

Remuneration Report 2023

This report is prepared according to section 139b of the Danish Companies Act
- 1 January 2023 - 31 December 2023

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Preface

This remuneration report ("Remuneration Report") provides the overview of the total remuneration received by the Board of Directors (the Board) and the Executive Management of Vestas Wind Systems A/S, CVR no. 10403782 (the Company), during the financial year 2023 with comparative figures for the past four years. Executive Management refers in this Remuneration Report only to members of the Executive Management of the Company registered as such with the Danish Business Authority. This is currently the Group President & CEO (CEO) and the Executive Vice President & CFO (CFO).

The remuneration of the Board and Executive Management during the past financial year has been provided in accordance with the Remuneration Policy¹ of the Company adopted by the Annual General Meeting on 7 April 2021 (the Remuneration Policy).

The overall objective of the Remuneration Policy is to attract, motivate, and retain qualified members of the Board and Executive Management, to align the interests of the Board and Executive Management with the interests of the Company's shareholders and stakeholders as well as to support Vestas' strategic goals and promote value creation aligned with the interests of the shareholders.

Vestas' vision to become the Global Leader in Sustainable Energy Solutions requires us to sustain a talented, agile, and cost-effective organisation. This, combined with the long-term performance of Vestas and the corporate values – Simplicity, Collaboration, Accountability, and Passion – guides the overall principles for and the individual elements of remuneration for both the Board and Executive Management. To ensure that Vestas' remuneration promotes both strategic goals as well as long-term value creation and sustainability, the remuneration includes both fixed remuneration, short-term incentives, and long-term incentives.

Remuneration of Executive Management is related to the result of Vestas' financial and sustainable performance through incentives. Vestas' financial health and performance is directly linked to its abilities to invest in research and development, thereby paving the way for even better solutions to provide the world with sustainable energy.

Remuneration Report 2023

The Remuneration Report has been prepared in accordance with section 139b of the Danish Companies Act and the European Commission Guidelines on the standardised presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement (the Guidelines).

The information included in the Remuneration Report has partly been derived from the audited annual reports of Vestas for the financial years 2019-2023² with additional information to support the explanation of the remuneration of the Board and Executive Management. All amounts are included in EUR, gross.

In 2023, when the Annual General Meeting was held, the Remuneration Report for 2022 was approved without any remarks for changes in the Remuneration Report for 2023.

Compliance with the Remuneration Policy

The remuneration of the Board and the Executive Management complies with the guidelines and framework set out in the Remuneration Policy. There has been no derogation from the Remuneration Policy.

¹ The Remuneration Policy can be found on our corporate website.

² Financial reports can be found on our corporate website.

Introduction

- > 2023 summary
- > Five-year overview



2023 summary

For the year 2023, Vestas' revenue amounted to EUR 15.4bn, with an EBIT margin before special items of 1.5 percent, and total investments, excl. acquisitions of subsidiaries and any financial investments, of EUR 823m. The value of the combined order backlog increased from EUR 49.5bn in 2022 to EUR 60.1bn in 2023.

The Board recommends no dividends will be distributed to the shareholders for the financial year 2023 due to the low level of profit that would result in a mere token dividend.

In 2023, the shareholders elected seven members to the Board, while the composition of the Executive Management was unchanged, with Henrik Andersen as CEO and Hans Martin Smith as CFO.

The Nomination & Compensation Committee (NCC) met four times in 2023, where they reviewed the performance of Vestas and the link to the expected incentive pay-out, discussed the future position and succession for Board and Executive Management, reviewed executive remuneration consisting of base pay, short- and long-term incentives against similar positions in the external market, and discussed and proposed the future incentive design for Executive Management.

Five-year overview

	2023	2022	2021	2020	2019
Board of Directors					
Number of members, end year	11	12	12	12	12
Base fee, per member (EUR)	61,087	61,087	60,000	57,021	56,971
Chair fee (EUR)	183,260	183,260	180,000	171,063	170,912
Deputy Chair fee (EUR)	122,173	122,173	120,000	114,042	113,941
Total fee for the financial year (EUR)	870,485	913,197	889,339	841,057	818,255
Board Committees					
Base fee, per member (EUR)	35,933	35,933	35,000	33,542	33,512
Chair fee (EUR)	64,680	64,680	63,000	60,375	60,322
Total fees for the financial year (EUR)	445,572	444,064	449,271	466,229	423,929
Executive Management					
Henrik Andersen, CEO					
- Base salary (EUR)	1,765,016	1,718,194	1,678,087	1,502,666	670,423
- Benefits (EUR)	45,915	45,215	44,084	34,942	11,660
- Short-term incentive, payout (EUR)	1,182,561	-	-	-	952,281
- Long-term incentive, granted (EUR)	3,014,400	1,913,250	2,329,556	2,540,579	2,292,231
- Long-term incentive, vested (EUR)	581,823	1,028,606	-	-	-
- Shareholding, (number) ¹	144,071	116,772	64,825	12,125	12,700
- Extraordinary payments	-	-	-	-	-
Hans Martin Smith, CFO ²					
- Base salary (EUR)	678,851	560,036	-	-	-
- Benefits (EUR)	34,114	30,552	-	-	-
- Short-term incentive, payout (EUR)	454,830	-	-	-	-
- Long-term incentive, granted (EUR)	1,004,800	822,621	-	-	-
- Long-term incentive, vested (EUR)	140,778	171,074	-	-	-
- Shareholding (number)	12,652	7,438	-	-	-
- Extraordinary payments	-	-	-	-	-
Development in performance					
Revenue (mEUR)	15,382	14,486	15,587	14,819	12,147
EBIT before special items (mEUR)	231	(1,152)	428	750	1,004
EBIT margin (%) before special items	1.5	(8.0)	3.0	4.7	8.3
Return of capital employed (ROCE) (%)	2.9	(18.5)	4.5	13.5	19.7
Earnings per share (EUR)	0.1	(1.6)	0.1	0.8 ³	3.6
Expected CO ₂ e avoided over the lifetime of the capacity produced and shipped during the period (million t)	396	408	532	493	322

¹ As of 28 April 2021, a share split at a ratio of 1:5 of the Vestas share was carried out.

² Hans Martin Smith was appointed CFO as of 1 March 2022.

³ As of 28 April 2021, a share split at a ratio of 1:5 of the Vestas share was carried out. Comparative figures for 2020 have been restated.

Board of Directors

- > Fixed remuneration
- > Shareholding obligations



Fixed remuneration

In December 2022, the Board and the NCC reviewed the remuneration level of the Board and concluded that the remuneration of the Board and its committees match the remuneration levels in comparable companies, considering, among others, the board members' required competencies, efforts, and the scope of the board work, including the number of meetings. Comparisons were made against large Danish companies as well as international comparable companies.

Members of the Board received a fixed basic annual fee (basic board remuneration) approved by the Annual General Meeting in April 2023. The annual fees were unchanged from the level for 2022. The annual fees were most recently adjusted in 2022.

Individual board members may take on specific ad hoc tasks outside the scope of duties assigned by the Board and may be entitled to additional fees for such tasks on the conditions set out in the Remuneration Policy. For the financial year 2023, none of the board members have received additional remuneration for carrying out ad hoc duties assigned by the Board.

Additional compensation may be offered for board members taking up board responsibilities on behalf of Vestas in joint ventures and/or Vestas' subsidiaries. For the financial year 2023, none of the board members have received additional compensation for taking up responsibilities in joint ventures or subsidiaries.

The Company pays social security taxes and similar taxes imposed on board members by non-Danish authorities in relation to the remuneration. In 2023, Vestas has covered the social security taxes for the non-Danish members.

For the financial year 2023, Vestas has paid for a directors and officers' liability insurance covering the Board.

Board members not re-elected at the Annual General Meeting receive pro-rata payment of the annual basic remuneration and committee fee for time in the Board in 2023.

Remuneration policy components

Component	Description	Size of component
Fixed fee	Members of the Board receive a fixed cash payment (basic board remuneration).	The basic board remuneration for the Chair corresponds to triple basic board remuneration, and for the Deputy Chair it corresponds to double basic board remuneration, provided to compensate for their extended board duties.
Shareholding obligations	A board member elected by the General Meeting is obligated to maintain a holding of Vestas shares.	The value of this holding must have a value equal to or above the gross value of the total annual basic board remuneration received by each individual board member, as approved by the General Meeting.

Table 1: Fees approved at the Annual General Meeting for the financial year 2023
EUR

	Board	Audit Committee	Nomination & Compensation Committee	Technology & Manufacturing Committee
Member	61,087 (1x base fee)	35,933	35,933	35,933
Chair	183,260 (3 x base fee)	64,680	64,680	64,680
Deputy Chair	122,173 (2 x base fee)	-	-	-



In 2023, Bert Nordberg stepped down as member of the Board and Anders Runevad and Karl-Henrik Sundström were elected Chair and Deputy Chair, respectively.

Audit Committee:

Karl-Henrik Sundström, Chair
Eva Merete Søfelde Berneke
Kentaro Hosomi

Nomination & Compensation Committee:

Anders Runevad, Chair
Eva Merete Søfelde Berneke
Helle Thorning-Schmidt
Karl-Henrik Sundström

Technology & Manufacturing Committee:

Lena Olving, Chair
Anders Runevad
Bruce Grant

Table 2: Remuneration of Board of Directors 2023

EUR

Name and position	Annual fee ¹	Committee fees	Social security taxes	Total remuneration
Anders Runevad (Chair) Chair Nomination & Compensation Committee Member Technology & Manufacturing Committee	167,988	100,613	54,925	323,526
Karl-Henrik Sundström (Deputy Chair) Chair Audit Committee Member Nomination & Compensation Committee	106,902	91,630	40,640	239,172
Bruce Grant Member Technology & Manufacturing Committee	61,087	35,933	-	97,020
Eva Merete Søfelde Berneke Member Nomination & Compensation Committee Member Audit Committee	61,087	71,867	-	132,954
Helle Thorning-Schmidt Member Nomination & Compensation Committee	61,087	35,933	-	97,020
Kentaro Hosomi Member Audit Committee	61,087	26,950	-	88,037
Lena Olving Chair Technology & Manufacturing Committee	61,087	57,493	12,504	131,084
Claus Skov Christensen Employee representative	61,087	-	-	61,087
Michael Abildgaard Lisbjerg Employee representative	61,087	-	-	61,087
Pia Kirk Jensen Employee representative	61,087	-	-	61,087
Sussie Dvinge Employee representative	61,087	-	-	61,087
Bert Nordberg ² Chair Nomination & Compensation Committee ² Member Audit Committee ²	45,815	25,153	7,353	78,321
Total	870,488	445,572	115,422	1,431,482

¹ Fee is settled based on realised pay out in 2023 and is composed of fee levels from one quarter of the approved level from Annual General Meeting 2022 and three quarters of 2023 fee level.

² Member and chair until the Annual General Meeting 12 April 2023.

Shareholding obligations

A board member elected by the General Meeting is obligated to maintain a holding of Vestas shares. The value of this holding must have a value equal to or above the gross value of the total annual basic board remuneration received by each individual board member, as approved by the General Meeting.

The board members have five years to accumulate the guided shareholdings, and the NCC will assess the compliance annually in connection with the preparation of the Remuneration Report. Evaluation of the shareholdings and any individual exception follow the guidance set by the NCC. The Board can allow for a short period of individual exception.



Table 3: Shareholdings of Board members elected by the Annual General Meeting in 2023

Number of shares

Name	Member of the Board since	Holding as at 1 January 2023	Purchase	Sale	Holding as at 31 December 2023	Shareholding as percentage of base fee ¹ (%)	Shareholding obligation ²
Anders Runevad	2020	40,480	-	-	40,480	635	Met
Bruce Grant	2019	0	-	-	0	-	Not met
Eva Merete Søfelde Berneke	2019	17,295	-	-	17,295	814	Met
Helle Thorning-Schmidt	2019	2,770	-	-	2,770	130	Met
Karl-Henrik Sundström	2020	8,200	-	-	8,200	193	Met
Kentaro Hosomi	2021	0	-	-	0	-	Not met
Lena Olving	2022	350	380	-	730	34	Not met
Total		69,095	380	-	69,475		

¹ Share price at year end, DKK 214.30 (EUR 28.76).

² The board members have five years to accumulate the guided shareholdings.

Executive Management

- > Remuneration policy components
- > Annual base salary
- > Short-term incentive
- > Long-term incentive programme
- > Extraordinary items, termination, and severance payments
- > Claw-back

Remuneration policy components

Component	2023 total effect - for CEO and CFO	Description	Size of component
Base salary (EUR)	2,443,867	The annual base salary set to provide a competitive remuneration to attract and retain competent members of Executive Management, having the required professional and personal competences and enabling Vestas to achieve its short- and long-term goals.	The base pay of Executive Management is reviewed by the NCC annually and assessed against similar roles in comparable companies.
Benefits (EUR)	80,029	Members of Executive Management receive customary work-related non-monetary employment benefits such as company car, insurance, newspaper, telephone, and internet access as approved by the Board and in line with the Remuneration Policy.	The extent of individual benefits is negotiated with each member of the Executive Management and reflects local market practice.
Short-term incentive (EUR)	1,637,391	Members of Executive Management participate in an annual cash incentive based on the results for the financial year. The bonus programme is intended to ensure the attainment of Vestas' short-term objectives following the principles from the Remuneration Policy, and the payment is dependent on the adoption of the Annual Report of the relevant financial year.	The bonus pay-out level is defined by a weighted target achievement and is capped at 75 percent of the annual base salary with the target pay-out level set at 50 percent of the annual base salary.
Long-term incentive (EUR)	Allotted 6,782,400 Vested 722,601 Forfeited 2,907,766	The Executive Management is eligible for participation in the performance share incentive programme. The objective of the performance share programme is to retain members of the Executive Management, create long-term shareholder value, and ensure achievement of Vestas' long-term strategic goals in a sustainable way. The programme is based on restricted performance shares and contains elements of both short- and long-term performance.	The annual target number of shares may amount to a value of 100-200 percent of the annual base salary for the Executive Management at a target achievement and compared to the Vestas share price at or around the communication of the target number to the Executive Management. The actual number of restricted performance shares available for distribution ranges between 0 and 150 percent of the target level. The actual value of shares vesting for the Executive Management is capped at a maximum value of 300 percent of the annual base salary at the time of vesting.
Shareholding obligations (number)	CEO: 144,071 CFO: 12,652	Members of Executive Management are subject to the guidance of holding Vestas shares. The intention is for the Executive Management to obtain ownership of the shares through participation in Vestas' share incentive programmes.	Obligations of holding shares at a value equal to or above the gross value of the member of the Executive Management's annual base salary.

Remuneration policy components

The Executive Management receives an annual remuneration in accordance with the Remuneration Policy, which may consist of the following fixed and variable remuneration components:

- Base salary (includes pension as per Remuneration Policy)
- Benefits
- Short-term incentive (STI)
- Long-term incentive (LTI)
- Shareholding obligations

These remuneration elements create a well-balanced package reflecting: (i) individual performance and responsibility of the Executive Management in relation to established goals and targets, both in the short and the long term, and (ii) Vestas' overall performance.

The table shows a summary of the actual remuneration of the Executive Management for 2023.

Henrik Andersen, CEO, participated in the 2020 LTI programme, of which the first half vested in 2023.

Hans Martin Smith, CFO, participated in the 2018 and 2020 LTI programme. The first half of the 2020 programme and second half of 2018 programme vested in 2023. He was part of these programmes in his previous role in Vestas as Senior Vice President.

None of the vestings in 2023, exceeded the cap of 300 percent of the annual base salary.

The Executive Management's short- and long-term incentive programmes are linked directly to the financial targets in Vestas' strategy. The composition of the remuneration of each executive is determined with a view to contributing to the Company's ability to attract, motivate, and retain competent key employees, while at the same time ensuring that the Executive Management has an incentive to create added value aligned to the interest of the Company's shareholders through variable remuneration.

The Executive Management's terms of employment and remuneration are agreed between the individual executive and the Board following the Remuneration Policy. Executive Management does not receive additional remuneration for directorships (whether executive positions or board memberships) in joint ventures and/or Vestas' subsidiaries.

The intent and purpose of the relative remuneration composition is to show the relative value of each element in the remuneration package, based on actual results for 2023 cash bonus and the total allotted number of shares from the 2023 share programme. The share programme will be performance adjusted for three years but is stated without any performance adjustment. See table 10 (page 16) for details on the expected performance adjustment of the share programme.

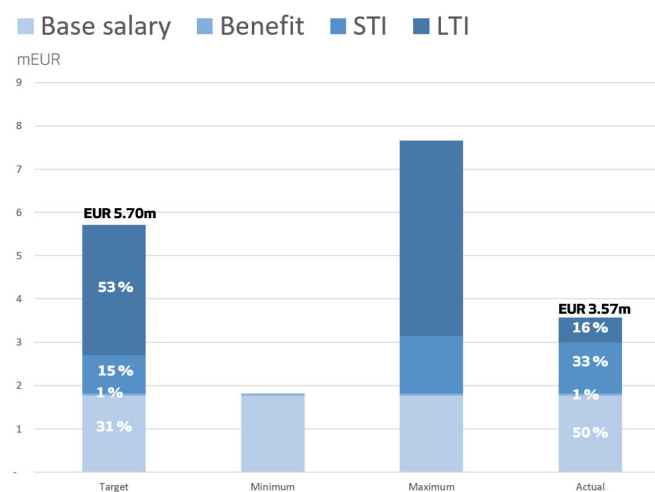
The total remuneration components for the Executive Management



On the right side, different scenarios are shown, illustrating the composition of remuneration in terms of minimum and maximum performance. Additionally, the pillar showing the target composition consists of base salary, benefits, STI, and LTI, whereas LTI is shown as the value allotted for 2023. The pillar showing actual remuneration consists of remuneration paid out in 2023 including the value of vested shares. The value of vested shares can be seen in detail in table 9.

In 2023, the Board discussed the potential need for additional actions to support the retention of key talents in a highly competitive talent market. As described in our Remuneration Policy, this could take the form of an extraordinary allocation of restricted shares to selected key talents. Following several years with significant forfeitures of shares and thereby decreased holding power, it was decided by the Board that selected individuals were granted an additional allotment of restricted shares if certain specific performance requirements were met. The additional allotments are conditional on improved 2023 performance and are not adjusted for later year's performance. These shares will follow the vesting period and all other terms and conditions for the performance share incentives. As part of this initiative, the CEO was granted 100,000 shares on top of his standard allotment. The CFO was granted 10,000 shares on top of his standard allotment. For more details, please see table 7.

Overview of total remuneration composition for the CEO



Overview of total remuneration composition for the CFO

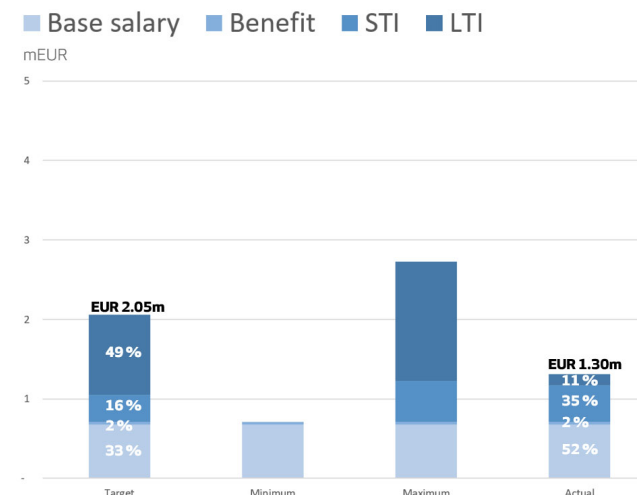


Table 4: Remuneration of current Executive Management and performances shares at target for 2023

Name and position	Fixed remuneration			Variable remuneration				Total remuneration ⁵	Lost value from performance adjustment in 2023 ⁷
	Base salary	Benefits	Total	Cash bonus	Target share programme ¹	Retention allocation ³	Total		
Henrik Andersen, CEO	1,765,016	45,915	1,810,931	1,182,561	3,014,400	2,512,000	6,708,961	8,519,892	(2,512,000)
Hans Martin Smith, CFO	678,851	34,114	712,965	454,830	1,004,800	251,200	1,710,830	2,423,796	(395,766)
Total	2,443,867	80,029	2,523,896	1,637,391	4,019,200²	2,763,200	8,419,791	10,943,688	(2,907,766)
Annual Report 2023	2,443,867	80,029	2,523,896	1,637,391	3,332,918	591,133	5,561,442⁴	8,085,338⁶	-

¹ The original awarded shares in the 2023 programme – the number of shares will be adjusted based on performance on the selected KPIs in 2023, 2024, and 2025.

² Value of the share program is set at the closing share price on the day of the disclosure of the programme in May 2023 – share price EUR 25.12.

³ The CEO and CFO was allocated a retention share allotment in the 2023 performance share programme conditional on improved 2023 performance.

⁴ Difference in the share program 'Remuneration total' and Annual Report 2023 disclosure is due to IFRS2 principles and accounting standards. Please see detailed explanation in appendix 2 (page 24).

⁵ Numbers displayed in our Annual Report 2023 on the full remuneration for Executive Management differs on the share program. For the purpose of showing annual remuneration in this Remuneration Report, the full value of the share allotment for 2023 is displayed – for the Annual Report, the value of the share program is accounted for according to IFRS 2.

⁶ Ref. note 1.6 to the Consolidated Financial Statements, Annual Report 2023 (page 64).

⁷ In April 2023, the CEO had 100,000 shares removed as part of a performance adjustment across 2020, 2021, and 2022 performance share programmes based on performance results for 2022 known in April 2023. The CFO had 15,755 shares removed. The value is calculated using a share price of EUR 25.12.

Annual base salary

In connection with Vestas' annual salary review process the salary for CEO and CFO was evaluated by the NCC, and in this connection their base salary was increased with 2 percent.

The base salary of Executive Management is reviewed by the NCC annually and assessed against similar roles in comparable companies and by using data from Mercer's Executive Remuneration Guide. In 2022, the NCC performed a review of top 25 positions evaluating their impact and contribution by advice from an external partner with position evaluation of executive positions. The evaluation of executive positions is carried out consistently every second year by the NCC to ensure proper ground for comparison to market benchmark.

Based on the position evaluation, the NCC annually reviews the compensation of the group against market benchmark for general industry on executive positions and against international benchmark in order to reflect the global nature of our business and in particular to be able to attract talent given the different compensation structures in competition with other multinational companies. The NCC concluded that the current compensation approach and structure is in line with the relevant market. We are positioned "on market" for base pay and total cash (including short term incentives), and towards the upper quartile of the market for total compensation when including the share incentive. The NCC has reconfirmed this being the right approach in order to ensure Vestas' ability to attract and retain top candidates for our most critical positions and in order to reflect our market and industry leadership accordingly.

The fixed salary for Executive Management for the year 2023 was in line with the Remuneration Policy as concluded competitive to attract and retain when compared against comparable positions as well as the salary development in alignment with Vestas' employees in general.





The bonus is intended to ensure the attainment of Vestas' short-term objectives, and payment is dependent on the adoption of the Annual Report for the relevant financial year.

Short-term incentive

The bonus is based on target achievement on a number of parameters approved by the Board including financial and commercial KPIs aligned to the strategic priorities of the financial year, see table 5. Based on input from the NCC, the Board ascertains whether the bonus parameters have been met by the relevant members of the Executive Management, based on their insight in the operations of Vestas and any relevant key figures also displayed in the Annual Report. Each KPI in the bonus has a set threshold performance level (minimum condition for any pay-out at index 50 for the given KPI), target performance (index 100 for the given KPI) and stretched performance level (maximum pay-out at index 150 for the given KPI). If the KPI EBIT margin is not met at the threshold performance level, Vestas will not pay out from Vestas global bonus programme to Executive Management nor any other employee in Vestas.

CEO and CFO both share the same bonus scorecard as approved by the Board - and shared with all Vestas employees - displayed with an indication of the 2023 result. In 2023, the scorecard was simplified to contain only two KPIs. The strong focus on EBIT is reflected with a weighting of 90 percent, while the second KPI of carbon emissions avoided weights 10 percent.

2023 became the first year since 2019 in which Vestas met its bonus targets triggering a bonus payout to all Vestas employees.

Table 5: 2023 bonus scorecard for Executive Management

KPI	Weight of KPI (%)	2023 result of KPI
EBIT margin (%) ¹	90	Above target
CO ₂ e emissions avoided	10	Above target
Total	100	67% of base pay

¹ Minimum level of EBIT margin before special items (index 50 or above) must be reached as a requirement for any bonus payout.

Table 6: Historical summary of actual bonus pay-out for Executive Management

Year	CEO	CFO
2023	EUR 1.18m	EUR 0.45m
2022	No payout	No payout
2021	No payout	No payout
2020	No payout	No payout
2019	EUR 0.95m	EUR 0.59m



Long-term incentive programme

Member of Executive Management, as well as employees holding a title as Vice President and above, are eligible for participation in a performance share incentive programme. The objective of the performance share programmes is to retain members of the Executive Management and Senior Management positions, create long-term shareholder value, and ensure achievement of Vestas' long-term strategic goals in a sustainable way. The programme is based on restricted performance shares and contains elements of both short- and long-term performance.

The main terms of the programme are disclosed in a company announcement in connection with the Board's approval of the programme. Vesting of shares under the programme is contingent on continued employment at the time of vesting, subject to certain good leaver provisions.

The 2023 performance share programme continues the design of the 2022 performance share programme. The 2023 performance share programme will fully vest after a three-year performance period with all shares vesting at once.

2023 performance share programme

The Executive Management was allocated performance shares contingent on future achievement of certain targets. Like previous years, the KPIs were earnings per share (EPS), return on capital employed (ROCE), and the Vestas market share, see table 8. All KPIs and targets were defined by the NCC and approved by the

Board. Each KPI has a set threshold performance level (minimum condition for any pay-out at index 50 for the given KPI), target performance level (index 100 for the given KPI) and stretched performance level (maximum pay-out at index 150 for the given KPI).

The Board has approved that the CEO is allotted 120,000 shares and the CFO 40,000 shares in 2023 performance share programme and in compliance with Remuneration Policy. The actual number of performance shares available for distribution will range between 0 and 150 percent of the allotted number. At the day of announcement, the value of the allotted number of shares corresponds to 166 percent of the CEO annualised fixed salary, and 144 percent of the CFO annual base salary which is within the limits set in the Remuneration Policy of 100-200 percent of the fixed annual salary for both CEO and CFO. In preparation for the 2023 allotment of share programme, the NCC evaluated the development of Vestas share price and in comparison, with international benchmark for incentive pay, decided on the proposed number of shares to be allotted for the CEO and CFO finally approval by the Board before communicated.

The programme is based on the three performance years 2023, 2024, and 2025. 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, see table 8.



The objective of the performance share programme is to retain members of the Executive Management, create long-term shareholder value, and ensure achievement of Vestas' long-term strategic goals in a sustainable way.

Table 7: Historical performance index share programme

Performance year	Performance index of target	Performance adjustment of shares - CEO (number)	Value of performance adjusted shares - CEO (mEUR)	Performance adjustment of shares - CFO (number)	Value of performance adjusted shares - CFO (mEUR)
2023 (expected)	139.7	35,730	0.89	10,222	0.25
2022	0.0	(100,000)	(2.51)	(15,755)	(0.39)
2021	10.0	(108,750)	(3.37)	-	-
2020	74.2	(28,000)	(0.47)	-	-
2019	89.2	(5,600)	(0.08)	-	-
Sum		(206,620)	(5.53)	(5,532)	(0.13)

Table 8: Performance result share programmes - 2023 performance (indicative results for illustration only)

KPI	Weight of KPI (%)	2023 result of KPI
Earnings per share	60	Above target
ROCE	30	Above target
Market share	10	Pending
Total	100	Expected performance result for 2023 (assuming year end results): 139.7 percent of allotted number of shares

Performance shares vested in 2023

Henrik Andersen, CEO, had first half of the 2020 programme vesting resulting in a pay-out in 2023. Hans Martin Smith, CFO, had the 2018 and 2020 performance share programmes partly vesting and resulting in pay-out in 2023. In 2023, the value of the performance shares vesting did not exceed the cap of 300 percent of annual base salary.

Expected effect from 2023 performance adjustment

The 2023 programme will be adjusted based on 2023 performance for one third of the shares in the programme. The same performance adjustment for 2023 financial year also applies to one third of the shares in the 2021 and 2022 programmes. For CEO this is resulting in 35,730 shares to be granted to the 2021, 2022, and 2023 programme in total.

For the CFO this is resulting in 10,222 shares to be granted to the 2021, 2022, and 2023 programme in total, see table 10. The actual performance adjustment of the share incentives will be applied in April 2024, when results are known for the final KPI "Market share" which cannot be completed until all financial reports of our competitors are published. In calculations within this Remuneration Report, the "Market share" KPI has been assumed results as of year-end 2023.

The NCC will evaluate the selected KPIs annually and may redefine or adjust these for any individual performance year, subject to approval by the Board.

Table 9: Performance shares vested in 2023

Name and position	Award year	Performance period	Vesting dates	Awarded shares (target number)	Award share price (EUR)	Value at award (EUR)	Shares vested in 2023 ² (number)	Share price at vesting (EUR)	Value of vested shares (EUR)
Henrik Andersen, CEO	2020	2020-2022	2025 <u>2023</u>	150,000	17	2,550,000	21,549	27	581,823
	2018	2018-2020	<u>2023</u>	10,000	11	110,000	3,778	27	102,006
Hans Martin Smith, CFO ¹	2020	2020-2022	2021 2025 <u>2023</u>	10,000	17	170,000	1,436	27	38,772

¹ Hans Martin Smith, CFO, participated in the 2017 and 2019 programme as part of his previous position in Vestas as Senior Vice President.
² Number of shares adjusted based on performance result of the selected KPIs in the performance period. The awarded shares vest only by half.

Table 10: Expected effect from 2023 performance on all share programme

Number of shares

Name and position	Programme	Original allotted #shares	#shares to be adjusted for 2023 performance (1/3 of allotted)	#shares performance adjusted in 2023	Total effect of expected 2023 performance for all programmes	#shares in programme after expected 2023 performance adjustment (including effect of previous performance years)
Henrik Andersen, CEO	2021	75,000	25,000	9,925	35,730	37,483
	2022	75,000	25,000	9,925		59,925
	2023	120,000	40,000	15,880		135,880
Hans Martin Smith, CFO	2021	5,000	1,668	662	10,222	2,500
	2022	32,247	10,749	4,267		25,765
	2023	40,000	13,333	5,293		45,293

Table 11: Performance shares outstanding as of 31 December 2023

Name and position	Award year	Performance period	Vesting dates	Awarded #shares (target)	Award share price (EUR)	Value of award (EUR)	Performance index					Total dividend in program	Outstanding unvested shares	Total vested shares
							2018	2019	2020	2021	2022			
Henrik Andersen, CEO	2019	2019-2021	May 2024 May 2022	150,000	15	2,250,000	-	89.2	74.2	10.0	-	2,744	44,722	44,722
	2020	2020-2022	May 2025 May 2023	150,000	17	2,550,000	-	-	74.2	10.0	0.0	998	21,549	21,549
	2021	2021-2023	May 2024	75,000	31	2,325,000	-	-	-	10.0	0.0	58	27,558	-
	2022	2022-2024	May 2025	112,500 ¹	25	2,812,500	-	-	-	-	0.0	-	87,500	-
	2023	2023-2025	May 2026	220,000 ¹	25	5,500,000	-	-	-	-	-	-	220,000	-
Hans Martin Smith, CFO	2018 ²	2018-2020	May 2023 May 2021	10,000	11	110,000	55.3	89.2	74.2	-	-	263	-	3,778
	2019 ²	2019-2021	May 2024 May 2022	10,000	15	150,000	-	89.2	74.2	10.0	-	178	2,976	2,976
	2020 ²	2020-2022	May 2025 May 2023	10,000	17	170,000	-	-	74.2	10.0	0.0	68	1,436	1,436
	2021 ²	2021-2023	May 2024	5,000	31	155,000	-	-	-	10.0	0.0	3	1,838	-
	2022	2022-2024	May 2025	32,247	25	806,175	-	-	-	-	0.0	0	21,498	-
	2023	2023-2025	May 2026	50,000 ¹	25	1,250,000	-	-	-	-	-	-	50,000	-

¹ The number of shares showing is the target allocation along with the retention allocation.

² Hans Martin Smith, CFO, participated in the 2017, 2018, 2019, 2020, and 2021 programme as part of his previous position in Vestas as Senior Vice President.

Extraordinary items, termination, and severance payments

For the financial year 2023 no extraordinary payments were made to the CEO or CFO.

Claw-back

The Company may within certain limitations decide to reclaim incentive remuneration in full or in part in cases where a cash bonus or other incentive remuneration has been provided to a member of the Executive Management on the basis of data or accounts which subsequently prove to have been misstated.

In the financial year 2023, no incentive remuneration was reclaimed.



Table 12: Shareholding by the Executive Management

Number of shares

Name and position	1 January 2023				31 December 2023			
	Holding	Purchase	Vested	Sale	Holding	Value of position (EUR) ¹	% of base salary	Shareholding
Henrik Andersen, CEO	116,772	5,750	21,549	-	144,071	4,143,494	235	Met
Hans Martin Smith, CFO	7,438	-	5,214	-	12,652	363,873	54	In progress ²
Total	124,210	5,750	26,763	-	156,723	4,507,366		

¹ Share price at year end, DKK 214.30 (EUR 28.76).

² Hans Martin Smith was appointed CFO as of 1 March 2022. Members of Executive Management have five years to accumulate the guided shareholdings.

Development in performance and remuneration



The remuneration components annual bonus and performance share programme influence the fluctuating remuneration development. The annual bonus has been paid out once in the past five years. The latest was in 2019 with a close to target pay-out. The salary for the CEO and CFO was evaluated by the NCC and the salary was increased with 2.0 percent.

In recent years the general job market and the scarcity of talent has been driving a slight increase in salaries; a trend that could be seen across various markets.

In 2023, Vestas has put increased focus on equal pay. As one initiative, pay equity training has been conducted for the People & Culture community including Business Partners and Talent Acquisition Partners. The purpose of the training was to provide relevant insights to the European Union's Pay Transparency Directive, the effects of this and how pay is set equitable and fair.

Secondly, an intranet page dedicated to pay equity, pay transparency and living wages was introduced to give Vestas' employees a place to find information on career progression, how pay is set in Vestas and similar topics.

Between 2020 and 2021, a small increase in average remuneration for employees was seen as MHI Vestas Offshore Wind A/S was integrated. In the period between 2017 and 2020 the average employee remuneration for the Company and Vestas followed the same trends in terms of development. Slight variations caused by a bonus pay-out in 2019 and the pay-out of an extraordinary recognition for 2020 have caused developments in the average remuneration per employee. The increase in pay from 2022 to 2023 is a result of Vestas paying out a bonus to all employees.

+ 8.8%

Average increase in salaries for employees in Vestas in 2023.

Table 13: Comparison of remuneration (base pay, STI, LTI, and benefits) and Vestas' performance with yearly development over the past five years¹
EUR

	2023	Dev. (%)	2022	Dev. (%)	2021	Dev. (%)	2020	Dev. (%)	2019	Dev. (%)	2018
Revenue, mEUR (Vestas)	15,382	6.2	14,486	(7.1)	15,587	5.2	14,819	22.0	12,147	19.9	10,134
EBIT margin, before special items % (Vestas)	1.5	118.8	(8.0)	(366.7)	3.0	(36.2)	4.7	(43.4)	8.3	(8.8)	9.1
Henrik Andersen, CEO	8,519,892	83.9 ²	4,633,284	14.4	4,051,726	(0.6)	4,078,187	(16.4)	4,880,706 ³	-	-
Hans Martin Smith, CFO	2,423,796	45.5	1,665,331 ⁴	-	-	-	-	-	-	-	-
Average remuneration employees in Vestas ⁵	81,649	8.8	75,006	9.6	67,883	3.2	65,769	(11.4)	74,219	7.6	68,980
Revenue mEUR (the Company)	1,632	95.4	835	(42.1)	1,443	(17.8)	1,755	22.6	1,432	8.1	1,376
EBIT margin % (the Company)	(29.5)	(86.7)	(221.5)	(787.9)	(32.2)	(375)	11.7	(65.5)	33.9	(25.7)	49
Average remuneration employees in the Company ⁶	139,948	24.8	112,119	(3.4)	116,056	(2.6)	119,232	(6.5)	127,512	15.6	110,274

¹ The table sets a year-over-year comparison of remuneration and key financial results of the Company and Vestas. Percent change is calculated as separate year-over-year comparison.

² The increase in salary is due to a bonus payout based on 2023 performance and an extraordinary retention allocation.

³ Total remuneration is calculated with actual cash bonus. Henrik Andersen was appointed Group President & CEO as per 1 August 2019, his total remuneration is therefore based on annualised values.

⁴ Hans Martin Smith was appointed CFO as of 1 March 2022. The total remuneration is therefore based on annualised values.

⁵ Vestas (all Vestas Group) comparison is for salaried employees, settled at Full Time Equivalent (FTE) and full year. Total remuneration including base pay, cash allowances, variable pay elements, pension, company car, health/medical insurance, Life/Disability insurance, bonus, share incentives.

⁶ Comparison is made for the Company (Vestas Wind Systems A/S), settled at Full Time Equivalent (FTE) and full year. Total remuneration including base pay, cash allowances, variable pay elements, pension, company car, health/medical insurance, Life/Disability insurance, bonus, share incentives.

Statements

- > The Auditor's Statement on the Remuneration Report
- > The Board of Directors' Statement on the Remuneration Report

The Auditors' Statement on the Remuneration Report

To the shareholders of Vestas Wind Systems A/S

We have examined whether the remuneration report for Vestas Wind Systems A/S for the financial year 1 January - 31 December 2023 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

Our firm applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the additional requirements applicable in Denmark to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Danish Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Danish Companies Act, section 139 b, subsection 3.

Hellerup, 7 February 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public
Accountant
mne23328

Rune Kjeldsen
State Authorised Public
Accountant
mne34160

The Board of Directors' Statement on the Remuneration Report

The Board has today considered and adopted the Remuneration Report of Vestas A/S for the financial year 2023.

The report has been prepared in accordance with section 139 b of the Danish Companies Act (in Danish: "Selskabsloven").

The Remuneration Report will be presented to the Annual General Meeting 2024 for an advisory vote.

Aarhus, 7 February 2024

Anders Runevad
Chair

Karl-Henrik Sundström
Deputy Chair

Kentaro Hosomi

Helle Thorning-Schmidt

Bruce Grant

Lena Olving

Eva Merete Søfelde Berneke

Sussie Dvinge

Claus Christensen

Michael Abildgaard Lisbjerg

Pia Kirk Jensen

Additional information

- > Appendix 1: Historical overview of board members
- > Appendix 2: IFRS principles
- > Appendix 3: Historical remuneration



Appendix 1: Historical overview of board members

Development in board remuneration over the past five years needs the following elaboration, which is reflected in the tables above:

Current members of the Board

Eva Merete Søfelde Berneke:

April 2019 Elected as new member of the Board
 August 2019 Elected as new member of the Nomination and Compensation Committee
 April 2020 Elected as new member of the Audit Committee

Bruce Grant:

April 2019 Elected as new member of the Board
 April 2019 Elected as new member of the Technology & Manufacturing Committee

Helle Thorning-Schmidt:

April 2019 Elected as new member of the Board
 April 2019 Elected as new member of the Nomination & Compensation Committee

Anders Runevad:

April 2020 Elected as new member of the Board
 April 2020 Elected as new member of the Nomination & Compensation Committee
 April 2020 Elected as new member of the Technology & Manufacturing Committee
 April 2021 Elected as Deputy Chair
 April 2021 Elected as new Chair of the Technology & Manufacturing Committee
 April 2023 Elected as new Chair
 April 2023 Elected as new Chair of the Nomination & Compensation Committee
 April 2023 Elected as member of the Technology & Manufacturing Committee

Karl-Henrik Sundström:

April 2020 Elected as new member of the Board
 April 2020 Elected as new Chair of the Audit Committee
 April 2023 Elected as new Vice Chair
 April 2023 Elected as new member of the Nomination & Compensation Committee

Pia Kirk Jensen:

Maj 2020 Joined as new member of the Board

Kentaro Hosomi:

April 2021 Elected as new member of the Board
 April 2023 Elected as new member of the Audit Committee

Lena Olving:

April 2022 Elected as new member of the Board
 April 2022 Elected as new member of the Technology & Manufacturing Committee
 April 2023 Elected as new Chair of the Technology & Manufacturing Committee

Claus Skov Christensen:

Maj 2022 Joined as new member of the Board

Previous members of the Board

Henrik Andersen:

August 2019 Resigned from the position as member of the Board
 August 2019 Stepped down from the Audit Committee
 August 2019 Stepped down from the Nomination & Compensation Committee

Jens Hesselberg Lund:

April 2018 Elected as new member of the Board
 April 2018 Elected as new member of the Audit Committee
 August 2019 Elected as new chair of the Audit Committee
 April 2020 Resigned from the position as member of the Board
 April 2020 Stepped down from the Audit Committee

Kim Hvid Thomsen:

April 2019 Stepped down from the Technology & Manufacturing Committee
 April 2022 Resigned from the position as member of the Board

Eija Pitkänen:

April 2019 Resigned from the position as member of the Board
 April 2019 Stepped out of the Technology & Manufacturing Committee

Torben Ballegaard Sørensen:

April 2019 Resigned from the position as member of the Board
 April 2019 Stepped down from the Technology & Manufacturing Committee

Henry Sténson:

April 2018 Stepped down from the Audit Committee
 April 2019 Resigned from the position as member of the Board

Bert Nordberg:

August 2019 Elected as new member of the Audit Committee
 April 2023 Resigned from the position as member of the Board
 April 2023 Stepped down from the Audit Committee
 April 2023 Stepped down from the Nomination & Compensation Committee

Lars Josefsson:

April 2020 Stepped down from the Nomination & Compensation Committee
 April 2021 Stepped down as Chair of the Technology & Manufacturing Committee
 April 2022 Stepped down from the Technology & Manufacturing Committee
 April 2022 Resigned from the position as member of the Board

Peter Lindholst:

April 2020 Stepped down as member of the Board

Carsten Bjerg:

April 2021 Resigned from the position as member of the Board
 April 2021 Stepped down from the Audit Committee
 April 2021 Stepped down from the Technology & Manufacturing Committee

Appendix 2: IFRS principles

Remuneration of current Executive Management and performances shares at target for 2023 (table 4)

Table 4 display how the share programs and total remuneration for CEO and CFO are calculated for Vestas Annual Report following the principles and accounting standards in IFRS 2. When displaying Executive Management in Vestas Annual Report, additional key management personnel besides the CEO and CFO are included and hence the difference in the displayed amounts. According to the IFRS 2, the value of the share programmes is pro-rated per vesting year and the expected performance adjustment for the financial year is included. This differs from the principles used when displaying the total remuneration for Executive Management in this remuneration report in table 4.

The total IFRS 2 cost of active share programmes in 2023 from table 4 is included for the total remuneration for Executive Management in the Annual Report 2023, see note 1.6 to the consolidated financial statements, Annual Report 2023. The total remuneration from table 4 differs in displaying only the 2023 awarded share programme instead of the pro-rated cost from all active share programmes adjusted for the expected KPI performance in 2023. The difference on the displayed value of share programmes forms the explanation of the difference in the total remuneration displayed as EUR 8m to CEO and CFO from note 1.6 to the Consolidated financial statements, Annual Report 2023 (page 64).

Appendix 3: Historical remuneration

Table 14: Comparison of remuneration and Vestas' performance over the past five years

EUR

Board of Directors	2023	% Dev.	2022	% Dev.	2021	% Dev.	2020	Dev. (%) ¹	2019	Dev. (%)	2018
Anders Runevad, Chair	323,527	22.3	264,499	13.3	233,460	108.3	112,104	-	-	-	-
Karl-Henrik Sundström, Deputy Chair	239,172	60.2	149,314	2.3	145,980	37.7	106,043	-	-	-	-
Bruce Grant	97,020	0.3	96,691	2.7	94,165	4.0	90,563	0	67,862	-	-
Eva Merete S. Berneke	132,954	0.3	132,503	2.7	129,042	11.5	115,719	37	56,691	-	-
Helle Thorning-Schmidt	97,020	0.3	96,691	2.7	94,165	4.0	90,563	0	67,862	-	-
Kentaro Hosomi	88,037	44.6	60,880	35.3	45,003	-	-	-	-	-	-
Lena Olving	131,084	63.6	80,147	-	-	-	-	-	-	-	-
Claus Skov Christensen	61,087	49.8	40,786	-	-	-	-	-	-	-	-
Michael A. Lisbjerg	61,087	0.3	60,880	2.7	59,289	4.0	57,021	0	56,133	6.2	53,619
Pia Kirk Jensen	61,087	0.3	60,880	2.7	59,289	56.0	38,013	-	-	-	-
Sussie Dvinge	61,087	0.3	60,880	2.7	59,289	4.0	57,021	0	56,133	6.2	53,619
Bert Nordberg ²	78,321	(74.8)	310,567	(5.7)	329,497	3.0	320,011	2.2	290,817	16.9	267,566
Lars Josefsson	-	-	26,082	(79.4)	126,814	(37.4)	202,421	(15.3)	227,175	(5.9)	243,242
Kim Hvid Thomsen	-	-	20,093	(66.1)	59,289	4.0	57,021	0	64,511	(34.6)	87,132
Carsten Bjerg	-	-	-	-	31,094	(74.9)	124,104	0	123,157	2.8	120,644
Peter Lindholst	-	-	-	-	-	-	19,006	0	56,133	6.2	53,619
Jens Hesselberg Lund	-	-	-	-	-	-	29,349	(37)	100,816	3.8	65,349
Other members (not part of board in 2023) ³	-	-	-	-	-	-	-	-	146,737	-	409,207
Total cost	1,431,482	(2.0)	1,460,894	(0.4)	1,466,376	3.3	1,418,959	(0.9)	1,314,027	14.7	1,353,997

¹ The table sets a year-over-year comparison of remuneration of the Board (including social security taxes). Percent change is calculated as separate year-over-year comparison based on annualised values while remuneration is displayed in actual values.

² Member until Annual General Meeting 12 April 2023.

³ Other members included without naming to calculate total development.

Disclaimer and cautionary statement

This document contains forward-looking statements concerning Vestas' financial condition, results of operations and business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in these statements.

Forward-looking statements include, among other things, statements concerning Vestas' potential exposure to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. A number of factors that affect Vestas' future operations and could cause Vestas' results to differ materially from those expressed in the forward-looking statements included in this document, include (without limitation): (a) changes in demand for Vestas' products; (b) currency and interest rate fluctuations; (c) loss of market share and industry competition; (d) environmental and physical risks, including adverse weather conditions; (e) legislative, fiscal, and regulatory developments, including changes in tax or accounting policies; (f) economic and financial market conditions in various countries and regions; (g) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, and delays or advancements in the approval of projects; (h) ability to enforce patents; (i) product development risks; (j) cost of commodities; (k) customer credit risks; (l) supply of components; and (m) customer created delays affecting product installation, grid connections and other revenue-recognition factors.

All forward-looking statements contained in this document are expressly qualified by the cautionary statements contained or referenced to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in Vestas' Annual Report for the year ended 31 December 2023 (available at www.vestas.com/investor) and these factors also should be considered. Each forward-looking statement speaks only as of the date of this document. Vestas does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information or future events other than as required by Danish law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.