

Vestas[®]

Charter of **the Audit Committee**

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



Wind. It means the world to us.[™]

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Status

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors of Vestas Wind Systems A/S (the “**Board**”) established in accordance with the EU Directive on Statutory Audits of Annual Accounts and Consolidated Accounts (8th Directive), the Danish Act on Approved Auditors and Audit Firms and the rules of procedure of the Board of Vestas Wind Systems A/S (the “**Company**”).

The Committee is a committee of the Board whose main responsibility are to prepare decisions to be taken by all members of the Board and to oversee the financial reporting process.

Purpose

The Committee shall assist the Board in overseeing the:

- a. Nomination of external auditor and evaluation of competencies of the external auditor.
- b. Audit of the financial statements including the independence of the external auditor according to a policy defining which services provided by the external auditor are permitted according to applicable law.
- c. Financial reporting, also ensuring integrity in supervising that appropriate accounting policies and accounting estimates have been applied.
- d. Systems of internal controls including risk management systems.
- e. Procedure for handling complaints regarding accounting, internal accounting controls, auditing and financial reporting matters.
- f. Need for an internal audit function.
- g. Vestas’ Ethics and anti-corruption program.

Members

The Committee shall consist of at least three members. Members of the Committee are elected for a one year term by and among the members of the company’s Board and may not be a member of the Executive Management (the “**ExM**”).

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 at any time. The majority of the member of the Committee shall qualify as independent. One of the members of the Committee shall be designated by the Board as chairman of the Committee. The Chairman of the Board cannot be the Chairman of the Audit Committee.

At least one member of the Committee shall qualify as an audit committee financial expert with qualifications in accounting or auditing, ref. article 31(1) of the Danish Act on Approved Auditors and Audit Firms - and be designated by the Board as the Committee’s financial expert. Overall, the members of the Committee must have competencies which are relevant to Vestas’ business.

Responsibilities

The primary function of the Committee is to assist the Board by reviewing information within the areas of responsibilities, and based on that present recommendations to the Board. All decisions shall be made by the Board except as expressly stated in this charter.

The Committee shall have the following responsibilities:

- a. Nomination of the external auditor and evaluation of competencies of the external auditor

An external auditor is an auditor engaged to perform audit, review and attest services for the company and the Vestas Group.

The Committee shall:

- Be responsible for the procedure of selecting and recommending the statutory external auditor to be nominated for election by the Annual General Meeting, ref. article 31(3) of the Danish Act on Approved Auditors and Audit Firms.
- Prepare the Board's recommendation to the Annual General Meeting regarding the election of the external auditor.
- Recommend to the Board, if relevant, that they propose to the Annual General Meeting that an external auditor is discharged.

- b. Audit of the annual report including the independence of the external auditor

The Committee shall:

- Oversee the statutory audit of the annual report, in consideration of the latest quality control of the auditing company.
- At least annually consider the performance and independence of the external auditor and obtain and review a report from the external auditor substantiating that the external auditor is independent, including compliance with requirements around fee structure, audit firm and partner rotation as well as non-audit services provided.
- Oversee the work of the external auditor. Review the strategy plan, scope and approach to the annual external audit including the external auditor's proposed materiality level and identified key risk areas.
- Recommend to the Board the approval of the auditor agreement and the compensation fee of the external auditor.
- Review the external auditor's reports to the ExM and the Board, including management letters and long form auditor's reports and discuss any reports with the ExM and the external auditor. The result of the external auditor's audit of the accounting process must be communicated to the Board.
- Establish policies and procedures for the engagement of external auditor to provide audit services and permitted non-audit services.
- Review reporting from Management on all audit services and permitted non-audit services provided by the external auditor.
- Resolve any disagreements between the ExM and any external auditor regarding financial reporting.
- Secure a regular dialogue and exchange of information between the external auditor and the Board.
- Secure that the Board and the Committee meet with the external auditor at least once every year without the ExM present.

- c. Financial reporting including that appropriate accounting policies and accounting estimates have been applied
- Make recommendations or proposals to ensure the integrity of the accounting process, including
 - Review key accounting policies and report on this and recommend changes in key accounting policies to the Board.
 - Review significant and critical accounting matters including their impact on the financial statements and significant accounting estimates applied.
 - Review management's procedures for financial reporting.
 - Review and assess significant accounting estimates and related party transactions and report to the Board hereon.
 - Review any observations by or conclusions made by authorities regarding accounting issues affecting Vestas.
- d. The systems of internal controls including risk management systems
- Review the adequacy and effectiveness of the systems of internal controls (including deficiencies and significant changes in internal controls reported to the Committee) and approve significant changes therein.
 - Review the adequacy and effectiveness of the Groups tax policy.
 - Review the adequacy of risk management systems relating to financial reporting.
 - Ensure that the risk control measures are effective.
 - Communicate to the Board on any identified material deficiencies in the internal control system including initiatives to remedy such.
- e. The procedure for handling complaints regarding accounting, internal accounting controls, auditing and financial matters
- Establish and maintain procedures for:
- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, auditing and financial reporting matters, and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, auditing or financial reporting matters.
- f. Need for internal audit function
- Annually evaluate the need for an internal audit function.
- g. Vestas' ethics and anti-corruption program
- Monitor development and implementation of Vestas' ethics and anti-corruption program pursuant to Vestas' Code of Conduct and World Economic Forum Partnering Against Corruption Initiative (PACI)
 - Evaluate the adequacy and effectiveness of Vestas' ethics and anti-corruption program and – if deficiencies are identified – ensure implementation of necessary actions to cover risks.
 - Show visible and active commitment to the implementation of Vestas' ethics and anti-corruption program.
- h. Miscellaneous
- The Committee may engage independent counsel and other 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.
- Review applicable independence, financial expertise and other legal requirements of each member of the Committee to determine whether the Committee meets the applicable legal standards. Further, the Committee shall present such review to the Board for approval as well as propose any required or recommended disclosure.
- Evaluate the adequacy of this charter and recommend any proposed changes to the Board.

Meetings

The Committee shall meet as often as it determines appropriate, but at least four times each year. Further, the Committee shall meet upon the request of a member of the Committee, the chief financial officer or the external auditor.

Meetings shall be convened by the chairman with at least eight days' written notice to all members of the Committee and when applicable, invite members of the ExM, Finance, or other employees of the Company 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. Minutes from the meeting shall be taken by representative from Finance who functions as secretary for the Committee.

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.

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 – at the Annual General Meeting.

Reporting to the Board of Directors

The Committee shall regularly inform the Board of discussions and present recommendations to the Board. Further, the Board shall receive the minutes of meeting of the Committee, while all material presented to or prepared by the Committee shall be available to all members of the Board upon request.

Audit Committee reporting

The Audit Committee shall prepare the Committee report that is required by applicable law or deemed appropriate to be included in the Vestas Group's financial reporting.

Aarhus, 3 April 2019

Approved by the Board of Director

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