

# Rules of procedure for the Board of Directors

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

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## Members of the Board of Directors

The Board of Directors (the “**Board**”) consists of the board members elected at the General Meeting (the “**GM**”) of Vestas Wind Systems A/S (the “**Company**”) and – if so requested by the employees – the number of Group and/or Company representatives elected by the employees as provided in the Danish Companies Act.

The Board convenes immediately after the GM. In connection with this meeting, the Board elects a chairman and a deputy chairman from among its members by a simple majority of votes.

At the same time, the Board elects members to the board committees and designates a chairman of each committee.

If the Chairman of the Board (the “**Chairman**”) resigns during a term of election, the Deputy Chairman of the Board (the “**Deputy Chairman**”) shall take up the position as chairman until the next GM. In such case, the Board shall elect a new deputy chairman from among its members.

## Composition of the Board of Directors

The Company shall be managed by a Board composed of five to ten members elected by the GM, ref. section 8(1) of the Company’s Articles of association. In addition, the Board shall include such members as are elected by the employees under the relevant provisions of the Danish Companies Act.

Board members elected by the shareholders in the GM shall retire at the following Annual General Meeting (the “**AGM**”). However, such board members shall be eligible for re-election.

Members elected by the shareholders and members elected by the employees have the same rights and obligations.

## Competences of the members of the Board of Directors

In connection with the election of board members by general meetings, the resigning Board shall nominate candidates for the vacant offices on the board in order to ensure that the shareholders are able to elect a continuing Board.

When proposing candidates for board membership, the Board shall strive to ensure that the Board:

- is able to act independently of special interests;
- represents a balance between continuity and renewal;
- matches the Company’s situation;
- is knowledgeable of the industry and has the business and financial competences necessary to ensure that the Board can perform its duties in the best way possible; and
- reflects the competences and experience required in order to manage a company with shares registered for trade on a stock exchange and fulfil its obligations as a listed company.

The Board shall ensure that a profile description of the proposed candidates is available in connection with the GM, including:

- Shareholding
- Competencies
- Special competencies (specifically essential to the work of the Board of the Company)
- All fiduciary positions
- Special positions of trust

The profile description will also be published at the Company’s website.

### **Introduction of new board members and briefing of the Board of Directors**

The Chairman shall see to it that board members upon their appointment receive a briefing on the Company and in consultation with each individual member, the chairman will decide if the person in question should be offered relevant supplementary instruction.

The Board will annually assess whether the skills and expertise of its members need to be updated within specific areas.

It is the responsibility of board members to actively acquaint themselves with and currently keep themselves informed of the Company's affairs and relevant trade issues.

### **The Board of Director's independence**

In order for the Board to act independently of any special interests, the Board must ensure that at least half of the members elected by the GM are independent persons. In order for a board member elected by the GM in this context to be regarded as an independent person, the member shall not:

- be or have been employed in the Company within the past five years;
- be or have been a member of the Company's Executive Management (the "ExM");
- be a professional advisor to the Company, be employed in or have a financial interest in a company that is a professional advisor to the Company; or
- have a significant strategic interest in the Company other than as a shareholder.

### **Targets and policies for the under-represented gender**

According to the Danish Companies Act the Board must:

- set targets for the share of the under-represented gender in the Board, and
- create a policy to increase the share of the under-represented gender at the Company's other management levels.

The annual reporting on targets and policies will be made in the annual report, ref. the Danish Financial Statements Act if it is a requirement according to applicable law.

## **Guidelines for the Board of Directors' work**

### **Meetings of the Board of Directors**

The Board schedules its meetings for at least two years at a time. The Chairman shall ensure that meetings are scheduled at such frequency that the Board at any time can act as an active sparring partner to the ExM and react fast and efficiently.

The Board holds at least five meetings a year (including a strategy seminar) as scheduled in an advance meeting and work plan and whenever deemed necessary or requisite considering the Company's needs or when so requested by a member of the Board or a member of the ExM.

At each meeting of the Board, the date and time of the next meeting will be confirmed.

Meetings of the Board are convened providing at least seven days' notice by the Chairman or by the Group President & CEO as authorised by the Chairman. Where an issue calls for urgent consideration, the Chairman may decide to shorten this notice period.

Meetings of the Board may in special instances be convened at the request of the Company's auditor(s) elected by the GM by providing at least seven days' notice. Where an issue calls for urgent consideration, the Chairman may also decide to shorten this notice period.

Meetings are normally held at the Company's offices.

For the consideration of urgent matters, the Chairman may decide for the Board to pass a resolution without a physical meeting.

If a member of the Board elected by the employees is unable to attend meetings of the Board, the alternate for that member shall be called. The alternate will however not be called to attend meetings of the Board if the member in question is only considered to be temporarily unable to attend meetings.

Normally, members of the ExM and other persons as decided by the Board attend meetings of the Board. The Company auditor attends the meeting at which the draft annual report is reviewed.

### **Quorum of the Board of Directors**

The Board is quorate when more than half of its members are present. No resolutions may be passed unless all board members to the widest extent possible have had the opportunity to take part in the consideration of the matter.

Issues considered by the Board are passed by a simple majority of votes. In the event of equality of votes, the casting vote is held by the Chairman – or in the Chairman's absence – by the Deputy Chairman.

Any member is entitled to demand that the consideration of a proposal made outside the agenda or under the item "Any other business" be deferred to a subsequent meeting unless the issue is a matter of absolute urgency that if deferred would constitute a major disadvantage to the Company.

### **Agenda for board meetings**

Members of the Board will receive an agenda prior to board meetings. The agenda for an ordinary meeting contains at a minimum the following items:

- Approval of the minutes of the last meeting.
- Notification from the members of the Board and the ExM of any acquisition or disposal of Vestas shares, Vestas debt instruments, derivatives or other financial instruments linked thereto.
- Reporting on the Group's financial situation and the expected development.
- Report by the ExM on the Company's activities.
- Any other issues that the Chairman or a member of the Board or the ExM may request be considered.
- Information from the board committees.
- Date/time for the next meeting.
- Any other business.

The Board shall annually make a plan – an annual wheel – for its ordinary meetings during the following year, which is also to include preliminary plans and dates for the year thereafter.

### **Books, records, and minutes**

The Board must ensure that the books, records and minutes be prepared and kept as may be provided by the Danish legislation in force from time to time, including:

- the Board's minute book;
- minutes of general meetings;
- auditors' records;
- register of shareholders;
- a separate register of major shareholders;
- a separate register of the shareholdings of the members of the Board and of ExM; and
- Vestas' Global Insider List

### **The Board of Directors' minute book**

The Chairman shall ensure that the proceedings at board meetings be recorded by a member of the Board or another person appointed by the Board in a minute book in which the matters discussed and the resolutions adopted are entered. The minute book shall be signed by the board members that attended the meeting in question.

Members absent from meetings are obliged at a later point in time to inform themselves of the proceedings recorded in the minute book during their absence and to sign the minutes to confirm that they have read them.

Any member of the Board or of the ExM who disagrees with a resolution passed by the Board is entitled to have his/her opinion recorded in the minute book.

Minutes of board meetings must be sent to the board members not later than ten working days after the board meeting.

### **Auditors' records**

The Board shall be informed regularly through entry in the auditor(s)'s long-form audit report or through the Chairman if matters of significance are identified which ought to be reported to the Board.

All entries into the records must be signed by the board members as confirmation that they are aware of and have considered the contents of the records.

## **The duties and responsibilities of the Board of Directors**

The Board is responsible for the overall and strategic management of the Company's affairs and must ensure proper organisation of the Company's business in accordance with the Company's Articles of association and applicable law.

The division of responsibilities between the Board and the ExM must be effected in accordance with the Danish Companies Act. The Board shall establish further necessary guidelines for the division of responsibilities between the Board and the ExM in the rules of procedure for the ExM, including procedures, powers and instructions.

The Board's most important duties are, among others:

- Assessment and update of the Company's business base, visions, mission, and underlying values.
- Establishment of and follow-up on the overall objectives and strategies of the Vestas Group (the Group).
- Establishment of guidelines for the Group's internal operational division of responsibilities, planning and follow-up.
- Follow-up on plans, budgets, etc. and consideration of reports concerning the Company's liquidity, order backlog, significant transactions, overall insurance matters, financing issues, and cash flow.
- Consideration of the adequacy of the Company's current cash resources as well as the sufficiency of the Company's liquidity to meet its present and future obligations in relation to the Company's operations.
- Employing a competent ExM and establishment of employment and remuneration terms reflecting performance and results and ensuring that the ExM performs its duties properly and in accordance with the guidelines issued by the Board.
- Preparation of procedures for the cooperation with the Company's auditor(s) appointed at the GM.
- Consideration and approval of a communications strategy ensuring that all significant information of essence to the shareholders as well as information required by the financial markets in order to assess the Company and its activities, and all business targets,

- strategies and results be disclosed immediately in a reliable and adequate manner, according with applicable law.
- Risk management – establishment of the Company's risk exposure and risk taking.
  - Ensuring that asset management is controlled in a satisfactory manner in consideration of the position of the Company.

The Chairman shall on behalf of the Board request any information necessary to fulfil its duties and may inspect or arrange for inspection of the Company's books and verify the existence of the assets.

If a takeover scenario occurs or if there is substantiated reason to believe that a takeover scenario is likely, the Chairman and Deputy Chairman must be informed promptly, to ensure that Vestas fulfils its obligation as a listed company at Nasdaq Copenhagen.

The GM is not involved in Vestas' response to a takeover scenario unless otherwise request by the Chairman or the Board. However, the GM will need to be involved in cases where the structure of a takeover scenario requires one or more resolutions to be passed by the GM according to company law (e.g. in case of a capital increase).

The procedures in connection with a takeover scenario is further described in Vestas' Takeover Response Manual.

## **The duties and responsibilities of the Chairman of the Board of Directors**

The Chairman's role is to lead the work of the Board.

In the absence of the Chairman, the Deputy Chairman undertakes the duties of the Chairman and has the powers of the Chairman, including the casting vote in the event of a tied vote. The Deputy Chairman must also act as an effective sparring partner for the Chairman.

The Chairman:

- has a particular responsibility to ensure that the Board operates satisfactorily, and that the duties of the Board are undertaken in the best way possible;
- shall also ensure that board meetings are held as efficiently as possible, and that the particular knowledge and competence of each board member be applied in the best manner possible to the benefit of the Company;
- shall promote good and constructive relations among the members of the Board and between the members of the Board and the members of the ExM;
- shall 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;
- ensure that all decisions to be made by the combined Board are discussed at the board meetings; and
- shall upon request from a member of the Board, provide information on any matter or issue of relevance or importance to Vestas.

## **Board committees**

The Board has decided to establish the following three committees: An Audit Committee, a Technology & Manufacturing Committee, and a Nomination & Compensation Committee. The role and responsibilities of the committees shall be outlined in a charter and approved by the Board.

The Board shall assess on a current basis the need for the above committees and the establishment of other committees.

The overall framework for the establishment of board committees:

- A board committee should consist of at least three persons.
- The members of the committee must be elected from among the members of the Board.
- Committee members are elected on the basis of their qualifications.
- At least half of the members of the committees should qualify as independent.
- The Board can at any time between two annual general meetings change the above appointments with a simple majority.
- Other board members participate in committee meetings only if so requested by the committee.
- The committees may invite or convene specific employees or experts to participate in a committee meeting.

Committees can be established by the Board to handle issues concerning restricted subjects in order to prepare resolutions to be passed by the entire Board.

### **Remuneration to the Board of Directors**

The Board shall ensure that the overall remuneration to board members is competitive and reasonable, and that it reflects the board's independent efforts and value creation to the Company.

Remuneration is assessed once a year, ref. the charter of the Nomination & Compensation Committee and the remuneration policy governing the Board and ExM of the Company.

### **Evaluation of the Board of Directors' and Executive Management's work and co-operation**

The Board shall conduct an annual evaluation of the performance and achievements of the Board and of the individual members.

It is the responsibility of the Chairman to ensure that an evaluation of:

- the contributions and results of the individual members of the Board – and the combined board;
- the contributions and results of the individual members of the board committees – and the combined committees;
- the contributions and results of the individual members of the ExM – and the combined ExM; and
- the co-operation between the Board and the ExM

are conducted, annually.

Annually, an evaluation report must be prepared by each board committee and the Board.

The procedure for the assessment of the Board and of the individual members and the outcome thereof shall be disclosed in the annual report.

### **Evaluation of the work of the Executive Management**

The work and performance of the ExM will be evaluated on the basis of the following criteria:

- 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

Once a year the Chairman and the Group President & CEO evaluate the Board's and the ExM's co-operation. The evaluation of the co-operation includes:

- the ongoing dialogue/information;
- board material;
- co-operation with the board committees;
- follow-up on management decisions and their implementation;
- evaluation of the processes and methods used, etc.

## Relations to the Executive Management

The Board appoints and dismisses members of the Company's ExM and determines their salary and employment terms, ref. the remuneration policy governing the Company's Board and ExM.

The division of responsibilities between the Board and the ExM is effected in accordance with the Danish Companies Act.

The Board lays down procedures governing the reporting by the ExM to the Board and governing any other communications from the ExM in general in order to ensure that the Board receives on a current basis the information on the Company's business needed by the Board.

## Duty of confidentiality

Proceedings at board meetings are confidential.

Members of the Board are subject to a duty of confidentiality in respect of information received in their capacity of board members, unless otherwise decided by the Board or unless such information under applicable law is intended to be made public. Violation of the aforementioned duty of confidentiality will result in punishment – without prejudice to the application of sanctions – under relevant applicable law unless a harder punishment will be imposed under the Criminal Code as well as liability for damages under the ordinary rules of Danish law.

The duty of confidentiality shall not merely extend to business and trade secrets, remuneration, etc. but to all information disclosed at meetings of the Board or otherwise obtained in his/her capacity as a member of the Board.

Members of the Board are obliged to keep all material concerning the Company in such a manner that no unauthorised persons gain access to it. Upon their resignation, board members shall return all material to the Company that has not already been returned or destroyed.

If a member of the Board dies, the above duty to return material rests with her/his estate.

The duty of confidentiality is described in further detail in the Company's internal rules.

## Conflicts of interest and incapacity

All members of the Board must act ethically at all times and adhere to Vestas' Code of Conduct and other ethical or business conduct guidelines as applicable to the members of

the Board. If an actual or potential conflict of interest arises for a member of the Board, such member shall promptly inform the Chairman.

A member of the company's Board or ExM may not participate in the consideration of matters concerning agreements between the Company – or companies within the Group to which the Company belongs – and the member in question or concerning lawsuits against the member in question, or concerning agreements between the Company/Group and a third party or lawsuits against a third party if the member in question has a significant interest therein that may conflict with the interests of the Company or the Group.

Agreements between members of the Board or the ExM and the Company and agreements between the Company and third parties, in which members of the Board or the ExM may have material interests that may conflict with the interests of the Company and the Group, are not valid without the approval of the Board.

### **Non-competition clause**

Members of the Company's Board or ExM may not without the consent of the Board be directly or indirectly associated with or have an interest in any business competing with the Company.

In this context, companies in which the Company owns shares or with which the Company has entered license agreements or other agreements concerning the exchange of knowhow will not be regarded as competing business.

Upon appointment to the Company's Board or ExM, each member shall inform the Board of any directorships or offices held by the member in Danish and foreign undertakings and organisations and inform the board of any subsequent changes in this regard.

### **Securities, debt instruments, derivatives or other financial instruments linked thereto**

Each member of the Board shall upon election inform the Company of the size of the member's direct and/or indirect holding(s) of Vestas shares, Vestas debt instruments, derivatives or other financial instruments linked thereto.

Any subsequent transactions in respect of Vestas shares, Vestas debt instruments, derivatives or other financial instruments linked thereto shall be reported in accordance with Vestas' internal rules.

Each member of the Board shall arrange that the member's holding(s) of Vestas shares, Vestas debt instruments, derivatives or other financial instruments linked thereto are registered in the relevant securities register in such manner that the legal name of the holder and the name of the relevant member – to the extent possible – appears.

The board members shall in writing inform the persons covered by the definition of "person closely associated" of their obligations, including the notification obligation, and keep a copy of this notification, in accordance with the Company's internal rules.

### **Vestas' Global Insider List**

The Company's Board is registered on Vestas' Global Insider List – as permanent insiders.

Persons registered in the permanent insider section are only allowed to trade in the Company financial instruments during a period of four weeks after disclosure of the Company's annual report, interim financial reports or other financial announcements (the open trading window). However, if a deal-specific insider section exists, persons registered in the permanent insider section are not allowed to trade in the open trading window.

The rules governing the purchase and sale of Vestas financial instruments are described in further detail in the Company's internal rules.

### **Speculative transactions**

Members of the Board may not carry out or take part in speculative transactions involving financial instruments in the Company or shares in companies within the same group of companies.

### **Relationship to the Company's auditors**

The Board and ExM shall grant the auditor(s) access to make such investigations, as they may find necessary, and must ensure that the auditor(s) receive the information and the assistance deemed necessary by them to exercise their duties. The Board must provide the requisite basis for an audit and in this context consider whether an internal audit is required and if so ensure a competent and independent audit.

The Board must ensure that the Company's auditor(s) to a reasonable extent review the Company's books and verify the existence of the assets. The Board shall instruct the auditor(s) to direct the Board's attention to any matter, which should be known by the Board, and which comes to the auditor's(s') knowledge during the audit.

The Board shall instruct the Company's auditor(s) – for the purposes of preparing the Group accounts – to review the subsidiaries' accounts and the audit performed in this respect.

The Chairman may from time to time request that the auditor(s) attend(s) a board meeting.

The audit agreement and resulting auditors' fees will be agreed between the Company's Board and the auditor(s), see charter for the Audit Committee. Moreover, the Board shall once a year determine the general framework for supply by the auditor(s) of non-audit related services in order to ensure independence on the part of the auditor(s) etc.

At least once a year the Board meets with the auditor(s) without the ExM being present.

### **Disclosure requirements**

The Board shall together with the ExM ensure that the Company's procedures for announcements to the public as a listed company comply with the rules applicable from time to time to listed companies having securities listed on regulated markets.

Ref. the Company's internal rules.

### **Annual reports**

The ExM shall arrange for a draft annual report as required by law to be prepared for the Company and the Group.

The draft annual report with specifications shall be forwarded to each member of the Board before the board meeting at which the accounts will receive final consideration.

In connection with the consideration and approval by the Board of the annual report, the Board will decide whether the business is a going concern, including any special assumptions or qualifications where necessary.

In connection with the review by the Board and the auditor(s) of the annual report, the following items concerning accounting policies must be discussed:

- Accounting policies within the most significant accounting areas.
- Significant accounting estimates.
- Assessment of the adequacy of the accounting policy elected.

Moreover, the result of the audit based on the auditors' records must be discussed and the auditor's/auditors' findings and conclusions must be reviewed.

The annual report must be signed by the Board, the ExM, and the auditor(s).

### **General meetings**

The Company's general meetings are convened and held by the Board in accordance with applicable Danish law and the Company's Articles of association.

### **Amendments to the rules of procedure**

Any new member of the Board or the ExM must by his/her signature accept these rules of procedure not later than upon his/her appointment with the Company.

The Board reviews the rules of procedure at least once a year in connection with the AGM in order to ensure that the rules constitute an efficient and operational tool for the Board in the performance of its duties.

An amendment or a change can, if adopted at a meeting of the Board, be made with a simple majority.

These rules of procedure are adopted by the Board at the board meeting held on 3 April 2019. They enter into force immediately after the adoption and replace the rules of procedure of 3 April 2018.

On the Board of Directors

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Bert Nordberg  
Chairman

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Lars Josefsson  
Deputy Chairman

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Bruce Grant

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Carsten Bjerg

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Eva Merete Søfelde Berneke

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Helle Thorning-Schmidt

---

Henrik Andersen

---

Jens Hesselberg Lund

---

Kim Hvid Thomsen

---

Michael A. Lisbjerg

---

Peter Lindholst

---

Sussie Dvinge Agerbo

Read by the Executive Management:

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Anders Runevad  
Group President & CEO

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Anders Vedel  
Executive Vice President & CTO

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Jean-Marc Lechêne  
Executive Vice President & COO

---

Juan Araluce  
Executive Vice President & CSO

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Marika Fredriksson  
Executive Vice President & CFO

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