



Statutory report on **corporate governance**

according to section 107b of the Danish Financial Statements Act
– the accounting period 1 January 2021 - 31 December 2021

Intro

This statutory corporate governance report (hereinafter referred to as “the report”) covers the period 1 January 2021 - 31 December 2021 and is prepared pursuant to section 107b of the Danish Financial Statements Act. The report forms part of management’s review in the Annual Report 2021¹.

Corporate governance principles

Corporate governance is defined as “the system used to manage and control a business” i.e. for “control and management” of companies through ownership, board structure, remuneration systems, company law, etc.

Furthermore, the Danish Corporate Governance Committee² (the Committee) defines that the purpose of corporate governance is to support value creation and accountable management, thus strengthening the long-term competitiveness of the companies. The Committee’s recommendations are intended to help ensure confidence in companies.

Danish recommendations on corporate governance

Pursuant to section 107b of the Danish Financial Statements Act and Nasdaq’s Nordic Main Market Rulebook for Issuers of Shares, Vestas as a listed company must state its position to the Committee’s recommendations. This must be done using the “comply or explain” principle.

Vestas’ position with regard to each individual recommendation is described in this report. It is specified in the recommendations on corporate governance that it is just as legitimate to explain a deviation from a specific recommendation as to comply with the recommendation. The key issue is to create transparency in corporate governance matters.

Adopted by the Board of Directors of Vestas Wind Systems A/S
February 2022

¹ The report can be found on our corporate website.

² For further information about the Committee, see <https://corporategovernance.dk/>

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Shareholders

- > 1.1. Communication with the company's shareholders, investors and other stakeholders
- > 1.2. The general meeting
- > 1.3. Takeover bids
- > 1.4. Corporate Social Responsibility

1. Interaction with the company's shareholders, investors and other stakeholders

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
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1.1. Communication with the company's shareholders, investors and other stakeholders

1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.

Vestas provides information to our shareholders through regular publication of news, financial reports, and through general meetings – and furthermore a separate “Investor” section on our corporate website.

We comply

To facilitate an ongoing dialogue with analysts, shareholders, potential investors and other stakeholders, and to ensure that views and opinions are shared, our Investor Relations department holds open telephone conferences in connection with the publication of financial reports.

Following the earnings calls, members of Executive Management, together with representatives from Investor Relations, participate in roadshows in which meetings are held with investors and stakeholders across Europe, Asia, and North America.

In addition, Capital Market Days are held, when relevant, to provide a more detailed insight into our strategy and operations. In December 2021, a Capital Markets Day was held in Copenhagen with the participation of analysts, investors, and representatives from the media. Due to the pandemic, the event was held as a hybrid event, enabling attendees being physically present at the venue Børsen, as well as virtual participation, paving the way for an overwhelming number of total participants.

In 2021, conferences, roadshows and meetings with shareholders and proxy advisors were to some extent conducted as conference calls or video meetings due to COVID-19.

After each roadshow, Investor Relations summarises the feedback received from investors as part of a quarterly report to the Board. To keep up-to-date on how the market perceives the company, the Board receives reports on Vestas prepared by the analysts that cover the share.

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p>	<p>Vestas' relations to its stakeholders – present and potential shareholders, business partners, employees, and the surrounding society – are anchored in the company's operating business model, vision, and objectives.</p> <p>Our relationship with our shareholders is addressed in the Articles of Association of Vestas Wind Systems A/S and the Investor Relations Communication Policy.</p> <p>Furthermore, the policy guiding our relationship with our stakeholders can be found in our Business Partner Code of Conduct. The mentioned documents are available on our corporate website.</p> <p>In 2021, an updated version of the Investor Relations Communication Policy and the Codes of Conduct were reviewed and approved by the Board.</p>	<p>We comply</p>
<p>1.1.3. The Committee recommends that the company publishes quarterly reports.</p>	<p>We disclose financial reports four times a year – one annual report and three interim financial reports.</p> <p>In 2021, the four reports were disclosed in February, May, August, and November and are available on our corporate website.</p>	<p>We comply</p>

1.2. The general meeting

<p>1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>	<p>Our Board strives to plan the general meetings in a manner that encourages active ownership of shareholders. To promote active ownership, the Board encourages all shareholders to express their views by voting at the annual general meeting and also attend physically to meet the management. Furthermore, all documents related to the annual general meeting are published on our corporate website as required by law.</p> <p>Annual General Meeting 2021</p> <ul style="list-style-type: none"> - The date was disclosed on 4 November 2020 - A detailed agenda was published on 5 March 2021 - From 14 December 2020 and until the date of the meeting, the shareholders could submit questions concerning the agenda or other documents to be used at the meeting - 24 February 2021 was the deadline for the shareholders to submit proposals for the agenda - Shareholders were invited to participate physically – but due to the COVID-19 pandemic, all shareholders who had requested an admission card were kindly asked not to attend physically but follow the meeting online. All shareholders and stakeholders were able to view the meeting online. 	<p>We comply</p>
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Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>	<p>Our proxy / vote by correspondence form and the online voting system allow shareholders to consider each individual item on the agenda.</p> <p>In 2021, the proxy / vote document and the online voting system entitled the shareholders to vote on each individual agenda item, which was described in detail in the notice convening the meeting.</p>	We comply

1.3. Takeover bids

<p>1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>	<p>According to our Takeover Response Manual, the Board is not at any time entitled to take any steps that prevent a takeover bid from being presented to and decided by the shareholders.</p> <p>In the event of a takeover bid, the Board will consider specifically what will be in the best interest of the company and all shareholders before they decide whether or not to present an offer to the shareholders.</p> <p>In order to best be able to act in the shareholders' interest in a structured way, the Board has defined procedures to be followed in case of a potential takeover bid – and a description of the responsibilities of the Board, Chairman, Executive Management team, and Takeover Response team.</p>	We comply
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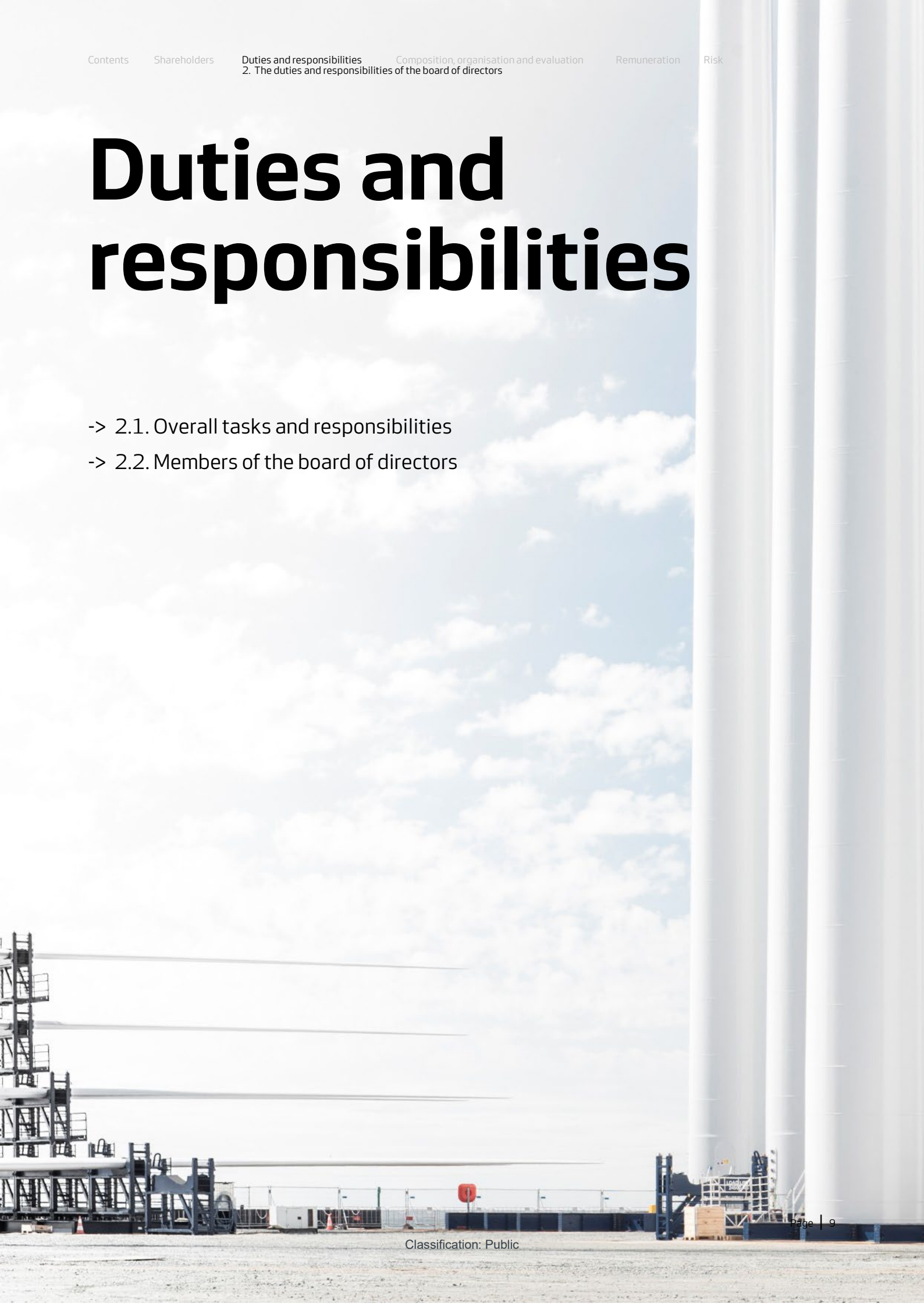
1.4. Corporate Social Responsibility

<p>1.4.1. The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.</p>	<p>The Board fully acknowledges the importance of governing corporate social responsibility, including social responsibility, and sustainability.</p> <p>A full set of policies were adopted and implemented as the basis of the new sustainability strategy "Sustainability in everything we do" at the end of 2019. An overview of some of the adopted policies are available on our corporate website.</p> <p>Additionally, we are a signatory to the United Nations Global Compact and the World Economic Forum's Partnering Against Corruption Initiative.</p> <p>On an annual basis, Vestas reports on its sustainability approach, KPIs and progress in the Vestas Sustainability Report and Annual Report, ref. section 99a of the Danish Financial Statements Act. Furthermore, all quarterly announcements include an update on the most important KPIs linked to our sustainability strategy.</p> <p>Annually, the policies are updated if necessary and approved by the Board.</p>	We comply
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Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.</p>	<p>The purpose of the Vestas Group Tax Policy is to define global management of taxes including governance, structuring, and risk management. The policy applies to all decisions that directly or indirectly affect reporting and/or payment of taxes notwithstanding the nature of the tax as long as it falls or could fall under the liability of any Vestas company.</p> <p>In August 2021, the policy was reviewed and approved in its existing form by the Board.</p> <p>For an overview of taxes borne and collected in 2021, please see our Sustainability Report 2021 section entitled 'Sustainable Tax'.</p>	<p>We comply</p>

Duties and responsibilities

- > 2.1. Overall tasks and responsibilities
- > 2.2. Members of the board of directors



2. The duties and responsibilities of the board of directors

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>2.1. Overall tasks and responsibilities</p> <p>2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.</p>	<p>Annually, we report on the business model, who we are, our value creation, and culture related topics in our Annual Report and Sustainability Report. Furthermore, additional information is available on our corporate website.</p> <p>In 2021, we reported on these topics in the Annual Report 2021 in the section 'Strategy and ambitions' and in the Sustainability Report 2021.</p>	<p>We comply</p>
<p>2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.</p>	<p>Quarterly, the Board is updated on the traction of our strategic targets and key performance highlights of our Must-Win Battles. In addition, select strategic deep-dives and highlights are discussed with the Board at every meeting ("Business update from the CEO").</p> <p>As a key event, the Board arranges a Strategy Seminar once a year with the participation of the members of the Executive Management team to discuss and align on Vestas' vision, strategic priorities, and action plans.</p> <p>The latest strategy seminar took place in October 2021 and the three main themes were 'Deliver the year 2021', 'Deliver the core business plan 2022-2024', and 'Deliver long term profitable growth 2025-2030'.</p> <p>In the Annual Report 2021, the management provided an update on the strategy and what to expect in the coming years.</p>	<p>We comply</p>

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p>	<p>The Board continuously evaluates to what extent the company's capital structure, share structure, and capital resources are reasonable to ensure that the company has sufficient funds to fulfill its liabilities and to support the business strategy on an ongoing basis in the best interest of the shareholders and the company.</p> <p>In April 2021, the shareholders approved a dividend of DKK 8.45 per share to be paid out for the financial year 2020. Furthermore, the shareholders decided to adopt an amendment to the denomination of the shares from DKK 1.00 to DKK 0.01 or multiples thereof.</p> <p>On 8 April 2021, the Board decided to carry out a share split at a ratio of 1:5. Each existing share of nominally DKK 1.00 was split into five new shares of nominally DKK 0.20, and consequently our share capital of nominally DKK 201,973,452 was divided into 1,009,867,260 shares of nominally DKK 0.20, each carrying 20 votes.</p> <p>Additional information about Vestas share and capital structure is available in the Annual Report 2021.</p> <p>In April 2021, we signed a new EUR 2,000 million sustainability-linked revolving credit facility. The facility's margin is closely linked to our sustainability KPIs and supports our ambitions to accelerate the deployment of renewable energy and drive technological innovation.</p> <p>In 2015, Vestas issued a EUR 500m green corporate eurobond. On 13 December 2021, Vestas exercised its option to redeem in full all of the outstanding Notes in compliance with Condition 5(d) (Issuer Call) of the terms and conditions of the Notes.</p>	<p>We comply</p>
<p>2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.</p>	<p>At least once a year, the Board reviews the Rules of Procedure for Executive Management team to ensure that it is updated and compliant with applicable laws, regulations, and best practice.</p> <p>In April 2021, the Board review and approved the Rules of Procedure for Executive Management team.</p>	<p>We comply</p>

2.2. Members of the board of directors

<p>2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.</p>	<p>In accordance with article 8(2) of the Articles of Association, the Board may decide to elect a deputy chairman.</p> <p>The Board has elected a deputy chairman who is an effective sparring partner for the chairman and will assume the responsibilities of the chairman in the event of the chairman's absence. The Rules of Procedure for the Board include a general description of the tasks, duties, and responsibilities of the chairman and the deputy chairman.</p> <p>In April 2021, the Board elected a new deputy chairman, Anders Runevad.</p>	<p>We comply</p>
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Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p>	<p>As part of the external assessment of the Board, the findings and recommendations also included evaluation of knowledge, qualifications and ensured development of this. The evaluation was reported to the Chairman for individual and collective follow up.</p>	We comply
<p>2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>	<p>Members of the Board must not perform duties for the company that are not an inherent part of their tasks with the exception of isolated tasks that they are requested to perform by and on behalf of the Board. If decided by the Board that the Chairman or a member of the Board must participate in the day-to-day management, this decision will be disclosed in a company announcement.</p> <p>Neither the Chairman nor members of the Board performed any such isolated tasks in 2021.</p>	We comply

Composition, organisation and evaluation

- > 3.1. Composition
- > 3.2. The board of director's independence
- > 3.3. Members of the board of directors and the number of other managerial duties
- > 3.4. Board committees
- > 3.5. Evaluation of the board of directors and the executive management

3. The composition, organisation and evaluation of the board of directors

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
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3.1. Composition

3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states

- which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and
- the composition of and diversity on the board of directors.

When proposing candidates for board membership, the Board seeks to ensure that it is possible for the General Meeting to elect a Board with the right attitude, competences, and experience.

The Board has defined the following key competences as being required by individual Board members in order to support Vestas in its journey toward being the global leader in sustainable energy solutions:

- showing accountability, collaboration, simplicity, and passion;
- acting independently of special interests;
- representing a balance between continuity and renewal; and
- being able to align with the company's present situation (developing, expanding, M&A phase, etc.).

Collectively, the Board also needs to demonstrate knowledge of:

- the industry;
- international business;
- accounting, finance, and capital markets;
- strategic operations;
- sustainability;
- change management and governance;
- R&D, manufacturing and logistics;
- services and infrastructure;
- digitalisation;
- M&A;
- restructuring; and
- HR and people leadership

Furthermore, the Board must reflect the competences and experience required to manage a listed company.

We comply

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	<p>The topic of diversity is discussed by the Board at least once a year.</p> <p>In November 2021, the Board discussed diversity and reviewed the Diversity and Inclusion Policy. The policy supports our effort to create an environment that actively embraces diversity, inclusion, and one that ensures equal access to opportunities. The policy is available on our corporate website.</p>	<p>We comply</p>
<p>3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>	<p>The Nomination & Compensation Committee leads the process of selecting and nominating candidates for the Board. The committee makes use of external consultants to identify and assess the profiles and qualifications specifically needed in order to supplement the expertise reflected in the overall composition of the Board.</p> <p>The combined Board decides on the final nomination to the Annual General Meeting of candidates for the Board.</p>	<p>We comply</p>
<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> - qualifications, - other managerial duties in commercial undertakings, including board committees, - demanding organisational assignments and - independence. 	<p>The notice convening our general meetings is prepared and disclosed in accordance with articles 4-7 of Vestas Wind Systems A/S' Articles of Associations.</p> <p>In 2021, the notice convening Vestas' Annual General Meeting and the information on our corporate website contained a detailed description of each individual candidate, including information about position, education, former employment, other offices held in Danish and foreign companies and organisations, positions of trust, independence, and special competencies.</p>	<p>We comply</p>
<p>3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>	<p>Board members elected by the general meeting must retire at the following annual general meeting. However, such board members shall be eligible for re-election, ref. article 8(1) of the Articles of Association.</p>	<p>We comply</p>

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
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3.2. The board of director's independence

3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.

In order to be independent, the member in question may not:

- be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,
- within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors,
- represent or be associated with a controlling shareholder,
- within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,
- be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting,
- be a CEO in a company with cross-memberships in the company's management,
- have been a member of the board of directors for more than twelve years, or
- be closely related to persons, who are not independent, cf. the above-stated criteria.

Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.

Following the election of board members at the Annual General Meeting in 2021, seven of the eight members of the Board are considered to be independent.

An indication of which board members are considered independent is available on our corporate website.

We comply

3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.

As at 31 December 2021, no member of the company's Board is a member of Executive Management.

We comply

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
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3.3. Members of the board of directors and the number of other managerial duties

<p>3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	<p>We believe that each board member is capable of and responsible for assessing, in a satisfactory manner, his or her time commitment for the board work and each function in order that the number of functions held will not adversely impact the quality of the work performed in the Board. The issue was discussed in connection with the annual evaluation of the Board's work.</p>	<p>We comply</p>
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<p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> - position, age and gender, - competencies and qualifications relevant to the company, - independence, - year of joining the board of directors, - year of expiry of the current election period, - participation in meetings of the board of directors and committee meetings, - managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and - the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year. 	<p>Our Annual Reports include a detailed description of our board members.</p> <p>The information is available in the Annual Report 2021, see the section 'Governance'.</p>	<p>We comply</p>
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3.4. Board committees

<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> - the board committees' most significant activities and number of meetings in the past year, and - the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	<p>We report on the following topics regarding the Board Committees in the Annual Report or in documents which are a part of the Annual Report:</p> <ul style="list-style-type: none"> - the composition of the committee - the most significant activities during the year - number of meetings - each member's participations <p>The information is also available on our corporate website including the charter for each Board Committee.</p> <p>The specific information requested is available in the Annual Report 2021, see the section 'Governance'.</p>	<p>We comply</p>
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Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	<p>According to the definition of independence of the Committee on Corporate Governance, Vestas' Board Committees comply with the recommendation.</p>	We comply
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> - supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, - reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, - assessing the need for internal audit, - performing the evaluation of the auditor elected by the general meeting, - reviewing the auditor fee for the auditor elected by the general meeting, - supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and - ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present. 	<p>According to applicable Danish law, we have established an audit committee. A description of the Board committee's composition, responsibilities and work methods is available on our corporate website or/and in the Annual Report.</p> <p>Once a year, the Audit Committee assesses the need for an internal audit function. In line with good corporate governance, the Audit Committee is currently working towards establishing an internal audit function effective for the financial year 2023.</p>	We comply
<p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> - prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, - ensure that the internal audit function has sufficient resources and competencies to perform its role, and - supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function. 		

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> - describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, - on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes, - in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors, - handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, - ensuring that a succession plan for the executive management is in place, - supervising executive managements' policy for the engagement of executive employees, and - supervising the preparation of a diversity policy for the board of directors' approval. 	<p>The Board has established a Nomination and Compensation Committee. The tasks and responsibilities of the committee are described in the committee's charter.</p> <p>The committee shall assist the Board with assessment of the time members must expect to spend on having to carry out the membership and assess the competences, knowledge and experience of the two governing bodies combined. The committee proposes an action plan to the Board on the future composition of the Board, including proposals for specific changes.</p> <p>Annually the committee assess the structure, size, composition and results of the Board and the Executive Management team, as well as recommend any changes to the Board.</p> <p>The committee annually assess the competences, knowledge and experience of the individual members of the Executive Management team, and report to the Board in this respect.</p> <p>Every third year the committee conducts an external assessment of the Board according to the Corporate Governance Code.</p>	We comply
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> - preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, - providing a proposal to the board of directors on the remuneration of the members of the executive management, - providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, - ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and - assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote. 	<p>The Board has established a Nomination and Compensation Committee. The tasks and responsibilities of the committee are described in the committee's charter.</p> <p>The committee assist the Board with annual review of the Remuneration Policy for approval by the Board prior to approval by the general meeting. The committee prepares proposals for incentives and remuneration accompanied by recommendations on targets and evaluation criteria for the purpose of ensuring that remuneration matches the long-term interests of the shareholders and the goals set for the company by the Board.</p> <p>The committee prepares proposals to the Board on remuneration for members of the Board and the Executive Management team, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned.</p> <p>The committee assist the Board in monitoring how the company complies with the current rules governing public insight into pay and remuneration issues, for example in the Remuneration Report and the Annual Report.</p> <p>The committee review the strategy and statutory reporting for Diversity and underrepresented gender through discussion of current status and ongoing initiatives on the agenda for Diversity and Inclusion.</p>	We comply

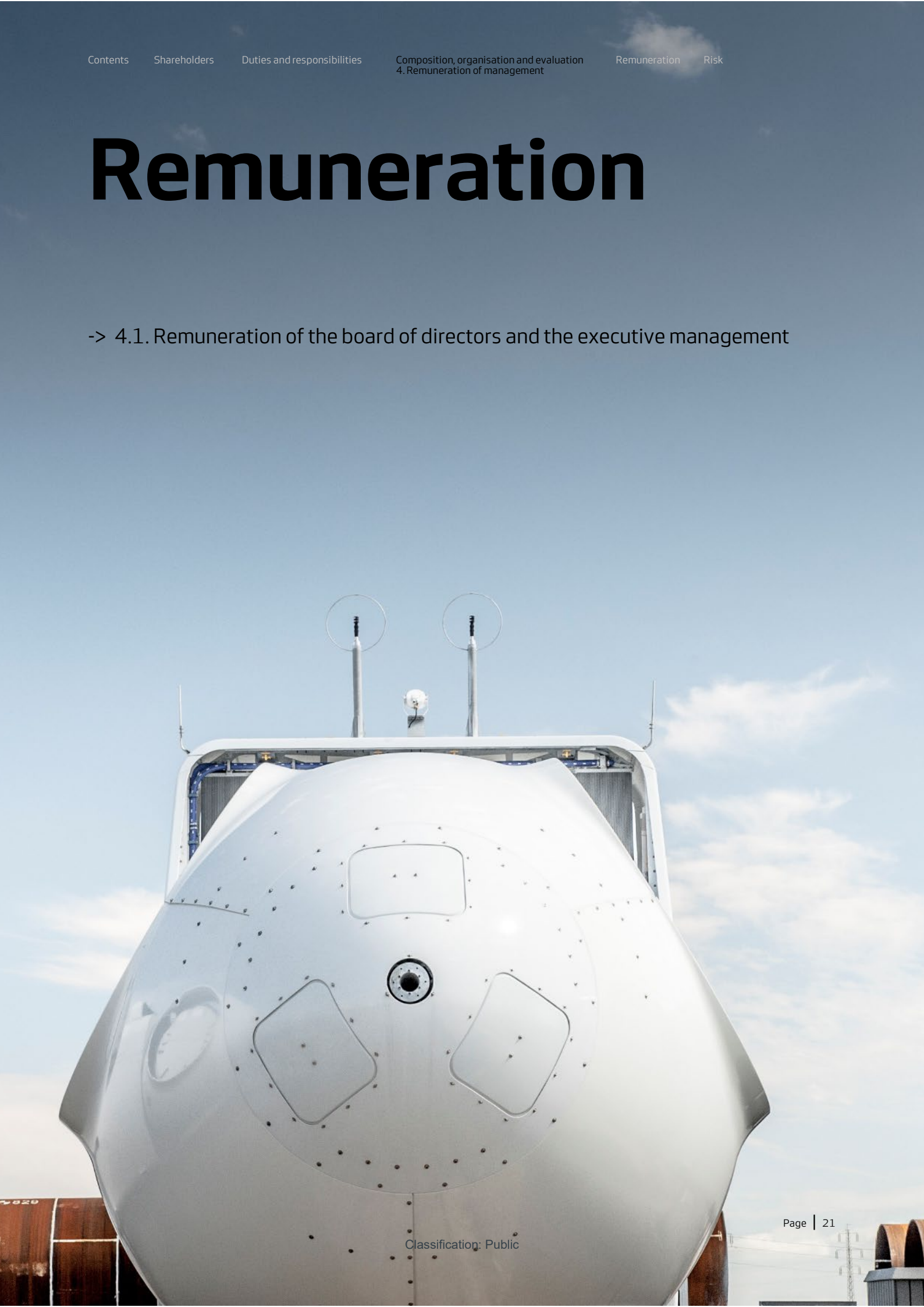
Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
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3.5. Evaluation of the board of directors and the executive management

<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> - the composition of the board of directors with focus on competencies and diversity - the board of directors and the individual member's contribution and results, - the cooperation on the board of directors and between the board of directors and the executive management, - the chairperson's leadership of the board of directors, - the committee structure and the work in the committees, - the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and - the board members' preparation for and active participation in the meetings of the board of directors. 	<p>Once a year, the Board evaluates its working methods, the results of its work, and the skills of its members, including whether each board member participates actively in board discussions and contributes with independent judgement. The Board will include external assistance to perform an evaluation of the Board at least once every third year, ref. the Rules of Procedure for the Board.</p> <p>In October / November 2021, we engaged with an external partner to undertake an external assessment of the Board. Overall, the evaluation revealed that the Board's operational processes are in place and the dialogue is positive, constructive, direct, and without politics. Meetings are run in a structured way and board members feel they can say what they mean. Furthermore, the Board and Executive Management trust and respect each other.</p> <p>Looking back to a decade ago at the company's challenges, it is evident that the Board has succeeded in putting the company back on track and secured the needed industrialisation.</p> <p>Today, the Board is well composed, well organised and has a positive overall track record. Even though 2021 was characterised by severe cost inflation and supply chain instability following the spread of a global pandemic, the company is in good shape, with a strong position in the market and Chairman who has been in his role for about ten years.</p>	<p>We comply</p>
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	<p>After conducting an evaluation of the Board the result is presented for the Board for discussion.</p> <p>The result of the annual board evaluation was presented and discussed at the board meeting in November 2021. After the meeting a summary was published on our corporate website. Furthermore, the result is mentioned in the Annual Report 2021 and the Chairman will mention the overall result in his presentation in connection with the Annual General Meeting 2022.</p>	<p>We comply</p>
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>	<p>Once a year, the Board evaluates the work and performance of Executive Management team. This evaluation takes place in a dialogue between the Nomination & Compensation Committee and the Group President & CEO, and the results of the evaluation are subsequently presented to the entire Board. The evaluation is based on the following criteria, among others:</p> <ul style="list-style-type: none"> - Vestas' general performance; - Vestas' reputation and position; - implementation of Vestas' strategy (corporate strategy and sustainability strategy); - Vestas' financial targets; - the customer satisfaction survey; and - the employee satisfaction survey. <p>Succession planning is also an important task for the Committee to secure the future pipeline of top leaders in Vestas. For that reason, succession planning for all Executive members was conducted in April 2021.</p>	<p>We comply</p>

Remuneration

-> 4.1. Remuneration of the board of directors and the executive management



4. Remuneration of management

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
4.1. Remuneration of the board of directors and the executive management		
4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	In accordance with Vestas' Remuneration Policy, the remuneration of the Board and the Executive Management must support Vestas' strategic goals and promote long-term value creation aligned with the interest of our shareholders.	We comply
4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	Performance shares may be granted to members of Executive Management team. In accordance with Vestas' Remuneration Policy, performance shares are conditionally awarded free of charge to the Executive Management team as annual revolving grants with a three-year vesting period.	We comply
4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	In accordance with Vestas' Remuneration Policy, the variable part of the remuneration is capped as relative to the annual base salary of the Executive Management team. The short-term incentives are capped with an annual target payout of 50 percent of the base pay and stretching to a maximum payout capped at 75 percent of the base pay at maximum performance. The value of the long-term incentive can according to Vestas' Remuneration Policy amount to 100-200 percent of the base pay at the time of allotment grant and is capped at 300 percent of the base pay at the time of vesting.	We comply
4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	As described in the Remuneration Policy, Vestas can terminate the employment of members of Executive Management by giving 24 months' notice to the end of a month. A member of Executive Management can terminate the employment with Vestas by giving 12 months' notice to the end of a month. There is no agreed redundancy pay/compensation for voluntary or non-voluntary termination. These rules apply to the members of the Executive Management registered with the Danish Business Authority.	We comply

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.</p>	<p>Members of the Board receive a fixed annual cash remuneration, which is approved every year by the General Meeting. Members of the Board receive no incentive remuneration.</p>	<p>We comply</p>
<p>4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.</p>	<p>In the situation where bonus, performance shares (both vested and non-vested shares) or other variable remuneration have been provided to a member of Executive Management on the basis of data or accounts which prove to be misstated, we may within certain limitations reclaim the variable remuneration in full or in part.</p>	<p>We comply</p>

Risk

-> 5.1. Identification of risks and openness
in respect of additional information

5. Risk management

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	Compliance
<p>5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.</p>	<p>The Board reviews the enterprise risk profile of Vestas every half year and oversees the effectiveness of Enterprise Risk Management in Vestas.</p> <p>The overall strategic risk exposure is reviewed once a year and the individual risk factors associated with the Company's activities are reviewed and discussed every quarter in the Risk Committee and reported to the Audit Committee and Board every half year.</p> <p>These risks and additional information on the company's risk management are accounted for in the Annual Report 2021, see the section 'Risk management'.</p>	<p>We comply</p>
<p>5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p>	<p>EthicsLine is our whistle-blower mechanism that enables employees and associates to report violations of the Vestas Codes of Conduct, applicable laws, and Vestas' policies and procedures.</p> <p>The main purpose of EthicsLine is to provide Vestas' employees, business partners, or anyone associated with the company, with a place to report unethical behaviour or practices observed in the workplace. The EthicsLine Policy governs the way the whistle-blower system is managed at Vestas and can be found using the link to EthicsLine on our corporate website.</p> <p>The Audit Committee monitors the development and implementation of our ethics and anti-corruption programme pursuant to Vestas' Codes of Conduct.</p> <p>Once a year, we report on the EthicsLine in our Sustainability Report. The Sustainability Report 2021 is available on our corporate website.</p>	<p>We comply</p>

