

January 31, 2020

### **Mitigation of Adverse Impacts**

- MHI Vestas uses a risk-based approach and asks our suppliers to sign and follow the MHI Vestas Offshore Wind (MVOW) supplier Code of Conduct. It is an integrated part of the sourcing process so all new supplier agreements must contain a signed Code of Conduct
- Hereafter we use a segmentation model to assess the potential risk of the supplier not adhering to the Code of Conduct. Based on the risk segmentation, some suppliers are categorized as high, medium and low risk
- The control activities are primarily aimed at suppliers where the risk of non-compliance with the Code of Conduct is greatest and where it is estimated that collaboration with the supplier will result in the desired continuous improvements
- Our segmentation showed that 1% of our supplier base is considered high risk, and the appropriate audits are being initiated

### **Implementation and Results Tracking**

- MHI Vestas ensures that our due diligence processes are appropriate to the risk level we face. Thus far, the risk level we have faced (with 99% of our supply chain in low risk countries) has been low. That is changing with a higher footprint in high risk countries. Therefore we have updated our due diligence process, which we described in last year's annual CSR report
- A process describing roles and responsibilities is in place to handle any corrective actions that are required after a supplier audit
- Overall results of audits – e.g. a specific market – are presented and discussed within the MHI Vestas CSR Steering Committee on a quarterly basis

### **Transparent Communication**

- MHI Vestas reports on our progress within all CSR/Sustainability focal points in our company's Annual Report. Here we present policies, activities and results
- It is a legal requirement to report on policy, action and results in relation to Human Rights and the Environment, and details must also be given of the due diligence processes applied. The accountants of MHI Vestas Offshore Wind A/S oversee legal compliance
- We are in the process of updating the MHI Vestas website with CSR reports; however, specific data and related activities can be found in our annual CSR reporting