

# **Sustainability Performance 2018**

**Global Reporting Initiative  
Standards: Core**

**United Nations Global  
Compact principles**

**Danish Financial Statements Act**

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# Message from CEO Duncan Berry

**Duncan Berry**  
Chief Executive  
Officer



## Global goals drive our business goals

United Nations Sustainable Development Goal 7 indicates that 'affordable and clean energy' should be available for everyone. It informs the vision of the whole wind industry, to find new ways to capture the wind, create clean electricity and reduce costs. LM Wind Power was an early pioneer of the advanced blades which comprise the rotors for wind turbines and today, we continue to lead the field, designing and manufacturing the world's longest blade at 107m for GE's Haliade X 12 Megawatt (MW) turbine introduced this year and new blades in two parts for the GE Cypress onshore turbine which bring significant advantages in logistics costs and improved flexibility for our customers. The company continues to supply customers across the whole industry and is uniquely positioned to participate and to help lead the urgent energy transition. Approximately 20% - that's one in five - of the wind turbine blades flying in the world today were manufactured by LM Wind Power and we continue to serve customers throughout the industry, in all corners of the globe.

## Global trends

The European Commission estimates that about \$7 trillion of annual investment in energy, transport, buildings and water infrastructure is needed over the next fifteen years if we are to limit the warming of the planet to 2 degrees Celsius - the target of the Paris Agreement. Governments cannot achieve this alone. Mobilizing the private sector to contribute, invest and innovate is therefore a necessity and a priority. Businesses have a key role to play as leaders and influencers. We need to scale up, urgently and work together on this global challenge.

The wind industry provides clear evidence of the benefits derived from the evolving green economy with over one million people now employed worldwide, an enviable level and pace of growth and a restless determination to do more to make green energy more affordable and more available. LM Wind Power now employs almost 12,000 people in 8 countries with 15 factories working around the clock to support our customers. A greener economy provides a more viable future for the planet and LM Wind Power is leading the vision of a cleaner environment demanded by the challenge of global warming.

## **A greener business is a leaner business**

When LM Wind Power declared that the company had achieved carbon neutrality in July 2018, we were the first in the global wind industry to do so. A key message for all businesses is that our program was not driven by altruism but by a clearly identified commercial opportunity. We recognized that a cleaner business could run leaner and set out to find cost reductions which would justify the cost of the necessary Renewable Energy Certificates (RECs) and carbon offsets we needed to purchase. Our first step was to clearly map the profile of the emissions from our business operations and their sources. The reporting commitments we have made under the UN Global Compact - which we signed in 2010 - have been guided by 'The Standards' of the Global Reporting Initiative (GRI). This structured process of data capture and analysis, introduced in part to meet our public reporting commitments, added further scrutiny and transparency to our operations.

Pursuing this course revealed opportunities to make significant savings in our energy use and we set ambitious targets for reducing our overall emissions profile. We were surprised at how much we could reduce or emissions but also, the detailed appraisal our energy costs also made us think again about how we source our power and from where. We already provided 100% renewable energy at two plants and have been exploring rooftop and onsite solar with swift returns on the effort. We conducted a global review including every plant and are now focused on further cleaning up our power supply with Power Purchase Agreements (PPAs). Based on stronger and more reliable data we knew we could commit to a robust carbon neutrality pledge. So, in marking this achievement, we have proved and adopted a new business model because a greener business, is truly a leaner business. We can directly improve efficiency and contribute to profitability.

## **A wider perspective on Sustainability**

In commencing our project, we focused specifically on data capture and reporting which gave us the pathway we needed to set ambitious targets and define the scope - to properly understand, as a Management Team, what might be achievable. As we progressed, a wider perspective on Sustainability, imagining a more viable and robust business emerged. It starts with our supply chain - imagining what we can achieve in partnership with our suppliers, to explore new materials and processes which can reduce costs and mitigate environmental impact.

This work led to our first full Life Cycle Assessment (LCA) on a wind turbine blade manufactured in our Polish facility, considering in detail, the impact of the product throughout its whole life. Critically important was a renewed focus on waste, where multiple initiatives have delivered significant reductions over the past three years. We have also begun drawing together the multiple proposals and solutions on recycling currently available in the market, participating in the program established by Wind Europe, the industry association and reflecting on our own proposals for supporting customers with the end of life of our product. But our Sustainability ethos extends further, to help drive our safety culture, to engage and motivate our employees and more recently, to begin dialogue on how green approaches can deliver more for our customers too.

## **A personal commitment - a team achievement**

I became CEO of LM Wind Power in 2018 and have proudly observed our progress on Sustainability while we have also grown the business rapidly. Our performance has continued to improve with new factories, new products, new customers and at the same time these initiatives have helped drive the culture of continuous improvement. It remains my ambition to do better still. We want to be more competitive, technology leaders and deliver outstanding returns on investment. I am convinced that the pursuit of our green objectives supports those goals.

In future we will continue to leverage our ownership by GE to innovate and improve our products and strengthen our balance sheet. In LM Wind Power we will work harder on the material composition of our product, encouraging our supply chain to support our environmental improvements, improve our manufacturing and secure industry-wide solutions for recycling and disposal at the end of the product lifecycle. We are working to harvest recruitment potential of being a purpose-led business and the motivational benefits of an engaged and motivated workforce who share a common vision. For me, the most encouraging new development is without question the increasing engagement and dialogue with of our customers who are also excited to improve their own businesses and reap the benefits derived from sustainable strategy and practices. We all remain committed to the principles of the United Nations Global Compact and the Sustainable Development Goals. A shared purpose, for our people, for profit and for our planet.

*- Duncan Berry, Chief Executive Officer, LM Wind Power*

# / Sustainability Performance summary



**0.80** Illness and Injury rate per 200,000 working hours, compared to 1.35 in 2017



**0.31** Days Away from Work rate per 200,000 working hours, compared to 0.30 in 2017



**0** Net carbon footprint (tCO<sub>2</sub>e), compared to 239,470 in 2017



**100%** Renewable electricity consumption, compared to 15% in 2017



**25%** Total waste for recycling, compared to 25% in 2017



**\$17.8 million** Waste reduction savings, compared to \$3.0 million in 2017



**10** New blade designs launched, compared to 6 in 2017



**5.2%** Revenue invested in R&D, compared to 4.5% in 2017



**90%** Employees trained in anti-corruption and bribery, compared to 85% in 2017



**5.5%** Blue Collar turnover rate, compared to 5.1% in 2017

# Our performance metrics

If not otherwise indicated, the cut off date for the performance metrics reported is 31 December 2018. We included our newly operational plant in Cherbourg 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.

	2018 target	2018 (change)	2017 (change)	2016 (change)	2015 (change)
<b>Blade production</b>					
Number of blades produced*		▼ 10,979 (-7%)	▲ 11,781 (+12%)	▲ 10,477 (+11%)	▲ 9,474 (+15%)

\* Even though we produced less blades compared to 2017, the average length and therefore weight of blades generally increase over time.

## Safety

	2018 target	2018 (change)	2017 (change)	2016 (change)	2015 (change)
<b>Accident frequency and severity *</b>					
Days Away from Work rate (per 200,000 working hours)	● 0.26	▼ 0.31 (+3%)	▼ 0.30 (+12%)	▲ 0.27 (-30%)	▲ 0.39 (-2%)
Illness & Injury rate (per 200,000 working hours)	● 1.15	▲ 0.80 (-41%)	▲ 1.35 (-4%)	▲ 1.40 (-30%)	▲ 2.01 (-38%)
Number of lost days		▲ 1,481 (-53%)	▼ 3,172 (+155%)	▼ 1,242 (+48%)	▲ 841 (-14%)
Severity rate		▲ 35.3 (-63%)	▼ 96.1 (+101%)	▼ 47.8 (+59%)	▲ 30.0 (-23%)

## Site certification

OHSAS 18001 certification (% of employees)*	● 100	92	100	100	87
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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 3 in 2018 - but will follow LM Wind Power's systems regardless. One new plant started production in 2018, which is expected to be certified in 2019.

## Environment

	2018 target	2018 (change)	2017 (change)	2016 (change)	2015 (change)
<b>Emissions *</b>					
<b>Total carbon footprint (tons CO<sub>2</sub>e)</b>		▲ 182,653 (-24%)	▼ 239,470 (+13%)	211,324	
Scope 1 greenhouse gas emissions (tons CO <sub>2</sub> e)		▼ 28,516 (+21%)	▼ 23,574 (+9%)	21,554	
Scope 2 greenhouse gas emissions (tons CO <sub>2</sub> e)		▲ 23 (-100%)	▼ 73,255 (+10%)	66,717	
Scope 3 greenhouse gas emissions (tons CO <sub>2</sub> e)		▼ 154,113 (+8%)	▼ 142,641 (+16%)	123,053	
Carbon footprint from purchased goods and services		▼ 793,209 (+13%)	▼ 704,939 (+14%)	621,019	

\*In 2016, 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 post-2016 data, which is why it is excluded from the performance table. In line with the Greenhouse Gas Protocol, we show our carbon footprint without offsets we acquired to achieve a net zero carbon footprint.

## Environment (continued)

	2018 target	2018 (change)	2017 (change)	2016 (change)	2015 (change)
<b>Waste</b>					
<b>Total production waste (tons)</b>		▼ 45,004 (+6%)	▼ 42,293 (+12%)	▼ 37,617 (+44%)	▼ 26,065 (+23%)
<b>Total waste for landfill (tons)</b>		▼ 15,140 (+3%)	▼ 14,744 (+10%)	▼ 13,406 (+46%)	▲ 9,209 (-13%)
Hazardous waste for landfill (tons)		27	119	62	41
Non-hazardous waste for landfill (tons)		15,114	14,625	13,343	9,167
<b>Total waste for incineration (tons)</b>		▼ 18,829 (+11%)	▼ 16,933 (+25%)	▼ 13,517 (+23%)	▼ 10,982 (+42%)
Hazardous waste for incineration (tons)		6,069	6,408	4,417	4,072
Non-hazardous waste for incineration (tons)		12,760	10,524	9,100	6,909
<b>Total waste for recycling (tons)</b>		▲ 11,035 (+4%)	▼ 10,616 (-1%)	▲ 10,693 (+82%)	▲ 5,874 (+100%)
Hazardous waste for recycling (tons)		143	186	226	89
Non-hazardous waste for recycling (tons)		10,892	10,429	10,467	5,784
<b>Total waste for recycling (% of total production waste)</b>		▼ 25 (-2%)	▼ 25 (-12%)	▲ 28 (+26%)	▲ 23 (+63%)

<b>Waste reduction</b>					
Waste reduction savings (\$) *	● 16mln	▲ 17.8mln (+482%)	▼ 3.0mln (-45%)	▼ 5.5mln (-7%)	▲ 5.9mln (+37%)

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

<b>Water *</b>					
<b>Water consumption (m<sup>3</sup>)</b>		▼ 445,856 (+12%)	▼ 396,706 (+10%)	▼ 362,364 (+71%)	▼ 212,036 (+15%)
Municipal/public water withdrawal (m <sup>3</sup> )		397,746	303,590	309,408	168,286
Onsite well/waterwork water withdrawal (m <sup>3</sup> )		48,110	93,116	52,956	43,750

\* We have determined our water consumption based on the receipts we receive from municipal and public water bodies. Our 2018 data excludes our plant in Little Rock.

<b>Energy</b>					
<b>Total energy consumption (GJ) *</b>		▼ 944,584 (+13%)	▼ 834,146 (+9%)	▼ 763,149 (+26%)	▲ 607,616 (-1%)
Fuel not used for transport (GJ)		▼ 377,411 (+19%)	▼ 316,626 (+7%)	▼ 294,719 (+24%)	▲ 237,039 (-10%)
Electricity consumption (GJ)		▼ 567,143 (+10%)	▼ 517,520 (+10%)	▼ 468,430 (+26%)	▼ 370,577 (+6%)

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

<b>Site certification</b>					
ISO 14001 (% of employees) *	● 100	91	100	100	87

\* 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 3 in 2018 - but will follow LM Wind Power's systems regardless. One additional plant started production in 2018, which is expected to be certified in 2019.

## Technology

	2018 target	2018 (change)	2017 (change)	2016 (change)	2015 (change)
<b>Blade designs</b>					
Number of new blade designs launched		10	6	10	8
<b>Product quality</b>					
Non-conformity rate (parts per million)	● 200	▲ 154 (-56%)	▼ 347 (+2%)	▲ 341 (-71%)	▲ 1,167 (-48%)
<b>R&amp;D investment</b>					
R&D investment (% of revenue)		▲ 5.2 (+16%)	▲ 4.5 (+50%)	▼ 3.0 (-14%)	▼ 3.5 (-15%)
<b>Site certification</b>					
ISO 9001 certification (% of employees) *	● 100	99	100	100	99

\* 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 3 in 2018 - but will follow LM Wind Power's systems regardless. One additional plant started production in 2018, which is expected to be certified in 2019.

## People

	2018 target	2018 (change)	2017 (change)	2016 (change)	2015 (change)
<b>Employees</b>					
Headcount (contractors and trainees are excluded)		▲ 11,613 (+19%)	▲ 9,755 (+19%)	▲ 8,178 (+29%)	▲ 6,332 (+40%)
Number of employees by employment contract, by gender	Fixed-term	Male: 4284 Female: 601 Gender not registered: 14	Male: 3,312 Female: 438	Male: 2,755 Female: 371	Male: 2,298 Female: 291
	Permanent	Male: 5607 Female: 1046 Gender not registered: 61	Male: 5,084 Female: 921	Male: 4,298 Female: 754	Male: 3,126 Female: 617

2018					
<b>Employees</b>					
Number of employees by employment contract, by region	Fixed-term		China: 2,822	Europe: 1,565	India: 511 Americas: 2,527
	Permanent		China: 547	Europe: 2,172	India: 1,379 Americas: 1
Number of employees by employment type, by gender	Full-time		Male: 9,874	Female: 1,631	Gender not registered: 75
	Part-time		Male: 17	Female: 16	

2018					
<b>Diversity</b>					
Diversity of employees, excluding governance bodies	Gender (%)		Male: 85	Female: 14	Gender not registered: >1
	Age (%)		Under 30 years: 35	30-50 years: 58	Over 50 years: 7 Age not registered: >1

## People (continued)

	2018 target	2018 (change)	2017 (change)	2016 (change)	2015 (change)
<b>Performance and development review *</b>					
Performance Management Plan eligible employees (% of employees)		18	18	18	20
Development Plan eligible employees (% of employees)		18	18	18	20

\* 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.

<b>Employee turnover</b>						
Turnover rate (%)	White Collar employees	● 7.5	▼ 5.8 (+18%)	▲ 4.9 (-25%)	▲ 6.5 (-24%)	▼ 8.9 (+41%)
	Blue Collar employees	● 7.5	▼ 5.5 (+8%)	▼ 5.1 (+70%)	▲ 3.0 (-57%)	▼ 7.0 (+6%)

<b>Absenteeism</b>						
Absence rate (%)	White Collar employees	● 1.0	0.01	0.3	0.5	0.4
	Blue Collar employees	● 2.0	2.0	1.8	1.3	1.6

<b>Anti-bribery and corruption</b>						
Employees trained in anti-bribery and corruption policies and procedures (%)	● 100	90	85	90	19	

# / About the report



## The report

LM Wind Power has a long-standing commitment to Sustainability reporting. Ever since we became a signatory to the United Nations (UN) Global Compact, we have published an annual report summarizing our company's Sustainability performance. We consider Sustainability reporting as one of the key platforms to inform our stakeholders on our progress towards our Sustainability targets.

To increase the transparency and comparability of our reporting, this report adheres to international reporting frameworks and standards, namely the Global Reporting Initiative Standards: Core Option and the Ten Principles of the United Nations Global Compact. This report also meets the regulatory requirements under the Danish Financial Statements Act and we map our performance against the Sustainable Development Goals (SDGs).

The report will be structured in two parts. The first part serves as an introduction to our business, our approach to sustainability reporting, our material topics and stakeholders. The second part of the report explains how we manage our material Sustainability topics and demonstrates our performance on Key Performance Indicators in the areas of Safety, Environment, Technology and People.

## Reporting scope

Where possible, the data and information provided in this report cover our global operations from 1 January to 31 December 2018. Several indicators, however, are only relevant for and tracked by our factories. Compared to the previous report released in December 2018, our factory in Cherbourg started reporting on its Sustainability performance since January 2018 and has been included in this year's report. We have also acquired the wind turbine blade test center WMC, located in The Netherlands, in August 2018. Together with our sites in New Orleans and Southampton, WMC has not yet been integrated on our Sustainability reporting platform. Hence, the part of our Sustainability data we track through our global reporting platform does not include these three sites. As relatively small sites, the impact on our overall performance will be limited.

In September 2018, the China manufacturing footprint was adjusted with the closing of the Tianjin plant. The plant had a long and successful past, but this site had some constraints which reduced the prospects for further expansion, including lack of space to produce longer blades in the current buildings as well as difficulty in transporting large blades away from the plant. This entailed that the Tianjin plant stopped reporting as the year 2018 came to its end.

## Changes in reporting

Contrary to our previous report, we did not have major changes in reporting. We continued on the path we embarked on in 2017 – aligning our metrics with those of GE and reporting financial performance in \$. One of the consequences is that we no longer report on the metric ‘Safety dialogues participation’. We also revised some reporting metrics in order to not disclose commercially sensitive information, which had consequences for material consumption, blade production and some relative environmental metrics.

As always, our report reflects the most up-to-date standards and calculation methods. This year, we have changed our waste emission factors. During a workshop between our Environment, Health and Safety (EHS), Sustainability and Material Waste Reduction (MWR) teams – assisted by external Sustainability experts – we defined more accurate emission factors. These updated emission factors improve our emissions reporting in two ways. First, the emission factors are based on an elaborate mapping of our waste fractions and therefore we assigned even more precise emission factors to our various waste categories. Second, the new emission factors will be updated automatically, meaning our carbon footprint from waste will continuously reflect the latest and therefore most reliable datasets.

## External assurance

This report has not been scrutinized by external auditors in full. However, key Sustainability data related to our carbon footprint (for example fuel consumption, electricity consumption and waste) have been verified by external experts. In addition, the report has been reviewed and approved by functional

leads and the relevant Management Team members, being the Vice President Global Communications & Sustainability, Vice President Human Resources, Vice President Quality and Environment, Health and Safety, Vice President Engineering and the CEO.

Every year, we become more mature with data collection and analysis. Our data is regularly checked by our EHS and Sustainability teams. This year, we carried out a reporting audit – led by trained auditors – at our plant in Ponferrada, Spain and in Dabaspet, India to further improve the quality of our Sustainability data and our plants’ reporting practice. We confirmed that the plant had a systematic method to obtain data, but that there were nevertheless opportunities for improvement. The findings of the audit will be followed up on in 2019 and beyond.

## Contact details

Every year, we strive to improve our reporting and present the information our stakeholders value most. We very much appreciate input and feedback from our stakeholders on our reporting. In case of questions regarding the report, or our Sustainability policies or performance – please reach out to:

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## Application of GRI’s Reporting Principles for defining report content

GRI Principle	Application of GRI Principle
<b>Stakeholder inclusiveness</b>	Rather than a one-off effort, our ongoing stakeholder engagement defines what to include in our report. The “Our stakeholders” section specifies how we engaged our stakeholders, their interests and how we address their concerns.
<b>Sustainability context</b>	We present our view on the Sustainability context our business operates in and on sustainable development. We regard the Sustainable Development Goals as the global agenda for sustainable development and align our business metrics with those goals.
<b>Materiality</b>	We report on the topics material to our business and our stakeholders, based on our materiality assessment and continuous stakeholder dialogue.
<b>Completeness</b>	Our Sustainability Performance 2018 covers our impact on sustainable development, both positive and negative. Where possible, we show our progress against targets and reflect on our business’ performance.

# / About LM Wind Power



## Profile

LM Wind Power is a leading designer and manufacturer of wind turbine blades. Our footprint spans eight countries on four continents. With blade factories in all major wind energy markets, we supply rotor solutions to around 20 global and national wind turbine manufacturers. 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 2018.

With over three decades of experience, we have established ourselves as a preferred supplier of wind turbine blades worldwide. In fact, almost every fifth turbine in the world is fitted with LM Wind Power blades. Since 1978, LM Wind Power has

produced more than 215,000 blades corresponding to a capacity of approximately 102 gigawatt (GW) - each year contributing to saving nature more than 212 million tons of CO<sub>2</sub>.

LM Wind Power was acquired by GE Renewable Energy in April 2017 for an enterprise value of EUR 1.5 billion after 15 years of ownership by Doughty Hanson. Our long-standing partnership with GE has yielded many innovations and commercial successes. 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.

## CO<sub>2</sub> emission savings resulting from LM Wind Power's blade production



\* United States Environmental Protection Agency 2018, *Greenhouse Gas Equivalencies Calculator*.

## 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. The company's value proposition is 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 more than 10 megawatts (MW). 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, United Kingdom and United States, 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 optimize 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 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 - or Shared Beliefs as we call them. They serve as basic guidelines for our interaction with each other and our contact with business partners.

Our Shared Beliefs are:

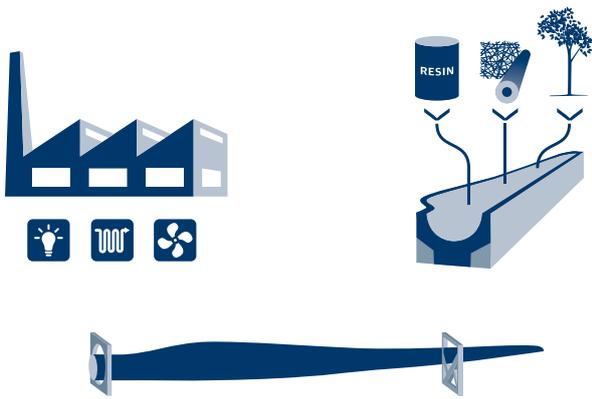
- Customers determine our success
- Stay lean to go fast
- Learn and adapt to win
- Empower and inspire each other
- Deliver results in an uncertain world

Since we became a part of GE Renewable Energy in April 2017, we have been on a journey to understand how to get the best out of both cultures and help the way we work together for a strong and successful future. Each employee was introduced to a "GE Integration Journey" to understand and apply our Shared Beliefs in our daily work. Our Shared Beliefs are aspirations that can help us accelerate the growth of our organization, and resonate strongly as the things we need to focus on to help us achieve our Winning the World Of Wind (WWOW) strategy. The Shared Beliefs are defining new ways for us to act and lead in our dynamic environment, and to help us focus on the things that matter most.

# LM Wind Power business model

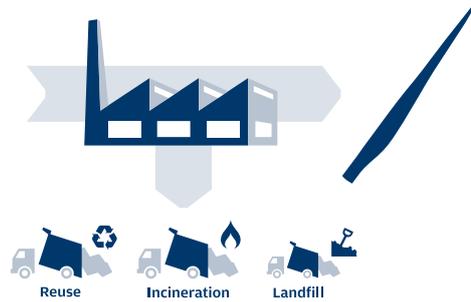
## 1.

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.



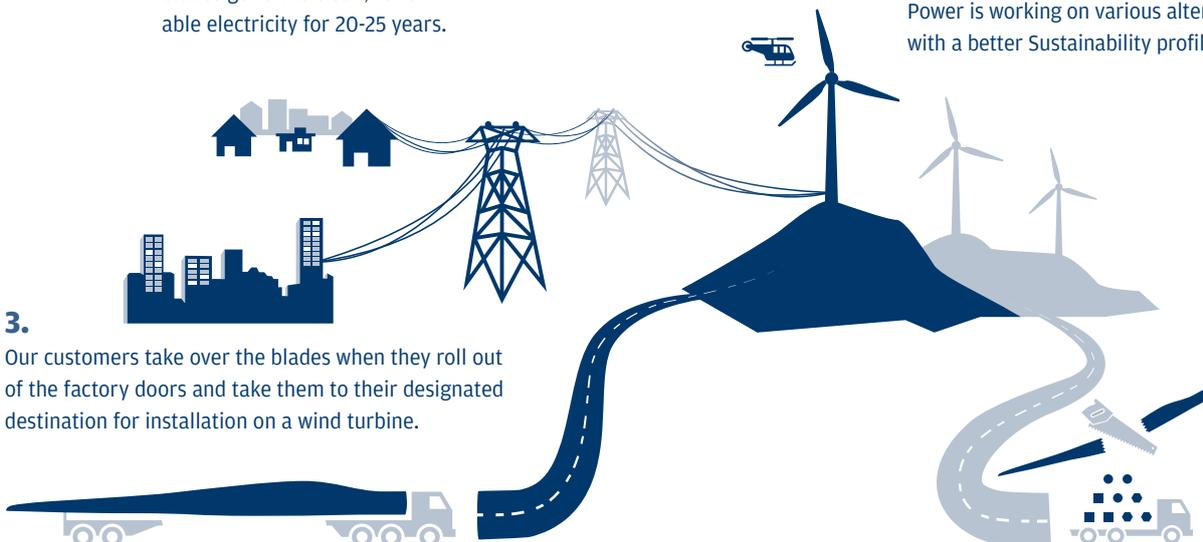
## 2.

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.

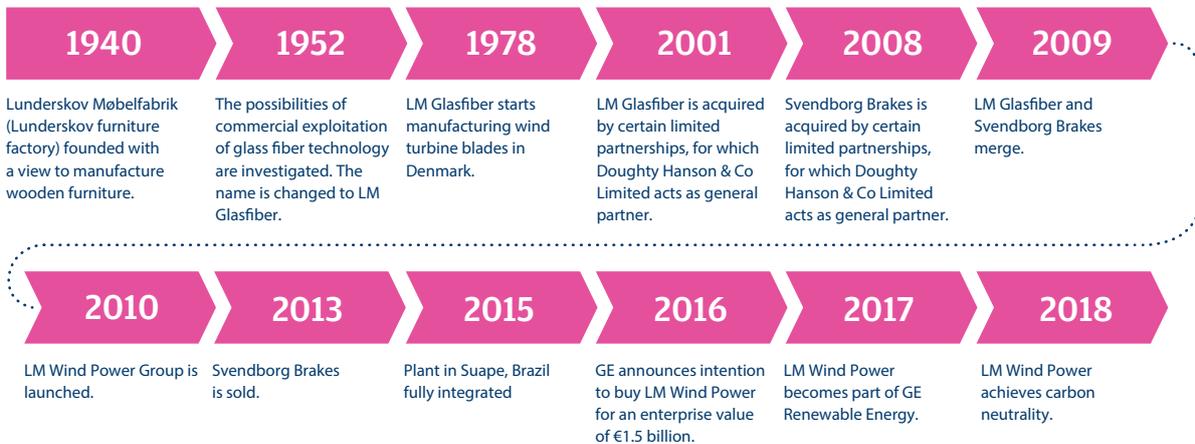
**LM Wind Power blades are designed to last for 20-25 years**



## 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)
- Renewables UK
- 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

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.

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.

## Organizational structure

The LM Group is led by the CEO and CFO. They are supported by the wider Management Team, which consisted of 13 members in 2018 (including the CEO and CFO) who represent the various functions within the organization. GE Renewable Energy HQ in Paris has financial oversight of the LM Group however in accordance with strict rules on confidentiality, especially in regard to external customers.

Each legal entity in the LM Group is set up in accordance with local legislation. In Denmark our organizational structure in our Danish Topco, LM Group Holding A/S, consists of a two-tier management system with a Board of Directors and an Executive Board. The Board of Directors in LM Group Holding A/S consists of 1 person between 30 and 50, and 5 persons above 50.

# / Company highlights



● Headquarters  
Kolding, Denmark

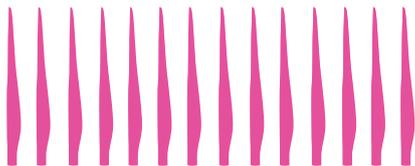
● Global locations  
Brazil, Canada, China,  
Denmark, France, India,  
the Netherlands, Poland,  
Spain, Turkey, the UK  
and the US



**11,613** employees  
worldwide



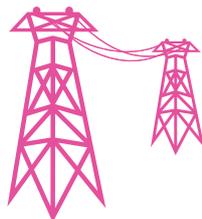
**15** blade  
factories



**10,979** blades produced  
in 2018



**1/5** Almost 1/5 of the world's turbines  
have LM Wind Power blades



**102 GW** capacity  
installed



**212** million tons of  
CO<sub>2</sub> mitigated

# / Our approach to Sustainability



## **Our pathway and approach**

Since we signed up to the United Nations Global Compact in 2010, our integration of Sustainability has continued to grow and develop within the organization. We have published an annual Sustainability Report since 2012. In 2013, we launched our first engagement program for employees, and not much later we formalized our Sustainability organization and top-level ownership with the establishment of the Global HSE & Sustainability Council. The progress we made over the years culminated in the Management Team's decision in 2016 to take the company carbon neutral by 2018 - an ambitious, industry-leading pledge. This year, we have achieved this promise - the first company in the wind industry to do so.

Our approach to Sustainability is to ensure long-term value creation for all our stakeholders. Being a company in the wind industry, we already play an active role in the transition to a more sustainable world. Yet, we realize that our impact as a single company is still limited. This is why - besides greening our own business - we decided to share what we learnt going carbon neutral to help others get a head start, thus supporting an accelerated transition to a decarbonized future. The main outlet is our *'10 Steps to Becoming a Carbon Neutral Business'* - a unique guide that explains how organizations can become carbon neutral by following 10 steps.

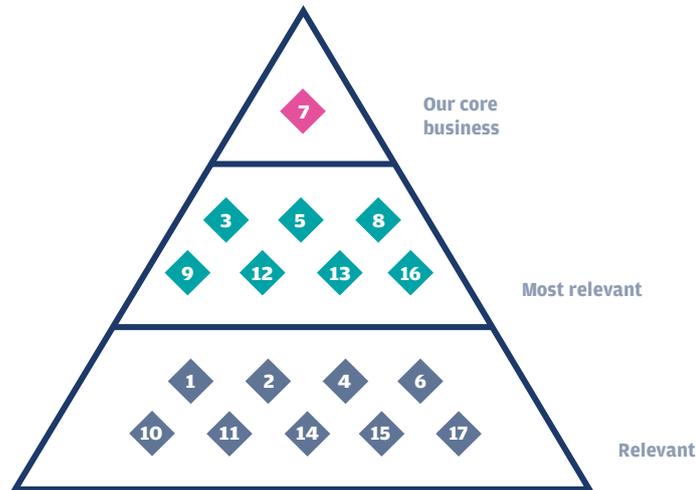
## **Our contribution to the Sustainable Development Goals**

In September 2015, the United Nations adopted the Sustainable Development Goals - a blueprint to a sustainable world for all. The SDGs result from an inclusive process that involved government, civil society and the private sector. The inclusion of business reflects the role the private sector has to play in achieving these goals. As a business, we believe it is important the world works towards achieving the same goals. This is why since last year we map how our Sustainability performance contributes to achieving the SDGs.

Our products enable our customers to generate clean and affordable energy for all - thereby directly contributing to SDG 7: affordable and clean energy. Through our dedicated Sustainability efforts, we also work towards achieving seven more SDGs:

- SDG 3 - Good Health and Well-being
- SDG 5 - Gender equality
- SDG 8 - Decent work and Economic growth
- SDG 9 - Industry, Innovation and Infrastructure
- SDG 12 - Responsible Consumption and Production
- SDG 13 - Climate action
- SDG 16 - Peace, Justice and Strong Institutions

# Our contribution to the SDGs



## Our core business

### [SDG 7 - Affordable and clean energy](#)

#### Relevant metrics:

- Number 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
- 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
- Waste reduction savings
- 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 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 material topics and relevant metrics

Material topic and explanation	Relevant GRI topic-specific Standard	Relevant LM Wind Power performance indicator	Topic Boundary
<b>Safety</b>			
<p><b>Material topics</b> Towards zero injuries Build a safety culture</p> <p><b>Explanation</b> Our business spans four continents and is made up of more 10,000 employees. Especially in times of significant growth of the business, ensuring our employees and other people we interact with return safely to their families is of the utmost importance. Keeping our employees and everyone we do business with safe means looking at people, products, process and even supply chain management. This material topic covers how we manage health and safety in the workplace and our performance on the accident rate, lost days and accident severity.</p>	<p>103: Management Approach 403: Occupational Health and Safety</p>	<p>Accident severity Lost days</p>	<p>Internal, external Direct, indirect</p>
<b>Environment</b>			
<p><b>Material topic</b> Minimize environmental footprint through reduction of carbon emissions, material use, energy consumption and waste generation.</p> <p><b>Explanation</b> While our products power turbines that generate clean energy across the globe, our manufacturing operations have an environmental impact. We consume energy and resources while producing emissions and waste. We seek to minimize our negative impact on the environment by considering the impact of our product in its entire life cycle, 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, water consumption, waste generation, waste reduction, site certification and supplier environmental assessment.</p>	<p>103: Management Approach 301: Materials* 302: Energy 303: Water and effluents 305: Emissions 306: Effluents and Waste 308: Supplier Environmental Assessment</p>	<p>Waste reduction Site certification</p>	<p>Internal, external Direct, indirect</p>

\* Due to commercially sensitive information, we only discuss our approach to managing materials and not our consumption data.

Material topic and explanation	Relevant GRI topic-specific Standard	Relevant LM Wind Power performance indicator	Topic Boundary
<b>Technology</b>			
<p><b>Material topic</b> Reduce the Levelized Cost of Energy (LCOE)</p> <p><b>Explanation</b> Our blades are our most important Sustainability assets. Every day, we create longer and lighter blades that extract more energy from the wind and reduce the cost of energy. Technology and innovation are 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&amp;D investments and site certification.</p>	103: Management Approach	R&D investments New blade designs Product quality Site certification	Internal, external Direct, indirect
<b>People</b>			
<p><b>Material topic</b> Ensure business integrity and compliance</p> <p><b>Explanation</b> 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
<b>People</b>			
<p><b>Material topic</b> Develop competencies</p> <p><b>Explanation</b> 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 Absenteeism Employee turnover	Internal, external Direct, indirect
<b>People</b>			
<p><b>Material topic</b> Contribute positively to the communities in which we operate</p> <p><b>Explanation</b> We operate in the middle of local communities and should therefore 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 stakeholders are at the heart of our Sustainability efforts. Our stakeholders include employees, customers, suppliers, communities, governments and policy makers and the wind industry. We regularly engage with our various stakeholders to listen to their questions and concerns, using a variety of channels. Such dialogues strengthen our relationships and build trust. Rather than a one-off effort, we maintain a continuous dialogue with our stakeholders. Our company vision captures the importance of working together and our collaborative approach to running the business: “Together, we capture the wind to power a cleaner world”.

## Stakeholder engagement process



## Stakeholder engagement

Employees	Customers
<p><b>How we engaged</b></p> <ul style="list-style-type: none"> <li>• Ongoing dialogue (e.g. between employees and their People Leader)</li> <li>• Annual Performance Development, reward and recognition and development plan meetings</li> <li>• Global webcasts with a live audience of employees with our Management Team three to four times per year</li> <li>• Training and development programs</li> <li>• Corporate media (e.g. intranet, newsletters, Annual Report, and Sustainability Performance report) and social media</li> <li>• Trade unions and labor management meetings</li> </ul> <p><b>Key topics and concerns</b></p> <ul style="list-style-type: none"> <li>• Motivation, workload and potential stress</li> <li>• Context and strategy of the business, including LM Wind Power's future plans</li> <li>• Training and development</li> </ul> <p><b>How we respond</b></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 2018 complements our Sustainability Performance 2018.</p>	<p><b>How we engaged</b></p> <ul style="list-style-type: none"> <li>• Ongoing dialogue (e.g. between customers and Key Account Managers)</li> <li>• Face to face meetings</li> <li>• Trade show engagements</li> <li>• Corporate media (e.g. corporate website, Annual Report, Sustainability Performance report) and social media</li> <li>• Customer's supplier assessment</li> </ul> <p><b>Key topics and concerns</b></p> <ul style="list-style-type: none"> <li>• Drive down the LCOE to ensure the competitiveness of wind power against other energy sources</li> <li>• Innovation</li> <li>• Maximum production capacity</li> <li>• Sustainable blade disposal</li> </ul> <p><b>How we respond</b></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 2018 complements our Sustainability Performance 2018.</p>
Suppliers	Communities
<p><b>How we engaged</b></p> <ul style="list-style-type: none"> <li>• Ongoing dialogue through account relationships</li> <li>• Continuous improvement collaboration on manufacturing processes</li> <li>• Joint research projects</li> <li>• Annual Supplier Conference</li> <li>• Supplier qualifications and reviews</li> <li>• Supplier audits on manufacturing processes</li> <li>• Business management reviews</li> </ul> <p><b>Key topics and concerns</b></p> <ul style="list-style-type: none"> <li>• Strategy and update on the business, including future business and LM Wind Power's footprint</li> <li>• Joint partnerships</li> <li>• Product quality</li> </ul> <p><b>How we respond</b></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 2018 complements our Sustainability Performance 2018.</p>	<p><b>How we engaged</b></p> <ul style="list-style-type: none"> <li>• Ongoing dialogue</li> <li>• Partnerships with NGOs to support local development goals</li> <li>• Charity contributions</li> <li>• Philanthropic activities</li> <li>• Open days and family days</li> <li>• Company social activities</li> </ul> <p><b>Key topics and concerns</b></p> <ul style="list-style-type: none"> <li>• Environmental and logistics challenges that affect the local community</li> <li>• Employment</li> <li>• Training and development</li> <li>• Investment in infrastructure</li> <li>• Support for charity and education</li> </ul> <p><b>How we respond</b></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 2018 complements our Sustainability Performance 2018.</p>
Governments and policy makers	Industry
<p><b>How we engaged</b></p> <ul style="list-style-type: none"> <li>• Ongoing dialogue</li> <li>• Phone and face to face meetings</li> <li>• Plant visits from regulators, officials, and politicians</li> <li>• Events, for instance annual Capitol Hill meeting in Washington D.C. organized among others by the American Wind Energy Association</li> </ul> <p><b>Key topics and concerns</b></p> <ul style="list-style-type: none"> <li>• Investment and employment</li> <li>• Health and safety</li> <li>• Environmental management</li> </ul> <p><b>How we respond</b></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 2018 complements our Sustainability Performance 2018.</p>	<p><b>How we engaged</b></p> <ul style="list-style-type: none"> <li>• Ongoing dialogue</li> <li>• Tradeshows and industry events</li> <li>• Partnering in research projects</li> </ul> <p><b>Key topics and concerns</b></p> <ul style="list-style-type: none"> <li>• Product innovation</li> <li>• Process innovation</li> <li>• Reduce the LCOE</li> </ul> <p><b>How we respond</b></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 2018 complements our Sustainability Performance 2018.</p>

# / Safety





**0.80**

Illness and Injury rate per 200,000 working hours, compared to 1.35 in 2017

### 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.<sup>1</sup> The SDGs too recognize the value of safe work and devote a specific target to this. SDG target 8.8 aims to “Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment”.

Manufacturing wind turbine blades is ultimately a people business and all our employees should return safely to their family after work. Safety at work impacts the lives of people and families. This is much more than a compliance issue - safety is our first priority and duty as a company. When at work, our employees should work in a safe and protected atmosphere. Our performance on safety extends to the people we interact with in the wind industry value chain. It is everyone's responsibility to find and eliminate all possible risks in our work place, whether on sites, in offices or travelling.

### How do we respond?

We carry out all activities in line with our Global Environment, Health and Safety (EHS) Policy. We strive to provide and promote a safe and healthy working environment, 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.

We achieve this by ensuring:

- 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,
- Heat Map and Strengths of Defences to recognize, evaluate and control EHS hazards and mitigate risks,



**0.31**

Days Away from Work rate per 200,000 working hours, compared to 0.30 in 2017

- 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,

EHS is a shared responsibility, everyone is held accountable and owns EHS. 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 but also a deep and total empowerment of all employees to:

- Ensure adequate resources (e.g., budget, time or training) will be allocated,
- Communicate responsibly and partner with our stakeholders to create value,
- Prepare and ensure safe way of work,
- Stop the work in case of any risky situations,
- Look for assistance and promptly report any events and deviations about EHS,
- Promote & reward positive behaviors and ideas that support our EHS culture,
- Hold teams accountable for EHS performance,
- Include EHS performance as an essential part of the overall Company success.

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.

Ensuring safety within the company starts with having the right health and safety management system in place. We aim to certify all our sites with more than 15 employees according to the OHSAS 18001 standard within 12 months of becoming operational. We decided to postpone the certification for our sites in New Orleans and Southampton, because they were not mature enough with regards to adopting the LM Wind Power systems and tools. WMC has not been certified yet, but has only become part of LM Wind Power since August 2018. Our plant in Baodi is expected to be certified in the second half of 2019. Our plant in Cherbourg has not started production in 2018, but is expected to be certified during the first half of 2019.

<sup>1</sup> International Labour Organization 2019, *Safety and health at work*.

Our Environment, Health and Safety (EHS) team is facing a critical period of new challenges and opportunities - including the growth of Services, expansion of Operations, acceleration in changes to some regulations and organization changes across GE. Hence, we have redefined our safety organization around three pillars - Services, Operations and Global EHS - to best meet the needs of our changing business.

The factories are where we have the most safety risks. Being a manufacturing business, our employees work with chemicals, move blades and could slip, trip or fall. This year again, we welcomed some 2,300 new employees to our factories. To maintain our high safety standards and reinforce the culture of safety, all our new Blue Collar (BC) employees go through a 30-day mandatory training program. In our "Centers of Excellence" - a complete system of training rooms, practical rooms, trainers and mentors aiming to expand our employees' skills and knowledge - we thoroughly prepare new employees for working in an LM Wind Power factory. Safety is a core element of this training program.

One of the initiatives we rolled out is the GE Stop Work Authority, which provides us with a tool where we can register risk incidents, follow up on remedial actions and share knowhow and learning across all our plants around the world. The purpose of this procedure is to establish the authority of employees to stop work when their own personal safety and the safety of others is, or is likely to be, endangered by actions, site conditions, or omissions or when environmental damage is likely to occur. It outlines the situations when stop work authority should be exercised, the process to stop, notify, correct, follow-up and document the interventions. The "stop work" concept and authority links closely to our Critical Safety rules, where we also ask employees and leaders to stop work if the work cannot be done in a safe way.

Our overall safety performance for the year was mixed. We decreased our Illness & Injury rate by 41% to 0.8 per 200,000 working hours and comfortably met our target of 1.15. The total number of lost days and severity rate both decreased significantly compared to 2017 as well. Despite our vigilant efforts in safety, however, we saw an increase in the Days Away From Work rate, rising from 0.30 in 2017 to 0.31 in 2018. We did not meet our target of 0.26. We also had two severe incidents, which required a period off work and a hospital stay for more than 24 hours. Reviewing the incidents in our plants revealed some EHS violations, which all Plant Directors presented to their teams during a global Safety Stand-Down to ensure lessons learned were shared.

# **/ Environment**





**0** Net carbon footprint (tCO<sub>2</sub>e), compared to 239,470 in 2017



**100%** Renewable electricity consumption, compared to 15% in 2017



**25%** Total waste for recycling, compared to 25% in 2017



**\$17.8 million** Waste reduction savings, compared to \$3.0 million in 2017

### Why is this important?

Climate change is one of the world's most important sustainability challenges. Without action, the average rise in temperature is likely to be more than 3 degrees by 2100, which has a significant effect on the planet and people's lives.<sup>2</sup> In 2015, world leaders signed the Paris Agreement to cut greenhouse gas emissions to keep global warming between 1.5 and 2 degrees Celsius. In October 2018, the United Nations issued a severe warning that the world needs to take unprecedented action in the next twelve years to avoid global warming. The October 2018 report also indicated the urgency of going for the ambitious target of 1.5 degrees Celsius.<sup>3</sup> The United Nations has given climate change and environmental degradation a prominent place in the Sustainable Development Goals, with many, if not all, of the goals addressing the environmental dimension of Sustainability.

Our company vision 'Together, we capture the wind to power a cleaner world' encapsulates the reason our company matters in the world. Being in the renewable energy industry, we are part of the transition towards a more sustainable planet. Nonetheless, our manufacturing process 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 environmental management is guided by our Global EHS Policy, stating we use natural resources and energy in a sustainable way and to avoid adverse impact to the environment. Following the right systems and procedures is a critical component of managing our environmental impact. We therefore aim to certify all sites with more than 15 employees according to ISO 14001. This certification ensures that our environmental impacts are continuously improved and reassures our stakeholders that our environmental management systems are in line with international standards. We decided to postpone the certification for our sites in New Orleans and Southampton, because they were not mature enough with regards to adopting the LM Wind Power systems and tools. Our factory in Baodi is expected to be certified in the second half of 2019. WMC has not been certified yet, but has only become part of LM Wind Power since August 2018. All our remaining plants and offices with more than 15 employees have an environmental management system certified according to ISO 14001. Our plant in Cherbourg had not started production in 2018, but is expected to be certified during the first half of 2019.

When introducing new materials or processes, we always undertake an EHS 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.

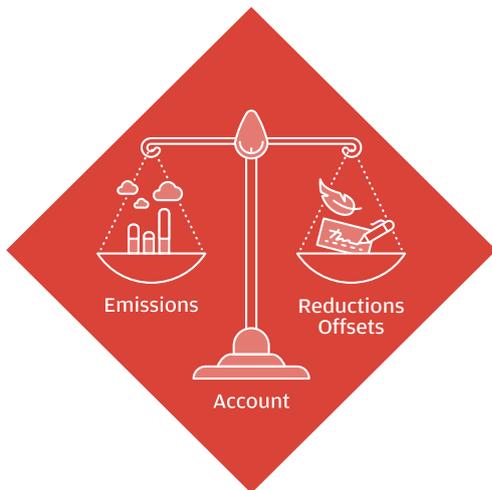
<sup>2</sup> United Nations 2019, *Goal 13: Take urgent action to combat climate change and its impacts*.

<sup>3</sup> Intergovernmental Panel on Climate Change 2018, *Special Report: Global Warming of 1.5 °C*

## CleanLM

In December 2016, the Management Team of LM Wind Power decided to take the company carbon neutral by 2018. Carbon neutrality refers to having a net zero carbon footprint by balancing emissions with an equal amount of reductions and off-sets. Being a company in the wind industry, we saw a clear case to do more to facilitate the transition to a decarbonized, sustainable economy. At the same time, we realized sustainability would strengthen our bottom line, employee value proposition and employee engagement even further.

### 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

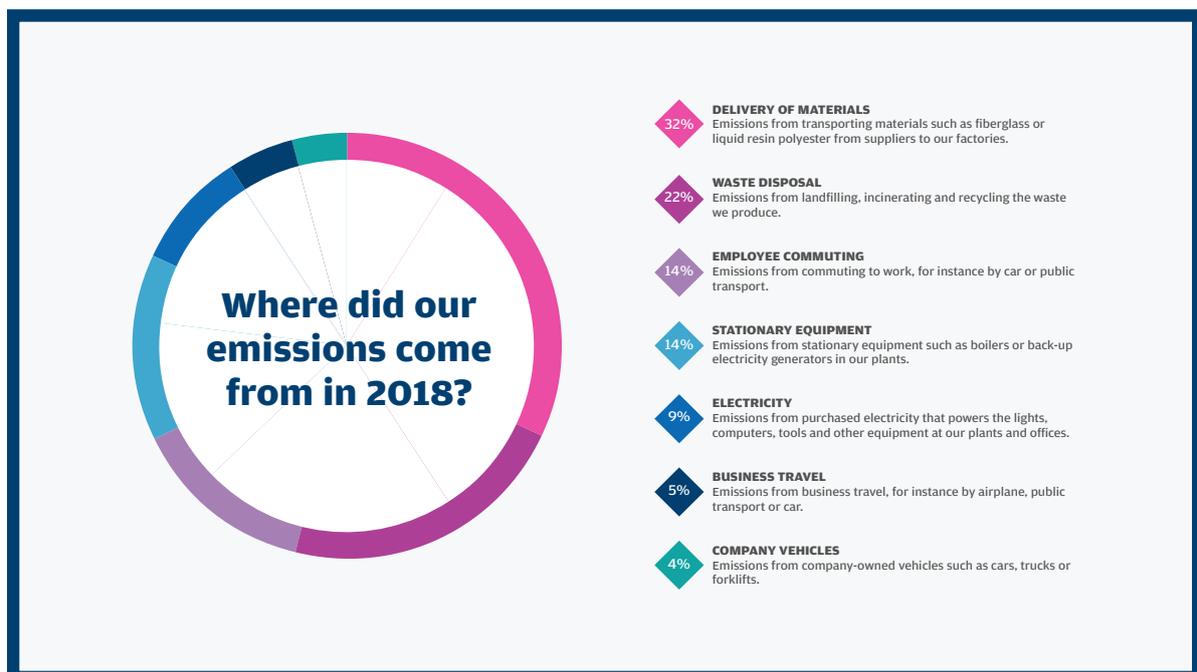
Carbon emissions are generally reported as scope 1, scope 2, or scope 3, depending on the level of control the company has over the emissions. Scope 1 emissions cover the emissions that are a direct consequence of a company’s own operations, for example emissions resulting from company vehicles or company 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

When we launched our pledge, we had to determine the boundaries of our carbon neutrality program. In other words, we had to determine which emissions to include and which to exclude. Besides the minimum scope 1 and scope 2 requirements, we decided to include a significant range of scope 3 emissions. Our pledge includes:

- Stationary combustion
- Mobile combustion
- Refrigerants
- Purchased electricity
- Waste generated in operations
- Business travel
- Employee commuting
- Fuel- and energy related emissions
- Delivery of materials from suppliers to our factories

At the heart of our carbon neutrality was a robust process to measure and map all our emissions. Having a history of reporting on our company’s Sustainability performance, we already had a baseline to start from. When we launched our carbon



neutrality pledge, we worked with external climate change experts to take our emissions reporting to the next level.

In line with the Greenhouse Gas Protocol, we established that our carbon footprint was 182,653 tons of CO<sub>2</sub>e. Because we switched to 100% renewable energy for our locations worldwide, we reduced some 80,000 tons of CO<sub>2</sub>e from electricity consumption. Our scope 2 electricity consumption has therefore been reduced to 0. Electricity consumption is therefore no longer our biggest emission source, but "well-to-tank" emissions and Transmission and Distribution losses remain. At 32%, the delivery of materials from suppliers to our factories was the largest emission source, followed by waste at 22%. Employee commuting increased significantly compared to 2017 at 14% of our footprint, mainly due to more accurate data. The remaining part of our carbon footprint is made up of stationary equipment (14%), business travel (5%) and company vehicles (4%).

**Energy efficiency**

The main way in which we reduced our carbon footprint was to launch an energy efficiency drive. With energy consumption being our main emission source, we would be able to make the biggest impact in reducing our emissions when focusing on this part of our footprint. With the help of external energy efficiency experts, we visited several of our sites to see which measures would reduce our energy consumption the most. We identified three measures that were most promising to yield value for the business, both in terms of emissions as well as cost savings. The first measure was installing ventilation control systems, which would enable it to be switched to lower speed where possible. Second, we replaced conventional lighting with LED lights in our factories. Third, we implemented Energy Management Systems, which give us a detailed understanding of our energy consumption and savings opportunities.

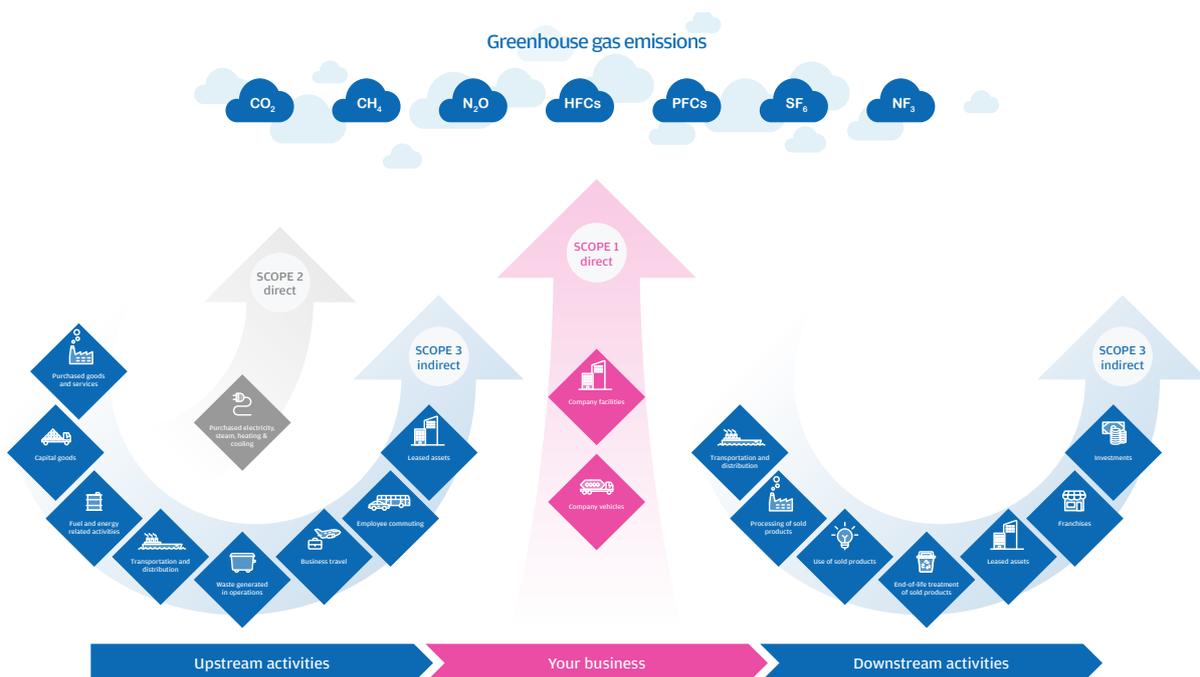
While we were fully on track to achieve the planned \$1 million in 2018, our energy efficiency team grossly exceeded the expectations. Despite implementation being slower than expected in the project planning and performance phase, the measures implemented had bigger impact than expected. Instead of the expected \$1 million, the energy efficiency team saved the equivalent of about \$2,6 million. This is even more exceptional considering our growth in 2018. Even when taking into account our growth and the increase in production floor area during 2018, our energy consumption in the factories was reduced by 1,000 MWh in absolute terms.

All our plants contributed to delivering on the three initiatives. For example, the team in our Qinhuangdao plant in China changed out more than 1,000 existing lights with LED bulbs, resulting in an annual saving of more than 2,000 MWh. Our plant in Dabaspet, India switched to LED lights in the canteen and offices, cutting the lighting power consumption in these areas by half. Going forward, we will focus on further implementing the three initiatives and particularly harvesting the value of the Energy Management System to identify further energy reduction opportunities.

**Renewable energy**

While we aim to reduce our energy consumption where possible, we cannot eliminate all energy consumption altogether. For the portion that we are not able to reduce, we will purchase 100% renewable electricity, particularly from wind. The most preferred option of sourcing renewable energy is to install on-site wind or solar, as this demonstrates our commitment to adding new capacity to the existing mix of electricity while generating significant savings. However, this is also the most challenging option to realize. The second most-preferred option is to sign a long-term contract for green electricity, or a

**Carbon emissions reporting explained**



Power Purchase Agreement. Finally, the simplest and most straightforward way of securing renewable energy is by procuring Renewable Energy Certificates (RECs).

Since March 2018, our plant in Dabaspur, India started sourcing between 40-60% of its energy consumption from a solar Power Purchase Agreement. In 2018, we sourced around 44% renewable energy out of its total electricity consumption. Our plants in Gaspe, Canada and Suape, Brazil both source all of their electricity from renewables through the grid. For the remaining locations, we have greened our electricity supply by purchasing Renewable Energy Certificates meaning that all of our electricity consumption worldwide is fully green.

At the same time, we are exploring options to replace Renewable Energy Certificates with the more preferred options of Power Purchase Agreements or on-site wind or solar. We received valuable support from GE, by assigning five talents from GE's Accelerated Leadership Program (XLP) to assess the possibilities of installing on-site solar or wind, or PPAs. The five-month project ended with a roadmap with renewable energy opportunities by plant, which we will follow up on and try to realize in the future.

### Carbon offsets

While we cannot reduce all our emissions, we can act responsibly towards the emissions that we cannot reduce. This is why, after reducing our emissions as much as possible, we will balance the remaining emissions by investing in carbon reduction projects elsewhere in the world. One carbon credit certifies that one ton of CO<sub>2</sub>e was reduced by an eligible carbon reduction project, for instance through reforestation, cook stoves or clean energy projects.

Our carbon credit portfolio is geared towards investing in renewable energy projects. We deliberately chose a carbon credit portfolio that demonstrates the clear link between carbon offsetting and our business, and therefore we focused the majority of our investment on funding new wind farm projects. Our carbon credits live up to the highest verification standards. 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. These social benefits include 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 investment covers projects with multiple, direct links to the Sustainable Development Goals, specifically SDG 7: Affordable and Clean Energy.

### Engagement

One of the ways in which we engage our stakeholders on sustainability and invite others to launch similarly ambitious emission reduction initiatives is through a game called "Go Carbon Neutral in 30 minutes". The cardboard game simulates what it takes to go carbon neutral and is based on the LM Wind Power

experience. In groups of around 10 persons, participants are tasked to take a company carbon neutral, while considering cost, implementation ease, effect duration and brand value. The game has been played on several occasions, both internally at LM Wind Power as well as at external events. Among the external events, the clear highlight was the SDG Summit in Brussels in May 2018. The game has also become part of our induction program for new employees in Denmark and The Netherlands. Participants clearly indicated a better understanding of carbon neutrality after having played the game. Together with our website "10 Steps to becoming a Carbon Neutral Business", we are currently exploring how we can further inspire other organizations and individuals to step on actions on climate.

### Water, materials 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 13% in 2018 compared to 2017, 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.

We manage our materials and waste through our Material Waste Reduction program. The program is made up of two components, aiming to not only reduce our material consumption in the first place but also waste. The program focuses on the key commodities of glue, glass, resin, infusion consumables and gelcoat, which account for the vast majority of our material consumption and waste. Our Material Waste Reduction program is a key component of our sustainability performance and part of Operations 2020 - a joint effort from our Operations, Engineering, Quality and many other functions to increase output, productivity and cost efficiency in our factories.

This year, we worked on understanding the variances in different plants, and we worked on setting the baseline right but changes in the organization around the program took away some of the focus and unfortunately, we were unable to reach all our targets. We did exceed our target on waste reduction savings of \$16 million with \$17.8 million. However, our waste decreased by a mere 0.6% compared to 2017, lower than our target of 2.12%.

Recycling rates vary significantly across plants. Our plant with the lowest recycling last year, Grand Forks, increased its recycling slightly to 10%. However, Little Rock dropped from 22% in 2017 to 12% this year. These percentages stand in stark contrast with our recycling performance in Castellón (38%), Bergama (36%), Suape (35%) and Dabaspur (34%). Many factors influence these numbers, from plant culture, waste disposal infrastructure and local regulation limiting what some sites can send to recycling. We will work on implementing waste segregation and measurement systems in plants where waste numbers are relatively high. This should help us make considerable progress towards achieving our waste targets in the future.

# **Technology**





**10** New blade designs launched, compared to 6 in 2017

### Why is this important?

Innovation is critical to achieving the economic and environmental goals enshrined in the Sustainable Development Goals. Now, 2.6 billion people in developing countries do not have access to constant electricity and 2.4 billion people lack access to basic sanitation. Infrastructure constraints in developing countries reduce their productivity by 40%.<sup>4</sup> A truly sustainable world can likely only be reached by technological advances that rethink our consumption and production patterns. Companies in the key sectors of transport, energy, healthcare and food are uniquely positioned to innovate and deliver on sustainability benefits for society.

In the context of our business, technology means doing everything we can to decrease the Levelized Cost of Energy and to make wind energy the most attractive form of energy. Technology and innovation enable us to make the most advanced, reliable and high-quality wind turbine blades for our customers. This gives our end customers the opportunity to generate clean, affordable energy across the globe. R&D also means rethinking our business to reduce our negative sustainability impacts while maximizing our positive value, for instance by managing life cycle impacts of our products.

### How do we respond?

Our commitment to research and development is longstanding. We want to remain at the forefront of wind turbine blade technology and help our customers with innovative solutions that extract ever more energy from the wind. By investing 5.2% of our revenue, we further expanded our technological capabilities in 2018. As expected, we delivered 10 new blades.

We added two R&D sites to our global footprint in 2017, and in 2018 we further expanded our testing capabilities as we acquired the wind turbine blade test center WMC in Wieringerwerf, the Netherlands. The facility will provide rotor hub testing for new GE turbines and also continue to offer blade and other testing, digital tools, research and similar services to the wider wind industry in The Netherlands and elsewhere. The new test facilities will further contribute to LM Wind Power's research and development capabilities for the design and manufacture of advanced wind turbine blades and other components. In fact, we plan to expand and develop the facility over time.

On November 8, we announced the inauguration of our new Technology Center Americas (TCA), dedicated to developing and testing new techniques for designing and building wind turbine



**5.2%** Revenue invested in R&D, compared to 4.5% in 2017

blades. The TCA facility was originally part of Blade Dynamics, which was acquired by GE in 2015 and combined with LM Wind Power, after the acquisition by GE Renewable Energy in 2017.

Located on the NASA Michoud campus outside of New Orleans, Louisiana, the new facility provides our customers in North America with a local presence to help address their engineering needs – further enhancing our ability to serve one of the largest wind power markets in the world. Innovation is at the heart of our company and the new Technology Center gives us the local base from which to support our customers in the Americas as well as to partner with world-class researchers.

Our technological know-how was once again demonstrated this year. On March 1, 2018 GE Renewable Energy announced its plan to develop the largest, most powerful offshore wind turbine. Standing 260 meters tall, the Haliade-X 12 MW wind turbine is fitted with 107-meter long blades designed and manufactured by LM Wind Power, the longest offshore blades to date. One Haliade-X 12 MW turbine will generate up to 67 GWh annually, enough clean power for up to 16,000 households per turbine, and up to 1 million European households in a 750 MW windfarm configuration.

In addition to the powerful product innovations, we implemented several initiatives for sustainability aiming to reduce our material consumption and waste by rethinking our tools and processes. We implemented projects to reduce the waste from glass layup, glue and gelcoat application. Besides environmental benefits, we also confirmed significant cost savings due to improved efficiency. Our focus is also on defect and repair reduction, as these areas have an impact on our sustainability performance. Due to the proprietary nature of these activities, we are unable to share details of these innovations.

### Quality management and suppliers

At all sites, our quality management system is implemented and valid. Sites that have more than 15 employees are complying to ISO 9001, as verified by an external body, during the first year of operation. Continuous improvement on our Quality Management Systems helps maintain our quality reputation within the industry. We decided to postpone the certification for our sites in New Orleans and Southampton, because they were not mature enough with regards to adopting the LM Wind Power systems and tools. WMC has become part of LM Wind Power since August 2018, which gives us some time to prepare the site for certification.

<sup>4</sup> United Nations Development Program 2019, *Goal 9: Industry, Innovation and Infrastructure*.

Our newly operational site in Cherbourg has started production in early 2019, and will undergo certification in due time. Our suppliers too are held to strict quality requirements. We continue to engage to improve their performance over the years. This year we achieved 154 parts per million on our non-conformity rate indicator, outperforming our target of 200.

For more than a century, GE, its businesses, and its employees have created an asset of incalculable value – a worldwide reputation for integrity and high standards of business conduct. All of this starts with a firm commitment to integrity. Each employee is expected to make a personal commitment to integrity, and we also expect and require high ethical conduct from all of our suppliers. A company's strong commitment in this regard is a requirement for being a supplier and is the foundation for our mutually beneficial business relationship.

Supplier Responsibility Guidelines (SRG) are fully embedded and a part of the LM qualification process ensuring new suppliers are assessed before any business or product qualification commences. Suppliers are required to follow all applicable laws in their respective countries as well as GE standards. Our expectations of 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
- Compliance with minimum wage, hours of service and overtime wage laws
- Freedom of association
- No discrimination
- No harassment
- Adherence to ethical business practices
- Respect intellectual property
- Avoiding sourcing 3-TG (tin, tantalum, tungsten and gold) from conflict mines
- Maintaining an international standards of security measures
- Expect their suppliers to conform to similar standards

We also strongly advise that suppliers use an environmental management system.

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 the mandatory countries' list require an onsite audit. As we made the transition to SRG, we received assistance from local SRG leads to certify the LM Wind Power team to conduct SRG audits. We now have 10 certified auditors, and 7 more are undergoing certification. In 2018, we completed 41 audits (16 in EMEA/India, 25 China and 5 in Brazil).

### **Environmental Product Declaration**

Based on the results of our Life Cycle Analysis of a 58.7 blade produced in Poland, we developed an Environmental Product

Declaration (EPD). The EPD aims to inform our stakeholders about the environmental performance of an LM Wind Power blade. Our EPD covers the entire life cycle of our blade – starting with the raw material extraction, manufacturing, installation, operation and maintenance and end-of-life and disposal.

Analyzing our product from such a comprehensive approach avoids burden shifting and encompasses all possible types of environmental impacts. On our product's carbon footprint, the results indicate that the main contributor to climate change potential is the extraction and processing of raw materials, followed by the blade manufacturing. When it comes to the ingredients of our blade, polyester resin and fiberglass are by far the materials that contribute the most to the blade's total carbon footprint due to the high volumes used.

The Life Cycle Assessment and accompanying EPD enable us to better understand our environmental hotspots in our product's life cycle. Striving for continuous improvement, we eventually want to work towards a truly circular blade – one that is able to maintain its value for as long as possible, that is produced in a sustainable manner and in a resource-efficient way and that is fully re-used or recycled when it exhausts its life span.

### **Blade recycling**

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 is 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 Working Group facilitated by WindEurope.

In December, we participated in a meeting among experts from the wind, chemical and the waste management sectors to discuss about recycling wind turbine blades, organized by WindEurope. Participants indicated the need to establish an open, inclusive and transparent dialogue on the topic of recycling rotor blades that would in exchange speed up wind turbine circularity. During the workshop, we identified priority areas for cross-sector collaboration:

- Mapping relevant waste legislation at the European Union and national level
- Making an assessment of recycling technologies and processes based on a set of common criteria.

The results will be presented at industry events in 2019 and we will continue to actively engage in other initiatives to progress towards more sustainable practices for blade end of life.

# People





**90%** Employees trained in anti-corruption and bribery, compared to 85% in 2017

### Why is this important?

Ultimately, Sustainability is about people and improving their lives. Sustainability means meeting the need of the current generation of people without jeopardizing the needs of the generations to come. Not only is Sustainability *for* people, it is also achieved *by* people. Specific sustainable development challenges such as gender inequality, unequal opportunities or human rights violations hamper peoples' potential. While each has been advanced over the past years, these topics still require even more attention.

LM Wind Power is very much a people business. Our ability to manufacture blades is dependent on the people who build them, not machines or materials. We regard employee engagement, motivation and development as key to the success of our business, enabling us to deliver high quality blades to markets all over the world. 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. As a company, we do not just operate in an economy. We operate in society, and we will respect the highest social standards.

### How do we respond?

#### Employee engagement and development

We continued our Human Resources (HR) integration into GE, an example of which is the transition to a new HR Business Partner structure which is in line with how the GE Renewable Energy teams operate. The GE Career Navigation framework is our approach to helping employees explore their career possibilities. It includes four areas to consider when navigating your career:

- Define Your Own Success
- Understand GE
- Perform and Grow Every Day
- Cultivate Relationships

White Collar WC employees completed their first Performance Development (PD) cycle this year. PD includes setting priorities at the beginning of the year, which are revisited throughout the year to ensure they are still important to the business and having an impact on our customers. Such touchpoints are a conversation between employees and their People Leader, which can be formal or informal, in-person or virtual. Throughout the year, colleagues are asked to give each other insights. At the end of the year, our employees are evaluated on their performance, not only what they did but also the extent to which they worked in line with the Shared Beliefs.



**5.5%** Blue Collar turnover rate, compared to 5.1% in 2017

We welcomed more than 3,200 new employees to our company. Our Blue Collar employees are always put through a mandatory 30 days training through our Centers of Excellence. This year, we added a Center of Excellence in our plant in Cherbourg. All our coordinators in the Centers of Excellence are given 60 hours of training and are externally certified. In terms of diversity, 33% of our trainers worldwide are female. We further enhance our BC employees' skills and knowledge through local Performance Systems and our Global Skills Matrix. In 2018, we launched a "Global-Regional-Local" program to improve the flow of information and to empower our factories even more.

Our Technology Center India (TCI) in Bangalore is a key example of our vibrant, transparent work culture. For the second consecutive year, they have received a prestigious recognition to validate that it is one of the best places to work. The Great Place to Work Institute revealed that TCI has been ranked number 29 among India's mid-sized workplaces - up seven spots from our number 36 ranking last year. Great Place to Work is a global authority on building, sustaining and recognizing high trust and high performance culture at workplaces. Our company was evaluated on five dimensions: credibility, respect, fairness, pride and camaraderie. The employee trust index was judged by an anonymous survey sent to employees. A 'culture audit' was also undertaken, involving a study of people practices, including HR policies, methods of redressing complaints, rewards and recognition and employee engagement.

#### Communities

LM Wind Power brings high-quality, skilled jobs to local communities worldwide. 2018 was another year of significant expansion. By the end of 2018, we had met our target of hiring the first 100 employees in France, one-third of which are female. We also acquired the wind turbine blade test center WMC in Wieringerwerf, including its 23 highly skilled employees. In our plant in Suape, we partnered with the Ipojuca City Hall to hire more than half of the around 200 employees from the local community, for which we received an award from the mayor of Ipojuca City as a positive example of employability in the northeast region of Brazil. We maintain good relations with unions. We employ people in line with local law, recognizing different employment conditions and standards in the countries where we operate. The employees covered by collective bargaining agreements varies from none in our plants in the United States to 90% in Ponferrada, Spain and 83% in Gaspé, Canada.

Being an active citizen of the communities, we have a tradition of supporting local causes and activities. In Goleniow, we organized a Christmas charity market for the third year in a row. The children of our employees crafted Christmas decorations, which our employees and visitors were invited to buy. The money collected was donated to the local animal shelter. The plant also celebrated Movember, to raise awareness for prostate cancer. Our employees were encouraged to grow moustaches in November and the 25 best moustaches were invited to a go kart competition.

Breast cancer was another important theme in our community efforts. In Tianjin and Qinhuangdao for example, our plants organized a run to raise awareness for breast cancer. In India, breast cancer is high on the agenda too, being one of the most common forms of cancer in the country. In Dabaspet, an awareness talk was given by a well-known Breast Oncologist from Sparsh Hospital Bangalore, which was attended by all women employees. In addition, a breast cancer screening session was conducted for 59 female Blue Collar employees in the Occupational Health Center in the plant. Our TCI in Bangalore sent out weekly, informative emails to all employees, made available breast cancer awareness kits and organized other awareness activities to support breast cancer initiatives.

Our plant in Vadodara, India, inaugurated a pre-school for children of Muldhari village. Muldhari used an unsafe building as pre-school, which was about to collapse. Due to the lack of resources, the Muldhari village was not capable of rebuilding the school. The team in Vadodara decided to demolish the old pre-school and build a more child-friendly environment for children to learn. The 37 children will now be able to study under a safe roof and with better facilities.

Global Wind Day was celebrated widely, for instance by our plant in Ponferrada, Spain, that held a drawing contest. The children of our employees were asked to draw the power of wind. More than 20 drawings were received and a prize was awarded to the parents of each of the children that had participated. In Qinhuangdao a similar contest was held, where parents and children were asked to share their thoughts about our industry and company through drawings. Dabaspet, India celebrated Global Wind Day by flying kites with local school students and also organizing a drawing competition.

### **Integrity and 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 100% of our White Collar employees did by the end of 2018. To train our employees in integrity and compliance at GE, we continue to assign all our newly joining 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.

In our "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. Our 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 HR manager, our legal department, or our compliance officer, any business ombudspersons, or by calling the GE integrity hotline. In 2018, more than 160 open reporting concerns were raised by LM Wind Power employees. Approximately 30% of the concerns logged in 2018 identified either policy or process non-compliance, which led to process improvements or disciplinary actions.

We remain 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

**Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act**

The Spirit & The Letter clearly states that 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.

Core HR practices like recruitment, succession planning and retention initiatives have been scrutinized and adjusted where needed to ensure active engagement in securing 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 re-designing 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. In all recruitments for management positions, there must be at least one woman on the candidate slate. 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.

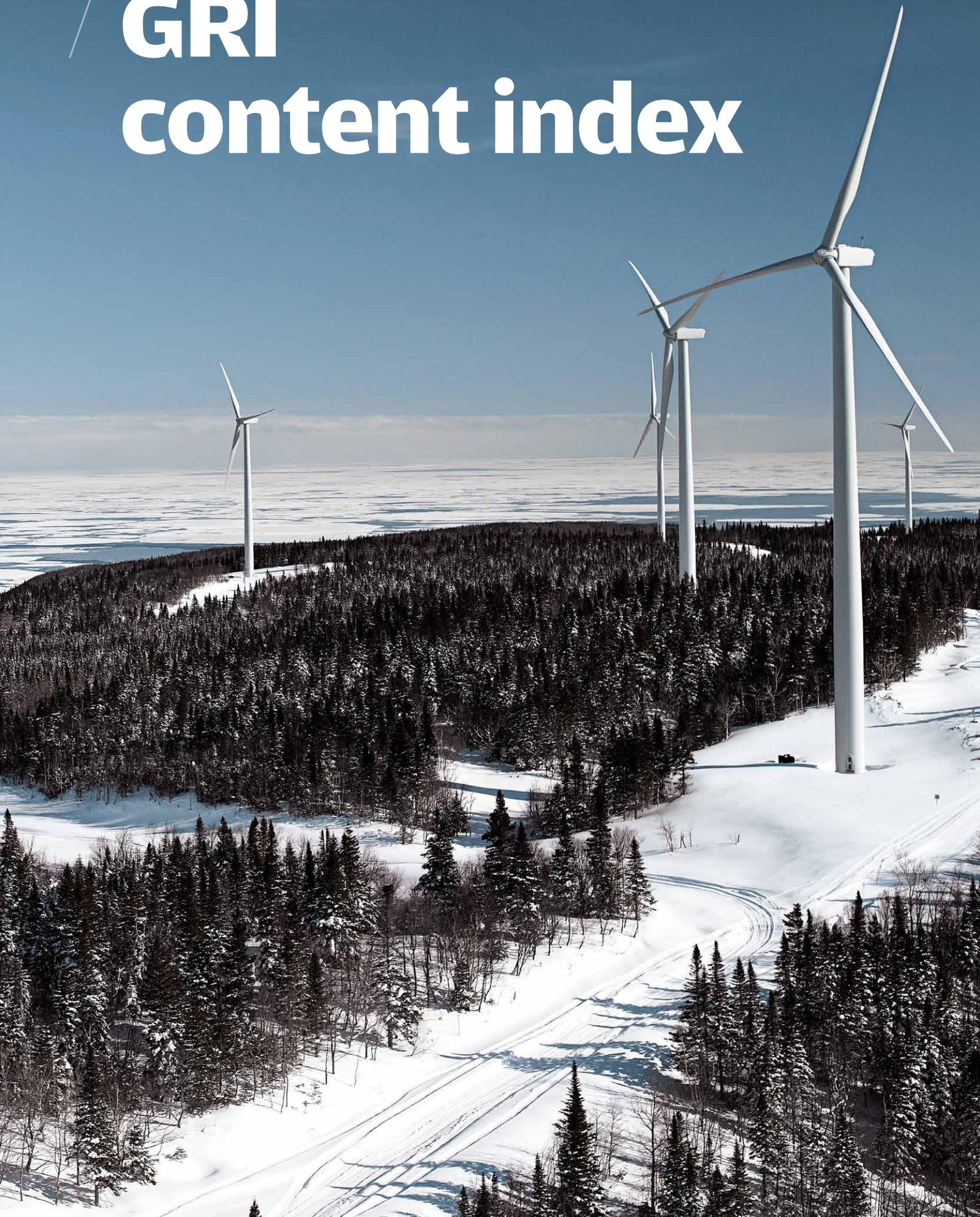
Becoming part of GE also provided access to the comprehensive range of affinity networks intended to maintain and foster continuous focus and support for the diversity agenda across the company. The Women's Network is the largest one with more than 160 hubs in 60 countries, aiming to help attract, develop, inspire and retain female professional talent. Many LM Wind Power colleagues have joined the GE affinity network groups all over the world and the first ever Danish hub of the Women's Network was founded by three senior women in September 2017. The hub focuses on promoting diversity also beyond gender in LM Wind Power through various events from panel discussions, presentations and interactive sessions that inspire and facilitate discussions and ideas for how to improve diversity at all levels of the business. In 2018, the hub hosted 6 events at the headquarters in Denmark with attendance of up to 130 people present in the room or dialing in from an online connection, and with regular representation by members of the management team as well as external speakers.

At the management level, LM Group Holding A/S 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 2018 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 five board members is female. In 2018, we have set a new target for equal representation in the LM Group Holding A/S Board of Directors by the end of 2023.

LM Group Holding A/S has decided to report exclusively on the Danish entities covered by the requirements applicable to large C companies. That includes LM Wind Power A/S in which the board comprises three male members representing the company and two employee representatives, who are also male. LM Wind Power A/S also had a target to have one female member by 2018 but did not progress toward the target as generally new members of the Board are not considered unless specifically requested by our owners and that was not the case in 2017. Therefore, LM Wind Power A/S continues its target of one female member to be hired in the Board of Directors by 2022.

The company is committed to making further gender gains in 2018 and beyond. GE Renewable Energy has a target to increase the representation of women by 2% in all Bands (the GE job level structure) and achieve a 25% proportion of women in the Executive Band (EB). This applies both in LM Group Holding A/S and LM Wind Power A/S. The EB level represents senior leaders, including LM Wind Power's management team which in 2018 consisted of two women and 11 men. A year ago, we did not have female members in our management team. The proportion of women in the Executive Band across LM Wind Power was 14% in 2018, up from 6% in 2017. The increase in female gender representation both at EB level and beyond is to be achieved by 2019. Particularly the 25% target at the EB level could be challenging to reach coming from a very low baseline. LM Wind Power is a highly dynamic organization that will take every opportunity to improve, but realistically, it will be difficult to make a change of this magnitude by 2019. Even with considerable extra effort to scout the market for female talent, the pool of applicants for many of the senior roles is still dominated by men as the background is typically in engineering or technical professions where women are underrepresented in general.

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**Topic-specific Disclosures (continued)**

GRI Standard number	GRI Disclosure title	UNGC Principle	Location
408-1	Operations and suppliers at significant risk for incidents of child labor	5	p. 34
<b>Supplier Social Assessment</b>			
414-2	Negative social impacts in the supply chain and actions taken	2	p. 34