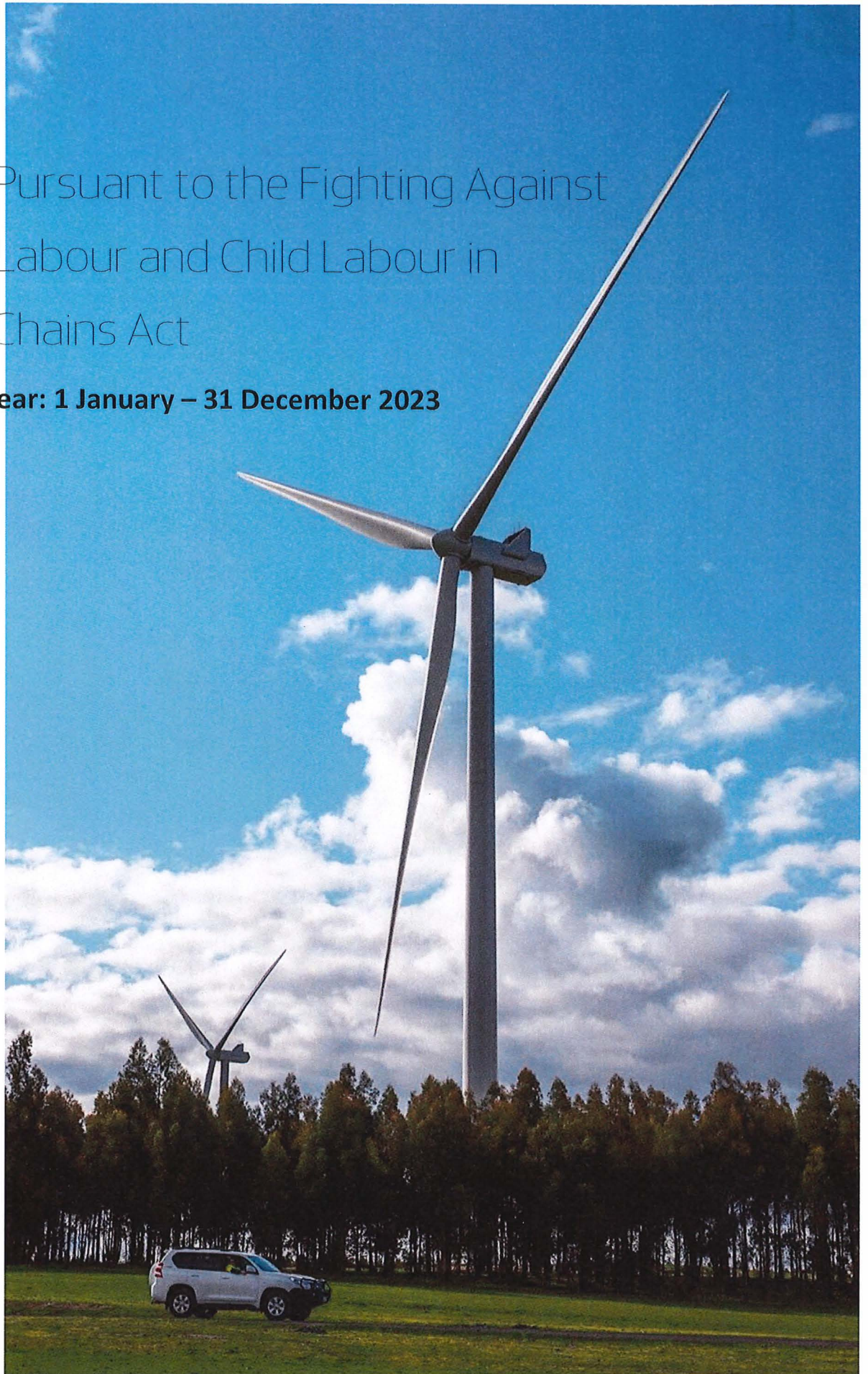


Report Pursuant to the Fighting Against  
Forced Labour and Child Labour in  
Supply Chains Act

**Reporting year: 1 January – 31 December 2023**



## About this report

### Scope & Purpose

This is a joint report to be published by Vestas Wind Systems A/S ("Vestas" or "the Vestas Group"), Vestas-American Wind Technology, Inc. ("Vestas-American") and Vestas-Canadian Wind Technology, Inc. ("Vestas-Canadian") pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* ("the Act") and covers the financial year ending December 31, 2023. The policies and statements contained herein are applicable to Vestas, Vestas-American, and Vestas-Canadian.

Vestas is a reporting entity under the United Kingdom's *Modern Slavery Act 2015*.

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.

## I. Structure, activities and supply chains

### Who we are and what we do

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, both onshore and offshore in over 87 countries. In 2023, the Vestas Group revenue amounted to EUR 15.4bn. The Vestas Group is structured into seven functional areas, namely: Finance, Sales, Service, Technology, Manufacturing & Global Procurement, People & Culture and Development.

Vestas-Canadian is a Canadian limited company and is a wholly-owned subsidiary of Vestas-American. It was first registered on August 4, 2000, and its registered office address is at 44 Chipman Hill, Suite 1000, Saint John, New Brunswick, E2L 4S6. Vestas-Canadian is comprised of approximately 323 employees.

Vestas-American is a wholly-owned subsidiary of Vestas Wind Systems A/S and is part of the Americas group of Vestas companies. It is a California corporation in the United States of America and its headquarters and registered office address is at 1417 NW Everett St., Portland, OR 97209.

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

Vestas-Canadian provides sales, project execution, operation and maintenance services in the Canadian markets.

For further information see [www.vestas.com](http://www.vestas.com).

### Our Supply Chains

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. Supplier expenditure predominantly falls within the following spend categories:

- direct procurement within the Vestas Group 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.

## II. Policy commitment and due diligence processes in relation to forced labour and child labour

Vestas is committed to ensuring full respect for human rights and labour rights both in our own operations and those of our suppliers.

Vestas has been a UN Global Compact ("UNGC") member since 2009, and is committed to implementing the 10 UNGC principles, including Principle 4 - the elimination of all forms of forced and compulsory labour and Principle 5 - the effective abolition of child labour.

The policies and procedures listed in this section outline how Vestas upholds this commitment and Vestas' due diligence processes in relation to forced labour and child labour.

### Corporate Social Responsibility & Compliance teams

Vestas' Global Corporate Social Responsibility ("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 organization to ensure that human rights are embedded into the business.

### Sustainable Procurement team

In order to establish direct collaboration with suppliers and oversee due diligence processes, the Vestas Group has integrated a dedicated Sustainable Procurement team in its Global Procurement function. This team's key priorities revolve around initiatives, processes, and policies that aim at upholding the company's standards for sustainable and ethical business practices within the upstream supply chain. These priorities serve as guiding principles for Regional Procurement Officers, shaping their actions and decisions throughout the supplier onboarding qualification process, self-assessments, and on-site and desktop assessments. In Sustainable Procurement, we have dedicated social sustainability experts in our team and this addition ensures improved oversight of human rights issues within our supply chain, further reinforcing our commitment to responsible practices.

### Human Rights Policy

In our Human Rights Policy, we recognize our responsibility to respect human rights as set out in the United Nations Universal Declaration of Human Rights and according to the framework outlined in the UN Guiding Principles on Business and Human Rights. In

accordance with the UNGPs, the Human Rights Policy publicly conveys Vestas' commitment to respect human rights, to avoid infringing on human rights, and to address any adverse human rights impacts with which Vestas may be involved.

Vestas' public commitment to human rights was signed in 2019 by then-Chairman Bert Nordberg and that commitment includes respecting the eight core conventions of the International Labour Organisation ("ILO") including the elimination of all forms of forced or compulsory labour (Convention No. 29 & No. 105) and the effective abolition of child labour (Convention No. 138 & No. 182).

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

### **Codes of Conduct governing both Vestas and suppliers**

In addition to our Human Rights Policy, Vestas operates according to the Codes of Conduct, which is 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 (formerly called the Business Partner 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 ILO and the UN Guiding Principles on Business and Human Rights.

The Supplier Code of Conduct outlines our expectations towards 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 and applicable to all suppliers. 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. All Vestas suppliers are required to follow our Supplier Code of Conduct. If a supplier is not following the Supplier Code of Conduct, Vestas will take necessary actions to mitigate risk, and the relationship with the supplier can be terminated.

Our Supplier Code of Conduct outlines this expectation to all our stakeholders, and we publicly endorse and advocate for mandatory human rights due diligence. Both Codes of Conduct can be found at [www.vestas.com](http://www.vestas.com).

### **Conflict Minerals Policy**

Vestas is committed to corporate responsibility and to respecting human rights in our own operations and in our global supply chain. In 2022, we introduced the Conflict Minerals Policy to identify, reduce, and eliminate the use of conflict minerals within our supply chain. 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.

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.

### **EthicsLine Policy**

The Vestas EthicsLine Policy sets the governance framework for our whistleblower system. Vestas employees, suppliers and customers are encouraged to use our whistle-blower hotline, [EthicsLine](#), to report any violations of Vestas Codes of Conduct and applicable laws, including suspicions of forced labour or child labour within our supply chains or activities. 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.

### Operational Grievance Mechanisms

Vestas is committed to remedying actual adverse impacts on individuals, workers, and communities that we may have caused or contributed to. Where adverse impacts are committed by third parties with links to Vestas through our services, we seek to use our leverage to ensure that those impacted are remedied. For this purpose, Vestas has in place an Operational Grievance Mechanism ("OGM") during the construction of projects using our wind turbines. The OGM is available without obstructing access to other remedies.

The OGM applies globally and has been developed to meet the expectations outlined in international standards and principles such as the UN Guiding Principles for Business and Human Rights, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and IFC's Environmental and Social Performance Standards.

Our OGM is open to all external stakeholders that may have a concern or complaint related to a project. Any complainant, be it a group or an individual, can raise a concern or a grievance related to human rights issues e.g., community health & safety, cultural heritage & customs, misalignment on benefits, security guards, and land compensation. We investigate these concerns according to our procedures and determine remediation actions in collaboration with the complainants when necessary.

Vestas reports on the number of community grievances received in our Annual Report and Sustainability Report. Every year we receive a number of grievances, which we interpret as a positive signal that our OGM is being used. We will continue to revise and improve our grievance mechanism so that local communities have the opportunity to raise issues with us as soon as they arise.

More information about the OGM process can be found in our Social Management System which describes our social framework at [www.vestas.com](http://www.vestas.com).

## III. Human Rights Due Diligence -

parts of our business and supply chains that carry a risk of forced labour or child labour being used and the steps taken to assess and manage that risk

### 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 forced labour and child labour.

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 (HRIS). 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 Vestas Recruitment Team. In the coming years, this will be expanded to include more factories.

### Risk within Supply Chain

Our Corporate-Wide Human Rights Assessment ("CW-HRA") is the core foundation on which we identify the most material social impacts, risks, and opportunities. Vestas aims to engage with external experts to conduct our CW-HRA at a minimum of every three years. The CW-HRA was conducted by external consultants in 2022 and mapped out actual and potential human rights risks which included forced labour and child labour. The assessment consisted of desktop research, an analysis of internal management processes, and interviews with internal and external stakeholders.

The assessment identified a set of recommendations for Vestas to implement in the coming years. In 2023, we established a steering committee with cross-functional members from Corporate Social Responsibility ("CSR"), People and Culture ("P&C"), Sustainable Procurement, and Health, Safety, and Environment ("HSE") to work on implementing the

recommendations of our CW-HRA. The prioritized topics in the supply chain are child labour and forced labour, 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 for 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 supply 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.

### **How we address identified risks**

In our ongoing commitment to address risks within the supply chain we maintain, improve, and develop the following initiatives:

#### **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.

Our supplier assessment framework, which includes the Survey, is illustrated below:



### Conflict Minerals

To help address impacts associated with forced labour and child labour in the transition minerals supply chain, we 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.

For our Conflict Minerals Program, we updated our approach and used the learnings from previous programs. We organized two informative webinars prior to launching the third CMP in 2023. These webinars 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.

### 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 forced labour and child labour and will ensure a responsible and ethical supply chain.

## IV. Measures taken to remediate any forced labour or child labour

In 2023, Vestas did not identify any forced labour or child labour in our activities or in our supply chains. Therefore, Vestas has not taken any measures to remediate forced labour or child labour within our activities and supply chains.

## V. Measures taken to remediate the loss of income

to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in activities and supply chains

In 2023, Vestas did not identify any forced labour or child labour in our activities or in our supply chains. Therefore, Vestas has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour that would require remediation.

## VI. Training provided to our employees on forced labour and child labour

### Recruitment

At Vestas, we also 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. They are also familiarized with our Recruitment Framework and Supplier Code of Conduct, which emphasizes ethical practices, compliance with labor laws and outlines that Vestas does not permit, under any circumstances, forced labour or child labour within our global business.

Our recruitment 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.

### Employees

Training and awareness initiatives are important tools to ensure that our human rights approach is understood by our employees, and that they are aware of our internal policies and commitments to help integrate human rights in the organization. We have implemented different human rights related awareness and training initiatives which include company-wide Code of Conduct micro-learnings about our sustainability strategy and include practical examples of some of our salient human rights issues. Our Code of Conduct micro-learnings are mandatory for all employees. Additionally, we conducted webinars in collaboration with a customer addressing forced labour and child labour and our human rights approach.

In 2023, targeted training was provided to regional procurement employees in the United States and Canada, covering several crucial topics related to forced labor and child labor. These included labor rights, indicators of forced labor, current legislation concerning forced and child labor, and available resources for further education on these issues.

## VII. Assessing Effectiveness - Tracking implementation and results

### Feedback Channels

We are on a journey to define social sustainability targets related to supply chain workers, and have established policies, processes, and initiatives to manage overall potential adverse impacts. This includes ensuring that forced labor and child labor are not being used in our activities and supply chains. The various feedback channels described above provide up to date



information on the effectiveness of our efforts, permitting the relevant internal stakeholders to focus their attention on areas most needing attention.

As an example of our ongoing efforts, 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. This guide equips our suppliers with a baseline on how they can respect human rights in their supply chain.

Besides our sustainability key figures, we also provide updates on the implementation progress of our CW-HRA. Our most recent status update is included in our Sustainability Report where we summarize our progress since our first CW-HRA in 2018. In 2023, as part of the implementation of our CW-HRA recommendations, we updated our process for handling grievances in the OGM to be better aligned with the UNG P's 8 Effectiveness Criteria for grievance and remediation mechanisms, which includes assessing and addressing the potential human rights implications of remedies and outcomes to avoid further harm. The Sustainability Report can be found at [www.vestas.com](http://www.vestas.com).

### **Committee Review**

The Board of Directors ("the Board") for Vestas and Executive Management are the two most senior bodies governing Vestas. The Board approves policies, procedures, and controls in key areas and the Board or Executive Management annually review these documents to confirm Vestas has the right governance processes in place. This includes our Human Rights Policy, Employee Code of Conduct and Supplier Code of Conduct.

The Audit Committee of the Board of Directors is responsible for overseeing Vestas' status on compliance with the CSR elements included in our Codes of Conduct, overseeing the due diligence processes in connection with sustainability in Vestas and in the supply chain, and overseeing and assessing the effectiveness of the EthicsLine function.

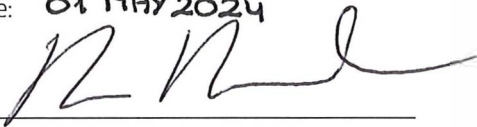
## **An outlook to the future**

Vestas has a responsibility to respect human rights, which includes ensuring our activities do not cause or contribute to the use of forced labour and child labour 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 Report.

This Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Vestas Wind Systems A/S.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above:

Date: 01 MAY 2024



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**Anders Runevad**  
Chairman, Vestas Wind Systems A/S