

Vestas Green Bond

DNV GL Second Party Opinion

Scope and objectives

Vestas Wind Systems A/S (“Vestas”) is contemplating on issuing a Green Bond (Notes) with a 7 year tenor and a total amount of EUR 500 million.

Vestas has commissioned DNV GL to provide an opinion on the Notes.

DNV GL’s role has been two-fold:

- Firstly, we have developed a Green Bond Framework (framework) based on the specific nature of a general purpose corporate bond by an issuer in a “green” business line. As the Notes are not formally linked to specific assets or projects, they do not fall directly under the Green Bond Principles¹ (GBP). We have nevertheless chosen to use the Green Bond Principles as a basis for our framework.
- Secondly, we have used this framework to review the process and disclosure made in connection with the current Notes and given an opinion as to whether the Vestas Notes are consistent with this framework and hence in line with the stated definition of green bonds within the Green Bond Principles which is to enable capital-raising and investment for new and existing projects with environmental benefits

No assurance is provided regarding the financial performance of the Notes or the value of any investments in the Notes. Our objective has been to provide an opinion on whether the Notes have met the criteria established on the basis set out below.

Responsibilities of Vestas and DNV GL AS

The management of Vestas have sole responsibility for ensuring that the conditions established by the framework are met. Our statement represents an independent opinion and is intended to inform Vestas management and investors in the Vestas Notes as to whether the criteria have been met, based on the information provided to us. In our work we have relied on the documents, information and the facts and realities presented to us by Vestas. DNV GL is not responsible for any aspect of the assets referred to in this opinion and cannot be held liable if estimates, findings, opinions or conclusions are incorrect.

Basis of DNV GL opinion

A framework has been developed to establish a set of suitable criteria that can be used to underpin DNV GL’s opinion. The overarching principle behind the criteria is that a green bond should “enable capital-raising and investment for new and existing projects with environmental benefits”². The criteria against which the Vestas Notes have been reviewed are grouped under the four headings below, as per the four Green Bond Principles.

1. **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a green bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental benefits.
2. **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a green bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds, and outline any impact objectives it will consider.

¹ The [Green Bond Principles](#) are a set of voluntary process guidelines for issuing green bonds, initially developed by 13 leading international banks and issued in January 2014, and now supported by some 25 banks

² Source: Green Bond Principles Executive Summary.

3. **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a green bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
4. **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

The work undertaken to form our opinion included:

- A review of documentary evidence publicly available (especially on Vestas web site), provided by Vestas (internal reports and memos, draft prospectus and term sheet) and interviews with Vestas employees.
- Documentation of our findings in a protocol, made available to Vestas. Our opinion as detailed below is a conclusion of these findings.

Findings and DNV GL opinion

We understand that the net proceeds of the Notes will be applied by Vestas for general financing purposes and other general corporate purposes (including the production and sale of wind turbines, and service solutions to the wind energy sector). As the Notes are not linked to specific assets, they do not fall directly under the Green Bond Principles. However, the evidence we have reviewed indicates that the Notes are in line with the stated definition of green bonds within the Green Bond Principles, which is to “enable capital-raising and investment for new and existing projects with environmental benefits”. Vestas is a company whose sole purpose is to produce and service wind turbines and as such is directly linked to the realization of environmental benefits, through enabling the generation of low-carbon electricity by users of their products.

We understand that Vestas will report about relevant investments in production capacity, R&D and new products in their annual audited reports. Vestas also regularly discloses its material environmental and social impacts and associated performance through their reporting at the corporate level.

On the basis of the information provided by Vestas and the work undertaken, it is DNV GL’s opinion that (although the Notes are not fully aligned with the Green Bond Principles, since the Notes are not linked to specific assets or projects), the Notes are in line with the stated definition of green bonds within the Green Bond Principles which is to enable capital-raising and investment for new and existing projects with environmental benefits.

DNV GL AS

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ABOUT DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. With our origins stretching back to 1864, we are today a leading provider of services for managing risk, with a global presence of more than 300 offices in over 100 different countries. Our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers’ decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. This means continuously developing new approaches to health, safety, quality and environmental management, so businesses can run smoothly in a world full of surprises.