

Consolidated social and environmental statement

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Basis for preparation of the statement

General reporting standards

Combined with additional information about Vestas' sustainability initiatives at www.vestas.com, this annual report constitutes Vestas' Communication on Progress (COP) under the UN Global Compact. Vestas' reporting contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.

The below description of accounting policies and development of social and environmental performance refers to the social and environmental key figures and indicators presented on page 11 of the annual report.

All Vestas' wholly owned companies are covered by the report. Newly established companies are included from the time of production start and for acquired companies from the time when coming under Vestas' control. Companies are excluded from the reporting from the time when they leave Vestas' control.

Defining materiality

Vestas bases its materiality assessment on an analysis of significant economic, environmental, and social impacts of the Group's activities. The analysis is based on internal priorities as well as experience from dialogue with and direct involvement of customers, investors, policy makers, employees, and media. The result of the analysis is incorporated in Vestas' COP.

Vestas has previously selected a number of social and environmental key figures that are relevant to understand Vestas' development, results and financial position. These key figures have been maintained after the materiality assessment. The status of the key figures is monitored closely and for relevant key indicators specific targets have been defined.

Change in accounting policies

The same measurement and calculation methods are applied at all Vestas' sites. There have been no significant changes from previous reporting periods in the scope and boundary applied in the report.

The employee counting practice has changed from 1 January 2015. With the new employee counting practice the Group no longer includes external hourly-paid employees working for Vestas. Only employees on Vestas' payroll are counted and reported as Vestas employees. The change has been made to give a direct correlation to staff costs. The Group still keeps track of contractors managed by Vestas to have a measure of the combined workforce and overall safety performance. Comparatives have been changed accordingly.

In 2015, a new safety KPI was introduced in Vestas focusing on 'total recordable injuries', which in addition to 'lost time injuries' includes 'restricted work injuries' and 'medical treatment injuries'.

Social performance

Occupational health & safety

Accounting policies

Occupational health & safety is measured for all activities under the organisational structure. Lost time injuries of all employees are stated on the basis of registration of incidents that have caused at least one workday of absence after the day of the injury including fatalities. Total recordable injuries include lost time injuries, restricted work injuries, and medical treatment injuries.

Injuries and working hours for external supervised employees are also included. The incidence of injuries is defined as the number of injuries per one million working hours. The number of working hours is measured on the basis of daily time cards registered in the payroll system for hourly-paid employees and prescribed working hours for salaried employees. For external supervised employees, the injuries are reported by Vestas, and working hours are reported by the external suppliers.

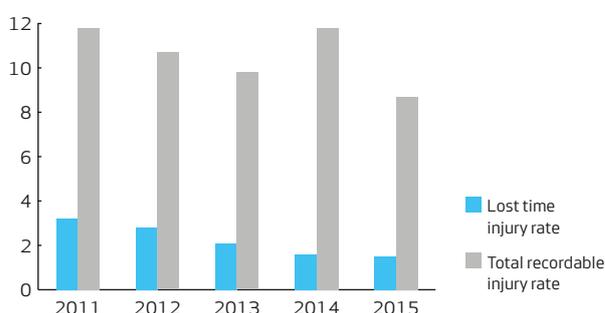
Absence due to illness does not include absence caused by lost time injuries, maternity leave, and child's illness leave. Absence due to illness is measured by means of registrations in the payroll system based on daily time cards for hourly-paid employees and absence records for salaried employees, respectively.

Development

In 2015, the incidence of lost time injuries was 1.5 per one million working hours. The incidence of total recordable injuries was 8.7 per one million working hours, reaching the target for 2015. Absence due to illness decreased by 0.4 percentage points for hourly-paid and decreased by 0.2 percentage points for salaried employees.

Incidence of injuries

Per one million working hours



Employees

Accounting policies

The number of employees is calculated as the number of employees who have a direct contract with Vestas. Employee information is determined on the basis of extracts from the company's ordinary registration systems with specification of nationality, gender, and IPE level (Mercer's International Position Evaluation).

Development

During 2015, the overall number of employees increased from 17,598 to 20,507, mainly driven by the ramp-up at the factories.

Vestas employees at 31 December 2015

Number

	Europe, Middle East, and Africa	Americas	Asia Pacific	Total
Manufacturing & Global Sourcing	4,499	3,418	2,365	10,282
Sales and service	4,695	1,877	1,110	7,682
Technology & Service Solutions	1,025	32	235	1,292
Others	741	114	396	1,251
Total	10,960	5,441	4,106	20,507

The share of women in leadership positions increased by 0.3 percentage point compared to 2014. Non-Danish nationals hold 57 percent of the positions in the top management layers, which is an increase of 3 percentage points compared to 2014.

Environmental performance

Energy consumption, water consumption, waste generation, and CO₂ emission are reported on the basis of significance. All production facilities are included as well as larger offices, warehouses, and other facilities, ensuring a comprehensive and sufficient statement of these environmental aspects.

Increased production in 2015 compared to 2014 was not to the same degree reflected in the consumption of water and energy and the related emission of CO₂, which increased relatively less than the increased production level due to higher efficiency usage. The increase in waste emission corresponded to the increase in production level.

Utilisation of resources

Accounting policies

Electricity, gas, and district heating are measured on the basis of quantities consumed according to direct meter readings per site, including related administration. Consumption of electricity comprises electricity purchased externally and consumption of production from own wind power plants. Gas for heating is stated on the basis of external purchases adjusted for inventories at the beginning and at the end of the period. Fuel for transport has been recognised on the basis of supplier statements. Electricity from renewable energy sources is calculated on the basis of supplier statements.

Renewable energy is energy generated from natural resources, which are all naturally replenished – such as wind, sunlight, water, and geothermal heat. Nuclear power is not considered to be renewable energy. Consumption of electricity from non-renewable sources, purchased as a result of not being able to purchase renewable electricity at some locations, is in the Group statement balanced with renewable electricity produced by wind power plants owned by Vestas and sold to the local grid.

The consumption of water is stated as measured consumption of fresh water. Cooling water from streams, rivers, lakes, etc. that is solely used for cooling and released to the stream after use without further contamination than a higher temperature, is not included.

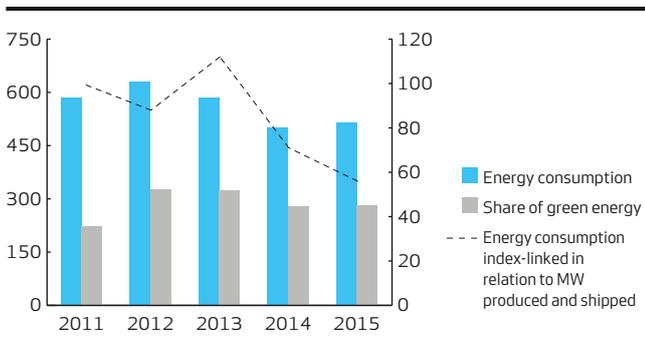
Development

In 2015, Vestas' total energy consumption increased by 3 percent. When index-linked to MW produced and shipped, Vestas' energy consumption decreased 21 percent compared to 2014.

With the share of renewable energy in Vestas' total energy consumption amounting to 55 percent, the company reached the target for 2015. Renewable electricity remained at 100 percent in 2015.

Energy consumption and share of green energy

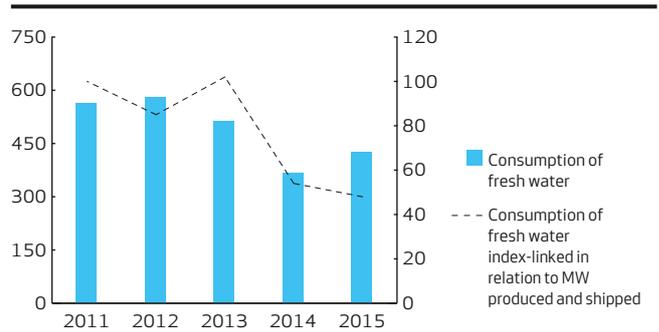
1,000 MWh · Index



In 2015, water consumption increased by 17 percent. When index-linked to MW produced and shipped, water consumption decreased 10 percent compared to 2014.

Consumption of fresh water

1,000 m³ · Index



Waste disposal

Accounting policies

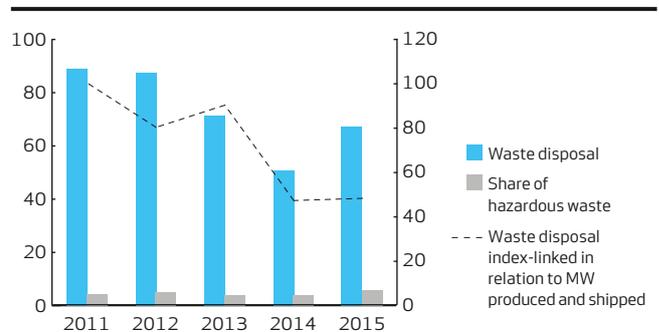
Waste is stated on the basis of weight slips received from the waste recipients for deliveries affected in the accounting period, apart from a few types of waste and non-significant volumes which are estimated on the basis of subscription arrangement and load. Waste disposal is based on supplier statements.

Development

In 2015, the amount of waste increased by 31 percent compared to 2014. When index-linked to MW produced and shipped in 2015, Vestas increased its amount of waste by 3 percent compared to 2014.

Waste disposal and share of hazardous waste

1,000 tonnes · Index



In 2015, 49 percent of the total volume of waste was recycled, against 53 percent the year before. In 2015, the share of hazardous waste was 5,930 tonnes compared to 4,085 tonnes in 2014.

Emissions of CO₂

Accounting policies

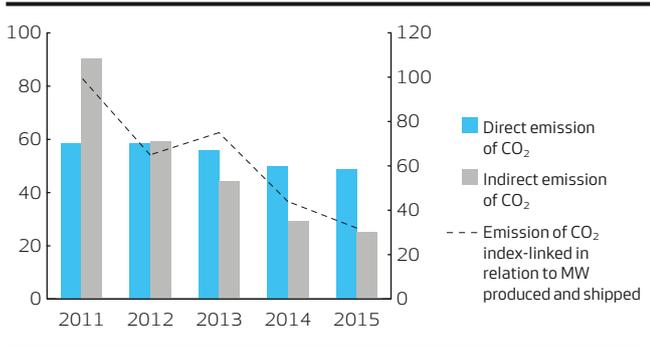
Direct emission of CO₂ is calculated on the basis of determined amounts of fuel for own transport and the direct consumption of oil and gas, with the usage of standard factors published by the UK Department for Environment, Food & Rural Affairs. Indirect emission of CO₂ is calculated on the basis of direct consumption of electricity and district heating, with the usage of national grid emissions factors published by the International Energy Agency (IEA). Indirect CO₂ emissions from electricity consumption based on non-renewable sources is balanced out by CO₂ emission savings in the production and sale to the grid from Vestas-owned wind turbines.

Development

Vestas decreased its direct CO₂ emissions by 2 percent in 2015, and the indirect CO₂ emissions by 14 percent. When index-linked to MW produced and shipped in 2015, Vestas decreased its CO₂ emissions by 28 percent compared to 2014. The CO₂ emissions decreased due to changes in the underlying emission factors, mainly for grid electricity in Romania.

Direct and indirect emission of CO₂

1,000 tonnes · Index



Local community

Accounting policies

Environmental accidents are accidental releases of substance and chemicals which are considered by Vestas to have a significant impact on the environment. Breaches of internal inspection conditions are stated as the conditions for which measurements are required, and where measurements show breaches of stated conditions.

Development

In 2015, Vestas did not experience any environmental accidents or breaches of internal control.

Products

Accounting policies

CO₂ savings from the produced and shipped MW are calculated on the basis of a capacity factor of 30 percent of the MW produced and shipped, an expected lifetime of 20 years of the MW produced and shipped, and the latest updated standard factor from the IEA of average CO₂ emission for electricity in the world, at present 536 grams of CO₂ per kWh.

Development

The CO₂ savings over the lifetime on the MW produced and shipped in 2015 increased by 29 percent compared to 2014, due to a higher amount of MW produced and shipped in 2015.

The independent auditor's limited assurance report concerning the consolidated social and environmental statement for 2015

To the stakeholders of Vestas Wind Systems A/S

We have undertaken a limited assurance engagement of the consolidated social and environmental statement in the annual report of Vestas Wind Systems A/S for the financial year 2015, as included on pages 130-132 in the annual report for 2015. A multidisciplinary team including assurance practitioners, engineers and other experts conducted this engagement.

Management's responsibility

Management is responsible for preparation of the consolidated social and environmental statement in accordance with Group accounting policies for the social and environmental data as expressed on pages 130-132. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the social and environmental data ensuring that data are free from material misstatement, whether due to fraud or error.

Vestas Wind Systems A/S' accounting policies for the consolidated social and environmental statement contain management's reasoning for the selection of topics and indicators as well as defined reporting scope for each data type.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers applies International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the consolidated social and environmental statement stated on pages 130-132 based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information". That standard requires that we plan and perform this engagement to obtain limited assurance about whether the consolidated social and environmental statement is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Vestas Wind Systems A/S' use of stated accounting policies as the basis for the preparation of the consolidated social and environmental statement. Furthermore, it involves assessing the risks of material misstatement, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the consolidated social and environmental statement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries, obtained an understanding of Vestas Wind Systems A/S' control environment and information systems relevant to quantification and reporting of social and environmental data;
- Made site visits in Denmark, Germany, and USA to assess the completeness of social and environmental data sources, data collection methods, source data and relevant assumptions applicable to the sites. The sites selected for testing were chosen taking into consideration their size and sites selected in prior periods. Our procedures included testing to underlying documentation as well as input data controls performed at these sites;
- Planned and conducted interviews and show-me meetings with Group functions to assess consolidation processes, use of company-wide systems and controls performed at Group level as well as test of social and environmental data prepared at Group level to underlying documentation.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated social and environmental statement presented on pages 130-132 in the annual report of Vestas Wind Systems A/S for the financial year 2015 is not free of material misstatements and is not prepared, in all material respects, in accordance with the stated accounting policies for social and environmental data as included on pages 130-132.

Copenhagen, 9 February 2016

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