

Company announcement from Vestas Wind Systems A/S

Aarhus, 19 April 2021
Company announcement no. 08/2021
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Share-based incentive programme 2021

The Board of Directors of Vestas Wind Systems A/S has decided to continue the share-based incentive programme for all participants, including all members of Executive Management, and launch a new programme for 2021 based on the terms and conditions governing the restricted performance share programme for the year 2020, however with the adjustments approved by the Annual General Meeting on 8 April 2021 as to be found in the updated Remuneration Policy, which can be downloaded from Vestas' website.

As previously, the programme is based on restricted performance shares and the performance will be measured over a period of three years, based on financial key performance indicators, as well as commercial targets defined by the Board of Directors.

The following changes have been introduced with the purpose of simplifying the programme as well as introducing a cap for the value at vesting for the registered members of Executive Management:

- The shares will vest after three years (previously split between three and five years).
- A cap is introduced for the CEO and CFO, to the effect that the actual value of the shares vesting may not exceed 300 percent of their annual fixed salary.
- In addition to the standard allotment, the programme allows in extraordinary cases for an additional allotment of restricted shares which is not based on performance.

Details about the long-term incentive programme:

<p>Participants</p>	<p>All members of Executive Management as well as other specified senior management level positions.</p> <p>The programme for 2021 includes approx. 230 participants.</p>
<p>Number of shares</p>	<p>The number of shares to be allocated is based on a defined target level for each position. No payments for any vesting are made by the participants. If all KPIs are reached on target level, a total of 200,000 shares will be vesting from the programme with a total value based on the current share price amounting to EUR 33m (value at close of Nasdaq Copenhagen on 16 April 2021).</p> <p>The actual number of restricted performance shares available for distribution may range between 0 and 150 percent of the target level and</p>

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	<p>is determined by Vestas' performance in the financial years 2021, 2022, and 2023. The maximum grant of shares under the programme in total is 300,000 shares.</p> <p>The number of shares allotted to the registered members of the Executive Management, (the CEO and CFO), will follow the guidelines as described in Vestas' Remuneration Policy. The CEO will for 2021 be allotted a target allocation of 15,000 shares and the CFO 7,500 shares for target achievement. The 2021 target number of shares corresponds to approx. 120 percent of the annual base salary for the CFO and 150 percent of the annual base salary for the CEO. The value of the actual number of shares vesting for CEO and CFO will be capped at a maximum 300 percent of the annual base salary at time of vesting.</p> <p>The number of shares allocated will be affected by the share split in the Vestas share at a ratio of 1:5 that will take place in April 2021 as announced in Company announcement no. 07/2021 of 8 April.</p>
Time of vesting	The restricted performance shares will be vesting in 2024.
Key Performance Indicators	<p>The KPIs are based on financial targets, including Earnings per share (50 percent weight), Return on Capital Employed (30 percent weight), Vestas' market share (20 percent weight), as well as commercial targets for a few relevant participants. All KPIs and targets are defined by the Board of Directors. The KPIs are expected to remain the same throughout all three performance years. However, the Board of Directors will annually evaluate the selected KPIs and may redefine or adjust these for any individual performance year.</p> <p>Each KPI pays out individually when reached at threshold level as a minimum. If the KPI is not reached at the minimum threshold requirement of index 50, the KPI will not result in any pay-out for the given financial year.</p>
Additional allotments	<p>With the purpose of attraction and retention, additional shares can be allotted in extraordinary cases, serving as an alternative to cash at sign-on or as retention.</p> <p>The additional allotments are not adjusted for performance and can be allotted to selected participants on top of their standard allotment. These restricted shares will follow the vesting period and all other terms and conditions for the performance share incentives. The selected individuals and the number of shares will be approved by Executive Management and reported to the Nomination & Compensation Committee. For members of Executive Management to be allotted such additional non-performance-based shares, approval from the Nomination & Compensation Committee will be required, and any allotment to the CEO and CFO will be reported as part of the remuneration report presented at the Annual General Meeting.</p>
Conditions	The restricted performance shares are governed by the specific terms and conditions of the programme and subject to mandatory law. If a participant chooses to leave Vestas before the time of vesting, the participant's rights to receive the shares will generally lapse.
Adjustments to the programme	The number of shares available for vesting may be adjusted in the event of changes in Vestas' capital structure. In addition, calculation of the key

performance indicators may be adjusted for certain non-operational events. Further, in the event of a change of control, merger, winding-up or demerger of Vestas, an accelerated vesting may extraordinarily take place. In the event of certain transfers of activities or changes in ownership interests within the Vestas Group, adjustment, replacement of the programme and/or settlement in cash of the programme entirely or partly may also take place.

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