

# Modern Slavery Act Statement

Financial Year 2023



# About this statement

## **Scope & Purpose**

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 31 December 2023.

Vestas is strongly committed to respecting human rights and labour rights and has therefore set up this document in accordance with international guidelines, such as the United Nations Guiding Principles on Business and Human Rights.

# About Vestas

## Structure & Operations

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

Vestas is headquartered in Denmark and has offices globally with more than 30,000 employees. Vestas operates across five commercial regions, namely: Mediterranean, Latin America, North America, Northern and Central Europe, and Asia Pacific. Vestas has about 60 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 2023, Vestas' revenue amounted to EUR 15.4bn.

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

For further information see [www.vestas.com](http://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 segments its suppliers in either "direct scope", meaning our suppliers that deliver parts (components and materials) used in Vestas wind turbines, or "indirect scope" meaning the suppliers that deliver services to factories and sites.

Supplier expenditure predominantly falls within the following spend categories:

- direct procurement for blades, nacelles, towers and steel, hub, electrical and powertrain
- indirect procurement for transport, construction, IT & business services, and CAPEX & tools; and
- service procurement which includes service material procurement and service solutions procurement.

# I. Policy Commitment

## Embedding responsible business conduct into policies & management systems

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

Vestas has been a UN Global Compact ("UNGC") member 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.

The Supplier Code of Conduct outlines our expectations to suppliers in four main areas: Human Rights and Labour Rights, Working with Integrity, Respecting the Environment, and Fair Business Practices. The Code is an integrated part of our purchase agreements. In addition to suppliers' own workers, we also request our suppliers to take diligent and reasonable steps to prevent human and labour rights violations within their own supply chains. Vestas suppliers are required to follow our Supplier Code of

Conduct. If a supplier does not follow the Supplier Code of Conduct, Vestas will take necessary actions to mitigate risk, and the relationship with the supplier can be terminated.

Both Codes of Conduct can be found at [www.vestas.com](http://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](http://www.vestas.com).

In order to manage human rights risks in the supply chain we embed requirements from our Human Rights Policy into our onboarding and auditing process, aiming to build a sustainable and resilient supply base. In addition to our Human Rights Policy and Supplier Code of Conduct, we supplement the management of potential risks related to value chain workers with the Vestas Conflict Minerals Policy.

## Conflict Minerals Policy

In 2022, we introduced the Conflict Minerals Policy to identify, reduce, and eliminate the use of conflict minerals within our supply chain, mitigating risks, and ensuring ethical sourcing. Aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals, this policy sets supplier expectations, enhancing transparency. This policy indirectly safeguards human rights in the value chain by promoting responsible mineral sourcing and adherence to international standards. The policy, signed by the Head of Global Procurement, is communicated at [www.vestas.com](http://www.vestas.com).

## Recruitment Policy and Processes

Vestas has established a comprehensive recruitment policy that adheres to the principles of consistency, global alignment, and compliance with applicable laws. This policy applies uniformly to all employees, irrespective of their employment status as salaried or hourly paid. The recruitment process at Vestas is well-structured and comprehensive.

Recruitment for both salaried and hourly-paid employees is managed by the Vestas Recruitment Team, a part of the People & Culture function. This team is guided by our Global Recruitment Process, which ensures a standardized and efficient approach to talent acquisition. They provide necessary guidelines, templates, and a global toolkit to ensure uniformity in recruitment practices across all regions.

The Vestas Recruitment Team outsources a significant portion of the recruitment process to a global recruitment partner. This partner is required to comply with Vestas' Recruitment Framework and overall processes, including adherence to our Supplier Code of Conduct. This ensures that our commitment to ethical practices and standards is upheld throughout the recruitment process.

In each of our regions, we have designated Regional Recruitment Managers, and they oversee the implementation of the Global Recruitment Process by our global recruitment partners. They ensure that the process is followed accurately and consistently across all regions.

The recruitment team works closely with hiring managers, providing them with necessary training and support to uphold this commitment. They also provide training and support to the personnel involved in recruitment process, helping them understand the importance of following the hiring process.

## II. Human Rights Due Diligence Processes

### Risk within our own Operations

The recruitment of factory workers at Vestas is led by the respective factories' recruitment processes. This includes the use of local recruitment agencies. Vestas has identified the use of recruitment agencies at the factory level as a potential risk in relation to modern slavery.

To manage this risk, Vestas has initiated a pilot program in Denmark to create a new and simplified hiring process in our Human Resources information systems. This process aligns with the recruitment procedures used in other areas of Vestas.

In 2020, Vestas created an overview of all recruitment providers at the individual factory level globally. This mapping exercise enabled Vestas, during 2021, to

begin reducing the number of recruitment partners used and to ensure alignment with global procurement practices. This includes adherence to contracting requirements and Vestas' Supplier Code of Conduct.

In 2023, Vestas focused on creating an aligned global standard on how to select and manage recruitment suppliers for factory workers. Some factories have already been included in the formal Recruitment process and part of these processes are now managed within the team. In the coming years, this will be expanded to include more factories.

## **Training & Capacity Building**

At Vestas, we believe that effective recruitment is the foundation of our success. To ensure adherence to our policies, procedures, and processes, we have implemented a comprehensive Training & Capacity Building program. This program is designed to equip both our employees involved in the recruitment process and our recruitment partners with the necessary knowledge and skills.

The training begins at the onboarding stage. New employees and partners are introduced to our Global Recruitment Process, which outlines the standards and procedures for recruitment at Vestas. They are also familiarized with our Recruitment Framework and Supplier Code of Conduct, which emphasize ethical practices and compliance with labor laws.

Our training program is not a one-time event, but a continuous process. We provide regular training sessions, workshops, and seminars to keep our employees and partners updated on the latest trends in recruitment, changes in labor laws, and updates to our internal policies and procedures. These training sessions are conducted by experienced professionals and industry experts, ensuring that the training is relevant and effective.

## **Risk within Supply Chain**

Our corporate-wide Human Rights Assessment (HRA) is the core foundation with which we identify the most material social impacts, risks, and opportunities. Following a recommendation to strengthen our human rights governance, we established a steering committee in 2023 with cross-functional members from CSR, P&C, Sustainable Procurement, and HSE to work on implementing the recommendations of our HRA. The prioritized topics in the supply chain are child and forced labor, occupational health and safety, working hours, wages and benefits and high-risk and conflict-affected areas. For some of these matters Vestas is generally linked to the adverse impact, and does not cause nor contribute, yet we choose to focus on these due to the level of salience.

To work directly with our suppliers, we have embedded a Supplier Quality & Development Department. We evaluate the risk level of suppliers based on their potential to pose adverse social (human rights) and environmental impacts, considering our dependency on them. In 2023, we undertook a comprehensive revision of our risk matrix for direct suppliers, with the objective of fortifying it by introducing additional risk indicators in the domains of Human Rights, Politics, and Environment. These new indices encompass critical aspects such as Land, Housing, and Property Rights, Freedom of Assembly, Arbitrary Arrest and Detention, Torture and Other Ill-treatment, Air Quality, Hazardous Waste, Mercury Pollution, and Persistent Organic Pollution. For the time being these indices are used for the assessment of indirect suppliers, while we are working on the implementation of the matrix for direct suppliers.

## **Due Diligence Processes**

To identify, assess, monitor, and mitigate potential risk to supply chain workers, our supplier due diligence framework includes several steps for the onboarding of new suppliers and the ongoing monitoring of existing suppliers. The Supplier Code of Conduct is the foundation of our framework. It outlines our expectations for our suppliers towards their employees and subcontractors.

The onboarding process of new suppliers is designed to ensure that suppliers are aware of our expectations while being committed to our Supplier Code of Conduct. This involves a multi-step approach, starting with screening for sanctions and business ethics risks. Subsequently, suppliers undergo a supplier business assessment (SBA). This is a self-assessment questionnaire that is specifically tailored to their scope of supply. Verification of the SBA outcomes is then carried out through thorough onsite or desktop assessments.

In the selection of indirect suppliers for onsite assessment, we employ a matrix combining onboarding questionnaire results with specific high-risk criteria. Direct suppliers, on the other hand, undergo onsite assessments as a standard procedure. Assessments at suppliers are conducted by Vestas' own team, and for some indirect suppliers we also make use of a third party. This third party also conducts employee interviews, enhancing the depth of our evaluation. The assessment framework addresses critical aspects such as forced labor, child labor, working hours, wages, and health and safety standards, aiming to identify potential risks within the supply chain and verify information given through the SBA. This process ensures a holistic understanding of the working conditions within our supply chain. If non-

conformities emerge during assessments, a corrective action plan is developed, which may include information from the interviews with value chain workers.

Quarterly safety & sustainability surveys as part of performance dialogues are meant to monitor existing suppliers on an ongoing basis. Additionally, ad hoc assessments are conducted based on substantiated knowledge, media coverage, and other pertinent information.

Our collaboration with suppliers extends beyond monitoring; we work together to ensure that corrective actions are taken. However, in the few cases where corrective actions are not implemented, we are prepared to discontinue partnerships. The overarching principles of our supplier due diligence framework are rooted in transparency, accountability, and a commitment to continuous improvement. By securing our suppliers' adherence to the Supplier Code of Conduct, we collectively strive to minimize risks within our supply chain, fostering economic, environmental, and social progress. Our supplier assessment framework is illustrated below:



## Conflict Minerals

To help address impacts associated with forced and child labour in the transition minerals supply chain, we have established a Conflict Minerals Program (CMP) to assess in-scope suppliers. In 2023, we successfully completed the third iteration of the CMP, which involved surveying 197 suppliers by using a third-party supply chain data management solution. Supplier responses were recorded using the Conflict Minerals Reporting Template (CMRT), a standardized reporting template developed by the Responsible Minerals Initiative (RMI) to help companies collect and disclose information about the use of conflict minerals in their supply chains. Notably, the supplier response rate showed significant improvement, increasing from 89 percent in 2022 to 98 percent in 2023.

In 2023, we updated our approach and used the learnings from previous programs. We organised two informative webinars prior to launching the third CMP in 2023. These webinars attracted participation from over 145 attendees and aimed to enhance our suppliers' understanding of the CMP requirements and their capacity to effectively communicate these expectations within their respective supply chains. Additionally, we adjusted our communication with suppliers, tailoring our messaging based on their prior experience with the CMP. This customization fostered improved collaboration with our suppliers playing a pivotal role in achieving this higher response rate.

## Supplier Safety & Sustainability Survey

One of the initiatives in 2023 is that we have refined the content of our Supplier Safety & Sustainability Survey (the Survey), a quarterly evaluation tool that measures and monitors the maturity of our suppliers in areas encompassing health and safety, environmental responsibility, and social sustainability. We have incorporated four new questions in the social sustainability chapter pertaining to: Human Rights policy, Human Rights due diligence, commitment to the UN Global Compact, and adherence to the UN Guiding Principles. Furthermore, we have updated our Vestas Prohibited and Restricted Substance document, clearly stating our suppliers' obligations regarding chemical management, hence taking into consideration the health and safety of value chain workers.

In 2023, we distributed the Safety and Sustainability Survey to 201 key suppliers. The total score for the survey was 74 percent on average. By year-end, our engagement helped to improve sustainability performance for 89 suppliers who took part in the survey. In addition, we created an educational guide to the Survey, offering comprehensive insights into the area of Conflict Minerals. The value chain workers in mining are far upstream in the value chain and difficult

for Vestas to reach on our own. This guide equips our suppliers with a baseline on how they can respect human rights in their supply chain. As this initiative is recent, we do not yet know of its effectiveness.

## Other Initiatives

In 2023, we initiated an exercise to increase transparency within our supply chain. We will be utilizing data from a risk intelligence company together with data collected from key tier 1 suppliers on their tier 2 counterparts to create a human rights risk heatmap. This proactive approach will empower us to leverage our influence, identifying and mitigating potential human rights impacts in the extended supply chain.

The insights gained will be communicated to suppliers, fostering collaboration to address identified risks. This initiative reflects our ongoing commitment to combat modern slavery and will ensure a responsible and ethical supply chain.

## Tracking Implementation and Results

In our commitment to monitoring implementation and achieving impactful results in the supply chain, we are on a journey to define social sustainability targets related to value chain workers, and have established policies, processes, and initiatives to manage overall potential adverse impacts.

In 2023, we conducted more than 2900 sanctions and business ethics screenings for potential suppliers, prior to the supplier onboarding process.

We conducted a total of 109 sustainability audits respectively onsite/online supplier (re)assessments at our direct and indirect suppliers. For the specific onsite supplier assessments (85% of the total), where a quantitative scoring is applicable, 89% of the applicable suppliers scored above 70%, which is the minimum score for being accepted as a Vestas supplier.

For suppliers scoring below 70% (11% of the applicable suppliers), corrective action plans were defined and agreed upon with the supplier, and out of these, one specific supplier was rejected.

# III. Remediation

## EthicsLine

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

website 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 2023, a total of 667 EthicsLine cases were raised. Of these cases, 128 were substantiated, leading to various disciplinary actions. We perceive the number of EthicsLine reports as a sign that employees are aware of and trust the whistleblower system and find it easy to use.

### **Grievance Mechanisms in Supply Chain**

Our suppliers maintain their own grievance mechanisms. In addition to that, the Supplier Code of Conduct refers to the Vestas EthicsLine. It can be used by value chain workers to raise any concern and seek remedy. All reports, whether through a Vestas system or a supplier, should be investigated in a fair and timely manner. Value chain workers should also be able to voice concerns anonymously and without fear of retaliation.

In 2023, one case was reported to EthicsLine regarding concerns by value chain workers. The case is still under investigation. Making these channels available confirms our approach to respect human rights and value chain workers, and to leverage our influence to ensure that appropriate actions are taken to address the concerns.

## **An outlook in the future**

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 2024 Statement.



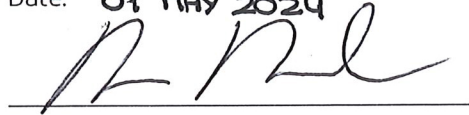
# Entities Covered

**The organisations covered by this statement are the following:**

- Vestas Wind Systems A/S
- Vestas Technology UK Limited
- Vestas - Celtic Wind Technology LTD.
- NEG Micon UK Ltd.
- Vestas Offshore Wind UK Ltd.
- Vestas Offshore Wind Blades UK Ltd.
- Wind Power North One Limited
- Wind Power North Two Ltd
- Wind Power North Three Ltd
- Wind Power North Four Ltd
- Wind Power North Five Ltd.
- Wind Power North Six Limited

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

Date: 01 MAY 2024

A handwritten signature in black ink, appearing to be 'AR', written over a horizontal line.

Anders Runevad  
Chairman, Vestas Wind Systems A/S