

/ Sustainability Performance 2017



**UN Global Compact Communication
on Progress and GRI report**

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/ Message from CEO Duncan Berry

Duncan Berry
Chief Executive
Officer



A greener globe

The global economy is making a rapid transition from fossil fuels to cleaner alternative technologies. It's hard to believe that the wind energy industry has only existed since the late 70's. It started small and remained localized for decades, but now it is now a genuinely global activity growing at an increasing pace. As an industry we provide employment to over one million people and here at LM Wind Power we have over 10,000 colleagues in 11 countries around the world.

LM Wind Power manufactures the world's most advanced wind turbine blades. We literally 'catch' the wind to create wind energy. One fifth of the blades flying on today's wind turbines were manufactured by this company. With every technical step forward, we are helping to reduce the cost of renewable energy supplies and to deliver on UN Sustainable Development Goal 7 – Affordable and Clean Energy.

A green business model

LM Wind Power's Sustainability program is not driven by altruism but by the essential need to reduce the cost of generating electricity from the wind and ultimately to make it the most viable form of renewable energy not needing government subsidy. To ensure this long-term value creation and the viability of LM Wind Power, we

need to do our bit to cut costs. This serves the goal of clean and affordable energy for all, and also helps us maintain a reasonable profit margin to invest in new technology and to deliver a solid return to shareholders. Our carbon neutrality pledge is dependent on commensurate cost reductions.

Principles and ambition

LM Wind Power management signed the United Nations Global Compact way back in 2010. Its principles have become a driving force for almost everyone in the company. Since I became CEO, I am proud to observe our company's Sustainability progress along with its business performance. I have a fervent ambition to do better still. We must work hard to enhance our competitiveness and must fully justify our design and technology leadership by delivering clear returns on those investments.

Being part of GE enables us to think more boldly and to operate on a larger scale than we could as independent company. As part of GE Renewable Energy, we have a clearer line of sight to the interaction between the rotor and the turbine which will provide insights for development and for operational optimization of our blades.

Safety first

Safety remains the number one priority for me and my Management Team. The responsibility is clear to every single employee and safety is a message we repeat constantly. While we have taken significant measures to reduce our environmental impact, there is more to be done on safety as we are a labor-intensive business and our processes are still significantly manual.

Design and process

Our blades are designed to minimize manufacturing waste. We prepare materials for production more precisely and strive to build every blade right first time. Less post molding activities for example and less re-work will eliminate even more waste. Outside the manufacturing space we are segregating, storing and disposing of waste better. And in 2017 we have directed significant capital investment to improve energy management and reduce emissions.

People not machines

Finally, people make wind turbine blades, not machines. We constantly strive to make LM Wind Power a better place to work. Undoubtedly the training facilities and offerings, people-related policy commitments and resources in GE are contributing to this together with advanced methods for reviews and assessments, surveys and engagement tools. Our Sustainability work has engaged our employees across the globe in a shared challenge and a shared purpose that has gathered momentum of itself.

I firmly believe Sustainability is a business improvement model not a public relations program - it is our business. I have witnessed significant progress, but there remains much to be done - from the perspective of our company as well as the world. But amid great political and commercial uncertainty, we remain committed to running the business in line with the principles of the United Nations Global Compact and the Sustainable Development Goals.

- Duncan Berry, CEO, LM Wind Power

/ Sustainability Performance summary



1.35

Illness and Injury rate per 200,000 working hours, compared to 1.40 in 2016



0.30

Days Away from Work rate, compared to 0.27 in 2016



1.97

Carbon footprint (tons of CO₂ e) per ton blade produced, compared to 1.97 in 2016



6.9

Energy consumption (GJ) per ton blade produced, compared to 7.1 in 2016



25%

Total waste for recycling, compared to 28% in 2016



€3.0 million

Waste reduction savings, compared to €5.5 in 2016



6

New blade designs launched, compared to 8 in 2015



4.5%

Revenue invested in R&D, compared to 3.0% in 2016



85%

Employees trained in anti-corruption and bribery, compared to 90% in 2016



5.1

Blue Collar absence rate, compared to 3.0 in 2016

/ Our performance metrics

If not otherwise indicated, the cut off date for the performance metrics reported is 31 December 2017. We included our newly operational plants in Baodi, China and Bergama, Turkey to our performance metrics where possible. Where relevant, the percentage change compared to the previous year is included. When applicable, we assess our performance against our global targets in place. As we have several plant-level targets in place but report on our consolidated global performance, plant-level targets are excluded from our performance metric targets

	2017 target	2017 (change)	2016 (change)	2015 (change)	2014 (change)
Blade production					
Number of blades produced		▲ 11,781 (+12%)	▲ 10,477 (+11%)	▲ 9,474 (+15%)	▲ 8,262 (+15%)
Blades produced (tons)		▲ 121,612 (+14%)	▲ 107,032 (+20%)	▲ 84,551 (+20%)	▲ 70,580 (25%)
Average weight of blades produced (kg)		10,322	10,216	8,925	8,543

Safety

	2017 target	2017 (change)	2016 (change)	2015 (change)	2014 (change)
Accident frequency and severity *					
Days Away from Work rate (per 200,000 working hours)	● 0.28	▼ 0.30 (+12%)	▲ 0.27 (-30%)	▲ 0.39 (-2%)	▲ 0.40 (-41%)
Illness & Injury rate (per 200,000 working hours)	● 1.52	▲ 1.35 (-4%)	▲ 1.40 (-30%)	▲ 2.01 (-38%)	▲ 3.22 (-17%)
Number of lost days		▼ 3,172 (+155%)	▼ 1,242 (+48%)	▲ 841 (-14%)	980
Severity rate		▼ 96.1 (+101%)	▼ 47.8 (+59%)	▲ 30.0 (-23%)	39.2

* We transitioned to GE's accident reporting system. We re-named our Lost Time Accident rate to Days Away from Work rate and switched from reporting safety performance per million working hours to per 200,000 working hours.

Safety dialogues

Safety dialogues participation (%)	● 90	93			
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Site certification

OHSAS 18001 certification (% of sites)	● 100*	100	100	89	82
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* We aim to certify our sites according to OHSAS 18001 within the first 12 months of becoming operational. Sites with fewer than 15 employees are not required for certification – of which there were 5 in 2017 – but will follow LM Wind Power's systems regardless. Two additional plants started production in 2017, which are expected to be certified in 2018.

Environment

	2017 target	2017 (change)	2016 (change)	2015 (change)	2014 (change)
Emissions *					
Total carbon footprint (tons CO₂e)		▼ 239,470 (+13%)	211,324		
Scope 1 greenhouse gas emissions (tons CO ₂ e)		▼ 23,574 (+9%)	21,554		
Scope 2 greenhouse gas emissions (tons CO ₂ e)		▼ 73,255 (+10%)	66,717		
Scope 3 greenhouse gas emissions (tons CO ₂ e)		▼ 142,641 (+16%)	123,053		
Carbon footprint (tons CO₂e) / tons blade produced		■ 1.97 (0%)	1.97		
Carbon footprint from purchased goods and services		▼ 704,939 (+14%)	621,019		

*We have changed the way in which we report on greenhouse gas emissions in order to focus on the emission boundaries of our carbon neutrality program. Due to a new methodology, our carbon footprint prior to 2016 is not comparable to 2016 and 2017 data, which is why it is excluded from the performance table

Material use					
Raw input materials (tons)*		▼ 122,401 (+13%)	▼ 108,043 (+21%)	▼ 89,269 (+36%)	▼ 65,758 (+11%)
Non-renewable input materials (tons)		118,306	104,599	86,152	63,114
Renewable input materials (tons)		4,094	3,444	3,117	2,643

* Raw input materials only cover fiberglass, balsa and liquid resin polyester

Waste					
Total production waste (tons)		▼ 42,293 (+12%)	▼ 37,617 (+44%)	▼ 26,065 (+23%)	▼ 21,259 (+32%)
Total waste for landfill (tons)		▼ 14,744 (+10%)	▼ 13,406 (+46%)	▲ 9,209 (-13%)	▼ 10,616 (+67%)
Hazardous waste for landfill (tons)		119	62	41	211
Non-hazardous waste for landfill (tons)		14,625	13,343	9,167	10,404
Total waste for incineration (tons)		▼ 16,933 (+25%)	▼ 13,517 (+23%)	▼ 10,982 (+42%)	▼ 7,709 (+4%)
Hazardous waste for incineration (tons)		6,408	4,417	4,072	911
Non-hazardous waste for incineration (tons)		10,524	9,100	6,909	6,797
Total waste for recycling (tons)		▼ 10,616 (-1%)	▲ 10,693 (+82%)	▲ 5,874 (+100%)	▲ 2,934 (+25%)
Hazardous waste for recycling (kg)		186	226	89	5
Non-hazardous waste for recycling (kg)		10,429	10,467	5,784	2,928
Total waste (tons) / blades produced (tons)		▲ 0.348 (-1%)	▼ 0.351 (+14%)	▼ 0.308 (+2%)	▼ 0.301 (+5%)
Total waste for recycling (% of total production waste)	● 33	▼ 25 (-12%)	▲ 28 (+26%)	▲ 23 (+63%)	▼ 14 (-5%)

Environment (continued)

	2017 target	2017 (change)	2016 (change)	2015 (change)	2014 (change)
Waste reduction					
Waste reduction savings (\$)*	● 2.4mln	▼ 3.0mln (-45%)	▼ 5.5mln (-7%)	▲ 5.9mln (+37%)	▲ 4.3mln (+23%)

* The waste reduction savings prior to 2017 are expressed in €.

Water *					
Water consumption (m³)		▼ 396,706 (+10%)	▼ 362,364 (+71%)	▼ 212,036 (+15%)	▲ 184,863 (-12%)
Municipal/public water withdrawal (m³)		303,59	309,408	168,286	143,069
Onsite well/waterwork water withdrawal (m³)		93,116	52,956	43,750	41,794

* We have determined our water consumption based on the receipts we receive from municipal and public water bodies

Energy					
Total energy consumption (GJ) *		▼ 834,146 (+9%)	▼ 763,149 (+26%)	▲ 607,616 (-1%)	▲ 612,118 (-2%)
Fuel not used for transport (GJ)		▼ 316,626 (+7%)	▼ 294,719 (+24%)	▲ 237,039 (-10%)	▲ 264,144 (-21%)
Electricity consumption (GJ)		▼ 517,520 (+10%)	▼ 468,430 (+26%)	▼ 370,577 (+6%)	▼ 347,974 (+21%)
Energy consumption (GJ) / blades produced (tons)		▲ 6.9 (-3%)	▲ 7.1 (-1%)	▲ 7.2 (-17%)	▲ 8.7 (-22%)

*Fuel consumption from mobile sources is excluded from our total energy consumption

Site certification					
ISO 14001 (% of sites) *		100	93	100	89

* We aim to certify our sites according to ISO 14001 within the first 12 months of becoming operational. Sites with fewer than 15 employees are not required for certification – of which there were 5 in 2017 – but will follow LM Wind Power's systems regardless. Two additional plants started production in 2017, which are expected to be certified in 2018.

Technology

	2017 target	2017 (change)	2016 (change)	2015 (change)	2014 (change)
Blade designs					
Number of new blade designs launched		6	10	8	3
Product quality					
Non-conformity rate (parts per million)	● 300	▼ 347 (+2%)	▲ 341 (-71%)	▲ 1,167 (-48%)	▲ 2,228 (-56%)
R&D investment					
R&D investment (% of revenue)		▲ 4.5 (+50%)	▼ 3.0 (-14%)	▼ 3.5 (-15%)	▼ 4.1 (-24%)
Site certification					
ISO 9001 certification (% of sites) *	● 100	100	100	95	94

* We aim to certify our sites according to ISO 9001 within the first 12 months of becoming operational. Sites with fewer than 15 employees are not required for certification – of which there were 5 in 2017 – but will follow LM Wind Power's systems regardless. Two new plants started production in 2017, which are expected to be certified in 2018.

People

		2017 target	2017 (change)	2016 (change)	2015 (change)	2014 (change)
Employees						
Headcount (contractors and trainees are excluded)			▲ 9,755 (+19%)	▲ 8,178 (+29%)	▲ 6,332 (+40%)	▼ 4,505 (-7%)
Number of employees by employment contract, by gender	Fixed-term		Male: 3,312 Female: 438	Male: 2,755 Female: 371	Male: 2,298 Female: 291	Male: 1,819 Female: 174 Gender not registered: 178
	Permanent		Male: 5,084 Female: 921	Male: 2,755 Female: 371	Male: 2,755 Female: 371	Male: 2,220 Female: 491 Gender not registered: 32

2017						
Employees						
Number of employees by employment contract, by region	Fixed-term		China: 2,150	Europe: 1,379	India: 189	Americas: 32
	Permanent		China: 700	Europe: 1,793	India: 1,064	Americas: 2,448
Number of employees by employment type, by gender	Full-time		Male: 8,389	Female: 1,348		
	Part-time		Male: 7	Female: 11		

2017						
Diversity						
Diversity of employees, excluding governance bodies	Gender (%)		Male: 86	Female: 14		
	Age (%)		Under 30 years: 34	30-50 years: 59	Over 50 years: 7	

	2017 target	2017 (change)	2016 (change)	2015 (change)	2014 (change)
Performance and development review *					
Performance Management Plan eligible employees (% of employees)		18	18	20	24
Development Plan eligible employees (% of employees)		18	18	20	24

* This percentage reflects that all our White Collar employees are eligible for our Performance Management Process and Development Plan. We ensure our Blue Collar employees' development through our local performance systems and Global Skills Matrix.

Employee turnover						
Turnover rate (%)	White Collar employees	● 7.0	▲ 4.9 (-25%)	▲ 6.5 (-24%)	▼ 8.9 (+41%)	▼ 6.3 (+15%)
	Blue Collar employees	● 7.5	▼ 5.1 (+70%)	▲ 3.0 (-57%)	▼ 7.0 (+6%)	▼ 6.6 (+43%)

Absenteeism						
Turnover rate (%)	White Collar employees	● 1.0	0.3	0.5	0.4	0.6
	Blue Collar employees	● 2.0	1.8	1.3	1.6	1.3

Anti-bribery and corruption						
Employees trained in anti-bribery and corruption policies and procedures (%)	● 100	85	90	19	23	

About our report



The report

From suppliers to customers and from employees to communities, our stakeholders expect LM Wind Power to be a sustainable business. We see Sustainability reporting as a key component in updating our stakeholders on our Sustainability progress. Our Sustainability Performance 2017 covers the principles and policies guiding our business as well as our performance on key Sustainability metrics. Being a signatory to the United Nations Global Compact since 2010, we have reported on our Sustainability performance every year since.

Building on last year's Sustainability Performance report published in December 2017, our 2017 report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. The GRI framework is the most widely used reporting framework and the latest Standards gives us a common language for Sustainability reporting. Our report also fulfills our reporting requirements under the United Nations Global Compact, thereby even further enhancing the transparency of our reporting.

The report will be structured into two parts. The first part serves as this report's foundation, in which we explain our business, approach to Sustainability, material topics and stakeholders. The second part will discuss how we manage our material topics and our performance on key indicators in the areas of Safety, Environment, Technology and People.

Reporting scope

Unless otherwise indicated, the data and information provided in this report cover our global operations from 1 January to 31 December 2017. We saw one significant organizational change as we were acquired by GE Renewable Energy but our material topics and topic Boundaries remain similar. As we are no longer owned by Doughty Hanson & Co. Managers Ltd, they are no longer included as a key stakeholder.

As we became part of GE in April 2017, we acquired two sites in Southampton, United Kingdom (UK) and New Orleans, United States (US). These two sites' integration in our Sustainability reporting cycle is underway but has not been completed, which is why they are not included in this year's report. Our manufacturing plants in Bergama, Turkey and Baodi, China started production in 2017 and are included into this years' reporting since July and October respectively.

Changes in reporting

We want our Sustainability reporting to remain consistent and transparent over time, while also incorporating the latest calculation methods and Sustainability reporting trends. Our Sustainability Performance 2017 reflects our most up-to-date data and calculation methods. Previously disclosed information has been updated to reflect this. Compared to our Sustainability Performance 2016, we implemented the following fundamental changes:

- We changed some of our metrics to align with GE's, for example the reference for expressing relative safety performance (per 200,000 instead of 1,000,000 working hours) and monetary values (in \$ instead of €). We report on our policies and metrics following the integration into GE in this report where possible – instead of LM Wind Power's policies before the integration – as these will guide Sustainability within the business going forward.
- We redefined our carbon footprint in line with our carbon neutrality pledge. As we partnered with specialized consultants and constructed our carbon footprint in line with the Greenhouse Gas Protocol, our reported emissions are even more accurate. Most significant are two changes:
 1. We excluded raw material extraction from our carbon footprint, as it is not included in the boundary of our carbon neutrality pledge. We do realize, however, that raw material extraction is a significant emission source, which is why we have included it separately in our performance metrics table.
 2. We adopted more accurate emission factors for some of our emission categories

These two changes in carbon footprint reporting are fundamental in such a way that we can no longer accurately compare pre-2016 with post-2016 emissions data.

Application of GRI's Reporting Principles for defining report content

GRI Principle	Application of GRI Principle
Stakeholder inclusiveness	Our ongoing stakeholder engagement lies at the foundation of our Sustainability Performance 2017. Our continuous dialogue with all stakeholders informs our material topics, which determine the content of this report.
Sustainability context	We present our view on the Sustainability context our business operates in and our view on sustainable development. We reflect on the Sustainability context surrounding our four Sustainability focus areas where relevant.
Materiality	We report on the topics material to our business and our stakeholders, based on our materiality assessment and stakeholder dialogue.
Completeness	Our Sustainability Performance 2017 covers our impact on sustainable development, both positive and negative. The information is a balanced picture of our business' Sustainability performance.

External assurance

This report has not been externally assured. Our carbon footprint, however, has been scrutinized and validated by external consultants. As we use data on energy consumption, fuel consumption and waste generation to construct our carbon footprint, these categories have also been verified externally. In addition, the report has been reviewed and approved by functional leads and the relevant Management Team members, being the VP Global Communications & Sustainability, VP Human Resources, VP Quality and Environment, Health and Safety and the CEO.

Contact details

Every year again, we try to raise the bar with regards to how we report on Sustainability. If you have any questions about our Sustainability Performance 2017 or Sustainability at LM Wind Power, please contact:

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/ About LM Wind Power



Profile

LM Wind Power is a leading designer and manufacturer of wind turbine blades. Our manufacturing footprint spans 15 manufacturing facilities in 9 countries on 4 continents. We supply rotor solutions to around 20 global and national wind turbine manufacturers. Since 1978, LM Wind Power has produced more than 205,000 blades corresponding to a capacity of approximately 93 gigawatt (GW) – each year contributing to saving nature more than 189 million tons of CO₂. Our customers are some of the largest regional and global wind turbine manufacturers, serving both the onshore and offshore industry with reliable and cost-effective wind energy generation. For our financial performance, please refer to our Annual Report 2017.¹

In October 2016, GE announced that it intended to acquire LM Wind Power for an enterprise value of €1.5 billion. After 15 years of ownership by Doughty Hanson, the acquisition was completed in April 2017. As part of GE Renewable Energy, together we can offer higher performing, more productive wind turbines, while continuing to reduce the cost of energy and improve returns on our customers' investments. At the same time, we are equally committed to maintaining and growing our business with all customers.

CO₂ emission savings resulting from LM Wind Power's blade production

Since 1978, more than 205,000 blades produced

Corresponds to 93 GW of installed wind power capacity

Saves approximately 189 million tons of CO₂

Corresponds to the annual CO₂ emissions from electricity use in 20 million US homes

¹ LM Wind Power A/S, *Annual Report for 1 January - 31 December 2017*

LM Wind Power's competitive edge

LM Wind Power is one of the pioneers of the modern wind industry, starting rotor blade production in 1978 based on advanced in-house design, testing and manufacturing technology.

Leading technology and know how

Our specialist knowledge ranges from materials and process technology, aerodynamics, calculation and simulation to advanced production and testing of rotor blades. Our engineers constantly push the boundaries of blade size and airfoil shape, strengthening the technological foundation for blades beyond 100 meters length - giants that will power turbines of 10+ megawatt. Our specialist competencies have already repeatedly put us in front of the size race, with several launches of innovative blades of record breaking lengths.

Global capacity and supply chain

With production, sales and service facilities in countries including Brazil, Canada, China, Denmark, India, The Netherlands, Poland, Spain, Turkey, UK and US, LM Wind Power is the only blade supplier that operates on a global basis. This global reach ensures close contact to international customers and markets, and enables the company to minimize transport and logistics costs, shorten delivery time and reduce working capital requirements.

Economies of scale

As the world's largest blades supplier, we reap the benefits of economies of scale within R&D, procurement and global production. LM Wind Power's vision "Together, we capture the wind to power a cleaner world". LM Wind Power's business model is based on a green and reliable product and our unique ability to create value in efficient partnerships, with suppliers and customers as well as internally. Together, we secure clean energy for the world many years into the future.

Beliefs

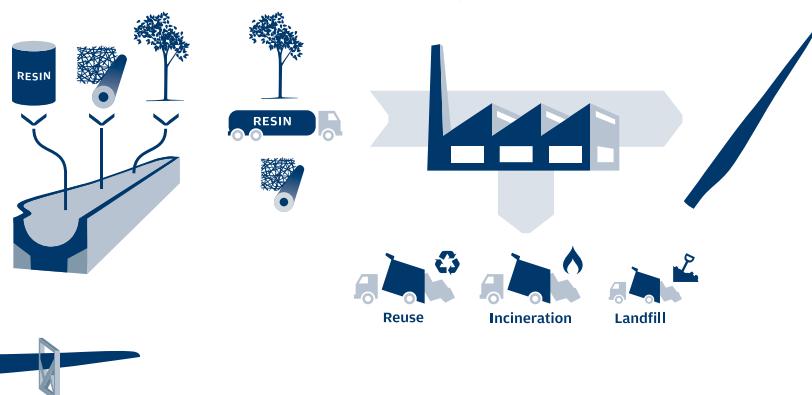
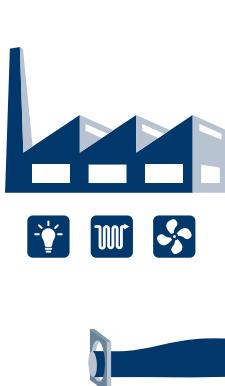
We embrace and celebrate diversity which is an important part of our company's DNA. Our common foundation that unites people across continents, regardless of language, education and culture, are our values. They serve as basic guidelines for our interaction with each other and our contact with business partners. Our Shared Beliefs are:

- Customers determine our success
- Stay lean to go fast
- Learn and adapt to win
- Empower and inspire each other
- Deliver results in an uncertain world

/ LM Wind Power business model

1.

The life cycle of a blade starts with the extraction of material that comes to our manufacturing facilities and is turned into high quality wind turbine blades.

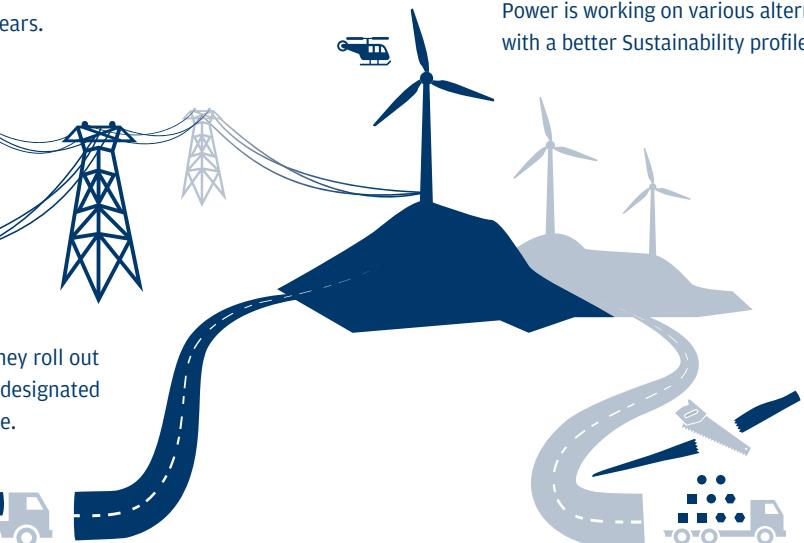


2.

In the process of making blades, our plants consume energy and generate waste which is managed carefully according to the highest environmental standards.

4.

Once installed in the field, the blades generate clean, renewable electricity for 20-25 years.



3.

Our customers take over the blades when they roll out of the factory doors and take them to their designated destination for installation on a wind turbine.

5.

At the end of the blade's lifetime, the most common disposal method is either incineration or landfill, but LM Wind Power is working on various alternatives with a better Sustainability profile.

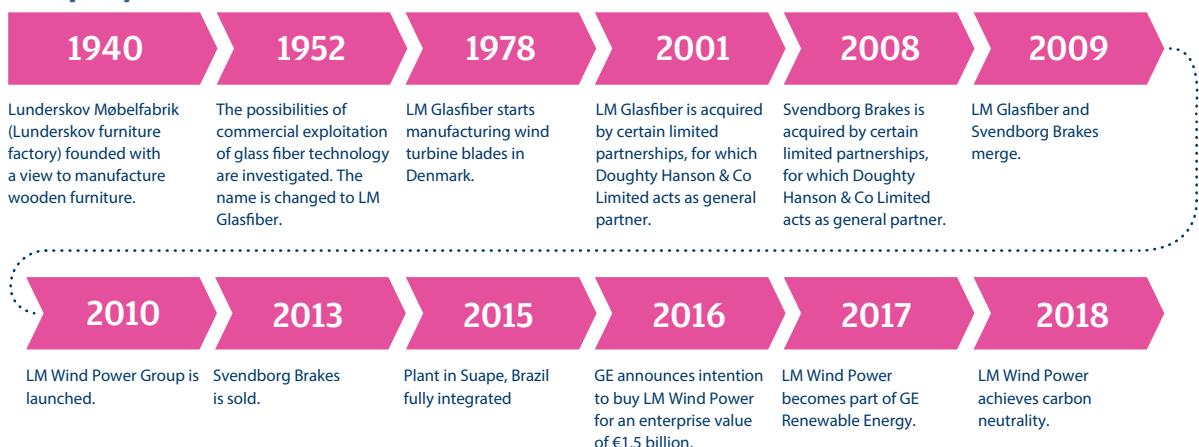
LM Wind Power blades are designed to last for 20-25 years



Memberships of associations

- WindEurope
- Global Wind Energy Council (GWEC)
- Indian Wind Turbine Manufacturers Association (IWTMA)
- South African Wind Energy Association (SAWEA)
- China Wind Power Manufacturers (CWPM)
- Danish Wind Industry Association (DWIA)
- ABB Eolica
- American Wind Energy Association (AWEA)
- Canadian Wind Energy Association (CANWEA)
- UK Renewable
- International Offshore Wind Partnering Forum
- Holland Home of Wind Energy (HHWE)
- Top consortium for Knowledge and Innovation Offshore Wind (TKI Wind op Zee)
- Growth through Research, development & demonstration in Offshore Wind (GROW)

Company milestones





The Spirit and The Letter

Our Code of Conduct states:

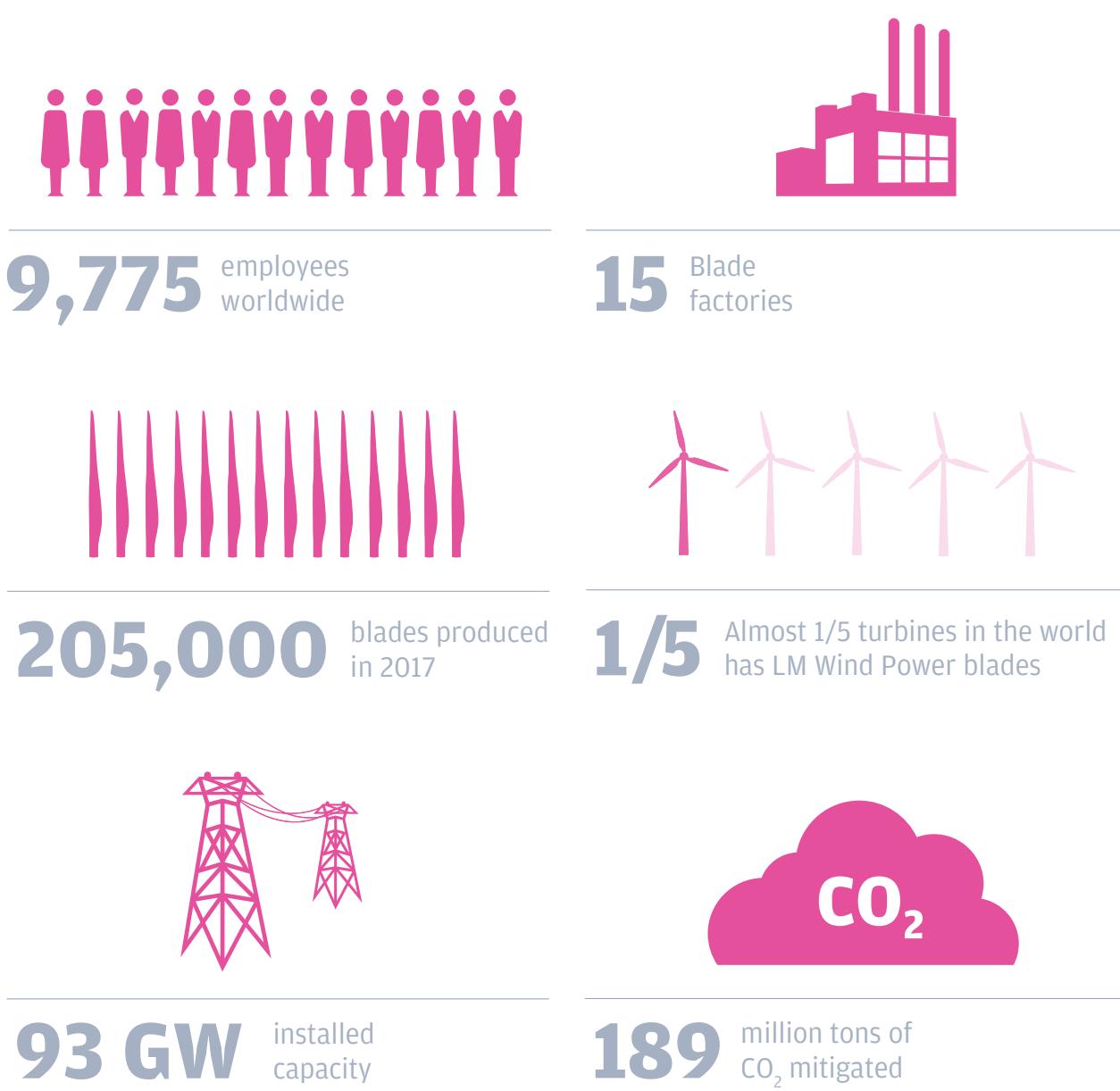
- Be honest, fair and trustworthy in all your GE activities and relationships.
- Obey applicable laws and regulations governing our business worldwide.
- Fulfill your obligation to be the Voice of Integrity and promptly report any concerns you have about compliance with law, GE policy or this Code.
- Simple compliance is more effective compliance. Effective compliance is a competitive advantage. Work to run the company in as competitive a way as possible – with speed, accountability and compliance.

The GE Code of Conduct set forth in The Spirit and The Letter replaced LM Wind Power's Code of Conduct as we became part of GE. The Spirit & The Letter is a code of conduct and set of policies that cover our integrity commitments on critical subjects and risk areas. It governs the way in which we work and must be followed by everyone who works for, or represents GE and covers compliance risk areas such as improper payments, supplier relationships, anti-money laundering, fair employment practices and environment, health and safety. The Spirit & The Letter ensures that employees know what is expected of them and how they can make the right choices in difficult situations.

Organizational structure

For the year 2017, our organizational structure consisted of a two-tier management system. Our Board of Directors sets the overall strategic direction, controls the Executive Board of Management (consisting of our CEO and CFO), and ensures the high-level financial viability of our organization. Our Board of Directors consists of 1 person between 30 and 50, and 5 persons above 50. Our Executive Board of Management is tasked with the daily management of the business, including the execution of decisions made by the Board of Directors. The Executive Board of Management is supported by our Management Team. The Management Team consisted of 11 members in 2017, including the CFO, representing the various functions within the organization.

/ Company highlights



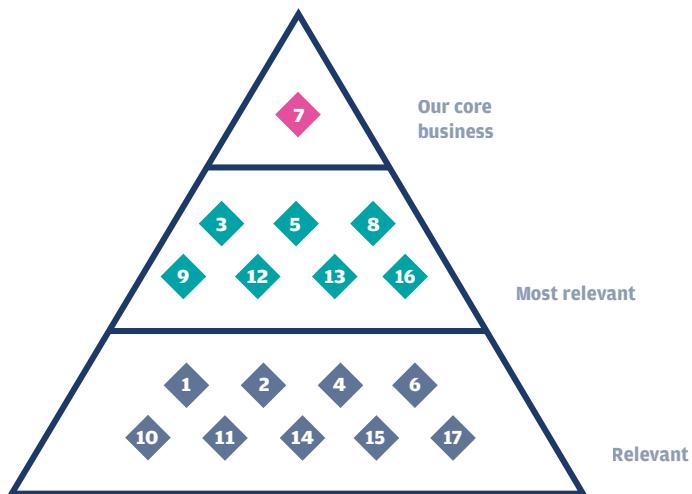
/ Our approach to Sustainability



Our approach to Sustainability is to run our business in such a way it creates value for all our stakeholders. We consider not only economic value, but also consider value creation from an environmental and social point of view. We launched our first structured Sustainability initiatives in 2010, which have grown increasingly mature over the years. This culminated in our pledge to take our company carbon neutral by 2018.

Nonetheless, countries, businesses and individuals should advance Sustainability even more in order to achieve the Sustainable Development Goals (SDGs). We recognize that the SDGs will remain the global Sustainability agenda for years to come and that all actors should pursue and report on these targets. Therefore, we map our performance indicators to the relevant SDGs in this years' report. While we are not cherry-picking the SDGs, we realize that our impact on some SDGs is more direct than others. Therefore, we mapped only those SDGs that are most relevant to our business to our performance indicators.

/ Our contribution to the SDGs



Our core business

SDG 7 - Affordable and clean energy

Relevant metrics:

- Number of blades produced
- Blades produced
- Average weight of blades produced

Most relevant

SDG 3 - Good Health and Well-being

Relevant metrics:

- Days Away from Work rate
- Illness & Injury rate
- Number of lost days
- Severity rate
- Safety dialogues participation
- OHSAS 18001 certification

SDG 5 - Gender equality

Relevant metrics:

- Diversity of employees, excluding governance bodies
- Diversity of governance bodies

SDG 8 - Decent work and Economic growth

Relevant metrics:

- Headcount
- Performance Management Plan eligible employees
- Development Plan eligible employees
- Turnover rate
- Absence rate

SDG 9 - Industry, Innovation and Infrastructure

Relevant metrics:

- ISO 9001 certification
- Number of new blade designs launched
- Non-conformity rate
- R&D investments

SDG 12 - Responsible Consumption and Production

Relevant metrics:

- Total production waste
- Total waste for landfill
- Total waste for incineration
- Total waste for recycling
- Total waste / blades produced
- Total waste for recycling
- Waste reduction savings
- Material consumption
- Water consumption
- Municipal/public water withdrawal
- Onsite well/waterwork water withdrawal

SDG 13 - Climate action

Relevant metrics:

- Total carbon footprint
- Scope 1 greenhouse gas emissions
- Scope 2 greenhouse gas emissions
- Scope 3 greenhouse gas emissions
- Carbon footprint / tons blade produced
- Carbon footprint from purchased goods and services
- Total energy consumption
- Fuel not used for transport
- Electricity consumption
- ISO 14001 certification

SDG 16: Peace, Justice and Strong Institutions

Relevant metrics:

- Employees trained in anti-bribery and corruption policies and procedures

Our material topics



Our Sustainability reporting is structured in four focus areas – Safety, Environment, Technology and People. Our four focus areas are based on the outcome of our initial materiality assessment and are updated based on ongoing stakeholder engagement. We have grouped our material topics under our focus areas and indicated the Topic Boundary, based on our and our stakeholders' understanding of the topic.

Our material topics and relevant metrics

Material topic and explanation	Relevant GRI topic-specific Standard	Relevant LM Wind Power performance indicator	Topic Boundary
Safety			
Material topics Towards zero injuries Build a safety culture	103: Management Approach 403: Occupational Health and Safety	Accident severity Lost days Safety dialogues	Internal, external Direct, indirect

Material topic and explanation	Relevant GRI topic-specific Standard	Relevant LM Wind Power performance indicator	Topic Boundary
Environment			
<p>Material topic Reduce environmental footprint through reduction of carbon emissions, material use, energy consumption and waste generation.</p> <p>Explanation While our blades enable wind turbines to power thousands of homes worldwide, we are a manufacturing business that consumes energy and resources while producing emissions and waste. Our aim is to act responsible towards the environment and consider life cycle impacts, from raw material extraction to blade decommissioning. This material topic covers how we manage our environmental footprint and our performance related to emissions, material use, energy consumption, waste generation, waste reduction, water use, site certification and supplier environmental assessment.</p>	103: Management Approach 301: Materials 302: Energy 303: Water 305: Emissions 306: Effluents and Waste 308: Supplier Environmental Assessment	Waste reduction Site certification	Internal, external Direct, indirect
Technology			
<p>Material topic Reduce the Levelized Cost of Energy (LCOE)</p> <p>Explanation Our product is our biggest Sustainability asset. Every day, we create longer and lighter blades that extract more energy from the wind and reduce the cost of energy. Technology and innovation is also at the heart of our Sustainability programs, requiring us to look at our business from a completely different viewpoint. This enables us to challenge ourselves to rethink how we can implement design, materials and process optimizations. This topic covers how we manage technology, innovation and blade end-of-life, and our performance on new blade designs, product quality, R&D investments and site certification.</p>	103: Management Approach	R&D investments New blade designs Product quality Site certification	Internal, external Direct, indirect
People			
<p>Material topic Ensure business integrity and compliance</p> <p>Explanation Being a global company with a diverse and multicultural workforce, we should act in line with the highest integrity and compliance standards. The people we employ and communities we work in, expect this from us. This material topic covers how we manage compliance and integrity and our performance on diversity, anti-bribery and corruption, child labor and supplier social assessment.</p>	103: Management Approach 205: Anti-corruption 405: Diversity and Equal Opportunity 408: Child Labor 414: Supplier Social Assessment		Internal, external Direct, indirect
People			
<p>Material topic Develop competencies</p> <p>Explanation People are our most important asset. Their commitment and knowledge are what allows us to manufacture the blades that power a cleaner world. Attracting and retaining talent is the only way to deliver our consistent high-quality products. Therefore, we put emphasis on continuously developing our people's skills and knowledge. This material topic covers how we manage employee engagement and development and our performance on employment, performance appraisals, absenteeism and employee turnover.</p>	103: Management Approach 401: Employment 404: Training and Education	Headcount Nationalities of employees Absenteeism Employee turnover	Internal Direct

Material topic and explanation	Relevant GRI topic-specific Standard	Relevant LM Wind Power performance indicator	Topic Boundary
People			
<p>Material topic Contribute positively to the communities in which we operate</p> <p>Explanation We are an active member of the communities in which we operate and strive to act in line with their expectations. We provide local employment, respect human rights and do not tolerate bribery and corruption. This material topic covers how we manage working in local communities and our performance on anti- corruption, child labor, diversity and equal opportunity, supplier social assessment and indirect economic impacts.</p>	103: Management Approach 201: Economic Performance 203: Indirect economic impacts 205: Anti-corruption 405: Diversity and Equal Opportunity 408: Child Labor 414: Supplier Social Assessment		Internal, external Direct, indirect

/ Our stakeholders



Our stakeholder engagement process is characterized by an ongoing dialogue rather than a conversation for the purpose of Sustainability reporting only. This approach is based on the belief that we can amplify our Sustainability impact by listening and responding to our stakeholders' expectations and concerns. Our vision "Together, we capture the wind to power a cleaner world" encapsulates our collaborative approach to running the business. As we were acquired by GE in April 2017, our previous owner Doughty Hanson & Co. Managers Ltd has been excluded as our key stakeholder.

Stakeholder engagement process



Stakeholder engagement

Employees	Customers
<p>How we engaged</p> <ul style="list-style-type: none"> • Ongoing dialogue • Annual Performance Management Process, reward and recognition, and development plan meetings • Global webcasts with a live audience of employees with our Management Team three to four times per year • Training and development programs • Corporate media (e.g. intranet, newsletters, Annual Report, and Sustainability Performance report) and social media • Trade unions and labor management meetings <p>Key topics and concerns</p> <ul style="list-style-type: none"> • Motivation, workload and potential stress • Context and strategy of the business, including LM Wind Power's future plans • Training and development <p>How we respond</p> <p>Our response to the topics and concerns raised by employees can be found in the 'People' and 'About LM Wind Power' sections of this report. Our Annual Report 2017 complements our Sustainability Performance 2017.</p>	<p>How we engaged</p> <ul style="list-style-type: none"> • Ongoing dialogue • Face to face meetings • Trade show engagements • Corporate media (e.g. corporate website, Annual Report, Sustainability Report) and social media • Customer's supplier assessment <p>Key topics and concerns</p> <ul style="list-style-type: none"> • Drive down the LCOE to ensure the competitiveness of wind power against other energy sources • Innovation • Maximum production capacity • Sustainable blade disposal <p>How we respond</p> <p>Our response to the topics and concerns raised by customers can be found in the 'Technology' and 'About LM Wind Power' sections of this report. Our Annual Report 2017 complements our Sustainability Performance 2017.</p>
<p>Suppliers</p> <p>How we engaged</p> <ul style="list-style-type: none"> • Ongoing dialogue through account relationships • Continuous improvement collaboration on manufacturing processes • Joint research projects • Annual Supplier Conference • Supplier qualifications and reviews • Supplier audits on manufacturing processes • Business management reviews <p>Key topics and concerns</p> <ul style="list-style-type: none"> • Strategy and update on the business, including future business and LM Wind Power's footprint • Joint partnerships • Product quality <p>How we respond</p> <p>Our response to the topics and concerns raised by suppliers can be found in the 'About LM Wind Power', 'Technology', and 'Environment' sections of this report. Our Annual Report 2017 complements our Sustainability Report 2017.</p>	<p>Communities</p> <p>How we engaged</p> <ul style="list-style-type: none"> • Ongoing dialogue • Partnerships with NGOs to support local development goals • Charity contributions • Philanthropic activities • Open days and family days • Company social activities <p>Key topics and concerns</p> <ul style="list-style-type: none"> • Environmental and logistics challenges that affect the local community • Employment • Training and development • Investment in infrastructure • Support for charity and education <p>How we respond</p> <p>Our response to the topics and concerns raised by communities can be found in the 'Environment' and 'People' sections of this report. Our Annual Report 2017 complements our Sustainability Performance 2017.</p>
<p>Governments and policy makers</p> <p>How we engaged</p> <ul style="list-style-type: none"> • Ongoing dialogue • Phone and face to face meetings • Plant visits from regulators, officials, and politicians • Events, for instance annual Capitol Hill meeting in Washington D.C. organized among others by the American Wind Energy Association <p>Key topics and concerns</p> <ul style="list-style-type: none"> • Investment and employment • Health and safety • Environmental management <p>How we respond</p> <p>Our response to the topics and concerns raised by governments and policy makers can be found in the 'Safety', 'Environment', and 'People' sections of this report. Our Annual Report 2017 complements our Sustainability Performance 2017.</p>	<p>Industry</p> <p>How we engaged</p> <ul style="list-style-type: none"> • Ongoing dialogue • Partnering in research projects <p>Key topics and concerns</p> <ul style="list-style-type: none"> • Product innovation • Process innovation • Reduce the LCOE <p>How we respond</p> <p>Our response to the topics and concerns raised by industry peers and research institutions can be found in the 'Technology' section of this report. Our Annual Report 2017 complements our Sustainability Performance 2017.</p>

/ Safety





1.35

Illness and Injury rate
per 200,000 working hours,
compared to 1.40 in 2016



0.30

Days Away from Work rate,
compared to 0.27 in 2016

Why is this important?

The International Labor Organization estimates that more than 2.78 million people die because of occupational accidents or work-related diseases. Additionally, there are some 374 million non-fatal work-related injuries and illnesses each year, many of these resulting in extended absences from work. Naturally, the human and economic cost of poor health and safety are considerable¹. The importance of workplace safety is underscored by two of the SDGs - 3 and 8 - Good health and wellbeing and Decent work and economic growth, respectively. Safety is our company's first priority. Every employee that leaves their home for work, should return safely to their family and it's our responsibility to do everything we can to ensure this. Safety extends beyond our employees and company to the entire wind industry value chain. We care about the safety of everyone we interact with as a business, because our safety performance has an impact on the lives of people, their families and society as a whole. We believe in dialogue and engagement for continuous improvement and have among other things guided suppliers to improve their safety practices. The safety commitment is also reflected in the manufacturing of quality and safe products for our customers.

How do we respond?

All activities in LM Wind Power are carried out in accordance with our Global Environment, Health and Safety (EHS) Policy. Our philosophy is: think safe, act safe, keep safe and arrive home safely. Our EHS Policy clearly states our ambition - to provide and promote a safe and healthy working environment and to avoid adverse impact to employees and contractors, our customers, the environment and the communities in which we do business.

We firmly believe that EHS is a shared responsibility, which means that everyone is held accountable and owns EHS within our business. Our EHS programs combine clear leadership commitment and accountability, where all leaders up to the CEO, are in charge and accountable for implementing the policy.

To achieve the goals, we embed a number of practices and processes into our business:

- Clear EHS expectations with a focus on high risk operation prevention measures.
- Safe and healthy working environment for all employees, as well as partners and contractors, consistent with all applicable regulatory requirements, GE standards and requirements and highest EHS practices to which the organization subscribes.
- Safe and environmentally friendly products from the design and throughout the life-cycle to the extent possible.
- Heat Map and Strengths of Defences to recognize, evaluate and control EHS hazards and mitigate risks.
- Continuous EHS competences development through appropriate levels of EHS training for all managers and employees.
- Continuous evaluation and update of the EHS programs to ensure continued improvement and sustainable effectiveness.

We empower our employees to promptly report any events and deviations about EHS. Our Global EHS Policy is further supported by our EHS Manual, our Disciplinary Policy which dictates zero tolerance towards significant EHS violations and a clear structure that outlines EHS roles and responsibilities.

We initiated further new safety measures while continuing to build on proven ones. As we became a GE Renewable Energy business, we started the integration of our EHS systems and policies, keeping the best of LM Wind Power while adopting the best elements from GE. We restructured our Global Safety Council to support our strategy and targets even better, as well as to guide our employees in doing the right things. Other safety highlights are the adoption of a new EHS incident reporting tool "Gensuite", an increased focus on incident root cause investigation, the implementation of mandatory 24h call in case of accidents and increased focus on standardization of high risk operations.

¹ International Labour Organization 2018, *Safety and health at work*.

Having an occupational health and safety management system in line with global best practice is a strong part of the foundation for a safe workplace, which is why we certify all our sites with more than 15 employees according to OHSAS 18001. Certification of our sites ensures we remain vigilant regarding health and safety, and continuously update our practices. We aim to certify all our sites according to OHSAS 18001 within the first 12 months of becoming operational, which we achieved in 2017. Two additional plants started production in 2017, which are expected to be certified in 2018.

Our “Centers of Excellence” - a complete system of training rooms, practical rooms, trainers and mentors aiming to expand our employees’ skills and knowledge - play a pivotal role in maintaining our high safety standards and building a safety culture in our factories. The factories are where we have the most safety risks, for instance related to working with chemical substances, lifting blades and slips, trips and falls. In times of significant growth of the business, safety can become a challenge. Newly hired employees do not necessarily have experience with producing wind turbine blades nor are they necessarily as aware of all the health and safety risks involved as the experienced blade builders are. To mitigate this potential safety risk for new employees, as well as their co-workers, our Blue Collar (BC) employees are thoroughly prepared for work, by attending 30 days of mandatory training before undertaking any work in the factories. Staying safe at work is a core subject in the training of our new employees in our Centers of Excellence.

Once starting to work in our factories, we use safety dialogues to continuously reinforce our safety culture. This practice allows us to identify and correct behaviour at risk and engage in conversation regarding safety concerns or issues. The employees performing a safety dialogue are typically managers, functional or influential leaders that have received a training, but everyone is encouraged to do safety dialogues. With 93% of our regular safety dialogues held, we exceeded our target of 90%.

Particularly poor safety performance in January led us to organize a Global Safety Stand-Down, during which managers spoke directly to all employees about recent accidents and incidents. All activity in every plant came to a halt for 15 minutes to let employees engage with the question: What can each of us do individually, at all levels of responsibility, to influence and improve EHS in the workplace and reduce the risks of harming someone? The Global Safety Stand-Down raised our employees’ awareness of safety and we managed to up our safety performance for the remainder of the year.

Despite the safety challenges related to welcoming 2,000 new employees, our safety performance remained solid overall. Our Days Away from Work rate was slightly higher than our target of 0.28, at 0.30 per 200,000 working hours. At 1.35, we exceeded our target for the Illness and Injury rate of 1.52. Despite a low number of accidents, we did have some cases with very long periods of absence. Our severity rate doubled from 47.8 in 2016 to 96.1 in 2017.

We firmly believe that every safety incident and accident is avoidable. Hence, our accident and severity rate are not where we would like it to be, as employees were injured while working, some of them severely. Safety requires more focus from employees and management further still, which is why we will keep investing in prevention, training and culture.

/ Environment





1.97

Carbon footprint (tons of CO₂e)
per ton blade produced,
compared to 1.97 in 2016



25%

Total waste for recycling,
compared to 28% in 2016

6.9

Energy consumption (GJ)
per ton blade produced,
compared to 7.1 in 2016



€3.0 million

Waste reduction
savings, compared to
€5.5 in 2016

Why is this important?

Environmental degradation is among the world's biggest sustainability challenges. We are consuming resources at a much faster pace than can be replenished by nature. At our current level of consumption, we would require three planets to sustain consumption of a population of 9.6 billion which we will reach by 2050.² At the same time, we are also producing beyond the planet's capacity to absorb. Without action, the world's average surface temperature is likely to surpass 3 degrees centigrade this century, leading to devastating effects for people and the planet.³ Every year, an estimated 11.2 billion tons of solid waste is collected worldwide, causing air pollution, water and soil contamination. The importance of protecting the environment is reflected in its inclusion into the SDGs, most prominently SDG 12 Responsible consumption and production and SDG 13 Climate action.

Our blades deliver clear environmental benefits by powering wind turbines that save millions of tons of v every year. Nonetheless, we should remain critical of our manufacturing operations to produce these blades, as it produces waste and emissions while consuming resources and energy. We aim to balance profitable growth with minimizing our environmental impact. There is also a business rationale to our environmental programs - we have proven that a green mindset is a lean mindset and a leaner business is a more profitable one.

How do we respond?

Our company's environmental practices are guided by our EHS Policy, which commits us to use natural resources and energy in a sustainable way and to avoid adverse impact to employees and contractors, our customers, the environment and the communities in which we do business. EHS is a shared responsibility from the CEO to the people in the plants manufacturing the blades and is vital to our company's success. We set clear expectations, train our employees and evaluate our programs to address our environmental impact.

Managing our impact on the environment starts with the right management systems, which is why we aim to certify all our sites with more than 15 employees according to ISO 14001 within a year of becoming operational. This certification ensures that our environmental impacts are continuously being improved and ensure our stakeholders that our environmental management systems are in line with international standards. In line with our target, we certified 100% of our sites in 2017. Our two new sites in Baodi, China and Bergama, Turkey are expected to be certified in 2018.

When introducing new materials or processes, we always undertake an HSE risk assessment to identify potential risks for any people involved and for the environment. The change in materials cannot be implemented before plans to address or control risks associated with the change are developed. The new material or process must as a minimum be at the same level of risk, and preferably better to ever reach implementation.

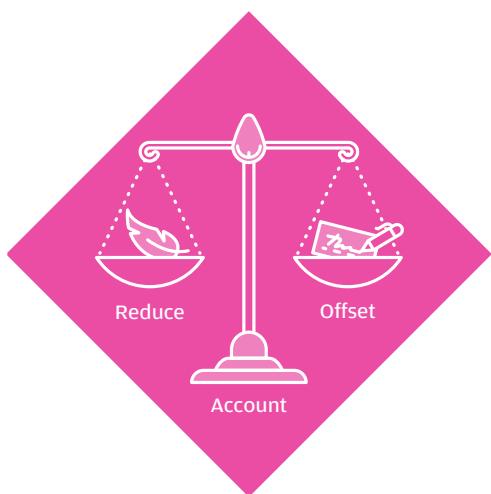
² United Nations, 2018, [Goal 12: Ensure sustainable consumption and production patterns](#).

³ United Nations, 2018, [Goal 13: Take urgent action to combat climate change and its impacts](#).

CleanLM

In December 2016, the Management Team of LM Wind Power decided to take the company carbon neutral by 2018. Being a company in the wind industry, we saw a clear case for doing more to facilitate the transition to a decarbonized sustainable economy. Carbon neutrality refers to having a net zero carbon footprint by balancing emissions with an equal amount of reductions and offsets. The pathway to carbon neutrality

The pathway to carbon neutrality



The program to deliver the pledge is named "CleanLM" and consists of four workstreams:

1. Measuring our greenhouse gas (GHG) emissions
2. Optimizing the way in which we use energy and reducing consumption within the company through an energy efficiency drive
3. Procuring 100% renewable electricity, particularly from wind
4. Offsetting the remaining unavoidable emissions through verified carbon credits

Carbon emissions reporting

Carbon emissions are generally reported as scope 1, scope 2, or scope 3, depending on the level of control the company has over the emissions. Scope 1 emissions cover the emissions that are a direct consequence of a company's own operations, for example emissions resulting from company vehicles or company facilities. Scope 2 emissions include the indirect emissions from purchased electricity, heating, cooling or steam. Scope 2 emissions are considered to be indirect emissions, since the emissions physically occur at the site where the electricity is generated instead of at a company-owned site. Scope 3 emissions include other indirect emissions, such as business travel and waste disposal. Despite the emissions taking place elsewhere, scope 2 and scope 3 emissions are a consequence of a company's operations at it should therefore share responsibility for them.

Greenhouse gas accounting

The first step we undertook to go carbon neutral was to measure our emissions. Before mapping our emissions, we had to decide on the boundary of our carbon neutrality pledge, or which emissions to include and which to exclude. We decided to go for a broad scope, including not only our scope 1 and 2 emissions but also several scope 3 emissions (fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel and employee commuting).

During the process of mapping our emissions, we realized that almost anything we do at LM Wind Power has an associated carbon footprint. In line with the Greenhouse Gas Protocol's guidance, we calculated that we emitted 239,470 tons of CO₂ in 2017 with the help of corporate climate change consultants. By far our largest emission source was electricity consumption (41%), followed by the delivery of materials to our factories (22%) and waste disposal (14%). This meant a rise of 13% in our carbon footprint compared to 2016. The increase can largely be explained by increased blade production and recruitment of employees due to growth of the business. When normalizing our carbon emissions per ton blade produced, it remained stable compared to 2016 at 1.97.



Energy efficiency

The results from our GHG accounting were the bedrock of our carbon neutrality pledge and allowed us to design the rest of the program. As energy consumption was the largest emission source by far, we could make the biggest impact if we started reducing those emissions. This is why we designed an energy efficiency drive, which optimizes energy use in plants worldwide. With the help of energy efficiency experts, we visited the sites with the largest energy consumption. Three measures were of particular interest both from an economic as well as environmental point of view. Starting in 2018, we will implement LED lighting, Energy Management Systems and automated ventilation control in our factories worldwide.

These measures have a CO₂ savings potential of 14,7% of our scope 1 and 2 emissions and 12,5% cost reduction potential, worth an estimated \$3 million. Due to the measures' implementation time we can only realize \$800k in savings and 4% emissions savings in 2018, with the remainder following as we continue the implementation. While our energy consumption per ton of blade produced decreased from 7.1 to 6.9 already in 2017, we can expect to see a further decrease in energy consumption as we implement the measures under our carbon neutrality pledge in 2018 and beyond.

100% Renewable electricity

While the energy efficiency drive will reduce some part of our energy consumption, it is impossible to stop using electricity altogether. For the energy we cannot reduce, we will source 100% renewable energy, particularly from wind. As we set our target only two years from our pledge, the short-term solution is buying Renewable Energy Certificates that prove the energy we

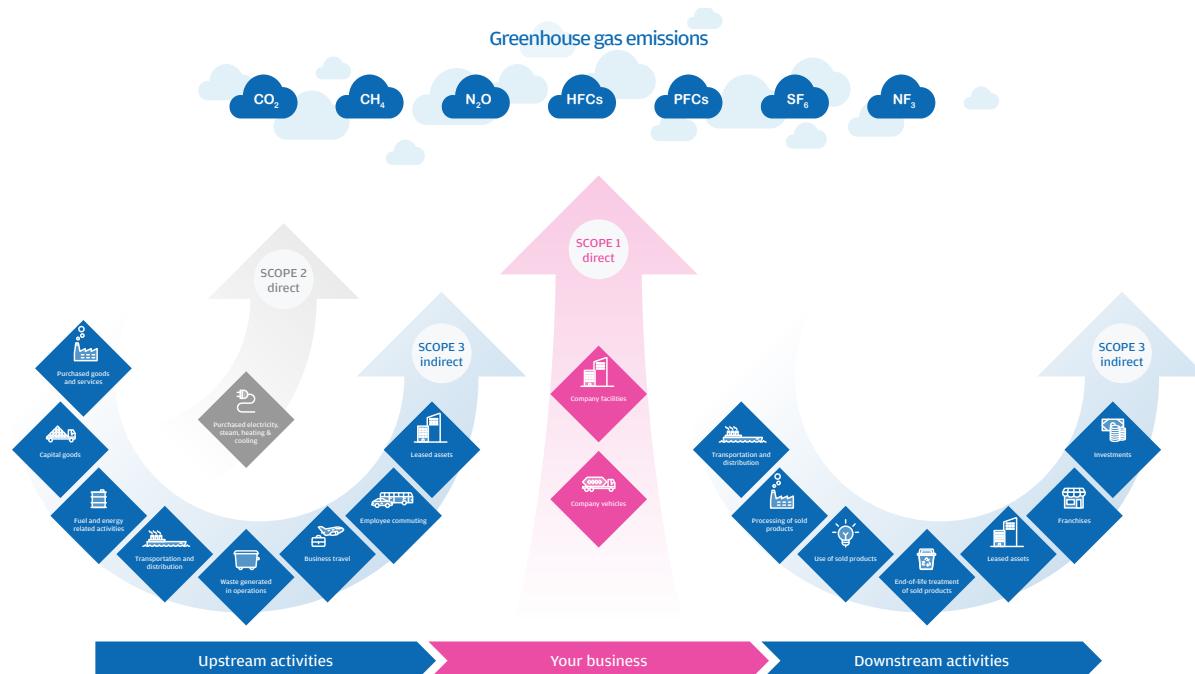
consume is produced by a renewable energy source. However, sourcing energy from Power Purchase Agreements or on-site installation can be financially more attractive while bringing new renewable energy capacity online that drives demand for our products. With that in mind, we are exploring options for replacing Renewable Energy Certificates with Power Purchase Agreements and on-site installations wherever feasible, with our Dabaspur plant in India leading on progress.

Carbon offsets

While we will significantly reduce our carbon footprint by implementing energy efficiency measures and sourcing renewable electricity, we cannot reduce 100% of our emissions. We compensate for the remaining unavoidable emissions by purchasing carbon credits from verified carbon offset projects around the world. One carbon credit certifies that one ton of CO₂ was reduced by an eligible carbon reduction, for instance through reforestation, cook stoves or clean energy projects.

We deliberately chose a carbon credits portfolio that clearly demonstrates the link between carbon offsetting and our business, and therefore we focused the majority of our investment on wind farm projects. To ensure the strongest possible connection, we set our buying criteria to ensure that, where possible, the projects would have LM Wind Power blades and customer turbines, they should be in countries where we have operations and a considerable proportion of the projects we invested in with our carbon credits should demonstrate expanded benefits of renewable energy access for instance supporting education, health or job creation in the local community. 30% of our portfolio has such additional social benefits, beyond the obvious environmental benefits. Our intended

Carbon emissions reporting explained



investment covers projects in 6 different countries, each with multiple, direct links to the Sustainable Development Goals, specifically SDG 7: Affordable and Clean Energy.

Water, resources and waste

Our water consumption mainly results from sanitation and cleaning at our sites. We do not use water in the process of producing blades. Our water consumption increased by 10% in 2017 compared to 2016, which can be mainly explained by overall growth of the business. Our plant in India established a rainwater collection system in 2010, which collects sufficient rainwater to cover most of our plant's consumption. When collection exceeds consumption, the water is saved or discharged to the ground. Water in India is recycled according to local law.

Material consumption and waste generation are among our top environmental priorities. We dispose of our waste in line

with local regulation. Our Material Waste Reduction (MWR) program, which has been running for eight consecutive years, attacks our material consumption as well as our waste generation. Our MWR program delivered \$3.0 million in savings, higher than our target of \$2.4 million. Our waste generation per ton of blades produced decreased from 0.351 to 0.348, reversing a long-term trend of increased waste per ton of blades produced.

We did see a reduction in the waste we sent to recycling, due to a high variation between plants and unsatisfactory performance by some of our plants. The local recycling rate varies from 7% in Grand Forks, US (dropping from 19% in 2016) and 22% in Little Rock, US (dropping from 39% in 2016) to an impressive 42% in Ponferrada, Spain. Many factors influence these numbers, from plant culture, waste disposal infrastructure and local regulation limiting what some sites can send to recycling.

Case study: Energized about efficiency in Dabaspét, India

In LM Wind Power's global energy efficiency drive, our Dabaspét, India team is setting the pace. This year they installed an Energy Management System (EMS) to monitor power consumption on all key plant equipment. They also installed LED lighting in offices and the canteen. And finally, they improved ventilation control, sometimes by simply switching off the ventilation manually when it wasn't needed.

"Our energy efficiency program has reduced our CO₂ emissions by 40 percent and we've saved \$320 thousand by purchasing green wind and solar electricity," said Balaji R, Associate Maintenance Manager at the Dabaspét plant. "So, saving energy and going green is not just good for the planet in terms of lower emissions: It also makes good business sense." As 2019 sees the further expansion of our operations in Dabaspét, the energy efficiency team is busy planning their next moves: incorporating rooftop solar panels to power the plant, installing a thermal resistance coating on blade workshop roofs to prevent heat loss and reusing residual heat energy from compressors.

Balaji is convinced that scrutinizing our business from an emissions perspective allows him to identify cost-saving opportunities. "Once you start looking into saving energy, you realize there are so many different measures you can take, specific to your business, that can have a positive impact," he said. "Every day brings new opportunities to make a difference to the environment and our profit!"



/ Technology



6

New blade designs launched,
compared to 8 in 2015

**4.5%**

Revenue invested in R&D,
compared to 3.0% in 2016

Why is this important?

Innovation is pivotal for socially inclusive and environmentally sustainable development. A truly sustainable world can only be reached by technological advances that rethink our consumption and production patterns. Strengthening the world's capacity to solve sustainability challenges through R&D is at the heart of sustainable development. The importance of technology and innovation is reflected in SDG 9: Industry, Innovation and Infrastructure and SDG 7: Affordable and Clean Energy.

The investments LM Wind Power makes in R&D serves the goal of making wind energy more competitive with other forms of energy generation. In our view, sustainability goes hand in hand with innovation. When scrutinizing the business from a sustainability perspective, we are rethinking our design, materials and processes. This fosters innovative thinking on challenges like blade end-of-life solutions or the environmental impact of a blade during its full life cycle.

How do we respond

Technology and innovation

Having a Technology Center in India and an R&D office in The Netherlands, we already had a solid technological footprint. With the addition of two sites in New Orleans, US and Southampton, UK to our global footprint, we significantly expanded on our R&D capacity. Both sites work towards solutions that meet the wind industry's needs for lower cost of energy. The addition of the two sites is also reflected in our increase in R&D investments as part of our revenue, rising from 3.0% in 2016 to 4.5% in 2017. We delivered six new blade designs in 2017.

Suppliers and quality management

At all our sites that have more than 15 employees, our quality policies, procedures and processes comply with ISO 9001. Continuous improvement on our Quality Management Systems helps maintain our quality reputation within the industry. Our suppliers too are held to strict quality requirements. We continue to engage to improve their performance over the years. Our supplier non-conformity rate slightly increased from 341 in 2016 to 347 parts per million in 2017, slightly higher than our target of 300.

We require our suppliers to comply with our LM Wind Power's Code of Conduct, covering business, human rights and environmental principles and hold suppliers accountable for:

- Respecting all applicable laws and regulations governing our business
- Conducting business with integrity
- Encouraging a spirit in which fair employment practices, safe workplaces, and the protection of the environment extend to all employees
- Avoiding conflicts of interest between personal and work affairs
- Encouraging and sustaining values and culture, where ethical conduct of business is appreciated and exemplified by all employees

As we became part of GE, suppliers will have to comply with GE's The Spirit & The Letter and GE's advanced supplier requirements, the Supplier Responsibility Guidelines. Among others, the expectations to suppliers include:

- Compliance with laws and regulations protecting the environment; improving resource efficiency
- Providing workers a safe and healthy workplace
- Employing workers above the applicable minimum age requirement or the age of 16, whichever is higher
- No forced, prison or indentured labor, or workers subject to any form of compulsion, coercion or human trafficking

Suppliers are prioritized for detailed, on-site assessments depending upon the country in which they are located, their past performance and whether they are producing parts or components that will be incorporated into our products. All of LM Wind Power's direct materials suppliers on GE's mandatory countries' list require an on-site audit. As we have started to transition to GE's policies on suppliers, we made a thorough plan to have our supply chain audited to the Supplier Responsibility Guidelines. Social risks are more prevalent in our supply chain rather than within our own business. At the end of 2017, we have completed 4 Supplier Responsibility Guidelines audits, which did not reveal violations of our policies on improper payments, human rights or child labor.

Blade end-of-life

While material consumption and waste generation are already clear focus areas of our company, wind turbine end-of-life is a topic of interest to the whole industry. With the first wind farms being built in the 1990s, the number of turbines up for decommissioning will vastly increase over the coming years, given their 20 to 25 years lifetime.

One of the hardest wind turbine components to recycle are the blades. They are built to last and withstand 20-25 years of harsh weather conditions such as storms, rain and lightning. To take them apart at the end of their life presents a challenge, although some mechanical solutions for decommissioning and recycling the blade scrap into construction material are starting to emerge in the US and Europe. The most prominent available disposal solutions are, however, still incineration or landfill.

As a blade manufacturer, we clearly have an interest in how our product performs throughout its lifecycle. The end of life phase presents challenges which are both technical, regulatory and commercial. It's complex and most likely not for any one company to solve. Therefore, we have started to engage in discussions that include the entire value chain through a Sustainability Task Force facilitated by WindEurope. We hope this cross-sector collaboration will bring us closer to a commercially viable solution than the many research projects we have engaged in over the years. One of these was the four year, funded GenVind project in Denmark, aiming to develop sustainable composite material recycling technologies. With support from the Danish Innovation Fund, the wind industry, universities and Danish Research and Technology Organizations (GTS institutes), various routes were explored. Perhaps reflecting the complexity of the challenge, however, the project closed in June 2017, without having identified a large scale, economically viable solution.

Life Cycle Assessment

One thing is how our existing blades are composed and manufactured, another is the future. We want to continuously reduce the impact of our product and activities and we have started a process to embed life cycle thinking into the business. This work will also lay the foundation for the blades of the future which may need to be designed for recyclability. We have conducted a Life Cycle Assessment (LCA) on a LM 58.7 blade manufactured in Poland which enables us to have a holistic view of our environmental impact throughout the life cycle of our blade, from raw material extraction to end-of-life.

The LCA indicated where our product has the most impact in the various stages of the life cycle. The extraction of raw materials is a major contributor, typically accounting for more than 75% of the total impact. In terms of impact categories, human toxicity, freshwater ecotoxicity and resource depletion showed to be the most important impacts. Blade disposal at end of life also represents a significant part of the life cycle impact. These results again confirmed our sustainability priorities. With this detailed knowledge, we will be able to consider the impacts of our decisions in blade design and manufacturing in much more comprehensive way and this will guide how we direct our business towards an increasingly sustainable business model.

For now, the results from the LCA have been addressed in our Materials & Processes, EHS and Sustainability teams. We organized a workshop in December 2017 to discuss how we can leverage the results from the LCA and integrate life cycle thinking into the business. LCAs, however, require specialized resources, which is why one of the steps we will take in 2018 is to determine organization. The LCA results are also highly suitable to publish an Environment Product Declaration, which we will pursue in 2018.

/ People





85%

Employees trained in anti-corruption and bribery, compared to 90% in 2016



5.1

Blue Collar absence rate, compared to 3.0 in 2016

Why is this important?

Enabling people to live their lives to their full potential is what sustainable development is all about. Gender inequality, unequal economic opportunities or human rights violations hampers peoples' potential. While each has been advanced over the past years, these topics require even more attention. The importance of people in sustainable development is reflected by various SDGs, most notably SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth and SDG 16: Peace, Justice and Strong Institutions.

As a company, we do not just operate in an economy. We operate in society, meaning that we should respect the highest social standards. It is people who make our blades, not machines, and we therefore regard employee engagement and development as key to the success of our business. Employee development has only become stronger with the integration into GE. We believe a culturally diverse and inclusive workforce is one of the strengths of our company and we invest significantly in maintaining and growing our diverse workforce.

How do we respond?

Employee engagement and development

2017 was another year of significant growth of the business. We welcomed more than 2,000 employees to our company. The vast majority of these new employees were BC employees, manufacturing blades in our factories worldwide. All of our new BC workers went through a 30-day training program, before undertaking any work in our factories. The training program is given in our "Centers of Excellence", which allow new employees to study the materials, tools and processes of blade manufacturing, as well as how to ensure the highest safety standards.

We further enhance our BC employees' skills and knowledge through local Performance Systems and our Global Skills Matrix. For our WC employees, we used our LM Wind Power Performance Management System, involving individual objectives and a tailored development plan. We introduced our employees to the new performance management system following the acquisition by GE, called Performance Development (PD), which we will adopt in 2018. PD reflects GE's strong commitment to developing people and is dynamic and real-time.

Leadership and employee development are core activities in GE, which invests more than \$1 billion per year in employee development programs, including extensive, on-the-job development opportunities and an extensive curriculum of experiences and courses around the globe. These expanded training and

development opportunities are strong assets to ensure our employees have the necessary skills that support the growth of the business and our continued ambition of being a first-class employer.

On the hardcore metrics for engagement and retention, we achieved our targets on turnover rate and absence rate. BC absence came in at 1.8, up from 1.3 in 2016. Our WC absence rate was 0.3, lower than the 0.5 we recorded in 2016. Our turnover was 4.9 for WC employees and 5.1 for BC employees, compared to 6.5 and 3.0 in 2016 respectively.

Integrity & compliance

At the heart of our Integrity & Compliance programs sits The Spirit & The Letter, which is reinforced by policies, processes and trainings regarding integrity and compliance. As it replaced LM Wind Power's Code of Conduct, employees were asked to acknowledge The Spirit & The Letter, which approximately 90% of our White Collar (WC) employees did by the end of 2017. To train our employees in integrity and compliance at GE, we assigned all our WC employees 16 training courses, focusing on various topics covered in The Spirit & The Letter. We introduced The Spirit & The Letter to our BC population through informal Town Hall meetings.

The switch to GE's Integrity & Compliance program meant that we decommissioned LM Wind Power's SpeakUP line and introduced GE's Open Reporting program in September. In GE's "open reporting environment", employees are encouraged to raise integrity concerns and to feel confident that they can do so without fear of retaliation. Our employees remain the company's first and best line of defense in the early detection of potential compliance issues.

GE Open Reporting allows employees and third-parties to report concerns about violations of policy or law. Concerns can be reported anonymously or reported directly through several channels, including the employee's manager, our legal department, or our compliance officer, any business ombudspersons, or by calling the GE integrity hotline. To underscore the importance of integrity and our open reporting culture, we launched a Spotlight on Integrity campaign. Over 2,000 employees – primarily WC – were trained during more than 40 Spotlight on Integrity events at 18 sites.

The refreshed focus on integrity and compliance policies and activities has strengthened our ability to prevent, detect and

deal with any violations of legal or ethical practices. This has also led to an increased level of transparency and open reporting, as we had over 60 concerns raised via open reporting during the first 8 months after implementing GE Open Reporting, which on an annualized rate more than doubled the number of concerns raised during 2016. 20% of the concerns logged in 2017 were confirmed as either involving policy or process non-compliance, which resulted in various process improvement initiatives and seven individual disciplinary actions.

Human rights and anti-corruption

With the transition to becoming a GE Renewable Energy business, we started to adopt GE policies regarding human rights and improper payments. GE remains committed to respecting not only the human rights of our own employees, but also those of our partners' employees and the members of the communities where we operate. Such respect is a foundational requirement of both our GE and Supplier Integrity programs, and we seek to drive compliance through continued improvement in audit techniques, workers' voice programs and employee training. We also believe collaboration and best-practice sharing, through organizations such as the Global Business Initiative for Human Rights - of which GE is a founding member - help companies work together toward the common goal of upholding the principles first laid out by the United Nations in 1948, with its historic issuance of the UN Declaration on Human Rights.

As part of the compliance program at GE, we believe that operating with a strong anti-corruption program is a critical component in how we do business. GE's approach to compliance in the critical area of improper payments is multifaceted. Among its key features are:

- Corporate policies and procedures that reflect GE's approach by prohibiting improper payments in every transaction, whether with a government or with a private party.
- Extensive controls, including thorough due diligence, careful screening and training on GE policies, over third-party intermediaries such as distributors, service providers, and commercial agents and representatives.
- Heightened attention to key risk areas such as gifts and entertainment, travel and living expenses, donations, and facilitating payments.
- Prompt investigation and remediation of any concerns.
- Extensive training of GE employees on improper payments.
- Robust internal controls and accounting processes designed to detect and prevent violations of GE policy relating to improper payment risks and to ensure accurate books and records relating to transactions.
- Increased emphasis and enhanced due diligence concerning improper risk associated with mergers, acquisitions and joint ventures.
- Strategic use of Corporate Audit Staff to identify and assess potential improper payments

Diversity and non-discrimination

Having operations in more than 10 countries and employing 46 nationalities, we are proud to say we are a diverse company. With the adoption of GE's The Spirit & The Letter, we are even more committed to grow our diversity and strengthen our non-discrimination policies. The Spirit & The Letter prescribes we base our employment decisions on job qualifications and merits which include education, experience, skills, ability, performance and growth values. Employment decisions must be made without considering a person's race, color, religion, national or ethnic origin, sex (including pregnancy), sexual orientation, gender identity or expression, age, disability, veteran status or other characteristics protected by law.

We have scrutinized key Human Resources practices like recruitment, succession planning and retention initiatives with the goal of achieving a more diverse employee mix at all levels of the company. This includes having a stronger focus on diversity aspects such as gender when designing and redesigning the organizational set up, structured career reviews of all salaried employees to ensure less represented gender talent is not overlooked and ensuring female representation in all employment committees when hiring new employees. The key focus in the short term will be addressing imbalance at the top of the organization and exploring how we match the aspirations of employees already with us, as well as those joining the company.

With the integration into GE, we gained access to the affinity networks structure aiming for continuous focus and support for the diversity agenda. The Women's Network is the largest one with more than 160 hubs in 60 countries, aiming to help attract, develop, inspire and retain female professional talent. LM Wind Power established the first ever Danish hub of the Women's Network by three senior women in the company. Our Danish hub of the Women's Network hosted four events in 2017 in which up to 50 people attended at the time.

At the management level, LM Wind Power has for the past years had a target to further promote gender diversity in its highest governance body, the Board of Directors. The company has set a target to have one female member of the Board of Directors by 2017 and took the opportunity to ensure this with the change in the Board required as part of the acquisition by GE in April 2017. Thus, since April 28, 2017, one out of six Board members is female.

Communities

An LM Wind Power factory provides high quality jobs to the region. In 2017, we opened two new factories in Baodi, China and Bergama, Turkey, providing hundreds of new jobs in the community. Worldwide, we added around 2,000 new employees, which brings the total to over 10,000 employees.

There is furthermore a tradition to support various community causes and activities throughout the year, guided by local

priorities of our plants. We organized a campaign to promote the case for wind through Global Wind Day. On this day, we engaged communities and employees on wind energy and shared with them why we believe wind is key to a clean and sustainable future. Various teams across the globe celebrated Global Wind Day, flying kites with children, visiting schools and holding a coloring contest.

Our plant in Tianjin, China opened the Chinese New Year by organizing a surprise remote family visit, which brought together four employees and their families on this important day. Our plant management spent time learning more about the thoughts and needs of each family and employee. Together, employees and their families toured the plant as well as Tianjin city with management representatives.

Our Breast Cancer Awareness campaign in October was well-supported, as was our November's Prostate Cancer Awareness Month. "No Shave November" or "Movember", raised awareness about prostate cancer and drove health consciousness about

this important issue. Male employees, supported by family and friends, at various locations showed their full support for this initiatives by growing moustaches.

Our plant in Castellón won the prestigious Rural Integration Award from the Spanish Energy Association (AEE). The municipality Les Coves de Vinromá was hit hard during the economic crisis, during which time other factories closed and people began moving to the cities. Founded in 2007, our plant in Castellón increased employment and production over the years. Our plant employed around 70 people and produced blades of maximum 37.3 meter length in 2007. In 2017, the plant employed more than 600 people and produced blades of up to 73.5 meters length.

Case study: Benefits beyond carbon

At LM Wind Power, we firmly believe carbon neutrality brings benefits beyond mitigating climate change. When purchasing carbon credits, we choose to invest in projects that also support the Sustainable Development Goals by creating jobs, training health workers, empowering young women and providing clean water.

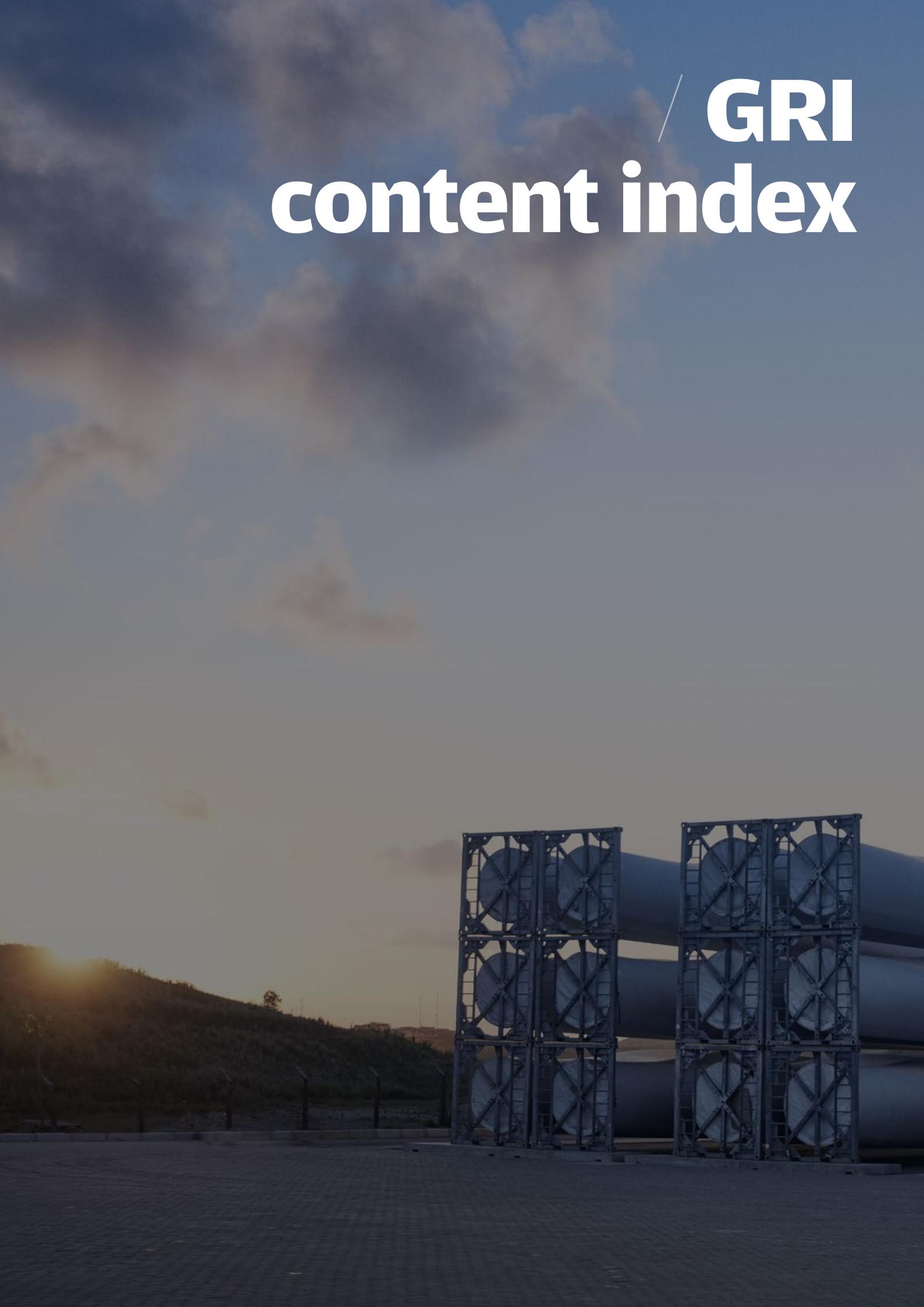
The Mytrah Energy project in India is a stand-out example of how environmental and community benefits can go hand-in-hand. On the surface, Mytrah is a wind project, totaling 233.1 MW of wind power capacity, which prevents 479,448 tonnes of greenhouse gasses from entering the atmosphere every year. Through increased access to clean energy, the project inherently benefits surrounding communities by avoiding the negative impacts on air quality and health associated with fossil fuels.

However, surrounding communities feel the impact of the Mytrah project much more directly. This project created 150 permanent jobs and 210 jobs during the construction phase. Mytrah also established a store with donated items for disadvantaged community members. To empower young women, the project created two community camps which have already taught 500 girls about gender rights, health and soft skills.

Health benefits from the project also go beyond the clean energy itself. The project has invested in training 100 volunteers who can help improve the health of people living in surrounding slums. Mytrah also set up a safe water project that provides clean water, sanitation education and improved latrine services. In fact, 12,000 people have benefited from the establishment of seven safe drinking water plants in three states.

As we continue to find ways to reduce emissions from our business, we're proud to also support projects like Mytrah Energy - creating clean energy, while also developing reliable infrastructure, strong economies and healthy communities worldwide.

Reference: South Pole

The background image shows a large industrial facility during sunset or sunrise. In the foreground, there are two large, cylindrical storage tanks supported by metal frames. Behind them, several large wind turbines are visible against a sky filled with dramatic, colorful clouds. The overall atmosphere is industrial yet scenic.

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