Vestas

Statutory report on **corporate governance**

according to section 107b of
the Danish Financial Statements Act
– the accounting period 1 January-31 December 2012

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Corporate governance principles

Corporate governance, defined as “the system used to manage and control a business”, is to a wide extent reflected in the provisions concerning the board of directors set out in the Danish Companies Act.

To Vestas’ Board of Directors corporate governance is not just a set of rules but a constant process. Consequently, the Board of Directors continuously addresses the guidelines and processes for the overall management of the Vestas Group. This ensures that the management at any time is able to solve its managerial tasks professionally and with due consideration to current legislation, practices and recommendations.

The evaluation of the guidelines and processes includes a review of the company’s business model, business processes, goals, organisation, capital position, stakeholder relations and risks as well as exercise of the necessary control.

Once a year, the Board of Directors evaluates the recommendations for corporate governance prepared by the Danish Committee on Corporate Governance.

Danish recommendations on corporate governance

Pursuant to the rules of NASDAQ OMX Copenhagen A/S, listed companies must state their position to the Committee’s recommendations. This must be done using the “comply or explain” principle.

Vestas’ position with regard to each individual recommendation is described in this statutory report. It is specified in the recommendations on corporate governance that it is just as legitimate to explain a deviation from a specific recommendation as to comply with the recommendation. The key issue is to create transparency in the corporate governance matters.

Reference to documents

All documents referred to in this statutory report are available at vestas.com/investor/corporategovernance under “Statutory report”.

Adopted by the Board of Directors of Vestas Wind Systems A/S, February 2013.

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Signature

- The company complies with the recommendation.
- The company partly complies with the recommendation.
- The company does not comply with the recommendation.

1. The role of the shareholders and their interaction with the management of the company

The company's shareholders, employees and other stakeholders have a joint interest in the company always being capable of adjusting to changing demands which allow the company to continue to be competitive and create value. It is therefore essential that a positive interaction between the management and the shareholders exists. The shareholders exercise their influence at general meetings. As owners of the company, the shareholders should by actively exercising their rights and using their influence contribute towards ensuring that the company's management protects the shareholders' interests in the best manner possible and secure a beneficial and balanced development of the company in the short and long term.

Good corporate governance calls for a suitable framework that facilitates a dialogue between the shareholders and the company's management. Such framework can be established by ensuring that the shareholders are always well-informed of the company's position and prospects, and that the general meeting constitutes a forum for communication and discussion and the scene where shareholders express their views and make decisions.

Recommendation	**Vestas' comments**
1.1. Dialogue between the company and its shareholders	
1.1.1. The Committee recommends that the central governing body, for example through investor relations activities, ensures an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website.	Vestas is in regular dialogue with the company's shareholders and investors. Vestas' Investor Relations department aims to be visible and accessible to present and potential shareholders, investors and other stakeholders. Daily communication is handled through telephone calls and emails to ir@vestas.com or by way of an informative website. Moreover, twice a year a publication is prepared in which the company's Group President & CEO gives a brief presentation of the company's state of affairs, development potentials and an overview of the highlights for the relevant period. In connection with the presentation of its financial reports, Vestas arranges information meetings for members of the media, analysts and investors. These presentations are webcast live via the internet.

Following the financial presentations, Vestas' Group President & CEO, Executive Vice President & CFO and Investor Relations participate in a roadshow in which meetings are held with investors and stakeholders in Europe and the USA. Moreover, Vestas arranges and participates in various fairs, analyst and investor meetings and other Investor Relations activities throughout the year.

In 2012, Vestas held 39 roadshow days and participated in 22 Investor Relations events.

Moreover, in October, Vestas hosted a capital markets day in Aarhus, Denmark for investors, analysts and the media.

In connection with Vestas' Annual General Meeting in 2012, an information page was set up at vestas.com/investor giving all relevant shareholder information about the Annual General Meeting.

Vestas also invited the company's shareholders to express their views at the Annual General Meeting or to pose questions before the meeting. Questions posed before the meeting were published at vestas.com/investor together with the answers.

It is possible for Vestas' stakeholders to receive company announcements from Vestas Wind Systems A/S by email by subscribing to Vestas' mailing list at vestas.com/investor/contactIR.

1.2. Capital and share structure

1.2.1. The Committee recommends that the central governing body every year evaluates whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.

Once a year, Vestas' Board of Directors evaluates to what extent the company's capital structure, share structure and capital resources at any given time are reasonable in consideration of the Group's operations and the stakeholders' interests, ref. rules of procedure for the Board of Directors of procedure. The annual report 2012 contains further details.

1.3. The general meeting

1.3.1. The Committee recommends that the supreme governing body and the executive management promote active ownership, including shareholders' attendance at general meetings.

Vestas' general meetings are the place for communication and discussions, and the place for shareholders to express their views and take decisions.

The Board of Directors wants every single shareholder and investor to exercise his or her influence, and the Board of Directors therefore requests all shareholders to ensure that their portfolio of Vestas shares is duly registered in the company's register of shareholders in the shareholder's own name in order for Vestas to know who to communicate with.

Furthermore, the Board of Directors encourages all shareholders and investors to express their views by voting at future general meetings:

- by attending the general meeting or;
- through the InvestorPortal to:
  - cast your vote,
  - vote by correspondence,
  - fill-in a proxy,
  - grant authorisation to the Board of Directors or appoint a third-party proxy or;
- by, in writing, filling in and returning a correspondence vote or proxy.

The brochure "Become an active Vestas shareholder" gives further information on how to become an active Vestas shareholder. The brochure is available at vestas.com/investor.

Moreover, in 2012 an information page was established at the company's web site. The page contains all information about the Annual General Meeting, and according to the rules in force also a Q&A feature was added allowing shareholders to ask questions before the Annual General Meeting.

1.3.2. The Committee recommends that the central governing body resolves or submits to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.

At the board meeting held in November 2011, the Board of Directors decided that the Annual General Meeting in 2012 should be conducted by physical attendance.

Shareholders entitled to vote but unable to attend could before the Annual General Meeting vote either through Vestas' InvestorPortal, by correspondence, by filling in an instruction proxy form or by granting authorisation to the Board of Directors or a third party.

1.3.3. The Committee recommends that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.

At the Annual General Meeting in 2012, it was possible for the shareholders to decide on each individual item on the agenda by using the proxy and in this way exercise their influence.

The rules governing general meetings are set out in Vestas' articles of association.

1.3.4. The Committee recommends that all members of the supreme governing body and the executive management be present at the general meeting.

Vestas recommends that all members of the Board of Directors and members of the Executive Management be present at the general meeting.

11 out of the 12 members of the Board of Directors and the Executive Management participated in the Annual General Meeting in 2012.

1.4. Takeover bids

1.4.1. The Committee recommends that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, does not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.

In the event of a takeover bid, the Board of Directors will not without the acceptance of the general meeting attempt to counter such takeover bid by making decisions that in reality prevent the shareholders from deciding on the takeover bid, ref. rules of procedure for the Board of Directors.

1.4.2. The Committee recommends that the central governing body gives the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.

As a listed company, Vestas is under an obligation to give the shareholders the opportunity to decide whether or not they wish to dispose of their Vestas shares on the terms offered.

2. The role of stakeholders and their importance to the company and the company's corporate social responsibility

In order to ensure that the company is always capable of adapting to the changing demands and thereby stays competitive and deliver value-adding performance, it is essential for the company to have - apart from the dialogue with its shareholders - good relations to its other stakeholders.

The company's management should operate and develop the company with due consideration of its stakeholders and to a reasonable extent engage in an active dialogue with its stakeholders to develop and strengthen the company. Such dialogue may for instance take place at investor meetings.

Recommendation	Vestas' comments
2.1. The company's policy in relation to its stakeholders	
2.1.1. The Committee recommends that the central governing body identifies the company's key stakeholders and their main interests in relation to the company.	Vestas' relations to its stakeholders – present and potential shareholders, business partners, employees and the surrounding society – are based on the company's business model, vision, mission and objectives. Vestas seeks to develop and maintain good relations to its stakeholders as such relations are found to have a significant and positive impact on the company's development. Once a year, when the document "Vestas' relations with the Group's stakeholders" is updated, the company identifies the company's most important stakeholders and their most significant interests in relation to the company, ref. rules of procedure for the Board of Directors.
2.1.2. The Committee recommends that the central governing body adopts a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.	Vestas' Board of Directors has adopted a policy regarding the company's relationship with its stakeholders, ref. rules of procedure for the Board of Directors. The latest update of the policy was carried out in connection with the board meeting in November 2012.

Moreover, Vestas has adopted a Code of Conduct which is a set of rules for ethic behaviour laying down standards in various areas to be used by all Vestas employees in order to maintain Vestas' reputation as a company with a high integrity and credibility.

The Board of Directors monitors the Executive Management's management of the company and thereby ensures that the interests and roles of the stakeholders are respected, ref. rules of procedure for the Board of Directors.

The Board of Directors receives a monthly report from the company outlining the Investor Relations activities in which the company has participated.

2.2. Corporate social responsibility

2.2.1. The Committee recommends that the central governing body adopts a policy on corporate social responsibility.

The actions of a company have an influence on the society in which it operates. A company is responsible – under law and in the public opinion – for the impact that the company's activities may have on nature and the local and global society.

Vestas is an international company that endeavours to act as a responsible socially-minded company on a global scale. It is therefore Vestas' aim to carry on its activities in a way which is least detrimental to the environment and the suroundings in general.

Policies concerning corporate social responsibility are incorporated in Vestas' Code of Conduct.

At least once a year, Vestas' Board of Directors reviews the company's policies regarding corporate social responsibility, ref. rules of procedure for the Board of Directors. The latest update of the policies was carried out in connection with the board meeting in November 2012.

3. Openness and transparency

Shareholders, including potential shareholders, and other stakeholders have different needs for information about the company. Their understanding of and relation to the company depend among other things on the scope and quality of information provided by the company.

Openness and transparency are essential conditions in order to ensure that the company's shareholders and other stakeholders currently are able to evaluate and relate to the company and its future.

Openness and mutual respect are prerequisites for a fruitful interaction between the company and its stakeholders.

A carefully planned and updated communication strategy is a tool for the company to ensure timely delivery of reliable, accurate and updated internal and external information of high quality and to meet the disclosure requirements in force from time to time.

Recommendation	**Vestas' comments**
3.1. Disclosure of information to the market	
3.1.1. The Committee recommends that the central governing body adopts a communication strategy.	Once a year, the Board of Directors reviews and updates, if needed, the company's communication strategy, ref. rules of procedure for the Board of Directors. The communication strategy was last reviewed at the board meeting held in November 2012. The communication strategy is available at vestas.com/investor.
3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.	Vestas' company announcements are published in English and Danish and distributed by NASDAQ OMX Copenhagen's GlobeNewswire and published at vestas.com/investor and vestas.dk/investor, respectively.

3.1.3. The Committee recommends that the company publishes quarterly reports.

Vestas discloses financial reports four times a year – one annual report and three interim financial reports, ref. rules of procedure for the Board of Directors.

Financial reports disclosed in 2012 are available at vestas.com/investor. The publication dates for future financial reports appear from the financial calendar at vestas.com/investor.

4. The tasks and responsibilities of the supreme and the central governing bodies

The supreme governing body is responsible for safeguarding the interest of the shareholders with care and due consideration for the other stakeholders.

The most important tasks of the supreme governing body include appointing a qualified executive management, establishing its tasks, terms of employment and distribution of work and preparing clear guidelines for accountability, planning and follow-up and management. The supreme governing body is responsible for supervising the executive management and preparing guidelines for how to exercise this supervision.

The supreme governing body is responsible for ensuring the continued development and retention or dismissal of the members of the executive management as well as ensuring that the remuneration of the members of the executive management reflects the longterm value creation in the company achieved by the executive management.

Both the supreme governing body and the central governing body shall ensure that the company's capital resources always are sound.

The central governing body is in charge of the overall and strategic management of the company. The central governing body must define the company's strategic goals and make sure that the necessary conditions for achieving such goals are present in the form of financial as well as competence resources and is responsible for the proper organisation of the company's activities.

It is essential that the central governing body takes steps to ensure ongoing development of and follow-up on the company's strategic goals and determine whether the conditions for achieving these goals are present.

Recommendation	Vestas' comments
4.1. Overall tasks and responsibilities	
4.1.1. The Committee recommends that the central governing body determines the company's overall strategy at least once every year with a view to sustaining value creation in the company.	Once a year, the Board of Directors arranges a strategy seminar with participation of the members of the Executive Management to discuss the strategies and future visions of the Group, ref. rules of procedure for the Board of Directors. The strategy seminar took place in April 2012.
4.1.2. The Committee recommends that the supreme governing body at least once every year discusses and ensures that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	At least once a year, the Board of Directors discusses and reviews the management's qualifications in order to ensure that the right management is in place to achieve the company's strategy.

Furthermore, once a year the Board of Directors reviews and approves the annual budget that includes, among other things, information on liquidity, financing and cash flow.

In 2012, these issues were discussed at the board meeting in November, ref. rules of procedure for the Board of Directors.

4.1.3. The Committee recommends that the supreme governing body at least once every year defines its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive management.

At the board meeting held in March 2012 when the Board of Directors reviewed its rules of procedure, the Board defined its most important tasks and made an assessment of how to supervise the work of the Executive Management, ref. rules of procedure for the Board of Directors.

4.1.4. The Committee recommends that the supreme governing body annually discuss the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the supreme governing body set measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.

In order to achieve its strategic goals, Vestas needs to become less Danish and have more women managers. At the end of 2012, the number of different nationalities was 84. Non-Danish nationals held 56 per cent of the positions in the upper management level. 17 per cent were women. The aim is to have many nationalities represented at all locations which have a broad range of professional groups. Another intention is for the number of women managers to rise and to increase the share of non-Danish nationals in management positions. However, qualifications always have first priority.

The Board of Directors also discusses diversity with respect to board composition. Diversity is discussed in connection with assessments of new board candidates. When proposing new board candidates, the Board of Directors pursues the goal of having several nationalities of both sexes. In addition, the Board of Directors is focused on having a diverse age distribution. However, this goal must not compromise the other recruitment criteria.

4.2. Rules of procedure

4.2.1. The Committee recommends that the supreme governing body reviews its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.

The Board of Directors reviews its rules of procedure once a year in order to ensure that the rules constitute an efficient and operational tool for the work of the Board of Directors, ref. rules of procedure for the Board of Directors.

The rules of procedure for the Board of Directors were last discussed in connection with the board meetings in March and June 2012.

4.2.2. The Committee recommends that the supreme governing body annually reviews and approves procedures for the executive management, including establishes requirements for the executive management's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.

Once a year, the Board of Directors reviews and approves the rules of procedure of the Executive Management at the board meeting held in connection with the annual general meeting, ref. rules of procedure for the Board of Directors.

The rules of procedure lay down, among other things, procedures governing the Executive Management's reporting to the Board of Directors and for the mutual dialogue in general. This is a way to ensure that the Board of Directors continuously receives the information about the company's business needed by the board. However, in all events the Executive Management is to ensure that all significant information is passed on to the Board of Directors, irrespective of whether the Board of Directors may have expressly requested such information.

The rules of procedure for the Executive Management were last discussed in connection with the board meeting in March 2012.

4.3. The chairman and deputy chairman of the supreme governing body

4.3.1. The Committee recommends that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.

In accordance with article 8(2) of Vestas' articles of association, the Board of Directors may decide to appoint a deputy chairman. Vestas' Board of Directors has appointed a deputy chairman.

In the chairman's absence, the deputy chairman acts on behalf of the chairman, ref. the document "Duties and responsibilities of the chairman of the Board of Directors".

4.3.2. The Committee recommends the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.

The tasks and duties of the chairman and the deputy chairman are described in the document "Duties and responsibilities of the chairman of the Board of Directors". The document is updated once a year in connection with the update of the rules of procedure of the Board of Directors.

4.3.3. The Committee recommends that the chairman of the supreme governing body organises, convenes and chairs meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.

The Board of Directors schedules its meetings for two years at a time. The chairman of the Board of Directors must ensure that meetings are scheduled at such frequency that the Board of Directors at any time can act as an active sparring partner to the Executive Management and react fast and efficiently.

In connection with the distribution of the tasks and duties of the Board of Directors and the continuous dialogue during board meetings, the chairman endeavours to ensure that the particular knowledge and qualifications of each board member be applied in the best manner possible to the benefit of the company, ref. rules of procedure for the Board of Directors.

4.3.4. The Committee recommends that if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive management. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.

The chairman must not perform duties for the company that are not an inherent part of the office as chairman with the exception of isolated tasks that the chairman is requested to perform by and on behalf of the Board of Directors, ref. rules of procedure for the Board of Directors.

The chairman of the Board of Directors has not performed such isolated tasks in 2012.

If it is decided by the Board of Directors that the chairman must participate in the day-to-day management, this decision will be disclosed in a company announcement.

5. Composition and organisation of the supreme governing body

In companies where the board of directors is the supreme governing body, the board of directors should be composed in such a way as to allow it to perform its managerial duties, including the overall and strategic tasks.

It is essential that the supreme governing body of a company is composed so as to ensure efficient performance of its control duties and, at the same time, establish a constructive and qualified dialogue with the executive management. It is equally important that all members of the supreme governing body always act independently of any special interests.

Diversity improves the quality of the supreme governing body's work and the cooperation between its members, including through different approaches to the performance of management tasks.

The supreme governing body should continuously assess to what extent its composition and the competences of its members, individually and collectively, reflect the demands posed by the company's situation and circumstances. Diversity may improve the quality of the work in the supreme governing body.

In order to increase value creation, the supreme governing body should carry out an evaluation of its members every year and ensure integration of new talent while maintaining continuity.

Recommendation	Vestas' comments
5.1. Composition	
5.1.1. The Committee recommends that the supreme governing body annually specifies the competences it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.	In the light of the tasks facing the Board of Directors, the board will assess on a current basis the competences required to fulfil its duties. The description of competences is updated once a year in connection with an update of the rules of procedure for the Board of Directors. The description of competences is available at vestas.com/investor.

5.1.2. The Committee recommends that the supreme governing body ensures a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender, age, etc.

For the identification and assessment of profiles and qualifications specifically needed in order to supplement the expertise reflected in the general composition of the Board of Directors, the Board of Directors uses external assistance.

When nominating new candidates, the criteria used are among other things gender and age, however, the other recruitment criteria will never be compromised

In 2012, Bent Erik Carlsen, Torsten Erik Rasmussen, Freddy Frandsen and Elly Smedegaard Rex resigned as members of the Board of Directors. Bert Nordberg, Lars Josefsson, Eija Pitkänen and Knud Bjarne Hansen were elected as new members of the Board of Directors.

After the Annual General Meeting in March 2012, the Board of Directors held a statutory board meeting. At the meeting Bert Nordberg was elected as chairman of the Board and Lars Josefsson was elected as deputy chairman of the Board.

5.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive managements, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.

The notice convening Vestas' Annual General Meeting in 2012 where election of board members was on the agenda, included a detailed description of each individual candidate, including information on age, position, education, former employment, other offices held in Danish and foreign companies and organisations, positions of trust, indication of independence and special competences, ref. rules of procedure for the Board og Directors.

The description is available at vestas.com/investor.

5.1.4. The Committee recommends that every year, the annual report contains an account of the composition of the supreme governing body, including its diversity, and of any special competences possessed by the individual members.

A description of the composition of the Board of Directors and a profile of each individual board member is available in the 2012 annual report and at vestas. com/investor.

5.2. Training and introduction for members of the supreme governing body

5.2.1. The Committee recommends that new members joining the supreme governing body be given an introduction to the company.

The chairman of the Board of Directors ensures that board members upon their appointment receive a briefing on the company and in consultation with each individual member, the chairman decides if the person in question should be offered relevant supplementary instruction, ref. the rules of procedure for the Board of Directors.

5.2.2. The Committee recommends that the supreme governing body annually assesses whether the competences and expertise of its members need to be updated.

The Board of Directors assesses annually whether the competences and expertise of its members need to be updated, ref. the document "Duties and responsibilities of the chairman of the Board of Directors".

In 2012, this assessment took place at the board meeting in November where the work and cooperation of the board was evaluated.

It is the responsibility of each board member to actively acquaint himself/herself with and currently keep himself/herself informed of the company's affairs and relevant industry issues, ref. the rules of procedure for the Board of Directors.

5.3. Number of members of the supreme governing body

5.3.1. The Committee recommends that the supreme governing body has only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.

According to the company's articles of association, the Board of Directors may consist of five to ten members elected by the general meeting for one year at a time as well as any board members elected by the employees. Board members are eligible for re-election, ref. the rules of procedure for the Board of Directors.

5.3.2. The Committee recommends that in connection with the preparation for each year's general meeting, the supreme governing body considers whether the number of members is appropriate in relation to the requirements of the company.

The Board of Directors currently consists of eight members elected by the general meeting with broad international experience within corporate management as well as four employee representatives.

In connection with the nomination of candidates at the 2012 Annual General Meeting, the board found that the number of Board members was suitable considering the tasks assigned to the Board.

The Board of Directors ensures that the number of board members is sufficient to represent the necessary width of professional competences and to facilitate a practical distribution of responsibilities among the members. At the same time, the board should not consist of such number of members that will impede an efficient and swift decision-making process, ref. the document "Duties and responsibilities of the chairman of the Board of Directors".

5.4. The independence of the supreme governing body

5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee recommends that at least half of the members elected by the general meeting be independent persons.

The independent supreme governing body member may not:

- be, or have been within the last five years, a member of the executive management/managerial staff of the company or an associated company;
- have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body;
- represent the interests of a controlling shareholder;
- within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company;
- be, or have been within the last three years, an employee or partner of the external audit firm;
- hold cross-memberships of governing bodies;
- have been a member of the supreme governing body for more than 12 years; or
- have close family ties with persons that are not regarded as independent persons.

According to the definition in the recommendation of "an independent person", in 2012, six out of the eight board members elected by the general meeting are considered "independent".

One member has been member of the Board of Directors for more than 12 years, and one member is associated with one of the law firms that advises the company.

Vestas is a young company in an immature industry and the company has experienced considerable changes which is also expected to be the case going forward. Against this background, and in light of the high volatility characterising the industry, it is important that the Board of Directors has the required competences and experiences that goes with board tenure. The Board of Directors recognises the need for gradually bringing in new board members and in 2012, four new board members joined the Board. However, it is also important to retain the expertise and experience held by the existing board members.

5.4.2. The Committee recommends that at least once every year, the supreme governing body lists the names of the members who are regarded as independent persons and also discloses whether new candidates for the supreme governing body are considered independent persons.

An overview of which of the board members and the board candidates are considered independent according to the Committee on Corporate Governance's definition of independence is available at vestas.com/investor.

5.5. Members of the supreme governing body elected by the employees

5.5.1. The Committee recommends that the individual company explains, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.

A description of the Danish system of employee-elected board members is available at vestas.com/investor.

The employees of Vestas have chosen to apply the provisions of the Danish Companies Act on employee representation.

The present representatives were elected in 2012 and their election terms expire in 2016.

5.6. Meeting frequency

5.6.1. The Committee recommends that the supreme governing body meets at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.

The Board of Directors plans board meetings for two years at a time.

The Board of Directors holds at least five ordinary meetings a year as scheduled in an advance meeting and work plan and whenever deemed necessary or requisite considering the company's needs, ref. the rules of procedure for the Board of Directors.

In 2012, the Board of Directors held a total of 24 meetings as well as a strategy seminar, ref. the annual report 2012.

5.7. Expected time commitment and the number of other executive functions

5.7.1. The Committee recommends that each member of the supreme governing body assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.

Vestas holds the view that each board member is capable of assessing in a satisfactory manner the member's time commitment for executive functions and number of directorships in order not to impact adversely on the quality of the work performed for Vestas' Board of Directors.

5.7.2. The Committee recommends that the annual report contains the following information about the members of the supreme governing body:

- the member's occupation;
- the member's other executive functions, e.g. memberships of executive managements, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks; and
- the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.

Vestas' annual report 2012 contains detailed information on all members of the Board of Directors, i.e. their age, position, other executive functions in Danish and foreign companies and organisations and the number of shares.

5.8. Retirement age

5.8.1. The Committee recommends that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of the board of directors.

Vestas' articles of association do not state a retirement age for board members.

According to the rules of procedure for the Board of Directors, the Board of Directors will not nominate candidates who have reached the age of 70.

The company does not want to limit the shareholders' ability to nominate candidates which is why a retirement age of the Board of Directors is not included in the articles of associations.

The profile of each board member is available at vestas.com/investor and in the annual report 2012.

5.9. Election period

5.9.1. The Committee recommends that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.

Board members elected by the general meeting are up for election every year at the company's Annual General Meeting, ref. article 8(1) of Vestas' articles of association.

5.9.2. The Committee recommends that the annual report states when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.

The annual report 2012 contains information on the year of appointment of each member, whether the member has been re-elected and the expiry of the current election term.

The profile of each board member is available at vestas.com/investor.

5.10. Board committees

5.10.1. The Committee recommends that the company publishes the following information in the management commentary in its annual report or on the company's website:

- the terms of reference for the board committees;
- important activities of the committees during the year and the number of meetings held by each committee; and
- the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.

Vestas' annual report contains the following information about the company's board committees:

- composition,
- function,
- responsibilities,
- work methods and
- number of meetings.

This information is also available at vestas.com/investor.

The purpose of Vestas' board committees is to prepare decisions and recommendations for consideration and approval by the entire Board of Directors. The committees are not authorised to make independent decisions but report to and make recommendations to the combined Board of Directors.

Against this background and keeping in mind that publication of the committees' activities in certain instances may be detrimental to the company, the Board of Directors has decided not to publish the committees' most significant activities.

According to Danish legislation the company is obliged to establish an audit committee, and therefore the Board has decided to publish the committee's charter at the company's website.

The terms of reference of the other committees are not published as the terms of these committees may be regarded as internal documents. Therefore, publication of these documents serves no purpose and creates no value.

5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.

When appointing members to the individual board committees, the Board of Directors finds it most important to consider the competences of each member and to ensure that these competences are put to the best possible use for the company and in this context the Board attaches less importance to the independence of each member.

According to the definition of the term independence given by the Committee on Corporate Governance, one out of the three board committees does not live up to the recommendation i.e. the Nomination & Compensation Committee.

5.10.3. The Committee recommends that the supreme governing body establishes an actual audit committee.

According to applicable Danish law and the rules of procedure for the Board of Directors, Vestas has established an audit committee.

A description of the committee's composition, responsibilities and work methods is contained in the annual report 2012 and is available at vestas.com/investor.

5.10.4. The Committee recommends that the following be taken into account in composing the audit committee:

- the chairman of the supreme governing body should not be chairman of the audit committee; and
- between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market.

In May 2012, three board members were elected members of the Audit Committee.

The profile of each board member is available at vestas.com/investor.

5.10.5. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the supreme governing body about:

- significant accounting policies;
- significant accounting estimates;
- related party transactions; and
- uncertainties and risks, including in relation to the outlook.

In connection with the preparation of the company's four financial reports in 2012, the Audit Committee reviewed the accounts and reported to the Board of Directors, ref. the charter of the Audit Committee.

5.10.6. The Committee recommends that the audit committee:

- annually considers whether there is a need for an internal audit function; and if so,
- formulates recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function; and
- monitors the executive management's follow-up on the conclusions and recommendations of the internal audit function.

Once a year, the Audit Committee assesses the need for an internal audit function, ref. the charter of the Audit Committee. In the 2012 financial year, the Committee found that it was not necessary to establish an internal audit function because the tasks that would normally be undertaken by internal audit are handled by an internal compliance department, which reports directly to the Audit Committee ref. the annual report 2012.

5.10.7. The Committee recommends that the supreme governing body establishes a nomination committee with at least the following preparatory tasks:

- describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of competences, knowledge and experience available in the two governing bodies;
- annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes;
- annually evaluate the competences, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body;
- consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions; and
- identify and recommend to the supreme governing body candidates for the governing bodies.

Vestas' Nomination & Compensation Committee has the responsibilities of the nomination committee and the remuneration committee. In the opinion of the Board of Directors, this committee has the necessary competences to undertake both tasks.

A description of the committee's composition, responsibilities and work methods is available in the annual report 2012 and at vestas.com/investor.

5.10.8. The Committee recommends that the supreme governing body establishes a remuneration committee with at least the following preparatory tasks:

- make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive management;
- make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive management and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive management receive from other companies in the group; and

Vestas' remuneration committee is called the "Nomination & Compensation Committee" and undertakes the responsibilities of both the nomination committee and the remuneration committee.

A description of the committee's composition, responsibilities and work methods is available in the annual report 2012 and at vesas.com/investor.com.

- oversee that the information in the annual report on the remuneration of the supreme governing body and the executive management is correct, true and sufficient.

5.10.9. The Committee recommends that the remuneration committee does not consult with the same external advisers as the executive management of the company.

In the opinion of the Board of Directors, the company's advisers are top professional advisers capable of handling this situation.

5.11. Evaluation of the performance of the supreme governing body and the executive management

5.11.1. The Committee recommends that the supreme governing body undertakes an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.

In accordance with the rules of procedure for the Board of Directors and the document "Duties and responsibilities of the chairman of the Board of Directors", the Board of Directors continuously evaluates its work.

Once a year, at the board meeting at which the interim financial report for the third quarter is presented for approval, the Board evaluates in an open dialogue the work methods and results of the Board's work and the efforts of each participant.

5.11.2. The Committee recommends that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.

The evaluation of the Board of Directors is led by the chairman and is effected by way of discussions by the entire Board of Directors, usually at the board meeting held in connection with the approval of the interim financial report for the third quarter, ref. the document "Duties and responsibilities of the chairman of the Board of Directors".

In 2012, the result was discussed by the entire Board of Directors at the meeting held in November.

The annual report 2012 contains a description of the self-assessment process, however, the result will not be published due to the fact that if a director is found not to fulfill his role as member, the person will not be proposed for re-election.

5.11.3. The Committee recommends that the supreme governing body at least once every year evaluates the work and performance of the executive management in accordance with pre-defined criteria.

Once a year, the Board of Directors evaluates the work and performance of the Executive Management. This evaluation is effected in a dialogue between the Group President & CEO and the chairman of the Board of Directors, and the result of the evaluation will subsequently be presented to the entire Board of Directors, ref. the rules of procedure for the Board of Directors and the document "Duties and responsibilities of the chairman of the Board of Directors".

The evaluation is based on the following criteria:

- the Group's general development;
- the Group's reputation and position;
- implementation of the Group's strategy;
- the Group's financial targets;
- the customer satisfaction survey; and
- the employee satisfaction survey.

5.11.4. The Committee recommends that the executive management and the supreme governing body establishes a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.

Once a year, the Board of Directors and the Executive Management evaluate their cooperation in an open dialogue at the board meeting at which the interim financial report for the third quarter is presented for approval, ref. the document "Duties and responsibilities of the chairman of the Board of Directors".

The evaluation is undertaken by the chairman.

The Board of Directors and the Executive Management find that the current evaluation procedure is satisfactory and therefore find it unnecessary to formalise this dialogue.

6. Remuneration of members of the governing bodies

It is essential that there is openness and transparency about all important issues regarding the principles for and amounts of the total remuneration package offered to the members of the governing bodies. The principles governing remuneration must support a long-term creation of value to the company.

Competitive remuneration is a prerequisite for attracting and retaining competent members of the company's board of directors and executive management. The total remuneration package, i.e. the fixed and the variable components as well as other remuneration components should be at a reasonable level and reflect the members' independent efforts, responsibilities and creation of value to the company. The variable component of the remuneration should be based on realised results over a period with a view to long-term value creation.

Recommendation	Vestas' comments
6.1. Content and form of the remuneration policy	
6.1.1. The Committee recommends that the supreme governing body adopts a remuneration policy applicable to the supreme governing body and the executive management.	Vestas' remuneration policy for the Board of Directors and the Executive Management was approved by the Board of Directors in February 2011.
6.1.2. The Committee recommends that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	Vestas' remuneration policy for the Board of Directors and the Executive Management was discussed and approved at the Annual General Meeting in 2011.
6.1.3. The Committee recommends that the remuneration policy includes a thorough description of the components of the remuneration for members of the supreme governing body and the executive management.	Vestas' remuneration policy governing the Board of Directors and the Executive Management contains an overview of the fixed and variable salary, pension schemes, severance schemes or the like. As regards remuneration incentive schemes, please see the general guidelines for incentive pay.

6.1.4. The Committee recommends that the remuneration policy includes:

- the reasons for choosing the individual components of remuneration; and
- a description of the criteria on which the balance between the individual components of the remuneration is based.

The Board of Directors

Members of the Board of Directors only receive remuneration and committee fees. It is the company's aim to ensure that remuneration is at the same level as in comparable companies.

The Board of Directors' total remuneration in the 2012 financial year amounted to EUR 1m, ref. the annual report 2012.

The Executive Management

It is the opinion of the Board of Directors that a combination of a fixed and performance-based salary for the Executive Management will ensure that the company can attract and retain key employees, and that the Executive Management through partially incentive-based remuneration is encouraged to create value to the advantage of the shareholders.

Fixed salary:

It is the company's aim to ensure that the level of remuneration for the Executive Management corresponds to that of comparable companies.

In 2012, a total fixed salary of EUR 3m was paid to the Executive Management, ref. the annual report 2012.

Bonus:

Bonus is based on the annual results.

The Executive Management participates in a bonus programme that cannot exceed 95 per cent of the fixed salary, and that is triggered when reaching a balanced target of 130 per cent.

The bonus scheme for the financial year 2012 is based on reaching the targets set for a number of parameters, including EBIT, net working capital, revenue and customer loyalty. Bonus is paid annually after the adoption of the annual report for the financial year in question.

The Executive Management did not receive bonus for the financial year 2012, ref. the annual report 2012.

Share options:
The aim of the share options is to retain members of the Executive Management and maintain the long-term value creation for the shareholders.

The option scheme is share-based. Options will be allocated annually in connection with the Board of Directors' consideration of the company's annual report and will depend on continued employment.

For each individual year, the options allotted cannot exceed a present value corresponding to 115 per cent of the individual member's gross salary at the time of allotment. The present value upon allotment is calculated according to the Black & Scholes method.

As at 31 December 2012, the five members of the Executive Management held a total of 352,613 outstanding share options.

For the financial year 2012, the Executive Management was granted 172,014 share options, ref. the annual report 2012.

6.1.5. The Committee recommends that, if the remuneration policy includes variable components,

- limits be set on the variable components of the total remuneration package;
- a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term;
- there be clarity about performance criteria and measurability for award of variable components; and
- there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year.

Vestas offers its managers remuneration that includes both variable and fixed components.

The company wants the remuneration to reflect a balanced focus on short and long-term results. Therefore, Vestas offers both an annual bonus and a share option scheme.

Bonus programme
Vestas' annual bonus is based on clear and distinct targets. These targets are distributed through both general management communication and through individually targeted communication.

For all staff groups the bonus programme has defined upper limits for payment.

Stock option programme

With the multi-annual share option programme, Vestas aims to ensure a direct linkage between top management's remuneration and investors' assessment of expectations for long-term value creation. For that reason there is no associated upper limit to the management's proceeds from the scheme.

Further information on the variable components of the remuneration policy can be found in the remuneration policy and the overall guidelines governing incentive schemes.

6.1.6. The Committee recommends that remuneration of members of the supreme governing body does not include share or warrant programmes.

Members of the Board of Directors receive a fixed annual cash remuneration that is approved every year by the general meeting. Members of the Board of Directors receive no incentive remuneration, ref. the remuneration policy.

6.1.7. The Committee recommends that if members of the executive management receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.

Options may be granted to members of the Executive Management.

The options are not exercisable until at least three years from the date of grant and will normally lapse if they remain unexercised five years after the date of grant at the latest.

The exercise price for the options is fixed at the beginning of the financial year where the Nomination & Compensation Committee also determines the scope of the programme.

The exercise price cannot at this time be lower than the price quoted by the stock exchange for the company's shares. The exercise price of the share options is adjusted for dividends paid.

For the financial year 2012, the Executive Management was granted 172,014 share options, ref. the annual report 2012.

The exercise price was set at DKK 60.66, and the period of exercise is 2016-2017.

6.1.8. The Committee recommends that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.	If it is found after the grant of variable components to members of the Executive Management that these were paid erroneously, the company may in specific circumstances reclaim in full or in part variable components, ref. the remuneration policy.
6.1.9. The Committee recommends that termination payments should not amount to more than two years' annual remuneration.	There is no agreed termination payment/compensation for voluntary or non-voluntary termination.

6.2. Disclosure of the remuneration policy

6.2.1. The Committee recommends that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.	Vestas has established a formal remuneration policy and the content of the policy is described in the annual report 2012.
6.2.2. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	At the Annual General Meeting in 2012, the chairman made in his report an overall reference to the remuneration policy in connection with the presentation of the Board of Directors' remuneration for approval.
6.2.3. The Committee recommends that the total remuneration granted to each member of the supreme governing body and the executive management by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.	The annual report contains information on the base remuneration paid to members of the Board of Directors and members of the board committees. The Board of Directors finds that the information stated in the annual report 2012 concerning remuneration as well as the procedure for remuneration to the Board of Directors to be approved by the general meeting constitute a reasonable balance between the need for openness about remuneration to the Board of Directors and the Executive Management and the need to secure confidentiality with regard to the remuneration to the individual members.
6.2.4. The Committee recommends that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive management and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	Members of the Board of Directors are not covered by Vestas' pension schemes or defined-benefit schemes. Members of the Executive Management are not covered by Vestas' employer-funded pension scheme or defined-benefit schemes, ref. the remuneration policy.

6.2.5. The Committee recommends that the most important aspects of retention and severance programmes be disclosed in the company's annual report.

The severance programmes offered to members of the Board of Directors and the Executive Management contain no unusual notice periods, severance payments and pension obligations.

Moreover, members of the Board of Directors will receive no compensation in the event of takeover. In the event of termination resulting from change of ownership of the majority of the company, or in the event of dissolution of the company by merger or division, members of the Executive Management will receive no compensation; however, the term of notice is changed from 24 to 36 months.

The most important components of the severance programmes offered to members of the Board of Directors and the Executive Management are disclosed in the annual report 2012.

6.2.6. The Committee recommends that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.

The Board of Directors receives a fixed cash remuneration, which is approved by the General Meeting each year, ref. article 8(7) of Vestas' articles of association. It is the company's aim to ensure that remuneration to the Board of Directors corresponds to the level in comparable companies.

At the Annual General Meeting in 2012, the Board of Directors' remuneration was approved for the financial year 2012.

For the financial year 2012, a total of 1m was paid in remunertion to the Board of Directors.

7. Financial reporting

Each member of the board of directors and the executive management has a responsibility to ensure that the annual report and other financial reporting are prepared in accordance with the legislation, current standards and any further requirements concerning financial statements set out in the articles of association, etc.

Members of the board of directors and the executive management must ensure that the financial reporting is easy to understand and balanced and provide a true and fair view of the company's assets, liabilities, financial position and result as well as cash flow. The management report must provide a true account of the matters with which the report is concerned, including future prospects.

Recommendation	**Vestas' comments**
7.1. Other relevant information	
7.1.1. The Committee recommends that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	In connection with the disclosure of financial reports, the Board of Directors and the Executive Management decide which additional information it would be relevant to supply. The four annual financial reports contain information of both financial and non-financial nature.
7.2. The going concern assumption	
7.2.1. The Committee recommends that, upon consideration and approval of the annual report, the supreme governing body decides whether the business is a going concern, including supporting assumptions or qualifications where necessary.	In connection with the consideration and approval by the Board of Directors of the annual report, the Board of Directors decides whether the business is a going concern, including any special assumptions or qualifications where necessary, ref. the rules of procedure for the Board of Directors.

8. Risk management and internal control

Effective risk management and an effective internal control system contribute to reducing the strategic and business risks, to ensuring compliance with current rules and regulations and to securing the quality of the basis for management decisions and financial reporting. The company's choice of strategy involves inherent risks. It is essential that the risks be identified and communicated, and that the risks are managed in an appropriate manner.

Effective risk management and internal control are a precondition for the supreme governing body and the executive management to perform their duties in the best way possible. Consequently, it is of great importance that the supreme governing body ensures effective risk management and effective internal control systems.

Recommendation	Vestas' comments
8.1. Identification of risks	
8.1.1. The Committee recommends that the central governing body at least once every year identifies the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.	Vestas is focused on risk management within the critical business procedures, and the identification of risks is an integral part of the preparation of the company's strategy, goals and plans of action, ref. the rules of procedure for the Board of Directors. Risk management is one of the Board of Directors' most important tasks according to the rules of procedure for the Board of Directors. This means identification of the risks facing the company and establishment of the company's risk-taking.
8.1.2. The Committee recommends that the executive management currently reports to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	The Board of Directors has approved a risk policy, including an insurance, currency and investment policy anchored in plans of action and business processes. Internal reporting on the most significant risks facing the Group forms part of the information disclosed by Vestas' management. The management area Finance provides support for the entire Group and works to mitigate Vestas' risks. Among other things, a global insurance programme has been set up. In addition to handling insurance policies required by law, the programme also includes policies deemed appropriate from a business perspective.

8.2. Whistleblowing scheme

8.2.1. The Committee recommends that the supreme governing body decides whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.

Vestas has established a whistleblowing scheme, called the EthicsLine, ref. the charter of the Audit Committee.

The purpose of the scheme is to ensure that no information is suppressed or hidden, and it gives the company's employees and cooperation partners access to file reports of any misconduct, irregularities or matters that are contrary to Vestas' policies and guidelines.

Such reports can be made anonymously. Employees and other cooperation partners can call a free hotline or report and ask questions online.

8.3. Openness about risk management

8.3.1. The Committee recommends that the management commentary in the annual report includes information about the company's management of business risks.

Vestas' annual report 2012 contains an independent section on risk management.

9. Audit

Ensuring an independent, competent and thorough audit is an essential element of the work of the supreme governing body.

Recommendation	Vestas' comments
9.1. Contact to auditor	
9.1.1. The Committee recommends that the supreme governing body maintains a regular dialogue and exchange of information with the auditor.	The Board of Directors and Executive Management grant the auditor(s) access to make such investigations, which they may find necessary, and ensure that the auditor(s) receive the information and the assistance deemed necessary for them to exercise their duties ref. the rules of procedure for the Board of Directors. The Board of Directors maintains a regular dialogue with the auditor, however, it is the responsibility of the Audit Committee to make arrangements for the necessary exchange of information, ref. the charter of the Audit Committee.
9.1.2. The Committee recommends that the auditor agreement and auditors' fee be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.	The contractual basis and thereby the scope of the auditor's work, including any non-audit related services, is agreed between the company's Board of Directors and the auditors based on a recommendation from the Audit Committee, ref. the charter of the Audit Committee. The Executive Management and the auditor define the specific scope of the auditor's services, and the auditor's fee is agreed with the Board of Directors. In 2012, a total fee of EUR 12m was paid to the auditors, ref. the annual report 2012.
9.1.3. The Committee recommends that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive management present. This also applies to the internal auditor, if any.	The Audit Committee meets with the auditor every quarter and with the Board of Directors once a year without the presence of the Executive Management, ref. the charter of the Audit Committee.

9.2. Internal audit

9.2.1. The Committee recommends that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decides whether to establish an internal audit for support and control of the company's internal control and risk management systems and states the reasons for its decision in the annual report.

Based on the Audit Committee's recommendation, at least once a year, the Board of Directors considers whether it is necessary to establish an internal audit, ref. the charter of the Audit Committee.

In the 2012 financial year, the Board of Directors has found it unnecessary to establish an internal audit function because the tasks that would normally be undertaken by internal audit are handled by an internal compliance department, ref. the annual report 2012.

Vestas Wind Systems A/S
Hedeager 44 . 8200 Aarhus N . Denmark
Tel.: +45 9730 0000 . Fax: +45 9730 0001
vestas@vestas.com . **vestas.com**

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