



# **Vestas – Australian Wind Technology Pty Limited**

Modern Slavery Statement for reporting year 1 January – 31 December 2023

This statement reports on the risks relating to modern slavery and human trafficking within Vestas – Australian Wind Technology Pty Limited (**Vestas Australia**), and actions taken to address those risks, pursuant to section 13 of the *Modern Slavery Act 2018* (Cth) (the **Act**). This statement is provided by Vestas Australia, a ‘reporting entity’ under s 5 (1) (a) (i) of the Act.

## 1 The Reporting Entity

Vestas Australia is an Australian limited company. It was first registered on 22 September 1999 and its registered office address is at Level 4, 312 St Kilda Road, Melbourne VIC 3004.

Vestas Australia is comprised of approximately 660 employees across Australia and had a consolidated revenue of AUD1.6 billion between 1 January – 31 December 2023.

## 2 Structure, Operations and Supply Chains of the Reporting Entity

### 2.1 Structure & Operations

Vestas Australia is a wholly owned subsidiary of Vestas Wind Systems A/S (**Vestas**) and is a part of the Asia Pacific group of Vestas companies.

Vestas designs, manufactures, installs, and services wind turbines worldwide and Vestas Australia provides wind turbine sales, construction, operation and maintenance services in the Australian market.

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 15.4 billion.

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

In December 2020, Vestas established a new business unit for project development. Project development is undertaken by a separate legal entity to Vestas Australia.

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

### 2.2 Supply Chain

Vestas engages with suppliers around the world. Those suppliers 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 suppliers that deliver parts (components and materials) directly 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.

## 3 Policies and Governance Mitigating Modern Slavery Risks

Vestas has a Corporate Social Responsibility and Compliance (**CSR**) team spread across Denmark, Mexico and India. This team works alongside Vestas’ Sustainable Procurement team, 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.

### 3.1 Supplier and Employee 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 Codes 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 of Conduct specifically prohibit the use of modern slavery or human trafficking within Vestas’ global business.

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

Vestas’ suppliers are required to follow the Supplier Code of Conduct. If they do not, Vestas will take necessary actions to

mitigate risk, and the relationship with the supplier may be terminated.

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

### 3.2 Human Rights Policy

In accordance with the UNGC principles, Vestas' Human Rights Policy publicly conveys its 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 Vestas' commitment to avoid using or contributing to forced or compulsory labour.

The Human Rights Policy also states that Vestas will take measures to promote that its suppliers and other business partners respect human rights.

The Human Rights Policy is signed by Vestas' Chairman and is distributed group-wide and communicated at [www.vestas.com](http://www.vestas.com).

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

### 3.3 Conflict Minerals Policy

In 2022, Vestas introduced its Conflict Minerals Policy to identify, reduce, and eliminate the use of conflict minerals within its 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 by promoting responsible mineral sourcing and adherence to international standards.

The policy, signed by Vestas' Head of Global Procurement, is communicated at [www.vestas.com](http://www.vestas.com).

### 3.4 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 Vestas' 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 Vestas' Supplier Code of Conduct. This ensures that Vestas' commitment to ethical practices and standards is upheld throughout the recruitment process.

In each region, Vestas has designated Regional Recruitment Managers who oversee the implementation of the Global Recruitment Process by Vestas' global recruitment partners. They ensure that the process is followed accurately and consistently across all regions.

Vestas' 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.

### 3.5 Access to Remedy: EthicsLine

Vestas' employees, suppliers, supply chain workers / employees, and customers are encouraged to use its 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. Vestas has 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.

EthicsLine can be accessed at [vestas.whistleblownetwork.net](http://vestas.whistleblownetwork.net).

## 4 Risks of Modern Slavery

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 its 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 Vestas' 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.

Vestas' corporate-wide Human Rights Assessment (HRA) is the core foundation with which Vestas identifies the most material social impacts, risks, and opportunities. Following a recommendation to strengthen Vestas' human rights governance, Vestas 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 the 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 may only be generally linked to the adverse impact, and does not cause nor contribute, yet Vestas choose to focus on these due to the level of salience.

To work directly with its suppliers, Vestas has embedded a Supplier Quality & Development Department. Vestas evaluates the risk level of suppliers based on their potential to pose adverse social (human rights) and environmental impacts, considering its dependency on them.

In 2023, Vestas undertook a comprehensive revision of its risk matrix for direct suppliers, with the objective of strengthening it to introduce 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 Vestas works on implementing the matrix for direct suppliers.

## 5 Actions Taken to Address Modern Slavery Risks

Vestas Australia, consistent with the global approach adopted by Vestas, has undertaken the following actions during the reporting year that seek to address the risk of modern slavery and trafficking.

### 5.1 Due Diligence

To identify, assess, monitor, and mitigate potential risk to supply chain workers, Vestas' 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 this framework.

The onboarding process of new suppliers is designed to ensure that suppliers are aware of Vestas' expectations while being committed to the 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, Vestas employs 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 Vestas makes use of a third party. This third party also conducts employee interviews, enhancing the depth of the 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 Vestas' 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.

### 5.2 Conflict Minerals Program

To help address impacts associated with forced and child labour in the transition minerals supply chain, Vestas established a Conflict Minerals Program (CMP) to survey and assess suppliers.

In 2023, Vestas successfully completed the third iteration of the CMP and adopted learnings from its previous programs the 2023 CMP included the new initiative of Vestas hosting two pre-survey webinars aimed to enhance suppliers' understanding of the CMP requirements and their capacity to effectively communicate these expectations within their respective supply chains. Additionally, Vestas adjusted its communication with suppliers, tailoring messaging based on feedback received from previous CMPs. This customization fostered improved collaboration with Vestas' suppliers playing a pivotal role in achieving this higher response rate.

The CMP surveyed 197 suppliers and supplier responses were recorded using the Conflict Minerals Reporting Template, a standardized reporting template developed by the Responsible Minerals Initiative to help companies collect and disclose information about the use of conflict minerals in their supply chains.

Supplier responses are currently under review but notably the supplier response rate showed significant improvement, increasing from 89 percent in 2022 to 98 percent in 2023.

### 5.3 Supplier Safety & Sustainability Survey

In 2023 Vestas updated the content of its Supplier Safety & Sustainability Survey, a quarterly evaluation tool that measures and monitors the maturity of its suppliers in areas encompassing health and safety, environmental responsibility, and social sustainability. Vestas included 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.

In 2023, Vestas distributed the survey to 201 key suppliers. The total score for the survey was 74 percent on average. By year-end, Vestas' engagement helped to improve sustainability performance for 89 suppliers who took part in the survey.

In addition, Vestas 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 its own. This guide equips Vestas' suppliers with a baseline on how they can respect human rights in their supply chain. As this initiative is recent, Vestas does not yet know of its effectiveness.

Vestas also updated its Vestas Prohibited and Restricted Substance document, clearly stating suppliers' obligations regarding chemical management, hence taking into consideration the health and safety of value chain workers.

### 5.4 Continuous Improvement

Vestas' collaboration with suppliers extends beyond monitoring. Vestas works with its suppliers to ensure that corrective actions are taken when risk are identified. Where corrective actions are not implemented, Vestas will stop using a supplier.

The overarching principles of Vestas' supplier due diligence framework are rooted in transparency, accountability, and a commitment to continuous improvement. By securing suppliers' adherence to the Supplier Code of Conduct, Vestas collectively strives to minimize risks within its supply chain, fostering economic, environmental, and social progress. Vestas' supplier assessment framework is illustrated below:



### 5.5 Other Initiatives

In 2023, Vestas initiated an exercise to increase transparency within its supply chain. Vestas 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 Vestas' to leverage its 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 Vestas' ongoing commitment to combat modern slavery and will ensure a responsible and ethical supply chain.

In 2023, Vestas Australia commenced surveying its direct service providers in Australia through a voluntary Modern Slavery Self-Assessment Questionnaire. The questionnaire focused on highlighting and determining the basic systems and policies these suppliers have in place to address modern slavery risks.

Vestas Australia also mandated clauses dealing with the risk of modern slavery as a minimum requirement for its direct supplier contracts, in addition to clauses requiring compliance with the Supplier Code of Conduct.

## 6 Assessing and Measuring Effectiveness

In Vestas' commitment to monitoring implementation and achieving impactful results in the supply chain, it is 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, Vestas conducted more than 2900 sanctions and business ethics screenings for potential suppliers, prior to the supplier onboarding process.

Vestas conducted a total of 109 sustainability audits respectively onsite/online supplier (re)assessments at its 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.

### 6.1 EthicsLine

Vestas employees, suppliers and customers are encouraged to use EthicsLine to report observed or suspected misconduct.

In 2023, a total of 667 EthicsLine cases were raised. Of these cases, 128 were substantiated, leading to various disciplinary actions. Vestas perceives the number of EthicsLine reports as a sign that

employees are aware of and trust the whistleblower system and find it easy to use.

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

Vestas' suppliers are expected to 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.

## **7 Consultation with Owned and Controlled Entities**

In preparation for this statement, Vestas Australia engaged with leaders and site managers within Australia to gain a deeper understanding of the approach to modern slavery risks. Vestas Australia was also supported by the Vestas CSR team in drafting this statement.

## **8 Continuous Actions to Support Responsibility**

Vestas has a responsibility to respect human rights, which includes ensuring its activities do not cause or contribute to the use of modern slavery and human trafficking and to avoid being directly linked to such harm.

Vestas will continue to create transparency in its business and supply chains, mitigating this risk through policies, procedures and stakeholder engagement.

Vestas acknowledges that this work is an evolving process and will be reporting on its progress in the 2024 statement.

This statement was approved by the Board of Directors of Vestas - Australian Wind Technology Pty Limited.

Date: 26 June 2024

A handwritten signature in black ink, appearing to read 'Danny Nielsen', is written over a horizontal line.

**Danny Nielsen**

Director, Vestas - Australian Wind Technology Pty Limited

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