Leadership Insights on Sustainability

Philippe Kavafyan
CEO
MHI Vestas Offshore Wind

Johnny Thomsen
Co-CEO
MHI Vestas Offshore Wind
Dear Reader

**Sustainability is not only something we do, it's the very core of our business.**

As the only wind turbine manufacturer dedicated exclusively to offshore wind, MHI Vestas is at home in the sea. By harnessing the power of wind offshore, nurturing marine ecosystems, and operating with integrity from deeply-held values, our passion is to lead the global, renewable energy transition.

MHI Vestas plays a central role in two important challenges for a sustainable future: The global, renewable energy transition and a more sustainable planet, starting with the ocean.

Today, energy accounts for a large share of global greenhouse gas emissions – making it a major contributor to the climate crisis. The world now knows that this must change. Governments are beginning to act, but much more can be done. The global energy supply must fundamentally change the way it produces, distributes and uses energy.

The world’s oceans – our company’s home – are a life source for the planet, vital for healthy human societies and a thriving economy. They are home to powerful, steady wind that is now revolutionising energy supply in a growing number of countries. As we capture this mighty wind, we maintain an ethical obligation to do so in a sustainable manner – for both people and the biodiversity of our planet.

Our product may be sustainable, but that is not enough – we aim for our entire operation to be sustainable. That's why sustainability is not just something we do, it's the core of our business – impacting every corner of our global operation.

**A change in commitment**

In the space of just one year, there has been a change in the commitment across society to sustainability. From governments, banking institutions, investors, companies both big and small, to scientists, students and consumers, everyone is uniting in bringing increased awareness and finding solutions to the pressing issues that are impacting our world.

We are aware of the pivotal role MHI Vestas plays in ensuring a sustainable future. To highlight the future scale and growth of our industry it is estimated that if the EU reaches its carbon-neutrality aims, offshore wind capacity would jump to around 180 gigawatts by 2040* and become the region's largest single source of electricity.

The same scale and growth is expected in other regions of the world.

**Strong partnerships is key to success**

Working in strong partnerships with customers, governments, financial institutions, suppliers, trade associations and universities is key to finding solutions to the challenges of our industry, e.g. reducing carbon emissions from heating, large-scale transport and industrial processes, while at the same time growing our sector in a healthy way. MHI Vestas is therefore involved in several initiatives and projects aiming at lowering carbon emissions and increasing recyclability – notably the United Nations and the wind energy association WindEurope.

**Chapter two of the 2018-2022 strategy**

The first phase of our sustainability strategy covers the period 2018-2022 and we have now successfully completed chapter one of the strategy, which focused on building a strong foundation for our growth and global expansion. Looking ahead, we are now focused on the operational performance of existing activities while executing some of the new projects and activities that we’ve identified as high priorities for the company.

Maximising societal value in the markets where we operate has always been a focal point of our business. Our geographical expansion naturally leads to new initiatives being developed to ensure MHI Vestas contributes positively to the development of local communities.

To track the progress of our sustainability strategy, an external company assesses our performance each year. It is an opportunity for MHI Vestas to benchmark our program against other companies and provides valuable input for the next steps in our Sustainability journey. Based on the results from 2019/20, we have decided to aim for a ‘gold medal’ by no later than 2021 and thus be among the top 5% of more than 50,000 assessed companies.

For the overall progress we made in 2019/20, we would like to thank every single MHI Vestas employee along with our customers, suppliers, and partners - for their unwavering commitment and partnership.

Going forward, we will form new partnerships and work diligently with all our stakeholders to bring about the change we all want to see – healthier oceans and a cleaner and more sustainable world.

Philippe Kavafyan, CEO
Johnny Thomsen, Co-CEO

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**About this Report**

**Scope**
The report is a presentation of MHI Vestas’ activities in the field of Corporate Social Responsibility (CSR), legal compliance and regulatory requirements.

The report constitutes the statutory report cf. Danish Financial Statements Act, section 99a and 99b, regarding social responsibility and diversity. The report is published together with the MHI Vestas Annual Report, and covers the 2019 financial year, from April 1, 2019 to March 31, 2020.

Topics covered are based on MHI Vestas’ assessment of risks to business and society, as well as the most salient challenges of our materiality assessment.
A strategic commitment to affordable offshore wind power
MHI Vestas was founded in April 2014, but the company stands on the shoulders of giants. Our parent companies are two of the global leaders in wind power and offshore ventures. The history and track records of Vestas Wind Systems A/S and Mitsubishi Heavy Industries Ltd inspire us and lead us forward.

The world’s need for sustainable energy solutions and reliable, industry-scale alternatives is as clear as our determination to provide the answers. Our mission is to co-develop offshore wind as an economically viable and sustainable energy resource to benefit future generations.

We have the most bankable offshore wind turbine, and an installed fleet of more than 1,200 offshore wind turbines, delivering clean electricity to households and businesses in Europe, and soon the world. Since 2014, we have grown from 400 employees to more than 3,500.

Purpose
We will lead the industry in driving down the Cost of Energy through sustainable wind turbine technology, project management, offshore experience and powerful partnerships.

We will create optimal value for our stakeholders and ourselves with dedication, passion and integrity.

We strive to provide innovative, best-in-class solutions to meet the challenges of our industry.
ILLUSTRATIVE EXAMPLES

01: Headquarter
E-learnings for all office employees in business ethics and code of conduct.
Own training centre to carry out GWO refresher training. Using less time, and being more specific, thus minimising risk of harm.

02: Factory
All manufacturing sites certified to ISO 14001.
Assessing compliance to our supply chain code of conduct.
Class-room training in business ethics and code of conduct for production employees.

03: Turbine
Handling potential spills in a closed environment, e.g. oil spill kit inside the turbine.
Contingency plans and spill response training.
Online surveillance and diagnostics of the turbine.
Investigating the use of drones for blade/hub/outside of turbine inspection to minimise people at risk and save fuel.

04: Helicopter
Preventive maintenance to ensure continuity avoiding unscheduled stops and the need for helicopter transport.

05: Installation vessel
Developing a roadmap for reducing the fuel consumption for vessels, with special focus on long-term charters.
Collaboration with vessel suppliers to support their innovation initiatives.

06: Crew Transfer Vessel (CTV)
Bundling of service to minimise number of people transports to turbine.
Own technicians carrying out statutory inspections to minimise people/number of transports to turbines.
It is important that we continue to have the best and brightest employees and partners. Therefore, we have a group of initiatives that focuses on keeping them safe, healthy and happy.

Through our business, we have the capacity to pursue and scale solutions to the benefit of society and, at the same time, deliver a positive return for our company.

Sustainability issues that pose a reputation or financial risk to MHI Vestas and the offshore wind industry.
Sustainability Governance

Sustainability is our business, and therefore we have a decentralised approach where sustainability efforts are embedded in relevant parts of the organisation.

A cross-departmental Corporate Social Responsibility (CSR) Steering Committee is responsible for developing and executing the strategy and its subsequent initiatives and projects. It is critical that the CSR Committee draws upon the experience and expertise of multiple departments across the business, to embed sustainability throughout our work.

The Committee is chaired by the Co-CEO and currently consists of the following leaders from:
- Technology
- Legal and Risk
- Sales
- Finance
- Global Supply Chain Management
- Human Resources
- Strategy
- Health, Safety and Environment

- On executive management level, the guidance and direction for the comprehensive long-term work related to the Sustainability Strategy is decided.
- On a business unit level, resource allocation is secured to enhance a continuous sustainable development in the individual business areas.
- On a local level, concrete initiatives and improvements are carried out in the respective departments and working groups in line with the overall direction of the strategy.

Kenneth Riis Jensen
Sustainability Lead at MHI Vestas Offshore Wind

“My role is to integrate sustainability into business. On a strategic level, I identify and develop sustainability projects, in close collaboration with the Steering Committee and relevant external and internal stakeholders. On an operational level, I advise departments and project groups on their sustainability initiatives.”

Materiality

Our generation will be judged by the progress we make toward creating a sustainable planet and a just world. In tackling climate change, we should not create new problems we will have to face. We are mindful that we cannot create prosperity at the expense of people or our planet. We are therefore continuously monitoring our sustainability efforts, by assessing the areas that are most important to us, our surroundings and our stakeholders.

Our key stakeholders are our customers, suppliers, governmental and non-governmental organisations. Our employees, energy users and local communities that are impacted by our business also play a major role for MHI Vestas, and the way we conduct our business.

Based on a revision of our materiality assessment in FY2017/18, focusing on specific parameters within economic, environmental, ethical and social issues, the CSR Steering Committee laid out three sustainability focus areas. These areas are the pillars of our Sustainability Strategy, and form the basis of our sustainability work in the fiscal year 2019/20.

“A Sustainable People Strategy”
“A Sustainable Innovation”
“Risk Mitigation”

In seeking to lay the foundations for our work on sustainability, MHI Vestas gathered an external assessment of our existing work from independent provider Ecovadis, drawing upon their robust methodology and benchmarking expertise. This assessment in FY2019/20 gave MHI Vestas a ‘Silver Medal’ on current performance in relation to our peers. The assessment also identified a number of areas in which we can improve, which we have integrated into ongoing strategic discussions.
# Sustainability Strategy

## OUR MISSION
Co-develop offshore wind as an economically viable and sustainable energy resource to benefit future generations

## OUR VISION
To be a responsible leading player in the offshore wind industry. To be the most value adding partner through reliable wind power solutions

## OUR CREEDS

<table>
<thead>
<tr>
<th>Value Creation</th>
<th>Innovation and Solutions</th>
<th>Sustainable Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>We will create optimal value for our stakeholders and ourselves with dedication, passion and integrity.</td>
<td>We will strive to provide innovative, best-in-class solutions to meet the challenges of our industry.</td>
<td>We will lead the industry in driving down the Cost of Energy through sustainable wind turbine technology, project management, offshore experience and powerful partnerships.</td>
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## PRIORITIES
We prioritise three areas where we make the biggest contribution to MHI Vestas and society.

<table>
<thead>
<tr>
<th>A Sustainable People Strategy</th>
<th>Sustainable Innovation</th>
<th>Risk Mitigation</th>
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<tbody>
<tr>
<td>It is important that we continue to have the best and brightest employees and partners. Therefore, we have a group of initiatives that focuses on keeping them safe, healthy and happy.</td>
<td>Through our business, we have the capacity to pursue and scale solutions to the benefit of society and, at the same time, deliver a positive return for our company.</td>
<td>Sustainability issues that pose a reputation or financial risk to MHI Vestas and the offshore wind industry.</td>
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## 2018-19 SUSTAINABILITY PROGRAMS
10 CSR Focal Points are the foundation of our sustainability strategy. Several identified issues are not mentioned, but this does not mean that these areas are not addressed.

<table>
<thead>
<tr>
<th>Ensure workplace safety and health</th>
<th>Increase recyclability and reduce waste</th>
<th>Major non-compliance with corruption regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuously improve employee satisfaction and motivation</td>
<td>Reduce own GHG emissions and energy consumptions</td>
<td>Supplier non-compliance with MHI Vestas Code of Conduct</td>
</tr>
<tr>
<td>Offer employee competence and development</td>
<td>Prevent spills and environmental damage</td>
<td></td>
</tr>
<tr>
<td>Equal opportunities for employees</td>
<td>Phase out materials and substances potentially impacting health and wellbeing</td>
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</tbody>
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## SUSTAINABILITY REPORT
FY2019/20
Sustainability is embedded in the Business Model

As a renewable energy industry, sustainability expectations are rightfully high. In tackling climate change, we should make sure we are not creating new problems to face.

Our mission, vision and creeds constitute our business foundation, and the sustainability area is divided into three focus areas, which together contribute to supporting the business strategy, ensuring sustainable financial results and achieving business objectives.

Risk Analysis

An important element of sustainability is the identification of risks associated with the company’s business activities. These are not only risks facing the company itself, but also risks that society at large is facing. We have conducted a number of risk analyses throughout 2019, in order to identify any new risks that our rapid growth requires us to handle.

One of MHI Vestas’ current main risks is adapting to new markets that carry greater complexity for our business. In some of these markets, there are increased non-technical risks such as corruption risks, security concerns and local community challenges, among many others.

In addition to these risks, the principal sustainability risks related to MHI Vestas’ operations are identified as: occupational injuries of employees and contractors, the carbon footprint of wind turbines, and generation of waste and use of energy. COVID-19 has created new ways for us to collaborate and has had minimal impact on our business. MHI Vestas has proved resilient, although it has not been easy. We have made the necessary changes throughout the business, and have continued to operate.

Our policies and associated due diligence procedures are designed specifically to address these risks.
By harnessing sustainable offshore wind power, nurturing delicate marine ecosystems, and operating with integrity from our deepest-held values, with a passion to lead the global, renewable energy transition, MHI Vestas is essentially ‘born’ with a business strategy and model that supports the United Nations Sustainable Development Goals (SDGs).

Through our business, MHI Vestas touches all the 17 SDGs. Many of the goals cover issues that are core to our sustainability strategy and efforts. However, some of the SDGs have a stronger potential for large scale positive impacts whereas for other SDGs there is a responsibility to mitigate potential negative impacts.

**Strong potential for positive impact at scale:** Where MHI Vestas has a strong potential for a positive impact – at scale.

**Direct potential for positive impact:**
SDGs where MHI Vestas has a direct potential for a positive impact.

**Responsibility to mitigate potential negative impact:**
SDGs that are covered by our core sustainability programmes and commitments within anti-corruption, responsible procurement, labour standards, health and safety, environment etc.

**About the SDGs**
The Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. (Source: https://www.un.org/sustainabledevelopment/sustainable-development-goals/).
Strong potential for positive impact at scale

1,200 installed turbines

Global offshore wind capacity is projected to increase fifteen-fold to 2040, becoming a $1 trillion industry over the next two decades.*


Conserve and sustainably use the oceans, seas and marine resources for sustainable development

- Annually approx. 5,300 vessel days on the ocean

The ocean, the one and only home for our business, is a life source for the planet, vital for healthy human societies and a thriving economy.

Direct potential for positive impact

Achieve gender equality and empower all women and girls

To successfully continue growing the offshore wind industry, employees with different backgrounds, genders, religion etc. are needed.

Build resilient infrastructure, promote sustainable industrialisation and foster innovation

Inclusive and sustainable industrialisation, together with innovation and infrastructure, can unleash dynamic and competitive economic forces that generate employment.

Responsibility to mitigate potential negative impacts

Good health and well-being

MHI Vestas focuses on reducing and phasing out hazardous and potential hazardous chemicals and substances within own and suppliers’ value chains as well as reducing air, water and soil pollution and contamination.

Promote inclusive and sustainable economic growth, employment and decent work for all

MHI Vestas focuses on contributing to productive and decent local activities and job creations, on offering an inclusive work environment, and on protecting labour rights and promoting safe and secure working environments.

Ensure sustainable consumption and production patterns

MHI Vestas focuses on promoting sound management of wastes and chemicals throughout their life cycle, on reducing waste generation through prevention, reduction, recycling and reuse. MHI Vestas reports on sustainability performances and objectives.

Take urgent action to combat climate change and its impacts

MHI Vestas is taking its own medicine by reducing carbon emissions – both offshore and onshore.

Peace and justice

MHI Vestas focuses on contributing to reducing corruption and bribery in all their forms both in cases within MHI Vestas’ own operational control and at business partners’ activities up-stream and down-stream.
Our employees

Our employees are our company’s greatest asset and the key to continuing our journey for a better world by decarbonising the energy sector. It is essential that MHI Vestas has the most passionate minds working across our business, and we therefore have placed a strong focus on attracting the right people with the right set of competencies, and then on keeping those people engaged and motivated. MHI Vestas’ HR strategy is to ensure that our people thrive and can fulfil their full potential.
**Strategic focus**

A Sustainable People Strategy

<table>
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<th>Diversity &amp; Inclusion</th>
<th>Human Rights</th>
<th>Health &amp; Safety</th>
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<tbody>
<tr>
<td><strong>Ambition:</strong></td>
<td><strong>Ambition:</strong></td>
<td><strong>Ambition:</strong></td>
</tr>
<tr>
<td>It is MHI Vestas’ policy to offer all employees equal opportunities. This is our business imperative and commitment to all our customers, investors and the countries in which we operate globally.</td>
<td>Compliance with The International Bill of Human Rights and The United Nations Guiding Principles on Business and Human Rights is part of the company standards for acceptable behaviour for anyone acting on behalf of MHI Vestas.</td>
<td>Continuously improving the occupational health and safety of our employees. Giving employees the training and information they need to manage risks in their own work areas.</td>
</tr>
<tr>
<td><strong>Actions &amp; results:</strong></td>
<td><strong>Actions &amp; results:</strong></td>
<td><strong>Actions &amp; results:</strong></td>
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<td><strong>Goals for 2020/21:</strong></td>
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<td><strong>Goals for 2020/21:</strong></td>
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In a rapidly changing business environment, we make a point of ensuring that our employees have the necessary competences and skills to carry out their work safely, capably and efficiently, both today and in the future.

The current competence development setup is aimed at being compliant with legislation and requirements in customer contracts, as well as being an important element in components of our business, for example in our quality certificates. Besides this focus, we offer our employees opportunities for professional development defined by their individual needs combined with the needs of the business.

Our focus in FY2019/20 has been to execute on our ongoing people processes through the employee life cycle, to support business in our daily operations, as well as to initiate new activities such as our Graduate Programme and our Inclusive Culture initiative. Both are aimed at reinforcing our globalisation strategy, driving stronger cross-functional collaboration and preparing MHI Vestas for the future. All initiatives to ensure the right knowledge-level and procedures are in place to ensure continued focus on equal opportunities for women and men, valuing and respecting individual differences.

**Collaborative Culture**

MHI Vestas aims to continuously improve the working conditions for our employees and we believe we do this best through respectful collaboration with our employees. In acknowledgment of the different regulations, laws and needs for our different sites we have different setups depending on local needs. For some sites or functions the collaboration is structured in Works Councils or Employee Forums where employee representatives meet on a regular basis to discuss working conditions and improvement areas with management, whereas in other locations, the discussion takes place between individual teams and direct management.

**Training**

Training is conducted and managed in different ways across the various parts of the value chain:

- Technical & Safety Training provides skill set and mindset training for personnel working on the Wind Turbine Generators. The training is conducted using learning technologies such as virtual training simulators, augmented reality and learning app, to create a safe learning environment and to ensure a highly competent workforce.

- Training conducted at our production sites is carried out through an on the job training approach where the skill progression of every single employee at the production site is assessed, recorded and tracked; providing a real time competency overview of our employees.

- For the remaining organisation, training needs are defined by law and quality requirements and/or identified through the People Review and Motivation & Performance Dialogue (MPD) processes and in the ongoing one-to-one communication between manager and employee.

**New Graduate Programme introduced**

In September 2019, MHI Vestas welcomed our very first 21 graduates to our newly instituted two-year Graduate Programme. The first-generation graduates will gain a broad value chain understanding in a global organisation. They will spend 8 months in three different areas of the organisation. In each of the 8-month periods, they will be assigned to one or more projects/assignments and develop their personal competencies and professional profile.

New Diversity & Inclusion initiative taking shape

It is MHI Vestas’ policy to offer all employees equal opportunities. This is our business imperative and commitment to all our customers, investors and the countries in which we operate globally. It is also our way of taking responsibility to improve our world and the lives of its citizens by 2030 as defined by the United Nations Sustainable Development Goals and deployed in MHI Vestas’ Sustainability Strategy.

MHI Vestas’ workforce in March 2020 is represented by more than 60 nationalities.

Employees by level & gender, March 2020

<table>
<thead>
<tr>
<th>Level</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership positions</td>
<td>18 %</td>
<td>82 %</td>
<td>100 %</td>
</tr>
<tr>
<td>Other</td>
<td>13 %</td>
<td>87 %</td>
<td>100 %</td>
</tr>
<tr>
<td>Total</td>
<td>14 %</td>
<td>86 %</td>
<td>100 %</td>
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</table>

Building an Inclusive Culture in a globalised marketplace

Surviving in a rapidly growing, global offshore wind market, we need to work with our customers and supply chain partners to adapt in ways that promote diversity and inclusion. As we set deeper roots in core markets and expand into new regions, it’s more important than ever to include the people, ideas, experiences, and cultures that will enable us to deliver on the promise of offshore wind. In doing so, we believe this will lead to a more dynamic company, greater innovation and increased profitability.

"I was drawn to the MHI Vestas Graduate position due to having completed my undergraduate dissertation on Climatic Change-related policy. Preparing my dissertation left me highly motivated and excited to work for an organisation dedicated to sustainability and environmental consciousness. The role has come with a steep learning curve, however I feel like I am a fully integrated part of the team and have had the opportunity to apply the transferrable skills I developed during my time at university on the exciting projects I am involved with. Overall, the on-the-job training, support and global opportunities offered by the MHI Vestas Graduate Programme has been a great way for me to transition from university to working in my dream industry."
MHI Vestas invites women to join the wind industry to change the world

MHI Vestas is a Leading Partner of the Women in Wind Global Leadership Program launched in 2019. The program is a collaboration between the Global Wind Energy Council (GWEC) and the Global Women’s Network for the Energy Transition (GWNET), and is designed to accelerate the careers of women in the wind industry, support their pathway to leadership positions and foster a global network of mentorship, knowledge-sharing and empowerment.

MHI Vestas believes that a competitive advantage lies in continuing to develop a culture where all employees have the opportunity to realise their full potential, and the continued global expansion requires a diverse workforce. During FY2019/20, MHI Vestas has focused on examining data and understanding best practises in order to shape an impactful diversity and inclusion initiative relevant for our globalisation strategy and business challenges. Initial focus was on scoping and defining the first initiatives to be implemented in MHI Vestas over the next years. Overall the initiatives expect to deliver activities within strategic areas in FY2020/21 - and more over the following years under the tagline: "It takes all kinds of people to change the world".

HR Platform

The HR platform contains our key HR processes and policies throughout the employee life cycle. From recruitment, onboarding, training, development and performance management to termination, the HR platform must make it simple to embrace diversity and inclusion.

ACTIVITIES FOR 2020/21:
- Supporting managers in drafting job role descriptions pinpointing both what is needed in the specific job and in the team the job is part of. This to ensure that jobs are attractive to a more diverse talent pool and that criteria for the "best candidate" are broadened
- Produce more inclusive job ads where the wording is reviewed in order to invite a wider talent pool and attract the best talent for the job and the team
- E-learnings on securing an inclusive workplace with focus on different aspects of diversity, available for all employees
- Diversity & Inclusion site for internal use and transparency on initiatives, best practise and inspiration

Leadership & Culture

To succeed with this initiative all employees must embrace diversity and inclusion. It must be a cornerstone in our culture. The line managers play a key role because they make the final decisions through the employee life cycle. The HR platform should enable the right decisions but ultimately it is the manager who must embrace Diversity & Inclusion.

ACTIVITIES FOR 2020/21:
- Training for leadership roles in Inclusive Leadership & Unconscious Bias
- Global Diversity & Inclusion recruitment guidelines revisited to ensure we are able to recruit from a wider and more diverse talent pool proactively, enabling both genders to be represented in the recruitment process

Board of Directors

The Board of Directors recognises the benefits of a diverse board, and continuously works to increase the diversity, in particular regarding assessments of new Board candidates. MHI Vestas has defined a target outlining that members of the underrepresented gender should constitute one board member no later than FY2021/22.

When proposing new Board candidates, the Board of Directors pursues the goal of having both genders and several nationalities represented as well as a diverse age distribution. However, this goal will never compromise the recruitment criteria and overall competences of the candidate. Consequently, a change in the Board in FY2019/20 did not change the division of representatives, and the Board is distributed accordingly:

<table>
<thead>
<tr>
<th>Nationalities</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>6</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
</tr>
</tbody>
</table>

POLICY:
It is MHI Vestas’ policy to offer all employees equal opportunities.

ACTION:
All initiatives to ensure the right knowledge-level and procedures are in place to ensure continued focus on equal opportunities for women and men, valuing and respecting individual differences.

As part of increasing the gender diversity in management, MHI Vestas is a leading partner of the Women in Wind Global Leadership Program launched in 2019 by the Global Wind Council.

Niels Christian Nielsen
Compensation & Reward Senior Specialist, HR PMO

“The journey for a truly diverse and inclusive company has now begun, and we are finding our own way to navigate. We want to invite diversity into this exciting industry that holds so many different jobs. We need diversity, innovation and adaptability to be able to grow our business. It is part of our globalisation strategy, and it will impact our business in the coming years.”

MHI Vestas

Nielsen Christian

Global Women's Network for the Energy Transition (GWNET), and is designed to accelerate the careers of women in the wind industry, support their pathway to leadership positions and foster a global network of mentorship, knowledge-sharing and empowerment.

MHI Vestas believes that a competitive advantage lies in continuing to develop a culture where all employees have the opportunity to realise their full potential, and the continued global expansion requires a diverse workforce. During FY2019/20, MHI Vestas has focused on examining data and understanding best practises in order to shape an impactful diversity and inclusion initiative relevant for our globalisation strategy and business challenges. Initial focus was on scoping and defining the first initiatives to be implemented in MHI Vestas over the next years. Overall the initiatives expect to deliver activities within strategic areas in FY2020/21 - and more over the following years under the tagline: "It takes all kinds of people to change the world".
Human Rights

Compliance with The International Bill of Human Rights and The United Nations Guiding Principles on Business and Human Rights is part of the company standards for acceptable behaviour for anyone acting on behalf of MHI Vestas Offshore Wind. Human Rights training is an integrated part of the introduction program of all new employees, and managers are trained in Human Rights dilemmas through E-learning and as part of the Leadership Development program.

We assess the risk of adverse human rights impact on new markets, and conduct impact assessments to understand our most salient issues. The result of the impact assessment has been communicated to the organisation and mitigating measures have been undertaken.

<table>
<thead>
<tr>
<th>HUMAN RIGHTS</th>
<th>EXAMPLE OF POTENTIAL SALIENT HUMAN RIGHTS ISSUE</th>
<th>HOW WE MITIGATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right to health</td>
<td>A safe workplace is fundamental for ensuring the right to health.</td>
<td>Safety is a key priority to MHI Vestas, and all sites are covered by our safety management system and MHI Vestas is OHSAS 18001 certified. For more information see section about Health &amp; Safety.</td>
</tr>
<tr>
<td>Right to freedom from discrimination</td>
<td>Discrimination due to ethnicity, gender, sexual minorities etc. can be a problem in some of the countries where MHI Vestas operates.</td>
<td>We continuously assess cases from the whistle-blower system, training etc. and address any specific issues or trends from cases. Examples are building awareness. We have also initiated an inclusion and diversity initiative. For more information, see section on Risk Mitigation, as well as previous pages about Inclusion &amp; Diversity.</td>
</tr>
<tr>
<td>Environmental footprint</td>
<td>In the manufacturing, installation and service of wind turbines MHI Vestas potentially impacts multiple human rights, including the right to clean air and water, adequate health, and in some cases the right to life.</td>
<td>We have a waste and recyclability program and a focus on the usage of chemicals and other substances in our turbines and our manufacturing processes. For more information about our environmental initiatives, go to Sustainable Innovation on p. 22.</td>
</tr>
</tbody>
</table>
MHI Vestas’ five safety principles

BE DEDICATED
People are the most important factor in any safety effort

BE RECEPTIVE
Be proactive and take action when needed

STAY FOCUSED
All hazards can be managed, and every injury prevented

HELP OTHERS
Management is accountable for safety, but we are all responsible

GROW TOGETHER
We operate a “no blame” culture and collaborate to improve
Health and Safety

The continued company growth combined with a steadily increasing activity level, is making an increased focus on safety paramount in all areas of the MHI Vestas organisation.

We acknowledge that people are the most important factor in any safety effort, and we therefore commit to:
• Continuously improving the occupational health and safety of our employees
• Giving employees the training and information they need to manage risks in their own work areas
• Ensuring that all MHI Vestas employees and sub-contractors have completed mandatory safety awareness training
• Carrying out safety dialogues between leaders and employees on a regular basis, to enhance the one-to-one safety communication out in the business

Safety Awareness milestones in FY2019/20:
Having faced a steady increasing activity level throughout FY2019/20, MHI Vestas has managed to realise the LTI (Lost Time Injury) rate with 1.4 against a target of 1.3 (per 1,000,000 million working hours). The TRI (Total Recordable Injury) rate was realised on the target of 8 (total number of LTIs, Restricted Work Injuries and Medical Treatment Injuries per 1,000,000 working hours).

TRI-rate and LTI-rate history in MHI Vestas:

The KPI for completion of the SAT course for FY2019/20 was that 98% of all MHI Vestas employees should have completed the training by the end of March 2020. We have ended the fiscal year with a completion rate of merely 84%. The expiry of the two year validity of already completed SAT trainings has collided with the ramp up of new employees, and these two factors combined with the recent postponement of classroom safety awareness trainings due to Covid-19, we are unfortunately far from meeting our target. We are continuously monitoring and developing format, content and learnings of our trainings. For SAT in particular, we will seek to increase flexibility of the programme to embrace e.g. the geographical distribution of our workforce. To cope with the backlog, we are ramping up on resources, and looking into online solutions for our programme.

When we work with people’s safety mindsets, it is essential to look people in the eyes, and communicate the mindset we expect them to have. It will therefore always be a priority for us to carry out physical trainings for our people in the front line.

Morten Trier,
Safety Awareness Trainer / Safety Instructor, Technical & Safety Training, Operations

“I believe that we can see a movement to the better in the MHI Vestas’ safety culture, and personally I am very ambitious on behalf of the company. KPI numbers are one thing that we work with, but another thing is the attitude. Why shouldn’ t MHI Vestas be the very best place to work when it comes to safety? Physical as well as mental. With the right honest attitude from everyone, I am sure we will achieve this.”

About MHI Vestas Safety Awareness Programme
The Safety Awareness Training (SAT) is mandatory for all MHI Vestas employees and sub-contractors. SAT is mandatory to complete within six months from hiring date, and is valid for two years.

A healthy and happier work environment is a safer work environment
In FY2019/20, Safety Dialogues with equal attention to positive and negative behaviour have been introduced to enhance the one-to-one safety communication in the business. Safety Dialogues and local and area targeted Health, Safety and Environment campaigns have been carried out across the organisation to anchor the MHI Vestas safety messages and awareness in all areas of the business.
### Strategic focus

#### Sustainable Innovation

**Reduce Green House Gas emissions and energy consumption**

**Ambition:**
Promoting wind energy and buying renewable electricity for our own use to the largest extent possible. Considering the environmental consequences of all new products.

**Actions & results:**
- Carbon emission analysis
- Develop and scope high impact projects.
- Assess the Science Based Target Initiative.
- Providing data for the Carbon Disclosure Project.

**Goals for 2020/21:**
Implement energy saving projects equivalent to 5% of the FY2018/19 consumption.
- 100% renewable electricity share
- Reduce CO₂ with 25% compared to MHI Vestas FY2018/19 Scope 1 and 2 Inventory.

**Reduce waste and increase recyclability**

**Ambition:**
Improving the utilisation of resources. Reducing waste and emissions in all our activities.

**Actions & results:**
- Establish baseline for waste fractions.
- Participation in industry initiatives concerning the recyclability of rotor blades.

**Goals for 2020/21:**
Implement waste saving projects equivalent to 10% of the MHI Vestas 2018 generation.

**Chemical management**

**Ambition:**
Complying fully with legal requirements for environmental protection.

**Actions & results:**
- Establish baseline for chemical management.

**Goals for 2020/21:**
Phase out plans for all potentially hazardous chemicals used in MHI Vestas.
Consideration for the environment is a fundamental part of MHI Vestas business concept. MHI Vestas strives to create wind turbines that are as environment-friendly as possible. To support this, MHI Vestas wishes to make all its activities as sustainable as possible, and to persuade its business partners to do likewise.

Our environmental policies are clear and MHI Vestas is committed to:
- Promoting wind energy and buying renewable electricity for its own use to the largest extent possible;
- Complying fully with legal requirements for environmental protection;
- Considering the environmental consequences of all new products;
- Improving the utilisation of resources;
- Reducing waste and emissions in all its activities.

Making all activities as sustainable as possible is for some areas within our own control whereas for others we must rely upon technological developments, other industries and performance from our business partners. Some goals and aspirations are therefore more long-term than others. At the same time, we recognise that progress must come from many sectors. Where we are able to support business partners in our supply chain to advance their thinking around sustainability, we aim to do so.

**Offshore wind turbines are part of the solutions:**

<table>
<thead>
<tr>
<th>Challenges:</th>
<th>MHI Vestas’ solution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The biggest issue for the wind industry is the recycling of the rotor blades to increase recyclability of current Blades-technology. MHI Vestas is integrating recyclability and waste reduction considerations into the product design of the next technology of blades. Currently the industry holds no sustainable solutions to recycle or reuse composites. They are unfortunately usually disposed of in landfills.</td>
<td>MHI Vestas participates in industry initiatives developing a solution. A MHI Vestas’ turbine is 85% recyclable.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Challenges:</th>
<th>MHI Vestas’ solution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>87% of carbon emissions can be traced back to materials used for the production of the turbine.</td>
<td>MHI Vestas will engage its supply chain in lowering carbon emissions.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Challenges:</th>
<th>MHI Vestas’ solution:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crew transfer vessels (CTVs) use fossil fuels and the industry is looking for new technological solutions. Vessels transportation account for approx. 10% of carbon emissions.</td>
<td>MHI Vestas is mapping and assessing new solutions to zero emission vessels and has recently signed a 15-year lease contract. See Case on page 29.</td>
</tr>
</tbody>
</table>
Case

Reduction of waste from wind turbine rotor blades, Nakskov, Denmark

We are aware that within the next years, a growing amount of wind turbines will start to be decommissioned. Today, the most common method for disposal of the blades is to use a landfill. To maximise the environmental benefits of wind power from a life-cycle approach, a more sustainable process is needed in future for blade disposal.

Therefore, we are proactively engaging with other stakeholders in the wind industry to promote more sustainable methods for blade disposal, and to develop more easily-recyclable materials improving blade circularity for the next generation of blades.

In January 2019, we were challenged on our KPI objective on recycling of waste. The local incineration plant rejected our containers with mixed combustible waste. The reason for this was the content of blade parts consisting of resin and fibre glass. Primarily this is the cut off edges from blades taken out of the moulds. The incineration plant was not able to incinerate the fibre glass part properly, and our waste sorted for incineration was then mainly disposed for landfill.

Our first action to control this situation was to sort out cut off edges and other fractions containing fibre glass with hardened resin. This fraction was sent to landfill, and this way our containers with mixed combustible waste were again accepted for incineration.

Various possibilities to avoid landfill deposit of waste fractions containing glass fibre were investigated. From February 2020, we have been able to send all our waste containing fibre glass with hardened resin to an incineration plant in Esbjerg. They are able to incinerate this fraction as they are running with a higher temperature than the local plant. Since then the share of our waste going to landfill has been reduced to zero. The KPI objective, to reduce landfill waste per manufactured component, was then achieved.

"From the logistics department we have an increased focus on waste, and I have been part of the category management team focusing on waste reductions across the organisation. We don't have any landfill from the plant in Nakskov any more due to the way we sort our waste. It is a small step up in the waste hierarchy, of course. But our colleagues really put an effort into this slightly greener initiative. It is okay to spend a little longer, and people are really embracing the initiatives and changes and feel they are part of the solution."

Bjarne Ditlev
Logistics Call-Off, Logistic Purchase & Planning, Nakskov
# Carbon emission analysis

Reduce GHG emissions

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>83% of the $\text{CO}_2$ emissions</th>
<th>Steel accounts for the majority of the emissions from products and services. Steel to the tower production alone accounts for 30% of the total $\text{CO}_2$ emissions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activities</td>
<td>4% of the $\text{CO}_2$ emissions</td>
<td>Transportation during the assembly phase accounts for 1% of total $\text{CO}_2$ emissions.</td>
</tr>
<tr>
<td>Activities</td>
<td>13% of the $\text{CO}_2$ emissions</td>
<td>Transportation to customer sites accounts for 10% of total $\text{CO}_2$ emissions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electricity consumption from buildings, warehouse and preassembly sites accounts for around 2% of total $\text{CO}_2$ emissions.</td>
</tr>
</tbody>
</table>

SUSTAINABILITY REPORT FY 2019/20
Our First **Greenhouse Gas** (GHG) Inventory

During FY2019/20, MHI Vestas initiated and completed our first GHG Inventory following the international standard of the Greenhouse Gas Protocol.

Collecting data from the inventory in relation to our Scope 1, 2 and 3 emissions improved our knowledge related to the carbon footprint from our activities, and supported the development of a baseline from which to build our progress.

The inventory showed clearly, that the major climate impact is related to our Scope 3 emissions.

### Carbon footprint

The GHG protocol defines three scopes for GHG emissions:

- **Scope 1: Emissions: 4%**  
  All direct GHG emissions from operations that are owned or controlled by the reporting company.

- **Scope 2: Emissions: 1%**  
  Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.

- **Scope 3: Emissions: 95%**  
  All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

The predominant contributor to our Scope 3 emissions (> 85%) is the Category 1 “purchased goods and services”.

This includes emissions from external manufacturing of raw materials for our blade manufacturing plants, as well as emissions related to other turbine components delivered to MHI Vestas by our supply chain. Below an illustration showing a split of the Carbon Footprint at component level for our wind turbines.

### Distribution of Scope 3 Category 1

- **Cooler**: 3%
- **Rotor assembly**: 3%
- **PCM module**: 4%
- **Gearbox**: 10%
- **Blades**: 11%
- **Nacelle**: 16%
- **Generator**: 17%
- **Tower**: 36%

This first completed inventory provided valuable information to MHI Vestas, both in terms of setting focus areas in our climate strategy, and also for setting short- and long-term carbon reduction goals.
The Environmental Frequency Rate (EFR) is calculated as the number of environmental incidents of medium, major and catastrophic severity per 1,000,000 working hours.

**Environmental Frequency Rate (EFR) milestone in FY2019/20:**

The EFR has stabilised, as we have no unaccustomed processes and we have a highly experienced workforce with years of accumulated know-how from the industry. In MHI Vestas, we strive to meticulously monitor incidents, hazardous observations and near misses related to environmental spillage as to vastly minimise the impact our operations have on the environment and further take precautionary measures against potential future incidents. Despite a steady year over year increase in activity level, we have managed to keep the environmental incidents at a stable level, resulting in an EFR of 0.54 (per million working hours) against a target of 2.00 in FY2019/20. No environmental incidents above “medium” level have been reported since FY2015/16. A significant part of the recorded environmental incidents have been related to hydraulic oil leaks, and we continue to strive for containing these spillages on the spot or training employees in effectively using spillage kits.
Vessels deployed for the commissioning and service of MHI Vestas wind projects are usually chartered from vessel suppliers. This is done via short-term and long-term agreements, from a few days up to 15 year agreements.

Working with sustainable energy solutions, there is a high focus area from MHI Vestas to also reduce the emissions resulting of the operation of our sub-suppliers. Shipping in general is a rather conventional business, but there is an increasing activity in the market lately to see how greenhouse gases in shipping can be reduced. Short-term solutions are focused on energy efficiency measures and smart systems whereas long term solutions are looking into substituting the fuel used today (marine gasoil) with potentially zero emission fuels such as hydrogen, ammonia and batteries.

Currently, it is a changing and uncertain landscape. Green fuel availability, regulatory barriers, technology readiness, infrastructure and high prices are the most challenging obstacles to overcome and will need time to evolve. Different types of green fuels impose different challenges in the application and will only be suitable for different allocation cases (e.g. Offshore Installation Vessel, Service Operations Vessel, Crew Transfer Vessel, Transport Vessel).

Within MHI Vestas, we are driving environmental improvements for making marine operations more sustainable:

• Developing a roadmap for reducing the fuel consumption for vessels chartered through MHI Vestas with special focus to long-term charters
• Introducing better monitoring systems
• Looking into different fuel solutions
• Collaboration with vessel suppliers and employers to support their innovation initiatives
• Include environmental friendliness in tender evaluation
• Analysing operational profiles and select the most effective vessel for the specific task

Just recently MHI Vestas has signed a 15 year contract with Edda Supply Ships UK Ltd. for the provision of a Service Operation Vessel (SOV) as a base for up to 40 technicians.

A green mindset is the main driver of the design in order to build the most environmentally friendly vessel and to reduce emission of greenhouse gases significantly. The reduction in energy consumption on board the vessel will be achieved by implementation of innovative technology in most auxiliary systems such as pumps, fans, ventilation and heating systems. Further to that, electricity will be produced with highest possible fuel efficiency with a variable speed generator concept and large battery capacity. The generators on board will be IMO tier 3 certified.

Further to these very effective short term measures, the vessel will be prepared for installation of novel hydrogen technology, which would turn the vessel into a zero emission vessel without compromising operational capabilities, i.e. endurance at sea. The preparations for future zero emission propulsion system are made possible by Enova funding. The upgrades include complete tank systems for hydrogen storage, dedicated machinery space for fuel cells, battery hybrid system, novel type propulsors and an extensive package of energy saving measures for most auxiliary systems such as heating, ventilation and pumps systems.
Case

Idle-mode Power Backup solution for 9 MW Platform
Case for the Technology Engineer or interested in the technical side of offshore wind

Offshore wind turbines require a certain amount of auxiliary power for its own consumption. Typically, the auxiliary power supply is a part of the grid connected power circuit in the turbine with additional UPS battery backed support applicable during short-term grid loss scenarios. During no/low wind and/or high wind conditions the turbine consumes power from the grid for auxiliary use.

Offshore wind projects, however, face the risk of prolonged grid loss, which can be caused by various reasons. During prolonged grid loss, the turbines are isolated from the grid, typically relying on on-board diesel generators to provide the auxiliary power.

A new solution
As an alternative solution, MHI Vestas / Vestas has developed the "Idle-mode Power Backup" solution for the 9 MW Platform turbines built into each wind turbine.

The "Idle-mode Power Backup" solution is based on an idling rotor and the Uninterruptable Power Supply (UPS) backup. The system also covers high wind scenarios. It can be used when the turbine has been fully commissioned.

Once prolonged loss of grid power is detected, each turbine will disconnect from the offshore array, stop and switch to self-energising idle-mode operation automatically. The solution installed in the turbine is a green power system, which default removes the amount of diesel fuel in the turbine.

Standing strong in the storm
The idle power backup uses electricity generated by the wind turbine itself to maintain the batteries that will assist the turbine if it loses its grid connection. It only requires a wind speed of 3.5 m/s for the idling to start. Then the turbine starts to turn slowly, allowing the batteries to recharge. As long as the turbine faces the wind, it can withstand 72 m/s.

"Especially for American or Taiwanese offshore wind parks where we have a risk of a typhoon or hurricane, it is essential that the turbine will manage on its own until it can regain grid access. The batteries can provide enough electricity for the turbine to idle for 40 hours, and this is far enough time for the winds to calm down. The probability that a tsunami or typhoon lasts more than 40 hours is very low, so we have enough time to monitor the turbine until it is back on the grid."

The idle-mode power back-up is in the test phase, and will be installed in current and future projects. The system has already been prepared for larger batteries, if customers wish for longer time-period in times of lost grid connection.

Jan Palle
Senior Electrical Specialist, Product Development
Anti-bribery and corruption

Ambition:
MHI Vestas employees must not engage in bribery of any kind.
It is not acceptable to promise or offer a bribe in any form to a local or foreign official, or solicit, accept, promise or offer a bribe or kickback in any of MHI Vestas’ business relations.

Actions & results:
Risk assessment.
Communication campaign.
Business Ethics E-learning for all managers.
Business Ethics dilemma game for Leadership Development training.

Goals for 2020/21:
Zero bribery and facilitation payments.
88% of all employees trained in the MHI Vestas Code of Conduct.

Supplier Code of Conduct

Ambition:
MHI Vestas commits to:
Engaging with business partners in respectful relationships characterised by dialogue and openness.
Selecting business partners who are committed to ethical behaviour and respecting legal requirements.
Choosing business partners on merit and demonstrable results.

Actions & results:
Code of Conduct audits of supplier base in Taiwan.
Procurement of new IT tool to assess supplier performance vis-a-vis the Supplier Code of Conduct.
In total 39 audits were conducted.
Updated the supplier segmentation model.

Goals for 2020/21:
100% of all high risk supplier are assessed against MHI Vestas Supplier Code of Conduct.
Risk Mitigation

Anti-bribery and Corruption
The MHI Vestas Code of Conduct has a zero tolerance towards any form of bribery and corruption, and we have a clear policy and procedure for recording and approving Gifts, Entertainment and Hospitality. Adhering to the principles described in the Code of Conduct is a pre-condition for working with us or on our behalf.

To that end, MHI Vestas has established a three-step approach to prevent unethical behaviour.

<table>
<thead>
<tr>
<th>Activities seeking to prevent unethical behavior</th>
<th>Activities aimed at detecting unethical behavior</th>
<th>Responses to unethical behavior Clear escalation process for whistleblower cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies and procedures in the MHI Vestas Code of Conduct</td>
<td>Whistleblower system</td>
<td>Sanctions and responding to MHI Vestas Code of Conduct violations</td>
</tr>
<tr>
<td>MHI Vestas Code of Conduct training of all employees</td>
<td>Fair and professional investigations</td>
<td></td>
</tr>
<tr>
<td>Business Ethics Dilemma Game is part of our Leadershp Development training</td>
<td>Assessment of business partners through the responsible supplier management program</td>
<td></td>
</tr>
<tr>
<td>Annual Business Ethics Survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication campaign - including a strong tone from the top</td>
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</tr>
</tbody>
</table>

MHI Vestas understands that building an effective business ethics programme requires continuous focus, and in 2019 we strengthened our anti-bribery and corruption programme by addressing both risk mitigation and prevention efforts, such as training and awareness. A business ethics E-learning for all managers was rolled-out and a business ethics dilemma game was developed, which will be embedded in the Leadership Development program.

In addition, the annual business ethics survey and the anti-bribery and corruption risk assessment was conducted. The Christmas holiday is high season for giving and receiving gifts, and therefore a communications campaign about the policies and procedures for giving and receiving gifts was rolled out in November 2019.

Business Ethics Dilemma Game
In 2019 MHI Vestas developed a Business Ethics Dilemma Game, where managers are trained in solving ethical dilemmas.

The overall purpose of the training is to enable managers to:

- Identify and deal with business ethics dilemmas
- Develop their moral intuition and ability to solve problems on their own and with their colleagues

After playing the game managers will have a strong knowledge of applying the policies of the Code of Conduct in their everyday decisions and understand how business ethics decisions impact the relationship with key MHI Vestas stakeholders.

"The Dilemma Game was first of all a fun way to interact with colleagues that you do not necessarily have a rapport with on a daily basis. The dilemmas were challenging and far from straightforward to answer and with the role play element of the game, you were also challenged and forced to think outside your own opinion and comfort zone."

Elisabeth Mygind
Head of Technical & Safety Training, Operations
How we work: a four-step-approach
We have created a four-step process to work with our suppliers to achieve real progress and continuous improvement.

<table>
<thead>
<tr>
<th>Mutual values</th>
<th>Supplier Segmentation</th>
<th>Assessment</th>
<th>Making improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Supplier Code of Conduct is included in all standard contracts. When signing a contract with MHI Vestas, suppliers accept our expectation.</td>
<td>Based on country risk, category risk and spend, we identify suppliers as potential high risk. These suppliers are prioritized for further engagement and assessment.</td>
<td>We evaluate whether business partners live up to our Code by reviewing relevant management system and practices.</td>
<td>If there are gaps, we agree with business partners on an improvement plan and conduct due follow up on implementation.</td>
</tr>
<tr>
<td>In all new contracts</td>
<td>1% high risk suppliers</td>
<td>39 audits performed in 2019</td>
<td>Example of issues:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Exceeding limit for working hours</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Cannot demonstrate improvements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Lacking monitoring of chemicals and CSR in supply chain</td>
</tr>
</tbody>
</table>
The supply chain of MHI Vestas has primarily been based in low-risk countries. However, new markets with different risk profiles are opening up for offshore wind energy.

Allocating resources to the group of suppliers that pose the highest risk to MHI Vestas and society enables us to mitigate the risk and create societal value.

In FY2019/20, more resources have been allocated to on-site audits of suppliers, conducted by both internal and external auditors. An online collaboration tool for MHI Vestas and suppliers, allowing procurement to get access to easy-to-use, dynamic scorecards, and monitor the sustainability performance of suppliers is anticipated to be rolled out in the middle of FY2020/21.

MHI Vestas has signed a contract with an external supplier of the online tool, and is in the process of setting up the system for usage.

Lisbeth Gejlsbjerg,
HSE Auditor & Supplier Management,
HSE Management

“As an auditor you have to show integrity, otherwise the communication is lacking perspective. I have to encourage collaboration, to get insight into where there are improvement potential. We spend a lot of resources developing and improving our suppliers to a desired, acceptable level.”
Beginning in February 2020, a novel coronavirus, COVID-19, began spreading globally from its origins in China and eventually became a global pandemic. This virus has created a number of implications for MHI Vestas’ business, and required a considered response to protect the health and safety of our employees.

A COVID-19 steering group was instituted from February 2020, led by our CEO and with a mandate to guide MHI Vestas through the COVID-19 global crisis. This group meets daily and is responsible for designing the company’s overall response to COVID-19, which is then fed down to all operational teams across the globe.

Initially, the business moved quickly to manage travel and movement restrictions, establishing work from home measures where possible. The core parts of our business, including manufacturing, operating, installing and servicing offshore wind turbines, were unable to be performed from home, so our employees involved in each of these areas continued coming to work. In all of our operations, we implemented a range of measures to protect our employees, including through physical distancing protocols in our processes, increased deep cleaning, and amended shift patterns.

Our response closely followed government guidance and was updated on a daily basis as additional advice from authorities was handed down. Governments globally had dual obligations, to both protect their citizens as well as ensuring their economies did not collapse. MHI Vestas strictly followed authorities’ guidance on health and safety, while also working hard to ensure our colleagues remained healthy and our society remained resilient beyond the COVID-19 crisis.

**Training in Operations during COVID-19**

In March 2020, when all office employees were sent home to work, we needed to find alternative solutions for our physical courses. Within a week, the Training team managed to turn all technical training courses into online courses with instructors teaching from their homes using the award winning simulators.

With safety and GWO (Global Wind Organization) certificates expiring regularly, our employees could potentially be barred from continuing their work and being in the risk of skills fading. But the Safety’N’Mind app ensured that they stay trained and qualified.

During such a critical time, it’s more important than ever to digitalise and share solutions for the health and safety of our industry. Working better, faster, and safer requires smart solutions and effective collaboration. Digital solutions like this not only reflect the passion and dedication of our employees, but also the paramount importance of health and safety in our company and across the entire offshore wind sector.
## Strategic focus (Summary)

### A Sustainable People Strategy

<table>
<thead>
<tr>
<th>Diversity &amp; Inclusion</th>
<th>Human Rights</th>
<th>Health &amp; Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ambition:</strong></td>
<td><strong>Ambition:</strong></td>
<td><strong>Ambition:</strong></td>
</tr>
<tr>
<td>It is MHI Vestas’ policy to offer all employees equal opportunities. This is our business imperative and commitment to all our customers, investors and the countries in which we operate globally.</td>
<td>Compliance with The International Bill of Human Rights and The United Nations Guiding Principles on Business and Human Rights is part of the company standards for acceptable behaviour for anyone acting on behalf of MHI Vestas.</td>
<td>Continuously improving the occupational health and safety of our employees. Giving employees the training and information they need to manage risks in their own work areas.</td>
</tr>
<tr>
<td><strong>Actions &amp; results:</strong></td>
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</tr>
<tr>
<td><strong>Goals for 2020/21:</strong></td>
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</tr>
</tbody>
</table>
### Strategic focus (Summary)

#### Sustainable Innovation

<table>
<thead>
<tr>
<th>Reduce Green House Gas emissions and energy consumption</th>
<th>Reduce waste and increase recyclability</th>
<th>Chemical management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ambition:</strong> Promoting wind energy and buying renewable electricity for our own use to the largest extent possible. Considering the environmental consequences of all new products.</td>
<td><strong>Ambition:</strong> Improving the utilisation of resources. Reducing waste and emissions in all our activities.</td>
<td><strong>Ambition:</strong> Complying fully with legal requirements for environmental protection.</td>
</tr>
<tr>
<td><strong>Actions &amp; results:</strong> Carbon emission analysis Develop and scope high impact projects. Assess the Science Based Target Initiative. Providing data for the Carbon Disclosure Project.</td>
<td><strong>Actions &amp; results:</strong> Establish baseline for waste fractions. Participation in industry initiatives concerning the recyclability of rotor blades.</td>
<td><strong>Actions &amp; results:</strong> Establish baseline for chemical management</td>
</tr>
<tr>
<td><strong>Goals for 2020/21:</strong> Implement energy saving projects equivalent to 5% of the FY2018/19 consumption. 100% renewable electricity share Reduce CO₂ with 25% compared to MHI Vestas FY2018/19 Scope 1 and 2 Inventory.</td>
<td><strong>Goals for 2020/21:</strong> Implement waste saving projects equivalent to 10% of the MHI Vestas 2018 generation.</td>
<td><strong>Goals for 2020/21:</strong> Phase out plans for all potentially hazardous chemicals used in MHI Vestas.</td>
</tr>
</tbody>
</table>
## Strategic focus (Summary)

### Risk Mitigation

<table>
<thead>
<tr>
<th><strong>Anti-bribery and corruption</strong></th>
<th><strong>Supplier Code of Conduct</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ambition:</strong> MHI Vestas employees must not engage in bribery of any kind. It is not acceptable to promise or offer a bribe in any form to a local or foreign official, or solicit, accept, promise or offer a bribe or kickback in any of MHI Vestas’ business relations.</td>
<td><strong>Ambition:</strong> MHI Vestas commits to: Engaging with business partners in respectful relationships characterised by dialogue and openness. Selecting business partners who are committed to ethical behaviour and respecting legal requirements. Choosing business partners on merit and demonstrable results.</td>
</tr>
<tr>
<td><strong>Goals for 2020/21:</strong> Zero bribery and facilitation payments. 88% of all employees trained in the MHI Vestas Code of Conduct.</td>
<td><strong>Goals for 2020/21:</strong> 100% of all high risk supplier are assessed against MHI Vestas Supplier Code of Conduct.</td>
</tr>
</tbody>
</table>
Let’s move
Let's move the horizon

MHI Vestas Offshore Wind is a joint venture between Vestas Wind Systems A/S 50% and Mitsubishi Heavy Industries (MHI) 50%. The company’s focus is to design, manufacture, install and service wind turbines for the offshore wind industry. The company aims to create sustainable value through offshore wind power by driving capital and operating savings and increasing the power output of wind turbines. An innovative force in offshore wind since its inception in 2014, the company is guided by its founding principles of collaboration, trust, technology and commitment. For more information, see www.mhivestasoffshore.com or follow @MHIVestas on Twitter.