

Charter of the Nomination & Compensation Committee

Vestas Wind Systems A/S
Company Reg. No. 10 40 37 82



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Status

This charter lays down the obligations and authority of the Nomination and Compensation Committee of Vestas Wind Systems A/S.

The Nomination & Compensation Committee (the Committee) is a committee of the Board of Directors established in accordance with the rules of procedure of the Board of Directors of Vestas Wind Systems A/S (the company).

The primary function of the Committee is to assist the Board of Directors by reviewing information within the areas of oversight, cf. clause "Purpose and responsibilities", and based on those present recommendations to the Board of Directors. All decisions will be made by the Board of Directors except as expressly stated in this charter.

Purpose and responsibilities

The Committee shall assist the Board of Directors with the following issues regarding nomination of candidates and evaluation of the Board of Directors and the Executive Management:

- a. Describe the qualifications that members of the Board of Directors and the Executive Management must have as a collegial body, and for a specific membership, state the time that members must expect to spend on having to carry out the membership and assess the competences, knowledge and experience of the two governing bodies combined.
- b. Annually assess the structure, size, composition and results of the Board of Directors and the Executive Management, as well as recommend any changes to the Board of Directors.
- c. Annually assess the competences, knowledge and experience of the individual members of the Executive Management, and report to the Board of Directors in this respect.
- d. Conduct an annual evaluation of the performance and achievements of the Board of Directors and Executive Management and of the individual member, and report to the Board of Directors on the evaluation.
- e. Consider proposals from relevant persons, including shareholders and members of the Board of Directors and the Executive Management for candidates for the Board of Directors and the Executive Management.
- f. Propose an action plan to the Board of Directors on the future composition of the Board of Directors, including proposals for specific changes.

The Committee shall assist the Board of Directors with the following issues regarding remuneration:

- a. Recommend the remuneration policy and the general guidelines for incentive pay to the Board of Directors and the Executive Management for approval by the Board of Directors prior to approval by the General Meeting.

The remuneration policy should cover all types of pay and remuneration, including regular pay, incentive earning schemes (including share-based remuneration), pension schemes as well as severance pay, etc.

Proposals for incentive earnings and remuneration schemes should be accompanied by recommendations on targets and evaluation criteria for the purpose of ensuring that remuneration matches the long-term interests of the shareholders and the goals set for the company by the Board of Directors.

- b. Proposals to the Board of Directors on remuneration for members of the Board of Directors and the Executive Management, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned.

The Committee should have information about the total amount of remuneration that members of the Board of Directors and the Executive Management receives from other companies in the Group.

- c. Strategy and guidelines regarding incentive earnings and remuneration schemes for the Group in general.

In respect of share-based remuneration offered to members of the management and employees, the Committee shall:

- Discuss the general policy on such schemes.
 - Submit relevant proposals to the Board of Directors.
 - Review information about such remuneration disclosed in the annual report and at the General Meeting.
 - Submit proposals to the Board of Directors regarding the choice between share option schemes and warrant schemes, accompanied by a statement giving the grounds for the choice made as well as its consequences.
- d. Assisting the Board of Directors in monitoring how the company complies with the current rules governing public insight into pay and remuneration issues, for example in the annual report.
 - e. Procedure regarding release of information in relation to pay and remuneration.

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 - Review information about such remuneration disclosed in the annual report and at the General Meeting.
 - Submit proposals to the Board of Directors regarding the choice between share option schemes and warrant schemes, accompanied by a statement giving the grounds for the choice made as well as its consequences.

The Committee shall also assist the Board of Directors with the following tasks:

- a. Strategy and guidelines regarding standard employment contract for the Executive Management and submitting proposals to the Board of Directors for standard agreements for the Executive Management.

The Committee may engage independent advisors as it determines necessary to carry out its duties.

The Committee shall have available appropriate funding as determined necessary by the Committee for the fulfilment of its tasks and duties.

The Committee shall, once a year:

- Conduct a performance evaluation of the Committee and report such evaluation to the Board of Directors.
- Evaluate the adequacy of this charter and recommend any proposed changes to the Board of Directors.

Members

The Committee shall consist of at least three members, who are elected for a one-year term by and among the members of the Board of Directors. Election usually takes place at the board meeting following the Annual General Meeting. However, any member of the Committee can be removed by the Board of Directors at any time.

One of the members of the Committee shall be designated by the Board of Directors as chairman of the Committee.

Meetings

The Committee shall meet as often as it determines appropriate. Further, the Committee shall meet upon request of a member of the Committee or the Group President & CEO.

Meetings shall be convened at not less than eight days' written notice to all members of the Committee, and such notice shall include an agenda for the meeting in question.

Any written material relating to the individual agenda items shall, to the extent possible, be forwarded to the members together with the notice convening the meeting.

Under special circumstances, a committee resolution may be passed over the phone or in writing. In such cases, the proposed resolution shall be forwarded to the members and the Chairman shall subsequently seek to obtain a written, oral or electronically transferred statement from all members of the Committee and arrange for the recording of the resolution in the minute book.

Agenda for committee meetings

The agenda for an ordinary meeting contains at a minimum the following items:

- a. Approval of the minutes of the last meeting. Report from People & Culture's activities.
- b. Any other issues that the chairman or a member of the Committee may request are considered.
- c. Any other business.

Moreover, the items below will be considered at Committee meetings in connection with:

The meeting in first quarter:

- Update of the charter
- Short Term Incentives – approval of results and payment for current year
- KPI targets for Bonus coming year
- Long Term Incentives – status and approval of allocation.

The meeting in second quarter:

- People Review results
- Executive Remuneration Review

The meeting in third quarter:

- Short Term Incentive design approval
- Long Term Incentive design approval.

The meeting in fourth quarter:

- Approval of KPI selection for Short and Long Term Incentives
- Review of the statutory report on corporate governance regarding nomination and compensation issues
- Evaluation of the Board of Director's work:
 - the contributions and results of the individual members of the Board of directors and the contributions of the combined Board.
- Evaluation of the work and performance of the Executive Management will be carried out on the basis of the following elements:
 - the Group's general development,
 - the Group's reputation and market position,
 - implementation of the Group's strategy,
 - the Group's financial targets,
 - the customer loyalty survey and
 - the employee satisfaction survey.
- Evaluation of the Board of Directors' and the Executive Management's co-operation includes the following elements:
 - the on-going dialogue / information,
 - board material,
 - cooperation with the board committees,
 - follow up on management decisions and their implementation, and
 - evaluation of the processes and methods used, etc.
- Update of the remuneration policy and the general guidelines for incentive pay
- Review of potential board member candidates and decision concerning the recommendation of new members to the Board of Directors
- Review of the work carried out in the Committee.

Quorum

The Committee forms a quorum when two or more of its members are present.

Resolutions are passed by simple majority.

Remuneration

Each member of the Committee shall receive a fixed annual remuneration to be determined together with the remuneration to the members of the Board of Directors at the Annual General Meeting in connection with the adoption of the audited annual report.

Reporting to the Board of Directors

The Committee will regularly inform the Board of Directors of discussions and present recommendations to the Board of Directors. Material presented to or prepared by the Committee will be available to all members of the Board of Directors upon request.

Nomination & Compensation Committee reporting

The Committee shall ensure that matters related to the overall areas of responsibility of the Committee are included in the quarterly reporting of the company.

Aarhus, 5 November 2013

Approved by the Board of Directors

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