Contents

03 Introduction
04 A statement from the Vestas Executive Management team
05 Our business model
06 Our history: then and now

08 The Vestas Sustainability Strategy
09 Our approach to sustainability
09 Sustainability in Everything We Do
12 Carbon neutral by 2030 – without using carbon offsets
13 Zero-waste wind turbines by 2040
14 Safest, most inclusive and most socially responsible company in the energy industry
16 Leading the transition to a world powered by sustainable energy
18 Measuring our progress
20 Reporting on our progress and approaches in 2020
21 Key achievements
22 Our employees
30 Our responsibilities
32 Environmental sustainability
40 Community engagement
42 Governing sustainability
44 Tax and sustainability
46 Reporting on the UN SDGs
48 EU Taxonomy
49 Sustainability key figures
50 Notes to sustainability key figures

Introduction

What is the purpose of this report?
At Vestas, we are working to make our company – and the world – a more sustainable place. In this report, we communicate the progress we made in 2020. We also explain how we worked to embed the 10 principles of the United Nations Global Compact into our strategies and operations during the year.

How do we support the UN Sustainable Development Goals (SDGs)?
On pages 46-47, we report on our contribution to six of the 17 UN SDGs in 2020.

Is this the Vestas Communication on Progress 2020?
The Sustainability Report constitutes Vestas’ Communication on Progress (CoP). In accordance with our Signatory status to the UN Global Compact, we apply the option stipulated in section 99a of the Danish Financial Statements Act, concerning the statutory duty of large enterprises to report non-financial information, by referring to our CoP. In this report, we also disclose in accordance with section 99b and 107d on gender and diversity (pages 26-28).

EU Taxonomy
Read more about our preliminary assessment of Vestas Wind Systems A/S’ alignment with the Regulation (EU) 2019/2088, also known as the EU Taxonomy, on page 48.

TCFD reporting
Read more about our approach to implementing the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on page 33.

External links
When you see this icon in the margin, it indicates a link to an external source in the text. The link will be aligned with the icon and indicated by blue text.

CO₂ avoided

<table>
<thead>
<tr>
<th>2020</th>
<th>1,492 million tonnes CO₂e avoided</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equivalent to greenhouse gas emissions avoided by 1,007 million passenger vehicles driven for one year</td>
</tr>
<tr>
<td></td>
<td>Equivalent to CO₂e emissions avoided by 190 trillion smartphones charged</td>
</tr>
<tr>
<td></td>
<td>Equivalent to greenhouse gas emissions avoided by 507 million tonnes of waste recycled</td>
</tr>
<tr>
<td></td>
<td>Equivalent to carbon sequestered by 7.8 million km² of forest in one year</td>
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<table>
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<tbody>
<tr>
<td>1,86 million tonnes CO₂e avoided</td>
<td>1,492 million tonnes CO₂e avoided</td>
</tr>
<tr>
<td>Equivalent to CO₂e emissions avoided by 125 million passenger vehicles driven for one year</td>
<td></td>
</tr>
<tr>
<td>Equivalent to CO₂e emissions avoided by 31 million homes’ electricity use for one year</td>
<td></td>
</tr>
<tr>
<td>Equivalent to CO₂e emissions avoided by 23 trillion smartphones charged</td>
<td></td>
</tr>
<tr>
<td>Equivalent to greenhouse gas emissions avoided by 63 million tonnes of waste recycled</td>
<td></td>
</tr>
<tr>
<td>Equivalent to carbon sequestered by 0.9 million km² of forest in one year</td>
<td></td>
</tr>
</tbody>
</table>

Numbers have been rounded down. Please refer to pages 50-51 for details on the calculations. Sources: for passenger vehicles: EEA; for all other indicators: EPA.

About this report
Dear reader,

2020 has brought unprecedented disruption. As the pandemic maintains its grip on modern life, the climate crisis poses a more insidious challenge, waiting for us just beyond the horizon. This year, however, has also been one of silver linings; not least because our more than 11,000 dedicated service employees ensured a balanced and stable supply of energy during the global health crisis, proving that renewable energy is now a critical component of our global energy systems. COVID-19 has taught us that universal challenges can inspire change. We now have an opportunity to build back better; to harness what we have learned to nurture resilience and pave the way towards a more sustainable future.

The energy industry is also being reimagined. Governments around the world are daring to be ambitious with their decarbonisation goals, and increasing collaboration among industry players is critical for reaching these targets. As a result, the renewables sector has some way to go. In order to ensure the future of our planet is built on sustainable energy solutions, and further accelerating the global energy transition. We can no longer afford to limit our efforts to business continuity and profitability. Despite the global disruption we are all facing as an industry, we must keep striving. We must keep pushing the limits of what is possible. Only through this approach will we build a more sustainable future for generations to come.

Yours sincerely,
The Vestas Executive Management Team

As a global leader in renewables, Vestas is determined to ensure that the sector safeguards the interests of future generations as it expands.

The Executive Management Team of Vestas Wind Systems A/S
Our business model

Value created

Safety culture
Safety is always our top priority. This provides our employees with safe working environments across all our operations.

Sustainable jobs
and employment
We invest in local supply chain, manufacturing, and service operations – creating truly sustainable and local jobs.

Climate efficiency
Over the total life cycle, a Vestas wind turbine emits less than one percent of carbon emissions compared to conventional sources – at lower cost in most markets globally.

Local community development
We engage with and create value for local communities when entering into new territories.

Return on investment
We optimise solutions for our customers to generate the highest possible return on investment.

Shareholder value
Through our priorities for capital allocation, we create value for our shareholders.

Key resources
Natural resources
Our energy solutions utilise natural resources such as wind.

Research and development
We constantly provide our customers with industry-leading technology.

Human resources
We employ the best and most passionate people and strive to become the employer and company of choice.

Manufacturing capabilities
Our global manufacturing and supply chain capabilities ensure high quality and efficiency.

Efficient capital management
Strong financial and commercial position allows for value accretive investments.

Credit worthiness
Our green bond facility showcases our financial strength and serves as a business enabler for customers.

Sustainable energy solutions
Our energy solutions utilise natural resources such as wind.

Offshore
Vestas develops, manufactures, and installs offshore wind turbines, enabling customers to exploit the winds at sea.

Power Solutions
With developing and manufacturing of onshore wind turbines at the core, Vestas provides sustainable energy solutions from site studies to installation.

Transportation
Onshore and offshore service solutions and performance optimisation for Vestas and non-Vestas wind turbines globally to improve business case certainty.

Installation
Vestas installs onshore turbines and installs offshore wind turbines, enabling customers to exploit the winds at sea.

Project development
Vestas develops, manufactures, and installs offshore wind turbines, enabling customers to exploit the winds at sea.

Manufacturing
Vestas develops, manufactures, and installs offshore wind turbines, enabling customers to exploit the winds at sea.

Service

1979
In 1979, Vestas sells its first wind turbine – with a 10-metre rotor and a capacity of 30kW.

1987
Gaining focus
In 1987, large parts of the Group are sold, and a new company is born: Vestas (Wind Systems A/S), which focuses exclusively on making wind energy a viable solution to meet the world’s energy demands. Continuously optimising our technology in 1991, we install our thousandth wind turbine.

1998
In 1998, Vestas goes public. Shares are launched on the Copenhagen Stock Exchange, and the capital is used to boost growth. With a share of 22.1 percent of the world’s wind power (measured in installed MW), Vestas becomes the industry’s undisputed leader in wind energy. But our expansion is more than a testament to our strength as a company; it is a testament to the power of sustainable energy. And we are leading the transition to a world powered entirely by sustainable energy – a journey which has only just begun.

2002
Major milestones
Fast forward to 2012, and Vestas reaches the milestone of having installed 50 GW of capacity worldwide. Just seven years later, our installed base skyrockets to yet another high. By 2015, we have installed more than 100 GW of sustainable energy in less than a quarter of the time. Vestas has spent focusing on wind energy; our installed base has more than doubled, creating value for society and the environment globally.

2012
06
100 GW

2020
In times of crisis
In 2020, against the backdrop of the COVID-19 pandemic, Vestas becomes the first company to have more than 100 GW of wind turbines under service. Phasing that renewable energy is now a critical component of our global energy systems, our more than 100,000 dedicated service employees ensure a robust and stable supply of energy during the global health crisis.

2020
Leading the transition
Today, 75 years since our company first assumed the name Vestas, our history and track record have made us the undisputed leader in wind energy. But our expansion is more than an entitlement to our strength as a company. It is a testament to the power of sustainable energy. And we are leading the transition to a world powered entirely by sustainable energy – a journey which has only just begun.
**The Vestas Sustainability Strategy**

**Strategy roadmap**

<table>
<thead>
<tr>
<th>COMMITMENTS</th>
<th>TARGETS</th>
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</thead>
<tbody>
<tr>
<td><strong>Carbon neutrality</strong></td>
<td>2040: <strong>A world powered by sustainable energy.</strong></td>
</tr>
<tr>
<td><strong>Zero-waste wind turbines initiatives</strong></td>
<td>2040: <strong>Zero-waste wind turbines.</strong></td>
</tr>
<tr>
<td><strong>Leading the transition to a world powered by sustainable energy initiatives</strong></td>
<td>2030: <strong>Carbon emissions reductions in our own operations by 33%.</strong></td>
</tr>
<tr>
<td><strong>The safest, most inclusive and socially responsible company in the energy industry initiatives</strong></td>
<td>2030: <strong>Carbon emissions reductions in our own supply chain by 25%.</strong></td>
</tr>
<tr>
<td><strong>Environmental sustainability</strong></td>
<td>2025: <strong>Carbon emissions reductions by 55% per MWh delivered (towards zero net carbon) and a 10% reduction in carbon intensity of the electricity we use.</strong></td>
</tr>
<tr>
<td><strong>Social sustainability</strong></td>
<td>2030: <strong>Carbon emissions reductions (scope 3) by 45% per MWh delivered to the market.</strong></td>
</tr>
<tr>
<td><strong>Sustainability in governance</strong></td>
<td>2040: <strong>Total Recyclable Rate of Tonnes of 0.5.</strong></td>
</tr>
<tr>
<td><strong>Simplicity:</strong> We eliminate the use of unnecessary resources and optimise our sustainable energy solutions for avoiding carbon emissions.</td>
<td>2030: <strong>Total Recyclable Rate of Waste of 55%.</strong></td>
</tr>
</tbody>
</table>

**Our approach to sustainability**

The concept of sustainability means being able to meet the needs of the present generation without compromising the ability of future generations to meet theirs (*Brandtland Commission 1987*). If a value-generating practice can continue over time, and causes little or no harm to people or planet, it is socially and environmentally sustainable.

At Vestas, sustainability is grounded in our four corporate values:

- **Simplicity:** We eliminate the use of unnecessary resources and optimise our sustainable energy solutions for avoiding carbon emissions.
- **Passion:** We are proud of our shared purpose to make the world a better place – our products are a testament to our passion for sustainability.
- **Accountability:** We commit to uphold responsibility and inclusiveness within and across our business, to always act with integrity and to deliver on our targets.
- **Collaboration:** We seek a partnership approach to creating sustainable solutions, as we acknowledge that great achievements are only realised through joint action.

Sustainability at Vestas means reducing or eliminating negative environmental and social impacts, as well as maximising the value that our business and products provide for our customers, employees, shareholders, suppliers, local communities, and the planet at large. It also means upholding sustainability in governance structures, holding ourselves accountable to internationally recognised principles and standards; acting with integrity and responsibility; and safeguarding complaint and responsible organisational structures, processes and remunerations. We believe these efforts will help to elevate the standards of our industry as a whole.

**Integrating sustainability into everything we do:**

Integrating sustainability into everything we do is part of our vision of becoming the global leader in sustainable energy solutions. The last decade was the hottest on record ever, with temperatures on average 1.2°C above pre-industrialisation levels (*PIK, 2019*). Simultaneously, in 2019 human activity was responsible for all-time high in greenhouse gas emissions (*UNEP, 2019*). In 2020, the COVID-19 pandemic struck and drastically changed the way people live their lives. While emissions for the year are predicted to fall by 8 percent compared to 2019 (*IEA, 2020*), the problem is far from solved. To divert from a path with projected average temperature increases of more than 3°C by 2100, we need fast, bold and dedicated action.

**Environmental sustainability**
- **Environmental sustainability:** We reduced carbon emissions in our own operations by 33 percent. Furthermore, we replaced 35 percent of our benefit car fleet with electric vehicles (EVs) and plug-in hybrids (PHEVs), introduced 1.27 sustainable fuelled vehicles to our service fleet, and signed a partnership with IKEA to accelerate the electrification of our company fleet. Read more from page 32 onwards.

**Social sustainability**
- **Social sustainability:** We committed to uphold responsibility and inclusiveness within and across our business, to always act with integrity and to deliver on our targets.

**Sustainability in everything we do**
- **Sustainability in everything we do:** We are proud of our shared purpose to make the world a better place – our products are a testament to our passion for sustainability.

**Carbon emissions:** We reduced carbon emissions in our own operations by 33 percent. Furthermore, we replaced 35 percent of our benefit car fleet with electric vehicles (EVs) and plug-in hybrids (PHEVs), introduced 1.27 sustainable fuelled vehicles to our service fleet, and signed a partnership with IKEA to accelerate the electrification of our company fleet. Read more from page 32 onwards.

**Zero-waste wind turbines:** We launched the cross-industrial and interdisciplinary project DecomBlades, which is designed to help expand and scale the value chain for blade recycling. This project aims to increase the value of recycled materials and thereby set economic
In 2020, we started to deliver on our promise to make Vestas – and the world – a more sustainable place. We invite all our stakeholders to join us on this important journey.”

Lisa Ekstrand
Senior Director and Head of Sustainability

Reviewing our strategy

Materiality assessment

Materiality assessments map an organisation’s significant economic, environmental and social impacts against its stakeholders’ interests. By scopmg these impacts and interests, the exercise helps organisations to prioritise between a growing number of sustainability issues, so that resources can be allocated where they are needed most.

In autumn 2020, we conducted a materiality assessment as part of an internal and external review process to further strengthen our sustainability strategy. By partnering with external consultants, we sought to gain an objective understanding of whether our strategic sustainability priorities accurately reflect the challenges and opportunities in the market.

The materiality assessment included four key phases. First, a gap assessment was conducted to evaluate our sustainability strategy against emerging mega-trends, both in the wind energy industry and globally. During the process, a number of issues relevant to Vestas were identified. Second, selected groups of internal and external stakeholders were prioritised according to their interest and influence over Vestas’ sustainability performance. Third, in the stakeholder engagement phase, some of our most important stakeholders were asked to evaluate the issues identified in the first phase. And finally, these issues were then ranked in the materiality matrix below. The matrix highlights the material topics to be incorporated into our strategic sustainability outlook in the coming years.

As a result, the materiality assessment process confirmed that Vestas’ sustainability strategy, Sustainability in Everything We Do, focuses on the issues that are most material to our stakeholders, to our continued business success, and to our overall sustainability performance. The issues listed as ‘crucial’ are directly or indirectly addressed in our strategy and will continue to be of highest priority in our work going forward. For issues listed ‘very important’, we will aim to improve our performance to ensure our activities reflect their significance to the business and to our stakeholders. While still material to Vestas, issues listed ‘important’ will be addressed primarily by maintaining our performance, compliance and ongoing management.

Top tiering

Crucial

1. Materials efficiency, sourcing and disposal
2. Emissions and climate change strategy
3. Waste management
4. Occupational health and safety
5. Supply chain management
6. Product health and safety
7. Community relations
8. Biodiversity and conservation
9. Diversity and inclusion

Very important

10. Business ethics and anti-corruption
11. Stakeholder dialogue

Important

12. Management of the regulatory and legal environment
13. Labor rights
14. Labour conditions
15. Social, cultural and professional impact of project development
16. Employee engagement and wellbeing
17. Talent attraction and retention
18. Critical incident risk management

Not relevant

19. Corporate governance
20. Responsible tax
21. Water management

Topics have been scored on a scale from 0 to 5:
0: Not relevant 1: Of little importance 2: Somewhat important 3: Important 4: Very important 5: Crucial. Please note that topics within the same quadrant have equal weighting, e.g. topics 1.1 and 1.2.

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On this journey, we will reduce carbon emissions from our own operations by 55 percent by 2025. As Vestas is committed to leading the transition to a world entirely powered by sustainable energy, we will not use carbon offsets to help us achieve carbon neutrality. Instead, we will recure our carbon footprint through our own actions.

Why we do not use carbon offsets

Carbon offsetting means investing in environmental projects that work to reduce future carbon emissions. Examples include financing the transition from coal to natural gas, or planting trees as a form of carbon storage.

Carbon offsetting can play a critical role in accelerating the transition to net-zero emissions at the global level. However, it does not replace the need to reduce value chain emissions in line with scientific targets and methods (SBTi 2020). At Vestas, we want to lead the transition to renewable energy and eliminate carbon emissions by making conscious adjustments to operations across our entire value chain.

WE’VE HAD OUR SCIENCE-BASED TARGET APPROVED

In 2020, we took the first steps towards achieving these goals. Compared to 2019, we reduced our own carbon emissions by 33 percent. Together with 10 strategic suppliers, we also launched ambitious initiatives to reduce carbon emissions from our supply chain. See page 32 to read more about the initiatives that drove these successes.

Committed to the production of zero-waste turbines means we aim to create a value chain that generates no waste materials. We plan to achieve this goal by developing and implementing a circular economy strategy for the different phases of the Vestas value chain: design, production, service and end-of-life. We will present this strategy in 2021.

Today, Vestas wind turbines are on average around 85 percent recycla- ble. However, our wind turbine rotors (blades and hubs) are currently comprised of composite materials which are difficult to recycle. As a first step, therefore, we are working to improve the recyclability of all turbine rotors, with the goal of increasing the recyclability rate of these components from 42 percent to 50 percent by 2025, and to 55 per- cent by 2030. Given the nature of the targets, our progress will only be visible over the course of the next years.

In 2020, we introduced a number of initiatives to increase the recycla- bility of our wind turbine rotors. We launched the project DecoBlades. Bringing together prominent partners from the wind industry, including other major wind OEMs (Original Equipment Manufacturers), this project aims to create a viable business case for recycling wind turbine blades with a special focus on the products material and value streams. Also, as a founding member of the UK’s National Composites Centre, we support the SusWIND project. Launched in November 2020, the initia- tive aims to discover viable ways of recycling composite materials in wind turbine blades and explore sustainable materials for new blades. See page 33 to read more about how we are delivering on our goal to build zero-waste wind turbines by 2040.
Making sustainability part of everything we do, Goal 3:
Becoming the safest, most inclusive and most socially responsible company in the energy industry

**Safety**
Every day, Vestas employees manufacture, install and service our wind farms all over the world. Without exception, they always operate under the principles of safety. In order to become the safest company in the energy industry, we are committed to reducing our Total Recordable Injury Rate by 30 percent year-over-year from 2015 to 2020. These efforts would ensure an overall average TRIR reduction of 15 percent year-over-year. Compared to other safety indicators, like Lost Time Injury Rate (LTIR), the TRIR also includes ‘restricted work injuries’ and medical treatment injuries. The TRIR therefore provides greater insight to help inform our activities and initiatives. Our focus on the TRIR also indicates the maturity of our safety journey, having reduced the LTIR by 96 percent over the last 15 years. Now, we are committed to developing predictive capabilities for all health and safety risks.

In 2020, we succeeded in ensuring a 15 percent year-on-year TRIR reduction, achieving a rate of 1.5. Additionally, we put a strong focus on improving safety conditions and due diligence for all our customers, including those who operate under less regulated conditions. See page 22 to read more about how we are progressing on our safety commitments.

**Diversity and inclusion**
A diverse workforce comprises a range of social identities, enriching our culture with varying experiences, perspectives, opinions and solutions. These social identities include, but are not limited to, gender identity, age, culture, ethnicity, physical abilities, political and religious beliefs, and sexual orientation. In our inclusive company everyone feels valued and confident that their voices will be heard. It is a question of acknowledging that everyone is different, and that we as a company are stronger because of these differences. At Vestas, we want to be the most inclusive company in the energy industry, enabling all our employees across the globe to achieve their full potential.

Gender diversity is a pressing issue in the wind industry, with 65 percent of women in wind encountering gender-related barriers at work,

Variable spatial differences.

We therefore endorses the introduction of mandatory human rights due diligence in upcoming legislation, seeing this as an opportunity to harmonise national laws, provide clarity, and level the playing field regarding how business-related human rights are addressed.

In 2020, we continued to implement recommendations from our corporate-wide Human Rights Impact Assessment, which was conducted by the sustainable business experts, BSR, back in December 2018. One such recommendation involved updating and optimising our Social Due Diligence (SDD) framework and embedding it with community development projects in India, Sri Lanka, Senegal and Jordan.

Overall, through our approach to social responsibility we aim to incorporate the most important lessons learned over a decade of actively engaging with human rights. This work consists of three pillars:

- **Inclusiveness**: creating long-term value and engagement, whereby we select the right measures to mitigate possible impacts on affected communities.

**Vestas’ human rights journey**

- 2009: UN Global Compact Signatory
- 2010: hull humanity right by signing up to the Ten Principles
- 2011: Human Rights Policy: Vestas’ first human rights policy is developed and launched
- 2013: Social Due Diligence tool: Social Due Diligence framework embedded into the regional Sales Business Units in high risk markets
- 2014: Embedding Social Due Diligence: Social Due Diligence embedded and implemented on supply-and-installation and EPC wind power projects
- 2015: Corporate-wide Human Rights Due Diligence tool: developed and implemented on critical projects
- 2017: Project bankability: the business case for social management “project bankability” is developed, in line with international standards
- 2018: Launch of upgraded CSR approach: common framework to respect human rights and addressing mandatory Human Rights Due Diligence
- 2019: Social Management System: Developed as an approach to sustain and maintain Social License to Operate
- 2020: Leadership: ensuring the integration of human rights in the energy transition by forming growing and learning from partnerships and societies in order to make the right decisions.

Delivering on all these pillars requires us to take a firm approach to human rights due diligence and to safeguard our SLO. The key to success is having ongoing dialogue with customers, partners, suppliers, contractors, local stakeholders and governments. Additionally we use external experts and civil society organisations to help inform our approach, such as the Net3rd Business Network for Human Rights.

The business-related human rights landscape is rapidly evolving, and we will have to embrace these changes together with our customers. We therefore endorse the introduction of mandatory human rights due diligence in upcoming legislation, seeing this as an opportunity to harmonise national laws, provide clarity, and level the playing field regarding how business-related human rights are addressed.

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Overall, through our approach to social responsibility we aim to incorporate the most important lessons learned over a decade of actively engaging with human rights. This work consists of three pillars:

- **Inclusiveness**: creating long-term value and engagement, whereby we select the right measures to mitigate possible impacts on affected communities.
Making sustainability part of everything we do, Goal 4: Leading the transition to a world powered by sustainable energy

With this commitment, we aim to drive decarbonisation and electrification beyond the power sector, form partnerships with other sustainability leaders to drive change, and support our partners on their journey to become more sustainable. With our unparalleled track record, we see it as our responsibility to lead the transition towards a world powered entirely by sustainable energy.

Our partnership with the Danish energy company OK provides a clear example of how we are driving decarbonisation and electrification beyond the power sector. In a pilot project, we have deployed a High Power Charging Station by the highway outside of Odense, Denmark. This station will charge EVs, exclusively using wind-sourced electricity by way of a 900 kW battery. The battery will be digitally synchronised with OK’s own Vestas wind turbines, located in Jutland around 100 kilometres away. In this way, the partnership offers a grid-based solution to charging EVs with renewable electricity, rather than using fossil fuel sources. The system is the first of its kind, and it is hoped the experience and insight gained will pave the way for wider rollout, further leveraging EVs to help fight the climate crisis.

In 2020, we also teamed up with several other sustainability leaders to drive change in our industries, reiterating our conviction that substantial and sustainable change can only be achieved through joint action. Our partnership efforts to increase the recyclability of wind turbine blades encompass a range of stakeholders, including suppliers, customers, other wind turbine OEMs and recycling companies, as well as universities and knowledge partners (see page 33). Similarly, we are actively working with partners such as DSV Panalpina and Hempel to decrease the carbon footprint of our value chain (see page 33). Going forward, we will work to leverage the full potential of these partnerships and proactively pursue new collaborative approaches to foster sustainable change.

Additionally, we made significant efforts to help our partners become more sustainable, inviting them to join us on our sustainability journey.

Leading the transition to a world powered by renewable energy

Interview with Morten Dyrholm, Group Senior Vice President, Global Marketing, Communications & Public Affairs

Q: How do you contribute to Vestas’ sustainability strategy, Sustainability in Everything We Do, in your day-to-day work?
A: In my role as Group Senior Vice President for Global Marketing, Communications & Public Affairs, I am able to engage with our sustainability strategy in many ways. In recent years, we have seen some of our most important stakeholders ramping up on sustainability. Together with my colleagues, I therefore work to embed sustainability as a strategic value driver for Vestas. This includes clearly communicating our sustainability strategy and initiatives to our customers, but also to a broader audience, showcasing how Vestas wants to take the lead in the sustainable energy transition.

Q: What is Vestas’ stance in leading the energy sector towards a world powered by sustainable energy?
A: As recent developments have made clear, the days of business as usual are over. At Vestas, we recognise that even a company like ours must do more if we are to rise to the challenge of climate change. Therefore, we have begun to explore how we can help to decarbonise not only our own operations, but other parts of our value chain and the economy as a whole. For example, transport and industry are both heavy emitters of greenhouse gas emissions, as a provider of green technology we can leverage our experience and capabilities to identify, develop and scale solutions to help decarbonise these ‘hard-to-abate sectors’.

Leading the transition to a world powered by sustainable energy

Q: How will Vestas achieve a leadership role in this development?
A: Having pioneered wind energy for 40 years, Vestas has traditionally played a leading role in renewable energy through its products. As the need for climate action intensifies, we are now showcasing this leadership across our entire value chain. For example, our partnerships with suppliers like Hempel and DSV Panalpina work to reduce carbon emissions from industrial coating and transport. With these industry partnerships, we can leverage our position in the sustainable energy transition. Our efforts to help our suppliers become more sustainable also demonstrate how we are seeking to have an impact beyond our own operations. Through dedicated supplier webinars, emissions calculation support and other activities, we are inviting our suppliers to join us on our sustainability journey.

Q: Finally, is it that personally gets you out of bed in the morning?
A: We are now at a point where wind energy is highly cost competitive. For us at Vestas, this means we are uniquely positioned to help decarbonise the entire energy sector—not only in terms of electricity but also in other areas such as transport, industry applications and heating. For me, this is a huge motivation to be able to work towards aligning the world with the Paris Agreement. It is very exciting.
Measuring our progress

**To become a carbon-neutral company by 2030, without using any carbon offsets**

**INTIATIVE**
Reduce absolute carbon emissions in own operations (scopes 1 and 2) without using any carbon offsets.

**KPI**
Percent reduction CO₂e

**Status**
Baseline 2019

**Mid-term target**
2025

**Long-term target**
2030

0% 33% 55% 100%

**To produce zero-waste wind turbines by 2040**

**INTIATIVE**
Increase blade and hub recyclability.

**KPI**
Percent recyclability by weight

**Status**
Baseline 2019

**Mid-term target**
2025

**Long-term target**
2030

42% 41% 50% 55%

**To be the safest, most inclusive and socially responsible workplace in the energy industry**

**INTIATIVE**
Reduce total recordable injuries.

**KPI**
Total Recordable Injury Rate

**Status**
Baseline 2019

**Mid-term target**
2025

**Long-term target**
2030

3.9 3.3 1.5 0.6

**INTIATIVE**
Increase the share of women in leadership positions.

**KPI**
Percentage of women in leadership positions

**Status**
Baseline 2019

**Mid-term target**
2025

**Long-term target**
2030

19% 19% 25% 30%

**INTIATIVE**
Increase the share of women on the Board.

**KPI**
Percentage of women on the Board

**Status**
Baseline 2019

**Mid-term target**
2022

**Long-term target**
2030

28.6% 25.0% 20.2% 25.0%

**To lead the transition towards a world powered by sustainable energy**

**ACTIVITIES (ONGOING)**
- Driving decarbonisation beyond the power sector, for example through Vestas’ collaborations with O&G, innovating to charge EVs with renewable electricity
- Driving electrification in the transport sector through the ongoing commitment as Principal Partner of the Mercedes-Benz EQ Formula E Team
- Showcasing leadership throughout the value chain by entering sustainability partnerships, for example with DSV Panalpina and Hempel
- Inviting Vestas’ suppliers to join its sustainability journey, for example by supporting them with calculating emissions

**COMMITMENTS**
- To take a leading role in driving electrification and decarbonisation beyond the power sector
- To team up with sustainability leaders to drive change
- To support Vestas’ partners in their journey to become more sustainable

**1) Absolute figures and accounting principles for these indicators can be found on page 49 and 50 respectively.**

**2) The 2019 baseline has been updated from 44 percent to 42 percent recyclability due to adjustments in the bill of materials.**

**3) For diversity and inclusion, the initiative “Expanding access to inclusive leadership and unconscious bias training” was removed as it is considered more of an enabler to the KPI related to women in leadership positions. Since 2020, diversity and inclusion training elements are mandatory in all onboarding processes. Read more on page 27.**

**4) Due to the agreement with Mitsubishi Heavy Industries made in October 2020, the Board has decided to postpone this target to 2022. Read more on page 26.**
Reporting on our progress and approaches in 2020

Key achievements

On the journey to become
Global Leader in Sustainable Energy Solutions

Acquisition of offshore business
In December 2020, Vestas acquired MHI’s shares in offshore joint venture.

CIP
25% stake in CIP and new Development business unit established to ramp up development capabilities.

Revenue
EUR 14.8bn
Within guidance of EUR 14-15bn.

EBIT margin before special items
5.1%
Within guidance of 5-7%.*

Social

SAFETY
Minimized risks to keep our employees safe in the COVID-19 pandemic, while providing essential work to keep globally stable energy supply

Reduced Total Recordable Injury Rate to an all-time low of 3.3

DIVERSITY AND INCLUSION
Found no structural issues of pay inequality in our external pay audits of seven major countries

Reviewed our recruitment processes, provided unconscious bias trainings to all our recruiters and invested in technology capable of identifying biased language in our job ads

Corporate Social Responsibility

CORPORATE SOCIAL RESPONSIBILITY
Launched a cross-industrial (incl. other major wind OEMs) and interdisciplinary project “DecomBlades” to support scaling-up the value chain for blade recycling

Supported the SusWIND project, aiming to discover viable ways of recycling composite materials in wind turbine blades

Environmental

CARBON EMISSIONS
Avoided 186 million tonnes of carbon emissions through our installed fleet of wind turbines globally

Reduced carbon emissions from our operations by 33 percent

Introduced 127 service vehicles operating on sustainable fuels to our fleet

Set expectations to suppliers to commit to ambitious carbon emission and waste reduction targets

-33%

ZERO-WASTE WIND TURBINES

Economic

COVID-19 resilience
Record-high deliveries despite the global pandemic

25% stake in CIP

Revenue
EUR 14.8bn
Within guidance of EUR 14-15bn.

EBIT margin before special items
5.1%
Within guidance of 5-7%.*


On the journey to become a Global Leader in Sustainable Energy Solutions

Economic

COVID-19 resilience
Record-high deliveries despite the global pandemic

On the journey to become a Global Leader in Sustainable Energy Solutions

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On the journey to become a Global Leader in Sustainable Energy Solutions

Economic
Our employees

At Vestas, 29,378 employees around the world are passionately working to drive the global energy transition. As a company, we rely on their ability and motivation to contribute – with their diverse capabilities and backgrounds – to our vision of becoming the global leader in sustainable energy solutions.

It is therefore our responsibility to ensure that every employee benefits from a working culture that is safely effective, inclusive and collaborative. We want our employees to have the freedom and support to thrive and reach their full potential.

Health and safety

Working with wind turbines naturally presents potential risks and hazards. Remote locations, heights, heavy components and demanding processes can create a challenging working environment. Thanks to our unique experience in the wind industry, we strive to ensure that these risks are identified early and, where achievable, eliminated by design. We meticulously assess unavoidable residual risks and mitigate these to the lowest levels possible.

The road to zero

In recent years, Vestas has made significant improvements in reducing injury rates across the organisation. When incidents occur, we take proactive remedial action and ensure compliance with the most effective control measurements to prevent recurrence. We continuously place a strong focus on incidents with a high potential for injury and/or fatality.

Industry studies have identified that in approximately 20 percent of all incidents, company employees could be exposed to life-threatening situations. Accordingly, we have devised a process called Life Incidents with Fatal Exposure – or LIFE. This framework leverages well-established life-saving rules to identify potential exposure to life-threatening situations. For every incident, employees apply each lifesaving rule individually to establish whether a life-threatening situation persists. All identified LIFE incidents must be prioritised and immediately acted upon to ensure any potential risk to life is eliminated. This approach also ensures that control mechanisms are reinforced or created, with a view to preventing reoccurrence of that specific LIFE incident.

At Vestas, we are committed to raising awareness about the danger of complacency. Our seven-life-saving rules are firmly embedded in the Vestas safety culture. They serve as a permanent reminder to employees that non-compliance or complacency could result in a serious injury or fatality.

A life-changing fast response

In spring 2020, two colleagues located in Randers, Denmark, saved another colleague from serious impairment through their fast response to early signs of a stroke. Recognising key symptoms (difficulty smiling and stretching, slurred speech), they promptly called for an ambulance. Thanks to this rapid reaction, their colleague is now alive and well, and has been able to return to work safely.

Safety awareness

Widespread awareness is integral to the management and prevention of safety hazards. Since 2007, we have deployed a Safety Awareness programme for employees and managers. Furthermore, safety training is a mandatory part of the onboarding process for all employees. The ultimate objective of this programme is to eliminate all Lost Time Injuries. To further strengthen our safety culture and encourage good safety behaviour, in 2020 all operational managers and team leaders also attended safety courses, amounting to at least 20,000 employees globally.

During the year, our senior management demonstrated top level commitment to safety by participating in safety awareness programmes and ‘safety walks’. A safety walk is an opportunity for managers to engage in constructive dialogue and discuss safe behaviour with employees, helping to find new ways of improving safety within specific job environments. The programme has been successfully running since 2007.

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In 2020, the COVID-19 travel restrictions limited possibilities for physical engagement and interaction at many sites. As an alternative, online solutions were employed to ensure safety dialogue could continue. In total, Senior Managers conducted 28,412 safety dialogues in 2020.

Focusing on behaviour

Behaviour is identified as the main root cause of workplace incidents and injuries. Our ‘My Team-My Responsibility’ (MTR) programme builds on a strong foundation of employee engagement with safety issues. Frontline Managers and Supervisors work with their teams to identify the behaviours they want to improve together. They take ownership as a team and drive change and improvement.

The Vestas Behavioural Change (VBC) programme is an employee-led safety observation programme. It actively encourages employees to observe each other’s behaviour while carrying out specific work-related tasks, with recognition and reward for good safety behaviour. Equally, any identified risk-prone behaviours are stopped and assessed to ensure all risk is removed. The programme also encourages open, honest and constructive safety dialogue between colleagues. In particular, it emphasises the collective responsibility of Vestas employees to promote safe behaviour across the company.

Contractor safety

As the company’s safety performance has improved significantly over the years, the performance of contractors has become an increasingly important focus area. Measures we have implemented to improve contractor performance include pre-qualifications, standardisation of safety requirements, and intensified tracking of safety performance.

We also continue to collaborate with external partners to drive and improve performance across the industry. Contractor and supply networks are often shared, and improving our partners’ safety performance is considered very important. In 2020, we delivered virtual safety workshops for contractors around the world, as the COVID-19 pandemic put an end to all face-to-face engagement. In doing so, we adjusted our approach to safety workshops, focusing on providing two- to three-hour sessions multiple times a year. In this way, we aim to create continuous engagement and awareness around safety with our contractors.

Throughout 2020, we continued to support the Global Wind Organisaton (GW0), providing resource competency, support and market insight, and enabling the development of industry-wide safety training courses. This approach ensures a standard of competence for relevant Vestas employees or contractors, prior to any work taking place onsite. In March 2020, Vestas’ Global Subject Matter Expert for Health & Safety, Paul Robbins, was elected chair of the GW0 executive committee, further highlighting our ongoing commitment to safety across the industry.

Occupational health

Our ambition is that all Vestas employees and their families look back at their careers with the knowledge that their physical and mental wellbeing has always been protected. Based on the analysis of existing data and information, we have identified and prioritised two main work-streams for occupational health: potential chemical exposure and ergonomic hazards. To minimise potential harm from chemicals, the Epoxys Vision project monitors exposure to epoxy through the use of a visualisation cabin. The aim of the project is to establish whether exposure can be monitored, and if monitoring will lead to decreased exposure.

During 2020, we initiated data collection and will continue until the project is concluded in 2021. In order to improve ergonomic conditions, we launched a dedicated ergonomics programme in a number of prioritised facilities. This programme package is available to be launched at any identified risk-prone behaviours are stopped and assessed to ensure all risk is removed. The programme also encourages open, honest and constructive safety dialogue between colleagues. In particular, it emphasises the collective responsibility of Vestas employees to promote safe behaviour across the company.

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The Vestas Graduate Programme is a two-year international programme at Vestas aimed at supporting professional growth. In the market. As a first step in 2020, we began to develop a new and distinct Employee Value Proposition (EVP), which we will be ready to activate through a targeted employee branding strategy from 2021 onwards. Given our ambitions to increase the share of women in leadership positions, we have identified women as one of the select target subgroups within the EVP project.

Recruiting talent

Attracting and talent recruitment are essential to our ambitions to grow, thrive, reach new markets, and drive the global energy transition. To enhance our attractiveness as an employer and recruit the best talent, we aim to increase gender diversity within the company. In 2020, we reviewed our recruitment process with a view to improving our ability to attract diverse talent, with a specific focus on gender. Read more about these initiatives on page 27.

Job training. Service and manufacturing employees participated in more than 1,1 million training hours (72 hours per employee on average). Depending on local market conditions, we offer a pension, insurance plans, health insurance, subsidised lunches, gym access and work/life policies, such as flexible working arrangements. We also offer free fruit in our offices, IT equipment and competitive vacation policies.

Our compensation packages are benchmarked against local market salaries for each position, ensuring equal and fair pay regardless of social identity. And our annual salary reviews are linked to performance evaluation to help us achieve strong alignment between performance, pay and the external environment. During 2020, we conducted an external audit on pay equity, investigating pay levels in relation to gender, nationality and age. See page 26 to read more.

A unique element under our remuneration scheme is our global bonus programme. Every employee at Vestas is part of the programme and is rewarded for achieving their performance targets as well as for innovation and efficiency. We continuously calculate the exact amount to be allocated each year, and bonuses are paid out when and if the minimum success criteria for Group profits are met.

As part of our efforts to achieve carbon neutrality by 2030 without using carbon offsets, we updated our benefit card programme. From 2020 onwards, we will only be offering plug-in hybrids and electric vehicles. By January 2025, our benefit car fleet will be comprised entirely of zero-emission vehicles.

Exit

When our employees leave the company, we want them to leave satisfied, aware of the impact they have made within the company and in helping to drive the global energy transition.

Their departure from the company can come in many forms. Retirement is a key sub-stage of the Vestas lifecycle. While this is still categorised as an event from the company, we work to ensure the right procedures and conditions are in place when one of our employees retires.

In other instances, employees may choose to submit a resignation. Those choosing to leave will receive an exit survey, the aim of which is to capture ideas around how to improve Vestas as an employer. In 2020, Vestas introduced structured exit interviews with female leaders to learn more about how we can improve our retention rate for women in leadership positions. And when we have to terminate a contract with an employee, we focus on providing equitable market-level severance packages in all cases.
Diversity and inclusion

In 2020, we continued our efforts to create and sustain an environment that actively embraces diversity and inclusion in all areas. At Vestas, diversity and inclusion are key strategic priorities since they enhance employee wellbeing, creativity, leadership, and help lead to more innovative solutions. And it is, simply put, the right thing to do. Indeed, we want to create the most inclusive workplace within the energy industry.

A diverse workforce offers an array of social identities, each bringing with them different experiences, perspectives, opinions, approaches, and solutions. These social identities include, but are not limited to gender, age, culture, ethnicity, physical ability, political and religious beliefs, and sexual orientation.

In a truly inclusive company, everyone feels valued and that their voices are heard. It is a matter of acknowledging that everyone is different, and that we as a company are stronger because of these differences. Our commitment to diversity and inclusion includes our Board of Directors and our Executive Management, striving to adequately reflect a diverse array of qualifications, competencies, and gender.

By focusing on diversity and inclusion, we aim to create equal access to opportunity regardless of social identity. Further details about our definition of diversity can be found in the Vestas Diversity & Inclusion Policy on our corporate website. By promoting and encouraging diversity and inclusion, we are working to change behaviours, challenge perceptions and ensure that equality of opportunity and access is prevalent throughout the organisation.

Diversity & Inclusion Mission Statement

“At Vestas, we believe that a diverse and inclusive workforce is vital for accelerating the green transition globally. We know that our differences make us stronger, more innovative, and better equipped to address the challenges of the future. Therefore, we are committed to making sure that all potential, future, and current Vestas employees are guaranteed equal opportunities regardless of social identity. Everyone must feel safe, valued, and know that their voice will be heard. This journey has only just begun – together, we will keep moving forward and become sustainable in everything we do.”

Gender representation across the company

As part of our commitment to diversity and inclusion, we have set specific targets for female representation in leadership positions, aiming to reach 25 percent representation by 2025 and 30 percent by 2030. While gender diversity is a fair and measurable indicator of diversity generally, we consider diversity to be much broader in definition. Therefore, we will also measure progress on nationality and age as we continue to increase our focus on diversity and inclusion.

Overall, while 14 percent of Vestas’ employees were women at the end of 2020, the share of women in leadership positions was stable at 19 percent over a series of years. In 2020, women still occupied only 19 percent of leadership positions. In conclusion, the audit found no gender pay equity across all seven markets. For more detailed analysis on gender pay, please refer to the vestas gender pay equity overview in the report.

Diversity and inclusion training

To further drive diversity and inclusion across our business, we have, in line with our strategic ambition, initiated several activities designed to help us become the most inclusive employer in the industry. These initiatives are outlined below.

Cultural diversity

Number of nationalities

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30</td>
<td>60</td>
<td>55</td>
<td>60</td>
<td>55</td>
<td>60</td>
</tr>
<tr>
<td>30-50</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>&gt;50</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Gender diversity

Employees by age group

<table>
<thead>
<tr>
<th>Year</th>
<th>&lt;30</th>
<th>30-50</th>
<th>&gt;50</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>60</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>2017</td>
<td>55</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>2018</td>
<td>60</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>2019</td>
<td>55</td>
<td>30</td>
<td>15</td>
</tr>
<tr>
<td>2020</td>
<td>60</td>
<td>30</td>
<td>10</td>
</tr>
</tbody>
</table>

Pay inequity

In 2020, Mercer performed an external audit on Vestas’ gender pay equity. The audit focused on pay equity for the same work performed by women versus men in seven major countries. Based on these findings, Mercer provided recommendations for increasing the share of women in leadership positions. In conclusion, the audit found that actively embracing diversity and inclusion in all areas of the organisation is vital for accelerating the green transition globally. Through our increasing commitment to diversity and inclusion, we are working to change behaviours, challenge perceptions and ensure that equality of opportunity and access is prevalent throughout the organisation.
Diversity and inclusion

Interview with Alejandra Arbelaez Sierra, Vice President Service ASP, and Diversity & Inclusion Ambassador

Q: How do you contribute to Vestas’ sustainability strategy, sustainability in Everything We Do, in your day-to-day work?

A: For me, it is crucial to lead by example with small things before thinking big. For example, in the Service department where I work, we have begun to switch to sustainably fuelled service vehicles. But initiating such things without having a comprehensive sustainability mindset in place is an isolated effort. Therefore, I also focus on day-to-day contributions, such as paperless working and waste recycling. And with all the coffee that a Colombian person can drink, I always use my own mug! But sustainability at Vestas also includes our ambition to be the most inclusive company in the energy industry. That’s why I have decided to contribute my personal experience and step up as a Diversity & Inclusion Ambassador.

Q: How can I as a leader/employee contribute to creating a diverse and inclusive work environment?

A: As a general approach, we need to avoid any type of bias in our daily interactions with our teams and stakeholders. By bringing diversity into our teams with new hires, or through interactions with different regions or departments, we can embrace new ideas and realise the immense potential of diversity and inclusion. Finally, what is it that personally gets you out of bed in the morning?

A: To make a difference with the things I do every day and accomplish my personal and professional objectives. Being married to the best husband in the world is also a great motivation!

**It’s absolutely essential to create awareness about the benefits of being open and inclusive.**

Alejandra Arbelaez Sierra
Vice President Service ASP and Diversity & Inclusion Ambassador

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**Selected Vestas Employees Data for 2020**

**Table: Employees by region and function**

<table>
<thead>
<tr>
<th>Function</th>
<th>Europe and Africa</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing &amp; Global Sourcing</td>
<td>4,235</td>
<td>2,681</td>
<td>2,924</td>
<td>9,840</td>
</tr>
<tr>
<td>Sales and service</td>
<td>6,896</td>
<td>3,259</td>
<td>2,140</td>
<td>12,256</td>
</tr>
<tr>
<td>Power Solutions</td>
<td>1,447</td>
<td>39</td>
<td>518</td>
<td>2,004</td>
</tr>
<tr>
<td>Others</td>
<td>4,199</td>
<td>153</td>
<td>631</td>
<td>5,833</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,856</strong></td>
<td><strong>1,523</strong></td>
<td><strong>2,612</strong></td>
<td><strong>25,087</strong></td>
</tr>
</tbody>
</table>

**Table: Employees by age group and gender**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 years</td>
<td>2,004</td>
<td>1,375</td>
<td>649</td>
<td>2,995</td>
</tr>
<tr>
<td>30-50 years</td>
<td>2,004</td>
<td>1,375</td>
<td>649</td>
<td>2,995</td>
</tr>
<tr>
<td>&gt;50 years</td>
<td>649</td>
<td>393</td>
<td>256</td>
<td>1,066</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,982</strong></td>
<td><strong>3,375</strong></td>
<td><strong>1,607</strong></td>
<td><strong>5,382</strong></td>
</tr>
</tbody>
</table>

**Table: Employees by employment contract and gender**

<table>
<thead>
<tr>
<th>Employment Contract</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard employment</td>
<td>3,861</td>
<td>2,004</td>
<td>1,857</td>
<td>4,860</td>
</tr>
<tr>
<td>Temporary contract</td>
<td>2,155</td>
<td>1,375</td>
<td>780</td>
<td>4,530</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,016</strong></td>
<td><strong>3,375</strong></td>
<td><strong>2,640</strong></td>
<td><strong>6,016</strong></td>
</tr>
</tbody>
</table>

**Table: Employees by standard employment by employment type and gender**

<table>
<thead>
<tr>
<th>Employment Type</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full time</td>
<td>4,022</td>
<td>2,004</td>
<td>2,018</td>
<td>6,039</td>
</tr>
<tr>
<td>Part-time</td>
<td>443</td>
<td>427</td>
<td>16</td>
<td>469</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,465</strong></td>
<td><strong>2,431</strong></td>
<td><strong>2,034</strong></td>
<td><strong>4,465</strong></td>
</tr>
</tbody>
</table>

**Table: New employees by region and gender**

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>1,460</td>
<td>956</td>
<td>504</td>
<td>2,004</td>
</tr>
<tr>
<td>Europe and Africa</td>
<td>333</td>
<td>93</td>
<td>240</td>
<td>573</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>1,799</td>
<td>1,049</td>
<td>750</td>
<td>3,089</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,025</strong></td>
<td><strong>1,232</strong></td>
<td><strong>793</strong></td>
<td><strong>2,930</strong></td>
</tr>
</tbody>
</table>

**Table: New employees by age group and gender**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 years</td>
<td>333</td>
<td>297</td>
<td>36</td>
<td>363</td>
</tr>
<tr>
<td>30-50 years</td>
<td>1,799</td>
<td>1,049</td>
<td>750</td>
<td>3,089</td>
</tr>
<tr>
<td>&gt;50 years</td>
<td>1,375</td>
<td>1,275</td>
<td>100</td>
<td>1,475</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,025</strong></td>
<td><strong>1,232</strong></td>
<td><strong>793</strong></td>
<td><strong>2,930</strong></td>
</tr>
</tbody>
</table>

**Table: Employees by level and age**

<table>
<thead>
<tr>
<th>Level</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>0.3%</td>
<td>11.5%</td>
<td>95.2%</td>
<td>107</td>
</tr>
<tr>
<td>Other</td>
<td>20.6%</td>
<td>44.4%</td>
<td>75.3%</td>
<td>130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20.9%</td>
<td>55.9%</td>
<td>71.2%</td>
<td>228</td>
</tr>
</tbody>
</table>

**Table: Employees by level and gender**

<table>
<thead>
<tr>
<th>Level</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership positions</td>
<td>2.8%</td>
<td>11.7%</td>
<td>87.2%</td>
<td>87.2%</td>
</tr>
<tr>
<td>Other</td>
<td>11.2%</td>
<td>73.4%</td>
<td>16.4%</td>
<td>93.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14.0%</td>
<td>85.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Table: Board of Directors by age group and gender**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;30 years</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>30-50 years</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>&gt;50 years</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Our responsibilities

Human rights

Vestas is committed to respecting human rights as set out in the UN Guiding Principles on Business and Human Rights, and in our Human Rights Policy. This policy outlines our pledge to respect all human rights and includes our expectations for business partners.

As the scale of renewable energy increases, so do our responsibilities. To this end, we have adopted a unique approach to respecting human rights to support our progress towards Leading a responsible and inclusive energy transition.

As part of our commitment to continuous improvement, we have launched the next step on our human rights journey. In September 2020, we introduced a three-pillared approach focusing on:

- Responsibility: strengthening human rights governance and management
- Inclusiveness: creating long-term value and engagement in the markets where we operate
- Leadership: ensuring the integration of human rights within the energy transition

During 2020 we applied key recommendations to our due diligence methodology, continuing the work from our 2018 corporate-wide Human Rights Impact Assessment. This process will help us ensure that we identify the most salient human rights issues during the construction of wind farm projects, and that these issues are prevented or mitigated. This includes but is not limited to improving engagement in projects, community health and safety, local communities’ livelihood projects, land acquisition, and resettlement.

Business ethics

Our Code of Conduct sets out rules and principles that outline the behavioural expectations of all Vestas employees. Building and maintaining an ethical culture is also key to reducing and managing potential legal, operational and reputational risks. This process requires that we continuously strengthen our policies and procedures while nurturing a culture of compliance.

As a global company we operate in many different countries, each with their own unique way of conducting business, requiring continuous effort to harmonise business practices according to the Vestas Code of Conduct. In 2020, we increased our focus on risk identification in our anti-bribery and corruption programme by aligning our regional methodology, continuing the work from our 2018 corporate-wide Global Anti-Bribery & Corruption Campaign.

EthicsLine

EthicsLine is our whistle-blower mechanism that enables employees and associates to report violations of the Vestas Code of Conduct, applicable laws, and Vestas’ policies and procedures. Since 2007, EthicsLine has helped ensure that such violations are always brought forward and dealt with appropriately.

The main purpose of EthicsLine is to provide Vestas’ employees, business partners, or anyone associated with the company with a place to report unethical behaviour or practices observed in the workplace. In addition, it provides guidance for employees who are in doubt about certain ethical issues.

All Vestas employees have an obligation to report any suspected or actual misconduct relating to fraudulent practices, business ethics misconduct, and/or violations of laws and policies. We encourage all employees to report any suspected or actual misconduct.

Global Anti-Bribery & Corruption Campaign

Building a strong compliance culture is not a destination, but a journey. In 2020, we focused on four thematic global campaigns: Hard Decisions, Transparency, Integrity and Consequences. In order to reach the whole organisation, these campaigns included interactive webinars, training toolkits for managers, internal articles, posters and competitions.

EthicsLine cases

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>0</td>
</tr>
<tr>
<td>2019</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>0</td>
</tr>
</tbody>
</table>

In 2020, we upgraded the EthicsLine platform to be more user-friendly, with simplified reporting and a new mobile application. As accountability is one of our core values, and so we encourage everyone to speak up, we believe in making this tool as accessible and easy to use as possible. EthicsLine is hosted on a secure external website where anyone can raise a concern without fear of repercussion. The platform allows reporters to remain anonymous, except in instances when this would be specifically prohibited by law. Subject to applicable laws, all matters reported through EthicsLine are investigated thoroughly and everyone involved is treated fairly.

We take a zero-tolerance approach to any form of retaliation against employees making a report in good faith, whether the report is ultimately substantiated or not. The same applies to individuals who cooperate as part of an EthicsLine investigation (for example as witnesses).

In parallel with the platform upgrade, we also developed and launched a new EthicsLine Policy. The policy sets out the platform rules, and explains which kind of issues are reportable, and the protection available to reporters and witnesses.

As part of our work on the platform improvements, we launched an ambitious global communication campaign to raise awareness of the new tools. The launch included emails from senior leadership to set the tone from the top, interactive webinars, an animated ‘how to’ video, and several expert articles. These efforts led to an increase in EthicsLine cases in the latter half of 2020 and affirmed the need for continuous, ongoing communication around the platform to build long-lasting trust.

In 2020, substantiated cases led to various disciplinary actions, including 28 warnings and 27 dismissals.

Suppliers

Vestas has a broad and complex supply chain. A wind turbine consists of several thousand parts delivered by several thousand suppliers. Components and raw materials currently make up more than 80 percent of the carbon footprint of the product manufacturing process. Therefore, in order to improve the sustainability of our products and our entire value chain, we continuously work with suppliers to enhance shared processes and practices.

As part of our sustainability strategy, Sustainability in Everything We Do, we are committed to reduce carbon emissions from our supply chain by 45 percent per MWh generated by 2030, and to produce zero-waste turbines by 2040. To achieve these goals, we depend on our partners to deliver the highest level of performance. Complying with the Vestas Business Partner Code of Conduct is an integral part of our Purchase Agreements, and we expect all suppliers to uphold these principles and standards.

We mitigate supplier risk by conducting third party due diligence screenings and assessing business ethics and supplier quality. In 2020, we screened 2989 suppliers, allowing us to make informed decisions about who we work with, develop mitigation actions if necessary, and thus lower our risk exposure.

We also assess supplier compliance through rigorous due diligence processes. Our assessments range from questionnaires to onsite visits. In 2020, we carried out 39 onsite assessments for new suppliers globally, measuring performance against specific quality and sustainability parameters. Of these, 35 were approved, none were rejected, and 4 are under approval. We also commissioned an external company to conduct 44 compliance audits. When so-called ‘red flags’ are identified, indicating that suppliers are failing short of our standards, we initiate actions to address the issues raised.

As part of our commitment to sustainability, everyone at Vestas is engaged in the ‘inclusive energy transition’. To ensure we maintain exceptionally high standards with suppliers, we continuously work with suppliers to enhance shared processes and practices. As part of our work on the platform improvements, we launched an ambitious global communication campaign to raise awareness of the new tools. The launch included emails from senior leadership to set the tone from the top, interactive webinars, an animated ‘how to’ video, and several expert articles. These efforts led to an increase in EthicsLine cases in the latter half of 2020 and affirmed the need for continuous, ongoing communication around the platform to build long-lasting trust.

In 2020, we updated certain components of the supplier performance scorecard to reflect our new sustainability strategy. Sustainability in Everything We Do. As aspiring to take responsibility for our environmental footprint throughout the supply chain, the scorecard now reflects suppliers’ performance in the areas of carbon footprint and circularity. In doing so, we assess suppliers based on indicators such as carbon emissions, waste volumes and recycled waste. These scorecard updates are intended to make sustainability an integrated part of all supplier performance evaluations going forward.
Environmental sustainability

Sustainable energy and the climate crisis

To support our efforts in this area, we have entered sustainability partnerships with our suppliers, GIZ Panama and Hempel, working to reduce emissions from transport and industrial coatings. The partnership with GIZ Panama involves a mutual commitment to reduce and eliminate carbon emissions related to transport and logistics. Together with Hempel, we aim to reduce surface treatment costs and support sustainable coating solutions. Initial calculations suggest that changing the surface treatment application process for wind turbines will potentially reduce carbon emissions by 60 percent per year.

Climate change risks and governance (TCFD)

At Vestas, climate change issues and risks are subject to a comprehensive governance structure, integrated into our general sustainability governance (see page 42). Our Board of Directors functions as the highest governance body for climate-related risks and opportunities. Climate change is frequently discussed by two of its specific committees. The Technology & Manufacturing Committee evaluates sustainability performance generally, while the Audit Committee evaluates climate risks specifically. The highest executive responsibility lies with Group President & CEO, Henrik Andersen, who oversees climate-related risks and opportunities on a quarterly basis. This process is informed by a cross-functional Sustainability Committee, which discusses such risks and opportunities throughout the year.

As part of our annual enterprise risk management process, we work to identify, assess, register, and manage all climate risks across the company with a financial impact above EUR 15m. This risk management process includes our direct operations, as well as upstream and downstream risks, including climate-related risks. An example of a core climate-related risk would be the impact of extreme weather events on our global manufacturing footprint. At the same time, as the global leader in wind energy solutions, we are well positioned to take advantage of business opportunities arising from climate change. Such opportunities include increased revenue due to the use of policy support schemes, and growing demand for low carbon electricity generation technology.

In turn, our risk management process for climate-related issues feeds back into our climate strategy and our reporting to the Carbon Disclosure Project (CDP), among other schemes. See page 12 to read more about our carbon neutrality goal and page 18 for our supporting KPIs.

Circularity

One of our key sustainability goals is to build zero-waste wind turbines by 2040. This goal involves committing to improvements in circularity from two angles. On the one hand, we are working on end-of-life solutions for our turbines, with a view to creating fully recyclable products. On the other hand, we aim to create a value chain which avoids generating zero waste materials. We are working on initiatives with an immediate focus on composite materials, with a view to recycling wind turbine blades and preventing waste in production. We will present a comprehensive circular economy strategy in 2021.

Zero-waste definition

By zero waste, we mean preventing all waste and developing a circular economy for all materials, including the carbon cycle. A goal related to a hard target, through circularity we aim to reuse, repair, remanufacture or recycle, without recourse to incineration or landfilling. This process encompasses all our own operations as well as our direct suppliers, covering design and procurement, production, construction, service sales, and end-of-life solutions.

Today, Vestas wind turbines are on average 85 percent recyclable. However, our wind turbine rotors (blades and hubs) are partially comprised of composite materials, which are more difficult to recycle. As a first step, we are therefore working to improve the recyclability of all turbine rotors, with the goal of increasing their recyclability rate from 42 percent to 50 percent by 2025 (by weight), and to 55 percent by 2035. In 2020, the recyclability rate slightly decreased to 41 percent. This is the result of a design change optimizing the metal content in the turbine’s hub, after which the blade mass corresponds to a bigger share of the total rotor mass. Still, we remain committed to our ambitions and are confident that a number of promising initiatives (described below) will lead to the desired recyclability rate.
The DecomBlades project is a large cross-sector collaboration focusing on value chains for recycling end-of-life (EOL) wind turbine blades. Through collaboration with other major wind OEMs, recycling companies and knowledge partners, DecomBlades aims to identify one or more sustainable, globally available and economically feasible recycling routes for EOL blades. Specifically, we will support the development of material and value streams for three recycling routes, with all recycling technologies undergoing a complete life cycle analysis including global warming potential. The project will run for three years and is partly funded by Innovation Fund Denmark (IFD).

As a founding member of the UK’s National Composites Centre, we support the SusWIND project (NCC 2020), which was launched in November 2020. This initiative brings together leading stakeholders in the composites industry and energy sector, and serves to drive future sustainability of the wind turbine technology by means of three pathways. First, it aims to discover viable ways of recycling composite materials in wind turbine blades. Second, it explores the use of more sustainable materials, such as bio-derived feedstock or thermoplastics in developing composites for turbine blades. And third, it aims at developing innovative new approaches based on design for disassembly, utilising sustainable materials and with end-of-life strategies in mind.

We are also collaborating with universities and suppliers to develop technology and materials to increase the recyclability of turbine rotors. For example, in partnership with one of our epoxy suppliers, we launched a project to develop new composite technologies that enable resin dismantling for end-of-life turbine blades. This will potentially enable ‘design-for-disassembly’ to be integrated into future blade technology.

In 2020, we worked to implement a governance structure to apply the concept of circularity to all wind turbine components, including rotors. This year, we are taking big steps forward. We have recently finished defining baselines for all different modules in a Vestas wind turbine, so now we really get to work. Together with the cross-functional teams, we are identifying impactful initiatives to reduce our waste in all parts of the business. Additionally, we are still aiming to improve the recyclability of wind turbine rotors, which include hub and blades.

Q: How can you improve the recyclability of wind turbine rotors?

Allan: We are still improving the recyclability of wind turbine rotors. However, the issue is one of economics, where the issue of recycling cost and value chains will need to be established. At the same time, it also means there is huge potential for collaboration for us. It is very rewarding to work with highly competent people from our supply chain and adjacent industries. It’s the partnership approach that counts here; together we can improve the already sustainable profile of the wind industry.

Q: How are you making progress to achieve fully recyclable wind turbine rotors?

Allan: Last year, we kicked off a number of promising initiatives. One example is DecomBlades, where we have teamed up with other major OEMs, companies across the blade recycling value chain as well as universities. Together, we are working towards establishing commercially viable recycling routes for wind turbine blades. But we are also leveraging partnerships for innovation, developing recycling technologies as part of the SusWIND project. This year, we are working on new degradable composite materials on one of our epoxy suppliers.

Q: Why is it so difficult to increase the recyclability of rotors?

Peter: Today, turbines are around 80-90 percent recyclable, depending on the turbine variant and configuration. Blades, however, have to be as light and robust as possible, enduring severe weather conditions. Here composites are the ideal materials, being made primarily of epoxy, glass and carbon fibre. The disadvantage is that the combination of these materials makes them very difficult to recycle. There are available recycling technologies for composite materials via mechanical, thermal or chemical routes. However, the issue is one of economics, recycling quality and scale. Presently, few options are commercially viable and new value chains will need to be established.

Q: How do you contribute to Vestas’ sustainability strategy, Sustainability in Everything We Do, in your day-to-day work?

Allan and I are leading Vestas’ efforts to build zero-waste wind turbines by 2040, which is one of four key ambitions within our sustainability strategy. We have been deeply involved in developing the strategy and integrating it across the businesses.

Q: How do you contribute to Vestas’ sustainability strategy, Sustainability in Everything We Do, in your day-to-day work?

Peter: I think it’s highly motivating to drive these developments. These are challenges that concern the entire wind energy industry, which means the progress we’re making is moving the needle for the whole sustainable energy transition.

Allan: At the same time, it also means there is huge potential for collaboration. For me, it is very rewarding to work with highly competent people from our supply chain and adjacent industries. It’s the partnership approach that counts here; together we can improve the already sustainable profile of the wind industry.
covering the entire value chain. As part of this process, we appointed sustainability leads who are responsible for developing and implementing specific circularity initiatives and targets.

In 2020, waste volumes increased by 5 percent compared to 2019. Simultaneously, recycling volumes increased by 7 percent, with incineration volume up 17 percent and landfill volume down 8 percent. In service and construction, waste volumes increased line with the heightened activity levels. In manufacturing, the waste generation varies globally and depends largely on local infrastructure and turbine variants. Please see page 38 to read more about the amounts of waste produced by our own operations in 2020.

Life Cycle Assessment (LCA) Since 1999, we have been developing wind power LCAs to give ‘cradle-to-grave’ evaluations of the environmental impacts of our products and activities. These evaluations concentrate on two key actions:

- Documenting the environmental performance of Vestas wind turbines.
- Analysing the results to reduce the environmental impact of our turbines.

The studies assess a wind turbine’s entire bill of materials, accounting for the approximately 25,000 parts that make up a single turbine. In an LCA, a complete wind power plant is assessed up to the point of the electricity grid. This includes the wind turbine itself, its foundation, the site cabling and transformer station. Our LCAs are available on the Vestas corporate website.

Vestas® SiteLCA™ As part of our commitment to our customers, we provide customised wind power plant LCAs, called Vestas® SiteLCA™. These assessments determine key indicators of environmental performance, taking the wind turbine type, site specific conditions and production supply chain into consideration.

The environmental performance of a wind power plant is site and layout specific. It varies across the globe according to local site performance and manufacturing supply chain. SiteLCA™ provides our customers with transparent environmental facts (such as carbon footprint, return on investment, water-use or environmental benefits, etc.) about specific wind plants. These fact-based indicators increase business case certainty by allowing site LCA assessments to better understand the material composition of wind power plants from a 20-year perspective. The figure below shows the typical material breakdown of Vestas turbines. For example, a V136-4.2 MW turbine is composed of around 90 percent metals (such as steel, iron, copper and aluminium), 9 percent polymers and composite materials, with the remainder being a mixture of electronics/electrical items, lubricants and fluids.

### Material breakdown of a V136-4.2MW™ wind turbine

<table>
<thead>
<tr>
<th>Material Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel and iron materials (88.5%)</td>
<td>Steel and iron materials (88.5%)</td>
</tr>
<tr>
<td>Aluminium and alloys (1.1%)</td>
<td>Aluminium and alloys (1.1%)</td>
</tr>
<tr>
<td>Copper and alloys (0.6%)</td>
<td>Copper and alloys (0.6%)</td>
</tr>
<tr>
<td>Polymer materials (2.8%)</td>
<td>Polymer materials (2.8%)</td>
</tr>
<tr>
<td>Glass/carbon composites (0.9%)</td>
<td>Glass/carbon composites (0.9%)</td>
</tr>
<tr>
<td>Electronics/electrics (0.7%)</td>
<td>Electronics/electrics (0.7%)</td>
</tr>
<tr>
<td>Lubricants and fluids (0.3%)</td>
<td>Lubricants and fluids (0.3%)</td>
</tr>
<tr>
<td>Not specified (0.1%)</td>
<td>Not specified (0.1%)</td>
</tr>
</tbody>
</table>


Rare earth elements from an LCA perspective Rare earth elements are naturally occurring elements which, once mined and processed, can be used in a variety of high-tech industrial applications, such as hybrid car motors and components for military hardware. At Vestas, we use rare earth elements in the magnets found in the rotors of all new turbine models (e.g., in the EnVentus platform) and in permanent-magnet generators in the older GridStreamer™ turbine models (e.g., the V112-3.0 MW and the 2.0 MW GridStreamer™ platform). Rare earth elements improve the performance of turbines by making the generator more efficient and grid compatible. This allows us to reduce the overall size of the generator and powertrain and use smaller amounts of other resources (such as steel and structural materials), contributing to a smaller carbon footprint.

Two types of turbine drivetrain concepts use rare earth materials: conventional geared drivetrains, and gearless direct-drives. The amount of rare earth elements used in direct drive turbines is up to 10 times higher than the amounts used in conventional drivetrains. Today, all Vestas turbines are based on proven technology using conventional drivetrains. It is worth noting that the contribution of rare earth elements used in turbine generator magnets, and in tower magnets, contribute 0.1 percent of total life cycle impacts (Vestas 2014).

### Product responsibility

When designing our products, we consider sustainability requirements throughout our development process, which we call the ‘Vestas Way to Market’ global framework. We use this framework for planning, managing and executing technology and product development across the entire value chain. As such, these projects start and end with a strong focus on customer requirements. By involving key stakeholders in the development process, we can build requirements into the product design at an early stage.

Vestas Way to Market is a stage-gate process whereby a group of gatekeepers ensure that key specifications are met at defined milestones. This approach enables us to decide whether to progress a project to the next stage or not. The specifications are based on internal Vestas commitments (such as the Vestas chemical blacklist), international legislation (such as the European directives), and internationally recognised codes and standards such as the ISO, IEEE or IEC. As part of this process, the product design also has to live up to our sustainability requirements.

### Chemical management

The control of chemicals and hazardous substances used in the manufacture and service of turbines is a core part of our management system. It is essential for our overall sustainability performance. In the development of turbines, we are actively working on finding safer and more environmentally friendly products. Our goal is to ensure a healthy workplace for our employees and to minimise our impact on the environment.

Chemical management at Vestas includes global procedures for the approval of new chemicals, local instructions for handling, transport and storing chemicals, and a global chemical database for sharing knowledge from suppliers.

In order to integrate continuously changing chemical legislation globally, such as GHS/CLP and REACH, our Prohibited Substances list identifies a range of prohibited substances. Meanwhile our Restricted Substances list limits the use of certain substances which are either expected to be prohibited in the future or have a specific hazard classification.

We require our suppliers to fulfil the requirements of both lists for all products delivered. If the product contains chemical substances outsourced in the Restricted Substances list, we expect the supplier to create an action plan for phasing out these substances and finding alternatives. We also assess if a safe substitution can be signed off, and if the product can be substituted.

### Impact assessment

When designing a wind power plant, the planning process should always include an assessment of the proposed location, and how the project could potentially impact the surrounding environment. In many countries, environmental impact assessments are required by law, or are part of the environmental requirements of international financial institutions that support infrastructure projects.

In most cases, our customers have the primary responsibility for undertaking the environmental assessment and developing the environmental management system for a particular wind power plant. However, we work closely with our customers throughout every stage of this process. Environmental assessments typically take into account direct and indirect environmental impacts, including:

- Landscape and visual impressions
- Flora
- Fauna (e.g., birds and bats)
- Noise
- Shadows

### Freshwater withdrawal

At Vestas, we measure freshwater withdrawal on a global level. However, as the primary use of water in the company is for domestic use, the associated environmental impacts are considered to be minimal. See page 38 for data on our freshwater withdrawal in 2020. Overall, freshwater withdrawal decreased by 11 percent compared to 2019. This is largely due to government-imposed lockdowns of offices. For manufacturing, service and construction, fresh water withdrawal remained in line with the activity levels.
### Selected environmental data for 2020

Vestas’ energy consumption was divided into the following categories:

#### Energy consumption by source

**1,000 MWh**

<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuels for heating (direct energy)</td>
<td></td>
</tr>
<tr>
<td>Oil</td>
<td>16</td>
</tr>
<tr>
<td>Gas</td>
<td>114</td>
</tr>
<tr>
<td>Indirect energy</td>
<td></td>
</tr>
<tr>
<td>Electricity (100% renewable)</td>
<td>261</td>
</tr>
<tr>
<td>Heat (71% renewable)</td>
<td>38</td>
</tr>
<tr>
<td>Fuels for transportation</td>
<td></td>
</tr>
<tr>
<td>Liquefied petroleum gas (LPG)</td>
<td>1</td>
</tr>
<tr>
<td>Diesel sail</td>
<td>138</td>
</tr>
<tr>
<td>Petrol</td>
<td>53</td>
</tr>
</tbody>
</table>

Vestas’ water withdrawal was divided into the following categories:

#### Water withdrawal by source

**1,000 m³**

<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh water withdrawal</td>
<td></td>
</tr>
<tr>
<td>From municipal water supplies or other water utilities</td>
<td>333</td>
</tr>
<tr>
<td>From ground water</td>
<td>84</td>
</tr>
<tr>
<td>Fresh water from surface water, including water from</td>
<td></td>
</tr>
<tr>
<td>wetlands, rivers and lakes</td>
<td>4</td>
</tr>
<tr>
<td>Non-fresh water withdrawal</td>
<td></td>
</tr>
<tr>
<td>From surface water, including water from wetlands and</td>
<td></td>
</tr>
<tr>
<td>oceans</td>
<td>0</td>
</tr>
<tr>
<td>Cooling water</td>
<td></td>
</tr>
<tr>
<td>From surface water, including water from wetlands,</td>
<td></td>
</tr>
<tr>
<td>rivers, lakes, and oceans</td>
<td>0</td>
</tr>
</tbody>
</table>

Vestas emitted waste water to the following destinations:

#### Waste water

**1,000 m³**

<table>
<thead>
<tr>
<th>Destination</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treated by Vestas to public treatment facility</td>
<td>64</td>
</tr>
<tr>
<td>Treated by Vestas directly to environment</td>
<td>25</td>
</tr>
<tr>
<td>Non-treated waste water to public treatment facility</td>
<td>226</td>
</tr>
<tr>
<td>Non-treated waste water directly to environment</td>
<td>10</td>
</tr>
</tbody>
</table>

Vestas’ waste disposal was divided into:

#### Waste disposal

**1,000 Tonnes**

<table>
<thead>
<tr>
<th>Type</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hazardous</td>
<td>83</td>
</tr>
<tr>
<td>Hazardous</td>
<td>6</td>
</tr>
</tbody>
</table>

Vestas disposed waste to the following destinations:

#### Waste disposal

**1,000 Tonnes**

<table>
<thead>
<tr>
<th>Type</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>46</td>
</tr>
<tr>
<td>Incineration</td>
<td>21</td>
</tr>
<tr>
<td>Landfill</td>
<td>22</td>
</tr>
</tbody>
</table>

Vestas recorded the following air emissions:

#### Air emissions

<table>
<thead>
<tr>
<th>Emissions</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC</td>
<td>268</td>
</tr>
</tbody>
</table>

V90-3.0 MW
USA, 2007
Community engagement

**Investing in our social license**

Our global approach on the Social license to Operate (SLO) helps create a financially sustainable project, through including social risks in our overall wind farm project management. Through working continuously with our stakeholders, such as customers and host communities, we aim to understand the local context and build trust and acceptance in our projects. We then work to ensure that our own evaluation of potential impacts, and our approach to addressing these impacts, is closely aligned with our customers’ efforts. As we aim to becoming the global leader in sustainable energy solutions, working with various stakeholders such as customers, partners, investors, contractors and local stakeholders, is the kind of leadership we want to incorporate into our way of doing business, and a journey on which we invite all our stakeholders to join us.

**Jordan**

During the construction of a wind farm, earthworks, and the heavy transportation of materials often cause dust emissions. We assess this potential impact during a project’s design phase, carrying out dust suppression measures such as covering the ‘trucks’ loads, reducing speed (particularly on dirt roads), water spraying, covering powdery material, and avoiding large sandpiles close to roads and residents.

However, despite these measures, local residents may be more adversely affected than originally foreseen. This was the case in Jordan, where we are building two new wind farms in close proximity to one another. During earthworks, local farmers experienced negative impacts on their livelihoods due to a combination of high wind speeds and soil movements. The dust covered livestock grazing areas as well as olive trees, resulting in reduced income from olive production. The farmers also noticed that their goats and sheep were experiencing respiratory difficulties.

To address this issue, we contracted an independent consultant to conduct a rigorous impact assessment and calculate a fair level of compensation. The complainants will be duly reimbursed for their loss of income. Lessons learned from this case will be integrated into our due diligence framework to prevent similar cases occurring in the future.

**India**

Continuing our community development initiatives in India, during 2020, we maintained our work on pre-existing programmes at several Vestas sites and facilities, albeit in a downscaled manner due to the COVID-19 pandemic. To date, we have supported activities in 46 villages across three Indian states. Activities include educational support for rural school children, skills training for rural adolescents, health and hygiene awareness for rural women and children, agricultural capacity building for farmers, and access to water and sanitation facilities. Additionally, we continued to support an integrated education programme in five locations in the greater Chennai region, where Vestas India is headquartered. This programme aims to help 2,000 adolescents from low-income backgrounds complete their secondary education, while also promoting higher levels of employability and improving life skills.

**Senegal**

In September 2018, we announced a contract to provide customised solutions for Senegal’s first ever wind power plant. The new 1.587 MW plant, which is owned by the renewable energy generation company Lekela, is located in Tabia N'Diaye, a small town 75km northeast of Dakar.

As Vestas will be servicing the wind farm for the next 20 years, building and maintaining a good relationship with the local community is a vital part of the process. To this end, we are rolling out regular community engagement and development initiatives, with a special focus on education – one of our core SDG commitments. In 2020, we carried out various support activities for schools in the Tabia N’Diaye project area. We repaired sanitation buildings, constructed a new classroom, and donated 1,000 tables and benches to the elementary school in Taiba Mbaye village, benefitting 565 students and 11 teachers. We also repaired the public lavatories and replaced windows and doors at the elementary school and college in Minine and Keur Malle villages, benefiting 577 students and 24 teachers.

**Sri Lanka**

In Sri Lanka, we have been conducting a community development programme in villages near our 100 MW Mannar EPC wind power project site. The programme extends to rural women, fishermen and children, among others. Activities include a month-long training scheme on fabric painting and design for 66 rural women due to the COVID-19 pandemic. To date, we have supported activities in 46 villages across three Indian states. Activities include educational support for rural school children, skills training for rural adolescents, health and hygiene awareness for rural women and children, agricultural capacity building for farmers, and access to water and sanitation facilities. Additionally, we continued to support an integrated education programme in five locations in the greater Chennai region, where Vestas India is headquartered. This programme aims to help 2,000 adolescents from low-income backgrounds complete their secondary education, while also promoting higher levels of employability and improving life skills.

**Social due diligence**

Human rights are transitioning from soft law to hard law. Financial institutions are firming up their demands and our customers are facing increased requirements and expectations. With this in mind, our Social Due Diligence (SDD) offers a reference framework for navigating the human rights impacts linked to wind farm project planning and construction.

To support our emerging markets entry strategy, we implemented our first Social Due Diligence framework in 2012. The SDD identifies social risks and impacts linked to the construction and service of wind farm projects within scope, and sets in motion the processes needed to prevent and mitigate them. For projects in scope, we conduct an overall assessment of the project and its potential impact on local communities.

The results from the SDD include actions to mitigate negative impacts and scale positive impacts, which are then integrated into project plans to ensure integrity in project execution. The SDD is based on the International Finance Corporation’s Environmental and Social Performance Standards, and the World Bank Group’s Environmental, Health and Safety Guidelines for Wind Energy. This means that, regardless of where a customer obtains financing from, we will support the project’s execution in line with accepted international standards.

From 2020, we report on three new Key Performance Indicators (KPIs): the number of community grievances, the number of direct beneficiaries from our community engagement activities, and the share of projects in scope that have undergone the SDD process. Starting to report this year, we are looking forward to tracking these areas closer and improving our results for 2021 and beyond. Please find accounting principles on page 50.

**Community grievances:** To ensure that we receive and handle community grievances, it is important that we have a functioning operational level grievance mechanism. We are pleased to see that our operational level grievance mechanism is used and we will continue to revise and improve so that we can ensure local communities have the opportunity to raise issues with us as soon as they arise. In 2020, we received 20 community grievances.

**Community beneficiaries:** Despite the challenges of COVID-19, we managed to continue our social due diligence activities in cooperation with the local community and our partners.

**Share of projects in scope having undergone SDD:** We are constantly working to ensure that all projects within scope undergo the SDD process. This also means that we conduct SDDs on projects that do not reach firm order intake in the reporting year. For 2020 we increased our share of projects in scope having undergone SDD to 77.8 percent, but still have work to do to meet our target of 100 percent by 2025.

"We do not have all the answers and we cannot do this alone. We need to engage with our partners to move the needle on human rights, especially in the more challenging emerging markets. This is the way we can lead a responsible and inclusive energy transition, hand in hand."

Kristian Heydenreich
Senior Director, Compliance & CSR

**INTRODUCTION**
Governing sustainability

Solid governance structures are the backbone of our work on sustainability. In this section, we describe how sustainability is managed and governed at Vestas and outline central activities in 2020.

Sustainability governance at Vestas
Our Sustainability Strategy department is responsible for preparing and coordinating our sustainability strategy. In close collaboration with our functional areas, the department also drives and supports the execution of the strategy, operating as part of Vestas, the Environment & Climate Change department in our CEO Office. The department reports to the Sustainability Committee multiple times a year and to our Executive Management and Board of Directors at least once a year. It reflects the strategic importance of sustainability to our business. In 2020, the Head of Sustainability, Lisa Malquin-Ekström, also started reporting directly to the Group President and CEO, Henrik Andersen, on a monthly basis.

To effectively implement sustainability across the organisation, we have appointed sustainability leads for each area of the business. In close collaboration with the Sustainability Strategy department, these individuals define action plans and resource allocation to support the achievement of our sustainability goals and targets within their business area. In addition, individual departments are responsible for specific global policies, procedures, and overall guidance related to sustainability, health, and environment management. The Global Quality, Safety, & Environment (QSE) department, while corporate social responsibility and business ethics are managed by the Legal, Risk & Compliance department. To further embed sustainability within our governance structures, in 2020 we appointed Module Sustainability Leads (for example, for nacelles, blades, towers). These Module Leads will work to achieve reductions in carbon emissions and waste for specific turbine parts.

The Vestas Sustainability Committee prioritises, oversees, and coordinates cross-functional sustainability initiatives across the entire organisation, while ensuring we uphold our responsibilities as Signatories to the UN Global Compact. It is essential that the Committee represents Vestas in its entirety, so each member speaks for their respective function or department. The following functions are represented in the Committee: Investigator Relations, Compliance & CSR, Sustainability Strategy, People & Culture, Service, Sales, Procurement, Quality, Safety & Environment, and Power Solutions.

Reporting to Vestas’ Executive Management team, the Committee held a total of nine meetings in 2020. This frequency will remain the same in 2021. During 2020, a priority for the Sustainability Committee was the strategic discussion and approval of key initiatives to deliver on the sustainability strategy. This focus will remain in place for 2021, and the Sustainability Committee, as well as the Sustainability Strategy department, will continue to oversee the execution of our sustainability strategy.

The Board of Directors of Vestas Wind Systems A/S (Board of Directors) consists of eight external members with broad international experience and four employee representatives. The external members are elected at the general meeting for one year at a time, while the employee representatives are elected by and among the company’s employees. More information about the BoD can be found in our Annual Report, which is accessible via our corporate website.

There are three BoD committees overseeing our sustainability performance: the Audit Committee, the Nomination & Compensation Committee, and the Technology & Manufacturing Committee. The Audit Committee evaluates our ethics and anti-corruption programme, in accordance with both the Vestas Code of Conduct and the World Economic Forum Partnering Against Corruption Initiative (PACI). The cases filed in EthicsLine, our whistle-blower system, are reported to the Audit Committee. The Nomination & Compensation Committee supports the BoD in all staff-related topics, including diversity and inclusion. Meanwhile, the Technology & Manufacturing Committee evaluates our sustainability performance.

In 2020, the BoD held four Audit Committee meetings, six Nomination & Compensation Committee meetings, and four Technology & Manufacturing Committee meetings.

Codes of Conduct
Integrity is fundamental to conduct at Vestas. When faced with difficult decisions, integrity means making ethical choices that reflect our values of accountability, collaboration, simplicity, and passion. As a global company of more than 25,000 employees operating in over 50 countries, it is essential that our Codes of Conduct embody this commitment and are supported by top management.

Our Employee Code of Conduct describes a set of rules and principles for how employees are expected to behave as part of their employment at Vestas. It applies beyond local traditions, national legislations, and cultures, setting a standard for all employees whenever they operate. All salaried employees joining Vestas are required to sign the Employee Code of Conduct.

Our Business Partner Code of Conduct outlines the minimum requirements with which our Business Partners need to comply when conducting business with us. It applies to all business partners, and the right to terminate a business relationship if a supplier does not fulfill the compliance requirements set out in the Code.

For more information about our policies, please visit:

- The Vestas Employee Code of Conduct
- The Vestas Decision Tree
- The Vestas Business Partner Code of Conduct
- The Vestas Business Partner Code of Conduct Guidelines
- The Vestas Quality, Health, Safety and Environmental policy
- The Vestas Human Rights Policy
- The Vestas Freedom of Association Policy

UN Global Compact
The United Nations Global Compact (UNGC) is the world’s largest corporate sustainability initiative. It encourages businesses to align their operations and strategies with ten universal principles on human rights, labour, the environment, and anti-corruption. At Vestas, these principles serve as the basis for all our sustainability efforts, and while we first committed to the UNGC in 2009, we regularly report and publish our progress on implementing its principles.

In 2020, we reasserted our commitment to the UNGC as our Group President & CEO, Henrik Andersen, signed the UNGC’s Statement from Business Leaders for Renewed Global Cooperation. As a signatory to this statement, we commit to continuously demonstrate ethical leadership and good governance, invest in addressing systemic inequalities, ensure accountability and transparency promote equality, and respect human rights.

In the UNGC Nordic Network, we have demonstrated our sustainability leadership through our participation in working groups on human rights and the SDGs. We use these working groups to promote stronger sustainability efforts for businesses in their local contexts.

Stakeholder engagement
As a global company, Vestas interacts with many different stakeholder groups. These include customers, shareholders and investors, employees, policy-makers, suppliers, non-governmental organisations, local communities and the media. We acknowledge that our sustainability performance is an important part of our relationship with these groups. By proactively engaging with stakeholders to understand their needs and concerns, we can feed this information back into our decision-making processes.

We categorise and prioritise stakeholders according to the degree to which they influence and are affected by our overall performance, as well as their interest in Vestas. Our stakeholder engagement ranges from forming partnerships to address common sustainability issues, to more passive activities such as the publication of the Vestas Annual Report. We use the priority level assigned to each stakeholder to determine the most appropriate form of engagement.

Transparency is fundamental to our engagement strategy and underpins our different engagement efforts. We publicly disclose key sustainability information in the Vestas Sustainability Report, as well as day-to-day contact with customers and annual events like our supplier forum.

Management systems
The Vestas Management System enables us to put all external and internal sustainability requirements into practice systematically, efficiently and effectively. It is a vital part of our efforts to embed sustainability across all our business processes. In order to further demonstrate our commitment to meeting the highest sustainability standards, our operations are built on global certificates for ISO 9001, for Quality (ISO 9001:2015), for Environment, and OHSAS 18001 for Health and Safety.

Memberships
To support our global leadership role in sustainable energy solutions, we pursue memberships with various international initiatives, bodies and partnerships. These include:

- Global Wind Energy Council (GWEC)
- WindEurope
- RE 100
- World Economic Forum and its Partnering Against Corruption Initiative (PACI)
- P4G Partnering for Green Growth and the Global Goals 2030
- 40 national wind associations around the world
- Nordic Business Network for Human Rights
- Fight Against Facilitation Payments Initiative (FAFPI)
Sustainable, socially responsible and compliant tax practices are vital to our efforts to make a positive contribution to local communities and create a sustainable planet for future generations. By taking an ethical and transparent approach to tax, we help to sustain the Group’s license to operate globally as well as locally. As part of this approach, we believe local operations must be proportionally matched by local tax contributions. Additionally, external demands on tax transparency as well as several corporate tax scandals, have highlighted the material legislative and reputational risk stemming from unsustainable tax practices.

From a financial point of view, it is important we limit the risk of double taxation, apply withholding taxes correctly, and establish the right allocation of income between Vestas companies in accordance with international regulations and principles. Given our global footprint, we face scrutiny from tax authorities competing for the same tax revenue, which results in tax audits, double taxation, arbitration and lawsuits that put a significant financial burden on us.

Our tax policy

In recent years, growing attention from policymakers and social actors have led to the development of guidelines and standards that enable businesses to take a firm and coherent position on sustainable tax practices. Vestas welcomes and has closely followed the development of these initiatives. In particular, we align our tax approach with the Global Reporting Initiative (GRI) 207 standard, developed by the Global Sustainability Standards Board (GSSB). In 2020, we reworked the first Vestas Tax Policy (2018) to incorporate these new developments. A key element in the updated policy, which is available on our corporate website, was a structured approach inspired by the GRI 207. The policy includes:

- An overall commitment and approach to a responsible tax practice
- A governance structure, by which the Tax Policy is subject to an annual review and approval by the Board of Directors of Vestas Wind Systems A/S
- An explicit policy on tax planning, tax disputes and tax risk management

We acknowledge that transparency is crucial to ensure an accountable and sustainable approach to tax. Consequently, we strive to communicate transparently on all our tax practices. We publish the publication of relevant tax data as the natural next step in our sustainable tax conduct going forward. Subject to internal approval, we aim to publish a country-level tax report in 2022. Following GRI recommendations, we will use the Country-by-Country Reporting (CbCR) submitted to tax authorities internationally as our starting point, and will build on this to provide more accurate picture of our tax payments.

Being a project-based company, our country-level revenue and tax payments will vary substantially year-over-year. The raw data from our CbCR is only a snapshot; it does not fully represent our business and will therefore work to create a context for the interpretation of this data.

The global tax environment

With a global supply chain and manufacturing facilities, and with wind turbines installed in more than 75 countries, we are impacted by developments in the international tax arena. We therefore support the harmonisation of international tax rules and collaboration between governments to ensure a fair tax environment. When it comes to tax disputes, we seek to minimise any cash flow impact and engage in an open dialogue with tax authorities. This process is often conducted on a bilateral basis, bringing all relevant parties to the table to reach a swift and fair settlement. However, occasionally tax authorities go beyond the legitimate remit of an audit in an effort to secure information. We do not support or recommend such scurrilous techniques, and always aim to protect business-critical data and details – both for ourselves and our clients.

Like any other business, Vestas takes local tax policies into account when making business decisions. To account for the global supply chain and operations which characterise our industry, we advocate for a level playing field for businesses operating in different markets. We engage with industry organisations and political stakeholders to ensure the state of our industry is known to decision-makers, and to promote the transition to renewable energy through improved framework conditions.

Tax and sustainability

Interview with Hjalte Volqvartz, Vice President, Group Tax

Hjalte, how do you contribute to Vestas’ sustainability strategy, sustainability in everything we do, in your day-to-day work?

A: In my role as Vice President of Group Tax, I contribute to sustainability through the lens of a tax professional. In line with our overall approach to sustainability, we need to have a tax practice that can be consistently applied over time to the benefit of our business and the communities in which we operate. Vestas is committed to long-term engagements, so we consider an aggressive tax planning approach to be short-sighted. Wind power is generally supported politically and by local communities, and bad tax practice could lead to severe reputational damage. We have defined good governance as a vital part of sustainability and this is very important to me, as executing on our corporate policies is a vital part of my everyday work.

Q: What is the link between taxes and sustainability?

A: Tax – including corporate tax payments – is key to unlocking sustainability commitments in broad terms, and enables the financing of each of the SDGs. Professionally and personally, it is important to me that Vestas acts as a responsible corporate citizen. Here, tax is a fairly tangible subject where we, as a company, can ensure a positive impact in both developed and developing countries by contributing to communities.

Q: What is most important in Vestas’ approach to responsible tax planning?

A: It is essential for us to put substance over form. We apply a strict policy of not engaging in or pursuing artificial structures. Following this commitment, I work to enable the development of our business. And it is always the commercial opportunities that must motivate our decisions and shape our structure – not the other way around.

Q: Finally, what is it that personally gets you out of bed in the morning?

A: It is a very strong motivation to go to work every morning knowing that each day of successfu execution on our strategy takes us one step closer to ensuring a better world for everyone. Being able to contribute to that development by leading an area I am passionate about is the cherry on top. I am proud to be part of Vestas, and of the strong commitments and progress we are making towards a sustainable future.

"It is essential for us to put substance over form. We apply a strict policy of not engaging in or pursuing artificial structures."

Hjalte Volqvartz
Vice President, Group Tax
Vestas’ contribution to the UN Sustainable Development Goals in 2020:

**SDG** | **GOAL** | **TARGETS (INDICATORS)** | **VESTAS’ CONTRIBUTIONS**
---|---|---|---
4 | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | 4.9 By 2030, ensure equal access for all women and men to affordable and quality technical and vocational education, including university (4.3.1 Participation rate of youth and adults in formal or non-formal education and training in the previous 12 months, by sex) | • On our journey of community development in India, during 2020 we continued to support an integrated education programme in five locations in the greater Chennai region, where Vestas is headquartered. This programme aims to help 2,000 adolescents from low-income backgrounds complete their secondary education, while also promoting higher levels of employability and improving life skills.
• Vestas has a strong focus on vocational training. In 2020, Vestas provided an average of 62 hours of training per employee.
• Vestas promotes attracting and retaining diverse talent. The programme is part of our international three-year Graduate Programme. In 2020, we onboarded 27 new Graduates (42 percent women) across nine countries.

7 | Ensure access to affordable, reliable, sustainable and modern energy for all | 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services (7.1.1 Proportion of population with access to electricity) 7.1.2 Proportion of population with primary reliance on clean fuels and technologies | • Being a pioneer and leader in wind energy solutions for several decades, Vestas has worked to make wind a competitive source of energy. On average, onshore and offshore demonstrates one of the lowest lifecycle costs of energy. This achievement is also supported by our global service business, improving our customers’ business cases and enabling a stable supply of renewable electricity.
• By the end of 2020, the company had collaborated with its closest industry partners to install more than 76,680 wind turbines in 83 countries, adding up to a total capacity installed of 129 GW.
• In 2020, Vestas sourced 100 percent of its electricity consumption from renewable sources.

8 | Promote sustained, inclusive and balanced economic growth, full and productive employment and decent work for all | 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product growth per annum in the least developed countries (8.1.1 Annual growth rate of real GDP per capita) | • As our industry scales to meet the world’s sustainable energy demands, Vestas has grown its revenue by 46 percent over the last two years. This growth creates even more jobs in our value chain and affiliated industries.
• Vestas continues to invest in future technology to help drive clean energy – delivering between 30 and 50 units of energy back to society for every unit installed in the lifecycle of a Vestas wind turbine.
• For the past decade, Vestas has been working to develop and promote a unique approach to respecting and defending human rights. In 2018, Vestas became the first global energy company to baseline and benchmark the human rights impact of its products and services. Since then, Vestas has used this approach to engage with governments, customers and other stakeholders to better understand the human rights risks associated with wind energy projects.

12 | Ensure sustainable consumption and production patterns | 12.2 By 2030, achieve the sustainable management and efficient use of natural resources (12.2.1 Material footprint, material efficiency per capita, and material footprints per GDP) | • Today, all Vestas turbines are based on proven technology, using labour, modern slavery and child labour as part of our ambitions to help create a sustainable world. We support the harmonisation of international tax rules and collaboration between governments to ensure a fair tax environment.

13 | Take urgent action to combat climate change and its impacts | 13.2 Integrate climate change measures into national policies, strategies and planning (13.2.1 Number of countries that have communicated the establishment or operationalisation of an integrated policymaking strategy which increases their ability to adapt to the adverse impacts of climate change, and foster climate resilience and low greenhouse gas emissions development in a manner that does not threaten food production) | • With 1.29 GW of installed wind energy, Vestas and its stakeholders have avoided the emission of 1.5 billion tonnes of CO2 since 1981.

17 | Strengthen the means of implementation and revitalize the global partnership for sustainable development | 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection (17.1.2 Proportion of domestic budget funded by domestic taxes) | • Vestas seeks a partnership approach to sustainable development. We are engaged in various supplier and customer collaborations to improve environmental performance in our operations and products, as well as to drive the sustainable energy transition.

**Reporting on the UN SDGs**

8.2 Add high levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors (8.2.1 Annual growth rate of real GDP per employed person)

8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value (8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities)

8.7 Take immediate and effective measures to eradicate all forms of violence, discrimination, exploitation, abuse, torture and slavery and promote human trafficking and secure the prohibition and elimination of the worst forms of child labour, including through a focus on high-value added and labour-intensive sectors (8.7.1 Proportion of number of children aged 5–17 years engaged in child labour by sex and age)

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women and young people, and those in precarious employment (8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status)

8.9 By 2020, ensure equal access for all women and men to affordable and quality technical and vocational education, including university (8.9.1 Participation rate of youth and adults in formal or non-formal education and training in the previous 12 months, by sex)
Sustainability key figures¹

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<tr>
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<td><strong>UTILISATION OF RESOURCES</strong></td>
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<tr>
<td>Consumption of energy (GWh)</td>
<td>621</td>
<td>638</td>
<td>614</td>
<td>569</td>
<td>567</td>
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<tr>
<td>- of which renewable energy (GWh)</td>
<td>295</td>
<td>258</td>
<td>211</td>
<td>204</td>
<td>215</td>
</tr>
<tr>
<td>- of which renewable electricity (GWh)</td>
<td>261</td>
<td>227</td>
<td>178</td>
<td>175</td>
<td>186</td>
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<tr>
<td>Renewable energy (%)</td>
<td>48</td>
<td>40</td>
<td>34</td>
<td>36</td>
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<tr>
<td>Renewable electricity for own activities (%)</td>
<td>100</td>
<td>82</td>
<td>68</td>
<td>66</td>
<td>70</td>
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<tr>
<td>Withdrawal of fresh water (1,000 m³)</td>
<td>421</td>
<td>473</td>
<td>470</td>
<td>454</td>
<td>428</td>
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<tr>
<td><strong>WASTE</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Volume of waste from own operations (1,000 t)</td>
<td>89</td>
<td>85</td>
<td>81</td>
<td>71</td>
<td>75</td>
</tr>
<tr>
<td>- of which collected for recycling (1,000 t)</td>
<td>46</td>
<td>43</td>
<td>42</td>
<td>39</td>
<td>37</td>
</tr>
<tr>
<td><strong>CARBON EMISSIONS</strong></td>
<td></td>
<td></td>
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<tr>
<td>Direct emissions of CO₂ from a life cycle perspective (scope 1) [1] (1,000 t)</td>
<td>71</td>
<td>71</td>
<td>69</td>
<td>60</td>
<td>58</td>
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<tr>
<td>Indirect emissions of CO₂ from a life cycle perspective (scope 2) (1,000 t)</td>
<td>1</td>
<td>38</td>
<td>61</td>
<td>70</td>
<td>66</td>
</tr>
<tr>
<td>Indirect emissions of CO₂ from the supply chain (scope 3)(1,000 t)</td>
<td>9.79</td>
<td>6.90</td>
<td>//</td>
<td>//</td>
<td>//</td>
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<td><strong>PRODUCTS</strong></td>
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</tr>
<tr>
<td>Expected CO₂e avoided over the lifetime of the MW produced and shipped during the period (million t)</td>
<td>493</td>
<td>322</td>
<td>275</td>
<td>317</td>
<td>281</td>
</tr>
<tr>
<td>Annual CO₂e avoided by the total aggregated installed fleet (million t)</td>
<td>186</td>
<td>154[6]</td>
<td>134</td>
<td>120</td>
<td>106</td>
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<tr>
<td><strong>SOCIAL</strong></td>
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<td><strong>SAFETY</strong></td>
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</tr>
<tr>
<td>Total Recordable Injuries (number)</td>
<td>185</td>
<td>213</td>
<td>210</td>
<td>243</td>
<td>303</td>
</tr>
<tr>
<td>- of which lost time injuries (number)</td>
<td>65</td>
<td>67</td>
<td>80</td>
<td>92</td>
<td>82</td>
</tr>
<tr>
<td>- of which fatal injuries (number)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Recordable Injuries per million working hours (TRIR)</td>
<td>3.3</td>
<td>3.9</td>
<td>4.0</td>
<td>5.3</td>
<td>6.9</td>
</tr>
<tr>
<td>Lost Time Injuries per million working hours (LTIR)</td>
<td>1.2</td>
<td>1.2</td>
<td>1.5</td>
<td>2.0</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>EMPLOYEES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of employees (FTEs)</td>
<td>26,121</td>
<td>24,964</td>
<td>24,221</td>
<td>22,504</td>
<td>21,625</td>
</tr>
<tr>
<td>Employees at the end of the period (FTEs)</td>
<td>29,378</td>
<td>25,542</td>
<td>24,684</td>
<td>23,303</td>
<td>21,824</td>
</tr>
<tr>
<td><strong>DIVERSITY AND INCLUSION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women in leadership positions[8] at the end of the period (%)</td>
<td>27</td>
<td>23</td>
<td>15</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Women in the Board[7] and Executive Management at the end of the period (%)</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td><strong>HUMAN RIGHTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community grievances[7] (number)</td>
<td>20</td>
<td>10</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td>Community benefits[7] (number)</td>
<td>1,770</td>
<td>6,063</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td>Social Due Diligence on projects in scope[7] (%)</td>
<td>78</td>
<td>32</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td><strong>GOVERNANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whistle-blower system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethics case[9] (number)</td>
<td>287</td>
<td>224</td>
<td>165</td>
<td>105</td>
<td>103</td>
</tr>
<tr>
<td>- of which substantiated (number)</td>
<td>54</td>
<td>44</td>
<td>42</td>
<td>31</td>
<td>19</td>
</tr>
<tr>
<td>- of which unsubstantiated (number)</td>
<td>199</td>
<td>145</td>
<td>92</td>
<td>74</td>
<td>68</td>
</tr>
</tbody>
</table>

¹) For definitions and accounting policies for the sustainability key figures, see the notes on page 50. Comments to the indicators can be found in the respective reporting section in this report.
²) Data only available from 2019 onwards.
³) The decrease from 2019 to 2020 is due to a design change in 2020 that has optimized the metal content in the turbine hub after which the blade mass corresponds to a bigger share of the total rotor mass.
⁴) The 2020 baseline has been updated from 4.4 percent to 42 percent recyclability due to adjustments in the bill of materials.
⁵) This covers 70 percent of the scope 3 emissions.
⁶) In the Vestas Annual Report and Sustainability Report 2019, this number was 151 million tonnes saved. Since then, the fleet average capacity factor used has been corrected, and the number adjusted accordingly.
⁷) Only Board members elected by the general meeting are included.
⁸) Employees in leadership positions comprise managers, specialists, project managers, and above.
⁹) The cases not registered here as substantiated or unsubstantiated are still under investigation at the end of the year.

With reference to Article 8 of the regulation on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088, also known as the EU Taxonomy, and based on the technical screening criteria currently available, it is Vestas’ interpretation that 100 percent of Vestas’ Wind Systems A/S’s revenue, CAPEX and OPEX is aligned with the EU Taxonomy, as all of the company’s activities contribute substantially to objective No. 1, Climate Change Mitigation, as enabling activities. As the deadline for the European Commission to adopt a delegated act to specify the content and presentation of the information to be disclosed is set for 1st June 2021, we have used the final report of the Technical Expert Group (TEG) on Sustainable Finance as reference document.

To secure that our 100 percent EU Taxonomy compliant activities meet the Do No Significant Harm (DNSH) criteria, we have committed to be a climate neutral company by 2030 and to reduce carbon emissions from our supply chain by 45 percent per MWh generated by 2030. In 2020, the targets for our own operations have been validated by the Science Based Targets Initiative (SBTi, see page 36). Furthermore, our ambition to produce zero-waste wind turbines by 2040 addresses hotspots in our value chain and is based on our decade-long work on and publication of Life Cycle Assessments (LCAs) for our products. The company has made impacts and efforts transparent and integrated them into our research and development processes (see page 36). Vestas® SiteLCA™ is a service that we offer to our customers to environmentally optimise the full powerplant setup (see page 36).

With regards to the minimum safeguards on OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, Vestas has implemented a series of policies and procedures to ensure responsible business conduct (see pages 39 and 40). The company has a comprehensive Social Due Diligence process to identify, assess, and prevent or mitigate potential adverse impacts on affected communities in the area of influence, where Vestas is involved in the installation of wind power projects. In the event of a community concern or complaint, this can be raised through the project-level grievance mechanisms (GM).
Notes to Sustainability key figures

Basis for preparation of the statement

The below description of accounting policies refers to the environmental, social, and governance indicators presented on page 49.

All Vestas’ wholly owned companies are covered by the report. Newly established companies are included from the time of production start. In companies acquired from the reporting time when they leave Vestas’ control.

Acquired companies are included from the time when coming under Vestas’ control. For the offshore business in the joint venture, MHI Vestas Offshore Wind, the status of which Vestas took full ownership on 1 December 2020, data was not included in the 2020 reporting as the impact was insignificant.

From 2021 and onwards, data from the offshore business will be included in the sustainability key figures. The existing sustainability strategy targets will be maintained and include offshore performance, with the adjustment that the baseline for scope 3 carbon emissions will have to be recalculated.

Defining measurability

Vestas bases its measurability assessment on an analysis of significant economic, environmental, and social impacts of the company’s activities. The analysis is based on internal priorities as well as dialogue with and direct involvement of customers, investors, policy makers, employees, and media. The result of the analysis is incorporated in the Vestas Sustainability Report, which is published on an annual basis.

Change in accounting policies

The “Sustainability key figures” have been revised after the materiality assessment conducted in connection with Vestas’ preparation for Environmental, Social and Governance (ESG) reporting, as part of the development of the Vestas Corporate Sustainability Council. In this context, ‘materiality’ is defined as the likelihood that the impact of the subject matter is significant to Vestas’ stakeholders, including community members, and centred around the UN SDGs with special focus on the six primary SDGs selected by Vestas.

The measure “Due diligence on projects in scope” reflects the share of windpower projects in scope, which have materialised as firm orders during the reporting period, and on which the Vestas’ Due Diligence (SDD) process has been applied. The wind farm projects in scope for Vestas’ SDD are all Engineering, Procurement and Construction (EPC) projects in emerging markets, all Supply-and-installation projects of 100 MW or above in emerging markets, and 3) projects in OECD countries with a risk rating high for EPC projects and high to very high according to the Verisk Maplecroft “Indigenous people” risk index on risks related to indigenous people’s lands, territories or livelihoods under threat (via a risk mapping performed each year in January). In this context, “emerging markets” are non-OECD, high-income countries, as defined by OECD.

Goverment

Windpower system

All reports made to the EthicsLine whistleblower hotline are investigated thoroughly, with the purpose of identifying whether a violation of the Code of Conduct has taken place. Upon the completion of the investigation, cases are classified as either substantiated or unsubstantiated. At the end of the reporting year, the total number of whistle-blower cases is calculated.
I would like to thank every single employee at Vestas for their hard work in 2020. Our great progress was only possible through the dedication and passion which you bring to work each day.”

Henrik Andersen, Group President & CEO

What did you think of this report?

Do you have questions?
Reach out to us on: vestassustainability@vestas.com

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