

Vestas[®]

Wind. It means the world to us.[™]

SUSTAINABILITY AT VESTAS

SUSTAINABILITY IN EVERYTHING WE DO

CARBON FOOTPRINT

Carbon neutral company by 2030 – without using carbon offsets

Reducing CO₂ emissions in own operations by 55% by 2025 and 100% by 2030, compared to 2019, without the use of carbon offsets

Reducing CO₂ emissions in the supply chain by 45% per MWh generated by 2030 compared to 2019



CIRCULARITY

Producing zero-waste wind turbines by 2040

Hub and blade to be 50% recyclable by 2025

Hub and blade to be 55% recyclable by 2030



RESPONSIBLE WORKPLACE

Safest, most inclusive & socially responsible workplace in the energy industry

25% women in leadership positions by 2025 and 30% by 2030

Reduce the rate of Total Recordable Injuries to 1.5 by 2025, and to 0.6 by 2030

Increase the share of women in the Board to 37.5% by 2022



ENERGY TRANSITION

Leading the transition towards a world powered by sustainable energy

Take a leading role in driving electrification beyond the power sector

Team up with other sustainability leaders to drive change

Supporting our partners in their journey to become more sustainable



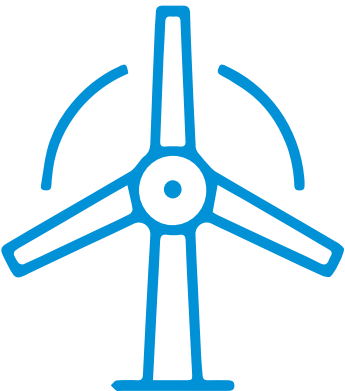
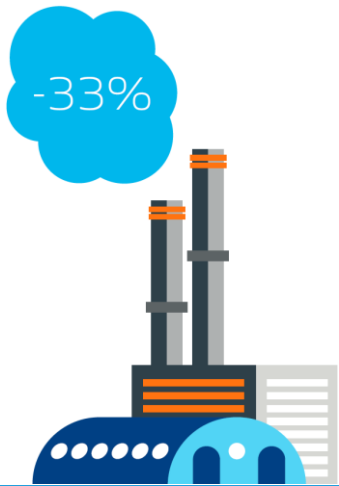
SUSTAINABILITY

Progress on strategy

ENVIRONMENTAL

Carbon footprint

- Emissions from own operations reduced by 33 percent
- 186m tonnes CO₂ emissions avoided through our installed fleet in 2020
- Set expectations to key suppliers to start measuring and set targets



Circularity

Several projects launched to help expand and scale the value chain for blade recycling

SCIENCE BASED TARGETS



SOCIAL



Safety

- Total Recordable Injury Rate at an all-time low of 3.3



Diversity and inclusion

- Review of recruitment processes
- Unconscious bias trainings to all recruiters



Corporate Social Responsibility

- CSR approach launched to address business-related human rights

SUSTAINABILITY GOVERNANCE

The **Vestas Sustainability Committee** prioritises, oversees, and coordinates cross-functional **sustainability initiatives** across the entire organisation.

The Sustainability Committee also ensures our company **conforms** and lives up to its international responsibilities as a member of the UN Global Compact.

In 2019, **Vestas established a Sustainability Strategy department** that consolidates efforts across the company on ESG matters. It is responsible for preparing, coordinating – and in close collaboration with the functional areas, driving, and practically supporting on the execution of the sustainability strategy.

Ultimately, responsibility for the sustainability performance of Vestas as a whole lies with our company **line organisation** – supported by the Sustainability Strategy department.



SUSTAINABILITY AT VESTAS

Areas of focus



Environmental sustainability

Carbon footprint

Energy payback

Product waste & recyclability



Social sustainability

Safety

Emerging markets & Social due diligence

Social license to operate



Sustainability in governance

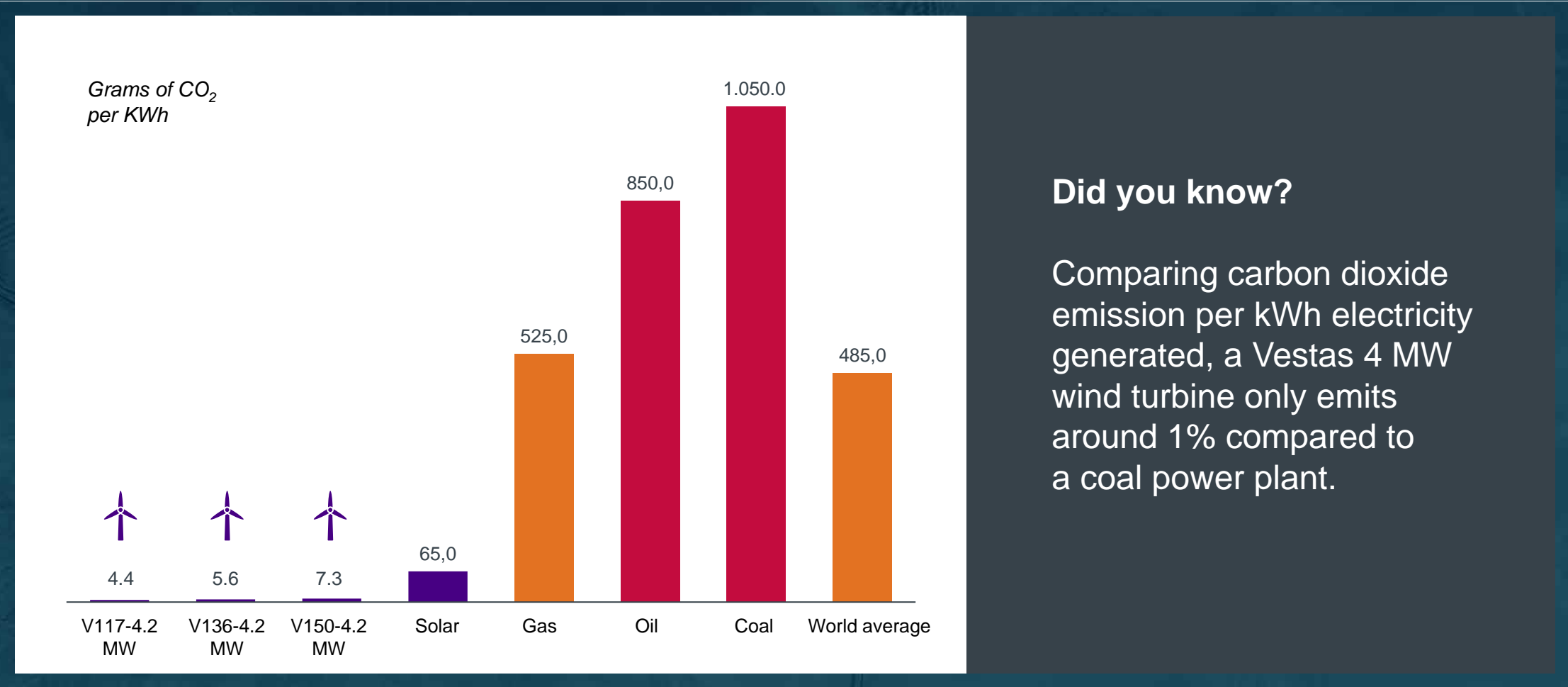
Management remuneration

Business ethics

Whistle-blower programme

CARBON FOOTPRINTS COMPARED

Vestas' carbon footprint is significantly reduced compared to other electricity-generating sources

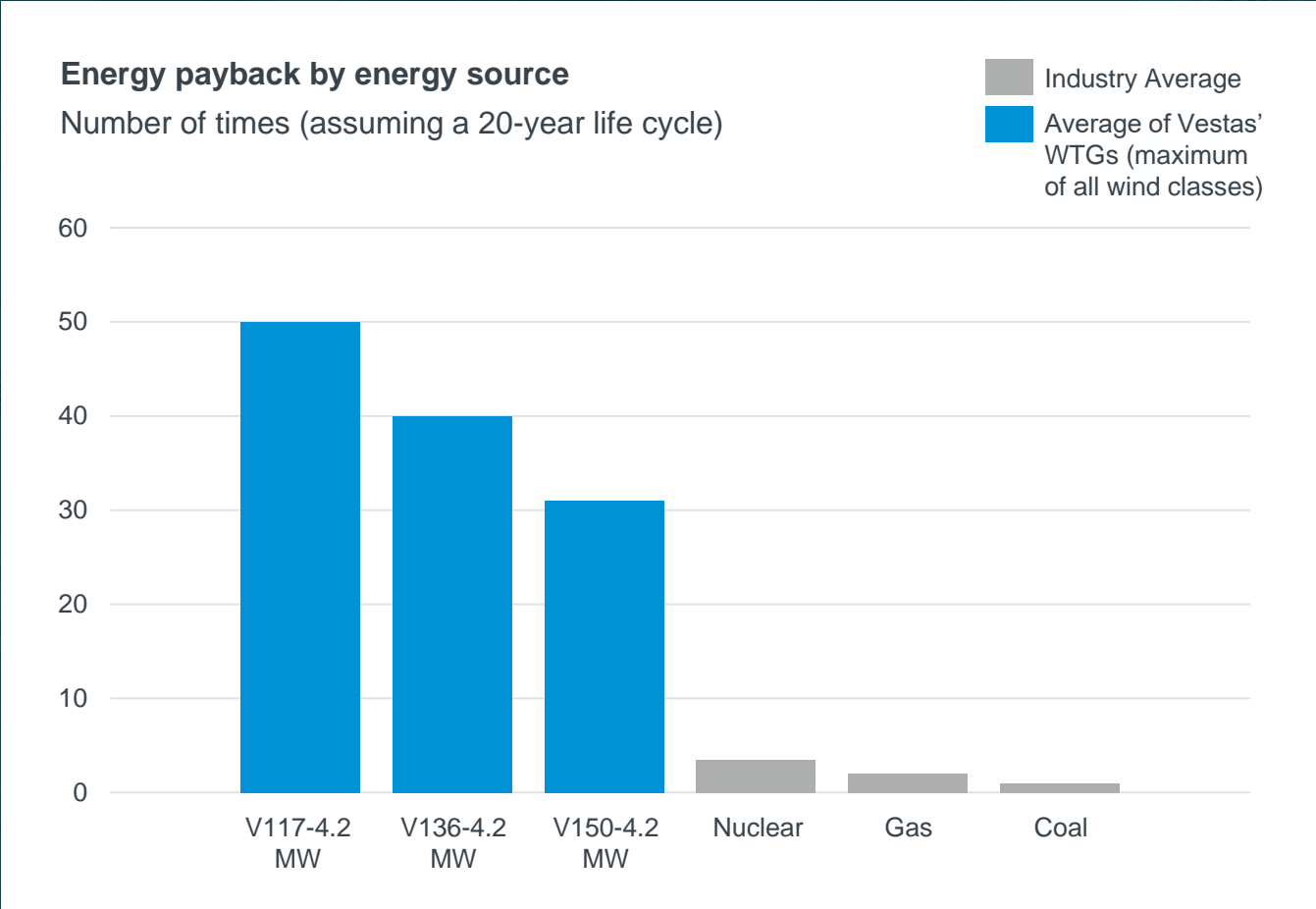


Did you know?

Comparing carbon dioxide emission per kWh electricity generated, a Vestas 4 MW wind turbine only emits around 1% compared to a coal power plant.

VESTAS TURBINES ARE ENERGY NEUTRAL IN A FEW MONTHS

A Vestas wind turbine requires very little energy to be produced in comparison to its output



A single Vestas Wind Turbine

Will generate around **30 to 50** times more energy than it uses in its entire life cycle

Compared to Coal

If you invest 1 unit of energy in coal your return will always be less than 1 unit of electricity (typically around 0.34 kWh)

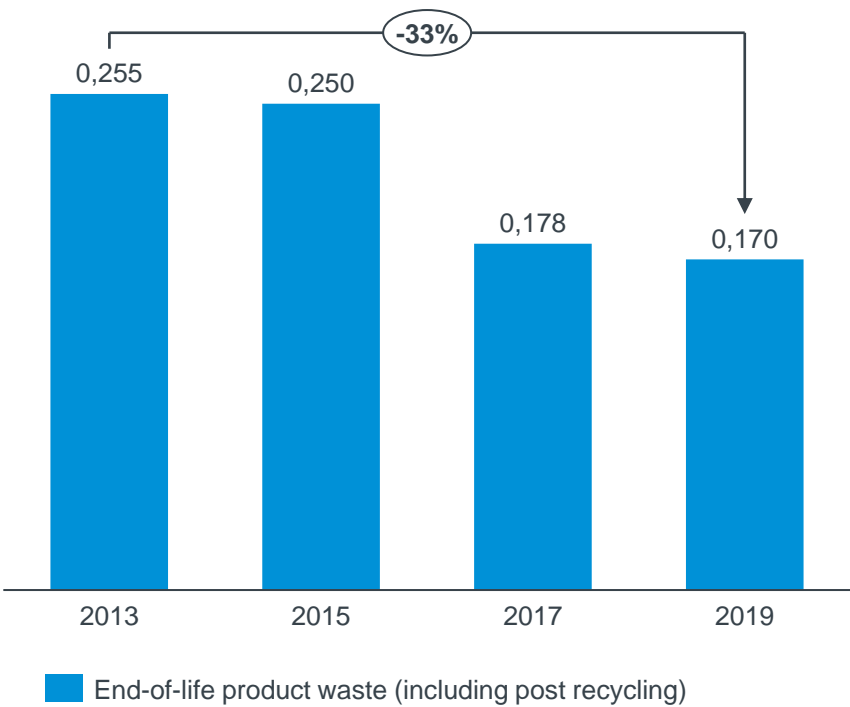
Vestas 4 MW Platform

Wind turbines are energy neutral in 4.8 to 7.6 months of operation. In that period of time, the turbines generate the same amount of energy that was needed to produce them.

RECYCLABILITY OF VESTAS TURBINES

Continuous reduction in end-of-life product waste

Product waste relative to energy production
(grams/kWh) – Medium Wind (140m tip)



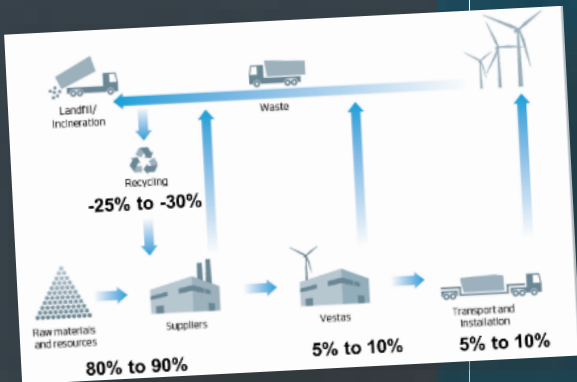
83-87% of a Vestas wind turbine is recyclable. **Blades** represent the most substantial barrier to realising a 100% recyclable wind turbine; multiple innovation projects in place to increase recyclability.

100% of the MW delivered by Vestas in 2018 were covered by a publicly available, full ISO 14040/44 Life Cycle Assessment (LCA). The ISO LCAs have been conducted since 1999 and are critically reviewed.

Life Cycle Assessment (LCA)

Vestas provides a “cradle-to-grave” evaluation of the environmental impact of our activities on key indicators:

- ✓ Carbon footprint (CO₂-e grams per kWh)
- ✓ Return on energy (months or number of times paid back)
- ✓ Recyclability (percentage of turbine weight)
- ✓ Water use (litres per MWh)



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SAFETY ACHIEVEMENTS

Continuous improvements through targeted effort

96% reduction in LTIs

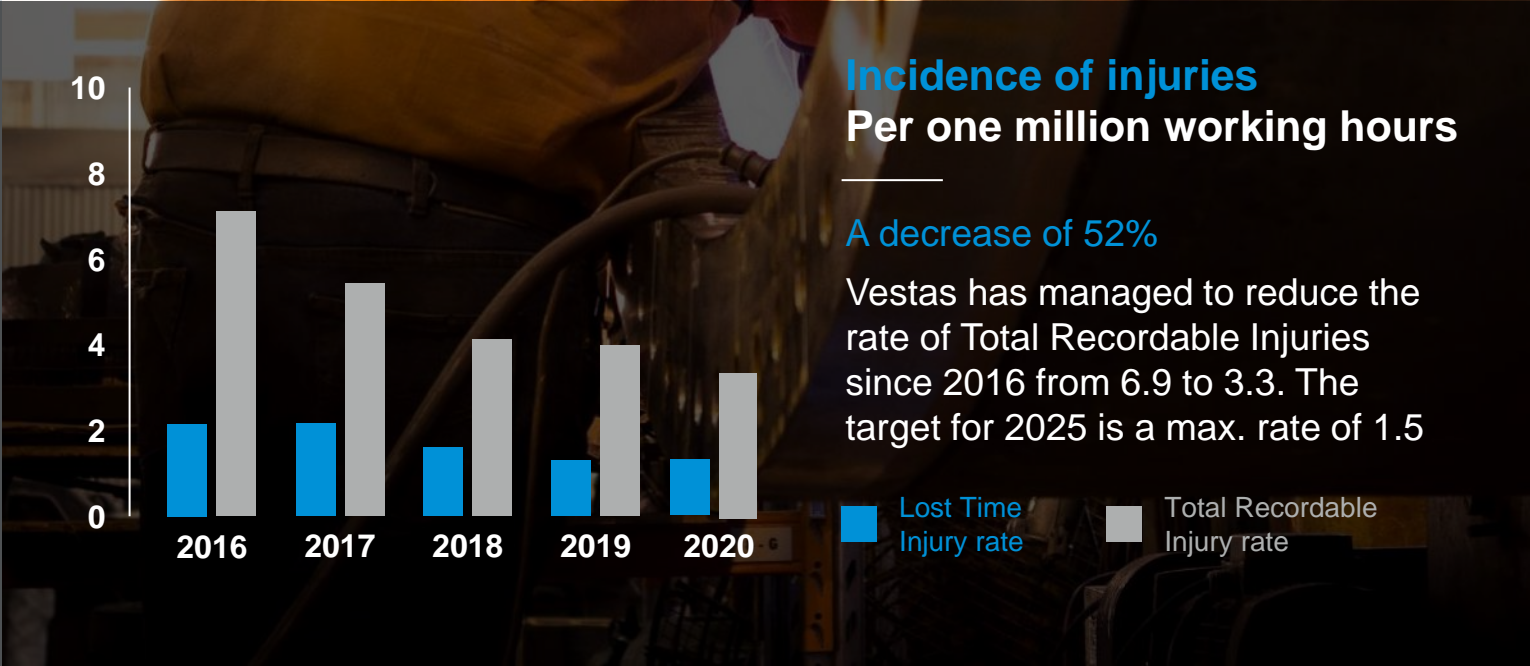
- Vestas has seen significant improvements in relation to reducing the number of injuries.
- From 2005 to 2020, Vestas has reduced the incidence of lost time injuries by 96%.

A decrease of 15%

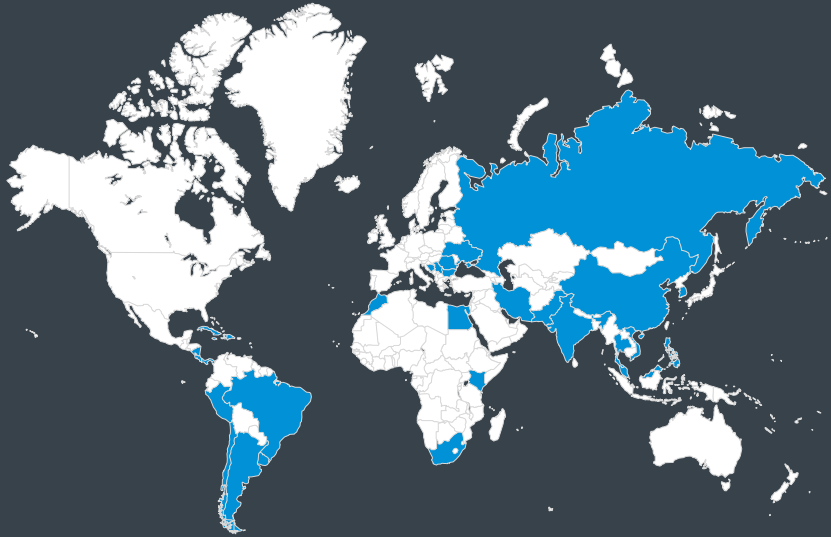
- In 2020, Vestas reduced the rate of Total Recordable Injuries (TRIR) to 3.3 compared to 3.9 in 2019.

Three behavioural safety programmes

- Safety Awareness Training
- Vestas Behavioural Change programme
- My Team My Responsibility



As a first-mover, Vestas sets standards



Engaging with embassies, policymakers, regulatory and other authorities to help create a positive investment climate.

Builds up local capacities to integrate wind energy into the electricity mix; increasing local knowledge and lowering electricity costs.

Builds up infrastructure when missing, in order to develop the project.

“Leading a responsible and inclusive energy transition.

Our commitments:

1.

RESPONSIBLE

We are committed to respecting human rights in Vestas’ operations

2.

INCLUSIVE

We create long-term value and local community engagement through strategic partnerships

3.

LEADING

We work towards consolidating Vestas’ human rights position in the future energy market

Human rights indicators:

	2020	2019
Community grievances	20	10
Community beneficiaries	14,770	6,093
Social Due Diligence on projects in scope (%)	78	32

VESTAS' SOCIAL DUE DILIGENCE

A powerful methodology to create alignment and value for customers and stakeholders

Our methodology is aligned with the UN Guiding Principles on Business and Human Rights.

It is also benchmarked to the IFC Environmental and Social Performance Standards.

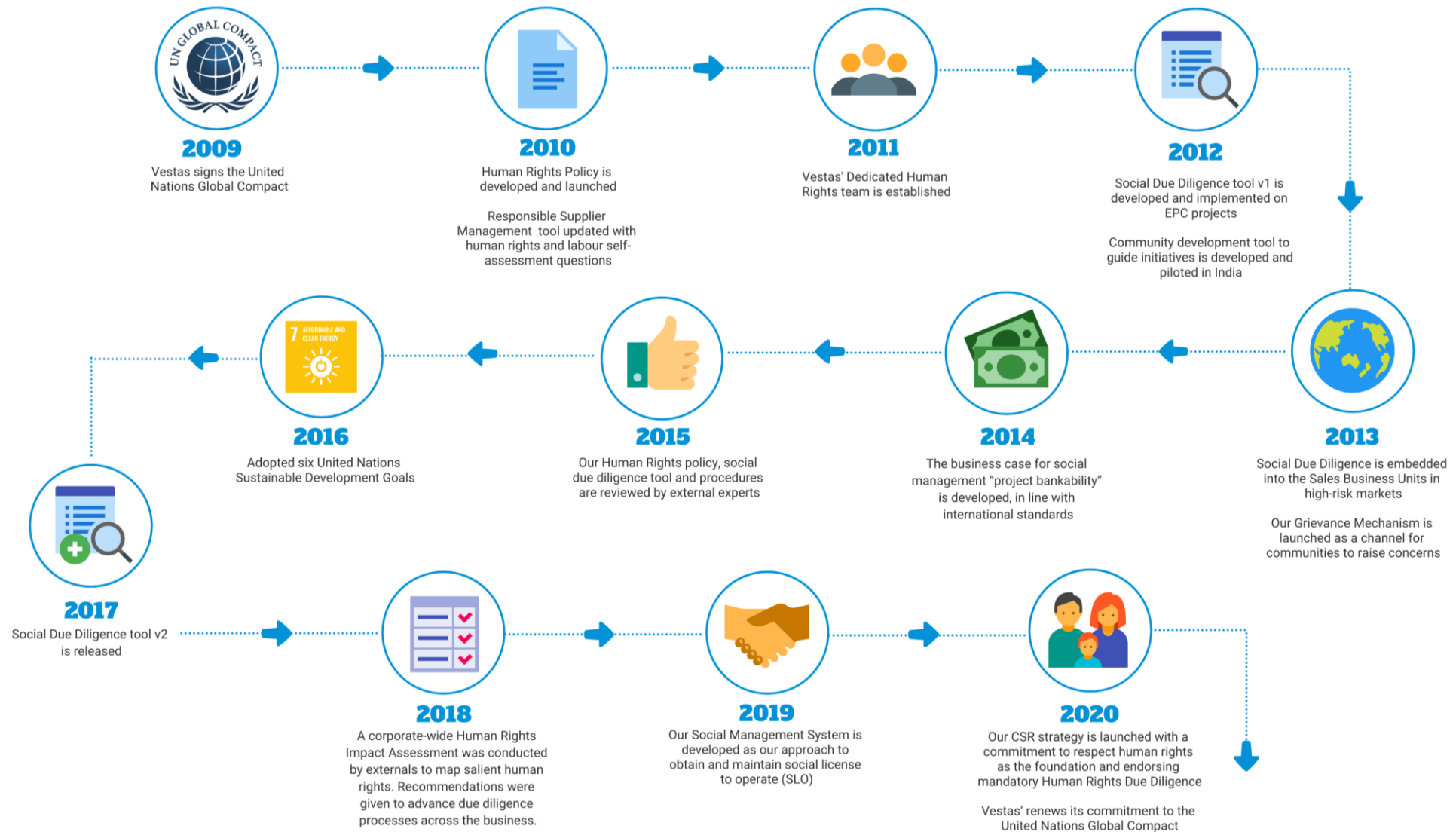
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Our methodology includes:

- Assessment of the project and the affected local communities:
 - Review of stakeholder engagement
 - Review if there is resettlement
 - Potential impacts on health and safety, and cultural heritage of the local community
- Realisation of project-specific activities to increase the local community development
- Identifying and maximising local employment opportunities

THE VESTAS HUMAN RIGHTS JOURNEY



Case: Taralkatti, 2017-2020

100 MW Turnkey Project



Achievements so far

Maintaining Social License to Operate



Fact Box:

- **Skill training and employability:** 260 rural youth from 14 villages benefited through direct training and equipment support for income generation and better learning
- **Education:** a total of 4860 children from 15 villages benefited through improved facilities at schools including introduction of solar powered digital learning platforms
- **Water:** enhancing community water resource through de-siltation of a dysfunctional water body for surface water storage and borewell recharge, benefiting about 500 farmers from 3 villages
- **Livelihoods:** a total of 4670 domestic livestock, a source of economic activity, benefited through vaccinations and preventive health-checks
- **Health:** a total of 2162 community members benefited from preventive health checkups, cataract surgeries, and better sanitary practices among adolescents
- **Capacity building:** about 1900 community members took part in various trainings, awareness sessions, exposure visits to understand different social and financial schemes available to villagers

SDGs linked:



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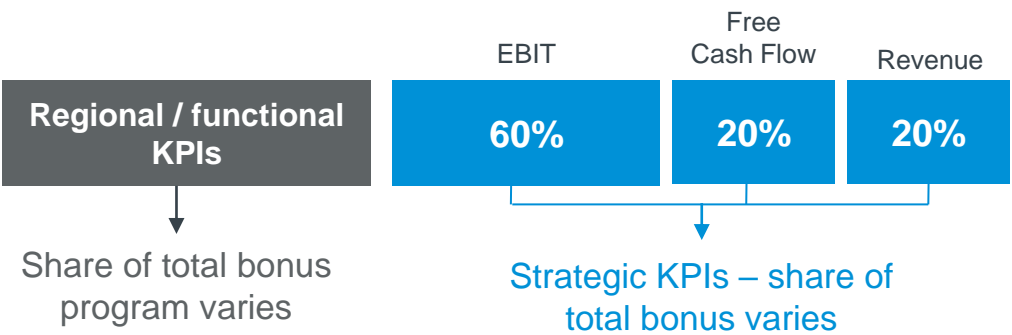
Whistle-blower programme

MANAGEMENT REMUNERATION AND COMPENSATION

A bonus is offered to every single Vestas employee – regardless of position

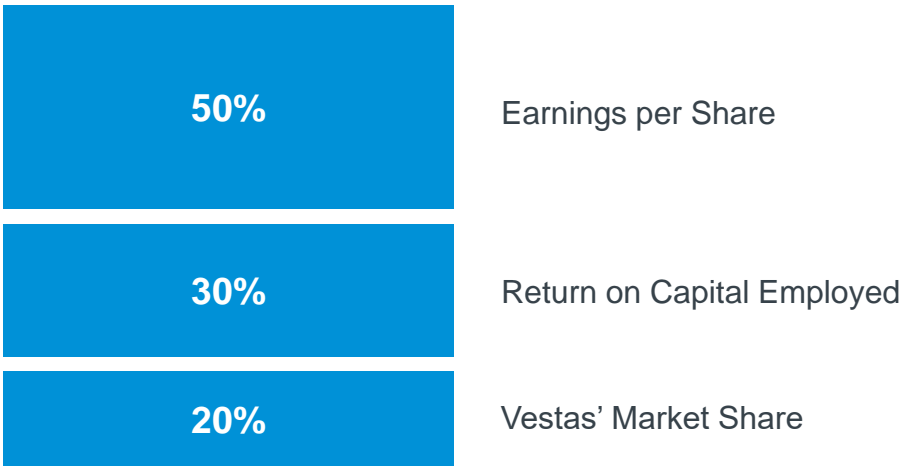
The Bonus Program awards all employees when strategic KPIs and regional / functional KPIs are realised each year.

This eligibility of all employees to the bonus creates an ‘all for one and one for all’ mentality – where success is shared across the company.



Short-term incentives for all employees

This incentive ensures that our management is aligned to drive the sustained long-term performance of Vestas



Long-term incentives for management

BUSINESS ETHICS

Codes of conduct, policies and the UNGC: Integrity in everything we do

Codes of Conduct



All Vestas employees are required to sign off on and comply with the **Vestas Employee Code of Conduct**. All Vestas business partners are required to sign off on and comply with the **Vestas Business Partner Code of Conduct** which includes:

- **No** forced or child labour
- Commitment to live up to **Vestas' health and safety standards** both directly and indirectly
- **Working hours, wages, and benefits** compliant with international standards and applicable laws
- Non-discrimination
- Zero tolerance **towards direct or indirect bribery, corruption, and conflicts of interest**
- Actively **minimise environmental impact** and comply with all legislative and regulatory requirements



We have committed ourselves to the [UN Global Compact](#), [PACI](#) and other international principles, rules and standards.

Examples include; [8 core conventions](#) of the International Labour Organisation and the [UN Guiding Principles on Business and Human Rights](#).

As such, we are required to live up to these commitments in both our operations and our dealings with business partners.

BUSINESS ETHICS

Responsibility towards the supply chain

Additional **specific requirements** to Vestas suppliers include:

- **Chemicals and hazardous waste** management requirements
- Minimum **health and safety and environment** requirements for sub-contractors

Deployment includes:

- **Pre-screening:** Code of Conduct, Safety and Ethics and sanctions screening
- **Self-assessment** on Code of Conduct topics
- Compliance with Vestas Business Partner Code of Conduct included in **contract**
- **On-site assessment** of significant suppliers
- Supplier performance and **relationship management**

2020 audits and screenings



2,989 supplier screenings and 39 onsite supplier **qualification assessments** executed globally



35 approved



0 rejected



4 under approval



Tracking of agreed development activities of **154 key suppliers** to support Vestas Sustainability Strategy

WHISTLE-BLOWER PROGRAMME

An independent whistle-blower programme demonstrating our commitment to ensuring ethical behaviour

EthicsLine

- Provides for anonymous reporting
- Can be used to report inappropriate behaviour
- An Ethics Line Committee reviews cases for disciplinary decisions

Ethics Line cases – Data

	2020	2019	2018	2017	2016
Compliance cases reported	287	224	165	105	103
- Hereof substantiated	54	44	42	31	19
- Hereof non-substantiated	199	145	92	74	68

ESG DASHBOARD

	Unit	Targets	2020	2019	2018	2017	2016
<u>Environmental</u>							
Renewable electricity for own operations	Percent	100%	100	82	68	66	70
Carbon footprint	CO ₂ /kWh	Reduction of 55% (2025) and 100% (2030)	-	5.9	-	6.6	-
Direct CO ₂ e (scope 1)	1,000 tonnes		71	71	69	60	58
Indirect CO ₂ e (scope 2)	1,000 tonnes		2	38	61	70	66
Product waste	1,000 tonnes	0 (2040)	-	0,17	-	0,18	-
Consumption of energy	GWh		621	638	614	569	567
<u>Social</u>							
Incidence of total recordable injuries	Per 1m working hours	1.5 (2025); 0.6 (2030)	3.3	3.9	4.0	5.3	6.9
Gender diversity, leadership pos.*	Percent	25 (2025); 30 (2030)	19	19	19	19	19
Gender diversity, Executive Management	Percent		29	29	20	20	20
Employee survey score	Index		75	73	71	71	72
Employee turnover	Percent		11.9	13.8	13.7	13.6	14.6
<u>Governance</u>							
Gender diversity, BoD	Percent	37.5% (2022)	33	25	12.5	25	25
Board meeting attendance	Percent		97	97	98	97	-

* Leadership positions comprise managers, specialists, project managers, and above

THANK YOU FOR YOUR TIME

Vestas®