

NEG Micon UK Ltd

Modern Slavery Statement

NEG Micon UK Ltd is a subsidiary of Vestas-Celtic Wind Technology Ltd. Vestas-Celtic Wind Technology Ltd. is a subsidiary of Vestas Northern Europe A/S which is a subsidiary of Vestas Wind Systems A/S.

Financial Year: 1 January – 31 December 2022

Vestas Wind Systems A/S Modern Slavery Statement

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This is the annual Modern Slavery Statement to be published by Vestas Wind Systems A/S (Vestas) and its subsidiaries in accordance with section 54 of the UK Modern Slavery Act 2015 ("the Act"). This statement covers Vestas and its subsidiaries for the financial year ending on 31 December 2022.

Vestas is strongly committed to respecting human rights and labour rights. Across our direct or indirect operations, including those of our suppliers, Vestas does not tolerate the use of modern slavery, forced labour, or human trafficking.

1. Our Organisation

Structure & Operations

Vestas designs, manufactures, installs, and services wind turbines worldwide.

Vestas is headquartered in Denmark and has offices globally with more than 28,000 employees. Vestas operates across five commercial regions, namely: Mediterranean, Latin America, North America, Northern and Central Europe, and Asia Pacific. Vestas has about 20 manufacturing, assembly, and research and development facilities in 10 countries and has installed wind turbines on- and offshore in over 87 countries. In the year 2022, Vestas' revenue amounted to EUR 14.5bn.

Vestas is structured into six functional areas, namely: Finance, Sales, Service, Technology, Manufacturing & Global Procurement, People & Culture and Digital Solutions & Development.

For further information see www.vestas.com.

Supply Chain

Vestas engages with suppliers around the world.

Vestas' suppliers primarily include manufacturers of wind turbine components, construction contractors and suppliers performing services at wind farm service sites.

Vestas classifies our suppliers as falling in either "direct scope", meaning our suppliers that deliver parts (components and materials) to Vestas or Vestas factories and external supplier factories, or "indirect scope" suppliers meaning suppliers that deliver services to factories and sites.

Supplier expenditure for Vestas' operations predominantly falls within the following spend categories:

- direct procurement for blades, nacelles, towers and hub manufacturing;
- indirect procurement for transport, construction, IT & business services and investments and tooling; and
- service procurement like spare parts, and support needed for servicing a turbine.

2. Governance and Policies

Our Global Compliance & CSR team includes human rights experts based in Denmark, Mexico and India. The Global Compliance & CSR team works alongside Sustainable Procurement and other departments to ensure that human rights are embedded into the business.

Vestas has been a member of the UN Global Compact ("UNGC") since 2009, and is committed to implementing the 10 UNGC principles, including Principle 4 on elimination of all forms of forced and compulsory labour, into its business and its supply chain. The policies and procedures listed in this section outline how Vestas upholds this commitment.

Codes of Conduct

Vestas operates according to its Codes of Conduct, which are a set of rules and principles that outline expectations towards employees and suppliers. Vestas has both an Employee Code of Conduct and a Supplier

Code of Conduct. Both follow the UNGC principles and are based on international standards, including the International Bill of Human Rights, the eight core conventions of the International Labour Organisation, and the UN Guiding Principles on Business and Human Rights.

Vestas launched an updated version of both its Employee Code of Conduct and Supplier Code of Conduct in September 2021. The updates incorporate stronger standards, including areas not previously covered particularly in relation to community engagement and conflict minerals.

Both Codes specifically prohibit the use of modern slavery or human trafficking within Vestas' global business. All Vestas suppliers are required to follow our Supplier Code of Conduct. The Supplier Code of Conduct is an integrated part of Vestas' purchase agreements with suppliers and if a supplier does not follow the Supplier Code of Conduct, Vestas will take the necessary actions to mitigate this risk. In addition to ensuring compliance within their own operations, our suppliers commit to take diligent and reasonable steps to prevent labour rights violations also within their supply chain. If the violation is not remediated to Vestas' satisfaction, the relationship with the supplier can be terminated.

Both Codes of Conduct can be found at www.vestas.com.

Human Rights Policy

In accordance with the UNGPs, the [Human Rights Policy](#) publicly conveys Vestas' commitment to respecting human rights, to avoid infringing on human rights, and to address any adverse human rights impacts with which Vestas may be involved. The Human Rights Policy specifically states our commitment to avoid using or contributing to forced or compulsory labour.

Our Human Rights Policy is signed by Vestas' Chairman.

The Human Rights Policy also states that Vestas will take measures to promote that its suppliers and other business partners respect human rights. It is distributed group-wide and communicated publicly at www.vestas.com.

Recruitment policy and processes

Recruitment for both salaried and hourly-paid employees is handled by the Vestas Recruitment Team as part of the People & Culture function and is guided by our Global Recruitment Process. The Vestas Recruitment Team outsources most of the recruitment process to a global recruitment partner.

This recruitment partner must comply with Vestas' Recruitment Framework and overall Vestas processes, including compliance with our Supplier Code of Conduct.

In each of our regions, we have Regional Talent Acquisition Managers and Regional Talent Acquisition Partners overseeing that the Global Recruitment Process is being followed by our global recruitment partners, and monitoring of compliance is managed globally according to established standards.

Access to Remedy

Vestas employees, suppliers and customers are encouraged to use our whistle-blower hotline, [EthicsLine](#), to report observed or suspected misconduct. EthicsLine is hosted on a secure external platform where anyone can raise a concern. The platform allows reporters to remain anonymous, except in instances when this would be specifically prohibited by law. Subject to applicable laws, all matters reported through EthicsLine are investigated thoroughly and everyone involved is treated fairly. We have zero-tolerance for any form of retaliation against employees making a report in good faith, whether the report is ultimately substantiated or not. The same applies to individuals who cooperate as part of an EthicsLine investigation, such as witnesses.

In 2022, the total number of whistleblower cases from EthicsLine was 539. Of these cases, 137 were substantiated, leading to various disciplinary actions (44 cases remained open at the end of 2022). We perceive the number of EthicsLine reports as a positive sign that employees and partners are aware of the whistleblower hotline, find it easy to use, are comfortable speaking up and reporting non-compliant behaviour. To date, there have been no cases of modern slavery.

3. Due Diligence Processes

Vestas requires our suppliers to uphold the principles in our Supplier Code of Conduct. To support and validate this expectation, we have a due diligence process, outlined below. It is a well-established process that is adjusted, if necessary, to relevant experiences and learnings:

- A. Supplier Registration & Pre-screening:** All suppliers undergo a Sanctions & Business Ethics screening. Suppliers will be screened and approved before Vestas engages with them contractually. Additionally, suppliers continue to be monitored through ongoing screenings in our Global Compliance Portal. In 2022, Vestas performed more than 3,200 supplier screenings to identify and mitigate potential risk.
- B. Self-Assessment:** All suppliers must complete Vestas' registration and self-assessment questionnaire, which includes a module on the topics in Vestas' Supplier Code of Conduct. A satisfactory assessment score allows the supplier to move on to the next step in the onboarding process.
- C. Supplier Creation:** Upon successful completion of previous steps, the supplier is added to the system.
- D. On-site Assessment:** Cross-functional onsite assessments for direct suppliers are performed by Vestas' own teams, while indirect suppliers are assessed by a third party, with both assessments being grounded on risk evaluation.
- E. Manage Supplier Performance:** We continuously monitor supplier performance and relationship management. Due diligence activities after the onboarding of suppliers are conducted based on a risk evaluation. Such activities include but are not limited to, supplier scorecards, performance review meetings, and third-party sustainability audits.

Our supplier assessment framework is illustrated below:



To work directly with our suppliers and monitor due diligence processes, we have embedded a Sustainable Procurement team within our Global Procurement function. The priorities established by Sustainable Procurement ensure that suppliers meet the company's standards for sustainable and ethical business practices. These priorities are used to guide the actions and decisions of Regional Procurement Officers and enacted through supplier onboarding qualification process, onsite assessments for direct suppliers, and assessments for indirect suppliers based on a risk evaluation conducted by our Supplier Quality & Development (SQD) team. By integrating sustainability requirements into our onboarding and auditing processes, we aim to partner with our suppliers in building a sustainable and resilient supply base, attuned to local needs and conditions.

Sustainable Procurement constantly works on improving the due diligence process within the digital procurement system to guarantee that all required due diligence measures are taken by suppliers. The usage of a single system has enhanced the efficiency of monitoring supplier compliance.

We are currently working on finalizing our blocking process for suppliers who are non-compliant. The triggers for blocking include, amongst others, compliance screening results, EthicsLine investigations, specific violations of the Supplier Code of Conduct or performance monitoring. We are planning to finalise this process during 2023. During 2022, we started updating the social sustainability chapter of our supplier scorecard and finalised it at the beginning of 2023. The scorecard is used for managing suppliers' performance with emphasis on human rights by including weighted questions on human rights due diligence, modern slavery and conflict minerals management.

In 2022, we successfully implemented the latest module of our Digital Supply Chain Collaboration tool, which enables us to work more efficiently with our suppliers, get real time data on deliveries and orders, and collaborate with our suppliers on forecasts and upcoming activities in our supply chain. We also participate in WindEurope's supply chain taskforce, helping the industry map supply chain risks and take a collective approach to mitigate these while using our collateral leverage.

Conflict Minerals

Vestas has established an external system to increase transparency in relation to conflict minerals within our supply chain, as the first step to managing this risk. Vestas conducts supply chain due diligence on conflict minerals, following the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals with the aim of ensuring to not contribute to human rights violations. Due diligence entails verifying the risk level of smelters from where our suppliers source minerals and metals (tin, tantalum, tungsten and gold) that are used in their products.

In 2022, we completed our second Conflict Minerals Programme and surveyed 500 suppliers using a third-party supply chain data management solution. Supplier responses were submitted by using the Conflict Minerals Reporting Template. The survey results showed that suppliers who participated in both the 2021 and 2022 programmes improved their assessment scores by transitioning to lower-risk smelters. The overall supplier response rate also increased from 81 per cent in 2021 to 89 per cent in 2022. The aim of our Conflict Minerals Programme is to increase the transparency of our own sourcing, educate our supply chain on avoiding the procurement of conflict minerals, and encourage suppliers to establish their own responsible sourcing programmes.

Vestas is committed to continuous due diligence, including internal educational sessions equipping our employees to lead the dialogue with key stakeholders, such as customers and suppliers. Our company is dedicated to achieving annual improvement in reported smelter data quality and increasing suppliers' response rate, with the final objective of ensuring that our suppliers' products do not contain minerals sourced from conflict-affected or high-risk areas.

In 2022, we implemented the Vestas Conflict Minerals policy which was signed by the Head of Global Procurement and made publicly available. The policy is aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals and outlines our expectations to suppliers regarding responsible minerals sourcing.

Vestas performs conflict minerals due diligence in the supply chain on a yearly basis. Our third Conflict Minerals Programme started in January 2023 and is expected to be completed in May 2023. We will be reporting on the results in our 2023 Statement.

For further information on Vestas Conflict Minerals policy, please see the Sustainability Policies page at <https://www.vestas.com/en/sustainability/policies>.

4. Risk Assessment & Management

Risk within our own Operations

The recruitment of factory workers is led by the respective factories' recruitment processes, which includes the use of local recruitment agencies. Vestas has flagged the use of recruitment agencies at the factory level as a potential risk in relation to modern slavery. To manage this risk, Vestas has been running a pilot in Denmark to create a new and simplified hiring process in a recruitment system called SAP SuccessFactors. SAP SuccessFactors is a centralised platform used to screen and qualify all candidates. This will enable Vestas to minimise the use of recruitment agencies.

In addition, we created an overview in 2020 of all recruitment providers at the individual factory level globally. This mapping enabled us during 2021 to start reducing the number of recruitment partners used and ensuring alignment with global procurement practices, including contracting and Supplier Code of Conduct requirements.

For 2023, we will be focusing on creating an aligned global standard on how to select and manage recruitment suppliers for factory workers.

Risk within Supply Chain

We are committed to respecting human rights within our entire value chain. Doing so requires us to be aware of our most salient human rights issues and how they vary over time. Following our first corporate-wide Human Rights Assessment (HRA) by external sustainability experts from Business for Social Responsibility in 2018, a second assessment was conducted in 2022.

The 2022 HRA identified 15 human rights issues where Vestas risks having adverse impacts followed with an assessment of our current commitments and management systems. Priority areas in supply chain include child and forced labor, occupational health and safety, working hours, wages and benefits, and as a new risk area, high-risk and conflict-affected areas. We maintain and enhance our Conflict Minerals Programme as part of our integrated efforts to address the findings of the HRA. Another key implementation in 2022 was the onboarding of a designated social sustainability expert in the Sustainable Procurement team to ensure improved oversight of human rights issues within the supply chain.

In 2022, we initiated the revision of our risk matrix for direct suppliers with the aim of strengthening it by including more risk indexes within Human Rights. A "Sustainability Risk Supplier" is defined by its potential to cause an adverse social and/or environmental impact, while also considering Vestas' dependency on the supplier. Thus, the highest risk category involves the greatest potential adverse impact combined with a high level of dependency. To determine these risks, we are using country risk data, commodity risk and specifically integrated Environmental, Social, and Governance factors. For 2023, we plan to include the following new risk indices: freedom of opinion and expression, indigenous peoples' rights, and ethical behaviour of firms.

Throughout 2022, a total of 28 sustainability audits were carried out globally by a third-party external auditor on suppliers falling within indirect scope. A specific audit protocol is defined for Vestas, consisting of a desktop audit (to check system procedures) and two sessions in wind farms (to ensure its application). Nine desktop audits were conducted, and 19 were performed onsite. All sustainability audits contain modules related to forced labour, child labour, housing conditions, as well as working hours, wages and health and safety. Other questions specifically refer to employees' freedom of movement during their employment, and their ability to terminate the employment contract at all times. The audits make use of employee interviews for validation purposes. Regular follow-ups with the suppliers are done by the Vestas SQD team together with the auditors making sure that suggested improvements get implemented. To date, there have been no findings of forced labour.

During 2022, our SQD teams conducted 55 onsite assessments for direct suppliers. These assessments are based upon the completed Supplier Business Assessment-questionnaire by the specific supplier. The applicable audit protocol covers 14 questions on the Code of Conduct, covering human rights, labour rights, working hours, wages, and the grievance mechanism for workers to raise their concerns. The validation of answers is achieved through reviewing documentation for each question and dialogue with the supplier management team.

Whether a direct or indirect supplier, we always aim to foster dialogue and engagement. Each identified non-conformity is followed up with by using a corrective action plan to mitigate negative impact.

In addition to adhering to our standard due diligence procedures and risk matrix, we also perform specific and tailored assessments on an ad-hoc basis (please refer to the supplier assessment framework). These targeted assessments may encompass factors such as geopolitical concerns that could heighten the likelihood of modern slavery.

5. Training & Capacity Building

As part of Vestas' mandatory onboarding programme, all new employees are required to complete the Vestas Employee Code of Conduct e-learning. During 2023, we are planning to implement a mandatory sustainability e-learning for all employees.

Vestas employees who are responsible for evaluating supplier self-assessments are trained in the Supplier Code of Conduct module, with specific emphasis on explaining what documentation and processes are required to validate the suppliers' answers. In 2022, we also conducted three sustainability webinars for our employees and suppliers with a total of 294 participants. The aim was to give an understanding of our overall Sustainability Strategy and communicate our expectations towards suppliers. A specific webinar covered the social aspects of the Supplier Code of Conduct.

6. Continuous Actions to Support our Responsibility

Vestas has a responsibility to respect human rights, which includes ensuring our activities to not cause or contribute to the use of modern slavery and human trafficking and to avoid being directly linked to such harm. We will continue to create transparency in our business and supply chains, mitigating this risk through our policies, procedures and stakeholder engagement. Vestas acknowledges that this work is an evolving process and will be reporting on our progress in the 2023 Statement.

This Statement was approved by the Board of Directors of Vestas Wind Systems A/S on

Date: 09.05.2023



Anders Runevad
Chairman, Vestas Wind Systems A/S
