Yours sincerely,
Vestas Executive Management team
The concept of sustainability means being able to meet the needs of the present generation without compromising the ability of future generations to meet theirs (Brundtland Commission 1987). If a practice can continue over time and causes little or no harm to people or planet, it is considered socially and environmentally sustainable.

Consequently, sustainability at Vestas means reducing or eliminating negative environmental and social impacts. It also means maximising the value that our business and products create for our customers, employees, shareholders, suppliers, local communities, and the planet at large. It involves upholding sustainability in governance structures, whereby we hold ourselves accountable to internationally recognised principles and standards; whereby we act with integrity and responsibility, and safeguard responsible processes and remunerations. We believe these efforts not only enhance our own performance, but help to elevate the standards of our industry as a whole.

At Vestas, sustainability is grounded in our four corporate values:

Simplicity
We eliminate the use of unnecessary resources and optimise our energy solutions for displacing carbon emissions.

Collaboration
We seek a partnership approach to creating sustainable solutions, as we acknowledge that great achievements are only realised through joint action.

Accountability
We commit to behaving responsibly and inclusively within and across our business, to always act with integrity, and to deliver on our targets.

Passion
We are proud of our shared purpose to make the planet a better place – our products are a testament to our passion for sustainability.
Materiality assessment
To identify the elements of sustainability that are most relevant to our business and stakeholders, in 2020 we conducted a materiality assessment. This assessment mapped our major economic, environmental and social impacts against our stakeholders’ interests. As a result of this process, we can now better prioritise between a growing number of sustainability issues, and allocate resources where they are needed most.

We commissioned external auditors to conduct our materiality assessment, which included four key phases. First, a gap assessment was carried out to evaluate our sustainability strategy against emerging mega-trends, both in the wind energy industry and globally. Second, selected groups of internal and external stakeholders were prioritised according to their interest in, and influence over, Vestas’ sustainability performance. Third, during the stakeholder engagement phase, some of our most important stakeholders were asked to evaluate the issues identified in phase one. Finally, these issues were then ranked in the materiality matrix on the right. The matrix confirms that our sustainability strategy addresses those elements that matter most to our stakeholders. It also helps to guide our future sustainability endeavours.

Internal assessment (impact on business)

External assessment (impact on stakeholders)

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
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.
Creating value

We drive innovation to build a more scalable renewable industry

Together with our customers we pave the way for a more sustainable planet

We support more prosperous and resilient societies
Becoming the global leader in sustainable energy solutions

1898
Hans Søren Hansen buys a blacksmith shop.

1945
Hans’ son Peder takes over the company, and founds 
Væstjysk-Stålteknik A/S, which is later shortened to 
Vestas. The company produces 
ad agricultural machinery and 
later hydraulic cranes.

1970s
During the oil crisis Vestas starts investigating the 
potential of the windmill as an 
alternative and clean source 
of energy, and delivers its first 
windmills in 1979.

1987
Vestas focuses entirely on 
wind energy and begins the 
journey towards becoming a 
global, high-tech market leader.

2020
The undisputed global leader in wind, Vestas 
launches its sustainability 
strategy to ingrain sustain-
ability in everything we do.

Current sustainability challenges

Scaling up for a mass deployment of renewables needed by the end of this decade to help mitigate global climate change.

Ensuring an ethical supply chain, reducing waste, and decarbonising our materials, especially steel.

Using wind to decarbonise other sectors through electrification and development of Power-to-X technologies.

Siting and building wind parks in harmony with nature and local biodiversity.
Our sustainability strategy

† Brief from Head of Sustainability
† Carbon neutrality
† Zero-waste
† Social responsibility
† Leading the transition

20,000 homes

New offshore platform
A single turbine from our new offshore platform can power more than 20,000 standard European households while avoiding more than 30,000 tonnes of CO₂e per year.
The rapid decarbonisation of energy is critical to limit global warming to 1.5°C above pre-industrial levels. In virtually every climate abatement scenario, a mass deployment of renewable energy this decade is an essential first step in decarbonising global energy demand. And wind energy offers one of the most cost-effective and scalable solutions to fight the climate crisis and foster wellbeing for life on Earth.

However, given the scope of the problems and the fast scale-up required, we know we cannot rely on our turbines alone. To address the urgency of the climate crisis while meeting the growing expectations of our customers, partners, investors and employees, we have mobilised our entire organisation around a number of key activities and ambitions. These include reducing our carbon impact, creating a zero-waste wind turbine, promoting social responsibility, and leading the transition to a world powered by renewable energy, among others.

Integration of offshore
At the end of 2020, we acquired MHI Vestas Offshore Wind A/S to once again build both onshore and offshore turbines in the same company. In the process, we welcomed over 3,000 employees and took under management significant new offshore design, manufacturing, and service assets. To account for acquisitions and divestments in 2020 and 2021, the 2019 baselines for CO₂e emissions from our own operations and our supply chain have been recalculated. We have also amended our carbon neutrality strategy to incorporate the unique challenges of the offshore wind industry, especially fuels used for service vessels.

2021 in review
In 2021, we added new commitments to our strategy and continued to deliver on our existing promises, as follows:

Carbon neutral by 2030, without using carbon offsets
- Despite the inclusion of new offshore activities, we remain committed to carbon neutrality in our own operations by 2030. To achieve reductions in our own operations, we are continuing to source 100 percent of our own electricity from renewable sources.
- We are also electrifying our fleet of benefit cars (which is now 67 percent PHJEVs) and have added 147 EVs or sustainably fuelled vehicles to our service fleet.
In 2021, we made important progress towards our sustainability goals. However, we remain acutely aware of the challenges ahead.

Lisa Ekstrand – Vice President, Head of Sustainability

Social responsibility
- During the ongoing COVID-19 pandemic, we minimised risks to keep our employees safe, while continuing to install and service wind power plants around the world, helping ensure a stable energy supply during the global health crisis. We also used 2021 to map out our regional safety cultures and strategically deployed our toolbox of safety programmes to achieve long-term safety targets.
- We deployed anti-bias software in job advertising and raised recruiter awareness of unconscious bias to increase the percentage of women in leadership positions.
- We reached 8,236 beneficiaries through our community development activities and community donations and launched updated Codes of Conduct for employees and partners to uphold our culture of integrity. We refreshed the Codes, added new topics, and strengthened existing ones to reflect current and upcoming standards and expectations.

Leading the transition
- We continue to support electrification of new sources of energy through the transition to electric vehicles, build-out of charging infrastructure, and sponsorship of Formula E.
- Furthermore, we accelerated the development and utilisation of Power-to-X technologies through test projects in renewable hydrogen and ammonia production.
- We campaigned for a number of policies to hasten the energy transition at COP26 and through a large number of bilateral renewable energy discussions.

Looking ahead
In the second year of executing our sustainability strategy, we made important progress towards our long-term sustainability goals, and are honoured and humbled to be recognised as the most sustainable company in the world by Corporate Knights. However, we remain acutely aware of the challenges ahead.

The steel and shipping sectors remain hard-to-abate and contribute to a large portion of the world's CO₂ emissions. This year, absolute CO₂ emissions increased in our own operations, mainly due to integration of the offshore business, which resulted in additional fuel requirements for offshore vessels. In collaboration with suppliers and customers, we are committed to accelerating the deployment of sustainable fuels in the vessels we use for our offshore service operations.

Faster development and availability of green steel is also critical to achieving our Scope 3 reductions. We believe we occupy a unique position in the transformation of the steel sector, not only as a large consumer of steel, but also in our ability to provide cost-competitive sustainable energy solutions, which can be used to help decarbonise steel production through green hydrogen.

These are the greatest sustainability challenges we see for Vestas on the horizon, but they are not ours alone. With effective collaboration, and with appropriate policies supporting the decarbonisation of long-distance transport and steel production at scale and pace, we can achieve our sustainability ambitions.

As we address the challenges we face, we are pushing to embed sustainability across our organisation. From transitioning our vehicles, to pioneering turbine circularity, to engaging our supply chain in waste and carbon reduction targets, the actions we are taking today will be critical to reaching future sustainability targets.

We invite all stakeholders to accelerate their work. And together, to help us lead the transition to a world powered by renewable energy.

Yours sincerely,
Lisa Ekstrand
Milestones for sustainability

Major targets:

- **Carbon neutrality**
  - in our own operations

- **Carbon emission reduction**
  - in our supply chain (scope 3) of 45% per MWh delivered to the market from 2019

- **Rotor recyclability**
  - of 100%

- **Total Recordable Rate of Injuries**
  - of 0.6

- **Share of women in leadership positions**
  - at 30%

- **Share of women in leadership positions**
  - at 25%

- **Total Recordable Rate of Injuries of 1.5**

- **Carbon emission reduction in our own operations of 55% from 2019**

- **Zero-waste wind turbines**

2025

2030

2040

Continual

- **Leading the transition to a world powered by sustainable energy**

- **Social responsibility**
  - **Safety**
    - Decrease our lost time and recordable injury rates and avoid all fatalities
  - **D&I**
    - Increase the percent of women in leadership and foster inclusion for people of all social identities
  - **CSR**
    - Increase the number of community beneficiaries reached through engagement initiatives in areas impacted by our activities

- **Leading the transition**
  - **Electrification**
    - Increase the share of global energy demand met by electricity, especially by enabling electric vehicles
  - **Power-to-X**
    - Expand the ability of wind energy to decarbonise new sectors through green hydrogen and other technologies
  - **Sustainable policy**
    - Campaign for the societal scale-up of renewable energy by aligning climate commitments with effective policy

- **Zero-waste**
  - **Circular blades**
    - Scale up recycling solutions and design circular blades
  - **Internal waste**
    - Increase the material efficiency of our manufacturing operations
  - **Component repair and refurbishment**
    - Expand and regionalise our repair and refurbishment infrastructure
  - **Material recovery**
    - Cease landfilling and incineration of internal waste
  - **Suppliers**
    - Reduce supply chain waste by setting targets and sharing knowledge

- **Leading the transition to a world powered by sustainable energy**

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Pursuing carbon neutrality – without offsets

We are committed to reducing emissions from our own operations by 55 percent by 2025, and 100 percent by 2030, through our own actions rather than relying on carbon offsets. With new levels of activity following the integration of MHI Vestas Offshore Wind A/S, we have retroactively increased our 2019 baseline to account for the offshore business, while keeping existing carbon reduction targets in place for 2025 and 2030.

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

Lilian Harbak – Head of Environment, Global QHSE

Scope 1 and 2
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Lilian Harbak – Head of Environment, Global QHSE

Scope 3
By 2030, we will reduce carbon emissions from our supply chain by 45 percent per MWh delivered to the market by:

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

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

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).
Sustainability Dilemma: Decarbonisation of Steel

Material breakdown of a V136-4.2MW™ wind turbine
Percent mass

<table>
<thead>
<tr>
<th>Material</th>
<th>Percent Mass</th>
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<tbody>
<tr>
<td>Steel and iron materials</td>
<td>88.5</td>
</tr>
<tr>
<td>Glass/carbon composites</td>
<td>5.8</td>
</tr>
<tr>
<td>Polymer materials</td>
<td>2.8</td>
</tr>
<tr>
<td>Aluminium and alloys</td>
<td>1.3</td>
</tr>
<tr>
<td>Electronics/electrics</td>
<td>0.7</td>
</tr>
<tr>
<td>Copper and alloys</td>
<td>0.6</td>
</tr>
<tr>
<td>Lubricants and fluids</td>
<td>0.3</td>
</tr>
<tr>
<td>Not specified</td>
<td>0.1</td>
</tr>
</tbody>
</table>


Projection for net-zero steel emissions by 2050
Tonne CO₂e / tonne steel

Accelerating the decarbonisation of the steel industry is perhaps our single greatest carbon reduction challenge. Making up between 80-90 percent of the material mass of a wind turbine, steel and iron production also comprise around 50 percent of our Scope 3 emissions.

Worryingly, despite mounting public pressure and the increasing certainty of climate science, the carbon intensity of steel production remains unchanged in the last two decades. Most projections indicate that progress is not being made fast enough or at the proper scale necessary to achieve a net-zero scenario. 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 critical to achieving our goals.

To help decarbonise steel production, we will:
- Incentivise the production of CO₂-reduced steel in partnership with our steel suppliers
- Partner with suppliers in the creation and utilisation of green hydrogen and renewable electricity to help decarbonise steel production
- Invest in the development of alternative materials, such as wooden towers, to manufacture our turbines

Nature Communications (2021)
Creating zero-waste wind turbines

Circularity roadmap

Last year, we committed to release a full plan for circularity by the end of 2021. In October 2021 we honoured that pledge and became the first organisation in the wind industry, and one of the first organisations anywhere, to translate the theory of circular economy into actionable targets and goals. This development 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, as follows:

**Design for circularity**

**Material efficiency**
To decrease Vestas’ production waste, we aim to increase our material efficiency by 90 percent by 2030. Our initial focus will be 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.

**Blade and turbine recyclability**
We are significantly accelerating our ambition around blade recyclability. We have committed to create a rotor that can be 100 percent recycled, 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 turbines or similar devices. In this way, we are pushing the boundaries of circularity and committing to create the first truly circular blade.

Beyond blades, we are also working to integrate recyclability requirements across the full 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 turbine, or develop new circularity routes so that every turbine component will be recyclable by 2040.

**Supplier 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.

Design for circularity

- Fully recyclable blades by 2030, both from a technical and commercial perspective
- 90 percent increase in material efficiency by 2030
- 50 percent reduction in supply chain waste intensity by 2030

Operational circularity

- 55 percent total refurbished component utilisation rate by 2030
- Expansion and regionalisation of repair infrastructure

Material recovery

- Less than 1 percent of manufacturing waste landfilled by 2030
- More than 94 percent of manufacturing waste recycled by 2030
chain by 2030. Our approach here involves asking our strategic suppliers, covering nearly 50 percent of procurement spend, to report on their waste generation, to set waste reduction targets for their operations, and to set waste reduction targets for their suppliers. Suppliers that do so are granted a Vestas Certificate of Circularity Commitment. As we expect our supply chain to consolidate in the coming years, suppliers that partner with us on our sustainability journey will be highly valued.

**Operational circularity**

**Repair and refurbishment**

Across our operations, we are committing to expand efforts to refurbish and reuse turbine components, while regionalising our repair and refurbishment infrastructure where possible. Through refurbishment, we can reuse up to 70 percent of old component materials. In turn, each refurbished component leads to a 45 percent saving in CO2 compared to a new part being manufactured, even after transportation.

The major components of Vestas turbines are already largely refurbished and reutilised. However, our roadmap commits us to achieve 55 percent refurbished component utilisation by 2030, and 75 percent by 2040, mainly by creating new repair loops for minor components. This will lead to further waste reduction, while cutting carbon emissions and driving local job creation.

**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 of 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 50 percent.

**Circularity implementation and governance**

In line with our overall sustainability strategy, our circularity roadmap will be entrenched throughout our organisation – from our engineers designing new 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 Global Sustainability and respective functional areas. Interim yearly targets will be established and implemented through various internal mechanisms.

**Joint Interview with Circularity Roadmap Project Leads**

Q: To Peter Garrett, Sustainability Lead in Global QHSE: Why has Vestas launched a Circularity Roadmap this year?

A: Our previous goal was to achieve 55 percent rotor recyclability rate by 2030. Now, we are targeting 100 percent commercial recyclability by 2030. This means we want the cost of recycling solutions to be on par with or even less than the cost of landfilling a blade. To this end, we are scaling up existing recycling pathways for blade composites and partnering to find new use cases for recycled materials to drive down cost.

In addition, we are pioneering the future of blade recycling by creating a new recycling method where both the fiberglass and resin components of a blade can be fully recovered and are not significantly down-cycled. The recovered components can then be reused in similar applications, for example the creation of a new blade.

Q: To Allan Poulsen, Sustainability Lead in Innovation and Concepts: How is our approach to blade recycling unique and has it changed at all with the launch of the Circularity Roadmap?

A: Previously, we focused most of our circularity efforts on innovating solutions for blade recycling. With the Circularity Roadmap, we have significantly increased our ambition level for blade recycling and taken a much more holistic approach to circularity, setting targets to pursue zero-waste across the value chain. Achieving the targets requires the coordinated effort of thousands of our internal colleagues, as well as collaboration with our strategic suppliers and even competitors. All things together, the Circularity Roadmap is a game-changer for zero-waste efforts within Vestas, and one of the first times any company has attempted such an ambitious approach to waste reduction.

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.
Our circular economy targets

**Design for circularity**

**Strategy area:** Material efficiency  
**Metric:** Tonnes of waste / MW produced and shipped  
**Supporting projects:** Internal strategy deployment

**Operational circularity**

**Strategy area:** Repair/reuse/refurbish  
**Metric:** % refurbished components utilisation rate (# of components)  
**Supporting projects:** Global repair strategy

**Material recovery**

**Strategy area:** Reduce landfilling and incineration  
**Metric:** % (own operations)  
**Supporting projects:** SunWind / DecomBlades

**Introduction**

Vestas Sustainability Report 2021

Our progress  
Sustainability data
## Predicting, preventing, and managing safety risks

Every day, our employees manufacture, install, and service wind farms all over the world. Without exception, they always operate under the principle of 'safety first'. In order to become the safest company in the energy industry, we are committed to reducing our Total Recordable Injury Rate (TRIR) to 1.5 by 2025, and to 0.6 by 2030. These efforts would ensure an overall average TRIR reduction of 15 percent year-on-year.

Compared to other safety indicators, like Lost Time Injury Rate (LTIR), the TRIR also includes ‘restricted work injuries’ and ‘medical treatment injuries’. The TRIR therefore provides greater insight to help inform our activities and initiatives. Our focus on TRIR also indicates the maturity of our safety journey, underscoring the fact that we have reduced our LTIR by 50 percent over the last 5 years.

Over the last decade and a half, we have developed a comprehensive toolbox of safety initiatives, and have mapped the effectiveness of these tools to demonstrate a positive correlation to safety performance. The implementation of these essential measures has enabled us to produce a leading indicator programme, a predictive analytics tool which provides a clear overview of preventative measures and safety performance.

Now, through our operational excellence programme, we are committed to developing predictive capabilities for all health and safety risks and have created an extensive global monitoring programme to identify the safety maturity status of individual departments and regions. This programme allows us to define appropriate areas in which to drive safety performance, incrementally, to achieve our longer-term safety targets.

<table>
<thead>
<tr>
<th>Predicting, preventing, and managing safety risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Every day, our employees manufacture, install, and service wind farms all over the world. Without exception, they always operate under the principle of ‘safety first’. In order to become the safest company in the energy industry, we are committed to reducing our Total Recordable Injury Rate (TRIR) to 1.5 by 2025, and to 0.6 by 2030.</em> These efforts would ensure an overall average TRIR reduction of 15 percent year-on-year. Compared to other safety indicators, like Lost Time Injury Rate (LTIR), the TRIR also includes ‘restricted work injuries’ and ‘medical treatment injuries’. The TRIR therefore provides greater insight to help inform our activities and initiatives. Our focus on TRIR also indicates the maturity of our safety journey, underscoring the fact that we have reduced our LTIR by 50 percent over the last 5 years.*</td>
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</tr>
</tbody>
</table>

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### Building safety culture

- **Safety awareness campaign**
  - Training program to raise awareness of our safety pillars that every employee at Vestas has attended.

- **Safety as a value**
  - Program to correlate safety with the Vestas values of simplicity, accountability, collaboration, and passion.

- **Vestas behaviour change program**
  - Employee-led peer-to-peer observations – empowering local teams decide which behaviours to observe and modify.

- **My team – my responsibility**
  - Program to promote working as a team and the adoption of behaviours we all need to have in our daily work to act in a healthy and safe way.

- **Contractor safety management**
  - Program to track and drive the safety performance of unsupervised contractors.

---

### Our toolbox of safety programmes

#### Strategic deployment

- **Operational excellence**
  - Program that uses perception surveys and interviews to assess safety culture and deploy the right programs at the right time to mature safety culture regionally.

#### Teaching the fundamentals

- **Safety principles**
  - Vestas’ five primary principles for safety awareness.

- **Life saving rules**
  - The seven rules that Vestas employees and contractors must always follow based on data and analysis of the Vestas Incident Management System.

- **Hierarchy of controls**
  - Hierarchy to identify and assess safety risk in five levels in order of priority.

- **Lock out – tag out (LOTO)**
  - Vestas’ safety procedure and program involving the use of a sequence of physical locks and warning tags to ensure that an electrical or mechanical device cannot be accessed or energized.

- **Occupational manuals**
  - Specific manuals for our site and manufacturing teams created by subject matter experts and constantly updated with employee feedback.
At Vestas, diversity means having people of all backgrounds and identities who enrich our culture. Measures of diversity include, but are not limited to, gender identity, age, culture, ethnicity, physical abilities, political and religious beliefs, and sexual orientation. Our ambition is for everyone to feel valued and confident that their voice will be heard. We want to be the most inclusive company in the energy industry, enabling all our employees across the globe to achieve their full potential.

Gender diversity is a pressing issue in the wind industry, with 65 percent of women in wind encountering gender-related barriers at work, compared to 34 percent of men (IRENA 2020). We are fully committed to preventing this issue from proliferating as the wind industry grows. To this end, we aim to increase the number of women in leadership positions at Vestas to 25 percent by 2025, and to 30 percent by 2030. Our female leadership population is currently at 21 percent representation; we therefore consider our targets to be both ambitious and achievable.

While gender diversity is a fair and measurable indicator of diversity generally, and while directly addressing gender disparities will be our first step going forward, we engage with multiple aspects and definitions of diversity. Therefore, we will also measure progress on age and nationality as we continue to increase our focus in this area.

Through our work on diversity and inclusion, we work to provide access to equal opportunities for current and future employees regardless of social identity. Further details about our definition of diversity can be found in the Vestas Diversity & Inclusion Policy on our corporate website. By promoting and encouraging diversity and inclusion, we are working to ensure that equality and equity is present throughout the organisation.
Respecting human rights and local communities

As our global footprint expands, so does our responsibility to conduct business with integrity, wherever in the world we operate. Mega-infrastructure projects such as ours undoubtedly have the potential to negatively impact the surrounding environment and local communities. And to be a leader in a responsible and inclusive energy transition, we have to identify these potentials.

To this end, we have adopted a unique approach to respecting human rights tailored to our industry, informed by the UN Guiding Principles on Business and Human Rights (UNGPs), and the IFC Performance Standards on Environmental and Social Sustainability. We aim to continuously improve our approach to human rights, incorporating the most important lessons learned over a decade of activity and engagement with human rights. We also engage with external experts and civil society organisations to help inform and enhance our work in this area.

How do we achieve our CSR objectives?
Our CSR approach is embedded into our business processes and implemented globally. We work within three pillars to earn our Social License to Operate (SLO):

- **Responsibility: Respecting human rights**
  Strengthening human rights governance and management by identifying, preventing, mitigating, and accounting for human rights impacts.

- **Inclusiveness: Investing in local communities**
  Creating long-term value through community engagement; promoting positive impacts such as education, enhanced employability, jobs, and a better understanding of renewable energy.

- **Leadership: Partnering with stakeholders**
  Ensuring the integration of human rights in the energy transition by forming, growing, and learning from partnerships and societies in order to make the right decisions.

Human rights
We joined as a signatory to the UN Global Compact in 2009 and have been working with human rights for over a decade.
Respecting human rights
Based on the Vestas Human Rights Policy, we have developed a Social Management System describing our approach to human rights. We operationalise this system through our Social Due Diligence (SDD), which is part of our sales process and applied to projects ‘in scope’ (see Notes to sustainability key figures).

We also work to identify potential policy gaps, social risks, or opportunities to advance community benefits. Social risks can relate to land acquisition, local employment, cultural heritage, community health and safety, or access to remedy for impacted communities and workers. If we do not make these assessments, we risk losing our SLO in the community, which is key to the success of our projects. We also support our customers in respecting and implementing globally recognised international standards – such as the IFC Performance Standards on Environmental and Social Sustainability – at project level.

Investing in local communities
Through our SDD, we identify the best way to invest back into the local community, build trust, and develop and maintain good relationships. By working in this way, we can nurture close collaboration with key stakeholders, increase our focus on human rights, and avoid potential negative social impacts. In addition, we have an operational grievance mechanism in place whereby community members can air concerns and grievances. Through these processes, we strive to build a healthy foundation of community acceptance and trust in wind farms.

Across our operations, we seek to promote positive social impacts, such as education, enhanced employability and jobs, in line with the UN SDGs. We select engagement initiatives in collaboration with local communities, our partners, and local authorities. A few examples include:

• Education
  We promote inclusive and equitable education through skills training in science, technology, engineering and mathematics (STEM); we also donate school kits, renovate school facilities, and build new classrooms.

• Employment and economic opportunities
  We create and offer local job opportunities through contractors during the construction of wind farms. We also support livelihoods through indirect employment opportunities, such as accommodation, food delivery, and the hiring of cars and equipment.

• Access to affordable and clean energy
  We install solar panels on health centres and schools and provide local people with improved cooking stoves to optimise firewood usage. We also build model wind turbines together with university students, and install them next to rural schools.

Partnering with stakeholders
Building partnerships is key to our efforts to improve the renewables industry’s human rights performance. To achieve a just energy transition, we need to adopt a collaborative cross-stakeholder approach respecting business-related human rights. Human rights issues are transitioning from soft law to hard law and financial institutions are firms up their demands. We will have to approach these changes together with our customers, and we endorse the introduction of mandatory human rights due diligence in upcoming legislation. We are also committed to actively sharing learnings and responding to public consultations to advance the human rights agenda. In 2021, we continued to implement recommendations from our corporate-wide Human Rights Impact Assessment, which was conducted by external sustainability experts.

KPIs
We continue to improve disclosure around our CSR performance. In 2021, we introduced a specific target for CSR under our third sustainability strategy goal. We also assessed our performance against the following three performance indicators:

• The number of in-scope projects having undergone the SDD process.
  Engineering, Procurement, and Construction (EPC) and Supply-and-installation (S&I) projects are ‘in-scope’ because they have the highest potential to negatively impact the environment and local communities.

• The number of community beneficiaries reached.
  Our mission is to give back to beneficiaries, whom we define as people living in the communities close to our operations. Our community engagement initiatives can range from providing access to jobs and stimulating local procurement, to training, educational activities, and public infrastructure funding.

• The number of community grievances received.
  We have an Operational Grievance Mechanism (OGM) that provides a transparent and fair way for those potentially impacted by a project to raise any concerns they might have. It is an integral part of our approach to obtain and maintain our SLO, thereby reducing the risks we face.

“We do not have all the answers and we cannot do this alone. We need to engage with our partners to move the needle on human rights, especially in the more challenging emerging markets. This is the way we can lead a responsible and inclusive energy transition, hand in hand.”

Kristian Heydenreich
Senior Director – CSR and Global Compliance
We aim to lead the transition to a world powered by sustainable energy by electrifying new sectors, pioneering Power-to-X technologies to decarbonise hard-to-abate sectors, and publicly campaigning to drive sustainable change.

**Electrification**
To further mitigate global climate change and reduce reliance on fossil fuels, electrification of energy demand beyond grid-based electricity is necessary.

To hasten electrification, we are transitioning our benefit cars and service vehicles to sustainable fuels, many as (P)(H)EVs. Additionally, we are enabling our employees and customers to use their EVs through a build-out of charging stations across our facilities. We are also sponsoring the Mercedes-EQ Formula E Team to help demonstrate and celebrate the extreme performance capabilities of electric vehicles powered by renewable energy.

**Power-to-X**
Power-to-X conversion technologies allow for the decoupling of electric energy into novel green energy carriers that can be utilised to decarbonise a broad range of sectors. We have taken a leading role in several Power-to-X activities globally, and intend to become a key partner in this next step of the green energy transition.

Today, hydrogen is primarily used in the oil refining industry and to produce ammonia fertilisers. However, sectors such as steel making, transportation and chemicals are beginning to explore large-scale green hydrogen solutions to replace fossil fuels and reduce pollution.
To produce green hydrogen at scale, wind power will be an essential resource. The balanced integration between wind energy and hydrogen production will be pivotal for the competitiveness and adoption of this new energy carrier – an area where we possess key competences.

As one example, we are co-developing what could be the world’s first commercial-scale green ammonia plant, a Power-to-X technology. The plant will be located in Western Jutland, Denmark, and will produce more than 5,000 tonnes of green ammonia from renewable power each year. The electrolyser that will produce hydrogen which is subsequently processed into ammonia, will be powered by 12 MW from existing V80-2.0MW™ Vestas turbines and 50 MW new solar panels – with an even split of energy production contribution from the two sources.

We are also part of a consortium including EDP, Engie, and 10 others to produce green hydrogen – a zero-carbon fuel made by electrolysis of water using renewable energy. This is one of many of such projects expected to be announced in the coming years.

**Sustainable policy**
As the global leader in sustainable energy solutions, we also have a role to play in the adoption of sustainable policy. In 2021, we campaigned for governments to rapidly scale up wind and renewable energy installations, as follows:

- Increased wind power to be reflected in updated nationally determined contributions, national strategies, and long-term energy plans.
- Rapid phase out of coal-based generation.
- Design and implementation of energy markets that are fit for the future.
- Streamlined permitting schemes for renewable energy projects.
- Plans to rapidly build out clean energy grids and charging stations for electric vehicles.
- Cohesive policies to shift to a net-zero economy.
- Aligned national and regional finance flows for a 1.5 degree compliant pathway.
- Greater cooperation on carbon pricing.

**Interview with Morten Dyrholm**

**Q: How is Vestas influencing policy makers to hasten the transition to renewable energy?**

A: Leading up to COP26 in November, we launched the “Scale Up Now” campaign which we will continue into COP27. The campaign has a number of policy asks, all of which aim to speed up the transition to renewable energy. For the energy transition to occur fast enough to mitigate the worst of global climate change, political leaders should streamline the permitting process for new wind farms, ensure adequate investment flows towards critical grid and power infrastructure and renewables R&D, and implement evidence-based decision making that considers value to society (such as impact on GDP, environmental impact, resource depletion, social value and system resilience) instead of merely cost when planning new energy projects.

**Q: Why not campaign for more government investment in renewable energy projects directly?**

A: Wind and solar technologies are already the most cost-competitive source of energy in most regions of the world today. We simply ask for an even playing field with fossil fuels on a subsidy basis, and the financials will generally favour renewables over new fossil fuel projects. This is especially true when value to society is considered instead of cost alone.

**Q: Are some government investments in renewable energy still important?**

A: Yes, especially for emerging Power-to-X technologies and grid infrastructure improvements needed to facilitate a fully renewable grid, government investments still have a major role to play. As these investments are made, we will do our part to support the massive scale up of renewable energy needed to keep pace with global carbon reduction targets, leading the transition to a world powered by renewable energy.
Our progress

→ Planet
→ People
→ Governance

A V150-4.2MW™ turbine is already more than 88 percent recyclable, but with new innovations, we aim to increase this to 95 percent by 2030.
The year in review

In the following section, we report our sustainability progress in 2021. This includes progress towards the major targets outlined in our sustainability strategy and additional relevant sustainability topics, including biodiversity, talent management, sustainable tax, sustainable finance, and sustainability governance structures.

Contents are divided into three sections following the ESG order: Planet (Environmental), People (Social), and Governance.

8,236
We engaged 50 strategic suppliers to reduce emissions and waste across our value chain, and evaluated 3,438 for sustainability criteria. For more about our engagement with suppliers, see pages 31, 33, and 53.

50
We reached 8,236 community beneficiaries through our CSR work. For more about our engagement with communities, see pages 49-51.

285
We launched our Circularity Roadmap, recycled 285 end-of-life blades, and are spearheading CETEC to design for the future of circular blades. For more about our zero-waste initiatives, see pages 32-34.

444m
We invested EUR 444m in clean-energy R&D in the year, and invested in Medvion™, a pioneer of wood-based towers. For more about carbon reduction initiatives, see pages 30-31.
Avoiding emissions with our turbines

Today, 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 level of efficiency creates enormous potential for reducing carbon emissions when implemented in the global energy system.

To date, our total installed capacity of 151 GW globally has helped to avoid 1.7 billion tonnes of carbon emissions, equivalent to the CO₂ emissions from more than 3.9 billion barrels of oil. And we are continuing to scale this potential; in 2021, we increased our installed capacity by 17 percent compared to 2020.

As the oldest and largest wind turbine manufacturer and servicer globally, we have helped to avoid more CO₂ emissions than any other company.

Although our sustainable energy solutions contribute to carbon emissions reductions all over the world, we recognise that our products can have negative environmental impacts. As outlined in our QHSE policy, mitigating these impacts is paramount to us. For this reason, we are working closely with our suppliers and customers to enhance the environmental performance of our solutions across a broad range of issues.

Carbon footprint
To account for the acquisition of MHI-Vestas Offshore and the divestment of Pueblo Towers, the 2019 baselines for CO₂ emissions from our own operations and our supply chain have been recalculated. Affected years after the baseline have also been recalculated.

Scope 1 and 2 Emissions
In 2021, emissions from our own operations amounted to 108,000 tonnes of CO₂.

Accounting for acquisitions and divestments, the scope 1 and 2 emissions in 2021 were 102,000 tonnes, an increase of 5% compared to 2020.

Since 2013, we have derived a large share of our electricity from renewable sources and compensated for non-renewable electricity use. Since 2020, we have sourced 100 percent renewable electricity across our operations globally. To reinforce this commitment, we continue our membership in RE100.

By 2025, we will phase out benefit cars powered by fossil fuels. In 2021, we increased the share of (PH)EV benefit cars in our fleet by 32 percent, for a total of 67 percent. To support the scale-up of (PH)EVs, we have signed a partnership with Enel X, which will accelerate the electrification of our company fleet. Through the agreement, Enel X will provide us with the required charging infrastructure to electrify our corporate vehicles across our most prominent markets.

In terms of our service fleet, we introduced 147 sustainably fuelled vehicles during 2021, including EVs and biofuel vehicles meeting strict sustainability criteria. This is the start of a transition to a fully sustainable service fleet, with the aim that all new service vehicles should be zero-emission from 2025.

After the integration of the offshore business at the end of last year, we are investigating possibilities to electrify our offshore service vessels and/or transition to sustainable biofuels.

Finally, we are increasing the use of renewable energy for heating in our factories, while improving our energy efficiency across all sites globally. In 2021, we matured our mapping of energy consumption and initiated a number of projects in...
Introduction

In 2021, our supply chain CO₂ emissions amounted to 10.56 million tonnes CO₂e. The supply chain CO₂e emission intensity decreased 3% from the 2019 baseline, and increased 0.3% from 2020 to a rate of 6.65 kg/MWh.

Modvion™ Investment

Through our Vestas Ventures programme, in 2021 we invested in Modvion™, a bio-composite company specialising in the development of modular, sustainable wind turbine towers. Modvion’s™ towers are made from laminated veneer lumber (LVL), a bio-composite material sourced sustainably from a supplier network. LVL has been validated in line with robust reforestation strategies. When compared directly with the value chain of a conventional steel tower, these towers are proven to reduce carbon emissions by 80 percent from tower manufacturing operations. The reduced weight of an LVL tower, and the lower CO₂ intensity of the materials used, contribute to the overall reduction in CO₂ emissions.

We will leverage our position as an investor to support Modvion’s™ scale-up strategy. Our long-term goal is to integrate LVL towers into our design process, manufacturing operations, and overall solution offering. Plans for offering a ‘green’ tower variant are already in development. Within these plans, we aim to strengthen our ability to support customers in their sustainability journey, while continuing to offer cost-competitive solutions that address factors such as increased ease of transportation.

CO₂e emissions at Vestas

<table>
<thead>
<tr>
<th>Scope</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 (Direct emissions)</td>
<td>99,000</td>
</tr>
<tr>
<td>Scope 2 (Indirect emissions)</td>
<td>3,000</td>
</tr>
<tr>
<td>Scope 3 (Indirect emissions from supply chain)</td>
<td>10,560,000</td>
</tr>
</tbody>
</table>

Average CO₂e emissions of electricity by energy source.

<table>
<thead>
<tr>
<th>Energy source</th>
<th>Kilograms of CO₂e per MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>9*</td>
</tr>
<tr>
<td>Photovoltaic solar</td>
<td>53</td>
</tr>
<tr>
<td>Natural gas</td>
<td>543</td>
</tr>
<tr>
<td>Oil</td>
<td>936</td>
</tr>
<tr>
<td>Coal</td>
<td>1,086</td>
</tr>
</tbody>
</table>

* CO₂e emissions for Vestas turbines range from 4-9 kilograms per MWh. Values for specific turbine models and variants are based on our Lifecycle Assessments, which are publicly available on our website.

CO₂ intensity of the materials used, contribute to the overall reduction in CO₂ emissions.

99% of our carbon footprint comes from supply chain emissions.
Expanding circularity

With the launch of our Circularity Roadmap (see page 19), we expanded our targets for circularity across our entire value chain. These are some of the actions we undertook in 2021 to lay the groundwork for our long-term ambition of building a circular economy for the wind industry.

Design for circularity

Material efficiency
During 2021, our material efficiency improved 20% to 2.0 tonnes of non-recycled waste per MW produced and shipped, compared to 2.5 in 2020. Moving forward, reducing blade manufacturing waste is a key priority to increase 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, further optimise the use of materials, and gather supplier waste data through the launch of new software.
Blade recycling
To accelerate progress towards commercially recyclable blades, we have initiated or supported several key initiatives.

Our first large scale blade recycling project was successfully completed in the USA in September 2021, where we decommissioned and recycled 10 turbine blades. By the end of 2021, we recycled 285 turbines blades in total, including nacelle covers and hub covers. Recycling methods can include cement co-processing, gasification, forming new composite materials, and reclaiming glass fibre and carbon fibres.

We are currently carrying out this service in the USA and are open to offering the solution in more regions where local recycling infrastructure is robust, and customer demand can be established.

To design for the future of blade recycling, in April 2021 we spearheaded a new initiative called CETEC (Circular Economy for Thermosets Epoxy Composites) to advance the adoption of a circular economy across the wind industry. CETEC technology will enable circularity for thermoset composites, a material that constitutes the majority of turbine blade mass. Once matured, this technology will support a fully recyclable wind turbine value chain.

CETEC will first disassemble the epoxy resin from fibres. Then, it will work to break down epoxy into its base components and re-utilise its high-value building blocks in the manufacture of new turbine blades. In addition, CETEC will help to solve circularity challenges in other areas that depend on the use of composite materials, such as the automotive or aviation industry. The CETEC project is set to span three years. By its completion, a fully scoped strategy for the industrialisation and commercialisation of the epoxy chemcycling technology will be ready.

Continuing from 2020, the DecomBlades project focuses on value chains for the recycling of end-of-life (EOL) turbine blades. In collaboration with other major wind turbine manufacturers, recycling companies and knowledge partners, DecomBlades aims to identify one or more sustainable, globally available and economically feasible recycling routes for EOL blades. Specifically, within the project we are supporting the development of materials and value streams for three recycling routes. The recycling technologies will undergo a complete lifecycle analysis and mapping of global warming potential. The project runs for three years and is partly funded by Innovation Fund Denmark (IFD).

Supply chain engagement
At the end of 2021, we received production waste data from 15 of our strategic suppliers for the very first time. By early 2022, we have asked 50 of our strategic suppliers, covering about half of our material spend, to commit to a 50 percent reduction in waste intensity for products delivered to Vestas by 2030. By the end of 2022, these strategic suppliers have been requested to set interim targets for their own operations, and by the end of 2024, to calculate and set waste reduction targets for their own suppliers. These measures are set to initiate a cascade of waste reductions through our value chain. We will report the number of suppliers who have committed to the targets and received a Vestas Supplier Certificate of Circularity Commitment in the Annual Sustainability Report 2022.

"Work is well underway to increase the material efficiency of our factories by at least 90 percent by 2030."

Peter Garrett
Sustainability Lead in Global QHSE

"Along with our partners, we are designing a truly circular blade, while also commercialising recycling solutions for existing legacy blades."

Allan Poulsen
Sustainability Lead in Innovation and Concepts
Operational circularity

Part of reducing waste is keeping our components in circulation for longer periods of time. In 2021, we achieved a total refurbished component utilisation rate of 15 percent. This means that when any component in one of our turbines under service needed to be replaced, 15 percent of the time we replaced it with a component we had refurbished in-house. Because the components we currently refurbish are primarily main components (blades, generators, gearboxes, and main shafts), the refurbished component utilisation rate for major components is significantly higher than the total rate at 65 percent. Altogether, the mass of the turbine that we currently replace with refurbished components is at 33 percent.

As next steps, we will expand our repair capabilities to include additional minor components, and regionalise our refurbishment infrastructure to improve the business case for refurbishment.

Material recovery

In 2021, we landfilled 15 percent of our internal waste, incinerated 35 percent, and recycled 50 percent. Please refer to Selected environmental data and SASB disclosure for the absolute amounts of waste produced in Vestas’ operations in 2021, along with the breakdown of material classes used.

During the year, waste generation within our service business saw a lower increase compared to the rise in activity levels. In manufacturing, waste generation also 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, turbine variants, and the frequency with which these variants are introduced.

In 2021, 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 turbine part. We also utilised a regionalised HSE structure to make regionally specific plans to reduce landfilling in manufacturing, construction, and service.
Life cycle assessment (LCA)
Since 1999, we have been developing wind power LCAs to give 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 less 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 turbine. In our LCAs, we conduct a complete assessment of a wind power plant, up to the point of connection with the electricity grid. This includes the wind turbine itself, its foundation, site cabling, and transformer station.

All published LCAs are accessible on our corporate website.

Vestas SiteLCA™
We offer our customers the opportunity to receive a customised Life Cycle Assessment 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 facts, such as a specific wind 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 take a look at the Vestas SiteLCA™ brochure on our corporate website.

Rare earth elements
Rare earth elements are naturally occurring elements that, once mined and processed, can be used in a variety of industrial applications. These include permanent magnets in hybrid car motors and other high-tech applications.

We use rare earth elements in the tower magnets of all new turbine models, in permanent-magnet generators in the older GridStreamer™ models, and in the EnVentus™ platform.

In permanent-magnet generators, there are two types of turbine drive train concepts: conventional geared drive trains, and gearless direct-drives. The amount of rare earth elements used in direct-drive turbines is up to 10 times higher than the amounts used in conventional drive-trains.

Today, all Vestas turbines are based on proven technology using conventional drive-trains. We use rare earth elements in our turbines because they make generators more efficient and more grid-compatible, improving overall performance.

Also, by using these materials we are able to reduce the overall size of the generator and power-train. This means we use fewer resources, such as steel and other structural materials, which in turn helps to reduce our carbon footprint.

Furthermore, compared to previous models, our most recent EnVentus™ turbine uses significantly...
less light rare earth materials per MW. In this variant, we have also eliminated the use of heavy rare earth materials altogether.

**Chemicals**

Being in control of the chemicals and hazardous substances used in the development, manufacture and service of turbines is part of our management system. It is essential for our sustainability performance. By actively working to find safer and more environmentally friendly products, we ensure a healthy workplace for our employees and minimal impact on the environment.

Chemical management at Vestas includes global procedures for the approval of new chemicals. It also involves local instructions for handling, transporting and storing chemicals, and a global chemical data base for sharing knowledge with suppliers.

In order to adapt to changing chemical legislation globally, like GHS/CLP and REACH, we continuously update a central list of substances. This list identifies chemicals that are prohibited around the world and restricts certain substances in our product manufacturing and service processes.

We require our suppliers to fulfil the requirements set out in our prohibited and restricted substances document for all products delivered. We also do not buy products containing prohibited substances. 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 the supplier to create an action plan for phasing out these restricted substances and finding sustainable alternatives. In parallel, we assess if a time-bound dispensation can be signed off and/or if the product can be substituted.

**Fresh water withdrawal**

We measure fresh water withdrawal on a global level. However, as our primary use of water is for domestic purposes, the environmental impacts here are considered to be minor.

For the service business, fresh water withdrawal increased in-line with activity levels. In manufacturing, fresh water withdrawal decreased relatively less than production level.

Please refer to page 67 for complete data on our fresh water withdrawal in 2021.

Compared to previous models, our most recent EnVentus™ turbine uses significantly less light rare earth materials per MW. In this variant, we have also eliminated the use of heavy rare earth materials altogether.
Preserving and protecting biodiversity

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 PV, plays an important role in mitigating climate change; thus, it is also essential to stemming global biodiversity loss. But 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 positive, our 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.

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. In this way, we ensure 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 proper siting outside of major migration corridors and other sensitive areas, the risk to birds and bats can be greatly reduced.
Progress in biodiversity

**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.

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.

Additionally, we are supporting research into a radar and AI-based system that can detect the live movement of birds and bats and predict their movement patterns. The system allows more informed siting and more efficient curtailment of turbine production based on live conditions, rather than historical averages.

**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 for marine protection. We can also help establish areas with reduced marine traffic, where the most environmentally damaging activities, such as bottom trawling, are prohibited.

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

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.
Protecting our people

A 74 percent decrease
On our way to making Vestas a safer place to work, in 2021 we succeeded in reducing our Total Recordable Injury Rate (TRIR) from 3.3 in 2020 to 3.1 in 2021. Achieving a 6 percent year-on-year reduction, while being focused on employee safety during the ongoing COVID-19 pandemic, is a clear sign we are making progress. Since 2011, we have managed to reduce our TRIR by 74 percent and we remain committed to continuing this positive trend, but will need to further accelerate progress to meet our 2025 and 2030 targets of reducing our TRIR by 15 percent year-on-year.

During the year, our Lost Time Injury Rate (LTIR) per million working hours decreased to 1.0. We continued to focus on incidents with high potential for serious injury or fatality. Our approach here is to prioritise and act upon such incidents immediately to eliminate any risk to life. 
Thereafter, control mechanisms are implemented to ensure there is no re-occurrence.

Zero employee fatalities and zero supervised contractor fatalities occurred in 2021, consistent with our commitment to being the safest company in the energy industry. However, two unsupervised subcontractors suffered fatal injuries in 2021. Full investigations have been conducted by local authorities, and based on the findings, we have implemented an action plan to prevent such tragedies from happening again. In 2022, we plan to include the number of unsupervised contractor injuries as part of our overall total recordable injury rate, indicating our commitment to driving safety improvements across the wind industry.

Organisational excellence
In 2020 and 2021, we carried out various pilots for our Organisational Excellence programme on safety. This programme aims to identify potential gaps in our safety performance across 13 main categories. All employees at selected factories were asked to respond to online surveys regarding safety performance in their function and location. These surveys were followed by detailed conversations. By analysing perception levels of actual safety performance, we have identified opportunities for improvement and risk elimination. In this way, our organisational excellence mapping has given us an accurate overview of safety performance in key business areas. We can therefore deploy appropriate safety tools based on the evaluated performance of each region.

Safety awareness
Widespread awareness is integral to the management and prevention of safety hazards. Since 2007, we have deployed a Safety Awareness programme for employees and managers. Furthermore, 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. To further strengthen our safety culture and encourage good safety behaviours, in 2021 22,497 of our employees participated in safety awareness training.

During the year, our senior management demonstrated top level commitment to safety by participating in safety awareness programmes and ‘safety walks’. A safety walk is an opportunity for managers to engage in constructive dialogue and discuss safe behaviour with employees, helping to find new ways of improving safety within specific job environments. The programme has been successfully running since 2007.

Safety culture – saving lives and forests
In 2021, a team of Vestas technicians working on the Bäckhammer wind farm construction site in Sweden spotted the beginnings of a wildfire. The team quickly activated the site emergency response plan and started using available fire fighting equipment. When the local fire department arrived, most of the fire fighting was done and the blaze was under control. The team’s awareness and prompt response potentially saved lives and hectares of forest.

Our safety performance
Injuries per million working hours
Focusing on behaviour
Behaviour is identified as the main root cause of workplace incidents and injuries. Our My Team My Responsibility (MTMR) programme builds on a strong foundation of employee engagement with safety issues. Frontline Managers and Supervisors work with their teams to identify the behaviours they want to improve together. They take ownership as a team and drive change and improvement.

The Vestas Behavioural Change (VBC) programme is an employee-led safety observation programme. It actively encourages employees to observe each other’s behaviour while carrying out specific work-related tasks, with recognition and reward for good safety behaviour. Equally, any identified risky behaviours are stopped and assessed to ensure all risk is removed. The programme also encourages open, honest and constructive safety dialogue between colleagues. In particular, it emphasises the collective responsibility of Vestas employees to promote safe behaviour across the company.

Contractor safety
As the company’s safety performance has improved significantly over the years, the performance of contractors has become an increasingly important focus area. Measures we have implemented to improve contractor performance include pre-qualifications, standardisation of safety requirements, and intensified tracking of safety performance.

We also continue to collaborate with external partners to drive and improve performance across the industry. Contractor and supply networks are often shared, and improving our partners’ safety performance is considered very important. In 2021, we delivered virtual safety workshops for contractors around the world, as the COVID-19 pandemic put an end to much of our face-to-face engagement. In doing so, we adjusted our workshop approach, focusing on providing two-to-three-hour sessions multiple times a year. In this way, we aim to create continuous engagement and awareness around safety with our contractors.

Additionally, 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, surrounded by high-lift operations. To minimise these risks, we are committed to only ever using trained and competent technicians. With our Contractor Health and Safety Requirements, we clearly stipulate the competency requirements for all contractors working on our behalf, and ensure that appropriate training is received prior to arrival on site.

Throughout 2021, we continued to support the Global Wind Organisation (GWO), providing resource competency, support and market insight, and enabling the development of industry-wide safety training courses. This approach ensures a standard of competence for relevant Vestas employees or contractors, prior to any work taking place on site. Vestas’ Global Head of Safety, Paul Robbins, was elected chair of the GWO executive committee, further highlighting our ongoing commitment to safety across the industry.

If a colleague is safe at work, they can perform their normal working duties without sustaining – or risking, serious injury or harm. Naturally, psychological harm is also included in this definition.

“Paul Robbins – Global SME on Health & Safety

Occupational health
Our ambition and vision is that all Vestas employees look back at their careers with the knowledge that their physical and mental wellbeing has always been protected. Based on the analysis of existing data and information, we have identified and prioritised two main work streams for occupational health: potential chemical exposure and ergonomic hazards.
Crafting organisational culture and values

As part of our vision to become the global leader in sustainable energy solutions, we need the right type of organisational values and leadership behaviours. It is our ambition that our values reflect a deeper level of relevance throughout Vestas; that they become embodied by all our employees, and ultimately have a sustainable impact on our company culture. To this end, we need to translate these values into real and actionable ideals that engage us on a professional, emotional, and intellectual level.

Improving engagement across the employee lifecycle

Exit
- Exit surveys conducted to learn from employee experiences and continually improve our processes.

Attraction and Recruitment
- Development of new employee value proposition with sustainability at its heart.

Onboarding
- Implementation of new software system to help standardise the global onboarding experience.

Performance and Progression
- Four major talent development programs, including the launch of the first annual Vestas Leadership Forum.

Recognition
- Compensation packages benchmarked against market conditions for each position to ensure fair pay regardless of social identity.

Development
- Launch of new learning portal with more than 20 tool-kits for self-led development.

Accountability
Passion
Simplicity
Collaboration
Employee survey

In 2021, we introduced our new Employee Engagement Survey. The new survey setup expands the scope, frequency and ambition of our employee surveys, ensuring an open ear at all times. We use short pulse surveys quarterly to focus on themes of specific relevance throughout the year. And we have short feedback loops, enabling us to make Vestas an even better place to work.

Our Employee Engagement Survey explores how our employees feel about their daily lives in and around the workplace. Our third quarter 2021 survey achieved a strong response rate of 87 percent, a 2 percent increase from the first quarter. During the year, we also reached an overall satisfaction and motivation score (eSat) of 73. We are pleased to see that our score on collaboration, one of our core values, is now above the global top 20 percent benchmark. However, our employee net promoter score (eNPS) decreased from the first quarter to the third quarter by three index points, making it a key focus area for 2022. Overall, we received more than 75,000 individual comments from our employees in the two surveys. These comments were read in full and will directly inform our efforts to make Vestas an even better place to work.

Attracting and recruiting talent

We aim to become the employer of choice in the energy industry by 2023, which will enable us to attract, develop, and retain the best talent in the market.

In a strategic effort to attract a diverse pool of top talent, Vestas developed a new Employer Value Proposition (EVP). In collaboration with Universum, an internationally renowned subject matter expert, the Vestas EVP was developed based on a plethora of internal and external talent data. Our aim here is to ensure the Vestas EVP is both truthful and aspirational, while setting us apart from competitors.

The Vestas EVP evolves around the core message of ‘Power the Solution’. This core message serves both to remind internal talent of the crucial part they play in making the world more sustainable, and to motivate external talent to join this pivotal quest.

This core messaging is further supported by our three EVP pillars, which are the three key qualities we offer as an employer, as follows:

1. We power sustainability — Leading the world into renewable energies. Can you?
2. We generate performance — Collaborating to thrive and succeed. Can you?
3. We accelerate careers — Empowering people in their development. Can you?

Through this EVP narrative, we are held accountable for always being the best possible employer.

Onboarding

Our new employees should feel welcome at Vestas. To this end, in 2020 we implemented a new onboarding system to help and guide managers when recruiting and onboarding. The aim of this system is to ensure that all new employees receive the same global experience. But this journey has only just begun.

During 2021, we identified areas to improve the onboarding experience, including:

1. Creating a new employee page to ease orientation for new employees
2. Launching a series of videos in which Executive Management present the different areas within Vestas
3. Launching a survey to measure new employees’ experience and satisfaction

The four company values that guide the behaviour of our employees and leaders are: Accountability, Simplicity, Collaboration and Passion. These values are embedded across all of our HR processes. For example, 50 percent of the performance score in our employee review process is linked to an individual’s success in embodying our values in their day-to-day work. In 2021, our employees scored highest in relation to Accountability and Collaboration.
We will also create an onboarding dashboard to measure effectiveness and satisfaction. In 2022, our priority will be to embed inclusion into the onboarding programme.

Performance and development
In the area of employee development, our Continuous Performance and Development (CPD) process is a key tool in the employee lifecycle. Through CPD, all employees receive feedback on their performance and behaviour for the year, with performance objectives set for the coming 12 months. In addition to clarifying tasks, responsibilities and objectives, it also provides an opportunity for leaders to discuss work-life balance with their employees.

Alongside the CPD, our People Review process provides insights into employee performance and potential. Throughout the organisation, reviews for corporate leadership employees are mandatory, although many business units choose to review all employees regardless of their position.

Building the talent pipeline
Our annual performance calibration focuses on the development and deployment of high-potential employees. We aim to ensure the organisation has the right people in the right positions at the right time. In doing so, we set clear expectations for our key roles and strategic capabilities, making it possible to match current and potential talent with our business needs and long-term outlook.

To support these efforts, we conduct a number of in-house talent programmes:

- The Vestas Graduate Programme is a two-year international programme aimed at talented young professionals aspiring to hold key positions in the company. Participants work on two different assignments throughout the programme, with a progressive increase in challenge and responsibility. In 2021, the programme comprised 67 young talented professionals, of whom 44 percent were women and 56 percent were men.

- The Regional Talent Programme serves the mid- and short-term business needs of the regions, supporting employees with tailored development opportunities. Programme participants are identified during the people review process and nominated as part of individual performance evaluations. Over a period of 18 months, the programme accelerates, stretches and develops the participants to help fill the regional leadership pipeline across all career tracks. In 2021, 30 percent of the participants were women.

- The Rising Executives Programme focuses on developing employees with executive potential. Over a two-year period, participants are challenged with tailored development opportunities, learning activities and assignments to prepare them for future leadership positions globally. In 2021, 27 percent of the participants were women.

- The Vestas Leadership Forum, launched for the first time in 2021 and planned on an annual basis going forward, gathers our most senior leaders across functions and locations to unite in conversations and development. The forum itself comprises of strategic briefings and inspiring presentations on key topics, such as customer partnerships, servicing our future, efficient scalability, future technology and leading with a global and inclusive mindset.

Learning
We want to democratise development and career opportunities. To support this direction of travel, in 2021 we introduced the following initiatives:

- A new Learning Portal, with more than 20 Learning & Development tool kits providing the navigation and tools for self-led development.
- A job and career framework, with 13 ‘job families’ increasing the visibility of career development opportunities and required competencies.
- A dashboard to monitor learning in Vestas, enabling a fact-based approach to Learning & Development.

Through these initiatives, we encourage employees to embrace self-led development and to own their career journey.

Recognition
Aside from a competitive salary, we offer our employees a range of other benefits. Depending on local market conditions, we offer a pension, insurance plans, health insurance, subsidised lunch, gym access and work-life policies, such as flexible working arrangements. We also provide competitive vacation policies.

Our compensation packages are benchmarked against local market salaries for each position, ensuring equal and fair pay regardless of social identity. And our annual salary reviews are linked to performance evaluation to help us achieve strong alignment between performance, pay, and the external environment. We also commission external audits on pay equity, investigating pay levels in relation to gender, nationality, and age.

A unique element within our remuneration scheme is our global bonus programme. Every employee at Vestas is part of the programme and is rewarded for annual company performance. We use bonus scorecards to
calculate the exact amount to be allocated each year, and bonuses are paid out when and if the minimum success criteria for Group profits are met.

As part of our efforts to achieve carbon neutrality by 2030 without using carbon offsets, we have updated our benefit car programme. As of 2020, we only offer plug-in hybrids and electric vehicles. By January 2025, our benefit car fleet will be comprised entirely of zero-emission vehicles.

**Exit**

When our employees leave the company, we want them to leave satisfied; aware of the impact they have made within the company and in helping to drive the global energy transition.

Their departure from the company can come in many forms. Retirement is a key sub-stage of the Vestas lifecycle. While this is still categorised as an ‘exit’ from the company, we work to ensure the right procedures and conditions are in place when one of our employees retires.

In other instances, employees may choose to submit a resignation. Those choosing to leave will receive an exit survey, the aim of which is to capture ideas around how to improve Vestas as an employer. And when we have to terminate a contract with an employee, we focus on providing equitable market-level severance packages in all cases.
Building a diverse and inclusive workforce

Diversity & Inclusion
In 2021, we continued our efforts to create and sustain an environment that actively embraces diversity and inclusion in all areas. At Vestas, diversity and inclusion are key strategic priorities since they enhance employee wellbeing, create financial growth, and lead to more innovative solutions. And simply put, it is the right thing to do. Indeed, we want to create the most inclusive workplace within the energy industry.

Gender representation across the company
Overall, while 14.7 percent of Vestas’ employees were women at the end of 2021, the share of women in leadership positions increased from 19 to 21 percent over the year. This improvement was partially enabled by our efforts to remove bias from our job ads using software, and to raise recruiter awareness of unconscious bias.

During 2021, the share of women on the Board and Executive Management team positions was stable at 27 percent.

In line with our target to increase the number of women on our Board, we have set a goal of equal gender distribution in the Board by the end of 2022. Including only shareholder-elected representatives, 25 percent of our Board members are women at the end of 2021. Including all representatives, 33 percent of our Board members are women at the end of 2021.

In April 2021, the General Meeting elected six men and two women to the Board. As communicated in Vestas Sustainability Report 2020, with the agreement made in October 2020 with Mitsubishi Heavy Industries, the Board proposed Mr Kentaro Hosomi, CEO, Energy Systems, MHI, as board member for election at Vestas’ Annual General Meeting. For this reason, Vestas did not reach our goal in 2021 to achieve an even gender distribution, as defined by the Danish Business Authority.

The Board has therefore decided that the goal of reaching equal gender distribution in the Board must be postponed to no later than 2022 for the purpose of strengthening our partnership with Mitsubishi Heavy Industries, as communicated last year. Vestas finds it critical to achieve more gender diversity in its Board and will work towards reaching this goal.

Although we are making progress on our targets, we know we must do more to improve representation. For this reason, in 2021 we appointed a Global Head of D&I who will be leading our efforts to achieve greater inclusion within diversity categories, and embedding diversity and inclusion more broadly across the company.

We have already initiated several activities designed to help us become the most inclusive employer in the industry. These initiatives are outlined below.

Pay equity
Throughout 2021, we continued to focus on pay equity. This work follows on from the implementation in late 2020 of a robust Vestas job framework. The framework enables the evaluation and comparison of job roles, and provides a clear view of pay equity, across the organisation.

We also continued to gather insights, both through research and learnings from pioneers, on how to move forward with pay equity from a strategic and tactical perspective. This included aligning our pay equity efforts with the broader Diversity & Inclusion agenda.

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1 Excluding data from Utopus and Sowitec

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“Over the past years, we have laid a solid foundation to increase gender diversity in our leadership. We are now ready to accelerate the journey even further for all kinds of social identities to feel that Vestas is indeed the most inclusive company in the industry.”

Anja Rose
Senior Director, Leadership & Inclusion

And to support our wider People & Culture community, we created tools and guidelines to ensure conscious decisions are made when setting pay.

An inclusive employee lifecycle
We believe that our efforts to improve diversity and inclusion are wholly relevant to everyone involved in attraction and recruitment, development, and off-boarding. For this reason, we have taken steps to ensure we maintain scrutiny of our internal practices.

In talent attraction and recruitment, all Vestas recruiters have completed unconscious bias training. In addition, we focus on creating inclusive job ads, and in 2021 we used anti-bias software in 89 percent of our corporate leadership advertisements. Ultimately, we want to ensure all our communications are inclusive and do not reinforce biased perceptions of social identities.

As part of our efforts not only to recruit but retain female talent, we have implemented exit surveys across the company. In addition, in order to understand why turnover rates for women in leadership positions are higher than those for men, in 2020 and 2021 we interviewed female leaders who had decided to leave the company. These interviews and surveys are helping us to understand how to improve our retention of female employees. In 2022, we will convert these insights into action by piloting initiatives to enhance the employee experience for everyone at Vestas, regardless of background or gender.

Embedding inclusion in future leaders
Our present employees are the future leaders of Vestas. How we prepare them for greater impact is crucial to the leadership behaviours we can expect of them in the years ahead. To embed inclusive leadership across the talent population, we are dedicating an entire module to this subject in our Rising Executives talent programme. This includes a specific focus on how to realise the benefits of diversity within teams.

Furthermore, a low-cost unconscious bias training option was provided to all employees in October 2021. We are also currently working on how to embed inclusion and bias awareness in our global induction programme.

Regional initiatives
In our Americas region, we interviewed our female colleagues in corporate leadership positions to understand what they most appreciate about working for Vestas, areas for improvement, and requested actions to improve retention of female talent to ensure continued progress on our targets for women in leadership. 80 interviews were conducted and analysed, and the insights were extracted for use in our D&I Strategy. Themes which we intend to address include access to opportunity, exposure to visible and impactful projects and tasks, and building connections and network across Vestas.

In Asia-Pacific, we ran focus groups across the region to capture key themes to improve awareness and inclusive culture. Findings included a desire to build awareness of the D&I agenda and commitments, invitations from senior leaders to share ongoing initiatives globally and regionally that can be adapted for local use, and support for leaders and employees to have more frequent and meaningful development conversations.

In our Mediterranean region, an internship programme was launched to attract and recruit newly graduated women in STEM to impactful careers at Vestas. We recruited 11 female STEM talents to internships lasting between 6-12 months with the ambition of offering permanent positions to the participants upon completion. The programme consists of professional work experience in Vestas, exposure to local leadership, and a buddy and mentor to support the participants in their development journey. If effective, we will scale the programme to other regions and increase participant intake.

In addition, we strive for balanced representation in our global talent programmes to ensure a diverse leadership talent pipeline.

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Partnerships for Diversity & Inclusion
As part of our ambition to take a leadership role in improving diversity and inclusion, we have embarked on various strategic industry partnerships. Globally, we have engaged in the Women in Wind partnership with the Global Wind Energy Council, while locally we have collaborated with Wind Denmark, the Danish wind sector organisation.

We are also in partnership with the Diversity Council within the Above & Beyond Group. A strategic alliance of globally focused Nordic-based organisations, the group’s primary goal is the promotion of diversity and inclusion around the world.

In 2021, we engaged in the following collaborations to further demonstrate our commitment in this area:

- We participated in the Lead the Future role model campaign with Above & Beyond to attract more STEM women into the wind industry.
- We co-hosted the CEO Committee meeting with Above & Beyond on the topic of inclusive leadership and global talent. We shared how we are adopting a global mindset by embedding inclusion and diversity into leadership, talent management, and recruitment.

Furthermore, three female Vestas leaders were ranked among the top 100 women in wind by the world’s biggest community of wind finance and operational personnel. This is major milestone on our journey to becoming Employer of Choice in the energy industry by 2023.

Internally, we also took steps to improve awareness and engagement in diversity and inclusion across our organisation. These efforts included working to ensure that resources for self-led development are available to managers and employees alike.
Our global approach to the Social License to Operate (SLO) helps us create financeable projects through the inclusion of social risks in our wind farm management.

By working continuously with our stakeholders, such as customers and host communities, we aim to understand the local context and build trust and acceptance in our projects. We also ensure that our own evaluation of potential impacts, and our approach to addressing these impacts, is closely aligned with our customers’ efforts.

As we work to become the global leader in sustainable energy solutions, we want to incorporate collaborative leadership into our way of doing business. Such leadership involves working closely with various stakeholders, including customers, partners, investors, contractors, and local communities, and inviting them to join us on our journey.

As part of our commitment as a responsible global company, we aim to continue to improve disclosure around our human rights performance. To this end, we now track and report on three new key performance indicators.

1. Share of in-scope projects that have undergone the SDD process
   We are constantly working to ensure that all projects within scope undergo the Social Due Diligence (SDD) process. This also means conducting SDD on projects that do not reach firm order intake in the reporting year. In 2021, only four projects were in scope (only S&I) for SDD, two in Ukraine and two in Brazil. However, SDD was not conducted due to the CSR strategy still being in the implementation phase in their respective regions. The share of projects in scope having undergone SDD in 2021 was 0 percent, and we will continue to work to meet our target of 100 percent by 2025.

2. Number of community beneficiaries reached
   In 2021, we continued several of our community engagement initiatives, reaching 8,236 direct beneficiaries in a safe manner. The number is about half of our 2020 reach due to COVID restrictions that limited how we were able to reach communities. However, we were able to reach 19,745 indirect beneficiaries through a tax-incentive-for-donations initiative in Brazil. We always consider a project’s SDD results, along with our six primary SDGs, when choosing community engagement initiatives in collaboration with local stakeholders and partners. Our target is to reach 35,000 beneficiaries by 2025. Since we started tracking this KPI in 2019, we have reached 28,840 beneficiaries.

3. Number of community grievances received
   In 2021, we received 17 community grievances. To ensure we receive and handle community grievances, it is important we have a functioning operational grievance mechanism in place. We are pleased to see that our grievance mechanism is used; we will continue to revise and improve it to ensure local communities can alert us to issues as soon as they arise.

Despite the challenges of COVID-19, in 2021 we managed to continue several of our community engagement initiatives, reaching 8,236 direct beneficiaries in a safe manner.
During 2021, we supported the following community development initiatives:

**India**
We continued existing community development activities across different locations in Gujarat, Karnataka, and Tamil Nadu states. We also launched a new programme around our nacelle and hub assembly factory near Chennai. We supported training and knowledge sharing activities with local farmers, educational initiatives for rural school children, and a range of health and hygiene projects (including on COVID-19). The programme near our factory in Oragadam is an integrated education programme being undertaken at four locations. The aim here is to help 1,200 adolescents from low-income backgrounds complete their secondary education, while also promoting employability and improving public health.

**Vietnam**
During the Tet festival, where people celebrate the onset of the Vietnamese New Year, we supported 190 economically challenged families from two local communes near the wind farm site. This support included the distribution of food and household items in partnership with an EPC project customer.

**Sri Lanka**
In Sri Lanka, as the 100 MW Mannar EPC wind power project neared completion, we concluded the remaining activities within our local community programme. The programme included business training for 24 women focused on fabric painting and design. We also distributed tool kits among 57 fishermen who had taken part in outboard motor repair training and the promotion of organic farming. In addition, we helped to improve home-based farming practices among 200 women, which led to further training activities. Finally, we distributed irrigation equipment to 14 'model' farms, and six new computer systems, plus desks and fans, to rural schools.

**Indonesia**
In Garut, West Java, we launched a community programme in collaboration with an international NGO, targeting vulnerable youth and adolescents. The NGO partner, in coordination with local education departments, is training 20 teachers to engage young people in STEM learning, circular economy, life skills, and gender equality. The programme ultimately aims to reach about 3,000 adolescents.
At Vestas, we see donations as an instrument to support and further our mission of being a responsible business. Donations, such as materials or works, are provided in-kind and must directly benefit communities living in the vicinity of our operations. In 2021, we provided donations to projects in Senegal and Jordan as local projects moved from construction to operation. In Brazil, we supported communities through donations linked to tax incentives.

**State of Ceará, Brazil**
In Brazil, we signed a collaboration agreement with the State of Ceará to support a tax-incentive-for-donations initiative. We formed 11 collaborative partnerships to implement 14 projects focused on the environment, education, and employment. These initiatives, which target children and adolescents, elderly people, sports and culture, impacted 19,745 indirect beneficiaries across seven municipalities.

**Abour and Daehan, Jordan**
In Jordan, we used wooden material to stabilise and protect our wind turbine components during transport. Instead of handling the material as waste, we donated it to 19 local farmers and a local eco-lodge, which is run by the Himitna Ghair Society. The farmers recycled the material to improve their houses and build new barns for livestock and fodder. Meanwhile, the eco-lodge used the material to make new furniture and accessories, and build and renovate structures such as fences, shades, and shelters.

**Taiba N’Diaye, Senegal**
As a gesture to local communities, in Senegal we donated office equipment to the two health centres in Taiba N’Diaye. We also donated a project ambulance to the Saint Jean de Dieu Hospital in Thies. The donations complement our previous local community health initiatives, such as COVID-19 support during the construction of the Taiba N’Diaye wind farm.
Driving compliance across the business

**New Code of Conduct**

In 2021, we updated our Code of Conduct to reflect current and upcoming legal industry standards and expectations. Several topics were strengthened, such as discrimination and harassment, setting a higher standard for expected workplace behaviour at Vestas. We also added new topics, such as Money Laundering and Working with Suppliers, to address emerging risks as our business model evolves into new areas, such as Development.

To support the launch, we developed micro-learnings on various topics and tool kits, with case studies for managers to use with their teams to elaborate on expected behaviours at Vestas. We also supported messaging about the new Code to promote a culture of integrity from the top.

To enable engagement with the Code, we launched an internal Code of Conduct Portal – a central resource where employees can access the Code in fifteen languages. Via the portal, employees can also download training and communication material, as well as learning more about our whistle-blower platform, EthicsLine. The launch of the new Code was supported by monthly webinars on different
topics to keep employees engaged and informed throughout the year. As part of a global company spanning numerous countries, we use digital platforms as a main form of communication and training, but hope to have more face-to-face sessions as the COVID-19 situation improves.

Supplier Code of Conduct
In 2021, we also updated and strengthened the Vestas Supplier Code of Conduct. Our suppliers play a central role in our mission to become the global leader in sustainable energy solutions, and we rely on their commitment to conduct business ethically and responsibly. We work with suppliers around the globe who share our values and dedication to doing business with integrity.

Our Supplier Code of Conduct has been prepared in accordance with the UN Global Compact, the International Bill of Human Rights, and International Labour Organisation conventions. In addition, we are guided by the Organisation for Economic Co-operation and Development (OECD)’s Guidelines for Multinational Enterprises on responsible business conduct. The Vestas Supplier Code of Conduct outlines the minimum requirements suppliers must adhere to when conducting business with us. Suppliers must undertake due diligence measures to maintain our standards in their own supply chain, and our employees work hard to ensure our suppliers understand and comply with our Code. This allows us to prioritise business partners who share our view on sustainability.

Vestas also ensures that suppliers comply with our Supplier Code of Conduct by conducting due diligence covering business ethics and sanctions. In 2021, Vestas performed 3,438 supplier screenings and 1,748 customer screenings to identify and mitigate potential risk from our partners.

Our safety rules and procedures are also set out in our Supplier Code of Conduct. It is crucial that the health and safety of everyone involved in turbine installation and service is protected at all times. For this reason, every customer and supplier must be both aware of, and follow these procedures.

In addition to our due diligence process, we assess compliance with the Code through our supplier assessment tool. Supplier assessments range from self-assessment questionnaires to on-site evaluations, depending on the supplier. When so-called ‘red flags’ are raised – indicating that suppliers are not living up to our standards – we initiate actions to tackle the identified non-conformities. In 2021, globally we assessed 6 new suppliers onsite against quality and sustainability parameters. Of these, 3 were approved, 1 was rejected, and 2 are under review. Furthermore, 42 Code compliance and audit assessments were conducted by an external company.

We have a formal target for supplier sustainability, which is monitored on a monthly basis. Suppliers’ safety and sustainability maturity are some of the main elements we evaluate in an overall performance scoring system. Currently, 148 key suppliers – from a strategic point of view – are being tracked. Each supplier’s scorecard performance and agreed development activities are assessed in monthly meetings.

Both carbon reduction and circularity targets are reflected in the Vestas scorecard. We now explicitly address carbon emission calculations, and assess suppliers based on their waste recycling and circularity strategy. The scorecard updates have been made to ensure sustainability is integrated into all supplier performance evaluations.

Global Anti-Bribery & Corruption Survey
In 2021, we launched our Global Anti-Bribery & Corruption Survey, targeting our office employees globally. The anonymous survey asked employees about their perception of bribery and corruption risk in their part of the organisation. Among other questions, employees were also asked how comfortable they felt raising issues with their manager, and to identify the top three compliance risks. Over 6,500 (58 percent) office employees replied and over 2,400 written comments were received, creating enough data to identify trends and areas in need of support. The findings were shared and individual action plans were developed, including initiatives to help mitigate the risks identified. The survey will repeat annually, enabling us to track trends over time.

EthicsLine
EthicsLine is our whistle blower platform that allows our employees and partners to report violations of the Vestas Code of Conduct, applicable laws, and Vestas policies and procedures. Since 2007, EthicsLine has helped ensure that such violations are always brought forward and dealt with appropriately.

The main purpose of EthicsLine is to provide our employees, partners, or anyone associated with the company, with a place to report unethical behaviour or practices observed at work. EthicsLine also provides guidance for employees who may find themselves in an ethical dilemma.

We take a zero-tolerance approach to any form of retaliation against employees making a report in good faith, whether the report is ultimately substantiated or not. The same applies to individuals who cooperate as part of an EthicsLine investigation (for example as witnesses). EthicsLine is hosted on a secure external website 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. Subject to applicable laws, all matters reported through EthicsLine are investigated thoroughly and everyone involved is treated fairly.

In 2021, EthicsLine continued to benefit from the previous year’s launch of the new, upgraded EthicsLine platform. As employees familiarised themselves with the new platform, the number of EthicsLine cases continued to increase.

The total number of EthicsLine cases raised in 2021 was 465, an increase of 62 percent compared to 2020. Of these cases, 96 were substantiated, leading to various disciplinary actions, including 38 warnings and 45 dismissals. We perceive the increase in EthicsLine reports as a positive sign that employees and partners are aware of the hotline, find it easy to use, and not the least are comfortable speaking up and reporting non-compliant behaviour, knowing that this can be done anonymously and without fear of repercussion. The five-year development in EthicsLine cases is available in the Sustainability key figures on page 66.
Respecting human rights

Vestas is committed to respecting human rights as set out in the UN Guiding Principles on Business and Human Rights, and in our Human Rights Policy. This policy outlines our pledge to respect all human rights and includes our expectations for business partners. As the scale of renewable energy increases, so do our responsibilities. To this end, we have adopted a unique approach to respecting human rights to support our progress towards ‘leading a responsible and inclusive energy transition’.

During 2021, we applied key recommendations to our due diligence methodology, continuing the work from our 2018 corporate-wide Human Rights Impact Assessment. This process will help us ensure that we identify the most salient human rights issues during the construction of wind farm projects, and that these issues are prevented or mitigated. Key focus areas include, but are not limited to: community engagement; community health and safety; local livelihoods; land acquisition; and resettlement.

In January 2021, we endorsed the introduction of mandatory human rights due diligence in upcoming legislation. Through human rights networks, such as the Nordic Business Network for Human Rights, we also responded to public consultations on the matter, actively sharing learnings and working to advance the human rights agenda.

Conflict minerals
We conduct supply chain due diligence on conflict minerals, following the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals. This process helps to ensure that our suppliers’ products do not contain minerals sourced from mines associated with conflict in the DRC or adjoining countries, or with other illegal activities. Due diligence entails verifying that minerals and metals used in our suppliers’ products, such as tin, tantalum, tungsten, and gold (3TG), are not sourced from conflict-affected or high-risk areas.

Vestas does not directly source 3TGs from mines, smelters, or refiners. We therefore rely on our suppliers to provide information on the origin and sources of the minerals they use.

In 2021, by using a third-party data management solution, we gathered and analysed conflict minerals data from 500 key suppliers. We also continued to use the internationally recognised Conflict Minerals Reporting Template (CMRT 6.1) for reporting on smelters.

Follow-up and engagement with suppliers is based on the risk-level of the reported smelter. We request declarations on a user or product level for suppliers who have reported potential risks.

Looking ahead, we are determined to continue our due diligence activities in this area. Such activities include education of key stakeholders internally, and supplier engagement externally. In this way, we aim to encourage more accurate reporting and ensure progressive elimination of risks from upstream actors.
Ensuring transparent and sustainable tax practices

In our 2020 Sustainability Report, we introduced our updated tax policy and elaborated on our approach to a sustainable, socially responsible, and compliant tax practice. In this report we have prepared and included – for the first time ever – a comprehensive global overview of our tax contribution. Transparent and fair taxes are vital to our efforts to make a positive contribution to local communities and create a sustainable planet for future generations.

When it comes to tax, we reinforce our commitments and mitigate both reputational and financial risks by continuously engaging in dialogue with stakeholders. In particular, we work to understand external demands around tax transparency. Given our global footprint, we face scrutiny from tax authorities competing for the same tax revenue. This can result in tax audits, double taxation, arbitration and lawsuits that can create a significant financial burden for us. We therefore recognise that reporting initiatives cannot stand alone, and we focus on developing tools and governance mechanisms to limit the risk of double taxation. We also apply withholding taxes correctly, and allocate income between Vestas companies in accordance with international regulations and principles.
The Vestas tax policy
As part of corporate governance, our tax policy is approved by the Board of Directors on an annual basis. In 2021, the recommendation from management was to extend the updated policy from 2020 for one more year, which was approved by the Board. Therefore, we continue to base our approach to tax transparency on the Global Reporting Initiative (GRI) 207 standard, developed by the Global Sustainability Standards Board (GSSB). Our Tax Policy is available on our corporate website and includes:

- An overall commitment and approach to responsible tax practice
- A governance structure, whereby our tax policy is subject to annual review and approval by the Board of Directors of Vestas Wind Systems A/S
- An explicit policy on tax planning, disputes, and risk management

In line with commitments made in 2020, in 2021 we conducted an extensive process to map tax contribution with our geographical footprint. In the process, we have ensured traceability between financial disclosures, disclosures to tax authorities, and our tax contribution report. We have therefore based our reporting on actual tax payments, external revenue, and number of employees to provide an objective and transparent measure.

For consistency in our reporting, we have regionalised geographical segmentation based on our financial disclosure. To create relevant transparency, we have included tables (see Selected tax data) that provide key tax ratios and country specific payments. We plan to supplement this disclosure with an even more in-depth report to be published on our website in first quarter 2022.

The global tax environment
With a global supply chain, manufacturing facilities, and wind turbines installed in more than eighty-six countries, we are impacted by developments in the international tax arena. We therefore support the harmonisation of international tax rules and collaboration between governments to ensure a fair tax environment. When it comes to tax disputes, we seek to minimise any cash flow impact and engage in an open dialogue with tax authorities. This process is often conducted on a bilateral basis, bringing all relevant parties to the table to reach a swift and fair settlement. Sometimes, such disputes can extend beyond ten years and consume significant resources. As a company, we pursue the interests of our shareholders and will defend our position where we consider this the most reasonable outcome.

Like any other business, Vestas takes local tax policies into account when making business decisions. To account for the global supply chain and operations which characterise our industry, we advocate for a level playing field for all businesses in the industry. We also welcome the involvement of industry organisations and political stakeholders to ensure the state of our industry is known to decision-makers, and to promote the transition to renewable energy through improved framework conditions. Among the structural issues facing our industry is the accumulation of indirect tax receivables in the supply chain tying up significant capital. We have included this issue in our tax footprint report. Our aim is to raise awareness of the fact that this significant funding mechanism comes at the cost of turbine suppliers.

Q: Why do you think it important to focus on total tax contribution when the public disclosure agenda seem to focus solely on corporate income tax?

A: We carefully monitor our business presence measured on parameters such as turnover, installed capacity, and employees in our individual markets and supply chain. Then, we ensure that tax contributions are on par with our local presence and carefully analyse deviations to ensure that our presence supports a sustainable tax environment. We observe different jurisdictions’ freedom to structure a tax system in the context of their individual jurisdiction. This means that some jurisdictions have high corporate tax rates and low personal income taxation where others rely more heavily on indirect taxes. To appreciate these differences, we compare our total tax contribution including all taxes paid and borne.

Q: Can you elaborate on the narrative supported by the tax footprint?

A: Complexity cannot be underestimated, so we focus on demonstrating how our presence with deliveries, manufacturing activities, installed capacity and technology are the main drivers of taxes paid and borne. Currently we are acting in a challenged market, which reduces profitability allocated to research and development. This is witnessed by lower corporate income tax payments in Denmark where the majority of intellectual property is developed and owned.

Q: Finally, what is the risk that focusing on total tax contributions dilutes from corporate income tax payments?

A: We are aware that numerous stakeholders are interested in country-by-country corporate income taxes paid. Although we do not believe this contributes to the understanding of the tax footprint on a stand-alone basis, we have published country-by-country corporate tax data on our website to ensure that the narrative of total tax contribution is not taken as an attempt to escape in-depth disclosure.
Overview of global tax contribution

We have applied 3 categories of taxes that appropriately communicates how our tax footprint is linked to the business model:

- Income taxes: Taxes paid and accrued in relation to our profit generation
- Employee taxes: Taxes paid and expensed (borne) or withheld (collected) in relation to our people
- Indirect taxes: Taxes generated through transactions across the supply chain and either expensed as operation cost (borne) or received (collected)
Financing for sustainability

In April 2021, we signed 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 KPIs and will support our ambitions to accelerate the deployment of renewable energy and drive technological innovation.

Directly linked with our sustainability strategy, the facility’s interest rate margin will be adjusted based on sustainability-linked performance targets – the first time we have engaged with sustainability-linked financing. 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. Performance targets will also cover ambitions around the increased use of sustainable materials, and increased recyclability across the turbine value chain.

The successful transaction was concluded following a strong Baa1 credit rating from Moody’s. It underlines a growing confidence in our ongoing financial and operational transformation, as well as in the significant projected growth of renewable energy in the near future.

The facility will be key to supporting our efforts to drive deployment and evolve new technology. It will also support increased sustainability performance across our value chain.

“In short, the sustainability-linked loan rewards our status as a sustainability leader, while accelerating our journey towards further decarbonisation and a world-leading safety performance.”

Marika Fredriksson
Executive Vice President & CFO
Governing sustainability

Solid governance structures are the backbone to our work with sustainability. This section describes how sustainability is managed and governed at Vestas and outlines central activities in 2021.

Sustainability Governance

The Global Sustainability department, led by the Vice President and Head of Sustainability, is responsible for developing and coordinating Vestas’ sustainability strategy. In close collaboration with the functional areas, the department also drives and practically supports the execution of the strategy. It operates as part of Global Marketing, Communications, Sustainability, and Public Affairs in Vestas’ CEO Office. The department reports to the CEO monthly, the Sustainability Committee and full Executive Management multiple times a year, and the Board of Directors at least once per year.

To effectively implement sustainability across the organisation, sustainability leads for each area of the business have been appointed. In close collaboration with Global Sustainability, these individuals define action plans and resource allocation to support the achievement of our sustainability goals and targets within their business area. In addition, individual departments are responsible for specific global policies, procedures and overall guidance related to sustainability. Health, safety and environment are managed by the Global Quality, Health, Safety & Environment (QHSE) department; Corporate Social Responsibility and Business Ethics are managed by the Legal & Compliance department. To further anchor sustainability in our governance structures, we have appointed Module Sustainability Leads (e.g. for nacelles, blades, towers, etc.). These Module Leads will work to achieve reductions in carbon emissions and waste for part of the turbine.

The Vestas Sustainability Committee prioritises, oversees, and coordinates cross-functional sustainability initiatives across the entire organisation. The Sustainability Committee also ensures our company conforms with and lives up to its responsibilities as a member of the UN Global Compact. It is essential that the Committee represents Vestas in its entirety, so each member speaks for their respective function or department and the Committee reports to Vestas’ Executive Management Team. The following functions are represented in the Committee: Investor Relations, Corporate Social Responsibility and Compliance, Sustainability, People & Culture, Sales, Procurement, Environment, and Power Solutions.

Starting in 2022, the Sustainability Committee will meet on a quarterly basis. In 2021, the Sustainability Committee met six times, and a key priority was the discussion and approval of initiatives to deliver on the sustainability strategy, including the launch of the Circularity Roadmap. This focus will remain for 2022 – the Sustainability Committee in close dialogue with Global Sustainability will continue to oversee the execution of our sustainability strategy.

Our Sustainability Governance

- Board of Directors
- Executive Management
- Sustainability Committee (Chaired by GSVP)
- Global Sustainability
- Corporate Social Responsibility
- Business Ethics
- Environment & Climate Change
- Implementation in all functional areas by appointed sustainability leads
- Support, reporting and feedback on performance

Vestas Sustainability Report 2021
When designing our products, we consider sustainability requirements throughout our development process which we call the ‘Vestas Way to Market’ global framework. We use this framework for planning, managing and executing technology and product development involving the entire value chain. As such, we always aim for these projects to start and end with a focus on customer requirements. By involving relevant stakeholders in the development process, we can build requirements into the product design at an early stage.

Vestas Way to Market is our stage-gate process – with a group of gatekeepers positioned at each milestone. This approach enables us to decide whether to progress a project to the next stage or not. This guarantees that specification requirements are always met. The specifications are based on internal Vestas commitments (such as the Vestas’ chemical blacklist), international legislation (such as the European directives), and internationally recognised codes and standards like the ASME, ISO and IEC.

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 to our intent to make sustainability an integral component of all business processes. In order to further demonstrate a commitment to meeting the highest standards of health, safety and the environment, our operations are built on global certificates for ISO 9001 for Quality, ISO 14001 for Environment and ISO 45001 for Health and Safety.

Stakeholder engagement
While the materiality assessment reflects a focused approach to align our sustainability strategy with our most important stakeholders, Vestas as a global company interacts with many different stakeholder groups. These include customers, shareholders and investors, employees, policy makers, suppliers, non-governmental organisations, local communities and the media. We acknowledge that our sustainability performance is an important part of our relationship with these groups. By pro-actively engaging with stakeholders to understand their needs and concerns, we can feed this information back into our decision-making process.

We have both categorised and prioritised stakeholders to rationalise and focus our engagement efforts. This exercise is based on the degree to which they influence Vestas’ performance and are affected by it, as well as their interest in Vestas. Engagement ranges from forming active partnerships to address common sustainability issues, to more passive engagement through, for example, the publication of the Vestas Annual Report. We use the priority given to each stakeholder to determine the most appropriate approach to engagement.

Transparency is fundamental to our engagement strategy and underpins our different engagement efforts. We publicly disclose key sustainability information in our Sustainability Report. Additionally, we regularly lead more detailed dialogues with key stakeholders as well as day-to-day contact with customers and annual events like our Supplier Forum.

For more information about our policies, please visit:
The Vestas Employee Code of Conduct
The Vestas Supplier Code of Conduct
The Vestas Supplier Code of Conduct Guidelines
The Vestas Quality, Health, Safety and Environmental Policy
The Vestas Human Rights Policy
The Vestas Freedom of Association Policy
Memberships and ratings

UN Global Compact
The United Nations Global Compact (UNGC) is the world’s largest corporate sustainability initiative for businesses committed to aligning their operations and strategies with ten key principles in the areas of human rights, labour, the environment and anti-corruption. These principles serve as the basis for all sustainability efforts at Vestas. While we first committed to the UNGC in 2009, we annually report and publish our progress on implementing the 10 principles. In 2020, we reiterated our commitment to the UNGC as our Group President & CEO, Henrik Andersen, signed the UNGC’s “Statement from Business Leaders for Renewed Global Cooperation”. By doing so, we commit to continuously demonstrate ethical leadership and good governance, invest in addressing systematic inequalities, ensure accountability and transparency, promote equality as well as respect human rights. We, including our CEO, again reiterate this commitment in 2021.

In the UNGC Nordic Network, we have demonstrated our sustainability leadership through our participation in the working groups on human rights and the SDGs. We use these working groups to promote stronger sustainability efforts for businesses in their local context.

Memberships
- Global Wind Energy Council (GWEC)
- WindEurope
- RE100
- World Economic Forum
- P4G Partnering for Green Growth and the Global Goals 2030
- 40 national wind associations around the world

Ratings
- Ranked #1 in Corporate Knights Global 100 most sustainable companies
- Added as a member of the Dow Jones Sustainability Indices – Index Europe
- Received a climate rating of A- from CDP
Contributing to the UN Sustainable Development Goals (SDG’s)

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)
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)

Our contributions
• Being a pioneer and leader in wind energy solutions for several decades, we worked to make wind a competitive source of energy. On average, onshore wind now demonstrates 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.

UN Target (Indicator)
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)

Our contributions
• Vestas remains 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 2021, the company has collaborated with its closest stakeholders to install wind turbines in 86 countries, adding up to a total capacity installed of 151 GW.
• In 2021, Vestas sourced 100 percent of its electricity consumption from renewable sources.

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

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

UN Target (Indicator)
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)

Our contributions
• With 151 GW of installed wind energy, we along with our stakeholders have avoided the emission of 1.7 billion tonnes of CO₂e.
• At COP26, Vestas has taken a strong public stance to hasten the transition to renewable electricity to meet Paris Climate Targets.
• With 151 GW of installed wind energy, we along with our stakeholders have avoided the emission of 1.7 billion tonnes of CO₂e.
• At COP26, Vestas has taken a strong public stance to hasten the transition to renewable electricity to meet Paris Climate Targets.
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

Our Target (Indicator)

B.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)

Our contributions

• As our industry scales to meet the world's sustainable energy demands, Vestas has grown its revenue by 28 percent in the last two years. This growth creates even more jobs in our supply chain and affiliated industries.

UN Target (Indicator)

B.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 (B.2.1 Annual growth rate of real GDP per employed person)

Our contributions

• 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 2021, we invested EUR 4.44m in R&D related to the further scale-up of clean energy.

UN Target (Indicator)

B.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 (B.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities)

Our contributions

• 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.

UN Target (Indicator)

B.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 (B.7.1 Proportion and number of children aged 5-17 years engaged in child labour, by sex and age)

Our contributions

• 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.

UN Target (Indicator)

B.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 (B.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status)

Our contributions

• In our Freedom of Association Policy, Vestas commits to respecting employee’s rights to freedom of association and collective bargaining.

• Vestas continues its work to reduce the total recordable injury rate – having achieved Total Recordable Injury Rate (TRIR) reduction of 6 percent to 3.1 in 2021. By 2025 we want to demonstrate a TRIR of 1.5, being the safest workplace in the energy industry.

Where we can reduce the negative impacts of our operations

Goal: Ensure sustainable consumption and production patterns

UN Target (Indicator) 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)

Our contributions

- With our Circularity Roadmap, we are 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 earths. 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).

UN Target (Indicator) 2.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse (national recycling rate, tons of material recycled)

Our contributions

- 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 one percent and recycle more than ninety-four percent of waste by 2030.

How we can influence society at large

Goal: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

UN Target (Indicator) 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university (4.3.1 Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex)

Our contributions

- In 2021, we supported activities near its Oragadam factory in India through an integrated education programme. The goal of the programme is to help 1,200 adolescents from low-income backgrounds complete their secondary education, while also promoting higher levels of employability and improving life skills.
- We have a strong focus on vocational training. In 2021, we provided an average of 61 hours of training per employee.
- We prioritise attracting and training new talent, for example through its international two-year Graduate Programme. In 2021, 67 new Graduates (44 percent women) were on-boarded.

UN Target (Indicator) 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)

Our contributions

- In 2021, we publicly released our tax contribution for every country we operate in. We support the harmonization 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.

How we can influence society at large

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

UN Target (Indicator) 17.17 Encourage and promote effective public-private and civil society partnerships, building on the experience and learning of strategies of partnerships [17.17.1 Amount of United States dollars committed to public-private and civil society partnerships]

Our contributions

- We seek a partnership approach to sustainable development and are engaged in various supply chain and customer collaborations to improve environmental performance in our operations and products as well as to drive the sustainable energy transition.
- In our CSR approach, we have an increased focus on local partnerships. In 2021, we directly collaborated with eight NGOs globally, with emphasis on activities in India, Mexico, and Senegal.
Biodiversity

Wind energy contributes to the conservation of global biodiversity by mitigating global climate change, consuming no water for power generation, and avoiding air, soil, and water pollution during operation.
# Sustainability key figures

## Environmental

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumption of energy (GWh)</strong></td>
<td>738</td>
<td>621</td>
<td>638</td>
<td>614</td>
<td>569</td>
</tr>
<tr>
<td>– of which renewable energy (GWh)</td>
<td>283</td>
<td>295</td>
<td>258</td>
<td>211</td>
<td>204</td>
</tr>
<tr>
<td>– of which renewable electricity (GWh)</td>
<td>233</td>
<td>261</td>
<td>227</td>
<td>178</td>
<td>175</td>
</tr>
<tr>
<td><strong>Renewable energy (%)</strong></td>
<td>38</td>
<td>48</td>
<td>40</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td><strong>Renewable electricity for own activities (%)</strong></td>
<td>100</td>
<td>100</td>
<td>82</td>
<td>68</td>
<td>66</td>
</tr>
<tr>
<td><strong>Withdrawal of fresh water (1,000 m³)</strong></td>
<td>378</td>
<td>421</td>
<td>473</td>
<td>470</td>
<td>454</td>
</tr>
</tbody>
</table>

## Waste

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume of waste from own operations (1,000 t)</strong></td>
<td>70</td>
<td>89</td>
<td>85</td>
<td>81</td>
<td>71</td>
</tr>
<tr>
<td>– of which collected for recycling (1,000 t)</td>
<td>35</td>
<td>46</td>
<td>43</td>
<td>42</td>
<td>39</td>
</tr>
<tr>
<td><strong>Recyclability rate of hub and blade (%)</strong></td>
<td>42</td>
<td>41</td>
<td>42</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Material efficiency (tonnes of waste excl. recycled per MW produced and shipped)</strong></td>
<td>20</td>
<td>25</td>
<td>3.3</td>
<td>3.6</td>
<td>2.9</td>
</tr>
</tbody>
</table>

## CO₂ emissions adjusted for acquisitions and divestments¹

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct emissions of CO₂ (scope 1) (1,000 t)</strong></td>
<td>99</td>
<td>83</td>
<td>66</td>
<td>69</td>
<td>60</td>
</tr>
<tr>
<td><strong>Indirect emissions of CO₂ (scope 2) (1,000 t)</strong></td>
<td>3</td>
<td>14</td>
<td>48</td>
<td>61</td>
<td>70</td>
</tr>
<tr>
<td><strong>Indirect emissions of CO₂ from the supply chain (scope 3)² (million t)</strong></td>
<td>10.56</td>
<td>10.59</td>
<td>7.83</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Indirect emissions of CO₂ from the supply chain (scope 3)² (kg per MWh generated)</strong></td>
<td>6.65</td>
<td>6.63</td>
<td>6.82</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

## Products

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expected CO₂ avoided over the lifetime of the capacity produced and shipped during the period (million t)</strong></td>
<td>532</td>
<td>493</td>
<td>322</td>
<td>275</td>
<td>317</td>
</tr>
<tr>
<td><strong>Annual CO₂ avoided by the total aggregated installed fleet (million t)</strong></td>
<td>210</td>
<td>186</td>
<td>154</td>
<td>134</td>
<td>120</td>
</tr>
</tbody>
</table>

## Social

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safety</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Recordable Injuries (number)</td>
<td>201</td>
<td>185</td>
<td>213</td>
<td>210</td>
<td>243</td>
</tr>
<tr>
<td>– of which Lost Time Injuries (number)</td>
<td>67</td>
<td>65</td>
<td>67</td>
<td>80</td>
<td>92</td>
</tr>
<tr>
<td>Total Recordable Injuries per million working hours (TRIR)</td>
<td>3.1</td>
<td>3.3</td>
<td>3.9</td>
<td>4.0</td>
<td>5.3</td>
</tr>
<tr>
<td>Lost Time Injuries per million working hours (LTI)</td>
<td>1.0</td>
<td>1.2</td>
<td>1.2</td>
<td>1.5</td>
<td>2.0</td>
</tr>
</tbody>
</table>

## Employees

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average number of employees (FTEs)</strong></td>
<td>29,164</td>
<td>26,121</td>
<td>24,964</td>
<td>24,221</td>
<td>22,504</td>
</tr>
<tr>
<td><strong>Employees at the end of the period (FTEs)</strong></td>
<td>29,427</td>
<td>29,378</td>
<td>25,542</td>
<td>24,648</td>
<td>23,303</td>
</tr>
</tbody>
</table>

## Diversity and inclusion

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Women in the Board and Executive Management at the end of the period (%)</strong></td>
<td>27</td>
<td>27</td>
<td>23</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td><strong>Women in leadership positions at the end of the period (%)</strong></td>
<td>21</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
</tbody>
</table>

## Human rights

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community grievances ² (number)</strong></td>
<td>17</td>
<td>20</td>
<td>10</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Community beneficiaries ² (number)</strong></td>
<td>8,236</td>
<td>14,770</td>
<td>6,093</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Social Due Diligence on projects in scope ² (%)</strong></td>
<td>0³</td>
<td>78</td>
<td>32</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

## Governance

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Whistle-blower system</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EthicsLine cases ⁴ (number)</td>
<td>465</td>
<td>287</td>
<td>226</td>
<td>173</td>
<td>138</td>
</tr>
<tr>
<td>– of which substantiated (number)</td>
<td>96</td>
<td>65</td>
<td>58</td>
<td>48</td>
<td>43</td>
</tr>
<tr>
<td>EthicsLine cases ⁴ (number)</td>
<td>292</td>
<td>222</td>
<td>168</td>
<td>125</td>
<td>95</td>
</tr>
</tbody>
</table>

---

1. For definitions and accounting policies for the sustainability key figures, see the Notes on pages 72-73. Commentary specifically to the sustainability strategy targets and performance can be found on page 35.
2. Data only available from 2019 onwards.
3. In alignment with the GHG protocol standard, data for 2019-2021 has retroactively been adjusted for acquisitions and divestments in 2020 and 2021 in accordance with our policy for baseline adjustments for CO₂ emissions and related indicators. For detailed data please see page 72.
4. Only four projects were in scope (only S&I) for Social Due Diligence (SDD), two in Ukraine and two in Brazil. However, SDD was not conducted due to the CSR strategy still being in the implementation phase in their respective regions. Additionally, Vestas has conducted SDD on projects in scope, but not yet firm.
5. As of the Annual Report 2021, the most recent data will reflect a status quo, where the final substantiation rate can only be seen in connection with full-year reporting the following year. EthicsLine data for 2017-2020 have been adjusted in connection with this change in methodology. Read more in the Notes to sustainability key figures, page 73.
**Selected environmental data**

Our energy consumption was divided into the following categories:

<table>
<thead>
<tr>
<th>Energy consumption by source</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuels for heating (direct energy)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil</td>
<td>19</td>
<td>16</td>
<td>15</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>Gas</td>
<td>96</td>
<td>114</td>
<td>134</td>
<td>130</td>
<td>107</td>
</tr>
<tr>
<td>Indirect energy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>233</td>
<td>261</td>
<td>278</td>
<td>262</td>
<td>264</td>
</tr>
<tr>
<td>Heat</td>
<td>56</td>
<td>38</td>
<td>35</td>
<td>36</td>
<td>31</td>
</tr>
<tr>
<td>Fuels for transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquefied petroleum gas (LPG)</td>
<td>1</td>
<td>1</td>
<td>0.3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Diesel oil</td>
<td>133</td>
<td>138</td>
<td>132</td>
<td>123</td>
<td>118</td>
</tr>
<tr>
<td>Petrol</td>
<td>60</td>
<td>53</td>
<td>44</td>
<td>46</td>
<td>40</td>
</tr>
<tr>
<td>Marine gas oil</td>
<td>139</td>
<td>//</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
</tbody>
</table>

We emitted wastewater to the following destinations:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Treated by Vestas to public treatment facility</td>
<td>48</td>
<td>64</td>
<td>56</td>
<td>48</td>
<td>101</td>
</tr>
<tr>
<td>Treated by Vestas directly to environment</td>
<td>21</td>
<td>25</td>
<td>41</td>
<td>42</td>
<td>52</td>
</tr>
<tr>
<td>Non-treated wastewater to public treatment facility</td>
<td>224</td>
<td>226</td>
<td>241</td>
<td>272</td>
<td>204</td>
</tr>
<tr>
<td>Non-treated wastewater directly to environment</td>
<td>4</td>
<td>10</td>
<td>17</td>
<td>12</td>
<td>11</td>
</tr>
</tbody>
</table>

Our waste disposal was divided into:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hazardous</td>
<td>64</td>
<td>83</td>
<td>78</td>
<td>74</td>
<td>66</td>
</tr>
<tr>
<td>Hazardous</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

We disposed waste to the following destinations:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>35</td>
<td>46</td>
<td>43</td>
<td>42</td>
<td>39</td>
</tr>
<tr>
<td>Incineration</td>
<td>24</td>
<td>21</td>
<td>18</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>Landfill</td>
<td>11</td>
<td>22</td>
<td>24</td>
<td>20</td>
<td>17</td>
</tr>
</tbody>
</table>

We recorded the following air emissions:

<table>
<thead>
<tr>
<th>Air emissions</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC</td>
<td>205</td>
<td>268</td>
<td>270</td>
<td>264</td>
<td>258</td>
</tr>
</tbody>
</table>

1 Changes in 2021 are primarily due to the acquisition of the offshore business and the divestment of Pueblo towers.
## Selected employee data

### Employees by region and function

<table>
<thead>
<tr>
<th>Number</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing &amp; Global Sourcing</td>
<td>5,899</td>
<td>1,112</td>
<td>3,225</td>
<td>10,236</td>
</tr>
<tr>
<td>Sales and service</td>
<td>8,723</td>
<td>3,613</td>
<td>2,216</td>
<td>14,552</td>
</tr>
<tr>
<td>Power Solutions</td>
<td>1,714</td>
<td>48</td>
<td>649</td>
<td>2,411</td>
</tr>
<tr>
<td>Others</td>
<td>1,054</td>
<td>195</td>
<td>861</td>
<td>2,110</td>
</tr>
<tr>
<td>Total</td>
<td>17,390</td>
<td>4,968</td>
<td>6,951</td>
<td>29,309</td>
</tr>
</tbody>
</table>

### New employees by region and gender

<table>
<thead>
<tr>
<th>Number</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>472</td>
<td>153</td>
<td>348</td>
<td>973</td>
</tr>
<tr>
<td>Male</td>
<td>2,100</td>
<td>704</td>
<td>1,134</td>
<td>3,938</td>
</tr>
<tr>
<td>Total</td>
<td>2,572</td>
<td>857</td>
<td>1,482</td>
<td>4,911</td>
</tr>
</tbody>
</table>

### Employees by age group and gender

<table>
<thead>
<tr>
<th>Percent</th>
<th>&lt;30 years</th>
<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>36</td>
<td>92</td>
<td>20</td>
<td>149</td>
</tr>
<tr>
<td>Male</td>
<td>176</td>
<td>56.7</td>
<td>10.9</td>
<td>85.1</td>
</tr>
<tr>
<td>Total</td>
<td>21.2</td>
<td>66.0</td>
<td>12.9</td>
<td>100</td>
</tr>
</tbody>
</table>

### New employees by age group and gender

<table>
<thead>
<tr>
<th>Number</th>
<th>&lt;30 years</th>
<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>447</td>
<td>483</td>
<td>43</td>
<td>973</td>
</tr>
<tr>
<td>Male</td>
<td>1,811</td>
<td>1,934</td>
<td>193</td>
<td>3,938</td>
</tr>
<tr>
<td>Total</td>
<td>2,258</td>
<td>2,417</td>
<td>236</td>
<td>4,911</td>
</tr>
</tbody>
</table>

### Employees by level and gender

<table>
<thead>
<tr>
<th>Percent</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership positions</td>
<td>3.3</td>
<td>12.4</td>
<td>15.7</td>
</tr>
<tr>
<td>Other</td>
<td>11.5</td>
<td>72.8</td>
<td>84.3</td>
</tr>
<tr>
<td>Total</td>
<td>14.9</td>
<td>85.1</td>
<td>100</td>
</tr>
</tbody>
</table>

### Turnover by region

<table>
<thead>
<tr>
<th>Percent</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. employees</td>
<td>16,450</td>
<td>5,013</td>
<td>6,306</td>
<td>27,770</td>
</tr>
<tr>
<td>No. employees leaving</td>
<td>1,830</td>
<td>1,238</td>
<td>673</td>
<td>3,741</td>
</tr>
<tr>
<td>Turnover (%)</td>
<td>10.7</td>
<td>24.7</td>
<td>10.7</td>
<td>13.5</td>
</tr>
</tbody>
</table>

### Turnover by age group

<table>
<thead>
<tr>
<th>Percent</th>
<th>&lt;30 years</th>
<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. employees</td>
<td>5,530</td>
<td>18,593</td>
<td>3,640</td>
<td>27,763</td>
</tr>
<tr>
<td>No. employees leaving</td>
<td>1,036</td>
<td>2,296</td>
<td>408</td>
<td>3,740</td>
</tr>
<tr>
<td>Turnover (%)</td>
<td>18.7</td>
<td>12.3</td>
<td>11.2</td>
<td>13.5</td>
</tr>
</tbody>
</table>

### Board of Directors by age group and gender

<table>
<thead>
<tr>
<th>Percent</th>
<th>&lt;30 years</th>
<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>0</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Male</td>
<td>0</td>
<td>75</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Employees by age group and level

<table>
<thead>
<tr>
<th>Percent</th>
<th>&lt;30 years</th>
<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership positions</td>
<td>127</td>
<td>3,629</td>
<td>852</td>
<td>4,607</td>
</tr>
<tr>
<td>Other</td>
<td>6,076</td>
<td>15,702</td>
<td>2,924</td>
<td>25,148</td>
</tr>
<tr>
<td>Total</td>
<td>6,203</td>
<td>19,330</td>
<td>3,776</td>
<td>29,309</td>
</tr>
</tbody>
</table>

### Employees by employment contract and gender

<table>
<thead>
<tr>
<th>Percent</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership positions</td>
<td>4,189</td>
<td>204</td>
<td>4,393</td>
</tr>
<tr>
<td>Other</td>
<td>24,233</td>
<td>724</td>
<td>24,956</td>
</tr>
<tr>
<td>Total</td>
<td>28,422</td>
<td>928</td>
<td>29,309</td>
</tr>
</tbody>
</table>

---

1. Employees from Utopus and Sowitec are not included.
2. Only board members elected by the general meeting are included.
## Selected tax data

<table>
<thead>
<tr>
<th>Taxes by category</th>
<th>EURm</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>101</td>
<td>16</td>
<td>71</td>
<td>187</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>700</td>
<td>116</td>
<td>37</td>
<td>853</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>292</td>
<td>118</td>
<td>53</td>
<td>463</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,093</strong></td>
<td><strong>250</strong></td>
<td><strong>161</strong></td>
<td><strong>1,503</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes borne by category</th>
<th>EURm</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>99</td>
<td>11</td>
<td>64</td>
<td>174</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>27</td>
<td>77</td>
<td>33</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>87</td>
<td>55</td>
<td>24</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>213</strong></td>
<td><strong>143</strong></td>
<td><strong>120</strong></td>
<td><strong>476</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes collected by category</th>
<th>EURm</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>2</td>
<td>4</td>
<td>7</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>673</td>
<td>39</td>
<td>5</td>
<td>717</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>205</td>
<td>63</td>
<td>29</td>
<td>297</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>880</strong></td>
<td><strong>106</strong></td>
<td><strong>40</strong></td>
<td><strong>1,027</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. Employees from Sowitec and Utopus are not included.

---

<table>
<thead>
<tr>
<th>Taxes by category</th>
<th>EUR/FTE</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>5,804</td>
<td>3,181</td>
<td>10,177</td>
<td>6,397</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>40,245</td>
<td>23,343</td>
<td>5,374</td>
<td>29,110</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>16,794</td>
<td>23,753</td>
<td>7,563</td>
<td>15,784</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62,843</strong></td>
<td><strong>50,277</strong></td>
<td><strong>23,114</strong></td>
<td><strong>51,291</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes borne by category</th>
<th>EUR/FTE</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>5,699</td>
<td>2,290</td>
<td>9,177</td>
<td>5,946</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>1,539</td>
<td>15,418</td>
<td>4,724</td>
<td>4,647</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>4,991</td>
<td>11,152</td>
<td>3,414</td>
<td>5,661</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,229</strong></td>
<td><strong>28,861</strong></td>
<td><strong>17,314</strong></td>
<td><strong>16,254</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes collected by category</th>
<th>EUR/FTE</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>106</td>
<td>891</td>
<td>1,001</td>
<td>451</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>38,706</td>
<td>7,925</td>
<td>650</td>
<td>24,463</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>11,803</td>
<td>12,601</td>
<td>4,150</td>
<td>10,123</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50,614</strong></td>
<td><strong>21,417</strong></td>
<td><strong>5,800</strong></td>
<td><strong>35,037</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes borne by category</th>
<th>% of EURm revenue</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>1.1</td>
<td>0.3</td>
<td>3.6</td>
<td>1.2</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>7.9</td>
<td>2.4</td>
<td>1.9</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>3.3</td>
<td>2.5</td>
<td>2.7</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12.4</strong></td>
<td><strong>5.2</strong></td>
<td><strong>8.2</strong></td>
<td><strong>9.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxes collected by category</th>
<th>% of EURm revenue</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income taxes</td>
<td>0.0</td>
<td>0.1</td>
<td>0.4</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Indirect taxes</td>
<td>7.6</td>
<td>0.8</td>
<td>0.2</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>Employee taxes</td>
<td>2.3</td>
<td>1.3</td>
<td>1.5</td>
<td>1.9</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9.9</strong></td>
<td><strong>3.0</strong></td>
<td><strong>6.1</strong></td>
<td><strong>6.6</strong></td>
<td></td>
</tr>
</tbody>
</table>

Introduction

Vestas Sustainability Report 2021

Vestas Sustainability Report 2021
## Selected tax data – continued

### VAT receivables (gross)

<table>
<thead>
<tr>
<th>EURm</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>166</td>
<td>255</td>
<td>102</td>
<td>523</td>
</tr>
</tbody>
</table>

### VAT receivables (gross) EUR/FTE¹

<table>
<thead>
<tr>
<th>EUR/FTE¹</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>9,550</td>
<td>51,310</td>
<td>14,710</td>
<td>17,852</td>
</tr>
</tbody>
</table>

### VAT receivables (gross) % of EURm revenue

<table>
<thead>
<tr>
<th>% of EURm revenue</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1.9</td>
<td>5.3</td>
<td>5.2</td>
<td>3.4</td>
</tr>
</tbody>
</table>

---

1. Employees from Sowitec and Utopus are not included.

### Top five countries by total, borne, and collected

<table>
<thead>
<tr>
<th>EURm</th>
<th>Total</th>
<th>Borne</th>
<th>Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>225</td>
<td>102</td>
<td>180</td>
</tr>
<tr>
<td>China</td>
<td>104</td>
<td>93</td>
<td>156</td>
</tr>
<tr>
<td>USA</td>
<td>167</td>
<td>66</td>
<td>120</td>
</tr>
<tr>
<td>Finland</td>
<td>159</td>
<td>45</td>
<td>88</td>
</tr>
<tr>
<td>Germany</td>
<td>104</td>
<td>24</td>
<td>74</td>
</tr>
</tbody>
</table>

### Top five countries by tax category

<table>
<thead>
<tr>
<th>Corporate income taxes</th>
<th>Indirect taxes</th>
<th>Employee taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>EURm</td>
<td>Total</td>
<td>Borne</td>
</tr>
<tr>
<td>Denmark</td>
<td>62</td>
<td>158</td>
</tr>
<tr>
<td>China</td>
<td>55</td>
<td>157</td>
</tr>
<tr>
<td>Germany</td>
<td>16</td>
<td>88</td>
</tr>
<tr>
<td>USA</td>
<td>9</td>
<td>71</td>
</tr>
<tr>
<td>Jordan</td>
<td>6</td>
<td>70</td>
</tr>
<tr>
<td>Total</td>
<td>187</td>
<td>853</td>
</tr>
</tbody>
</table>

### Top five countries by region

<table>
<thead>
<tr>
<th>EURm</th>
<th>EMEA</th>
<th>Americas</th>
<th>Asia Pacific</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>225</td>
<td>167</td>
<td>104</td>
</tr>
<tr>
<td>Denmark</td>
<td>186</td>
<td>38</td>
<td>22</td>
</tr>
<tr>
<td>Finland</td>
<td>159</td>
<td>26</td>
<td>19</td>
</tr>
<tr>
<td>France</td>
<td>85</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Sweden</td>
<td>78</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>1,093</td>
<td>250</td>
<td>161</td>
</tr>
</tbody>
</table>

---

Vestas Sustainability Report 2021 70
## SASB disclosure

### Workforce health & safety

1. Total recordable incident rate (TRIR)  
   - SAS Reference: RR-WT-320a.1  
   - 2021: 3.1 per million working hours  
   - 2020: 3.3 per million working hours

2. Fatality rate for:  
   - (a) direct employees  
   - (b) contract employees  
   - 2021: 0 for direct employees  
   - 2022: 0 for contract employees  
   - 2020: 0 for direct employees  
   - 2021: 0 for contract employees

### Ecological impacts of project development

- Average A-weighted sound power level of wind turbines, by wind turbine class  
  - SAS Reference: RR-WT-410a.1  
  - Max sound power level for model range is 103.8 - 110.6 dB  
  - 2021: 0  
  - 2020: 0

- Backlog cancellations associated with community or ecological impacts  
  - SAS Reference: RR-WT-410a.2  
  - 2021: 0  
  - 2020: 0

- Description of efforts to address ecological and community impacts of wind energy production through turbine design  
  - SAS Reference: RR-WT-410a.3  
  - Vestas Sustainability Report 2021, page 30-38  
  - Vestas Sustainability Report 2020, page 32-37

### Materials sourcing

- Description of the management of risks associated with the use of critical materials  
  - SAS Reference: RR-WT-440a.1  
  - Vestas Sustainability Report 2021, page 35-36  
  - Vestas Sustainability Report 2020, page 36-37

### Materials efficiency

- Top five materials consumed, by weight  
  - SAS Reference: RR-WT-440b.1  
  - Vestas Sustainability Report 2021, page 30-38  
  - Vestas Sustainability Report 2020, page 32-37

- Average top head mass per turbine capacity, by wind turbine class  
  - SAS Reference: RR-WT-440b.2  
  - Vestas Sustainability Report 2021, pages 19-21 & 32-34  
  - Vestas Sustainability Report 2020, page 33

- Description of approach to optimize materials efficiency of wind turbine design  
  - SAS Reference: RR-WT-440b.3  
  - Vestas Sustainability Report 2021, pages 19-21 & 32-34

### Activity metrics

- Number of delivered wind turbines, by wind turbine class  
  - SAS Reference: RR-WT-000 A  
  - Vestas Sustainability Report 2021, page 30-38  
  - Vestas Sustainability Report 2020, page 32-37

- Aggregate capacity of delivered wind turbines, by wind turbine class  
  - SAS Reference: RR-WT-000 B  
  - Vestas Sustainability Report 2021, page 30-38  
  - Vestas Sustainability Report 2020, page 32-37

- Amount of turbine backlog  
  - SAS Reference: RR-WT-000 C  
  - Vestas Sustainability Report 2021, page 30-38  
  - Vestas Sustainability Report 2020, page 32-37

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 standards
The below description of accounting policies refers to the environmental, social, and governance indicators presented on page 66.

All Vestas’ wholly owned companies are covered by the newly established companies are included from the time of production start, and companies are excluded from the reporting from the time when they leave Vestas’ control. Acquired companies are included from the time when coming under Vestas’ control. For the offshore business in the joint venture, MHI Vestas Offshore Wind, however, of which Vestas took full ownership on 14 December 2020, data was not included in the 2020 reporting, as the impact was insignificant.

From 2021 and onwards, data from the offshore business is included in the sustainability key figures. The existing sustainability strategy targets will be maintained and include offshore performance, with the adjustment that the 2019 baselines for carbon emissions have been recalculated to include the acquisition in 2020 of MHI Vestas Offshore Wind A/S and exclude the divestment of the towers factory in Pueblo, Denver, USA in 2021. See the table “Carbon emissions adjusted for acquisitions and divestments” below for detailed data.

Defining materiality
Vestas bases its materiality assessment 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.

Change in accounting policies
The total number of reports made to the whistle-blower hotline EthicsLine within a reporting year will going forward be reflected as a status quo, where the total is the sum of substantiated and unsubstantiated cases after ended investigation, plus any open cases. The open cases will then, in connection with reporting for the following year retroactively be defined as either substantiated or unsubstantiated. In connection with the change in methodology, the EthicsLine data for 2017-2020 have furthermore been adjusted.

Environmental
Energy consumption, water withdrawal, waste generation, and carbon emissions are reported for the accounting period on the basis of significance. All production facilities are included as well as larger offices, warehouses, and other facilities, ensuring a comprehensive and sufficient statement of these environmental aspects. All data are registered in Vestas’ HSE system.

Utilisation of resources
Electricity, gas, and district heating are measured on the basis of quantities consumed according to direct meter readings per site including related administration. Consumption of electricity comprises electricity purchased externally. Oil for heating is stated on the basis of external purchases and meter readings at the end of the reporting period. Fuel for internal transportation, including for cars owned by the company or fuel for employees’ benefit cars for which the company pays the fuel per credit card as well as fuel used for internal transport on project sites and production such as forklifts, has been recognised on the basis of supplier statements. Electricity from renewable energy sources is calculated on the basis of supplier statements. Only 100 percent renewable electricity is counted as renewable electricity.

Renewable energy is energy generated from natural resources, which are all naturally replenished - such as wind, sunlight, water, biomass, and geothermal heat. Nuclear power is not considered to be renewable energy.

The withdrawal of water is stated as measured withdrawal of fresh water on the basis of supplier statements and meter readings.

Waste
Volume of waste is stated on the basis of weight slips received from the waste recipients for deliveries, apart from a few types of waste and non-significant volumes which are estimated on the basis of subscription arrangement and load. Waste disposal method is based on supplier statements.

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 upon 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 upon information from life cycle assessment (LCA) reports of each type of turbine shipped in the year, which can be found on our corporate website.

Material efficiency, an indicator which has been introduced in the Annual Report 2021, is defined as the total tonnes of non-recycled waste from Vestas own manufacturing per MW capacity produced and shipped during the reporting period. Non-recycled waste includes waste that is incinerated or landfilled.

Vestas Sustainability Report 2021
Scope 1: Direct emissions of CO₂e are calculated on the basis of determined amounts of fuel for own transport and the direct consumption of oil and gas, with the usage of standard factors published by the UK Department for Environment, Food & Rural Affairs (2021).

Scope 2: Covers emissions released in connection with the consumption of purchased electricity, steam, heat, and cooling, of which steam and cooling are not used by Vestas. Indirect emissions of CO₂e from consumption of electricity outside Europe are calculated using national grid emission factors published by the International Energy Agency (2021). Indirect CO₂e emissions from consumption of electricity in Europe are calculated with residual mix emission factors from the Association of Issuing Bodies (2018). Indirect CO₂e emissions from district heating are calculated using the emission factor from the UK Department for Environment, Food & Rural Affairs (2021).

Scope 3: Indirect emissions of CO₂e from the value chain are reported based on the Greenhouse Gas Protocol which divides the scope 3 inventory into 15 subcategories. The largest part of the emissions is in the category 'Purchased goods and services', where emissions from materials going into products are calculated based on LCAs following ISO 14040 & 14044, publicly available at vestas.com. The measure is based upon the material composition of all turbine types that were produced and shipped in the reporting year. CO₂e emission data of different materials and component types are quantified and estimated based upon information from LCA reports on each type of wind turbine shipped in the year. Similarly, the CO₂e emissions of all produced and shipped turbines in the reporting year are derived from the LCA reports, accounting for specific material quantities purchased. LCA reports can be found at the corporate website. Other purchased goods and services as well as Capital goods and Waste generated in operations are estimated based on spending DEFRA factors for Indirect emissions from the supply chain (2011). Fuel- and energy-related activities are calculated using DEFRA factors for emissions related to the production of fuel and energy. Emissions from upstream transportation are estimated for global transportation based on the LCA reports for weight and distance of components transported and DEFRA carbon emissions factors. Business travel emissions are provided by the travel agency. Employee commuting is estimated based on average number of employees with the usage of standard factors published by the UK Department for Environment, Food & Rural Affairs (2021). End-of-life treatment of sold products is estimated based upon material composition of all produced and shipped wind turbines in the reporting year and DEFRA emission factors for waste treatment. Up until 2021, Vestas’ 50 percent share of the scope 1 & 2 emissions in the joint venture MHI Vestas Offshore Wind were included in Vestas’ scope 3 emissions. The subcategories CB-11 and C13-C14 are not relevant for Vestas, as there are no greenhouse gas emissions within these categories.

In relation to the target to reduce carbon emissions in the value chain, indirect emissions of CO₂e from the value chain per MWh generated include 70 percent of the scope 3 emissions. The amount of MWh generated is based on the number and type of wind turbines produced and shipped in the financial year along with contracted values for wind turbine capacity factor and lifetime.

**Products**

CO₂e avoided is to be understood as the volume of emissions avoided by using the wind turbines as source, compared to the average level of CO₂e impact involved in electricity generation.

Expected CO₂e avoided over the lifetime of the MW produced and shipped during the period is calculated on the basis of the wind turbines (MW) produced and shipped during the reporting period, a capacity factor of 34 percent in 2020, an expected lifetime of 21 years, and the latest updated standard factor of global average carbon emissions for electricity from Vestas’ HR system (2021), at present 477 grams of CO₂e per kWh.

Annual CO₂e avoided by the total aggregated installed fleet is calculated on the basis of total annual installed capacity (MW) and global average CO₂ emissions avoided per year of operation. The total CO₂e avoided is an aggregation of each year since 1981, accounting for decommissioned turbines, based on an estimate of the average lifetime of a turbine.

**Social Safety**

The occupational safety data in the Sustainability key figures are reported for all activities in Vestas. Lost Time Injuries (LTIs) of all employees are stated on the basis of registration in Vestas’ Incident Management System of occupational incidents that have caused at least one workday of absence after the day of the injury, and the number includes fatalities. Total Recordable Injuries (TRI) include LTIs, restricted work injuries, and medical treatment injuries. Injuries and working hours for externally employed workers under Vestas’ supervision are included in both measures.

The incidence of injuries is defined as the number of injuries per one million working hours. The number of working hours is measured on the basis of daily timecards registered in the payroll system for hourly-paid employees, and prescribed working hours for salaried employees excluding e.g. holidays, absence due to illness and maternity leave. For externally employed workers under Vestas’ supervision, the injuries are reported by Vestas, and working hours are reported by the external suppliers.

**Employees, diversity, and inclusion**

The number of employees is calculated as the number of full-time equivalents (FTE) with a direct contract with Vestas registered in Vestas’ HR system. Employee indicators (the share of women in the Board, Executive Management, and leadership positions) are calculated based on headcounts registered in Vestas’ HR system. Employee information is measured on the basis of daily timecards registered in the payroll system for hourly-paid employees, and prescribed working hours for salaried employees excluding e.g. holidays, absence due to illness and maternity leave. For externally employed workers under Vestas’ supervision, the injuries are reported by Vestas, and working hours are reported by the external suppliers.

The number of employees is calculated as the number of employees, diversity, and inclusion.

**Governance**

Whistle-blower system

All reports made to the EthicsLine whistle-blower hotline are investigated thoroughly, with the purpose of identifying whether a violation of the Code of Conduct has taken place. Upon the completion of the investigation, cases are classified as either substantiated or unsubstantiated. At the end of the reporting year, the total number of whistle-blower cases are calculated. Any potential gap between the total number of reported cases and the substantiated and non-substantiated cases combined reflects the number of cases that are still under investigation at the end of the year. The gap will be closed the following year, when the final number of substantiated and unsubstantiated cases will be settled.

“Community beneficiaries” are individuals that have benefited directly, financially or by way of upgraded skills, from Vestas’ community development initiatives implemented during the reporting period in connection to a wind farm project and associated facilities, a Vestas factory, or a R&D Centre. Where a household is a beneficiary, Vestas calculates the household size based on the country average defined by the UN Department of Economic and Social Affairs (UN 2017). Community development initiatives are identified in collaboration with local stakeholders, including community members, and centred around the UN SDGs with special focus on the six primary SDGs selected by Vestas.

The measure “Due diligence on projects in scope” reflects the share of wind power projects in scope, which have materialised as firm orders during the reporting period, and on which the Social Due Diligence (SDD) process has been applied. The wind farm projects in scope for Vestas’ SDD are 1) all Engineering, Procurement and Construction (EPC) projects in emerging markets, 2) all Supply- and installation projects of 1.00 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 (via a risk mapping performed each year in January). In this context, ‘emerging markets’ are non-OECD, high-income countries, as defined by OECD.