**Powering sustainability**

The use of energy is growing rapidly and the resources of our planet are already under great pressure. We need to change the way we produce our energy. We need to produce more renewable energy, and the most promising source of energy is the power of wind.

At Vestas, we believe energy to be an important catalyst for founding a better quality of life. A stable energy supply is an essential part of the infrastructure for a developed society. Energy is central to nearly every major challenge and opportunity the world faces today. Be it jobs, security, climate change or food production - access to sustainable energy is essential for strengthening economies, protecting ecosystems, reducing poverty and achieving equity.

Read a statement from our President and CEO.
Safety first

Vestas goal is zero injuries. We firmly believe that all injuries can be prevented if every hazard is managed and if the correct behaviour is in place. In 2016, a number of our factories, facilities and sales business unit countries achieved an accident free work place for the whole year. With continued focus and commitment to safety from all areas of the business we will achieve our ultimate goal - Zero Injuries.

We work closely and collaborate with customers to fulfil the demand for the highest level of safety in every aspect of our operations, further enhancing business case certainty. Vestas proactively joins hands with industry partners to mitigate general risks, helping to develop and improve safety training such as the Global Wind Organization (GWO) Basic Safety Training (BST).

It is recognized that working with wind turbines is not hazard-free. Large heavy components, dizzying heights, unpredictable weather conditions and demanding processes, to name but a few, present a challenging work environment. Vestas' unprecedented experience in the wind industry ensures these risks are identified early and where achievable eliminated by design. Unavoidable residual risks are meticulously assessed and mitigated to the lowest levels possible.

It is essential that safety culture is embedded in the DNA of the global Vestas organisation. This culture must be driven and cascaded down through the business by senior management. Accountability for safety is embedded and delegated throughout each level of management, however each and every employee must accept their personal responsibility for their own and their colleagues' safety. Working safely is a condition of employment at Vestas, every employee's behaviour is critical to the safety effort and ultimately achieving our goal of zero injuries.
In Vestas we continually raise awareness to the dangers of complacency. As a direct result of the fatality in Denmark in October 2015 a safety dialogue was initiated, involving more than 15,000 employees across Vestas. The safety dialogue enabled Vestas to identify seven lifesaving rules that will contribute to the prevention of fatalities and serious incidents in the future. The seven rules have been implemented throughout Vestas and will be a part of the mandatory safety training going forward.

To have global alignment on lifting activities such as equipment, tools, procedures, and training, a Global craning committee is introduced with Subject Matter Experts available to support the manufacturing organisation.

Vestas is continuously concerned with the safety of its employees, both at work and at home. Following the tragic fatality of an employee while driving home, Vestas implemented a Safe Driving tool box.
The road to zero injuries

Since our cultural journey began in 2006, the incidence of lost time injuries per one million working hours at Vestas has been reduced significantly.

In 2015, a new safety KPI was introduced in Vestas, focusing on 'total recordable injuries', which in addition to 'lost time injuries' includes 'restricted work injuries' and 'medical treatment injuries'. The measure 'total recordable injuries' represents a broader number of injuries giving a broader perspective of where unsafe behaviour and work practices are taking place, or unsafe material is used. This allows Vestas to evaluate and target injury reduction programs more effectively.

Near miss reporting and hazardous observations

At Vestas in addition to reporting injuries we actively encourage the registration of near misses and hazard observations. This is an important step towards achieving a zero injury culture. The number of near miss and hazardous observations per lost time injury has increased significantly from 2015 to 2016, showing that people anticipate injuries before they occur thereby preventing more injuries.

Occupational health

An occupational health and safety strategy has been identified and will be implemented in 2017. A Global occupational health committee has been implemented with the overall ambition that when employees leave or retire from employment with Vestas they should be able to reflect on their career and consider that their physical and mental wellbeing has been enhanced due to the conscientious focus Vestas place on occupational health and safety.

Incidence of injuries

Per one million working hours
Safety awareness
Fostering a safety culture through awareness

Being aware of the safety hazards are key to managing and preventing them. Since 2007, Vestas has deployed a Safety Awareness Program for employees and managers to raise the awareness of safety with the ultimate objective of eliminating all lost time injuries. All operational managers and team leaders in factories, service, construction sites and offices attend courses to strengthen the safety culture throughout Vestas and instil safe behaviour.

Through safety awareness, recognition programs and safe behaviour programs Vestas is moving towards establishing a team-based responsibility for safety. Top management's commitment to keep all employees safe and emphasize safe behaviour is being expressed through their participation in safety awareness programs and their completion of Safety Walks.

A Safety Walk is an opportunity for managers in production, construction, service or administration to have a constructive dialogue and discuss safe behaviour identifying ways of improving safety with employees in their actual job function. The program has been successfully running since 2007 with consistently more managers participating every year. In 2016, 16,000 Safety Walks were conducted whereby the ambition of an average of twelve Safety Walks per manager was achieved once again.

My Team My Responsibility, a framework to achieve consistent safety behaviour standards across Vestas, was launched in 2016 and will be rolled out 2017.

Global Behavioural Change Program

Vestas is striving towards taking a collective responsibility for safety. A number of our safety mature manufacturing and sales units have implemented the Vestas Behavioural Change program (VBC). These facilities have consistently demonstrated a world class safety culture, which must be achieved before being considered for the program. The employee led program has proved to be extremely successful. At risk behaviours are identified by the employees from each facility, these are listed for peer to peer safety observations. Feedback and communication of the results to the facility is carried out. The subsequent results then determine the topics for the new at risk topics for the observations.
Climate change

Climate change poses one of the most serious challenges for mankind. The predicted effects could be both devastating and irreversible. According to the Intergovernmental Panel on Climate Change (IPCC), the effects of climate change will be broad-ranging, affecting water supplies, ecosystems, food availability, health and the economy and will devastate coastal regions. It is crucial that greenhouse gas emissions are limited, and that low carbon energy generation technologies take over.

Fossil fuel-based power generation causes poor air quality, contributes to global climate change and consumes significant amounts of water. As water becomes more scarce in many regions (a tendency to be amplified by climate change), existing water supplies will not be sufficient in many countries to support the installation of new water-intensive power plants – putting economic growth at risk.

To mitigate climate change, power generation must globally become low carbon, and wherever water locally is or is expected to become scarce, power generation must become low water. During operation, wind power plants do not consume water nor do they emit climate-changing greenhouse gases. Wind power is among the solutions to the challenges our world is facing today.

Leading the way

Even though wind energy's lifecycle carbon footprint is extremely low when compared to other sources such as oil and gas, Vestas continuously strives to improve the environmental performance of its production and operations in order to match the performance of our products.

In turbine performance, the target for reduction in product carbon footprint will be at least 5 percent by 2020 from a baseline of 6.9 grams CO₂ per kWh in 2015.
Carbon footprint

Product target for 2016-20

The target for reduction in product carbon footprint will be 5 percent by 2020 from a baseline of 6.9 grams CO₂ per kWh in 2015. An improved performance measure covering all wind classes of the 3 MW platform and aligning more closely with our turbine range and commercial offering has been implemented. As such, the carbon footprint performance has adjusted from the previous 5 years, which gives a slight increase in CO₂ emissions due to these accounting changes.

Today, Vestas contributes approximately seven per cent of the total CO₂ emission for the V112-3.3 MW turbine. Of the remaining amount, approximately 85-90 per cent is contributed by material and component suppliers, and 5-10 per cent is for transport of materials and components for construction, decommissioning and recycling.

In order to further reduce its carbon footprint, Vestas needs to continue improving and optimizing wind turbine performance through technology development and innovation, as well as lowering material and energy consumption in our factories and within the supply chain.

Product achievements for 2011-15

Results released in Q3 2015, which have been externally reviewed, confirm that the turbine's environmental performance has improved significantly; where the carbon footprint of the V112-3.3 MW turbine has reduced by over 15% to 5.9 grams of CO₂ per kWh.

The reasons for improvements are firstly due to environmentally-led initiatives. Vestas has introduced a take-back scheme for customers to safely dispose worn-out switchgears. This avoids potential release of a highly potent greenhouse gas, called SF₆ gas, which is reclaimed. Secondly, the wind turbine has undergone significant design improvements which have had a great impact on performance, for example, through implementing an increased generator rating that has increased from 3.0 MW to 3.3 MW, leading to increased energy production of the wind turbine, as well as the design optimisation giving reduced material requirements, particularly in relation to the turbine tower and foundations.
Quick facts

**Target for 2020:**

**Reduce Carbon Footprint by 5%**

In 2015: 6.9 g CO₂/kWh*

The sum of the net greenhouse gas emissions that contribute to global warming. Quantified by 6.6 grams CO₂ equivalents/kWh.

*Baseline is the Life Cycle Assessment performed on the 3MW Platform (Mark 2C) which accounts for turbine performance in all wind classes: V105-3.3 MW (IEC1A, 10 m/s), V112-3.3 MW and V117-3.3 MW (IEC2A, 8.5 m/s), and V126-3.3 MW (IEC3A, 7.5 m/s)
Renewable energy

As a company, Vestas aims to decrease our overall use of energy, increase our use of renewable energy, and use less carbon-intensive energy forms.

Focusing on Vestas' operations, the target for energy consumption is to reach a 60 percent share of renewable energy in 2020 from 55 percent in 2015. The road to meet the target will be both improvements in energy efficiency and further transition to renewable energy.

Vestas has a commitment to source renewable electricity where available, which is primarily done through local renewable power purchase agreements. The consumption of non-renewable electricity is compensated for with Vestas-owned wind power plants. Vestas' share of renewable electricity is today 100% and the objective is to stay at this level.

Sustainable Energy for All

Up to 1.2 billion people across the globe currently lack access to affordable and reliable electricity – with dramatic consequences for human health, education and economic well-being. These numbers show us that there is still much work to be done to ensure a sustainable global energy supply.

Vestas actively supports partnerships and collaborative efforts intended to advance the sustainability agenda. One of our most notable partnerships is with the UN as members of the Global Compact.

Looking into the coming years ahead, there is no doubt that the UN Sustainable Development Goals (SDGs) will be a key driver for the transition towards a sustainable and clean energy economy. The SDGs offer a universal plan to address economic, social and environmental dimensions of sustainable development.

Quick facts

Target for 2020:

Achieve renewable energy of 60%

In 2016: 52%
Suppliers

Our business partners play an important role in Vestas’ drive to reach our sustainability goals and in promoting wind energy as a beneficial solution for society as a whole.

In order to improve the sustainability of our products, Vestas works closely with sub-suppliers of components and raw materials, which today account for more than 80 per cent of the energy consumed in the product manufacturing process.

In order to ensure the health and safety of all persons involved, customers and sub-suppliers must be both aware of – and follow – the Vestas safety rules and procedures, during all stages of the turbine installation process through to service.

In order to support this partnership, Vestas has prepared a Business Partner Code of Conduct in accordance with the UN Global Compact, the International Bill of Human Rights and the International Labour Organization conventions. Vestas works diligently to ensure that partners also respect the Code of Conduct, and, to the greatest extent possible, will prioritise working with business partners who are dedicated to and support Vestas’ view on sustainability, with particular emphasis on the following:

- ensuring that work is carried out safely – the first priority in any situation
- respecting the freedom of association and the right to collective bargaining with respect to legislation in the country the business partner operates in
- eliminating all forms of forced labour
- eliminating all forms of corruption
- eliminating child labour
- eliminating all forms of work-related discrimination
- protecting the environment

A wind turbine consists of several thousand components each with its own sub-suppliers. Thus, Vestas’ supply chain is complex. In total, there are several thousand partners worldwide.

Responsible Supplier Management

Vestas is devoted to the principle of Responsible Supplier Management. Purchase agreements with our suppliers today include our policies regarding human rights and environment, as well as a commitment to work with our suppliers on initiatives relating to sustainability going forward.

With 95 per cent of our signed purchase agreements based on Vestas templates, and with all of these including either directly or by reference the above principles, we believe we are well on the way.

Vestas also takes action to ensure that suppliers comply with our polices by screening significant suppliers on sustainability issues, including human rights and labour standards using the supplier assessment tool. In 2016, 104 suppliers were assessed in all regions. Of these 92 were approved, 3 were rejected and 9 are under approval.

When so-called red flags are identified – that is when suppliers are not living up to the Vestas standards - the suppliers are requested to take corrective action.
Business ethics

Since 2010, Vestas has been a signatory to the Partnering Against Corruption Initiative (PACI). PACI is a business-driven global anti-corruption initiative within the World Economic Forum. As a signatory to PACI, Vestas firmly believes that corruption cannot be countered without leadership and commitment from the top management.

The Vestas Code of Conduct has a zero tolerance towards any form of bribery and any form of corruption as this is required under the PACI principles. Vestas has developed supporting business ethics guidelines and procedures to implement the PACI principles and to enable Vestas to abide by anti-corruption laws and regulations applicable to Vestas wherever it operates in the world; and Vestas continues to develop these efforts on an ongoing basis. Vestas is currently implementing a revised due diligence program for its business partners. The aim of this program is to ensure that Vestas business partners hold at least a similar business ethics standard to that of Vestas.

As part of Vestas' anti-corruption initiatives and as part of the Code of Conduct, Vestas has introduced an online process for registering gifts, business entertainment and voluntary contributions and updated the guidelines on these topics. All Vestas employees are obliged to register gifts, business entertainment and voluntary contributions to ensure a high level of transparency.

In addition to the mandatory Code of Conduct e-learning training, some employees receive face-to-face business ethics training. These employees are selected through a risk-based approach. Business ethics e-learning will also be introduced to certain employees in 2017 with the aim of maintaining a high level of awareness of business ethics risks and best practice.
Human rights and labour

Vestas recognises its 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. This commitment, which includes our expectations for Vestas’ business partners, is described in the Vestas Human Rights Policy and implemented across the organisation globally.

The Human right policy is communicated to internal and external stakeholders on Vestas’s intranet and website. In case of any complaints by employees or business partners on breaches of the policy these can be submitted to the Vestas EthicsLine.

Vestas Human Rights Policy is also supported by our Employee Code of Conduct and Business Partner Code of Conduct.

Due diligence

To support Vestas’ emerging markets entry strategy, Vestas has developed a Social Due Diligence (SDD) methodology. The SDD is targeted at ensuring that social risks and impacts are identified, prevented and mitigated in Vestas wind power plan projects. For projects in scope, Vestas conducts an assessment of the project and the affected local communities.

The results from the SDD include mitigation actions, which are integrated into project plans to ensure integrity in the project execution. The SDD is based on the International Finance Corporation’s Environmental and Social Performance Standards and the World Bank Group’s Environmental, Health, and Safety Guidelines for Wind Energy, ensuring that, regardless of where the customer obtains financing from, Vestas supports the project’s execution according to accepted international standards.

As a wind turbine supplier, Vestas strives to work closely with its customers to assist them in securing and maintain the social license to operate during construction and operation, according to international standards.
Commitments

Vestas is a signatory to the United Nations Global Compact and the World Economic Forum's Partnering Against Corruption Initiative. These commitments support our intent to power sustainability, both within the organisation and beyond.

Our commitments are reflected in our Code of Conduct and in our policies, guidelines and procedures. For example, our policies on human rights and freedom of association have been embedded in the Vestas organisation, in order to enforce human rights practices and ensure ethical behaviour in the business.

To meet the standards of conduct we set for ourselves and our business partners, we seek continuous improvements within sustainability and work with specific focus areas. These include revising our Code of Conduct in 2016, introducing the new Business Partner Code of Conduct, strengthening our third party programme and continuously raising awareness of our EthicsLine.
Code of Conduct

At Vestas, we act with integrity in everything we do. This means making the right decisions when faced with difficult situations, and ensuring that our actions match our values of Accountability, Collaboration and Simplicity. For us, a global company of more than 22,000 employees operating in over 34 countries, our Code of Conduct embodies this commitment and is supported by top management.

In 2016 we revised our Code of Conduct, splitting it into two: Employee Code of Conduct and Business Partner Code of Conduct. To read more about how we work with our Business Partner Code of Conduct, click here. Our Employee Code of Conduct is a set of rules and principles for how Vestas employees are to act and behave as part of a global company. The Employee Code of Conduct goes beyond national borders, cultures and local traditions, and sets the global standard for all employees in Vestas.

The general areas covered by the Employee Code of Conduct include:
- Health and safety
- Human rights
- Bribery and corruption
- Environment
- Company information and reputation

To embed the rules and principles outlined in our Employee Code of Conduct, we support our employees via a number of activities. Such activities include: all new employees must acknowledge the Employee Code of Conduct during on-boarding, all white collar employees must complete the Code of Conduct e-learning, all blue collar employees are introduced to the code of conduct during face-to-face trainings, as well as relevant policies and guidelines tools are made available to help comprehend the code of conduct. In addition, our Decision Tree is a useful tool for our employees to use when in doubt about what action to take. Finally, Our EthicsLine acts as a support for our employee’s ethics related questions, as well as the primary channel for reporting violations to the Employee Code of Conduct.

Related Information

- Vestas Code of Conduct
- Vestas Decision Tree
- Vestas Business Partner Code of Conduct
- Vestas Business Partner Code of Conduct Guidelines
- Quality, Health, Safety and Environmental policy
Human Rights Policy

Freedom of Association Policy
EthicsLine

Vestas’ whistle-blower system, EthicsLine, was introduced in 2007

Vestas is committed to securing an ethical environment in our company, and Vestas' EthicsLine has been established to ensure that inappropriate behavior or incidents are brought forward and handled.

The purpose of the EthicsLine is first to ensure that Vestas employees, business partners or anyone associated with Vestas have a place to report inappropriate behavior or practices which may be experienced within the Vestas workplace. Secondly, the EthicsLine provides guidance when in doubt about ethical issues.

**Vestas' EthicsLine can be used to:**
- report malpractice that has been observed or is suspected;
- ask questions about Vestas policies, or difficult issues of behaviour or ethics, when the answers cannot be found elsewhere

Vestas' EthicsLine is operated by an independent company. Except where specifically prohibited by local law, anyone using Vestas' EthicsLine may remain anonymous. Subject to applicable laws, all matters reported through Vestas' EthicsLine will be investigated. Everyone involved will be treated fairly. Vestas will not tolerate retaliation against anyone who files a report in good faith, regardless of whether or not the claim can be substantiated.

Related Information

Vestas EthicsLine
UN Global Compact

Vestas committed to the United Nations Global Compact in 2009. The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Our membership to the United Nations Global Compact plays a key role in our sustainability focus. We believe that focusing on sustainability ultimately supports our business success and contributes to building our competitive advantage.

With the participation in United Nations Global Compact, Vestas commits to report and publish its progress on implementing these principles in the organisation on an annual basis. The implementation of these requirements in the organisation is an integral part of the Vestas Management System.

Local networks

At Vestas, we have made an effort to demonstrate our sustainability leadership locally by joining the United Nations Global Compact Nordic Network. Vestas considers this as an opportunity to promote stronger sustainability efforts for businesses in their local context.

Memberships

Global Wind Energy Council (GWEC)
World Economic Forum
Global Green Growth Forum (3GF)
Member of 20 national wind associations around the World
Sustainable **products**

A single Vestas wind turbine will generate around 25 to 40 times more energy than it uses in its entire lifecycle and return this back to society. And, a single Vestas wind turbine only emits around one percent of carbon dioxide when compared to a coal power plant. However, it’s important that we acknowledge that when producing solutions to harness wind energy a small negative impact on the environment is made. Vestas is committed to reducing this impact to the extent possible together with our suppliers and customers. This is achieved through a range of initiatives and programs that simultaneously reduce stress on the environment and improve business case certainty for our customers.
Life cycle assessment

Vestas strives to continually improve people's lives through having a responsible interaction with the environment, respect for society and a productive economy. To make that goal a reality Vestas works with Life Cycle Assessments (LCA) to develop increasingly energy-efficient products and production whilst mitigating the environmental impacts throughout the turbine's lifetime.

Transparency, in all instances, and especially in regards to the environmental impacts and benefits of wind power, is vital to affirm Vestas' product performance and financial competitiveness when stating the Cost of Energy.

Since 1999, Vestas has been developing Life Cycle Assessments of wind power to give a 'cradle to grave' evaluation of the environmental impacts of Vestas' products and activities. These concentrate on two key actions:

- Document the environmental performance of Vestas wind turbines
- Analyse the results to improve or develop wind turbines with less environmental impact

The studies assess a wind turbine's entire bill-of-materials accounting for the approximately 25,000 parts that make up a wind turbine. In a Life Cycle Assessment, a complete wind power plant is assessed up to the point of the electricity grid, including the wind turbine itself, foundation, site cabling and the transformer station.

Life Cycle Assessment scope
# Available reports

## Current Portfolio

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Benchmark performance

Vestas' wind turbines are designed to meet different functional requirements for both onshore and offshore environments, as well as the wind class for which they are designed to operate. The wind class determines which turbine is suitable for a particular site, and influences the total electricity output of the wind power plant.

When benchmarking an array of wind turbine's performance it is important that it's done on an equivalent functional basis, so they can be compared within similar wind classes. There are three wind classes for wind turbines which are defined by an International Electrotechnical Commission standard (IEC), corresponding to high (IEC I), medium (IEC II) and low (IEC III) wind.

The various Vestas wind turbines have been designed to operate under high, medium or low wind conditions. For each study the specific wind conditions have been selected to evaluate the turbines environmental performance.
SiteLCA™

Vestas offers customers the opportunity to acquire a customised Life Cycle Assessment, called Vestas SiteLCA™, of their own wind power plant. This determines key indicators of environmental performance and takes into consideration the wind turbine type, site specific conditions and the production supply chain.

The environmental performance of a wind power plant is site and layout specific and varies across the globe according to local site performance and manufacturing supply chain. SiteLCA™ provides customers or project developers with transparent environmental facts (such as carbon footprint, return on-energy, water-use or environmental benefits, etc) of a specific wind plant. These fact-based indicators increase business case certainty by supporting the customer’s energy strategy (energy case, power plant benefits, index ratings, etc) and supporting the project planning / permitting process (e.g. decommissioning plan, public acceptance, consultation and response).

By identifying key environmental indicators early in the project, customers are well-placed for successful and trustworthy external communications of power plant performance and to inform their energy strategy utilising fact-based information. SiteLCA™ may also quantify the power plant's key environmental benefits (such as turbine recycling or repowering options at end-of-life) and identify potential management risks of the plant, such as providing material breakdown for decommissioning plans or identifying potential key environmental impacts.

Vestas Site LCA™ is delivered by experienced experts and builds upon a long track-record of disclosing turbine environmental performance data since 1999. The service utilises advanced turbine models developed in-house by Vestas, complying with international ISO standards and third party review, which have been critically acknowledged as state-of-the-art analysis of wind power.


Related information

The Vestas SiteLCA™ brochure
Energy payback

Comparing energy payback

The long-term impact on the environment for a wind turbine’s life cycle of 20 years is minimal when compared to that from average European electricity production by other means.

The energy balance of a wind power plant shows the relationship between the energy requirement over the whole life cycle of the power plant (i.e. to manufacture, operate, service and dispose) versus the energy generated by the wind power plant. This energy payback period is measured in 'months to achieve payback', where the energy requirement for the life cycle of the power plant equals the energy it has produced. Alternatively, energy payback may be measured by 'number of times payback', where this shows the number of times more energy the wind plant generates over its lifetime versus the amount consumed during its lifetime.

For Vestas wind turbines, the breakeven period generally ranges from around five to 12 months. For instance a V112-3.3 MW wind power plant has a payback period of 6½ months for medium wind conditions. While over the life cycle of a V112-3.3 MW wind power plant it will return 38 times more energy back to society than it consumed. So when 1 kWh is invested in a wind energy solution you get 38 kWh in return. Whereas if you invest 1 kWh in coal you typically get 0.28 kWh in return1.

Furthermore, V112-3.3 MW turbine has significantly improved its return-on energy by around 26% in 2015, compared to the previous V112-3.0 MW turbine from 2010.

Sources:
1. World Coal Association, Coal & the Environment - Coal Use & the Environment - Improving Efficiencies.
3. PE International (2012). PE International - GuBi 6 databases 2011, LBP; University of Stuttgart and PE INTERNATIONAL GmbH
Material use

By knowing how Vestas’ products and materials contribute to the environmental performance of the wind plant it is possible to make fact-based and informed decisions that will minimise overall environmental impacts. Life Cycle Assessment is used to provide the detailed knowledge regarding the material composition of the wind plant from a life cycle perspective. The figure shows a typical material breakdown of Vestas turbines. Typically, for example, a V112-3.3 MW turbine which is composed of around 86% metals (e.g. steel, iron, copper and aluminium), 12% polymers and composite materials, and the remainder a mixture of electronics/electrical items, lubricants and fluids, etc. A brochure of material use can be downloaded here for all turbines.

Rare Earth Elements from a Life Cycle Assessment perspective

Rare earths elements are naturally-occurring elements that, once mined and processed, can be used in a variety of industrial applications such as permanent magnets in wind turbines, hybrid car motors, components for military hardware and other high-tech applications.

In Vestas, rare earth elements are used in the magnets found in the towers of all new models of Vestas turbines, whereas rare earth elements are only used in the permanent-magnet generators for the older GridStreamer™ turbine models (i.e. the V112-3.0 MW and the 2.0 MW GridStreamer™ platform). Vestas’ current turbine range does not use rare earth elements in the generator. The rare earths elements are used to improve the performance of turbines by making the generators more efficient and more grid-compatible. This allows Vestas to reduce the size of the generator and therefore use fewer other resources (steel, composite structural materials, etc.) and create a smaller carbon footprint.

It is important to understand the difference between different types of turbine designs and how each design uses rare earths elements. There are two types of turbine drive train concepts using rare earth elements: conventional geared drive train and direct-drive (without a gearbox). The amount of rare earths elements used in direct-drive turbines is substantially higher – up to 10 times as much as a generator in a conventional drive train. Today, all Vestas turbines are based on proven technology using conventional drive trains.

The contribution of rare earth elements (such as neodymium and dysprosium) used in the turbine generator magnets, and also in the magnets used in the tower, make a negligible contribution to total resource depletion, contributing below 0.1% of total life cycle impacts.

End-of-life solutions

Constantly and simultaneously lowering the Cost of Energy for wind and the environmental impact of wind power is the focus of end-of-life solutions. Through research and application on how best to recover and recycle the various components and materials in a wind turbine, after its power production ceases, the end-of-life phase enhances the overall environmental performance seen from a lifecycle perspective.

The studies also supplement knowledge on how best to design the next generation of
wind turbines from an environmental perspective, as well as, how to gain the most value at end-of-life from both existing turbines and new turbines being developed.

Material breakdown of a Vestas turbine

- Steel and iron materials 84.4%
- Glass/Carbon composites 7%
- Aluminium and alloys 1.1%
- Electronics/electrics 1%
- Copper and alloys 0.5%
- Lubricant and fluids 0.9%
- Polymer materials 5.4%
- Not specified 0.1%

Note: 84 m hub height and wind class IEC2A

Sources

Product waste
Product target for 2016-20

In 2016 the target for recyclability was replaced with a measure for the amount of product waste per kWh. It indicates the materials or components not recycled or reused at end-of-life.

By 2020, Vestas' aim is that turbines will be at least 3 per cent more efficient compared to a 2015 baseline, generating under 3.9 grams of waste per kWh during their lifetime. The product waste target is also adjusted to reflect the same scope as for carbon footprint covering all turbine wind classes and aligning more closely with our commercial offering.

In order to further reduce product waste, Vestas needs to continue improving and optimizing wind turbine performance through technology development and product innovation.

In 2016 Vestas initiated research into new recycling opportunities of composite blade materials in future turbines. This aims to overcome the major obstacle in wind turbine recyclability and reduce product waste by over 75%.

In 2013 Vestas joined the GenVind Innovation Consortium to develop enabling technologies for a sustainable recycling of plastic composites and demonstrate the reuse of composite waste.

In 2011/12, Vestas carried out a complete dismantling of a wind turbine nacelle to trace additional possibilities for increasing the recyclability rate of Vestas’ wind turbines.

Quick facts

Target for 2020:
Reduce Product Waste by 3%

In 2015: 4.0g Waste per kWh*

A material or component which is not recycled or reused at end-of-life. Quantified by grams Waste per kWh.

*Baseline is the Life Cycle Assessment performed on the 3MW Platform (Mark 2C) which accounts for turbine performance in all wind classes: V105-3.3 MW (IEC1A, 10 m/s), V112-3.3 MW and V117-3.3 MW (IEC2A, 8.5 m/s), and V126-3.3 MW (IEC3A, 7.5 m/s)
Product responsibility

Vestas' wind turbines, options and service offerings are the result of not only a thorough development process but also comprehensive analysis of market forecasts. The top-level Vestas process which allows us to fulfill our customer requests is known as the Vestas product market strategy. The product market strategy is the result of a complex series of analyses including market forecasts, customer trends, competition, technical predictions and grid requirements. Macro-economic factors such as national government targets for renewable energy are also studied. Based on this input, a series of strategic decisions are made regarding which products, technologies, configurations and service offerings to make available in which markets and when. By involving relevant stakeholders in the development process, requirements can be built into the design of the products at an early stage.

By knowing how Vestas' products and materials contribute to the environmental performance, it is possible to make fact-based and informed decisions at an early stage in the product design and development phases. Life Cycle Assessment is used to provide in-depth knowledge regarding the environmental 'hot spots' of the wind plant life cycle i.e. from raw material production, through to manufacturing, operation, servicing and plant decommissioning.

When designing our products, sustainability requirements are taken into consideration and ensured through Vestas' development process, the 'Vestas Way to Market.'

Vestas Way to Market

Vestas' Way to Market is Vestas' global framework for planning, managing and executing technology and product development projects and actively involving the whole value chain in our company. As such, we strive to ensure that these projects start and end with customer requirements in focus.

The core of Vestas Way to Market is the stage-gate process consisting of seven stages and seven gates with a group of gatekeepers at each stage. The gatekeepers decide whether to let the project move on to next stage, whether to rethink some aspects or stop the project. This process ensures, amongst other things, that the specification requirements are met. The specifications are based on internal Vestas commitments such as Vestas' chemical black list, international legislation such as the European directives, and internationally recognised codes and standards such as the ASMA, ISO and IEC.

In order to ensure regulatory compliance, it's our ambition to share knowledge of how regulatory requirements, including transportation and HSE requirements and grid codes requirements as well as standards and certification should be complied with in the respective departments in Vestas. The purpose is to strengthen Vestas' product regulatory compliance to ensure market access.
It is vital to identify business risks early in the development process in order to ensure that the project will not have a negative impact on Vestas' business and strategy, reputation etc. as well as on our customers' business. Risk management is a continuous process throughout the entire project, and a business risk overview is presented and reviewed at each gate meeting. It is the project manager's responsibility to identify and assess key risks and present mitigation actions. The risk analysis must include input regarding health and safety aspects, product and commercial issues, process risk analyses as well as an investigation into the IPR issues.

**Continuous Improvement**

Part of Vestas' business approach is to constantly develop new and better technical solutions that can improve the performance of our current operating fleet or the safety connected to operating the products.

Use of new technical solutions will very often have a positive influence on the Lost Production Factor (LPF) for a given wind farm. The LPF is the share of the potential energy from the wind not harvested by the turbines. The LPF has been substantially reduced in recent years. The average LPF has been below two percent since 2012.
Impact assessment

When establishing a wind farm, an important part of planning should be an assessment of the proposed location and how the proposed wind farm could potentially impact the surrounding environment. In many countries, environmental impact assessment is required by law, or is part of the environmental requirements of international financial institutions which support infrastructure projects.

In most cases Vestas’ main business partner – our customers – have the primary responsibility for undertaking the environmental assessment and for developing the environmental management system for the wind plant. Vestas seeks to work closely together with our customers throughout the project life.

The environmental aspects of such an environmental assessment typically take into account direct and indirect impacts, including, for instance:

- Landscape and visual impressions
- Flora
- Fauna (e.g. Birds)
- Noise
- Shadows
Managing **sustainability**

To encourage a company-wide sustainability culture, Vestas invests in nurturing and developing knowledge and skills of our employees, so everyone is empowered to work towards a shared vision of sustainability. At every level of the organisation awareness is raised to minimize sustainability risks. Decisions should always take into consideration not only the financial impacts, but also the ecological and social consequences.
Stakeholder engagement

As a global company, Vestas has many stakeholders who are interested in our sustainability performance. We understand that our sustainability performance is an important determinant of our relationship with stakeholders. We proactively engage with stakeholders to understand their needs and concerns, and in return we address these in our decision making process.

Transparency is a fundamental concept in our engagement strategy and this underpins our different engagement efforts. We publicly disclose key sustainability information in our annual report and on Vestas.com whilst also entering into more detailed dialogues with key stakeholders.

We actively collaborate with stakeholders to positively influence not only our own sustainability performance but also that of the wider communities we operate in. For example, Vestas took a leading role in the Global Wind Organisation, developing a standard for Basic Safety Training within the framework of the organisation.

Vestas, at the Group level, has both categorised and prioritised stakeholders in an effort to rationalise and focus engagement efforts. Initially stakeholders are categorised based on their relationship with Vestas, for example, customers, NGOs and policy makers. Subsequently, each stakeholder is considered in the context of a number of criteria to determine how relevant Vestas’ sustainability performance is to them and conversely how important they are to Vestas’ sustainability performance.

Engagement can range from forming active partnerships to address common sustainability issues to a more passive engagement through, for example, the publication of the annual report. The priority given to a stakeholder is used to determine the most appropriate approach to engagement.

Our ambition to build closer partnerships and support our stakeholders is reflected in Vestas' materiality analysis.

Contact us!

Sustainability
Main stakeholders

Our main stakeholder groups
Here at Vestas, we have many different stakeholder groups with whom we interact. These include customers, shareholders, employees, policy makers, suppliers and sub-suppliers, non-governmental organisations, local communities and the media.

1. Customers
We prioritise customers as our number one stakeholder group, and to ensure an open and honest dialogue we have implemented a Customer Loyalty survey. Vestas is working with customers on an on-going basis to address sustainability issues.

2. Shareholders
Transparency is at the heart of our outreach to the investment community. The stock market experts look at Social, Economic, Environmental and Health & Safety initiatives to rate listed industrial companies.

3. Employees
Employees are Vestas’ most important asset and we have a range of offerings aimed at them to ensure continuous learning and development as well as competitive benefits. We reach out to employees through different channels to ensure that they are engaged and committed to Sustainability issues. One channel is Vestas’ Safety Walks. A Safety Walk is an opportunity for managers in production, service or administration to discuss safe behavior and ways of improving safety with employees in their actual job function. We also use our Employee Survey to measure the employees’ perception of their working environment. The survey is followed up by the drafting of action plans in all departments in order to act on the feedback we receive.

To ensure that employees can report malpractice or ask questions they may need an answer to if faced with ethical dilemmas at work; a Whistle-blower system, named EthicsLine is available. Except where specifically prohibited by local law anyone filing a report may remain anonymous.

4. Policy makers
At Vestas, we work closely with political stakeholders to drive the market for wind energy. As our industry is a regulated industry, we are naturally in dialogue with governments, political leaders, civil servants, interest groups and non-governmental organizations all over the world. We offer advice and information about the benefits and potential of wind power and during 2016 Vestas was engaged with policy makers in the regions and countries where we operate advocating reforms and providing best practice experience.

5. Local communities
The acceptance and trust from local communities where the wind farms are erected are important elements to obtain and maintain the social license to operate. Obtaining and maintaining the social license requires, for example, timely and effective communication, meaningful dialogue, sensitivity to local cultural norms, creating realistic expectations, and developing fair grievance mechanisms.

Vestas works together with our customers to gain and maintain the social license. We do this as a part of our Social Due Diligence. Activities related to obtaining and
maintaining the social license can differ depending on the local context and the project set-up, but may include, for example: a local hiring process that ensures a balance in the workforce hired from the communities near the project; workshops at high schools on renewable energy and field trips to the wind farms; public communication on project development; community meetings; donations to e.g. local schools and health centers.
Material issues

Understanding our stakeholders’ opinions and priorities enables us to make better decisions and ensure that we are both a successful company and a responsible member of the community. We have therefore engaged with internal and external stakeholders to define what matters most to them and in doing so have identified what the material sustainability issues are for Vestas.

A materiality analysis is mapping topics and indicators that reflect the organization's significant economic, environmental, and social impacts. By identifying material issues we can focus our sustainability-related programs on the areas that are most important to Vestas and our stakeholders. The materiality analysis also influences how we report on sustainability issues. For example, we comment on the most material issues in the annual report and provide additional information and updates on Vestas.com.

The identification of material issues is performed through an internal stakeholder consultation involving many parts of the organization. To prioritise issues, we use internal knowledge of stakeholder expectations, Vestas surveys, external stakeholder sustainability reports, consultant input and global sustainability studies.

The materiality analysis is enhanced by consulting directly with external stakeholders such as customers and investors. Doing so gives us additional insight into their priorities and provides a useful platform for meaningful dialogue.

In 2016, the Vestas materiality analysis has identified a range of sustainability issues. Amongst these, Business Performance, Innovation, Health & Safety, Product Environmental Performance and Local Community Development are understood to be some of the most important sustainability issues.
Management systems

At Vestas, all employees must work according to management system standards for the environment and occupational health and safety.

To support this drive, environmental management is certified in accordance with the requirements of ISO 14001, health and safety management according to OHSAS 18001, and the quality management system in line with ISO 9001.

The Vestas Management System, covering quality, health, safety, environment, security, business ethics and social responsibility, serves to put all external and internal Vestas sustainability requirements systematically, efficiently and effectively into practice. It is Vestas' intent to make sustainability an integral component of all business processes.

In order to ensure continual improvements for sustainability performance in each area, our daily working practices are governed processes and supported by various tools – including databases and IT systems.

For example, in order to enhance communication we insist on regular internal reporting on all significant sustainability incidents through various channels. This helps us identify and investigate the most relevant issues to be addressed. The solutions implemented to these issues help to continuously improve the overall Vestas sustainability performance throughout the organisation.

Certificates

Vestas is fully covered by an umbrella certificate for the management system standards OHSAS 18001, ISO 14001 and ISO 9001.
Organising sustainability

To take sustainability at Vestas to the next level, a Sustainability Committee with cross-functional participation has been established. The role of the Sustainability Committee is to oversee, prioritise, and coordinate cross-functional sustainability initiatives in Vestas and ensure sustained conformity according to UN Global Compact. The committee reports to the Executive Management and has met five times in 2016, with a planned meeting frequency of four times a year going forward.

Responsibility for sustainability performance lies in the line organisation. To support the line organisation the following departments are responsible for global policies, procedures, and overall guidance related to sustainability: Health, Safety and the Environmental is managed by the Global Quality, Safety & Environment (QSE) department, CSR, Security and the Business Ethics function are managed by the Global Risk & Compliance department.

Board committees

Vestas board committees oversee Vestas’ focus on sustainability. In 2016, the Board of Directors held six Audit Committee meetings, four Nomination & Compensation Committee meetings, and four Technology & Manufacturing Committee meetings.

The Audit Committee evaluates the adequacy and effectiveness of Vestas’ ethics and anti-corruption programme pursuant to Vestas’ Code of Conduct and the World Economic Forum Partnering Against Corruption Initiative (PACI). The cases filed in Vestas whistle blower system, Vestas Ethics Line, are reported here.

The Nomination & Compensation Committee supports the Board of Directors in overall staff-related topics, including diversity. The Technology & Manufacturing Committee evaluates sustainability performance.
Safety standards
Customers and employees expect a unified approach to safety regardless of region or country. Vestas agrees. That's why we have developed a wide variety of global processes, such as:

Incident management
A sustained effort to increase the flow of knowledge in regards to corrective and preventive actions against safety is a priority. Global knowledge sharing on a monthly basis enables proactive learning to establish best practices for reducing the number of injuries.

Contractor safety
As Vestas’ own safety performance has improved strongly over the years, the performance of contractors has become increasingly important to protect both Vestas’ and its contractors’ employees from potential harm as well as to live up to customer expectations of safe operations. Measures implemented so far to improve the performance of contractors include pre-qualifications, standardisation of safety requirements and intensified tracking of safety performance.

Safety Induction programmes
A safety induction programme for managers and employees is part of the induction programme for new employees. We do this as employees must know what to expect - and what is expected of them - as soon as they arrive.

Electrical safety
Global standards on “Electrical Safety” and “Control of Hazardous Energy” have been developed in order to eradicate electrical injuries. A range of Master Instructors cascade their knowledge into the business.

Risk and opportunities
As part of Vestas’ strive for continuous improvements, its process of assessing risks and opportunities accommodates a growing demand for alignment across areas of sustainability. The process will ensure that all sustainability-related risks and opportunities are systematically and effectively identified, quantified, mitigated and monitored in an aligned way throughout the organisation.
Chemical management

Being in control of the chemicals and hazardous substances used in development, manufacturing and service of the turbines is part of our management system and essential for a sustainable company.

Only when actively working on finding safer and more environmentally friendly products does Vestas ensure a healthy workplace for our employees and minimum impact to the environment.

Chemical management at Vestas includes global procedures for approval of new chemicals, local instructions for handling, transporting and storing chemicals and a global chemical database for sharing knowledge from suppliers.

Vestas has, in cooperation with a global provider of chemical, regulatory and compliance information services, implemented a global chemical management system. This includes an online system where all employees can enter and obtain essential information about the chemicals and hazardous substances used in Vestas. Some of the essential information which is available to the employees in the database includes Safety datasheets (SDS’s) and information about dangerous goods facilitating safe handling, usage, transport and disposal.

In order to adapt to continuously changing chemical legislation globally like GHS/CLP and REACH, Vestas has developed a Material and Chemical Blacklist which identify substances that are prohibited or restricted with the aim of phasing out their use in our product and manufacturing and service processes. The prohibition or restriction is based on legal requirements or decided by Vestas management.

Vestas requires our suppliers to fulfill the requirements on the Chemical and Material Blacklist for all products delivered to Vestas. Vestas cannot buy products containing substances that are prohibited. If the product contains chemicals or materials restricted according to the Chemical and Material Blacklist, an HSE evaluation must be performed by the supplier to ensure correct use of the chemicals and materials. Furthermore it is expected that the supplier creates an action plan for phasing out these restricted substances and finding alternatives. In parallel, Vestas needs to assess if a time bound dispensation can be signed off and/or if the product can be substituted.
Employees

Employees are crucial to staying competitive and providing customers with the best service. The company’s People Pipeline – employee lifecycle – ensures that the right people are in the right functions throughout the organisation. It enables Vestas to attract, employ, reward, develop and retain the best.

Vestas attempts to foster an inclusive and diverse environment to attract employees of different nationalities. We are also dedicated to continuous improvement of competences. We do that through a variety of internal learning possibilities as well as career development. Vestas has among other things developed three leadership tracks and attractive benefits.

Being a global business entails employing people of different nationalities and cultures. The business must be ‘in the region, for the region.’

Recruiting

Vestas is active in over 70 countries and is constantly seeking opportunities to expand into new markets. We always seek to hire the best-suited candidates for vacant positions, based on background and merit. We do thorough assessments of both external and internal candidates, and value opportunities to promote qualified internal talents.

Training

In 2016, a total of 1,710,823 hours of training was registered resulting in an average of 79 hours of training per FTE.

Development

The Performance and Development Dialogue (PDD) and People Review are two of our key tools within the area of employee development.

The People Review aims to create insight into the performance and potential of our employees, and to have a structured and proactive approach to performance management, competency development, talent identification and management, and succession planning. All employees at our corporate leadership levels are mandatorily in review, but many business units choose to review all employees.

The People Review creates the foundation for the PDD’s, which take place after the People Review. The PDD’s are discussions between managers and their staff. They ensure that all employees receive feedback on their performance and behaviour for the year and set goals for the coming 12 months. The aim is for all Vestas’ employees to have a yearly PDD that is followed up throughout the year with ‘Continuous Feedback’ meetings between manager and employee.

In 2016, 95 percent of Vestas’ employees responded to the Employee Survey and 85 percent of Vestas' employees conducted a Performance and Development Dialogue with their manager.

Compensation & Reward

Vestas is a global company and, inevitably, this means pay practices and market rates may differ by region. However, the company
aims to approach each location in the same manner and with the same guidelines. Thus Vestas seeks to ensure that compensation and reward levels remain fair when comparing, for instance, locations and gender, and remain competitive when comparing to industry standards.

Exit
All employees leaving Vestas, regardless of the reason for their departure, are offered an interview as part of the exit process. This way, the company learns more about why the employee has chosen to leave Vestas, and can devise new methods for making the company more likely to attract and retain talent in the future.

When having to lay-off employees in large numbers, Vestas always ensures negotiations are conducted as quickly as possible and result in decent severance packages for all those affected. In such incidences, Vestas offers laid-off employees support for further education and outplacements.
Reporting

At Vestas we believe in being open about the way we operate with regard to the sustainability aspects of our business. To demonstrate this, we report and document the facts using readily accessible tools.

The annual report describes our overriding objective for our work in the context of sustainability. It also contains statistics on key indicators, as well as expectations for the future. Vestas’ Communication on Progress to UN Global Compact consists of the Annual Report combined with additional information about Vestas’ sustainability initiatives at vestas.com. A pdf is prepared of the additional information on the web and both documents are uploaded to UN Global Compact.

Quarterly reporting gives detailed data on significant environmental and health and safety aspects.
## Reports and ratings

### Sustainability data

**Selected environmental data**

### Sustainability reports

- **Annual Report 2015**, Sustainability 2015
- **Annual Report 2014**, Sustainability 2014
- **Annual Report 2013**, Sustainability 2013
- **Annual Report 2012**, Sustainability 2012
- **Sustainability Report 2010**
- **Annual Report 2009**
- **Annual Report 2008**
- **Annual Report 2007**
- **Annual Report 2006**
- **Annual Report 2005**
- **Environmental Statement 2004**
- **Environmental Statement 2003**
- **Environmental Statement 2002**
- **Environmental Statement 2001**
- **Environmental Statement 2000**

### Recognitions

Member company of the **FTSE4Good** index
Member company of the STOXX Global ESG Leaders

Member company of the MSCI Indices (ESG, SRI, Environmental, Climate)

Vestas Wind Systems has been selected as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe since 15/04/2016.

Carbon Disclosure Project
GRI and GC index

Vestas signed up to the United Nations Global Compact in 2009. We report on our implementation of the ten Global Compact Principles in the areas of human rights, labour, environment and anti-corruption.

Based on the guidance and requirements of the Global Reporting Initiative, Vestas’ reporting contains Standard Disclosures from the GRI Sustainability Reporting Guidelines in the combined reporting in the Annual Report and online.

The index lists references in the Annual Report as well as online information. In addition to the GRI reporting elements, this online index also contains details of topics relevant to the Global Compact Principles. The ten principles have been linked to the GRI indicators.

Vestas is implementing the UN Global Compact Advanced Programme. See Vestas’ status on realizing the UN Global Compact Advanced.