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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 10,000 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 reflect the landscape in which we operate.

The Vestas Executive Management Team

We began the year by launching our new sustainability strategy, entitled Sustainability in Everything We Do. It is a strategy designed to ensure that our sustainability performance increases as we scale, and that our approach to sustainability continues to reflect the landscape in which we operate.

This work is crucial, not least because the renewables sector has come way to go. In order to ensure the future of our planet is built on sustainable foundations, we must look beyond the value created by our products. This requires us, as an industry, to think outside our own value chains. Increasing our sustainability performance here is of course a first step, but a truly sustainable future requires collaboration; it requires us to share our expertise and prioritise the social as well as the environmental impacts of our actions.

At Vestas, one way we exemplify this commitment is through our Human Rights Due Diligence framework, where we apply a cross-stakeholder approach to securing and maintaining the support of local communities. Furthermore, our journey towards greening our supply chain will benefit from the support of industry partnerships, such as those with DSV Parabola and Hempel. It is only through working beyond our own ecosystem that we as an industry can support global climate ambitions and establish sustainable societies.

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

Going forward, our focus will be straightforward: we must dare to do more. This mantra must hold true for Vestas, as we are leaders of an industry that will be the cornerstone of future society but it must also hold true for the industry as a whole. With our recent acquisition of MHI Vestas and our strengthened partnership with Mitsubishi Heavy Industries, we are committed to increasing our leadership in 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
Our business model

Key resources

<table>
<thead>
<tr>
<th>Natural resources</th>
<th>Our energy solutions utilise natural resources such as wind.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>We constantly provide our customers with industry-leading technology.</td>
</tr>
<tr>
<td>Human resources</td>
<td>We employ the best and most passionate people and strive to become the employer of choice.</td>
</tr>
<tr>
<td>Manufacturing capabilities</td>
<td>Our global manufacturing and supply chain capabilities ensure high quality and efficiency.</td>
</tr>
<tr>
<td>Efficient capital management</td>
<td>Strong financial and commercial position allows for value accretive investments.</td>
</tr>
<tr>
<td>Credit worthiness</td>
<td>Our green bond facility showcases our financial strength and serves as a business enabler for customers.</td>
</tr>
</tbody>
</table>

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
Though our priorities for capital allocation, we create value for our shareholders.

Our business model

Sustainable energy solutions

Our energy solutions utilise natural resources such as wind.

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The Vestas Sustainability Strategy

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 (Brundtland Commission 1987). If a value-generating practice can continue over time, and cause 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.
- **Inclusivity:** We believe in socially and environmentally sustainable solutions, as well as actions that support responsible business and work to improve our own environmental performance, create value for local communities, promote a safe, diverse and inclusive workplace, and lead change in our industry as a whole.
- **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.

The rapid decarbonisation of the global energy supply is critical to limiting global warming to 1.5°C above pre-industrial levels. As a proven technology, wind energy offers one of the most effective solutions to fight the climate crisis and nurture wellbeing for all life on the planet (IPCC 2019). However, given the scope of the challenge, we know we cannot rely on the virtue of our product alone, to meet the growing expectations of our customers, partners, investors and employees, we need to do more.

In 2020, we launched our sustainability strategy: **Sustainability in Everything We Do**. While we continue to create and service products that are critical for climate change mitigation, we are now on track to become a fully sustainable company. We are working to improve our own environmental performance, create value for local communities, promote a safe, diverse and inclusive workplace, and lead the transition to a world powered by sustainable energy. To succeed in these ambitions, we are ramping up our efforts to integrate sustainability not only across our business, but throughout our operations and value chain. You can read more about our ambitions and progress in the following pages.

During 2020, we delivered the first important steps to realising our strategic ambitions:

- **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 1,277 sustainably fuelled vehicles to our service fleet, and signed a partnership with Enel X to accelerate the electrification of our company fleet. Read more from page 32 onwards.

### Sustainability in everything we do

#### Carbon neutral by 2030

- **Carbon neutral company by 2030:** We are constantly improving our efforts.

#### Zero waste

- **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

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**The Vestas Sustainability Report 2020**
In 2020, we started to deliver 1911211379 STRATEGY 3 CONTENTS 7
“showcasing our leadership role within the sustainable energy transition. We also entered a number of other sustainability collaborations, OK and as a principal partner of the Mercedes-Benz EQ Formula E and electrification through our collaboration with the energy company Sustainable energy transition: page 30 and 40-41.

Sustainability in Everything We Do, focuses on the issues that are most material to our stakeholders. While still material to Vestas, issues listed ‘important’ will be addressed to our stakeholders. While still material to Vestas, issues listed ‘important’ will be addressed

**Suppliers** We engaged 10 suppliers, covering 20 percent of our material spend, in carbon footprint and circularity initiatives. We outlined our expectations for them to commit to ambitious carbon emission and waste reduction targets. Read more on page 30. Diversity and inclusion: We conducted an external pay equity audit of seven major countries to identify potential areas of pay inequality. We also reviewed our recruitment processes, provided unconscious bias training to all our recruiters, and invested in technology to help identify biased language in our job ads. Read more from page 26 onwards.

Corporate social responsibility: We launched a three-pillared approach to business-related human rights under the heading ‘Leading a responsible and inclusive energy transition’. Furthermore, our work with human rights was ranked number one among 20 large Danish companies by the Danish Institute for Human Rights. Read more on the page 30 and 40-41.

Sustainable energy transition: We continued to drive decarbonisation and electrification through our collaboration with the energy company OK and as a principal partner of the Mercedes-Benz EQ Formula E Team. We also entered a number of other sustainability collaborations, showcasing our leadership role within the sustainable energy transition. Read more on page 16.

" 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

**Materiality assessment**

Materiality assessments map an organisation’s significant economic, environmental and social impacts against its stakeholders’ interests. By looking at 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 are accurately reflecting 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.

**Internal assessment (impact on business)**

**TOP THEMING**

**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. Product environmental design
9. Diversity and inclusion

**Very important**

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

**Important**

12. Management of the regulatory and legal environments
13. Human rights
14. Labour conditions
15. Ecological impact of project development
16. Employee engagement and wellbeing
17. Talent attraction and retention
18. Critical incident risk management

**Not relevant**

20. Responsible tax
21. Water management

**Topics have been scored on a scale from 0 to 5**

D: 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.

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.
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 TARGETS 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.

Committing 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 recyclable. 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 percent 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 recyclability of our wind turbine rotors. We launched the project DecomBlades. 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 initiative 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.
While gender diversity is a fair and measurable indicator of diversity, Vestas aims to reach 25 percent by 2025, and to 30 percent by 2030. We want to be the most inclusive company in the energy industry, enabling all our employees to feel valued and confident that their voices will be heard. It is a question of respect for and access to everyone’s humanity. In a truly inclusive company, everyone feels included, respected and valued. Diversity and inclusion are stronger because of these differences. At Vestas, we want to be the 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 principle of safety. In order to become the safest company in the energy industry, we are committed to reducing our Total Recordable Injury Rate (TRIR) to 1.5 by 2025 and to 0.6 by 2030. These efforts would ensure an overall average TRIR reduction of 1.5 percent per year. Compared to other safety indicators, like Lost Time Injury Rates (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 3.3. Additionally we put a strong focus on minimising all risks to keep our employees safe in the COVID-19 pandemic while providing essential work to keep a globally stable energy supply. Going forward, we will also increase our focus on improving safety conditions and due diligence for all our contractors, including those involved in supply-and-installation and EPC projects.

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 an 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-related roles at work, compared to 34 percent of men (IRENA 2020). We are fully committed to preventing this issue from proliferating in the wind industry, and we aim to increase the number of women in leadership positions at Vestas to 25 percent by 2025, and 30 percent by 2030.

While gender diversity is a fair and measurable indicator of diversity generally, and while directly addressing gender disparities will be our first step going forward, we do 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.

In 2020, we made significant progress in this area. In our external pay audit in seven major countries, we found no overall structural issues of pay inequality — which we define as performing the same work for different levels of remuneration. We also reviewed our recruitment processes, trained all our recruiters in unconscious bias, and invested in software that is capable of identifying biased language in job ads. See page 26 to read more about the initiatives we are introducing to advance diversity and inclusion across the organisation.

Social responsibility
The global expansion of renewable energy calls for a more holistic approach to social responsibility, especially in emerging markets. At Vestas, we have adopted a unique approach to respecting human rights tailored to our industry, informed by the UN Guiding Principles on Business and Human Rights (UNGPs). This approach, titled Leading a Responsible and Inclusive Energy Transition, will help us integrate human rights into everything we do.

Recent studies show there is room for improvement in human rights performance across the renewables industry (BHRRC 2020). At the same time, external expectations are increasing, and business-related human rights are transitioning from soft law to hard law. Financial institutions are firming up their demands and our customers are facing increasing pressure to ensure human rights are respected throughout their value chain.

In order to build a truly sustainable and inclusive energy transition, the entire renewables industry needs to adopt a collaborative, cross-stakeholder approach which respects business-related human rights. Since Vestas signed the UN Global Compact in 2009, we have been promoting human rights internally and externally (please refer to the timeline below). In 2020, Henrik Andersen, Vestas Group President & CEO, reiterated our commitment to the UN Global Compact in its Statement for Renewed Global Cooperation. And in the same year, our approach to human rights was ranked number one among 20 large Danish companies by the Danish Institute for Human Rights (DHRU 2020). Confirming that we are on the right track to implementing the UNGPs.

Our human rights approach is embedded into our business processes and implemented globally. It includes proactively consulting with stakeholders to identify, prevent and mitigate project-related social risks. During this process, we also identify potential impacts (both positive and negative) to our business and affected communities. At the same time, we support our customers in respecting and implementing globally recognised international standards, such as the IFC Performance Standards on Environmental and Social Sustainability. In doing so, we help our customers to develop bankable projects and build trust with local communities, helping to secure our Social License to Operate (SLO). We also support our customers by investing in local communities, creating jobs and funding education, health and access to energy in line with the UN SDGs. In this way, we strive to build a healthy foundation of community acceptance and trust in wind farms.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Sustainable Development Goals (SDGs) Adopted into Vestas’ business strategy.</td>
</tr>
<tr>
<td>2016</td>
<td>Updated Social Due Diligence tool released.</td>
</tr>
<tr>
<td>2019</td>
<td>Project bankability. The business case for social management “project bankability” is developed, in line with international standards.</td>
</tr>
<tr>
<td>2019</td>
<td>Social Management System developed as approach to holistically and maintain Social License to Operate.</td>
</tr>
</tbody>
</table>

Leadership: ensuring the integration of human rights in the energy transition by forming new partnerships and sharing best practices with and among all stakeholders,

Delivering on all three 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, investors, contractors, local stakeholders and governments. Additionally, we use external experts and civil society organisations to help inform our approach, such as the Nordic 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.

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 framework, particularly with community development projects in India, Sri Lanka, Senegal and Jordan.

Going forward, we aim to improve disclosure around our human rights performance and develop human rights training materials. As a first step, we have introduced three new performance indicators:

- The share of Engineering, Procurement and Construction (EPC) and Supply-and-installation (S&I) projects having undergone the SDD process.
- The number of community beneficiaries reached.
- The number of community grievances received (please see page 41 for more information).

To secure our social licence to operate, we must continue to respect human rights and engage with affected communities. We take this approach seriously and are committed to maintaining a strong focus on social due diligence and with our stakeholders, 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.
We are uniquely positioned to help 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 synchronized with OK’s own Vestas wind turbine, 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, as 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. 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.

In 2021, we will extend the scope of our sustainability initiatives 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.

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.
Measuring our progress

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

INITIATIVE: Reduce absolute carbon emissions in own operations (scope 1 and 2) without using any carbon offsets.
KPI: Percent reduction CO₂e

Baseline 2019: 0%
Status 2020: 33%
Mid-term target 2025: 55%
Long-term target 2030: 100%

To produce zero-waste wind turbines by 2040

INITIATIVE: Increase blade and hub recyclability.
KPI: Percent recyclability by weight

Baseline 2019: 42%
Status 2020: 41%
Mid-term target 2025: 50%
Long-term target 2030: 55%

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

INITIATIVE: Reduce total recordable injuries.
KPI: Total Recordable Injury Rate

Baseline 2019: 3.9
Status 2020: 3.3
Mid-term target 2025: 1.5
Long-term target 2030: 0.6

INITIATIVE: Increase the share of women in leadership positions.
KPI: Percentage of women in leadership positions

Baseline 2019: 19%
Status 2020: 19%
Mid-term target 2025: 25%
Long-term target 2030: 30%

INITIATIVE: Increase the share of women in the Board.
KPI: Percentage of women in the Board

Baseline 2019: 28.6%
Status 2020: 25.0%
Mid-term target 2022: 23.5%
Long-term target 2030: 21.7%

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 DK, 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
- To encourage suppliers to join its sustainability journey, for example by supporting them with calculating emissions

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. The decrease from 2019 to 2020 is attributable to a design change in 2020 that has optimised the metal content in the turbine hub after which the blade mass corresponds to a bigger share of the total rotor mass.
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.

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%.*

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

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 audit 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
- Launched a three-pillar approach for business-related human rights under the heading “Leading a responsible and inclusive energy transition”
- For our approach to human rights among twenty large Danish companies, by the Danish Institute for Human Rights

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
- Signed a partnership with Enel X to accelerate the electrification of our company fleet
- Set expectations to suppliers to commit to ambitious carbon emission and waste reduction targets

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Economic

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Economic

2020
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 consistently safe, 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 work 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.

### Incidence of injuries

<table>
<thead>
<tr>
<th>Year</th>
<th>Lost Time Injury Rate</th>
<th>Total Recordable Injury Rate</th>
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<tbody>
<tr>
<td>2006</td>
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A decrease of 72 percent

On our way to making Vestas a safer place to work, in 2020 we succeeded in reducing our Total Recordable Injury Rate (TRIR) from 3.9 in 2019 to 3.3, ensuring a 15 percent year-on-year reduction. During 2020, we continued to focus on incidents with high trend. Our Lost Time Injury Rate (LTIR) per million working hours remained at 1.2 during 2020.

Throughout the year, we continued to support the Global Wind Organisation (GWO), providing resource compendium, support and market insights 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 GWO executive committee, further highlighting our ongoing commitment to safety across the industry.

### 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 Incidents.

To further strengthen our safety culture and encourage good safety behaviours, 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.

### 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. Measurements 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 extremely important.

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### 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 workflows for occupational health: potential chemical exposure and ergonomic hazards. To minimise potential harm from chemicals, the Eavor Vision project monitors exposure to vapours 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 pilot facilities. This programme package is available to be launched wherever necessary in the future.

### 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 measures to prevent reoccurrence. 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.

### Incidence of injuries

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A decrease of 72 percent

On our way to making Vestas a safer place to work, in 2020 we succeeded in reducing our Total Recordable Injury Rate (TRIR) from 3.9 in 2019 to 3.3, ensuring a 15 percent year-on-year reduction. Doing so while having a strong focus on minimizing all risks to keep our employees safe in the COVID-19 pandemic, it is clear we are making good progress.

Since 2011, we have managed to reduce our TRIR by 72 percent and we remain committed to continuing that positive trend. Our Lost Time Injury Rate (LTIR) per million working hours remained at 1.2 during 2020.

Throughout the year, we continued to focus on incidents with high potential for a serious injury or fatality. Our approach here is to prioritise such incidents and act upon them immediately to eliminate any potential risk to life. Thereafter, subsequent control mechanisms are implemented to ensure there is no reoccurrence.

Despite this focus, in 2020 a Vestas subcontractor suffered a fatal injury. A full investigation has been conducted and we have implemented an action plan based on the findings to prevent such a tragedy from happening in the future. Such incidents are a stark reminder of the importance of following Vestas’ safety procedures and Life Saving Rules (see below) at all times.

### 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.

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’ (MtMR) 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

At Vestas, safety culture is consistently safe, inclusive and collaborative. We want our employees to have the freedom and support to thrive and reach their full potential. We want our employees to have the freedom and support to thrive and reach their full potential. We want our employees to have the freedom and support to thrive and reach their full potential. We want our employees to have the freedom and support to thrive and reach their full potential. We want our employees to have the freedom and support to thrive and reach their full potential. We want our employees to have the freedom and support to thrive and reach their full potential. We want our employees to have the freedom and support to thrive and reach their full potential.
Employee life cycle
At Vestas, our business performance depends on attracting, motivating and retaining talented employees. We utilize a lifecycle approach to employment, focusing on the different phases of the Vestas employee journey—from recruitment, onboarding, and development to final departure. We aim to provide opportunities for engagement and ensure respect and recognition at all times.

Values and leadership behaviours
A value-driven and principles-based organisation that shapes how we do our jobs. Outlining how we interact with each other and how we make decisions, they guide our day-to-day work.

Our vision is to become the global leader in sustainable energy solutions. We therefore need the expertise, organisational values and leadership behaviours to successfully realise this vision. This is our ambition, and we value our values, which reflect a deeper level of relevance throughout Vestas, that they become embodied by all our employees, and ultimately have a sustainable impact on our company culture. To this end, we need to translate these values into real and actionable ideas that engage us on a professional, emotional and intellectual level.

The four company values that guide the behaviour of our employees and leaders are: Accountability, Simplicity, Collaboration and Respect and Recognition at all times.

Employee survey
Each year, we conduct an employee survey to measure employee engagement and satisfaction. The survey explores how our employees feel about their daily lives in and around the workplace. Our 2020 employee survey achieved a strong response rate of 95 percent, a two percent increase on 2019. The overall satisfaction and motivation scores improved by two index points to 73, our highest score ever. In addition, we also received more than 8,000 individual comments from our employees. These comments were read in full and will directly inform our efforts to make Vestas an even better place to work.

Performance and development
In the area of employee development, our Continuous Performance and Development (CPD) process is a key tool in the employee lifecycle. Through the CPD, all employees receive feedback on their performance and behaviour for the year, with performance objectives set for the coming 12 months. In addition to clarifying tasks, responsibilities and objectives, it also provides an opportunity for leaders to discuss work-life balance with their employees.

Attracting talent
We place great value on external collaboration and engagement in talent communities, universities and vocational schools. We are committed to doing everything we can to attract the brightest and best candidates. Therefore, we actively invest time and resources in developing our future workforce worldwide.

We aim to become the employer of choice in the energy industry by 2023, which will enable us to attract, develop and retain the best talent 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 employer 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
Recruitment 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.

Onboarding
The general purpose of onboarding is to enhance the experience of new Vestas employees. Our onboarding process is initiated immediately after recruitment is completed, helping to ensure that new employees are fully prepared for their first day of work.

In 2020, we implemented a new onboarding system to successfully guide and help managers when recruiting and onboarding new employees. The onboarding process includes two phases: the first phase covers the time from the employee accepting their position to the first day of work; the second phase covers the first 90 days on the job. The aim here is to ensure our new employees feel welcomed, well prepared, and have a well-structured onboarding plan in place.

Onboarding opportunities include:
- The Vestas Graduate Programme is a two-year international programme aimed at supporting young professionals aspiring to hold key positions in the company. Participants work on two different assignments throughout the programme, with a progressive increase in their responsibility. In 2020, the programme comprised 37 young talented professionals (42 percent women) in different locations worldwide.
- The Regional Talent Programme serves the mid- and short-term business needs of the regions, supporting employees with tailored development opportunities. Programme participants are identified during the people review process and nominated as part of individual performance evaluations. Over a period of 18 months, the programme accelerates, stretches and develops the participants to help fill the regional leadership pipeline across all career tracks.
- The Rising Executives Programme focuses on developing employees with evocative potential. Over a two-year period, participants are challenged with tailored development opportunities, learning activities and stretch assignments to prepare them for future leadership positions globally.
- The Vestas Executive Leadership Programme is intended to refine the strategic capabilities of our current leaders across all functions and regions. During these core modules spread over ten months, participants at Vice President level and higher develop a deeper understanding of the value chain and a common business language by tackling real business challenges. Participants take away learnings that are then cemented in the status quo and foster a more sustainable work culture.

Learning
At Vestas, we empower growth-minded to ensure our employees can constantly use their knowledge through learning, development workshops and knowledge sharing. In 2020, we dedicated more than 1.5 million hours of training throughout the year, which equates to 6.2 hours of training per fulltime employee. Office employees received almost 400,000 hours (41 hours per employee on average), excluding on the job training hours and manufacturing employees participated in more than 1.1 million training hours (72 hours per employee on average).

Recognition
Aside from a competitive salary, we offer our employees a range of other benefits. Depending on local market conditions, we offer a pension, insurance plans, health insurance, subsidised lunch, 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 within our remuneration scheme is our global bonus programme. Every employee at Vestas is part of the programme and is rewarded for achieving goals that ensure we create value, which we then reinvest in our employees, our business and the planet. We use our bonus programme to 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 car 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 ‘as soon 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, create a more collaborative working environment, and 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 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, current, and future 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 40 percent representation by 2025 and 30 percent by 2030. While gender diversity is a fair and measurable indicator of diversity generally, we do consider diversity to be much broader in definition.

Overall, while 1.4 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 only occupied 16 percent of our leadership positions, suggesting that increased attention to both recruitment and retention of female leaders is necessary. In 2021, a new Values, Inclusion and Wellbeing team was established to support and drive action on attracting, retaining and developing female talent. Leadership positions comprise a number of positions from specialists to project managers to directors, including those with and without people management responsibilities. These positions, covering general leadership responsibilities for functions, projects, departments and specific areas of expertise, are considered to be key drivers of our values and leadership behaviours. During 2020, the share of women in Executive Management positions was stable at 29 percent.

In line with our target to increase the number of women on our Board of Directors, in 2017, we defined a goal of reaching equal gender distribution in the Board by the end of 2021. In April 2020, the General Meeting elected six men and two women to the Board of Directors. Therefore, our Board did not achieve an even gender distribution at the end of the year, as defined by the Danish Business Authority. As part of the agreement made in October 2020 with Mitsubishi Heavy Industries, the Board proposes Mr. Kentaro Hosomi, CEO, Energy Systems, MHI, as board member for election at Vestas’ Annual General Meeting in April 2021. For this reason, it is unlikely that we will be able to reach our goal in 2021. The Board has therefore decided that the goal of reaching equal gender distribution in the Board will have to be postponed to no later than in 2022 for the purpose of strengthening our partnership with Mitsubishi Heavy Industries. Vestas finds it critical to achieve more gender diversity on its Board of Directors and will work towards reaching this goal. Counting in employee-elected representatives, 33 percent of our Board members are women.

Given the complex environment our business operates in, it is crucial that our highest executive and supervisory bodies can draw from a wide range of qualifications and competencies. The members of our Board of Directors and our Executive Management therefore generally have diverse backgrounds in management and business, finance, technology and social sciences from national and international contexts to achieve our vision of becoming the global leader in sustainable energy solutions.

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

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<tr>
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<tr>
<td>Total</td>
<td>120</td>
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<td>70</td>
<td>70</td>
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Generational diversity

Employees by age group

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
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<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
<td>70</td>
</tr>
</tbody>
</table>

Gender diversity 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 40 percent representation by 2025 and 30 percent by 2030. While gender diversity is a fair and measurable indicator of diversity generally, we do consider diversity to be much broader in definition. Therefore, we will also monitor progress on nationality and age as we continue to increase our focus on diversity and inclusion.

Pay equity

In 2020, Mercer performed an external audit on Vestas gender pay equity across all seven markets, comparing Vestas to the market ‘peer group’ and ‘job family’. The analysis indicated a strong tendency towards men being paid more across almost all job families in all external markets. In order to ensure a sustainable approach to pay equity, we will support our managers with tools and guidance. This will help them make deliberate and conscious decisions when setting pay at hire and promotion, and work proactively against any instances of unequal remuneration.

An inclusive employee life cycle

Vestas is committed to ensuring diversity and inclusion throughout the employee life cycle in 2020, we became an ambassador for Women in Wind, and we also participated in the role model campaign with Above & Beyond in order to attract more women into the wind energy industry.

To mitigate bias in our own recruitment processes, all Vestas recruiters have completed unconscious bias training. In addition, we focus on creating inclusive job ads, and in 2020 we invested in software capable of identifying biased terminology, helping us to reach the broadest pool of talents. Ultimately, we want to ensure that all our communication is inclusive and does not reinforce biased perceptions of different social identities.

Creating an inclusive and safe culture where each individual can thrive also includes attention to both physical and psychological safety. Building this culture is a continual effort that includes strong focus on compliance, ethics, and employee well-being. One initiative was the e-learning on sexual harassment, where participants were given the opportunity to write open-ended comments and suggestions. All feedback was presented to members of the Vestas Executive Management for continued follow-up.

In order to understand why turnover rates for women in leadership positions are higher as compared to men, in 2020 we began to review our offboarding and exit survey processes. We expect to obtain and act on key insights during 2021, which will help us to further address the issue of gender identity and representation at senior levels.

Diversity and inclusion training

Around the world, Vestas employees are engaging in actions to advance the diversity and inclusion agenda. For example, Vestas Americas, along with the regional organisation Women of Renewable Industries and Sustainable Energy (WRISE), has sponsored industry-wide development opportunities on diversity, equity and inclusion. Through this professional five-part coaching series, our employees will learn about issues such as ‘cultural competency’ and ‘multi-generational diversity’ and practical strategies for everyday leadership. The regional People & Culture (HR) function also sponsored a workshop on intersectionality attended by over 100 employees, to discuss various aspects of diversity.

We are aware that the engagement of middle and executive managers is critical to the continued success of our diversity and inclusion programmes. In 2020, Vestas Americas transitioned its leadership training initiative, Tackling the Blind Spots Together, to an online format, encouraging greater interaction with, and a more meaningful development experience under the conditions imposed by the global pandemic. Over 280 employees, of whom 160 are people managers, completed the workshop.

Our diversity and inclusion efforts are also embedded across our talent development programme. For example, the Vestas Rising Executives Programme is a 22-month scheme focused on developing employees with executive potential. Participants are challenged with tailored development opportunities, leadership challenges, and structured assignments to prepare them for future leadership positions globally.

Crucially they are also assigned to mixed working groups that change periodically in order to maximise engagement with peers from diverse backgrounds, functions and regions.

In 2020, we introduced the Creating an Inclusive Workplace e-learning course, which is now mandatory for all new employees. To date, 2,363 employees have completed this inclusion training globally.
Diversity and inclusion

Interview with Alejandra Arbelaez Siera, 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.

Q: 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 accomplished personal and professional objectives. Being married to the best husband in the world! It’s also a great motivation!

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

Alejandra Arbelaez Siera
Vice President Service ASP, and Diversity & Inclusion Ambassador

Selected Vestas Employees Data for 2020

Employees by region and function (1), (2)

<table>
<thead>
<tr>
<th></th>
<th>Europe and Africa</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing &amp;</td>
<td>4,235</td>
<td>2,681</td>
<td>9,840</td>
<td></td>
</tr>
<tr>
<td>Global Sourcing</td>
<td>(68.6%)</td>
<td>(32.5%)</td>
<td>(14.0%)</td>
<td></td>
</tr>
<tr>
<td>Sales and service</td>
<td>6,896</td>
<td>3,259</td>
<td>2,410</td>
<td>12,565</td>
</tr>
<tr>
<td>Power Solutions</td>
<td>1,447</td>
<td>39</td>
<td>2,004</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>4,199</td>
<td>153</td>
<td>4,682</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16,738</td>
<td>6,132</td>
<td>21,213</td>
<td>58,083</td>
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Employees by age group and gender (1), (3)

<table>
<thead>
<tr>
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<th>&lt;30 years</th>
<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>3,270</td>
<td>2,873</td>
<td>666</td>
<td>6,810</td>
</tr>
<tr>
<td>Male</td>
<td>866</td>
<td>987</td>
<td>33</td>
<td>1,886</td>
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<tr>
<td>Total</td>
<td>4,136</td>
<td>3,860</td>
<td>699</td>
<td>8,715</td>
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</table>

Employees by employment contract and gender (1), (4)

<table>
<thead>
<tr>
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<th>Standard employment</th>
<th>Temporary</th>
<th>Total</th>
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<tbody>
<tr>
<td>Female</td>
<td>3,861</td>
<td>205</td>
<td>4,066</td>
</tr>
<tr>
<td>Male</td>
<td>24,265</td>
<td>751</td>
<td>25,016</td>
</tr>
<tr>
<td>Total</td>
<td>28,127</td>
<td>956</td>
<td>29,082</td>
</tr>
</tbody>
</table>

Employees by (standard employment) by employment type and gender (1), (4)

<table>
<thead>
<tr>
<th></th>
<th>Full time</th>
<th>Part-time</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Female</td>
<td>4,022</td>
<td>44</td>
<td>4,066</td>
</tr>
<tr>
<td>Male</td>
<td>24,900</td>
<td>26</td>
<td>25,016</td>
</tr>
<tr>
<td>Total</td>
<td>28,922</td>
<td>70</td>
<td>29,082</td>
</tr>
</tbody>
</table>

New employees by region and gender (1), (4)

<table>
<thead>
<tr>
<th></th>
<th>Europe and Africa</th>
<th>Americas</th>
<th>Asia Pacific</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>893</td>
<td>119</td>
<td>568</td>
<td>1,578</td>
</tr>
<tr>
<td>Male</td>
<td>1,406</td>
<td>956</td>
<td>690</td>
<td>2,952</td>
</tr>
<tr>
<td>Total</td>
<td>2,300</td>
<td>1,075</td>
<td>1,258</td>
<td>4,633</td>
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</table>

New employees by age group and gender (1), (4)

<table>
<thead>
<tr>
<th></th>
<th>&lt;30 years</th>
<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>291</td>
<td>276</td>
<td>19</td>
<td>586</td>
</tr>
<tr>
<td>Male</td>
<td>1,375</td>
<td>1,529</td>
<td>154</td>
<td>2,658</td>
</tr>
<tr>
<td>Total</td>
<td>1,666</td>
<td>1,805</td>
<td>173</td>
<td>3,644</td>
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Turnover by region (1)

<table>
<thead>
<tr>
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<th>Number</th>
<th>Percent</th>
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<tbody>
<tr>
<td>No. employees</td>
<td>12,950</td>
<td>6,291</td>
</tr>
<tr>
<td>No. employees leaving</td>
<td>882</td>
<td>1,575</td>
</tr>
<tr>
<td>Turnover</td>
<td>6.8%</td>
<td>25.0%</td>
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Turnover by gender (1)

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>No. employees</td>
<td>3,470</td>
<td>21,589</td>
</tr>
<tr>
<td>No. employees leaving</td>
<td>458</td>
<td>2,537</td>
</tr>
<tr>
<td>Turnover</td>
<td>13.2%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

Turnover by age (1)

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. employees</td>
<td>5,236</td>
<td>16,652</td>
</tr>
<tr>
<td>No. employees leaving</td>
<td>1,066</td>
<td>1,684</td>
</tr>
<tr>
<td>Turnover</td>
<td>20.4%</td>
<td>10.1%</td>
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Employees by level and age (1)

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<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Leadership positions</td>
<td>0.9%</td>
<td>11.5%</td>
<td>2.8%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Other</td>
<td>20.6%</td>
<td>64.4%</td>
<td>9.4%</td>
<td>85.5%</td>
</tr>
<tr>
<td>Total</td>
<td>20.9%</td>
<td>55.9%</td>
<td>13.1%</td>
<td>100%</td>
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Employees by level and gender (1)

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<th></th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership positions</td>
<td>3.8%</td>
<td>17.7%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Other</td>
<td>11.2%</td>
<td>74.3%</td>
<td>85.9%</td>
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<tr>
<td>Total</td>
<td>14.0%</td>
<td>66.0%</td>
<td>80.9%</td>
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Board of Directors by age group and gender (1)

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<th>30–50 years</th>
<th>&gt;50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Male</td>
<td>0%</td>
<td>25.0%</td>
<td>25.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Total</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
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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 both a direct and indirect engagement with stakeholders, 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 an ethical culture. The main purpose of EthicsLine is to provide Vestas’ employees, business partners, or anyone associated with the company, with a place to speak up, we believe in making this tool as accessible and easy to use as possible. EthicsLine is a platform 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 where the code was 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 infographics. 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 lasting trust.

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

Supplier

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, Vestas has a code of conduct. 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 business partners’ collaboration. Therefore, in 2020 we began working with 10 strategic suppliers, covering 20 percent of our material spend, to achieve substantial improvements in the areas of carbon footprint and circularity. In 2020, we added a new supplier to our collaboration, bringing our total of strategic suppliers to 10. In addition, we conducted 44 compliance audits. When so-called ‘red flags’ are identified, we work with these suppliers to develop action plans to address the issues raised.

In 2020, we updated certain components of the supplier performance scoring system. We assess suppliers in five areas: business ethics and compliance, risk and sustainability, financial stability, capability, and performance. We also made these expectations an integral part of our sustainability-themed annual supplier forum in November 2020.

We have to ensure we maintain exceptionally high standards with suppliers, we have made the Vestas Business Partner Code of Conduct available online. The Code of Conduct outlines the minimum requirements suppliers must adhere to in order to be awarded business with Vestas. Suppliers must then undertake due diligence measures to maintain our standards within their supply chains. Our employees work hard to ensure that partners understand and comply with our Code of Conduct, allowing us to prioritise business partners who share our vision on sustainability.

It is crucial that the health and safety of everyone involved in turbine installation and service is protected. For this reason, every customer and supplier must adhere to the Vestas safety rules and procedures, which are also set out in our Business Partner Code of Conduct.

Responsible supplier management

As part of our commitment to sustainability, everyone at Vestas is devoted to responsible supply chain management. Through a strong qualification and onboarding process, sustainability evaluations and global partnerships, we aim to improve our shared sustainability 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 covering business ethics and sanctions. 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, we work with these suppliers to develop action plans to address the issues raised.

Vestas has a formal target on supplier sustainability which we monitor on a monthly basis. Suppliers’ safety and sustainability maturity are some of the main elements we evaluate. We are currently tracking 154 key suppliers from a strategic perspective, and evaluating their performance as well as agreed development activities in monthly meetings.

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Environmental sustainability

Sustainable energy and the climate crisis
More than 860 million people around the globe still lack access to electricity, with major implications for health, education and economic well-being (IEA 2020). Additionally, rapid economic development in Asia (primarily India and China) as well as a shift towards electrification, reinforce the need for additional energy capacity. Indeed, global electricity demand is projected to rise by more than 50 percent by 2050 (BNF 2020).

Simultaneously, humankind faces one of its greatest environmental crises. The Intergovernmental Panel on Climate Change (IPCC) has repeatedly warned the current climate change trajectory will inflict drastic, global and irreversible damage to both the planet’s ecosystems and human livelihoods (IPCC 2013). To divert from this path, policymakers around the globe have committed to keep greenhouse gas emissions in line with a 1.5°C temperature increase compared to pre-industrial levels.

Currently more than 60 percent of all greenhouse gases emitted globally are linked to the energy sector (IEA 2020). Faced with growing energy demand and the climate crisis, it is clear the global energy supply must decarbonise as fast as possible. At the heart of the global energy transition, we are developing products that already contribute to avoiding 186 million tonnes of carbon emissions annually. We are proud to be devising sustainable solutions across a broad range of issues.

Carbon footprint
As we look to increase our leadership in sustainable energy solutions, we also aim to become carbon neutral in our own operations by 2030, without using carbon offsets. In 2020, the Science-Based Targets Initiative (SBTI) validation confirmed that our greenhouse gas reduction target is aligned with the Paris Agreement’s 1.5°C scenario. It also confirmed that Vestas was the first renewable energy manufacturer to develop a Science-Based Target compliant with this scenario for scope 1 and 2 emissions. Furthermore, we are committed to reducing emissions from our supply chain by 45 percent per MWh generated by 2030. See page 1.2 to read more about these targets.

In 2020, emissions from our own operations amounted to 73,000 tonnes of CO2e. This corresponds to a 33 percent reduction from 2019, achieved primarily by sourcing our electricity from renewable sources. To achieve carbon neutrality by 2030, we have launched four top-level initiatives. These are:

- Sourcing 100 percent of our electricity from renewable sources
- Switching our benefit cars to (PH)EVs
- Introducing sustainably fuelled vehicles to our service fleet
- Increasing our use of renewable energy for heating in factories

Our membership of RE100 reinforces our commitment to sourcing 100 percent of our electricity from renewable sources. And while we have derived a large share of our electricity from renewable sources since 2013, and compensated for non-renewable electricity use, in 2020 we achieved our 100 percent renewables goal across our operations globally.

By 2025, we will phase out benefit cars powered by fossil fuels. In 2020, we converted 35 percent of our fleet to (PH)EVs. To support the scale-up of (PH)EVs, we have signed a partnership with Enel X to accelerate the electrification of our corporate fleet. Through the agreement, Enel X will provide us with the required charging infrastructure to electrify our corporate fleet across our most prominent service markets.

In terms of our service fleet, we introduced 1.27 sustainably fuelled vehicles during 2020, including EVs and biofuel vehicles meeting strict sustainability criteria. This is the start of a transition to a fully sustainably service fleet, with the aim of using only zero-emissions service vehicles from 2025. Doing so, 2020 provided valuable insights for the continued roll-out of this programme in the coming years.

Finally, we are increasing the use of renewable energy for heating in our factories, while improving our energy efficiency across all sites globally. In 2020, we began by mapping our energy consumption and identified a number of projects in this area. For example, we transitioned one of our repair shops in Denmark from natural gas to district heating, which is partly renewable.

Additionally, we continued to tackle the more complex and ambitious undertaking of reducing carbon emissions from our supply chain. As around 99 percent of our entire carbon footprint stems from our suppliers’ operations, we are determined to work collaboratively towards greening our supply chain. In order to live up to this ambition, in 2020 we engaged 31 strategic suppliers covering 20 percent of our carbon emissions from our supply chain in 2020, as the initiatives we launched are of a mid- to long-term nature.

To support our efforts in this area, we have entered sustainability partnerships with our suppliers DSV Panalpina and Hempel, helping us to reduce emissions from transport and industrial coatings. The partnership with DSV Panalpina 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 comprehen- sive 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, 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 set baselines and formalise targets in their business plans.

In 2020, we will involve 17 additional suppliers in this initiative. Additionally, we have made sustainability the central theme of our annual supplier forum to outline our expectations to suppliers going forward (page 31). As expected, we did not yet see a reduction of carbon emissions in our supply chain in 2020, as the initiatives we launched are of a mid- to long-term nature.

To support our efforts in this area, we have entered sustainability partnerships with our suppliers DSV Panalpina and Hempel, helping us to reduce emissions from transport and industrial coatings. The partnership with DSV Panalpina 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.

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 aims at 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 rather than a hard target, through circularity we aim to reuse, reprocess, 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 and 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 com- prised 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 4.2 percent to 50 percent by 2025 (by weight), and to 55 percent by 2030. In 2020, the recyclability rate slightly decreased to 4.1 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.
It is a top priority for us to integrate circularity to all wind turbine components, end-of-life strategies in the wind energy 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 and 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 ‘design-for-disassembly’ to be integrated into future blade technology. In 2020, we worked to implement a governance structure to apply the concept of ‘design-for-disassembly’ to be integrated into future blade technology.
by identifying key environmental indicators early on in the project, customers are well-placed for successful and trustworthy external support and environmental impact assessments. In many 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
- Shad...
Selected environmental data for 2020

Vestas’ energy consumption was divided into the following categories:

<table>
<thead>
<tr>
<th>Energy consumption by source</th>
<th>1,000 MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fuels for heating (direct energy)</strong></td>
<td></td>
</tr>
<tr>
<td>Oil</td>
<td>16</td>
</tr>
<tr>
<td>Gas</td>
<td>114</td>
</tr>
<tr>
<td><strong>Indirect energy</strong></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><strong>Fuels for transportation</strong></td>
<td></td>
</tr>
<tr>
<td>Liquefied petroleum gas (LPG)</td>
<td>1</td>
</tr>
<tr>
<td>Diesel oil</td>
<td>138</td>
</tr>
<tr>
<td>Petrol</td>
<td>53</td>
</tr>
</tbody>
</table>

Vestas’ energy consumption was divided into:

<table>
<thead>
<tr>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy consumption by source</strong></td>
</tr>
<tr>
<td><strong>Fuels for heating (direct energy)</strong></td>
</tr>
<tr>
<td>Oil</td>
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</tr>
<tr>
<td>Diesel oil</td>
</tr>
<tr>
<td>Petrol</td>
</tr>
</tbody>
</table>

Vestas’ water withdrawal was divided into the following categories:

<table>
<thead>
<tr>
<th>Water withdrawal by source</th>
<th>1,000 m³</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fresh water withdrawal</strong></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 wetlands, rivers and lakes</td>
<td>4</td>
</tr>
<tr>
<td><strong>Non-fresh water withdrawal</strong></td>
<td></td>
</tr>
<tr>
<td>From surface water, including water from wetlands and oceans</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cooling water</strong></td>
<td></td>
</tr>
<tr>
<td>From surface water, including water from wetlands, rivers, lakes, and oceans</td>
<td>0</td>
</tr>
</tbody>
</table>

Vestas’ water withdrawal was divided into:

<table>
<thead>
<tr>
<th>2020</th>
</tr>
</thead>
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<tr>
<td><strong>Fresh water withdrawal</strong></td>
</tr>
<tr>
<td>From municipal water supplies or other water utilities</td>
</tr>
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</tr>
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</tr>
<tr>
<td><strong>Cooling water</strong></td>
</tr>
<tr>
<td>From surface water, including water from wetlands, rivers, lakes, and oceans</td>
</tr>
</tbody>
</table>

Vestas’ waste disposal was divided into:

<table>
<thead>
<tr>
<th>Waste disposal</th>
<th>1,000 Tonnes</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:

<table>
<thead>
<tr>
<th>Waste disposal</th>
<th>1,000 Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>48</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:

<table>
<thead>
<tr>
<th>Air emissions</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOC</td>
<td>268</td>
</tr>
</tbody>
</table>

Vestas emitted waste water to the following destinations:

<table>
<thead>
<tr>
<th>Waste water</th>
<th>1,000 m³</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>
Community engagement

Investing in our social license

Our global approach on the Social license to Operate (SLO) helps create a financially accountable, thorough understanding of social risks as part of overall wind farm project management. Through working continuously with our stakeholders, such as customers, host communities, and other parties affected by our projects, we ensure that our 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 sand piles close to roads and residents.

However, despite these measures, local residents may be more adversely affected than originally forecast. 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.

Senegal

In September 2018, we announced a contract to provide customised solutions for Senegal’s first ever wind power plant. The new 158.7 MW plant, which is owned by the renewable energy generation company Lekela, is located in Tabia NDJaye, 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 NDJaye project area. We repaired sanitation buildings, constructed a new classroom, and donated 1,000 tables and benches to the elementary school in Tabia Mbaeye 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 Miname and Kaur Malle villages, benefiting 577 students and 24 teachers.

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.

Sri Lanka

In Sri Lanka, we have been conducting a community development programme in villages near our 100 MW Mannar EPIC 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 from five village clusters, followed by entrepreneurship and financial management training. We are also providing outboard motor repair training and distributing basic tools to more than 170 fishermen from six village clusters, with a view to improving fishing outputs and income. At the same time, we are promoting organic farming and improved home-based farming practices among 200 women, focusing on awareness raising and capabily development, while forging links with local agriculture authorities.

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 projects 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 continued to support integrated education initiatives and reach 14,770 direct beneficiaries in a safe manner. Examples of these projects can be found on the left side of this page. We always consider the projects’ SDD results and our six primary SDGs when choosing community engagement initiatives in collaboration 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.*

Krisian Hayderrech
Senior Director, Compliance & CSR
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 MacCom, Sustainability & Public Affairs 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. To reflect the strategic importance of sustainability to our business, in 2020 the Head of Sustainability, Lise Malquist Ekstrand, also started reporting directly to the Group President and CEO, Henrik Andersen, on a monthly basis.

To effectively implement sustainability across the organization, 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, safety, and environment managed by 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 organization, 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 his respective function or department. The following functions are represented in the Committee: Investor 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 discussion and approval of key initiatives to deliver on the sustainability strategy. This focus will remain 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

Vestas Wind Systems A/S’ Board of Directors (BoD) 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 all 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 wherever 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 we have the right to terminate a business relationship if a supplier does not fulfil 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 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 2003, we regularly report and publish our progress on implementing its principles.

In 2020, we reiterated 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 categorize and prioritize 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. Additionally, we regularly lead more detailed dialogues with key stakeholders, 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 9001:2015 for Quality; ISS 14001:2015 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)
Tax and sustainability

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 transparency as well as several corporate tax scandals, have highlighted the material 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 Group Policy (2018) to incorporate these new developments. A key element in this 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 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 our tax practices as well as 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 start 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-on-year. The raw data from our CbCR is only a snapshot; it does not fully represent our business, and we 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 commend such scarring 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 the 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.

An explicit policy on tax planning, tax disputes and tax risk management

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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 commend such scarring 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 the 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.

Interview with Hjalte Volqvartz, Vice President, Group Tax

Q: 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 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 assure 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 everyday knowing that each day of successful 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.
Vestas’ contribution to the UN Sustainable Development Goals in 2020:

**SDG GOAL**

<table>
<thead>
<tr>
<th>SDG</th>
<th>GOAL</th>
<th>TARGETS (INDICATORS)</th>
<th>VESTAS’ CONTRIBUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</td>
<td>7.1. 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]</td>
<td>• 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 supply chain and affiliated industries.</td>
</tr>
<tr>
<td>7</td>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</td>
<td>7.2. Achieve higher 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]</td>
<td>• Adding renewable energy capacity increases the number of jobs faster than investing in fossil fuels, as renewables are more intensive and quicker to build than thermal power plants. Per USD 10m of investment, renewable energy creates 75 jobs (direct and indirect), as compared to 27 from fossil fuels.</td>
</tr>
<tr>
<td>7</td>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</td>
<td>7.3. By 2030, increase substantially the share of renewable energy in the global energy mix [7.3.1 Renewable energy share in the total final energy consumption]</td>
<td>• Vestas remains on the forefront of the transition towards and deliverable energy by scoping for every unit invested in the life cycle of a Vestas turbine.</td>
</tr>
<tr>
<td>12</td>
<td>Ensure sustainable consumption and production patterns</td>
<td>12.1 By 2030, achieve the sustainable management and efficient use of natural resources [12.1.1 Material footprint, material footprint per capita, and material footprint per GDP]</td>
<td>• Vestas’ goal is to build on wind turbines by 2040. This means we are aiming to create a value chain that generates no waste materials. In 2020, we launched several initiatives to improve the end-of-life performance of wind turbines.</td>
</tr>
<tr>
<td>12</td>
<td>Ensure sustainable consumption and production patterns</td>
<td>12.2 By 2030, ensure that at least 7 percent gross domestic product growth per annum in the least developed countries</td>
<td>• Today, all Vestas turbines are built using improved technology, using downstream that results in 3.3 million tons of carbon emissions. The contribution from raw material elements used in turbine generator magnets, and in the minor elements, contribute below 1 percent of total life cycle impacts (Vestas 2014).</td>
</tr>
<tr>
<td>12</td>
<td>Ensure sustainable consumption and production patterns</td>
<td>12.5 By 2030, substantially reduce greenhouse gas generation through prevention, reduction, recycling and reusing (National recycling rate, tons of materials recycled)</td>
<td>• Vestas values transparent communication with its stakeholders. In our annual Sustainability Report, we provide information about our sustainability by strategy and performance.</td>
</tr>
<tr>
<td>13</td>
<td>Take urgent action to combat climate change and its impacts</td>
<td>13.1 Integrate climate change measures into national policies, strategies and planning [9.5.1.1 Number of countries that have communicated the establishment or operationalisation of an integrated policy/strategic plan which increases their ability to adapt to the adverse impacts of climate change]</td>
<td>• With 1.29 GW installed and energy, Vestas and its stakeholders have avoided the emission of 1.5 billion tonnes of CO₂ since 1981.</td>
</tr>
<tr>
<td>13</td>
<td>Take urgent action to combat climate change and its impacts</td>
<td>13.2 Integrated climate change measures into national policies, strategies and planning [9.5.1.2 Number of countries that have communicated the establishment or operationalisation of an integrated policy/strategic plan which increases their ability to adapt to the adverse impacts of climate change]</td>
<td>• In response to the COVID-19 pandemic, Vestas has publicly advocated for putting carbon emissions reductions at the heart of EU recovery programmes. This position was reiterated in the context of discussions on increasing the EU’s greenhouse gas reduction target to 55 percent by 2030.</td>
</tr>
<tr>
<td>13</td>
<td>Take urgent action to combat climate change and its impacts</td>
<td>13.18 Encourage and promote effective public, private and civil society partnerships, building on the experience and leveraging strategies of partnerships</td>
<td>• On our journey of community development in India, during 2020, we supported 274 new Graduates (42 percent women) across nine countries.</td>
</tr>
<tr>
<td>13</td>
<td>Take urgent action to combat climate change and its impacts</td>
<td>13.7 Promote sustainable infrastructure and transport</td>
<td>• In 2020, Vestas updated its Group Tax Policy, taking the view that sustainable, socially responsible and compliant tax practices are vital to our efforts to make a positive contribution to local communities and create a sustainable tax environment. We support the harmonisation of international tax rules and collaboration between governments to ensure that a fair environment.</td>
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<td>13</td>
<td>Take urgent action to combat climate change and its impacts</td>
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<td>• In 2020, we launched several initiatives to improve the end-of-life performance of wind turbines.</td>
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<td>13.12 By 2030, increase the proportion of countries that have communicated the establishment or operationalisation of an integrated policy/strategic plan which increases their ability to adapt to the adverse impacts of climate change</td>
<td>• Today, all Vestas turbines are built using improved technology, using downstream that results in 3.3 million tons of carbon emissions. The contribution from raw material elements used in turbine generator magnets, and in the minor elements, contribute below 1 percent of total life cycle impacts (Vestas 2014).</td>
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<td>13</td>
<td>Take urgent action to combat climate change and its impacts</td>
<td>13.14 By 2030, increase the proportion of countries that have communicated the establishment or operationalisation of an integrated policy/strategic plan which increases their ability to adapt to the adverse impacts of climate change</td>
<td>• Today, all Vestas turbines are built using improved technology, using downstream that results in 3.3 million tons of carbon emissions. The contribution from raw material elements used in turbine generator magnets, and in the minor elements, contribute below 1 percent of total life cycle impacts (Vestas 2014).</td>
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<td>13</td>
<td>Take urgent action to combat climate change and its impacts</td>
<td>13.13 Promote sustainable infrastructure and transport</td>
<td>• In 2020, we launched several initiatives to improve the end-of-life performance of wind turbines.</td>
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</table>
EU Taxonomy

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’ 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). Vestas® SiteLCA™ is a service that we offer 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 30 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).

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Environmental key figures

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<tbody>
<tr>
<td><strong>ENVIRONMENTAL</strong></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>UTILIZATION OF RESOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumption of energy (GWh)</td>
<td>621</td>
<td>638</td>
<td>614</td>
<td>569</td>
<td>567</td>
</tr>
<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>
</tr>
<tr>
<td>Renewable energy (%)</td>
<td>48</td>
<td>40</td>
<td>34</td>
<td>36</td>
<td>38</td>
</tr>
<tr>
<td>Renewable electricity for own activities (%)</td>
<td>100</td>
<td>82</td>
<td>68</td>
<td>66</td>
<td>70</td>
</tr>
<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>
</tr>
<tr>
<td><strong>WASTE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<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>Recyclability rate of hub and blade(s) [%]</td>
<td>41</td>
<td>42</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td><strong>CARBON EMISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct emissions of CO₂e (scope 1) (1,000 t)</td>
<td>71</td>
<td>71</td>
<td>69</td>
<td>60</td>
<td>58</td>
</tr>
<tr>
<td>Indirect emissions of CO₂e (scope 2) (1,000 t)</td>
<td>2</td>
<td>38</td>
<td>61</td>
<td>70</td>
<td>66</td>
</tr>
<tr>
<td>Indirect emissions of CO₂e from the supply chain (scope 3) (million t)</td>
<td>9.79</td>
<td>6.90</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td>Indirect emissions of CO₂e from the supply chain (scope 3) [% per MWh generated]</td>
<td>6.49</td>
<td>6.45</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td><strong>PRODUCTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</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</td>
<td>134</td>
<td>120</td>
<td>106</td>
</tr>
<tr>
<td><strong>SOCIAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAFETY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</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 (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>1</td>
<td>0</td>
<td>1</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 (LTI)</td>
<td>1.2</td>
<td>1.5</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>23,504</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>24,648</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 [%] 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 leadership positions [%] 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 [%] (number)</td>
<td>20</td>
<td>10</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td>Community complaints [%] (number)</td>
<td>14,770</td>
<td>6,093</td>
<td>//</td>
<td>//</td>
<td>//</td>
</tr>
<tr>
<td>Social Due Diligence on projects in scope [%]</td>
<td>78</td>
<td>32</td>
<td>//</td>
<td>//</td>
<td>//</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 2018 onwards.
3) The decrease from 2019 to 2020 is attributable to a change in 2020 that has optimised the metal content in the turbine hub, which the blade mass corresponds to a bigger share of the total rotor mass.
4) The 2019 baseline has been updated from 4 percent to 4.2 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.

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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.
Notes to Sustainability Key figures

Basis for preparation of the statement principles and standards
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, whereas companies are excluded from the reporting from the time when they leave Vestas’ control.

Acquired companies are included from the time when under Vestas’ control. For the offshore business in the joint venture, MHI Vestas Offshore Wind, of which Vestas took full ownership on 14 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 materiality
Vestas bases its materiality assessment on an analysis of significant economic, environmental, and social impacts of the company’s activities. The analysis is based on internal sustainability knowledge as well as experience with dialogue 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 2019. Indicators for Environmental accidents, Breaches of internal inspection conditions, and Absence rates are no longer considered material as numbers are low and performance is good. Indicators for the environmental part of the sustainability strategy are included in the form of Recyclability rate of hub and blades, and Indirect emissions of CO2e from the value chain [scope 3, absolute value as well as relative to MYW generated]. With Vestas’ commitment to lead the way in social responsibility in the renewables industry, as communicated in September 2020, indicators for human rights issues have been included in the form of Community grievances, Community beneficiaries, and Social Due Diligence on human rights issues have been included in the form of Community grievances, Community beneficiaries, and Social Due Diligence on human rights issues.

The result of the analysis is based on internal priorities as well as experience with dialogue 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.

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The result of the analysis is based on internal priorities as well as experience with dialogue 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.
What did you think of this report?

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

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Do you want to join us?
Discover our advertised employment positions on our corporate website.

“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

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Vestas Wind Systems A/S
Hedeager 42, 8200 Aarhus N, Denmark
Tel: +45 9730 0000  Fax: +45 9730 0001
vestas@vestas.com

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