

Corporate Governance Report 2023

This statutory corporate governance report (hereinafter referred to as “the report”) covers the period 1 January 2023 - 31 December 2023 and is prepared pursuant to section 107b (1) and (3) of the Danish Financial Statements Act.

The statement forms part of the Management Review of the Annual Report 2023.

This statement includes the status of compliance with the Recommendations for Corporate Governance issued by the Danish Committee on Corporate Governance December 2020 and implemented by Nasdaq Copenhagen in the Nordic Main Market Rulebook for Issuers of Shares.

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 Wind Systems A/S (Vestas) as a listed company must state its position to the Committee’s recommendations. This must be done using the “comply or explain” principle.

This statement includes the status of compliance with the ‘Recommendations for Corporate Governance’ issued by the Danish Committee on Corporate Governance December 2020.

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.

Corporate Governance Report 2023

We are in compliance with all recommendations except from one.

In connection with the new EU Corporate Sustainability Reporting Directive (CSRD), as of 2025 we will merge the current Sustainability Report with the Annual Report and have for this reason focused on reducing the content in the current Annual Report. We have in this relation concluded that it would be logical to move the reporting on the work in the Board and its committees from the Annual Report to the Corporate Governance Report. We are therefore partly in compliance with recommendation 3.4.1..

Adopted by the Board of Directors of Vestas Wind Systems A/S
February 2024

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Governance key figures

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| Shareholders | | | | | |
| Number of shares, end year (million) | 1,010 | 1,010 | 1,010 | 1,010 | 199 |
| Number of listed shareholders (thousand) | 217 | 218 | 200 | 141 | 127 |
| Number of major shareholders | 1 | 1 | 1 | 1 | 0 |
| Board of Directors | | | | | |
| Members elected by the shareholders (number) | 7 | 8 | 8 | 8 | 8 |
| Members elected by the employees (number) | 4 | 4 | 4 | 4 | 4 |
| Total number of members | 11 | 12 | 12 | 12 | 12 |
| Women / men (number) | 5 / 6 | 5 / 7 | 4 / 8 | 4 / 8 | 3 / 8 |
| Independent / not independent (number) | 6 / 5 | 7 / 5 | 7 / 5 | 7 / 5 | 7 / 4 |
| Meetings (number) | 10 | 12 | 12 | 12 | 11 |
| Executive Management team | | | | | |
| Members appointed by the Board | 8 | 8 | 7 | 7 | 7 |
| Women / men (number) | 0 / 7 | 1 / 7 | 2 / 5 | 2 / 5 | 2 / 5 |
| Meetings (number) | 19 | 17 | - | - | - |
| Participants rate (percent) | 100 | 100 | - | - | - |
| Remuneration (EUR) | | | | | |
| Fixed Board of Directors fee | | | | | |
| - Base fee | 61,087 | 61,087 | 60,000 | 57,021 | 56,971 |
| - Chair fee | 183,260 | 183,260 | 180,000 | 171,063 | 170,912 |
| - Deputy Chair fee | 122,173 | 122,173 | 120,000 | 114,042 | 113,941 |
| Fixed board committee fee | | | | | |
| - Base fee | 35,933 | 35,933 | 35,000 | 33,542 | 33,512 |
| - Chair fee | 64,680 | 64,680 | 63,000 | 60,375 | 60,322 |
| Group President & CEO | | | | | |
| - Base salary | 1,765,016 | 1,718,194 | 1,678,087 | 1,502,666 | 670,423 |
| - Benefits | 45,915 | 45,215 | 44,084 | 34,942 | 11,660 |
| - Short-term incentive, payout | 1,182,561 | - | - | - | 952,281 |
| - Long-term incentive, granted | 3,014,400 | 1,913,250 | 2,329,556 | 2,540,579 | 2,292,231 |
| - Long-term incentive, vested | 581,823 | 1,028,606 | - | - | - |
| Executive Vice President & CFO | | | | | |
| - Base salary | 678,851 | 560,036 | - | - | - |
| - Benefits | 34,114 | 30,552 | - | - | - |
| - Short-term incentive, payout | 454,830 | - | - | - | - |
| - Long-term incentive, granted | 1,004,800 | 822,621 | - | - | - |
| - Long-term incentive, vested | 140,778 | 171,074 | - | - | - |
| Risk management | | | | | |
| EthicsLine cases (number) | 667 | 539 | 465 | 287 | 226 |

* For detailed information about the remuneration of the Board, Group President & CEO, and Executive Vice President & CFO, see Remuneration Report 2023.

Shareholders

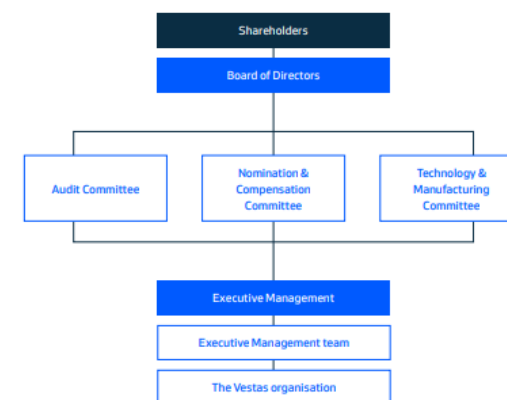
Our shareholders represent the supreme governing body of Vestas Wind Systems A/S. According to our shareholder register at the end of 2023, we have shareholders from more than 100 different countries, dominated by shareholders from the USA, UK, and Denmark, respectively. At the end of 2023, institutional investors accounted for around 85 percent of the share capital.

In 2023, Vestas had one major shareholder, BlackRock, Inc. (Wilmington, DE, USA) who informed of passing the 5 percent threshold in October 2020, at which point in time its holding was 5.36 percent.

Our management structure reflects how the company is managed to ensure Simplicity, Collaboration, Accountability, and Passion. Our two-tier governance structure consisting of the Board of Directors (the Board), Executive Management, and Executive Management team provides a clear, transparent, and effective separation between the responsibilities of the Board and the Executive Management team, and between the Executive Vice Presidents and their management of the company's affairs.

The Board and Executive Management are separate bodies, and none serves as a member of both.

Framework for corporate governance



Board of Directors

The shareholders have decided that Vestas Wind Systems A/S must be managed by a board composed of five to 10 members, elected by the shareholders. In addition, the Board includes members elected by our employees under the relevant provisions of the Danish Companies Act, equalling half of the shareholder-elected members.

The eight board members elected by the Annual General Meeting in April 2023 received between 90-100 percent of the valid votes. They will each serve for a one-year term.

Employee representatives are elected every four years and the next ordinary election will take place before the Annual General Meeting 2024.

Independence

Six of the seven shareholder-elected board members are considered independent as defined by the Danish Corporate Governance Recommendations 3.2.1, while one is considered non-independent as he was a member of the Executive Management less than five years ago. Employee-elected board members are not considered independent.

Meetings

The Board convenes at least seven times per year. In 2023, the Board held 10 meetings, incl. a strategy seminar, see page 6.

Quorate

The Board is quorate when more than half of its members are present. Issues considered by the Board are passed by a simple majority of votes. In the event of equality of votes, the casting vote is held by the Chair – or, in the Chair's absence, by the Deputy Chair.

Board committees

In order to support the Board and to benefit from individual members' competences, the Board has established three committees. Although not authorised to make independent decisions, these committees prepare reports and recommendations for the Board's approval.

The members of these committees are elected by the Board from among its members. Each committee has a charter, which sets out the committee's role, purpose, responsibilities, and procedural matters and these charters are available at our corporate website.

For additional information about the committees and their work, see pages 8-10.

Board remuneration

In compliance with applicable law, we have prepared a separate Remuneration Report describing the remuneration awarded or due in 2023 to the Board as well as to Executive Management (the CEO and CFO). The Remuneration Report will be submitted to the Annual General Meeting for an advisory vote.

In 2023, our shareholders decided that the remuneration for 2023 of the Board, including the remuneration of members of board committees, remains unchanged as approved by the general meeting in 2022.



[Remuneration Report 2023](#)

The report can be prepared in accordance with section 139b of the Danish Companies Act and will be submitted to the Annual General Meeting 2024 for an advisory vote.

Board diversity

On 12 April 2023, our shareholders elected three female and four male board members. Furthermore, all three board committees also have equal gender distribution. With the inclusion of employee-elected members, the overall

composition of the Board is now five female and six male Board members.

The Board also aims to achieve diversity in terms of nationalities represented amongst its members¹, reflecting our global presence. After the 2023 Annual General Meeting, four nationalities were represented in the Board.

Diversity in the broadest sense remains a key focus for the Board, including in board member searches. Board members are chosen for their overall competencies, while the benefits of board diversity in terms of gender, education, working experience, and other factors are fully recognised.

Evaluation process

Once a year, the Board and its committees carry out an evaluation of their work. The purpose is to further develop the Board's efficiency and working procedures. In addition, the evaluation serves as a tool for determining the competence required by the Board, and for analysing the competence that already exists in the Board. The evaluation also serves as input for the Nomination & Compensation Committee's work on proposing board members.

As part of the yearly evaluation, board members are asked to complete a questionnaire to guide them in their preparation, and to make sure that all relevant issues are touched upon in connection with the evaluation. The areas covered by the evaluation differ from year to year to reflect the development of the Board's work.

The result of the evaluation of the Board itself is discussed by the board members. The result of the committees' evaluations is discussed by the relevant committee and reported to the Board. The Board brings in external consultants to support the evaluation at least once every third year.

The result of the board evaluation is available at our corporate website.

¹ Due to EU GDPR, we are not allowed to inquire about or register the ethnicity of our board members and employees – instead, we use nationality as a proxy.

Report on the Board of Directors' composition and work

The roles and responsibilities of the Board are set out in the board charter, which is reviewed annually, taking into account relevant regulatory changes and recommended best practice.

Rules of procedure for the Board

The Rules of procedure for the Board can be found at our corporate website.

Duties

The Board's most important duties are, among others: appointing the Executive Management team in collaboration with the CEO; laying down guidelines for and overseeing the work performed by the Executive Management team; ensuring professional and adequate organisation of the company's business; defining the company's corporate and sustainability strategies; ensuring satisfactory financial organisation and reporting; ensuring the necessary procedures for risk management and internal controls; and ensuring that an adequate capital and share structure are in place at all times.

The Board's rolling agenda is structured around four pillars: updates from the business, strategy updates, financial and non-financial performance, and people/governance. The Group President & CEO and Executive Vice President & CFO are invited to participate in all board meetings, while other members of the Executive Management team attend when requested. Every year in February, the auditors meet with the entire Board.

The target is for all members of the Board to achieve an attendance rate of 80-90 percent, but it is expected they attend all meetings. For this reason, the Board schedules its meetings for at least two years in advance.

The composition

In 2023, Bert Nordberg stepped down after more than 10 years as Chair. At the recommendation of the Board the shareholders decided to re-elect the rest of the members of the Board for one more year.

After the Annual General Meeting, the Board elected Anders Runevad as new Chair and Karl-Henrik Sundström as the new Deputy Chair.

Our Board of Directors

Additional information about our Board can be found at our corporate website.

| Members | Member since | Meeting attendance* | Attendance rate |
|-----------------------|--------------|---------------------|-----------------|
| Anders Runevad | 2020 | 10 / 10 | 100 |
| Karl-Henrik Sundström | | 10 / 10 | 100 |
| Bruce Grant | 2019 | 8 / 10 | 80 |
| Eva M. S. Berneke | 2019 | 8 / 10 | 80 |
| Helle Thorning-Smith | 2019 | 10 / 10 | 100 |
| Kentaro Hosomi | 2021 | 10 / 10 | 100 |
| Lena Olving | 2022 | 9 / 10 | 90 |
| Claus Christensen | 2022 | 10 / 10 | 100 |
| Michael Abildgaard | 2008 | 10 / 10 | 100 |
| Pia Kirk Jensen | 2020 | 10 / 10 | 100 |
| Sussie Dvinge | 2005 | 9 / 10 | 90 |

* The first figure represents attendance, the second the possible number of meetings.

"In 2023, our main focus has been to guide Vestas 'back in black' and secure that we have the right management with the right competences to lead Vestas on its journey to become Global Leader in Sustainable Energy Solutions."

Anders Runevad
Chair of the Board of Directors

Focus areas for 2023

The overall focus area has been to regain profitability through commercial discipline, execution of the fully covered top line, continued earnings recovery efforts, focus on cash, and fixing quality issues.

This overall focus pervaded both the standard matters handled by the Board, but also other specific topics to which the Board dedicated time in 2023, such as:

Talent management and leadership development, employee retention, motivation, and Vestas working culture

We still consider people-related risks as one of our main risks. We find ourselves in a heated talent market and as the energy transition gains momentum, the number of jobs within the sector continues to increase significantly. Despite this development, in 2023 the Board confirmed that our priorities remain the same: build a strong succession pipeline, drive inclusive leadership, and ensure focus on core employee groups.

Product quality, with specific focus on the quality of new products and our supply chain

A recurring theme throughout the year was to reduce quality-related costs within Vestas, both in respect of product quality and project execution. The Board and especially the Technology & Manufacturing Committee work on this as a key priority with the ambition to enforce that Vestas remains ahead of competition on quality. A key initiative in 2023 was the establishment of a new quality operating model working end to end across the Vestas organisation and value chain.

The Board closely monitored the challenging supply chain situation, with continued supply chain instability and a volatile cost environment in raw materials, components, transportation, and logistics.

Cash and inventory levels with a specific focus on reducing the inventory level and realise cash flows

The Board has been tracking the inventory optimisation project, which purpose is to reduce the inventory level and improving our cash conversion ratio. Focus has been on the inventory for onshore and offshore wind turbines. The project has focused on both inventory build-up as decision criteria, creating a more coordinated planning between functions, improved forecasting methodologies and greater contractual flexibility with our suppliers. The work will continue in 2024.

Cyber security risk management

The Board continued to dedicate time to review our cyber security systems and governance structure, as well as monitoring how we are handling cyber security. Cyber security is still ranked as one of our main risks. The Board finds it especially important that we support our customers when we are looking ahead. Therefore, Vestas will expand its commercial service offerings to support our customers in their management responsibilities towards cyber security risks. The Board has also been looking into how Vestas needs to adapt towards new regulatory requirements, e.g. the EU Cyber Security Directive (NIS2).

Sustainability focus

Sustainability continued to be a key area of focus for the Board in 2023. Among other key activities, the Board and board committees reviewed the following:

- Our sustainability strategy
- The ambitions for sustainability at Vestas, including sustainability in our supply chain
- Compliance and governance requirements in general, as well as the tracking of EthicsLine cases
- Safety issues
- Our sustainability reporting, including a follow-up on diversity
- Compliance with applicable ESG regulation and forthcoming disclosure requirements
- The process towards being in compliance with EU's CSRD rules.

Report on the Audit Committee's composition and work

"In 2023, we have focused on assessing the level of warranty provisions, capital structure, cyber security, and ESG reporting readiness with the new CSRD requirements. We also submitted to the Board a recommendation for a new auditor to be proposed at the Annual General Meeting in 2024."

Karl-Henrik Sundström
Chair of the Audit Committee

Composition and meetings of the committee

| Members | Member since | Meeting attendance* | Attendance rate |
|------------------------------|--------------|---------------------|-----------------|
| Karl-Henrik Sundström, Chair | 2020 | 5 / 5 | 100 |
| Eva Berneke | 2020 | 5 / 5 | 100 |
| Kentaro Hosomi | 2023 | 3 / 3 | 100 |

* The first figure represents attendance and the second the possible number of meetings. In cases where a board member was appointed during the year, only meetings in that member's active committee period are shown.

The primary role

The Audit Committee supports the Board mainly with the following: overseeing the external auditors elected by the shareholders and their auditing, overseeing and reviewing financial and sustainability reporting before disclosure, review of accounting policies, systems of internal controls, and risk management (both financial and sustainability related), handling of complaints reported through EthicsLine, business ethics compliance, and cases regarding anticorruption, review of the global insurance programme, tax topics, treasury policy, and information security; etc.

As of 2024, the committee tasks will be extended to also include topics related to the new European Sustainability Reporting Standards (ESRS).

Over the course of a year, the committee has a rolling agenda covering a variety of standing matters. It invites the CFO, other relevant parties from finance and the external auditor to attend each of its meetings. Other members of management attend when requested to provide input on specific topics or on more detailed technical matters that may arise. The committee also regularly holds private sessions separately with the external auditor without members of management being present. Outside the formal meetings, the Chair of the committee meets regularly with the CFO. After every meeting, the Chair also provides an update and any recommendations to the Board.



Rules of procedure for the Audit Committee

The Rules of procedure can be found at our corporate website.

The composition

The committee comprises three board members appointed by the Board. The members' experience demonstrates that the committee as a whole has competences that are entirely relevant to the sector in which we operate. Combined, the members are equipped with the commercial, regulatory, financial, and audit expertise necessary to fulfil the committee's responsibilities. The Chair, Karl-Henrik Sundström, holds the financial accounting qualifications required by the Danish Auditors' Act, as well as sustainability-related expertise.

Focus areas in 2023

During 2023, the committee received comprehensive reports from management and the external auditor on a variety of topics related to management controls and accounting policies, practices, and reporting. In addition to standing matters, the committee addressed a variety of special focus areas, which are highlighted here:

Warranty provisions

The committee assessed the need and level of warranty provisions.

Financial policy and structure

The committee assessed the financial policy with the purpose of ensuring appropriate capital structure and financing the work included securing long-term debt and suitable balance sheet structure.

Cyber security

The committee has continued to ensure an appropriate management of cyber security risks and threats. Focus has been to ensure that risks are at a tolerable level towards financial and commercial impact. Efforts related to the NIS2 Directive, the EU-wide legislation on cyber security which comes into force in 2024, has also been monitored by the committee.

Sustainability

With the EU Corporate Sustainability Reporting Directive (CSRD) introducing mandatory integrated reporting, new disclosure requirements, and mandatory limited assurance of CSRD disclosures for the financial year 2024 the committee has worked with initiating a double materiality process and ensuring an internal corporate governance structure that can manage the new requirements.

New auditor

Due to legal requirements, the company's auditor must be rotated at the Annual General Meeting in 2024. In 2023, the committee evaluated two audit firms as part of the selection process. The committee submitted a recommendation to the Board to propose Deloitte as Vestas Wind Systems A/S' new auditor at the Annual General Meeting in 2024.

Report on the Technology & Manufacturing Committee's composition and work

"2023 was a year in which we consolidated the quality organisation across the whole value chain, strengthening the future scaling of the company. The scaling of the company is likewise supported by an optimisation of the offshore manufacturing footprint, bringing production closer to the market and partners."

Lena Olving
Chair of the Technology & Manufacturing Committee

The primary role

The Technology & Manufacturing Committee mainly supports the Board with:

- assessing the product and technology strategies incl. our intellectual property rights strategy, and product development plans.
- assessing the strategies for sourcing, manufacturing, and service;
- reviewing the manufacturing footprint and M&A activities; and
- reviewing the performance within health and safety, sustainability, and quality.

The committee invites the COO, CTO, and Chief Science Advisor to attend each meeting. Other members of management attend when requested to provide input on specific topics or on more detailed technical matters on an ad hoc basis. At each board meeting, the committee Chair provides an update to the Board on the committee's activities and recommendations.

[Rules of procedure for the Technology & Manufacturing Committee](#)

The Rules of procedure for the Technology & Manufacturing Committee can be found at our corporate website.

The composition

In 2023, all three committee members were re-elected, and Lena Olving was appointed Chair of the committee.

The competences of the committee members are entirely relevant to the sector in which we operate. Furthermore, all members have acquired sector knowledge and experience as a result of their board membership or previous employment at Vestas.

[The members' competences](#)

A description of each member's competences are available at our corporate website.

Composition and meetings of the committee

| Members | Member since | Meeting attendance* | Attendance rate |
|--------------------|--------------|---------------------|-----------------|
| Lena Olving, Chair | 2022 | 4 / 4 | 100 |
| Bruce Grant | 2019 | 4 / 4 | 100 |
| Anders Runevad | 2020 | 4 / 4 | 100 |

* The first figure represents attendance and the second the possible number of meetings.

Focus areas in 2023

In addition to standard matters, the committee addressed various special focus areas, which are highlighted here:

Quality

The committee followed the restructuring of the quality organisation closely, giving input and recommendations to both the structure, processes, and performance. With the new organisation in place, the quality activities across the Group have been consolidated into one organisation. Furthermore, during the year, the committee has actively observed the quality performance of external suppliers to make sure that all our products have the same high quality standard.

Warranty provisions

In 2023, the monitoring of warranty provisions was a priority for the committee. The committee has been putting focus on the development in warranty provisions and handling of risks via an ongoing dialogue with leaders from the Power Solutions and Sourcing and Manufacturing organisations.

Product portfolio

With a keen interest in and also knowledge of the product portfolio, the committee provides a good forum for dialogue and sparring with representatives from the organisation – latest with e.g. the implementation and structuring of the concept of product use cases, which secure a good understanding of the essential requirements for the products, and the value of these.

Manufacturing footprint

Market presence and requirements, transportation costs and manufacturing costs, as well as the supply base are the main drivers of our manufacturing footprint. In 2023, the committee focused especially on making sure that we have the right manufacturing footprint that can support both our corporate strategy and sustainability strategy – but also support the potential that we see in the market in the years to come.

Sustainability

In 2023, the committee also participated in the monitoring of and dialogue regarding Vestas' sustainability strategy, Sustainability in Everything We Do. One of the special topics of concern was the approach to benchmarking sustainability targets on e.g. CO₂ emissions and waste.

Report on the Nomination & Compensation Committee's composition and work

"Our people agenda is of strategic importance for Vestas and the committee is happy to see Vestas engagement and progress across many of the areas."

Anders Runevad
Chair of the Nomination & Compensation Committee

Composition and meetings of the committee

| Members | Member since | Meeting attendance | Attendance rate |
|------------------------|--------------|--------------------|-----------------|
| Anders Runevad | 2020 | 4 / 4 | 100 |
| Eva Berneke | 2019 | 4 / 4 | 100 |
| Helle Thorning-Schmidt | 2019 | 4 / 4 | 100 |
| Karl-Henrik Sundström | 2023 | 2 / 2 | 100 |

* The first figure represents attendance and the second the possible number of meetings. In cases where a board member was appointed during the year, only meetings in that member's active committee period are shown.

The primary role of the committee

The Nomination & Compensation Committee operates as a preparatory committee for the Board and its primary role is to assist the Board on:

- staff-related topics, incl. the assessment of remuneration;
- reviewing the performance and compensation of the Executive Management team;
- reviewing the incentive design and performance results;
- assessing our talent framework and status;
- policies for succession planning, diversity and inclusion;
- remuneration policies and practices as well as, developments in remuneration levels, incl. variable remuneration;
- monitoring the incentive programmes to ensure that they promote ongoing, long-term shareholder value creation and comply with the Remuneration Policy;
- discussing our diversity and inclusion strategy; and
- review of ESG related reports.

The Group President & CEO and Executive Vice President & CPCO are invited to attend each meeting. Other members of management attend when requested to provide input on specific topics or more detailed matters that may arise. After a committee meeting, the Chair provides an update to the Board about the committee's activities and recommendations.

Rules of procedure for the Nomination & Compensation Committee

The Rules of procedure for the Nomination & Compensation Committee can be found at our corporate website.

The composition of the committee

The committee comprises four board members appointed by the Board. The competences of the committee members, and therefore of the committee as a whole, are entirely relevant to the sector in which we operate. Furthermore, all members have acquired sector knowledge and experience as a result of their board membership or previous employment at Vestas.

In 2023, Bert Nordberg stepped down and Anders Runevad was appointed as new committee chair, while Karl-Henrik Sundström was elected as new member of the committee.

Focus areas in 2023

In addition to standard matters, in 2023 the committee addressed a variety of special focus areas, which are highlighted here:

Incentive results 2023

The committee regularly reviewed the expected full year performance of Vestas global Bonus scorecard for 2023. The final result of the bonus scorecard is known together with Vestas full year results by end of the financial year and will be reviewed by the committee before any bonus payout in March 2024.

Incentives 2024

The committee reviewed the current design for both short-term incentives (Vestas Bonus) and the long-term incentives (restricted performance shares). The committee agree both programme designs to be relevant and right fit for Vestas and recommended the Board to approve continuation of the design.

The committee discussed potential development of the programmes and KPIs relevant for Vestas' future performance. The committee will review design and KPIs for the incentive programmes ongoingly to ensure alignment with Vestas values, strategic focus, and current situation.

Board and Executive Management team succession

The committee has a strong focus on ensuring strong succession planning for both the Board and the Executive Management team.

In 2023, the committee discussed the succession planning at several meetings to ensure a strong candidate pipeline. Furthermore, the committee supported the appointment of a new Executive Vice President & CPCO.

Executive Management and Executive Management team

“In 2023, we, the Executive Management team focused on guiding Vestas ‘back in black’. Furthermore, together with our more than 30,000 employees we strived to simplify our work and our solutions to the benefit of our customers. We are connected by our passion - contributing to a sustainable future.”

Henrik Andersen
Group President & CEO

Composition and meetings of the Executive Management team

| Members | Member since | Meeting attendance | Attendance rate |
|--------------------|--------------|--------------------|-----------------|
| Henrik Andersen | 2019 | 19 / 19 | 100 |
| Hans Martin Smith | 2022 | 19 / 19 | 100 |
| Anders Nielsen | 2020 | 19 / 19 | 100 |
| Tommy R. Nielsen | 2020 | 19 / 19 | 100 |
| Javier R. Diez | 2021 | 19 / 19 | 100 |
| Christian Venderby | 2019 | 19 / 19 | 100 |
| Thomas Alsbjerg | 2022 | 19 / 19 | 100 |

* The first figure represents attendance and the second the possible number of meetings.

Executive Management

In 2023, there has been no change to the composition of the Executive Management at Vestas, as registered with the Danish Business Authority:

- Henrik Andersen, Group President & CEO
- Hans Martin Smith, Executive Vice President & CFO

Executive Management team

All members of the Executive Management team are appointed by the Board, with none of the members representing a stakeholder group. Furthermore, the Board decides in collaboration with the CEO on the split of responsibilities between individual executives.

The Executive Management team consists of the Executive Management (above) and the following Executive Vice Presidents:

- Anders Nielsen, Executive Vice President, Power Solutions
- Tommy Rahbek Nielsen, Executive Vice President, Manufacturing & Global Procurement
- Javier Rodriguez Diez, Executive Vice President, Sales
- Christian Venderby, Executive Vice President, Service
- Thomas Alsbjerg, Executive Vice President, Digital Solutions & Development

In 2023, Kerstin Knapp stepped down as CPCO. Her replacement, Anne Pearce joined the Executive Management team as of 2 January 2024, as announced on 1 October 2023.

The roles and responsibilities

The Executive Management team is responsible for the overall day-to-day management of the company. It observes the guidelines and recommendations issued by the Board, and ensures timely reporting and provision of information to the Board, our shareholders, and other stakeholders.

The Executive Management team strives to be globally visible to all Vestas' stakeholders, demonstrating the company's values and conveying its vision and strategy. The team meets at least once a month and often more frequently. It has a rolling agenda covering a variety of standing matters, such as receiving updates from the Group President & CEO and each global functional area, and conducting monthly performance reviews. For its meetings, the team invites other members of management, depending on the topics being discussed.

Each board meeting begins with an update from the Group President & CEO on the Executive Management team's activities and recommendations.

Our Executive Management team

Additional information about our Executive Management team can be found at our corporate website.

Risk governance

Risk governance contributes to the steady and sustainable enhancement of the company's value and the fulfilment of our strategy. It supports our short- and medium-term objectives and helps establish the necessary foundations for business decisions, including balancing risk and opportunity appropriately.

Risk management is an integral part of the decision-making process at Vestas and is supported by our corporate ERM framework. The ERM framework provides a holistic and transparent view of our strategic and operational risk position.

Our risk governance and reporting structure

Risk management at Vestas is decentralised in accordance with our organisational structure, whereby all parts of the organisation engage in risk management as part of their daily operations.

We regularly identify, record, assess, monitor, and manage all types of risk. Key risks are reported biannually by appointed Risk Officers and Risk Owners throughout the organisation. The reported risks are reviewed and consolidated by Global Risk Management and presented to the Risk Committee.

The aim of this process is to drive understanding and improvements across our value chain and identify opportunities. The Risk Committee consists of all members of the Executive Management team, with the exception of the Group President & CEO. It is chaired by the Executive Vice President & CFO.

To ensure that we work systematically with the various types of risks identified, whether they are short-term, medium-term, or strategic risks, we follow the framework of the Vestas ERM annual wheel.

For additional information, see section 'Risk governance and main risks' in the Annual Report 2023, pages 43-45.

Internal controls

Financial and ESG assurance – internal control processes

We anchor internal control systems throughout the organisation to ensure systematic identification and management of all relevant risks. Processes and controls are continuously reviewed with the aim of further automating, optimising, and standardising across Vestas.

The Board has the ultimate responsibility for ensuring that Vestas has adequate internal control systems. Meanwhile, the Audit Committee is authorised by the Board to provide oversight of the reporting and audit process, systems for internal controls, and compliance with laws and regulations.

The Audit Committee reviews our financial and non-financial reporting processes.

Internal control

Group Finance is responsible for the implementation, monitoring, and reporting of our global financial processes and internal control framework. Group Sustainability has responsibility for our ESG reporting.

The objective of our control activities is to ensure compliance with applicable law and regulations as well as targets, policies, manuals, and procedures, as defined by Executive Management. The purpose of all activities is to ensure that any errors, deviations, and shortcomings are prevented, discovered, and rectified. As part of our ongoing efforts to ensure robust governance and efficient processes it, has been decided that in 2024 Group Sustainability will transition the ESG data consolidation task to Group Finance. This move will support our preparations for the new ESG reporting requirements. Group Sustainability will remain responsible for analysing and assessing data results, preparing, and ensuring compliance on qualitative requirements, managing progress reports and ESG rating platforms. With this transition, we remain committed to ensuring the accuracy of our financial and ESG reporting.

Our financial and non-financial reporting and internal reporting controls are audited by an independent audit firm elected at the Annual General Meeting. As of 2024, this assurance will be aligned with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD).

Our auditors' reports are available in the Annual Report 2023 on pages 116-118.

Establishing an internal audit function



Since 2020, the Audit Committee has been working towards establishing an internal audit function. In 2023 the committee has discussed the next steps in the plan.





Report on the Danish recommendations

- > 1. Interaction with the company's shareholders, investors and other stakeholders
- > 2. The duties and responsibilities of the board of directors
- > 3. The composition, organisation and evaluation of the board of directors
- > 4. Remuneration of management
- > 5. Risk management



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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| <h2>1.1. Communication with the company's shareholders, investors and other stakeholders</h2> | | |
| <p>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.</p> | <p>Vestas provides information to our shareholders through regular publication of news, financial reports, and through general meetings – and furthermore a separate "Investor" section at our corporate website.</p> <p>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 disclosure of financial reports.</p> <p>Following the earnings calls, 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.</p> <p>In addition, Capital Market Days are held, when relevant, to provide a more detailed insight into our strategy and operations.</p> <p>After each roadshow, Investor Relations summarises the meeting topics and investor feedback as part of a quarterly report to the Board. In addition, analyst reports on Vestas are shared with the Board on a continuous basis so the members stay informed on how the market perceives the company.</p> | <p>We comply</p> |
| <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. Our relationship with our shareholders is addressed in the Articles of Association of Vestas Wind Systems A/S and the Investor Relations Communication Policy. Furthermore, the policy guiding our relationship with our stakeholders can be found in our Business Partner Code of Conduct.</p> <p> Policies and guidelines: The mentioned documents can be found at our corporate website.</p> | <p>We comply</p> |
| <p>1.1.3. The Committee recommends that the company publishes quarterly reports.</p> | <p>Vestas discloses financial reports four times a year – one annual report and three interim financial reports.</p> <p>In 2023, the four reports were disclosed in February, May, August, and November.</p> <p> Financial reports: Our financial reports can be found at our corporate website.</p> | <p>We comply</p> |


| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <h2>1.2. The general meeting</h2> | | |
| <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>The 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 in person to meet the management. Furthermore, all documents related to the annual general meeting are published at vestas.com as required by law.</p> <p>Annual General Meeting 2023</p> <ul style="list-style-type: none"> - The date was disclosed on 2 November 2022. - A detailed agenda was published on 10 March 2023. - From 14 December 2022 and until the date of the meeting, the shareholders could submit questions concerning the agenda or other documents to be used at the meeting. - 28 February 2023 was the deadline for the shareholders to submit proposals for the agenda. - Shareholders were invited to participate in person. All shareholders and stakeholders were able to view the meeting online. | <p>We comply</p> |
| <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 2023, 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> | <p>We comply</p> |
| <h2>1.3. Takeover bids</h2> | | |
| <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, Chair, Executive Management team, and Takeover Response team.</p> | <p>We comply</p> |

| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <h2>1.4. Corporate Social Responsibility</h2> <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 have been adopted and implemented as the basis of our sustainability strategy "Sustainability in Everything We Do".</p> <p> Policies: An overview of some of the adopted policies can be found at 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 our 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 |
| <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 2023, the policy was reviewed and approved by the Board in an updated version including an updated governance structure aligning the tax operating model with latest developments as well as absorbing added complexity from evolution in global tax legislation.</p> <p> Annual Report 2023: For an overview of taxes borne and collected in 2023, please see our Annual Report 2023 section entitled 'Governance'.</p> | We comply |

2. The duties and responsibilities of the board of directors


| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <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>In our Annual Report and Sustainability Report, we describe our business model, who we are, our value creation, and culture-related topics.</p> <p>In 2023, we reported on these topics in the Annual Report 2023 and in the Sustainability Report.</p> <p> Financial and non-financial reports: Our financial and non-financial reports can be found at our corporate website.</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>On a quarterly basis, the Board is updated on the traction of our strategic targets and key performance highlights of our Must-Win Battles. In addition, recent performance highlights and operational focus areas incl. select strategic deep dives 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 2023 with a continued focus on profitable growth in our core business segments.</p> <p> Annual Report 2023: In the report, we have 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 |
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| <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 fulfil 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 2021, we signed a 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 2022, we established a Euro Medium Term Note (EMTN) programme. The EMTN programme provides a framework for issuances of senior unsecured notes up to an aggregated principal amount of EUR 3 billion. In March 2022, we issued two sustainability-linked corporate Eurobonds of EUR 500 million each (with respective maturity of June 2029 and June 2034).</p> <p>In June 2022, we signed a EUR 475 million green loan with the European Investment Bank (EIB). The facility will be used to fund our research, development, and innovation activities through 2025.</p> <p>In March 2023, we issued a EUR 500 million sustainability-linked corporate Eurobond under the EMTN programme with maturity in June 2026.</p> <p>In March 2023, a new EUR 750 million revolving credit facility was signed with maturity in 2024, to further enhance the financial flexibility of the company.</p> <p>In April 2023, the shareholders approved that no dividend would be paid out for the financial year 2022.</p> <p>In November 2023, we issued a EUR 500 million sustainability-linked corporate Eurobond with maturity in June 2031.</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 the Executive Management team to ensure that it is updated and compliant with applicable laws and regulations and in line with best practice.</p> <p>In April 2023, the Board reviewed and approved the Rules of Procedure for the Executive Management team.</p> <p> Rules of procedure for the Board and the Executive Management team: The rules of procedure can be found at our corporate website.</p> | <p>We comply</p> |



| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <h2 data-bbox="170 236 678 268">2.2. Members of the board of directors</h2> <p data-bbox="181 311 918 387">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 data-bbox="972 311 1906 360">In accordance with article 8(2) of the Articles of Association, the Board may decide to elect a deputy chair.</p> <p data-bbox="972 391 1897 493">The Board has elected a deputy chair who is an effective sparring partner for the chair and will assume the responsibilities of the chair in the event of his or her absence. The Rules of Procedure for the Board include a general description of the tasks, duties, and responsibilities of the chair and the deputy chair.</p> <p data-bbox="972 520 1906 569">In April 2023, after the Annual General Meeting the Board elected Karl Henrik Sundström as deputy chair.</p> | We comply |
| <p data-bbox="181 627 931 729">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 data-bbox="972 627 1861 703">As part of the annual assessment of the Board carried out in November 2023, the findings and recommendations also included an evaluation of the members' knowledge, qualifications and ensured development of this.</p> <p data-bbox="972 734 1839 802">  Annual Report 2023: Additional information is available in the Annual Report under the section 'Governance'. </p> | We comply |
| <p data-bbox="181 860 945 1066">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 data-bbox="972 860 1906 962">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 Chair 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 data-bbox="972 989 1798 1015">Neither the Chair nor members of the Board performed any such isolated tasks in 2023.</p> | We comply |

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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| <h3>3.1. Composition</h3> <p>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</p> <ul style="list-style-type: none"> - 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. | <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> - 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 Vestas' present situation (developing, expanding, M&A phase, etc.). <p>Collectively, the Board also needs to demonstrate knowledge of:</p> <ul style="list-style-type: none"> - 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 <p>Furthermore, the Board must reflect the competences and experience required to manage a listed company.</p> | <p>We comply</p> |


| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <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 2023, 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.</p> <p> DEIB Policy: Our Group's Policy for Diversity, Equity, Inclusion, & Belonging (DEIB) is available at our corporate website.</p> | We comply |
| <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> | We comply |
| <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 2023, the notice convening Vestas' Annual General Meeting and the information at 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> | We comply |
| <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> | We comply |

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| <h3>3.2. The board of director's independence</h3> <p>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.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> - 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. <p>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.</p> | <p>Following the election of board members at the Annual General Meeting in 2023, six of the seven members of the Board are considered independent.</p> <p>One member of the Board, Anders Runevad, is not considered independent as he was the Group President & CEO of Vestas from 2013 to 2019.</p> | We comply |
| <p>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.</p> | <p>As at 31 December 2023, no member of the company's Board is a member of Executive Management.</p> | We comply |

| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <p>3.3. Members of the board of directors and the number of other managerial duties</p> <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 topic was discussed in connection with the annual evaluation of the Board's work.</p> | We comply |
| <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> Annual Report 2023: The specific information requested is available in the Annual Report 2023.</p> | We comply |
| <p>3.4. Board committees</p> <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 this report on pages 8-10:</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> Charters of the board committees: For additional information see our website.</p> <p>From 2024 onwards, we will integrate financial and non-financial disclosure requirements into one report. For this reason, we have looked into the new reporting requirements that come into effect as of 2024, as well as reviewed the structure and content of our reports. Therefore, we have decided to move the disclosure of this specific information about our committees from the annual report to our corporate governance report where it makes sense to gather detailed information about the work of our committees.</p> | Partly comply |


| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <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 committee's composition, responsibilities, and work methods, is available in in this report, see the section 'Our governance'.</p> <p>In 2023, the Audit Committee has continued its work towards establishing an internal audit function. The final steps towards establishing such a function is planned to be taken in 2024-2025.</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 |
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| <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 assessing the time members must expect to spend on performing their Board duties. The committee must also assess the competences, knowledge and experience needed both in the Board and in the Executive Management team.</p> <p>In relation to the Executive Management team, it is furthermore the responsibility of the committee to ensure that a succession plan is in place.</p> <p>In relation to the Board, 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 assesses the structure, size, composition and results of the Board and the Executive Management team, as well as recommends any changes to the Board.</p> <p>The committee also annually assesses the competences, knowledge and experience of the individual members of the Executive Management team, and reports to the Board in this respect.</p> <p>Every three years the committee conducts an external assessment of the Board.</p> | <p>We comply</p> |
| <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 assists the Board with an 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 the 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, and ensures 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 assists 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. The committee discusses the current status of and ongoing initiatives related to diversity and inclusion and reviews the strategy and statutory reporting on diversity and the underrepresented gender.</p> | <p>We comply</p> |

| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <p>3.5. Evaluation of the board of directors and the executive management</p> <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 work 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> Performance Evaluation Report 2023: The result of the evaluations conducted in October and November 2023 is available at our corporate website.</p> | We comply |
| <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 the evaluation of the Board has been carried through, the result is presented to the Board for discussion.</p> <p>The result of the annual board evaluation 2023 was presented and discussed at the board meeting in November 2023. After the meeting, a summary was published at our corporate website. Furthermore, the result is presented in the Annual Report 2023 and the Chair will mention the overall result in his presentation at the Annual General Meeting 2024.</p> | We comply |



| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <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 the 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 2023.</p> | <p>We comply</p> |

4. Remuneration of management

| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <h3>4.1. Remuneration of the board of directors and the executive management</h3> | | |
| <p>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.</p> | <p>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.</p> <p> Remuneration Report 2023: For information on the remuneration of the Board and the Executive Management, see our Remuneration Report 2023.</p> | <p>We comply</p> |
| <p>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.</p> | <p>Performance shares may be granted to members of Executive Management.</p> <p>In accordance with Vestas' Remuneration Policy, the performance shares are conditionally awarded free of charge as annual revolving grants with a three-year vesting period. This ensures a long-term connection to the share price development for the remuneration of the Executive Management. The programme is based on three performance years. The actual number of performance shares is dependent on the performance in the three performance years, and will be adjusted upwards or downwards, based on Vestas' performance on the selected KPIs. The overall performance measurement is decided by the Board and evaluated annually to reflect the current strategic priorities and the long-term value creation.</p> | <p>We comply</p> |
| <p>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.</p> | <p>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. 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.</p> | <p>We comply</p> |

| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| 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 |
| 4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants. | 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. | We comply |
| 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. | 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. | We comply |

5. Risk management

| Recommendation | The explanation for complying, partially complying or not complying with the recommendation | Compliance |
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| <p>5.1. Identification of risks and openness in respect of additional information</p> <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>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>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 our activities are reviewed and discussed every quarter in the Risk Committee and reported to the Audit Committee and Board every half year.</p> <p> Annual Report 2023: These risks and additional information on the company's risk management are accounted for in the Annual Report 2023.</p> <p>EthicsLine is our whistleblower 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 whistleblower system is managed at Vestas and can be found using the link to EthicsLine at vestas.com.</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> Sustainability Report 2023: Once a year, we report on EthicsLine cases in our Sustainability Report.</p> | <p>We comply</p> <p>We comply</p> |